Stock Code:4739

Coremax Corporation

Parent-Company-Only Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2020 and 2019

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
新竹市科學工業園區30078展業一路11號
No. 11, Prosperity Road I, Hsinchu Science Park,
Hsinchu, 30078, Taiwan, R.O.C.
Telephone 電話 + 886 (3) 579 9955
Fax 傳真 + 886 (3) 563 2277
Internet 網址 kpmg.com/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, 2020 and 2019, 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, 2020 and 2019, 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, 2020. 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 Wan-Yuan Yu and Chi-Lung Yu.

KPMG

Taipei, Taiwan (Republic of China)
February 26, 2021

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, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

Assets	December 31, 2020 Amount	%	December 31, 2019 Amount	%
Current assets:				
Cash and cash equivalents (note 6(1))	$ 310,493	6	448,113	9
Notes receivable, net (note 6(3))	841	-	1,082	-
Accounts receivable, net (note 6(3))	266,856	5	153,827	3
Accounts receivable due from related parties (notes 6(3) and 7)	56,638	1	118,805	2
Other receivables due from related parties (note 7)	45,221	1	1,541	-
Inventories (note 6(4))	725,226	15	1,011,254	21
Prepayments to suppliers	507,522	10	148,318	3
Other current assets (note 6(7))	54,149	1	38,582	1
	1,966,946	39	1,921,522	39
Non-current assets:				
Investments accounted for using equity method (notes 6(5) and (6))	2,424,592	50	2,382,463	48
Property, plant and equipment (notes 6(8) and 8)	456,598	9	537,189	11
Right-of-use assets (notes 6(9) and 7)	55,785	1	33,195	1
Deferred tax assets (note 6(15))	17,988	-	26,708	1
Other non-current assets (notes 6(2) and (7))	39,082	1	6,833	-
	2,994,045	61	2,986,388	61
Total assets	**$ 4,960,991**	**100**	**4,907,910**	**100**

Liabilities and Equity	December 31, 2020 Amount	%	December 31, 2019 Amount	%
Current liabilities:				
Short-term notes and bills payable (note 6(10))	$ 80,000	2	230,000	4
Short-term borrowings (notes 6(11) and 8)	902,260	18	622,956	13
Notes payable	14,279	-	33,898	1
Accounts payable	95,930	2	102,831	2
Accounts payable to related parties (note 7)	15,507	-	11,275	-
Salary and bonds payable	35,754	-	36,260	1
Current lease liabilities (notes 6(13) and 7)	9,956	-	9,871	-
Long-term liabilities, current portion (notes 6(11) and (12))	-	-	33,333	1
Other current liabilities	29,563	1	59,390	1
	1,183,249	23	1,139,814	23
Non-current liabilities:				
Long-term borrowings (note 6(11))	436,000	9	400,000	8
Deferred tax liabilities (note 6(15))	29,254	-	19,439	-
Net defined benefit liability－non-current (note 6(14))	5,438	-	3,580	-
Deposits received (note 7)	524	-	-	-
Non－current lease liabilities (notes 6(13) and 7)	53,333	1	23,717	-
	524,549	10	446,736	8
Total liabilities	1,707,798	33	1,586,550	31
Equity (notes 6(5), (12) and (16))**:**				
Equity attributable to parent company shareholders:				
Ordinary share capital	930,293	19	930,293	19
Capital surplus	1,603,253	33	1,599,457	33
Retained earnings	868,001	17	825,786	17
Other equity interest	(18,558)	-	(20,128)	-
Treasury shares	(129,796)	(2)	(14,048)	-
	3,253,193	67	3,321,360	69
Total equity	3,253,193	67	3,321,360	69
Total liabilities and equity	**$ 4,960,991**	**100**	**4,907,910**	**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, 2020 and 2019

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

	2020		2019	
	Amount	%	Amount	%
Net operating revenue (notes 6(18) and 7)	$ 3,592,984	100	4,648,931	100
Operating costs (notes 6(4), (13), (14), (19) and 7)	3,416,089	95	4,439,735	96
Gross profit	176,895	5	209,196	4
Unrealized profit (loss) from sales (note 7)	(2,873)	-	5,590	-
Realized gross profit	174,022	5	214,786	4
Operating expenses (notes 6(13), (14), (19) and 7):				
Selling expenses	33,328	1	42,145	1
General administrative expenses	54,033	2	54,717	1
Research and development expenses	21,022	1	19,514	-
Total operating expenses	108,383	4	116,376	2
Net operating income	65,639	1	98,410	2
Non-operating income and expenses:				
Interest income (notes 6(20) and 7)	1,600	-	515	-
Other income (note 6(20))	12,552	-	7,937	-
Other gains and losses, net (note 6(20))	(7,195)	-	(337)	-
Finance costs (notes 6(20) and 7)	(9,379)	-	(23,584)	(1)
Foreign exchange gains (note 6(21))	(10,957)	-	(1,607)	-
Share of profit of subsidiaries accounted for using equity method (nots 6(5))	114,078	3	85,889	2
Total non-operating income and expenses	100,699	3	68,813	1
Income before income tax	166,338	4	167,223	3
Income tax expenses (note 6(15))	11,174	-	39,207	1
Net income	155,164	4	128,016	2
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurements of defined benefit plans (note 6(14))	(1,839)	-	(46)	-
Share of other comprehensive income of subsidiaries accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(2,252)	-	(2,903)	-
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	(4,091)	-	(2,949)	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign financial statements	5,434	-	(15,088)	-
Income tax relating to item that may be reclassified subsequently (note 6(15))	1,087	-	(3,018)	-
Total items that may be reclassified subsequently to profit or loss	4,347	-	(12,070)	-
Other comprehensive income	256	-	(15,019)	-
Total comprehensive income	**$ 155,420**	**4**	**112,997**	**2**
Earnings per share (New Taiwan Dollars) (note 6(17)):				
Basic earnings per share	**$ 1.73**		**1.40**	
Diluted earnings per share	**$ 1.73**		**1.40**	

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, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

