

YEM CHIO CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2021 AND 2020

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Yem Chio Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Yem Chio Co., Ltd. and its subsidiaries (the "Group") as at December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other matter* section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's 2021 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2021 consolidated financial statements are stated as follows:

Valuation of inventory

Description

Refer to Note 4(14) for accounting policy on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions applied on inventory valuation and Note 6(6) for details of inventories. As of December 31, 2021, the inventories and allowance for valuation loss amounted to NT\$8,381,535 thousand and NT\$154,967 thousand, respectively.

The Group is mainly engaged in the manufacture, processing, and sales of packaging materials, including BOPP film, adhesives and polystyrene sheets, as well as land development and construction. The Group's inventories are measured at the lower of cost and net realisable value, and an allowance for inventory valuation losses is provided based on the net realisable value and usable condition of individually identified obsolete or slow-moving inventories.

Considering that the Group's inventories and the allowance for inventory valuation losses are material to the financial statements and the determination of net realisable value for obsolete or slow-moving inventories involves judgements and estimates, we identified the valuation of inventory as a key audit matter.

How our audit addressed the matter

As the above key audit matter is applicable for different consolidated entities based on our audits and the reports of other auditors, we performed the following audit procedures on the above key audit matter:

1. Assessed and obtained an understanding of the provision policies in relation to the allowance for inventory valuation losses.

2. For packaging material business:

- (1) Obtained the net realisable value valuation report of inventories, assessed the calculation logic, verified the related records, and selected samples to check the source data of net realisable value.
- (2) Obtained the details of the individually identified obsolete or slow-moving inventories, reviewed the related supporting documents, and verified the records.
- (3) Obtained an understanding of the Group's warehousing control procedures. Reviewed annual physical inventory count plan and participated in the annual inventory count event in order to assess the classification of obsolete inventory and effectiveness of obsolete inventory internal control.

3. For land development and construction business:

Obtained the valuation data in relation to the net realisable value of inventories to ascertain whether the data source, assumptions and methods adopted by the Group are reasonable. Tested data in order to check the reasonableness of the net realisable value of construction-in-progress and land held for building.

Valuation of investment property

Description

Refer to Note 4(19) for accounting policy on investment property, Note 5(2) for uncertainty of accounting estimates and assumptions applied on fair value valuation and Note 6(11) for details of investment property. As of December 31, 2021, the fair value of investment property was NT\$2,203,498 thousand.

The Group's investment property is valued by external experts using the fair value model. Additionally, the Group's investment property is material to the financial statements. Given that the valuation process is subject to significant assumptions on discount rate and future lease income and has material effect on the fair value measurement, we considered the valuation of investment property as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed the qualifications and independence of appointed external appraisers in accordance with the Group policy.
2. Reviewed whether the valuation method used in the appraisal report is consistent with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
3. For investment properties accounted for using the income approach, assessed whether the lease income and rental growth rate are reasonable by referencing to the market rental rate.

Other matter – Audits by other auditors

We did not audit the financial statements of certain subsidiaries and investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these subsidiaries and associates, is based solely on the reports of the other auditors. Total assets of these subsidiaries and the balances of these investments accounted for under the equity method amounted to NT\$1,781,336 thousand and NT\$1,572,091 thousand, constituting 6% and 5% of consolidated total assets as at December 31, 2021 and 2020, respectively, and net operating revenue amounted to NT\$1,651,276 thousand and NT\$1,336,045 thousand, both constituting 10% of consolidated total operating revenue for the years then ended, respectively.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion with other matter section on the parent company only financial statements of Yem Chio Co., Ltd. as at and for the years ended December 31, 2021 and 2020.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Lin, Yi-Fan

Chen, Ching Chang

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 25, 2022

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

YEM CHIO CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2021		December 31, 2020		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,756,534	6	\$ 1,648,794	5
1110	Financial assets at fair value through profit or loss - current	6(2)	290,269	1	362,825	1
1120	Financial assets at fair value through other comprehensive income - current	6(3) and 8	1,390,689	5	1,151,957	4
1136	Current financial assets at amortised cost	6(4) and 8	300,821	1	300,303	1
1150	Notes receivable, net	6(5)	370,345	1	329,099	1
1170	Accounts receivable, net	6(5), 7 and 8	2,872,052	9	2,300,998	8
1200	Other receivables		80,422	-	288,793	1
130X	Inventories, net	6(6) and 8	8,226,568	27	6,989,137	23
1410	Prepayments		518,778	2	812,616	3
1460	Non-current assets held for sale - net	6(13) and 8	1,783,926	6	186,501	1
1470	Other current assets		238,130	1	194,280	1
11XX	Total current assets		<u>17,828,534</u>	<u>59</u>	<u>14,565,303</u>	<u>49</u>
Non-current assets						
1510	Non-current financial assets at fair value through profit or loss	6(2)	-	-	59,906	-
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	62,601	-	67,952	-
1535	Non-current financial assets at amortised cost	6(4) and 8	270,431	1	362,045	1
1550	Investments accounted for under equity method	6(7)	621,865	2	460,937	2
1600	Property, plant and equipment, net	6(8) and 8	8,537,930	28	11,549,183	39
1755	Right-of-use assets	6(9)	299,277	1	429,654	1
1760	Investment property, net	6(11) and 8	2,203,498	7	1,890,332	6
1780	Intangible assets, net	6(12)	172,849	1	186,007	1
1840	Deferred income tax assets	6(30)	194,879	1	193,283	1
1900	Other non-current assets	8	96,430	-	51,223	-
15XX	Total non-current assets		<u>12,459,760</u>	<u>41</u>	<u>15,250,522</u>	<u>51</u>
1XXX	Total assets		<u>\$ 30,288,294</u>	<u>100</u>	<u>\$ 29,815,825</u>	<u>100</u>