	Share capital				Retained earnings				Other equity interest				
	Ordinary share capital	Advance receipts for share capital	Total 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 other equity interest	Treasury shares	Total equity
Balance at January 1, 2019	$ 928,452	965	929,417	1,581,736	170,151	17,200	824,554	1,011,905	(5,688)	779	(4,909)	(14,066)	3,504,083
Net income for the period	-	-	-	-	-	-	128,016	128,016	-	-	-	-	128,016
Other comprehensive income (loss) for the period	-	-	-	-	-	-	200	200	(12,070)	(3,149)	(15,219)	-	(15,019)
Total comprehensive income (loss) for the period	-	-	-	-	-	-	128,216	128,216	(12,070)	(3,149)	(15,219)	-	112,997
Appropriation and distribution of retained earnings:													
Appropriated legal reserve	-	-	-	-	39,302	-	(39,302)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	-	(297,694)	(297,694)	-	-	-	-	(297,694)
Differences between consideration and carrying amounts of subsidiaries shareholding acquired or disposed of	-	-	-	(8,471)	-	-	-	-	-	-	-	-	(8,471)
Adjustment to capital surplus due to non-proportional investment in subsidiary's increase in capital	-	-	-	13,025	-	-	(16,641)	(16,641)	-	-	-	18	(3,598)
Adjustments of capital surplus for the Company's cash dividend distributed to subsidiaries	-	-	-	9,643	-	-	-	-	-	-	-	-	9,643
Conversion of convertible bonds	1,841	(965)	876	3,524	-	-	-	-	-	-	-	-	4,400
Balance at December 31, 2019	930,293	-	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	-	-	-	-	-	-	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)
Differences between consideration and carrying amounts of subsidiaries shareholding acquired or disposed of	-	-	-	100	-	-	-	-	-	-	-	-	100
Treasury stock acquired	-	-	-	-	-	-	-	-	-	-	-	(115,748)	(115,748)
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**	**-**	**930,293**	**1,603,253**	**222,255**	**20,130**	**625,616**	**868,001**	**(13,411)**	**(5,147)**	**(18,558)**	**(129,796)**	**3,253,193**

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, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		2020	2019
Cash flows from operating activities:			
Income before income tax	$	166,338	167,223
Adjustments:			
Adjustments to reconcile profit :			
Depreciation		76,614	73,595
Net loss on financial assets and liabilities at fair value through profit or loss		-	7
Provision for inventory written down (reversal)		(36,000)	67,116
Interest expense		9,379	23,584
Interest income		(1,600)	(515)
Share of profit of subsidiaries accounted for using equity method		(114,078)	(85,889)
Gain on disposal of property, plant and equipment		(20)	(61)
Unrealized loss (gain) from inter-affiliate accounts sale		2,873	(5,590)
Adjustment for other non-cash-related losses, net		211	538
Subtotal of gains or losses on non-cash activities		(62,621)	72,785
Changes in operating assets and liabilities:			
Notes and accounts receivable (including related parties)		(50,621)	153,766
Inventories		322,028	145,202
Other current assets		(398,166)	360,253
Notes and accounts payable (including related parties)		(22,288)	84,342
Other current liabilities		(6,768)	(7,726)
Net defined benefit liability		19	(344)
Total adjustments		(218,417)	808,278
Cash inflow (outflow) generated from operations		(52,079)	975,501
Interest paid		(10,082)	(24,682)
Income taxes paid		(18,413)	(59,984)
Net cash from (used in) operating activities		(80,574)	890,835
Cash flows from investing activities:			
Acquisition of investments accounted for using equity method		-	(164,832)
Acquisition of non-controlling interests		(295)	(27,686)
Acquisition of property, plant and equipment		(35,459)	(59,844)
Proceeds from disposal of property, plant and equipment		41,428	402
Increase in other non-current assets		(34,368)	(3,398)
Interest received		1,600	515
Dividends received		76,349	125,690
Net cash from (used in) investing activities		49,255	(129,153)
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings		273,993	(556,374)
Increase (decrease) in short-term notes and bills payable		(150,000)	150,000
Proceeds from long-term borrowings		36,000	400,000
Repayments of long-term borrowings (including current portion)		(33,333)	(194,445)
Payment of lease liabilities		(11,413)	(11,417)
Cash dividends paid		(111,635)	(297,694)
Increase in treasury stocks		(115,748)	-
Increase in guarantee deposits received		524	-
Net cash used in financing activities		(111,612)	(509,930)
Effect of exchange rate changes on cash and cash equivalents		5,311	1,225
Net increase (decrease) in cash and cash equivalents		(137,620)	252,977
Cash and cash equivalents at beginning of period		448,113	195,136
Cash and cash equivalents at end of period	$	**310,493**	**448,113**

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, 2020 and 2019

(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 26, 2021.

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. ("FSC") which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its parent-company-only financial statements, from January 1, 2020:

- Amendments to IFRS 3 "Definition of a Business"
- Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"
- Amendments to IAS 1 and IAS 8 "Definition of Material"
- Amendments to IFRS 16 "COVID-19-Related Rent Concessions"

(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, 2021, would not have a significant impact on its parent-company-only financial statements:

- 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"

(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 37 "Onerous Contracts－Cost of Fulfilling a Contract"	The amendments clarify that the ' costs of fulfilling a contract' comprises the costs that relate directly to the contract as follows: ● direct labor; ● direct materials; ● an allocation of direct costs; ● The contract clearly determines the cost that can be charged to the trading object; ● Other costs arising from the signing of the agreement	January 1, 2022

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its financial position and 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 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

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(14).

(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; 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 receivable).

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 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 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".

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.

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) 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.

4) 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.

5) 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.

6) 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.

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. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

– the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

– the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

– the customer has the right to direct the use of the asset only if either:

1) the customer has the right to direct how and for what purpose the asset is used throughout the period of use;

2) the relevant decisions about how and for what purpose the asset is used are predetermined and:

   – the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or

   – the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

At inception or reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(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.

(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.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

The Company recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The interest income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the lease. The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of ‘other income’.

(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 Company 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 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.

(13) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

(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.

(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 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.

(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 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.

(17) 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.

(18) 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

The preparation of the parent-company-only financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimations 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 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, 2020	December 31, 2019
Cash on hand	$ 35	35
Demand deposits and checking accounts	310,458	298,178
Time deposits	-	149,900
	$ 310,493	**448,113**

Please refer to note 6(20) for the disclosure of currency risk of the financial assets and liabilities.

(2) Financial assets measured at fair value through profit or loss

The Company uses derivative financial instruments in 2020 to hedge the price fluctuations risk of raw materials due to fluctuations in international nickel market. As of December 31, 2020, the futures trading of the Company has been settled and the outstanding futures contract margin amounting to$28,658 was recorded as non current assets. please refer to note 6(7). The Company' s net loss from trading in these derivative financial instrument transactions in 2020 was $7,531, please refer to note 6(20).

(3) Notes and accounts receivable, net

(i) Notes receivable, net:

	December 31, 2020	December 31, 2019	January 1, 2019
Notes receivable from operating activities	**$ 841**	**1,082**	**48**

(ii) Accounts receivable, net:

	December 31, 2020	December 31, 2019	January 1, 2019
Accounts receivable	**$ 266,856**	**153,827**	**276,588**

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, 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		**-**

	December 31, 2019		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 273,714	0%	-
1 to 90 days past due	-	5%	-
91 to 180 days past due	-	20%	-
More than 181 days past due	-	100%	-
	$ 273,714		**-**

Other receivables – related parties are not included in the above receivables, please refer to note 7 for details.