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YEM CHIO CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(15) and 8	\$ 6,761,518	22	\$ 6,393,320	21
2110	Short-term notes and bills payable	6(16)	640,000	2	480,000	2
2130	Current contract liabilities	6(25) and 7	635,234	2	479,355	2
2150	Notes payable		360,288	1	295,125	1
2170	Accounts payable		878,969	3	795,402	3
2200	Other payables		639,421	2	761,736	2
2220	Other payables - related parties	7	4,829	-	-	-
2230	Current income tax liabilities		197,081	1	126,832	-
2260	Liabilities directly related to non-current assets held for sale	6(13)	25,865	-	-	-
2280	Current lease liabilities		31,144	-	14,727	-
2320	Long-term liabilities, current portion	6(17)(19)(20) and 8	5,190,264	17	3,782,085	13
2399	Other current liabilities	6(18)	462,140	2	184,692	1
21XX	Total current liabilities		<u>15,826,753</u>	<u>52</u>	<u>13,313,274</u>	<u>45</u>
Non-current liabilities						
2530	Corporate bonds payable	6(17)(19) and 8	196,047	1	983,541	3
2540	Long-term borrowings	6(17)(20) and 8	2,481,892	8	4,716,932	16
2570	Deferred income tax liabilities	6(30)	444,573	2	503,188	2
2580	Non-current lease liabilities		112,168	-	51,335	-
2600	Other non-current liabilities	6(21)	219,383	1	270,762	1
25XX	Total non-current liabilities		<u>3,454,063</u>	<u>12</u>	<u>6,525,758</u>	<u>22</u>
2XXX	Total liabilities		<u>19,280,816</u>	<u>64</u>	<u>19,839,032</u>	<u>67</u>
Equity attributable to owners of parent						
Share capital 6(22)						
3110	Common stock		6,380,540	21	5,700,402	19
3130	Certificate of entitlement to new shares from convertible bonds		2,333	-	150,076	1
Capital surplus 6(23)						
3200	Capital surplus		2,384,602	8	2,592,442	8
Retained earnings 6(24)						
3310	Legal reserve		359,243	1	279,187	1
3320	Special reserve		490,572	2	637,634	2
3350	Unappropriated retained earnings		1,256,999	4	800,561	3
Other equity interest						
3400	Other equity interest		(106,385)	(1)	(176,879)	(1)
3500	Treasury stocks	6(22)	(414,345)	(1)	(562,488)	(2)
31XX	Equity attributable to owners of the parent		<u>10,353,559</u>	<u>34</u>	<u>9,420,935</u>	<u>31</u>
36XX	Non-controlling interest		653,919	2	555,858	2
3XXX	Total equity		<u>11,007,478</u>	<u>36</u>	<u>9,976,793</u>	<u>33</u>
Significant contingent liabilities and unrecognised contract commitments 9						
Significant events after the balance sheet date 11						
3X2X	Total liabilities and equity		<u>\$ 30,288,294</u>	<u>100</u>	<u>\$ 29,815,825</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.

YEM CHIO CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except for earnings (loss) per share amounts)

Items	Notes	2021		2020		
		AMOUNT	%	AMOUNT	%	
4000	Sales revenue	6(25) and 7	\$ 17,181,794	100	\$ 13,924,193	100
5000	Operating costs	6(6)(29) and 7	(14,275,031)	(83)	(11,466,445)	(83)
5950	Net operating margin		<u>2,906,763</u>	<u>17</u>	<u>2,457,748</u>	<u>17</u>
	Operating expenses	6(29)				
6100	Selling expenses		(1,061,761)	(6)	(969,655)	(7)
6200	General and administrative expenses		(498,876)	(3)	(528,698)	(4)
6300	Research and development expenses		(38,578)	-	(47,288)	-
6450	Impairment loss determined in accordance with IFRS 9	12(2)	(3,649)	-	(5,462)	-
6000	Total operating expenses		(1,602,864)	(9)	(1,551,103)	(11)
6900	Operating profit		<u>1,303,899</u>	<u>8</u>	<u>906,645</u>	<u>6</u>
	Non-operating income and expenses					
7100	Interest income		5,045	-	23,266	-
7010	Other income	6(26) and 7	230,097	1	292,399	2
7020	Other gains and losses	6(27)	741,142	4	872,972	6
7050	Finance costs	6(28)	(187,314)	(1)	(230,971)	(1)
7060	Share of profit of associates and joint ventures accounted for under equity method	6(7)	<u>137,596</u>	<u>1</u>	<u>95,718</u>	<u>1</u>
7000	Total non-operating income and expenses		<u>926,566</u>	<u>5</u>	<u>1,053,384</u>	<u>8</u>
7900	Profit before income tax		2,230,465	13	1,960,029	14
7950	Income tax expense	6(30)	(203,371)	(1)	(164,214)	(1)
8000	Profit for the year from continuing operations		<u>2,027,094</u>	<u>12</u>	<u>1,795,815</u>	<u>13</u>
8100	Loss from discontinued operations	6(13)	(1,177,429)	(7)	(1,016,910)	(7)
8200	Profit for the year		<u>\$ 849,665</u>	<u>5</u>	<u>\$ 778,905</u>	<u>6</u>

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YEM CHIO CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except for earnings (loss) per share amounts)

Items	Notes	2021		2020		
		AMOUNT	%	AMOUNT	%	
Other comprehensive income						
Components of other comprehensive income that will not be reclassified to profit or loss						
8311	Actuarial gains on defined benefit plans	6(21)	\$ 15,983	-	\$ 21,403	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	363,807	2	(16,791)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(30)	(3,196)	-	(4,281)	-
8310	Other comprehensive income that will not be reclassified to profit or loss		<u>376,594</u>	<u>2</u>	<u>331</u>	<u>-</u>
Components of other comprehensive income that will be reclassified to profit or loss						
8361	Financial statements translation differences of foreign operations		(105,217)	(1)	(240,034)	(2)
8367	Unrealised (losses) gains from investments in debt instruments measured at fair value through other comprehensive income	6(3)	(3,724)	-	4,110	-
8370	Share of other comprehensive loss of associates and joint ventures accounted for under equity method		(3,550)	-	(7,895)	-
8360	Other comprehensive loss that will be reclassified to profit or loss		(112,491)	(1)	(243,819)	(2)
8300	Other comprehensive income (loss) for the year		<u>\$ 264,103</u>	<u>1</u>	<u>(\$ 243,488)</u>	<u>(2)</u>
8500	Total comprehensive income for the year		<u>\$ 1,113,768</u>	<u>6</u>	<u>\$ 535,417</u>	<u>4</u>
Profit (loss) attributable to:						
8610	Owners of the parent		\$ 867,762	5	\$ 805,604	6
8620	Non-controlling interest		(18,097)	-	(26,699)	-
			<u>\$ 849,665</u>	<u>5</u>	<u>\$ 778,905</u>	<u>6</u>
Comprehensive income (loss) attributable to:						
8710	Owners of the parent		\$ 1,156,816	6	\$ 568,645	4
8720	Non-controlling interest		(43,048)	-	(33,228)	-
			<u>\$ 1,113,768</u>	<u>6</u>	<u>\$ 535,417</u>	<u>4</u>
Earnings (loss) per share (in dollars) 6(31)						
Basic earnings (loss) per share						
9710	Basic earnings per share from continuing operations		\$	3.38	\$	3.05
9720	Basic loss per share from discontinued operations		(1.91)		(1.63)	
9750	Basic earnings per share		<u>\$ 1.47</u>		<u>\$ 1.42</u>	
Diluted earnings (loss) per share						
9810	Diluted earnings per share from continuing operations		\$	3.04	\$	2.62
9820	Diluted loss per share from discontinued operations		(1.72)		(1.39)	
9850	Diluted earnings per share		<u>\$ 1.32</u>		<u>\$ 1.23</u>	

The accompanying notes are an integral part of these consolidated financial statements.