(4) Inventories

	December 31, 2020	**December 31, 2019**
Raw materials	$ 218,586	387,652
Work in process	308,101	376,451
Finished goods and commodities	198,539	247,151
	$ 725,226	**1,011,254**

The components of operating costs were as follows:

	2020	**2019**
Cost of goods sold	$ 3,452,302	4,373,506
Inventory devaluation loss (reversal gain)	(36,000)	67,116
Gain from sale of scrap	(213)	(887)
	$ 3,416,089	**4,439,735**

As of December 31, 2020 and 2019, 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 the third and fourth quarters of 2020, the Company acquired additional shares from those employees that resigned from Uranus Chemicals for $150 and $145 in cash, respectively, increasing its ownership from 62.62% to 62.65%.

In the third and fourth quarters of 2019, the Company acquired additional shares from those employees that resigned from Uranus Chemicals for $2,933 and $55 in cash, respectively, resulting change in its ownership. In addition, COREMAX(BVI) CORPORATION acquired additional stocks in Coremax (Zhangzhou) Chemical Co., Ltd. for $24,698 in cash, increasing its ownership from 70.06% to 82% in September 2019.

The effects of the changes in shareholdings were as follows:

	2020	2019
Carrying amount of NCI on acquisition	$ 395	19,215
Consideration paid to NCI	(295)	(27,686)
Capital surplus differences between consideration and carrying amounts of subsidiaries shareholding acquired	**$ 100**	**(8,471)**

(ii) Issuance of new shares for cash by subsidiaries, not subscribed to proportionately, did not lose control.

In 2019, the Company did not purchase the new shares of Uranus Chemicals proportionately, resulting change in its ownership.

The effects of the changes in shareholdings were as follows:

	2019
The carrying amount of the subsidiary's net assets calculated based on the relative change in equity which should be transferred from NCI	$ (3,598)
Treasury shares	$ (18)
Accounts adjusted for equity transaction variance	
Capital surplus-adjustment due to non-proportional investment in subsidiary's increase in capital	**$ 13,025**
Retained earnings-adjustment due to non-proportional investment in subsidiary's increase in capital	**$ (16,641)**

(iii) Due to the above-mentioned transactions, the Company's ownership of Uranus Chemicals was changed. As of December 31, 2020, and 2019, and January 1, 2019, its shareholding was 62.65%, 62.62%, and 62.7%, respectively.

(6) Investments accounted for using equity method

	December 31, 2020	December 31, 2019
Subsidiaries	$ 2,424,592	2,382,463

(i) Subsidiaries

Please refer to consolidated financial statements for the year ended December 31, 2020.

(ii) Share of profit of subsidiaries accounted for using equity method in 2020 and 2019 were as follows:

	2020	2019
Subsidiaries	$ 114,078	85,889

(iii) Information on major foreign currency equity investments on the reporting date were as follows:

	December 31, 2020			December 31, 2019		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
USD	$ 16,697	28.48	475,529	14,439	29.980	432,869

(7) Other current assets and other non-current assets

Other current assets:

	December 31, 2020	December 31, 2019
Tax receivables	$ 10,952	-
Refundable and overpaid business tax	28,336	27,011
Current lease receivable due from related parties	1,841	-
Others	13,020	11,571
	$ 54,149	38,582

Other non-current assets

	December 31, 2020	December 31, 2019
Futures contract margin	$ 28,658	-
Refundable deposits and others	4,248	5,318
Non-current lease receivable due from related parties	5,523	-
Prepaid equipment	653	1,515
	$ 39,082	6,833

(8) 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, 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		-	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**
Balance at January 1, 2019	$	130,864	231,348	440,777	18,448	120,391	2,615	944,443
Additions		-	18,386	39,053	1,510	6,527	17,613	83,089
Disposals and scrap		-	(10,283)	(17,250)	(1,665)	(12,959)	-	(42,157)
Reclassification		-	-	2,134	-	864	(1,439)	1,559
Balance at December 31, 2019	$	**130,864**	**239,451**	**464,714**	**18,293**	**114,823**	**18,789**	**986,934**
Accumulated depreciation and impairment losses:								
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**
Balance at January 1, 2019	$	-	107,460	241,730	11,471	69,115	-	429,776
Depreciation for the period		-	13,002	38,452	1,971	8,360	-	61,785
Disposals and scrap		-	(10,283)	(17,023)	(1,552)	(12,958)	-	(41,816)
Balance at December 31, 2019	$	**-**	**110,179**	**263,159**	**11,890**	**64,517**	**-**	**449,745**
Carrying amounts:								
Balance at December 31, 2020	$	**130,864**	**116,068**	**151,988**	**6,568**	**43,558**	**7,552**	**456,598**
Balance at December 31, 2019	$	**130,864**	**129,272**	**201,555**	**6,403**	**50,306**	**18,789**	**537,189**
Balance at January 1, 2019	$	**130,864**	**123,888**	**199,047**	**6,977**	**51,276**	**2,615**	**514,667**

The property, plant and equipment of the Company pledged as collateral, please refer to note 8.

(9) 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, 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**
Balance at January 1, 2019	$	-	-	-	-
Effects of retrospective application of IFRS 16		17,763	17,402	3,560	38,725
Additions		3,065	-	3,215	6,280
Balance at December 31, 2019	$	**20,828**	**17,402**	**6,775**	**45,005**
Accumulated depreciation and impairment losses:					
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**
Balance at January 1, 2019	$	-	-	-	-
Depreciation for the year		7,344	2,175	2,291	11,810
Balance at December 31, 2019	$	**7,344**	**2,175**	**2,291**	**11,810**
Carrying amount:					
Balance at January 1, 2020	**$**	**13,484**	**15,227**	**4,484**	**33,195**
Balance at December 31, 2020	**$**	**38,633**	**13,052**	**4,100**	**55,785**
Balance at December 31, 2019	**$**	**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.

(10) Short-term notes and bills payable

		December 31, 2020	December 31, 2019
Commercial paper payable	**$**	**80,000**	**230,000**

As of December 31, 2020, and 2019, the interest rate is 1.038% and 1.108%, respectively, and a maturity date of January 2021 and March 2020, respectively.

(11) Long-term/Short-term borrowings

(i) Short-term borrowings:

	December 31, 2020	December 31, 2019
Secured bank loans	$ 552,260	-
Unsecured bank loans	350,000	622,956
	$ 902,260	**622,956**
Unused short-term credit lines	**$ 1,197,740**	**1,477,044**
Range of interest rates	**0.76%~ 1.09%**	**1.07%~ 2.60%**

Please refer to note 6(21) for the disclosure of interest risk, currency risk and liquidity risk.

(ii) Long-term borrowings:

Lender	Use	Maturity year and Repayment	December 31, 2020	December 31, 2019
O-Bank	Working capital	From 2016 to 2020, with grace period of 24 month; first instalment is repayable upon the end of first grace period, and subsequent instalments are repayable quarterly, with a principal sum repayable in a total of 9 equal instalments.	-	33,333
O-Bank	Working capital	From 2019 to 2026, repayable monthly in 49 equal instalments beginning in 2022.	150,000	150,000
Mega Bank	Working capital	From 2019 to 2026, repayable monthly in 49 equal instalments beginning in 2022.	250,000	250,000
Mega Bank	Loans for machinery and equipment	From 2020 to 2026, repayable monthly in 49 equal instalments beginning in 2022.	36,000	-
Less: Current portion of long-term borrowings			-	(33,333)
			$ 436,000	**400,000**
Unused long-term credit lines			**$ 93,000**	**66,667**
Range of interest rates at year end			**0.05%~ 0.13%**	**0.30%~ 1.37%**

The Company and Uranus Chemicals signed a loan agreement with O-Bank and agreed with the covenants related to maintaining certain financial ratios. As of December 31, 2020 and 2019, both the Company and Uranus Chemicals were in compliance with the loan covenants.

The collateral of long-term borrowings, please refer to note 8.

(12) Convertible bonds

The Company issued the second domestic guaranteed convertible bond on June 24, 2015, guaranteed by Chang Hwa Commercial Bank Co., Ltd., by pledging the ordinary shares of Hengi Chemical, with an amount of $200,416. In addition, the bond holder may request the Company to buy back the bond at par value, plus, interest compensation cost, with the date three years after the issuance of the bond. The relevant information of the Company's convertible corporate bonds is as follows:

	December 31, 2019
Total proceeds from convertible corporate bonds issued	$ 600,000
Less: Unamortized corporate bonds discount	-
Less: Cumulative converted amount	(600,000)
Corporate bonds payable balance at year-end	$ -
Embedded derivative – call and put options, included in financial assets at FVTPL	$ -

	2019
Embedded derivative – call and put options revaluation gain (loss), included in valuation gain (loss) of financial assets and liabilities at FVTPL	$ (7)
Interest expense	$ 15

As of December 31, 2019, the second domestic guaranteed convertible bond has been fully converted.

The detail of the conversion to ordinary shares of Company's second guaranteed convertible corporate bonds in 2019, please refer to note 6(17).

(13) Lease liabilities

The Company's lease liabilities were as follow:

	December 31, 2020	December 31, 2019
Current	$ 9,956	9,871
Non-current	$ 53,333	23,717

For the maturity analysis, please refer to note 6(21).

The amounts recognized in profit or loss was as follows:

	2020	2019
Interest on lease liabilities	$ **935**	**962**
Expenses relating to short-term leases and leases of low-value assets	$ **218**	**281**

The amounts recognized in the statement of cash flows for the Company was as follows:

	2020	2019
Total cash outflow for leases	$ **12,566**	**12,660**

(i) Land use right

As of December 31, 2020, the Company leases land for a period of 2 to 10 years. 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 plants, with lease terms of 1 to 10 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.

(14) 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, 2020	December 31, 2019
Present value of the defined benefit obligation	$ 21,302	18,829
Fair value of plan assets	(15,864)	(15,249)
Net defined benefit liability	$ **5,438**	**3,580**

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 $15,864 at December 31, 2020. 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 were as follows:

	2020	2019
Defined benefit obligation at January 1	$ 18,829	18,086
Current service cost and interest	233	247
Remeasurements of the net defined benefit liabilities	2,240	496
Defined benefit obligation as of December 31	**$ 21,302**	**18,829**

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:

	2020	2019
Fair value of plan assets at January 1	$ 15,249	14,208
Contributions made	-	424
Interest income	214	167
Return on plan assets	401	450
Fair value of plan assets at December 31	**$ 15,864**	**15,249**

4) Expenses recognized in profit or loss

The expenses recognized in profit or losses for the Company were as follows:

	2020	2019
Current service cost	$ 44	44
Net interest on the net defined benefit liabilities	(25)	36
	$ 19	**80**

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:

		2020	2019
Cumulative amount at January 1	$	(2,996)	(2,950)
Recognized in profit (losses) for the period		(1,839)	(46)
Cumulative amount as of December 31	$	(4,835)	(2,996)

6) Actuarial assumptions

The following are the Company's significant actuarial assumptions regarding the present value of the defined benefit obligation at the reporting date:

	December 31, 2020	December 31, 2019
Discount rate	0.75%	1.00%
Future salary increase rate	3%	2.75%

The Company is expecting a contribution of $0 to its defined benefit plans in the following year, beginning December 31, 2020.

The weighted average duration of the defined benefit plan is 12.5 years.

7) Sensitivity analysis

The carrying amount of the Company's net defined benefit assets was $5,438 as of December 31, 2020. 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 $1,828 or decrease by $1,639, 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 $4,413 and $4,565 for the years ended December 31, 2020 and 2019, respectively.

(15) Income tax

(i) Income tax expense

The Company applied for capital increase and extended the five-year tax exemption case. The Economic and Industrial Bureau issued a certificate of completion of the emerging important strategic industries. The Company's self-manufactured chemical materials products revenue meet the above requirements from January 1, 2015 to December 31, 2019, the income tax for profit-making business is exempted.

The amount of income tax expense to the Company were as follows:

	2020	2019
Current tax expense		
Current period	$ 489	32,374
Adjustment for prior periods	(6,763)	16,781
	(6,274)	49,155
Deferred tax expense		
Origination and reversal of temporary differences	17,448	(9,948)
	17,448	(9,948)
Income tax expense	**$ 11,174**	**39,207**

The amount of income tax expense recognized in other comprehensive income were as follows:

	2020	2019
Exchange differences on translation of foreign financial statements	**$ 1,087**	**(3,018)**

The reconciliation of income tax expenses and income before income tax were as follows:

	2020	2019
Income before income tax	$ 166,338	167,223
Income tax at the Company's domestic tax rate	33,267	33,445
Permanent difference	(13,979)	(14,608)
Tax-exempt income	-	(4,056)
Change in provision in prior periods	(6,763)	17,546
Undistributed earnings additional tax	43	-
Others	(1,394)	6,880
Total	**$ 11,174**	**39,207**