YEM CHIO CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent												Non-controlling interest	Total equity
	Capital			Retained Earnings				Other Equity Interest						
	Notes	Share capital - common stock	Certificate of entitlement to new shares from convertible bonds	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Revaluation surplus	Treasury stocks	Total		
<u>2020</u>														
Balance at January 1, 2020		\$ 5,718,342	\$ -	\$ 2,751,507	\$ 620,361	\$ 637,634	(\$ 341,174)	(\$ 295,381)	(\$ 89,158)	\$ 439,576	(\$ 414,770)	\$ 9,026,937	\$ 544,312	\$ 9,571,249
Profit for the year		-	-	-	-	-	805,604	-	-	-	-	805,604	(26,699)	778,905
Other comprehensive income (loss) for the year		-	-	-	-	-	17,122	(241,400)	(12,681)	-	-	(236,959)	(6,529)	(243,488)
Total comprehensive income (loss)		-	-	-	-	-	822,726	(241,400)	(12,681)	-	-	568,645	(33,228)	535,417
Legal reserve used to offset against accumulated deficit		-	-	-	(341,174)	-	341,174	-	-	-	-	-	-	-
Cash dividends from capital surplus	6(23)(24)	-	-	(166,265)	-	-	-	-	-	-	-	(166,265)	-	(166,265)
Disposal of equity investment valued at fair value through other comprehensive income	6(3)	-	-	-	-	(22,165)	-	-	22,165	-	-	-	-	-
Dividends for which the claim period has elapsed and unclaimed by shareholders		-	-	86	-	-	-	-	-	-	-	86	-	86
Changes in ownership interests in subsidiaries	6(23)	-	-	(33,223)	-	-	-	-	-	-	-	(33,223)	-	(33,223)
Purchase of treasury shares	6(22)	-	-	-	-	-	-	-	-	(170,350)	(170,350)	-	-	(170,350)
Cancellation of treasury stocks	6(22)(23)	(17,940)	-	(4,692)	-	-	-	-	-	-	22,632	-	-	-
Conversion of convertible bonds		-	150,076	39,630	-	-	-	-	-	-	-	189,706	-	189,706
The Company's stocks held by subsidiaries deemed as cash dividends distributed to treasury stocks		-	-	5,399	-	-	-	-	-	-	-	5,399	-	5,399
Decrease in non-controlling interest		-	-	-	-	-	-	-	-	-	-	-	44,774	44,774
Balance at December 31, 2020		\$ 5,700,402	\$ 150,076	\$ 2,592,442	\$ 279,187	\$ 637,634	\$ 800,561	(\$ 536,781)	(\$ 79,674)	\$ 439,576	(\$ 562,488)	\$ 9,420,935	\$ 555,858	\$ 9,976,793

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YEM CHIO CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent												Non-controlling interest	Total equity
	Capital			Retained Earnings				Other Equity Interest						
	Notes	Share capital - common stock	Certificate of entitlement to new shares from convertible bonds	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Revaluation surplus	Treasury stocks	Total		
<u>2021</u>														
Balance at January 1, 2021		\$ 5,700,402	\$ 150,076	\$ 2,592,442	\$ 279,187	\$ 637,634	\$ 800,561	(\$ 536,781)	(\$ 79,674)	\$ 439,576	(\$ 562,488)	\$ 9,420,935	\$ 555,858	\$ 9,976,793
Profit for the year		-	-	-	-	-	867,762	-	-	-	-	867,762	(18,097)	849,665
Other comprehensive income (loss) for the year		-	-	-	-	-	12,787	(105,221)	381,488	-	-	289,054	(24,951)	264,103
Total comprehensive income (loss)		-	-	-	-	-	880,549	(105,221)	381,488	-	-	1,156,816	(43,048)	1,113,768
Appropriations and distribution of retained earnings for the year ended December 31, 2020	6(24)													
Cash dividends		-	-	-	-	-	(348,445)	-	-	-	-	(348,445)	-	(348,445)
Stock dividends		348,445	-	-	-	-	(348,445)	-	-	-	-	-	-	-
Legal reserve		-	-	-	80,056	-	(80,056)	-	-	-	-	-	-	-
Special reserve reversal		-	-	-	-	(147,062)	147,062	-	-	-	-	-	-	-
Disposal of equity investment valued at fair value through other comprehensive income	6(3)	-	-	-	-	-	205,773	-	(205,773)	-	-	-	-	-
Changes in ownership interests in subsidiaries	6(23)	-	-	(1,929)	-	-	-	-	-	-	-	(1,929)	-	(1,929)
Disposal of treasury shares by subsidiaries	6(22)	-	-	-	-	-	-	-	-	-	8,870	8,870	-	8,870
Cancellation of treasury stocks	6(22)(23)	(93,800)	-	(45,473)	-	-	-	-	-	-	139,273	-	-	-
Conversion of convertible bonds	6(22)(23)	-	277,750	72,503	-	-	-	-	-	-	-	350,253	-	350,253
Conversion of certificates of bonds-to-share		425,493	(425,493)	-	-	-	-	-	-	-	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(23)(32)	-	-	(243,740)	-	-	-	-	-	-	-	(243,740)	243,740	-
The Company's stocks held by subsidiaries deemed as cash dividends distributed to treasury stocks	6(23)	-	-	10,799	-	-	-	-	-	-	-	10,799	-	10,799
Decrease in non-controlling interest		-	-	-	-	-	-	-	-	-	-	-	(102,631)	(102,631)
Balance at December 31, 2021		\$ 6,380,540	\$ 2,333	\$ 2,384,602	\$ 359,243	\$ 490,572	\$ 1,256,999	(\$ 642,002)	\$ 96,041	\$ 439,576	(\$ 414,345)	\$ 10,353,559	\$ 653,919	\$ 11,007,478

The accompanying notes are an integral part of these consolidated financial statements.

YEM CHIO CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit from continuing operations before tax		\$ 2,230,465	\$ 1,960,029
Loss from discontinued operations before tax		(1,177,429)	(1,016,910)
Profit before tax		1,053,036	943,119
Adjustments			
Adjustments to reconcile profit (loss)			
Gain on financial assets at fair value through profit or loss	6(2)(27)	(24,174)	(1,430)
Expected credit impairment loss	12(2)	3,649	5,462
Gain on disposal of non-current assets held for sale	6(27)	(851,666)	-
Share of profit of associates and joint ventures accounted for under equity method	6(7)	(137,596)	(95,718)
Impairment loss on property, plant and equipment	6(8)(14)(27)	-	767,057
Depreciation	6(8)(9)(29)	640,635	714,460
Impairment loss on intangible assets	6(12)(14)(27)	-	62,092
Loss (gain) on disposal of property, plant and equipment	6(27)	1,823	(65,355)
Loss on write-off of property, plant and equipment	6(8)(27)	22,978	263,369
Impairment loss on non-current assets classified as held for sale	6(14)(27)	844,535	-
Prepayments reclassified to loss	6(27)	255,352	-
Loss (gain) on fair value adjustment of investment property	6(11)(27)	2,681	(27,817)
Gain on disposal of investments	6(27)	(7,712)	(1,066,964)
Gains arising from transfer of right in sale and lease-back transaction	6(9)(27)	-	(237,191)
Losses from lease modification	6(9)(27)	-	85,915
Amortization	6(12)(29)	10,008	13,164
Employees' compensation	6(29)	5,576	14,811
Interest income		(5,045)	(23,266)
Dividend income	6(26)	(89,059)	(85,125)
Interest expense	6(28)	202,548	298,115
Subsidiaries' share-based payments		-	3,615
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		(41,246)	325,935
Accounts receivable, net		(574,703)	85,270
Other receivables		53,077	(1,718)
Inventories		(1,180,304)	166,035
Prepayments		25,888	(272,720)
Other current assets		(43,850)	(83,518)
Changes in operating liabilities			
Current contract liabilities		155,879	39,590
Notes payable		65,163	2,206
Accounts payable		83,567	100,376
Other payables		(139,571)	143,769
Other current liabilities		1,666	4,142
Other non-current liabilities		(37,775)	(20,210)
Cash inflow generated from operations		295,360	2,057,470
Interest received		3,839	23,162
Dividends received		89,053	84,925
Interest paid		(269,970)	(370,130)
Income tax paid		(212,669)	(68,140)
Net cash flows (used in) from operating activities		(94,387)	1,727,287