B. Recognized deferred tax assets and liabilities

Deferred tax assets	January 1, 2019	Recognized in income statement	Recognized in other comprehensive income	December 31, 2019	Recognized in income statement	Recognized in other comprehensive income	December 31, 2020
Exchange differences on translation of foreign financial statements	$ 3,115	-	(3,018)	6,133	-	1,087	5,046
Inventory devaluation loss	2,640	(13,422)	-	16,062	7,200	-	8,862
Pension not actually contributed	774	68	-	706	(4)	-	710
Impairment loss	2,302	471	-	1,831	346	-	1,485
Others	1,837	(139)	-	1,976	91	-	1,885
	$ 10,668	**(13,022)**	**(3,018)**	**26,708**	**7,633**	**(1,087)**	**17,988**

Deferred tax liabilities	January 1, 2019	Recognized in income statement	Recognized in other comprehensive income	December 31, 2019	Recognized in income statement	Recognized in other comprehensive income	December 31, 2020
Investment income recognized under equity method	$ 16,082	2,570	-	18,652	9,226	-	27,878
Others	283	504	-	787	589	-	1,376
	$ 16,365	**3,074**	**-**	**19,439**	**9,815**	**-**	**29,254**

C. The Company’ s income tax returns for the years through 2018 were assessed by the tax authority.

(16) Capital and other equity

(i) Issuance and advance receipts of ordinary shares

As of December 31, 2020, and 2019, the authorized capital of the Company both amounted to $1,200,000; the issued capital both amounted to $930,293. With par value at $10 per share.

Reconciliations of shares outstanding to the Company were as follows (in thousands of shares):

	Common Stock	
	2020	**2019**
Balance at January 1	93,029	92,845
Conversion of convertible bonds	-	184
Balance at December 31	**93,029**	**93,029**

As of December 31, 2019, the guaranteed convertible corporate bonds amounted to $4,500, were converted into 88 thousand shares, of the Company's ordinary share capital. The net increase in capital surplus due to corporate bond conversion was $3,524.

For the year ended December 31, 2019, the statutory registration procedures for issuance of new shares due to the convertible bonds' holder exercised the rights were completed.

(ii) Capital surplus

	December 31, 2020	December 31, 2019
Additional paid-in capital	$ 1,244,383	1,244,383
Difference between consideration and carrying amount arising from acquisition or disposal of subsidiaries shareholdings	320,671	320,571
Others	38,199	34,503
	$ 1,603,253	**1,599,457**

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

According to the R.O.C. Company Act, the Company must retain 10% of its after-tax annual earnings as legal reserve until such retention equals the amount of total capital. 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 Ruling No. 1010012865 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.

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. Pursuant to the shareholders' meeting held on June 12, 2020, a special reserve amounted to $2,930 was appropriated to cover the net reduction of other shareholders' equity.

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 26, 2021 and approved during the shareholders' meeting held on March 18, 2020, respectively:

	2020		**2019**	
	Amount per share (TWD)	**Total amount**	**Amount per share (TWD)**	**Total amount**
Dividends distributed to ordinary shareholders:				
Cash	**1.2**	**$ 121,205**	**1.2267**	**111,635**

The appropriation of retained earnings for 2019 is consistent with the resolutions proposed by the Board of Directors. The appropriation of earnings distribution for 2020 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

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.

Uranus Chemicals holds 3,013 thousand ordinary shares of the Company, with the acquisition price of $22,434. As of December 31, 2020 and 2019, the amount of deemed treasury shares the Company recognized was $14,055 and $14,048, respectively, which was determined based on the Company's shareholding in Uranus Chemicals of 62.65% and 62.62%, respectively.

(17) Earnings per share

		2020	2019
Basic earnings per share:			
Net income attributable to ordinary shareholders of the Company	$	**155,164**	**128,016**
Weighted-average number of ordinary shares outstanding during the year (in thousands of shares)		**89,771**	**91,126**
Basic earnings per share (TWD)	$	**1.73**	**1.40**
Diluted earnings per share:			
Net income attributable to ordinary shareholders of the Company (basic)	$	155,164	128,016
Interest expense on convertible bonds, net of tax		-	12
Net income attributable to ordinary shareholders of the Company (diluted)	$	**155,164**	**128,028**
Weighted average number of ordinary shares outstanding (in thousands) (basic)		89,771	91,126
Effect of potential diluted ordinary shares:			
Effect of employee remuneration in share		159	120
Effect of conversion of convertible bonds		-	18
Weighted average number of ordinary shares outstanding (in thousands) (diluted)		**89,930**	**91,264**
Diluted earnings per share (TWD)	$	**1.73**	**1.40**

(18) Revenue from contracts with customers

Revenue from major markets region and products:

	2020					
	Oxidation catalyst department	**Battery material department**	**Chemical fertilizer department**	**Specialty chemical department**	**Other**	**Total**
Taiwan	**$ 448,376**	**2,587,298**	**-**	**180,967**	**376,343**	**3,592,984**

	2019					
	Oxidation catalyst department	**Battery material department**	**Chemical fertilizer department**	**Specialty chemical department**	**Other**	**Total**
Taiwan	**$ 530,213**	**3,302,869**	**-**	**133,038**	**682,811**	**4,648,931**

(19) 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, 2020 and 2019, the Company accrued and recognized its employee remuneration amounting to $6,000 and $8,000 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, 2019, the remuneration to employees amounted to $8,000. However, no remuneration to directors were distributed for the year then ended. 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.

(20) Non-operating income and expenses

(i) Other gains and losses, net

	2020	**2019**
Claim income	$ 8,056	5,144
Rental income	870	324
Others	3,626	2,469
	$ 12,552	**7,937**

(ii) Other gains and losses, net

		2020	2019
Loss on valuation of financial assets and liabilities at FVTPL	$	(7,211)	(7)
Gain on disposal of property, plant and equipment		20	61
Others		(4)	(391)
	$	**(7,195)**	**(337)**

(iii) Finance costs

		2020	2019
Interest expense – borrowings	$	8,444	22,607
Interest expense – convertible bonds payable		-	15
Interest expense – lease liabilities		935	962
	$	**9,379**	**23,584**

(iv) Interest income

		2020	2019
Interest income from bank deposits	**$**	**1,600**	**515**

(21) 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, 2020, and 2019, there were 3 and 2 major customers, which represented 33% and 36% 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, 2020 and 2019.

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, 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	438,274
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**	**486,470**
December 31, 2019						
Non-derivative financial liabilities						
Short-term notes and bills payable	$ 230,000	230,000	230,000	-	-	-
Short-term borrowings	622,956	624,881	624,881	-	-	-
Notes and accounts payable (including related parties)	148,004	148,004	148,004	-	-	-
Long-term borrowing (including current portion)	433,333	439,730	23,099	11,835	1,370	403,426
Lease liabilities (including current and non-current)	33,588	35,788	6,278	4,295	5,939	19,276
	$ 1,467,881	**1,478,403**	**1,032,262**	**16,130**	**7,309**	**422,702**

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, 2020		
	Foreign currency	**Exchange rate**	**TWD**
Financial Assets			
Monetary items			
USD	$ 29,365	28.48	836,323

	December 31, 2020		
	Foreign currency	**Exchange rate**	**TWD**
Financial Liabilities			
Monetary items			
USD	21,311	28.48	606,926

	December 31, 2019		
	Foreign currency	**Exchange rate**	**TWD**
Financial Assets			
Monetary items			
USD	$ 21,364	29.98	640,485
Financial Liabilities			
Monetary items			
USD	6,809	29.98	204,149

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 as of December 31, 2020 and 2019, would have increased (decreased) the net income $6,443 and $11,644, respectively for the years then ended.

3) Exchange gains and losses of monetary items

	2020		**2019**	
	Foreign exchange gains (losses)	**Average rate**	**Foreign exchange gains (losses)**	**Average rate**
TWD	$ (10,957)	-	(1,607)	-

(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 comprehensive income for the years ended December 31, 2020 and 2019, as illustrated below:

	Range of the fluctuations	2020	2019
Annual interest rate	Increase of 1%	$ (10,706)	(8,450)
	Decrease of 1%	$ 10,706	8,450

(vi) Fair value of financial instruments

Categories of financial instruments and fair value

The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy; however, 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. The Company's financial instruments whose carrying amount is reasonably close to the fair value disclosure of fair value information is not required.

(22) 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, 2020 and 2019.

(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.

(23) 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, 2020, 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, 2020	December 31, 2019
Total liabilities	$ 1,696,847	1,586,550
Less: cash and cash equivalents	(310,493)	(448,113)
Net debt	**$ 1,386,354**	**1,138,437**
Total equity	**$ 3,253,193**	**3,321,360**
Debt-to-equity ratio	**42.62%**	**34.28%**

(24) Financing activities not affecting current cash flow

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2020	Cash flows	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	$ 622,956	273,993	5,311	902,260
Long-term borrowings (including current portion)	$ 433,333	2,667	-	436,000
Lease liabilities	$ 33,588	(12,348)	42,049	63,289

	January 1, 2019	Effects of retrospective application	Cash flows	Non-cash changes: Foreign exchange movement and others	December 31, 2019
Short-term notes and bills payable	$ 80,000	-	150,000	-	230,000
Short-term borrowings	$ 1,178,105	-	(556,374)	1,225	622,956
Long-term borrowings (including current portion)	$ 227,778	-	205,555	-	433,333
Lease liabilities	$ -	38,725	(12,379)	7,242	33,588
Convertible bonds payable	$ 4,395	-	-	(4,395)	-

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
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
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)

Note: 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

	2020	2019
Subsidiaries	$ 305,338	374,885
Director of the Company	-	-
	$ 305,338	**374,885**

The selling prices for sales to related parties and collection period were similar to those for unrelated customers.

As of December 31, 2020, and 2019, the unrealized profit or loss from sales with the investees under equity method amounted to $3,716 and $843, respectively, which were deducted from the investments accounted for using the equity method.

(ii) Purchase

	2020	2019
Subsidiaries	$ 3,453	1,117
Director of the Company	-	6,957
	$ 3,453	**8,074**

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, 2019	December 31, 2019
Subsidiaries	**$ 56,638**	**118,805**

(iv) Accounts payable to related parties

The payables to related parties were as follows:

Related Party Categories	December 31, 2020	December 31, 2019
Subsidiaries	**$ 5,140**	**8,652**

(v) Service revenue

For the years 2020 and 2019, revenues of the Company incurred due to the departmental support by subsidiaries amounted to $1,476 and $1,495, respectively.

(vi) Processing charges

For the years 2020 and 2019, expenses of the Company incurred due to the processing by subsidiaries amounted to $32,821 and $3,457, respectively.

(vii) Endorsement guarantee

As of December 31, 2020 and 2019, the Company' s endorsement guarantee provided to subsidiaries amounted to $85,440 and $89,940, 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 2020 and 2019 were $867 and $324 respectively. The imputed interest recognized in years 2020 and 2019 were $28 and $26 respectively.

(b) Utilities, fuel fee and others

The Company rented land and factories, etc. from subsidiaries, the amount paid for related expenses in years 2020 and 2019 were $25,605 and $30,600, respectively.

(c) The Company rented land and offices from subsidiaries. The leases typically run for the period of 2 to 10 years. The Company applied IFRS 16, with a date of initial application on January 1, 2019. This lease transaction recognized the additional amounts of $38,231 and $38,231 of right-of-use assets and lease liabilities, respectively. For the years 2020 and 2019, the Company recognized the amount of $826 and $843 as interest expense, respectively. As of December 31, 2020, and 2019, the balance of lease liabilities amounted to $59,131 and $29,059, respectively.

(d) For the year ended December 31, 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 to be recognized as other non-current assets and other income, 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, 2020	December 31, 2019
Subsidiaries	$ 45,221	1,541

Accounts payable due to related parties

	December 31, 2020	December 31, 2019
Subsidiaries	$ 10,367	2,623

(3) Transactions with key management personnel

Key management personnel remuneration comprised:

	2020	2019
Short-term employee benefits	$ 11,079	12,335
Post-employment benefits	216	245
	$ 11,295	12,580

8. Pledged assets

Except for note 6(12), the carrying amount of the Company's pledged assets are as follows:

Assets	Purpose of pledge	December 31, 2020	December 31, 2019
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	41,545	29,345
		$ 172,409	160,209

9. Commitments and contingencies

Except for the notes 6(11) and (13), the remaining statements were as follow:

(1) As of December 31, 2020, and 2019, the Company had acquired property, plant and equipment, with the remaining commitments of $3,519 and $4,687, respectively.

(2) As of December 31, 2020, and 2019, the subsidiary, Coremax (BVI) Corporation, had applied for a borrowing facility with an amount of USD3,000 (equivalent to $85,440 and $89,940, respectively) from a bank, in which the Company holds the responsibility as its joint guarantor.

10. Losses Due to Major Disasters: None

11. Subsequent Events

Pursuant to the board of directors' meeting on December 23, 2020, the Company expected to increase its paid in shares capital by 10,000 thousand shares at an amount of $10, with $50 TWD per share, for cash amounting to $500,000. The base date for this capital increase for cash is determined as January 25, 2021.