(Continued)

YEM CHIO CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss		(\$ 2,665,434)	(\$ 3,781,729)
Proceeds from disposal of financial assets at fair value through profit or loss		2,820,161	3,992,483
Acquisition of financial assets at fair value through other comprehensive income		(1,174,950)	(969,715)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	1,325,800	418,575
Decrease in financial assets at amortised cost		91,096	426,698
Proceeds from disposal of subsidiaries		-	1,387,264
Proceeds from disposal of non-current assets held for sale		1,043,350	-
Acquisition of property, plant and equipment	6(33)	(342,000)	(372,165)
Proceeds from disposal of property, plant and equipment		800	90,062
Acquisition of right-of-use assets		-	(92,395)
(Increase) decrease in other non-current assets		(45,207)	31,466
Acquisition of investments accounted for using equity method		(27,862)	-
Decrease in liabilities directly related to non-current assets held for sale		(34,917)	-
Increase in other current liabilities		432,282	-
Increase (decrease) in other non-current liabilities		1,332	(3,875)
Net cash flows from investing activities		<u>1,424,451</u>	<u>1,126,669</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in short-term borrowings	6(34)	393,168	(65,795)
Increase (decrease) in short-term notes and bills payable	6(34)	160,000	(70,000)
Proceeds from issuance of bonds		-	203,710
Proceeds from long-term borrowings	6(34)	3,958,639	1,912,162
Repayment of long-term borrowings	6(34)	(5,195,019)	(5,539,299)
Decrease in lease liabilities	6(34)	(28,010)	(181,382)
Purchase of treasury shares	6(22)	-	(170,350)
Payment of cash dividends	6(24)	(348,445)	-
Cash dividends from capital surplus		-	(160,866)
Change in non-controlling interest		(108,238)	(71,651)
Purchase of treasury shares by subsidiaries		-	(99,211)
Proceeds from issuance of shares by subsidiaries		-	148,000
Proceeds from disposal of treasury shares by subsidiaries		8,870	-
Net cash flows used in financing activities		(1,159,035)	(4,094,682)
Effect of exchange rate fluctuations on cash and cash equivalents		(63,289)	(75,678)
Net increase (decrease) in cash and cash equivalents		107,740	(1,316,404)
Cash and cash equivalents at beginning of year		1,648,794	2,965,198
Cash and cash equivalents at end of year		<u>\$ 1,756,534</u>	<u>\$ 1,648,794</u>

The accompanying notes are an integral part of these consolidated financial statements.

YEM CHIO CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

(1) Yem Chio Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in researching, designing, manufacturing, processing, and sales of petrochemical and packaging materials, including BOPP film and adhesive tape, as well as land development and construction.

(2) The Company had been listed as Second (TIGER) category securities on Gre Tai Securities Market since April, 2000, and had been listed as general securities since April, 2001. Since January 21, 2008, the Company had been listed on the Taiwan Stock Exchange.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised for issuance by the Board of Directors on March 25, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform— Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’	April 1, 2021 (Note)

Note: Earlier application from January 1, 2021 is allowed by the FSC.

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

- (1) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (2) Financial assets and liabilities at fair value through other comprehensive income measured at fair value.
- (3) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- (4) Investment property remeasured at fair value.

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
Yem Chio Co., Ltd.	YEM CHIO (BVI) Co., Ltd. (YEM CHIO)	Manufacturing of adhesives and polystyrene sheets; investment holdings	100	100	
	ACHEM Technology Corporation	Manufacturing of adhesives and polystyrene sheets; investment holdings	100	100	
	Xin Chio Co., Ltd.	Manufacturing of wrapping materials and computer hardware, software and peripherals for cloud service; business of import and export; design, research, development and distributing for the aforementioned products	41.76	41.76	
	Chuang-Yi Investment Co., Ltd.	Investment holdings	100	100	Note 5
	UINN Hotel Co., Ltd. (UINN Hotel)	Hotel management and related business	100	100	
	Wong Chio Development, Ltd.	Undertaking civil engineering and hydraulic engineering	100	100	
	WONG CHIO (Samoa) Co., Ltd. (WONG CHIO)	Investment holdings	-	-	
YEM CHIO	ASIA PLASTICS (BVI) Co., Ltd. (ASIA PLASTICS)	Manufacturing of adhesives and polystyrene sheets; investment holdings	45	45	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
YEM CHIO	WAN CHIO (BVI) Co., Ltd. (WAN CHIO)	Manufacturing and marketing of raw materials; investment holdings	68.47	49.66	Note 6
ACHEM Technology Corporation	ASIACHEM International Corporation	Investment holdings	100	100	
	ACHEM Opto-Electronic Corporation	Manufacturing of electronic parts and components	78.48	78.48	
	Valueline Investment Corporation	Investment holdings	100	100	
	ACHEM Technology Holdings Limited	Investment of high technology industry	100	100	
	Xin Chio Co., Ltd.	Manufacturing of wrapping materials and computer hardware, software and peripherals for cloud service; business of import and export; design, research, development and distributing for the aforementioned products	24.22	24.16	
Xin Chio Co., Ltd.	Master Package (Shanghai) Material Technology Co., Ltd.	Wholesale, import and export of various wrapping materials, computer software, hardware and peripherals	100	100	
	ACHEM (Tianjin) Adhesive Product Co., Ltd.	Sales of various adhesive products	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
Xin Chio Co., Ltd.	ACHEM Technology (Wuhan) Limited	Sales of various adhesive products	100	100	
ASIA PLASTICS	Achem Technology (Ningbo) Co., Ltd. (Ningbo Yem Chio Co., Ltd.)	Manufacturing and sales of adhesives and polystyrene sheets	100	100	Note 3
WAN CHIO	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	Manufacturing and sale of various plastic materials	50.06	50.06	
ASIACHEM International Corporation	Fuzhou Fuda Plastic Products Co., Ltd.	Discontinued operations	100	100	
ACHEM Technology Holdings Limited	ACHEM Technology China	Investment in high technology industry	100	100	
	ACHEM Technology Americas Ltd.	Investment in high technology industry	100	100	
	ACHEM Technology (M) Sdn. Bhd.	Business of import, export and distribution	90	90	
	ACHEM Technology (Vietnam) Ltd.	Manufacturing and sales of various adhesive products	100	100	
	WAN CHIO (BVI) Co., Ltd. (WAN CHIO)	Manufacturing and marketing of raw materials; investment holdings	31.53	31.53	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
ACHEM Technology Holdings Limited	ACHEM Technology (India) Ltd.	Sales of various adhesive products	100	100	Note 1
	ASIA PLASTICS (BVI) Co., Ltd. (ASIA PLASTICS)	Sales of adhesives and polystyrene sheets; investment holdings	55	55	
ACHEM Technology China	ACHEM Technology Huizhou Adhesive Products Ltd.	Discontinued operations	-	100	Note 4
	ACHEM Technology (Chengdu) Limited	Manufacturing and sales of various adhesive products	100	100	
	ACHEM Technology (Dongguan) Adhesive Products Co., Ltd.	Manufacturing and sales of various adhesive products	100	100	
	Foshan Inder Adhesive Product Co., Ltd.	Manufacturing and sales of various adhesive products	62.30	62.30	
	Wanchio Adhesive Product (Jiangsu) Co., Ltd.	Manufacturing and sales of various adhesive products	100	100	
	LANDMART Global Limited (LANDMART)	Manufacturing and sales of various adhesives products; investment holdings	100	100	Note 2
	ACHEM Technology Americas Ltd.	ACHEM Industry America Inc.	Manufacturing and sales of various adhesive products	100	100
ACHEM Opto-Electronic Corporation	AOE Holding Limited	Investment in high technology industry	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
Ningbo Yem Chio Co., Ltd.	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	Manufacturing and sales of various plastic materials	26.16	26.16	
Wanchio Adhesive Product (Jiangsu)	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	Manufacturing and sales of various plastic materials	23.78	23.78	
LANDMART	ACHEM Technology (Shanghai) Limited	Manufacturing and sales of various adhesive products	100	100	Note 2

Note 1: ACHEM Technology (India) Ltd. underwent liquidation in May 2017.

Note 2: In October 2017, ACHEM Technology China increased its investment in its wholly-owned subsidiary, LANDMART, in the amount of US\$28 million and then transferred its 100% equity interest in ACHEM Technology (Shanghai) Limited to LANDMART. As of December 31, 2021, ACHEM Technology (Shanghai) Limited has not yet completed the registration.

Note 3: In May 2020, Ningbo Yem Chio Co., Ltd. split into Ningbo Yem Chio Co., Ltd. and Ningbo WAN DAO New Material Co., Ltd. (“WAN DAO New Material”), and the registration for the spin-off was completed. Additionally, Asia Plastics disposed its 100% equity interest in WAN DAO New Material in September 2020. Accordingly, the Group lost control over the subsidiary and recognised gain on disposal of investment in the amount of \$899,597 and gain arising from transfer of right in sale and lease-back transaction in the amount of \$237,191, both were recognised in other gains and losses in the consolidated statements of comprehensive income. The registration of the above had been completed.

Note 4: ACHEM Technology Huizhou Adhesive Products Ltd. has undergone liquidation in April 2021. Accordingly, the Group lost control over the subsidiary and recognised gain on disposal of investment in the amount of \$7,712, which was recognised in other gains and losses in the consolidated statements of comprehensive income.

Note 5: On April 1, 2021, Chuang-Yi Investment Co., Ltd. increased capital by issuing 694,286 new shares. Xin Chio Co., Ltd. acquired all the new shares, equivalent to 26.76% equity interest for a cash consideration of \$129,998. The registration of the change was completed on May 4, 2021. In addition, on November 10, 2021, the Company and the subsidiary, Xin Chio Co., Ltd., entered into an agreement to repurchase 26.76% equity interest in the subsidiary, Chuang-Yi Investment Co., Ltd., for a consideration amounting to \$149,665. The registration of the change was completed on November 25, 2021.

Note 6: YEM CHIO entered into a shares repurchase agreement with WAN CHIO's non-controlling interest – Toyota Tsusho Corporation. YEM CHIO acquired an additional 18.81% of outstanding shares of WAN CHIO for a total cash consideration of USD \$1. The registration of the change was completed on November 30, 2021. Please refer to Note 6(32) for details.

C. Related parties in the consolidated financial statements:

Names and relationship of related parties

Associate

Winda Opto-Electronics Co., Ltd.

Yanrun Development Co., Ltd.

Other related party - companies with significant influence over Foshan Inder Adhesive Product Co., Ltd. - Foshan Plastics Group Co., Ltd.

Other related parties

Li, Qi-Zheng

Li, Shu-Wei

Key management

Li, Zhi-Xian

D. Subsidiaries not included in the consolidated financial statements: None.

E. Adjustments for subsidiaries with different balance sheet dates: None.

F. Significant restrictions: None.

G. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

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

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

- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

- A. The Group's operating cycle on construction projects is usually longer than 1 year. The assets and liabilities in relation to constructions and long-term construction contracts are classified as current or non-current based on operating cycle (usually 4 to 5 years). Other assets and liabilities are classified as current or non-current based on a year.
- B. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.
- C. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be paid off within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be paid off within twelve months from the balance sheet date;

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

(6) Cash equivalents

- A. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
- B. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.
- D. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:
 - (a) The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

- (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(9) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has not retained control of the financial asset.

(13) Lease receivables / leases (lessor)

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

(14) Inventories

- A. Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads allocated based on normal operating capacity. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.
- B. Except for recognising profit or loss using the completed contract method, costs are stated at acquisition cost basis during construction. In accordance with IFRSs, the related interest expense is capitalised.

(15) Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

(16) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity are not recognised in profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(17) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated and the main production equipment of Wan Chio Petrochemical (Jiangsu) Co., Ltd. is depreciated using the units-of-output depreciation method to allocate the cost. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	3 ~ 60 years
Machinery and equipment	2 ~ 25 years
Transportation equipment	3 ~ 12 years
Office equipment	2 ~ 15 years

(18) Leasing arrangements (lessee) – right-of-use assets / lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:
- (a) Fixed payments, less any lease incentives receivable; and
 - (b) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- (a) The amount of the initial measurement of lease liability;
 - (b) Any lease payments made at or before the commencement date; and
 - (c) Any initial direct costs incurred by the lessee.
- D. The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(19) Investment property

An investment property is stated initially at its cost and measured subsequently using the fair value model. A gain or loss arising from a change in the fair value of investment property is recognised in profit or loss.

(20) Intangible assets

A. Goodwill arises in a business combination accounted for by applying the acquisition method. Goodwill shall be tested annually for impairment, and recognised based on the cost less accumulated depreciation. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

B. Other intangible assets, mainly acquired special technology, are amortised using the straight-line method over 3 years.