12. Other

A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	2020			2019		
	Classified as operating cost	Classified as operating expenses	Total	Classified as operating cost	Classified as operating expenses	Total
Employee benefits						
Salaries	66,336	41,854	108,190	71,944	42,893	114,837
Labor and health insurance	6,846	3,281	10,127	7,280	3,166	10,446
Pension	2,634	1,798	4,432	2,853	1,792	4,645
Remuneration of directors	-	1,919	1,919	-	1,956	1,956
Others	4,408	2,340	6,748	5,573	2,083	7,656
Depreciation	67,454	9,160	76,614	64,571	9,024	73,595

The amount of employees and employee benefits for the years ended December 31, 2020 and 2019, was follows:

	2020	2019
The number of employees	153	167
The number of directors who were not holding as a position of employee	7	8
The average of employee benefits	$ 887	865
The average of Salaries	$ 741	722
The average of salary adjust rate	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:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company:

(i) Loans to other parties:

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 (Note 4)	Purposes of fund financing for the borrower	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		
1	Coremax (BVI) Corporation	Coremax Ningbo Chemical Co., Ltd.	Other receivables	Yes	24,200	22,784	-	4%	2	-	Operating demand	-	None	-	95,106	142,659
1	Coremax (BVI) Corporation	Coremax (Thailand) Co., Ltd.	Other receivables	Yes	24,200	22,784	22,784	4%	2	-	Operating demand	-	None	-	95,106	142,659
1	Coremax (BVI) Corporation	Coremax (Zhangzhou) Chemical Co., Ltd.	Other receivables	Yes	30,250	28,480	28,480	4%	2	-	Operating demand	-	None	-	95,106	142,659
2	Coremax Ningbo Chemical Co., Ltd.	Coremax (Zhangzhou) Chemical Co., Ltd.	Other receivables	Yes	17,516	17,508	-	4%	2	-	Operating demand	-	None	-	33,123	49,685
3	Coremax Zhuhai Chemical Co., Ltd.	Coremax (Zhangzhou) Chemical Co., Ltd.	Other receivables	Yes	13,317	13,131	-	4%	2	-	Operating demand	-	None	-	19,112	28,668
4	Jiangxi Tianjiang Materials Co., Ltd.	Coremax (Zhangzhou) Chemical Co., Ltd.	Other receivables	Yes	10,948	10,943	10,943	4%	2	-	Operating demand	-	None	-	13,589 (Note 3)	16,986 (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

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 2)	Highest balance for 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 1)	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										
0	The company	Coremax (BVI) Corporation	100% owned subsidiary of the parent company	650,638	90,750	85,440	51,264	-	2.63 %	1,626,596	Y	N	N

Note 1: 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 2: 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.

(iii) Securities held as of December 31, 2020 (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: None.

(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:None.

(b) Information on investees:

The following is the information on investees of the Company for the year ended December 31, 2020 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2020			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2020	December 31, 2019	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Coremax (BVI) Corporation	British Virgin Islands	Investment company	302,406	302,406	9,658	100 %	475,529	37,444	37,444	
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.	823,294	823,294	31,913	80.18 %	1,215,080	136,912	109,195	
The Company	Uranus Chemicals Co., Ltd.	Taiwan	Manufacturing and sales of oxalic acid, organic and inorganic acid, rare earth compounds and related products	612,706	612,411	32,579	62.65 %	737,699	(69,567)	(32,561)	
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 %	55,067	6,023	6,023	

(c) Information on investment in mainland China:

(i) 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, 2019	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Notes 3, 4)	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)	(2,498)	100.00%	(2,498) (USD85)	95,561	-
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)	2,290	100.00%	2,290 (USD78)	165,615	-
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	-	-	148,795 (USD4,988)	30,279	100.00%	30,279 (USD1,025)	177,261	-
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)	(4,868)	100.00%	(4,868)	16,986	-

(ii) Limitation on investment in Mainland China:

Cumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 4)
312,757 (USD 9,958)	527,070 (USD 15,838)	1,951,915

Note 1: The paid-up capital amount is NT $98,482 (USD 3,000), which included the cash remitted by the Company through its subsidiary, Coremax (BVI) Corporation amounting to NT $81,240 (USD 2,470) and surplus from Coremax (BVI) Corporation amounting to NT $17,242 (USD 530).

Note 2: The paid up capital amount is NT $185,654 (USD 6,280), which included the cash remitted by the Company through its subsidiary, Coremax (BVI) Corporation, amounting to NT $124,097 (USD 4,200), surplus from Coremax (BVI) Corporation amounting to NT $6,055 (USD 200), Coremax (BVI) Corporation acquired of shares from other external shareholders amounting to NT $24,698 (USD 788) in obtaining paid up capital of NT$ 21,890 (USD 750), cash remitted by Coremax Zhuhai Chemical Co., Ltd. is amounting to NT$ 20,720 (USD 700), and cash remitted by Coremax Ningbo Chemical Co., Ltd. Is amounting to NT $12,892 (USD430).

Note 3: Amount was recognized based on the audited financial statement.

Note 4: 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.

(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”.

(d) Major shareholders:

Shareholding / Shareholder’s Name	Shares	Percentage
CHANG XING INVESTMENT CO., LTD	13,202,833	14.19 %
CHEH JADE ENTERPRISE CO., LTD	12,156,477	13.06 %
FUBON LIFE ASSURANCE CO., LTD	4,763,085	5.11 %

14. Segment information

Please refer to consolidated financial statements for the year ended December 31, 2020.

Coremax Corporation

Statement of cash and cash equivalents

December 31, 2020

(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	13,522
	Demand deposits	243,324
	Foreign currency deposits (USD: 1,396,804; CAD: 33.59; EUR: 394,928)	53,612
		310,458
	Total	**$ 310,493**

Note: Foreign exchange rates on the balance sheet date are as follows:

USD exchange rates：28.48

CAD exchange rates：22.35

EUR exchange rates：35.02

Coremax Corporation

Statement of notes and accounts receivable

December 31, 2020

(In thousands of New Taiwan Dollars)

Client Name	Amount
CP	$ 56,675
CS	26,259
CE	24,258
CQ	20,651
CD	16,424
CAB	15,716
CM	15,123
CN	14,121
Others (The amount of individual client included in others does not exceed 5% of the account balance.)	78,470
Notes and accounts receivables, net	**$ 267,697**

Note 1: The notes and 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, 2020

(In thousands of New Taiwan Dollars)

Item	Amount Cost	Amount NRV	Note
Finished goods	$ 198,539	241,848	Note: Please refer to note 4(7) for further explanation of the net realizable value of inventories in the parent-company-only financial statements.
Work-in progress	308,101	332,653	
Raw materials	218,586	269,272	
Total	**$ 725,226**	**843,773**	

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.