(21) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amounts of goodwill shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(22) Notes and accounts payable

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

(23) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(24) Convertible bonds payable

Convertible corporate bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable and derivative features embedded in convertible corporate bonds on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument. Convertible corporate bonds are accounted for as follows:

A. Embedded call options and put options

Call options and put options embedded in convertible corporate bonds are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.

B. Bonds payable of convertible corporate bonds

Bonds payable of convertible corporate bonds is initially recognised at fair value and subsequently stated at amortised cost. Any difference between the proceeds and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortised in profit or loss as an adjustment to the 'finance costs' over the period of bond circulation using the effective interest method.

C. Embedded conversion options (meet the definition of equity)

Conversion options embedded in convertible corporate bonds issued by the Group, which meet the definition of an equity instrument, are initially recognised in 'capital surplus—share options' at the residual amount of total issue price less amounts of 'financial assets or financial liabilities at fair value through profit or loss' and 'bonds payable—net' as stated above. Conversion options are not subsequently remeasured.

D. Any transaction costs directly attributable to the issuance of convertible corporate bonds are allocated to the liability and equity components in proportion to the allocation of proceeds.

- E. When bondholders exercise conversion options, the liability component of the bonds (including ‘bonds payable’ and ‘financial assets or financial liabilities at fair value through profit or loss’) shall be remeasured on the conversion date. The book value of common shares issued due to the conversion shall be based on the adjusted book value of the above-mentioned liability component plus the book value of capital surplus –share options.

(25) Revenue recognition

A. Sales of goods

- (a) Sales are recognised 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, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- (b) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Land development and resale

- (a) The Group develops and sells residential properties. Revenue is recognised when control over the property has been transferred to the customer. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognised at a point in time when the legal title has passed to the customer.
- (b) The revenue is measured at an agreed upon amount under the contract. The consideration is due when legal title has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds twelve months. The transaction price is therefore not adjusted because the contract does not include a significant financing component.

(26) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.
- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

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

D. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(27) Employee share-based payment

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

(28) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
- D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.

(29) Share capital

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

(30) Dividends

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

(31) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(32) Operating segments

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

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. The Group evaluates the amounts of normal inventory consumption and obsolete inventories on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

B. Investment property

The fair value valuation of investment property relies on the real estate appraisers to determine future cash flows, discount rate and profit or loss which is likely to accrue or incur afterwards based on the experts' judgement, utilisation of the assets and industrial characteristics. Any changes of economic circumstances or estimates due to the change of the Group's strategy might affect the value of investment property.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand and revolving funds	\$ 1,858	\$ 2,655
Checking accounts and demand deposits	1,719,375	1,596,298
Time deposits	7,621	49,841
Bonds sold under repurchase agreements	27,680	-
	<u>\$ 1,756,534</u>	<u>\$ 1,648,794</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Cash and cash equivalents that were pledged as collateral were reclassified to financial assets at amortised cost. Details are provided in Notes 6(4) and 8.

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 272,746	\$ 306,066
Bank debentures	19,590	20,156
Beneficiary certificates	12,206	82,181
	<u>304,542</u>	<u>408,403</u>
Valuation adjustments	(15,024)	(47,886)
	<u>\$ 289,518</u>	<u>\$ 360,517</u>

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current items:		
Financial assets designated as at fair value through profit or loss		
Derivative financial instruments - bonds payable	\$ 159	(\$ 22)
Valuation adjustment	<u>592</u>	<u>2,330</u>
	<u>\$ 751</u>	<u>\$ 2,308</u>

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ -	\$ 17,368
Valuation adjustment	<u>-</u>	<u>42,538</u>
	<u>\$ -</u>	<u>\$ 59,906</u>

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	24,580	(2,238)
Debt instruments	<u>16</u>	<u>109</u>
	<u>\$ 24,596</u>	<u>(\$ 2,129)</u>
Financial assets designated as at fair value through profit or loss		
Debt instruments	<u>(\$ 422)</u>	<u>\$ 2,409</u>

B. Amounts recognised in profit or loss in relation to financial liabilities at fair value through profit or loss are listed below:

	Year ended December 31	
	2021	2022
Financial liabilities designated as at fair value through profit or loss		
Debt instruments	\$ -	\$ 1,150

C. As of December 31, 2021 and 2020, the issuance of convertible bonds by the Company amounting to \$751 and \$2,308, respectively, was recognised under ‘financial assets designated as at fair value through profit or loss on initial recognition’ due to their compound instrument feature.

(a) For the years ended December 31, 2021 and 2020, the Group has recognised the changes in fair value amounting to (\$422) and \$3,559, respectively, which are not attributable to the changes in credit risk of the assets.

(b) For the terms of the 8th and 9th secured convertible bonds issued by the Company, please refer to Note 6 (19).

D. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at fair value through other comprehensive income

	December 31, 2021	December 31, 2020
Current items:		
Equity instruments		
Listed stocks	\$ 1,204,239	\$ 1,114,355
Valuation adjustments	186,450	37,602
	<u>\$ 1,390,689</u>	<u>\$ 1,151,957</u>
Non-current items:		
Debt instruments		
Bank debenture	\$ 55,070	\$ 56,661
Valuation adjustment	818	4,543
	<u>55,888</u>	<u>61,204</u>
Equity instruments		
Listed stocks	-	4,240
Unlisted shares	115,675	111,440
Valuation adjustments	(108,962)	(108,932)
	<u>6,713</u>	<u>6,748</u>
	<u>\$ 62,601</u>	<u>\$ 67,952</u>

- A. The Group has elected to classify equity investments that are considered to be strategic investments or have steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$6,713, \$15,402, \$1,390,689 and \$1,143,303 as at December 31, 2021 and 2020, respectively.
- B. Due to adjustments on strategic investments for the years ended December 31, 2021 and 2020, the Group sold its investments in stocks at fair value of \$1,325,800 and \$412,923, respectively.
- C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Year ended December 31	
	2021	2020
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 363,807	(\$ 16,791)
Cumulative gains (losses) reclassified to retained earnings due to derecognition	\$ 205,773	(\$ 22,165)
Dividend income recognised in profit or loss		
Held at end of year	\$ 52,768	\$ 42,471
Derecognised during the year	24,012	16,106
	<u>\$ 76,780</u>	<u>\$ 58,577</u>
<u>Debt instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 3,724)	\$ 4,110

- D. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was \$55,888 and \$61,204, respectively.
- E. Details of the Group's certain financial assets at fair value through other comprehensive income pledged to others as collateral for short-term borrowings are provided in Note 8.
- F. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(4) Financial assets at amortised cost

Items	December 31, 2021	December 31, 2020
Current items:		
Restricted demand deposits	\$ 298,515	\$ 297,987
Restricted time deposits	2,306	2,316
	\$ 300,821	\$ 300,303
Non-current items:		
Restricted demand deposits	\$ 165,432	\$ 170,385
Restricted time deposits	104,999	104,112
Time deposits	-	87,548
	\$ 270,431	\$ 362,045

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Year ended December 31	
	2021	2020
Interest income	\$ 1,124	\$ 8,168

B. As at December 31, 2021 and 2020, the restricted demand deposits under current items were restricted domestic pre-sold house project trust funds, which may not be drawn during the term of the trust.

C. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was \$571,252 and \$662,348, respectively.

D. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

(5) Notes and accounts receivable

	December 31, 2021	December 31, 2020
Notes receivable	\$ 370,345	\$ 329,906
Less: Allowance for uncollectible accounts	-	(807)
	\$ 370,345	\$ 329,099
Accounts receivable	\$ 2,970,081	\$ 2,396,043
Less: Allowance for uncollectible accounts	(98,029)	(95,045)
	\$ 2,872,052	\$ 2,300,998

- A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2021		December 31, 2020	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	\$ 370,345	\$ 2,333,443	\$ 329,906	\$ 1,925,555
Up to 30 days	-	417,526	-	297,138
31 to 90 days	-	138,044	-	92,712
91 to 180 days	-	26,627	-	26,050
Over 180 days	-	54,441	-	54,588
	<u>\$ 370,345</u>	<u>\$ 2,970,081</u>	<u>\$ 329,906</u>	<u>\$ 2,396,043</u>

The above ageing analysis was based on past due date.

- B. As of December 31, 2021 and 2020, accounts and notes receivable were all from contracts with customers.
- C. Details of notes and accounts receivable pledged to others as collateral are provided in Note 8.
- D. As of December 31, 2020, the information on collateral pledged for accounts receivable were not disclosed due to the immaterial amount.
- E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(6) Inventories

- A. Inventories were as follows:

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Packaging Material Sales			
Channel business:			
Raw materials and supplies	\$ 870,134	(\$ 93,715)	\$ 776,419
Work-in-progress	311,016	(10,495)	300,521
Finished goods	446,905	(10,818)	436,087
Merchandise	453,276	(38,145)	415,131
Inventories in transit	183,930	-	183,930
	<u>2,265,261</u>	<u>(153,173)</u>	<u>2,112,088</u>
Land Development & Construction business:			
Construction-in-progress	4,979,289	-	4,979,289
Land held for building	1,136,985	(1,794)	1,135,191
	<u>6,116,274</u>	<u>(1,794)</u>	<u>6,114,480</u>
	<u>\$ 8,381,535</u>	<u>(\$ 154,967)</u>	<u>\$ 8,226,568</u>

		December 31, 2020		
		Cost	Allowance for valuation loss	Book value
Packaging Material Sales				
Channel business:				
Raw materials and supplies	\$	761,041	(\$ 70,692)	\$ 690,349
Work-in-progress		265,613	(25,058)	240,555
Finished goods		319,199	(11,509)	307,690
Merchandise		304,864	(44,140)	260,724
Inventories in transit		134,494	-	134,494
		<u>1,785,211</u>	<u>(151,399)</u>	<u>1,633,812</u>
Land Development &				
Construction business:				
Construction-in-progress		4,269,681	-	4,269,681
Land held for building		738,975	(1,794)	737,181
Buildings and land held for sale		348,463	-	348,463
		<u>5,357,119</u>	<u>(1,794)</u>	<u>5,355,325</u>
	\$	<u>7,142,330</u>	<u>(\$ 153,193)</u>	<u>\$ 6,989,137</u>

B. The cost of inventories recognised as expense for the year:

	Year ended December 31	
	2021	2020
Cost of inventories sold	\$ 13,673,742	\$ 10,699,130
Cost of construction sold	376,480	508,918
Unamortised fixed production overhead	221,337	241,114
Loss on market price decline	3,472	17,283
	<u>\$ 14,275,031</u>	<u>\$ 11,466,445</u>

C. Amount of borrowing costs capitalised as part of inventory and the range of interest rates for such capitalisation are as follows:

	Year ended December 31	
	2021	2020
Amount capitalised	\$ 86,208	\$ 85,785
Range of interest rates	1.68%~2.26%	1.77%~2.78%

D. Information about the inventories that were pledged to others as collateral is provided in Note 8.

E. The Company acquired the land in Taishan Dist., New Taipei City in June 2021, and the land-transfer procedure had been completed. The inventory-lands under construction amounted to \$392,911.

(7) Long-term investments accounted for under the equity method

A. Details of long-term equity investments accounted for under the equity method are set forth below:

<u>Related parties</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Winda Opto-Electronics Co., Ltd.	\$ 617,736	\$ 460,937
Yanrun Development Co., Ltd.	4,129	-
	<u>\$ 621,865</u>	<u>\$ 460,937</u>

B. Investment income accounted for under the equity method for the years ended December 31, 2021 and 2020 is set forth below:

<u>Investee company</u>	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Winda Opto-Electronics Co., Ltd.	\$ 141,467	\$ 95,718
Yanrun Development Co., Ltd.	(3,871)	-
	<u>\$ 137,596</u>	<u>\$ 95,718</u>

C. (a) The basic information of the associate that is material to the Group is as follows:

<u>Company name</u>	<u>Principal place of business</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>Nature of relationship</u>	<u>Method of measurement</u>
Winda Opto-Electronics Co., Ltd.	China	41.91%	41.85%	Has significant influence over the Group	Equity method

(b) The summarized financial information of the associate that is material to the Group is as follows:

Balance sheet

	<u>Winda Opto-Electronics Co., Ltd.</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current assets	\$ 1,522,124	\$ 1,099,979
Non-current assets	96,338	120,882
Current liabilities	(125,621)	(95,531)
Non-current liabilities	(17,234)	(22,106)
Total net assets	<u>\$ 1,475,607</u>	<u>\$ 1,103,224</u>
Share in associate's net assets	\$ 618,427	\$ 461,699
Negative goodwill	(691)	(762)
Carrying amount of the associate	<u>\$ 617,736</u>	<u>\$ 460,937</u>

Statement of comprehensive income

	Winda Opto-Electronics Co., Ltd.	
	Year ended December 31	
	2021	2020
Revenue	\$ 1,180,252	\$ 869,020
Profit for the year from continuing operations	337,541	228,717
Other comprehensive (loss) income, net of tax	(8,121)	18,864
Total comprehensive income	\$ 329,420	\$ 247,581
Dividends received from associates	\$ -	\$ -

- (c) The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

As of December 31, 2021 and 2020, the carrying amount of the Group's individually immaterial associates amounted to \$4,129 and \$0, respectively.

	Year ended December 31	
	2021	2020
Profit or loss for the year from continuing operations	(\$ 3,871)	\$ -
Other comprehensive income, net of tax	-	-
Total comprehensive loss	(\$ 3,871)	\$ -

- (d) The Group's material associate has no quoted market prices.