Coremax Corporation

Statement of changes in investments accounted for using the equity method

December 31, 2020

(In thousands of New Taiwan Dollars)

	Balance January 1, 2020		Addition		Investment		Cumulative	Remeasurements of the net defined		Increase in unearned-related unearned related-parties' transactions	Balance December 31, 2020			Market Value Or Net Assets Value	
Investees	Shares	Amount	Shares	Amount	Income /Loss	Cash dividends	translation adjustment	benefit of subsidiaries	Others (Note 2)	profits	Shares	Amount	%	Unit Price	Total Amount
Investments accounted for using the equity method：															
COREMAX(BVI) CORPORATION	9,658	$ 432,869	-	-	37,444	-	5,216	-	-	-	9,658	475,529	100.00%	-	475,529
Hengi Chemical Co., Ltd.	31,913	1,172,118	-	-	109,195	(63,825)	-	369	(2,777)	-	31,913	1,215,080	80.18%	-	1,215,450
Uranus Chemicals Co., Ltd.	31,310	778,319	1,270	295	(32,561)	(12,524)	218	156	3,796	-	32,580	737,699	62.65%	-	736,812
		2,383,306	1,270	295	114,078	(76,349)	5,434	525	1,019	-		2,428,308			2,427,791
Less: unearned-related transaction profits		(843)	-	-	-	-	-	-	-	(2,873)		(3,716)			-
		$ 2,382,463	1,270	295	114,078	(76,349)	5,434	525	1,019	(2,873)		2,424,592			2,427,791

Note 1: Equity investments were not provided as any 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 and surplus due to cash dividends distributed to subsidiary.

Coremax Corporation

Statement of changes in property, plant and equipment

December 31, 2020

Please refer to note 6(8) 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(8) 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(9) for further explanation of the right-of-use assets in the parent-company-only financial statements.

Coremax Corporation

Statement of changes in accumulated depreciation of right-of-use assets

December 31, 2020

Please refer to note 6(9) for further explanation of the accumulated depreciation of right-of-use assets in the parent-company-only financial statements.

Statement of deferred tax assets

Please refer to note 6(15) 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.

Coremax Corporation

Statement of short-term borrowings

December 31, 2020

(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	$ 552,260	2020.08~2021.06	0.76%~0.97%	47,740	Land and buildings
Secured and purchase bank loans	Land Bank	-			200,000	None
Secured and purchase bank loans	E.Sun Bank	-			150,000	None
Secured and purchase bank loans	Chang Hwa Bank	-			400,000	None
Secured and purchase bank loans	Hua Nan Bank	90,000	2020.12~2021.01	1.05%	160,000	None
Secured and purchase bank loans	KGI Bank	160,000	2020.10~2021.04	1%~1.09%	140,000	None
Secured and purchase bank loans	Cathay United Bank	100,000	2020.08~2021.02	0.92%	100,000	None
		$ 902,260			**$ 1,197,740**	

Coremax Corporation

Statements of long-term borrowings

December 31, 2020

Please refer to note 6(11) for further explanation of the long-term borrowings in the parent-company-only financial statements.

Statements of notes and accounts payables

December 31, 2020

(In thousands of New Taiwan Dollars)

Vendor Name	Amount
VCG	$ 62,528
VE	27,018
Others (The amount of individual vendor in others does not exceed 5% of the account balance.)	20,663
Total	**$ 110,209**

Note 1: The notes and 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, 2020

(In thousands of New Taiwan Dollars)

Item	Amount
Repair payable	$ 5,488
Raw materials payable	4,159
Packing expense payable	2,862
Shipping expense payable	2,226
Indirect materials payable	1,934
Steam and fuel expense payable	1,623
Other expense payable	1,574
Other notes payable- equipment	1,529
Others (The amount of each item in others does not exceed 5% of the account balance.)	8,168
Total	**$ 29,563**

Coremax Corporation

Statement of deferred tax liabilities

December 31, 2020

Please refer to note 6(15) for further explanation of the deferred tax liabilities in the parent-company-only financial statements.

Statement of lease liabilities

Please refer to note 6(13) for further explanation of the lease liabilities in the parent-company-only financial statements.

Statement of operating revenue

For the year ended December 31, 2020

Please refer to note 6(19) for Revenue from contracts with customers.

Coremax Corporation

Statement of operating costs

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Raw materials used:	
Balance, beginning of year	399,496
Plus: Raw materials purchased	2,625,241
Less: Raw materials used by other department	2
Raw materials, end of year	248,484
Raw materials used for the year	2,776,251
Materials used:	
Balance, beginning of year	2,604
Plus: Materials purchased	23,094
Less: Materials used by other department	4
Materials, end of year	2,718
Materials used for the year	22,976
Direct labor cost	57,311
Manufacturing expenses	229,520
Manufacturing cost	3,086,058
Plus: Work-in progress, beginning of year	433,893
Less: Work-in progress, end of year	308,102
Cost of finished goods	3,211,849
Plus: Finished goods, beginning of year	255,577
Less: Finished goods used by other department	56
Finished goods, end of year	210,238
Cost of goods sold for finished goods	3,257,132
Cost of Sales	3,257,132
Plus: Inventory purchased	197,530
Cost of goods sold for inventory	3,454,662
Loss from inventory devaluation	(36,000)
Revenue from sale of scrap	(213)
Other	(2,360)
Total	$ **3,416,089**

Coremax Corporation

Statements of manufacturing expenses

For the year ended December 31, 2020

(In thousands of New Taiwan Dollars)

Item	Amount
Depreciation expense	$ 67,454
Original equipment manufacturer expense	32,821
Packing expenses	25,403
Steam and fuel expenses	25,111
Utilities expense	23,870
Payroll expense	19,310
Repair and maintenance expense	12,575
Others (The amount of each item in others does not exceed 5% of the account balance.)	22,976
Total	**$ 229,520**

Statement of selling expenses

Item	Amount
Import and export expense	$ 20,498
Payroll expense	5,515
Shipping expense	2,776
Others (The amount of each item in others does not exceed 5% of the account balance.)	4,539
Total	**$ 33,328**

Coremax Corporation

Statement of administrative expenses

For the year ended December 31, 2020

(In thousands of New Taiwan Dollars)

Item	Amount
Payroll expense	$ 25,055
Depreciation expense	7,130
Professional service fees	5,506
Others (The amount of each item in others does not exceed 5% of the account balance.)	16,342
Total	**$ 54,033**

Statement of research and development expenses

For the year ended December 31, 2020

(In thousands of New Taiwan Dollars)

Item	Amount
Payroll expense	$ 11,284
Laboratory expense	2,034
Depreciation on and amortization expense	1,661
Profession service fees	1,606
Others (The amount of each item in others does not exceed 5% of the account balance.)	4,437
Total	**$ 21,022**

Coremax Corporation

Statement of other gains and losses, net

For the year ended December 31, 2020

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.