(8) Property, plant and equipment / Subsequent event

2021

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment under acceptance	Total
At January 1								
Cost	\$ 2,860,977	\$ 4,453,077	\$ 11,387,766	\$ 190,713	\$ 376,871	\$ 282,031	\$ 160,208	\$ 19,711,643
Accumulated depreciation and impairment	(839)	(1,507,530)	(6,169,472)	(130,718)	(235,533)	(118,368)	-	(8,162,460)
	<u>\$ 2,860,138</u>	<u>\$ 2,945,547</u>	<u>\$ 5,218,294</u>	<u>\$ 59,995</u>	<u>\$ 141,338</u>	<u>\$ 163,663</u>	<u>\$ 160,208</u>	<u>\$ 11,549,183</u>
Opening net book amount as at January 1	\$ 2,860,138	\$ 2,945,547	\$ 5,218,294	\$ 59,995	\$ 141,338	\$ 163,663	\$ 160,208	\$ 11,549,183
Additions	-	540	11,776	4,452	1,710	2,868	333,624	354,970
Disposals	-	-	(1,550)	(682)	(187)	(204)	-	(2,623)
Scraps	-	-	-	-	-	(22,978)	-	(22,978)
Transfers	59,420	8,788	109,658	7,126	11,074	6,619	(202,685)	-
Reclassifications	(301,589)	(166,750)	(2,203,460)	(324)	(2,204)	(9,563)	(1,406)	(2,685,296)
Depreciation charge	(49)	(117,143)	(422,568)	(15,638)	(30,883)	(21,341)	-	(607,622)
Net exchange differences	(7,758)	(15,545)	(23,627)	(153)	(201)	(301)	(119)	(47,704)
Closing net book amount as at December 31	<u>\$ 2,610,162</u>	<u>\$ 2,655,437</u>	<u>\$ 2,688,523</u>	<u>\$ 54,776</u>	<u>\$ 120,647</u>	<u>\$ 118,763</u>	<u>\$ 289,622</u>	<u>\$ 8,537,930</u>
At December 31								
Cost	\$ 2,611,048	\$ 4,232,668	\$ 7,336,670	\$ 190,042	\$ 366,885	\$ 230,819	\$ 289,622	\$ 15,257,754
Accumulated depreciation and impairment	(886)	(1,577,231)	(4,648,147)	(135,266)	(246,238)	(112,056)	-	(6,719,824)
	<u>\$ 2,610,162</u>	<u>\$ 2,655,437</u>	<u>\$ 2,688,523</u>	<u>\$ 54,776</u>	<u>\$ 120,647</u>	<u>\$ 118,763</u>	<u>\$ 289,622</u>	<u>\$ 8,537,930</u>

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment under acceptance	Total
At January 1								
Cost	\$ 2,777,880	\$ 5,222,293	\$ 11,659,571	\$ 172,671	\$ 365,191	\$ 306,071	\$ 182,730	\$ 20,686,407
Accumulated depreciation and impairment	(771)	(1,731,680)	(5,305,432)	(125,308)	(208,139)	(122,303)	-	(7,493,633)
	<u>\$ 2,777,109</u>	<u>\$ 3,490,613</u>	<u>\$ 6,354,139</u>	<u>\$ 47,363</u>	<u>\$ 157,052</u>	<u>\$ 183,768</u>	<u>\$ 182,730</u>	<u>\$ 13,192,774</u>
Opening net book amount as at January 1	\$ 2,777,109	\$ 3,490,613	\$ 6,354,139	\$ 47,363	\$ 157,052	\$ 183,768	\$ 182,730	\$ 13,192,774
Additions	-	731	17,388	9,527	3,938	2,523	329,978	364,085
Disposals	(3,000)	(143,541)	(271,719)	(1,307)	(444)	(6,998)	(864)	(427,873)
Scraps	-	(263,369)	-	-	-	-	-	(263,369)
Transfers	-	11,966	290,188	18,162	12,925	7,349	(340,590)	-
Reclassifications	100,839	-	(232)	-	91	(1,055)	(2,789)	96,854
Depreciation charge	(65)	(134,001)	(440,698)	(13,656)	(32,189)	(22,389)	-	(642,998)
Impairment loss	-	-	(767,057)	-	-	-	-	(767,057)
Net exchange differences	(14,745)	(16,852)	36,285	(94)	(35)	465	(8,257)	(3,233)
Closing net book amount as at December 31	<u>\$ 2,860,138</u>	<u>\$ 2,945,547</u>	<u>\$ 5,218,294</u>	<u>\$ 59,995</u>	<u>\$ 141,338</u>	<u>\$ 163,663</u>	<u>\$ 160,208</u>	<u>\$ 11,549,183</u>
At December 31								
Cost	\$ 2,860,977	\$ 4,453,077	\$ 11,387,766	\$ 190,713	\$ 376,871	\$ 282,031	\$ 160,208	\$ 19,711,643
Accumulated depreciation and impairment	(839)	(1,507,530)	(6,169,472)	(130,718)	(235,533)	(118,368)	-	(8,162,460)
	<u>\$ 2,860,138</u>	<u>\$ 2,945,547</u>	<u>\$ 5,218,294</u>	<u>\$ 59,995</u>	<u>\$ 141,338</u>	<u>\$ 163,663</u>	<u>\$ 160,208</u>	<u>\$ 11,549,183</u>

- A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	Year ended December 31	
	2021	2020
Amount capitalised	\$ 919	\$ 1,283
Range of the interest rates	1.83%~1.88%	1.88%~1.89%

- B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.
- C. In June 2011, ACHEM Technology Corporation revalued its assets in accordance with the laws and regulations. The gross revaluation increment in the amount of \$569,967, net of provision for land revaluation increment tax of \$228,975, was recorded as “Unrealised revaluation increment” in the amount of \$340,992, under other equity adjustments. The Company recognised the “Unrealised revaluation increment” into special reserve amounting to \$170,769 in proportion to shares held.
- D. In 2010, ACHEM Technology Corporation acquired real estate lot in Rui-Hu Section, Yangmei District, Taoyuan City, in the amount of \$189 which has been registered under the names of employees and eventually registered under the name of ACHEM Technology Corporation.
- E. In 2021, ACHEM Technology Corporation acquired the agricultural land located in Ruihu Section, Yangmei District, Taoyuan City in the amount of \$39,918, which was registered under the name of the Group’s employees. The land was pledged to ACHEM Technology Corporation as collateral on March 18, 2022.
- F. In January 2020, the Company exercised pre-emptive rights on the land at Changhua Coastal Industrial Park leased from the Industrial Development Bureau, Ministry of Economic Affairs. The land transfer procedure was completed, and the land was transferred into property, plant and equipment in May 2020. Please refer to Note 6(9) for details.
- G. Reclassification:
- (a.) In December 2020, the land of the Group located in the Linkou Dist., New Taipei City, was transferred as non-current assets held for sale. Please refer to Note 6(13) for details.
- (b.) In September 2021, the property, plant and equipment of the second-tier subsidiary, Wan Chio Petrochemical (Jiangsu) Co., Ltd., was transferred as non-current assets held for sale. Please refer to Note 6(13) for details.
- (c.) In October 2021, the land and buildings of the Group located in the Zhongzheng Dist., Taipei City, was transferred as investment property. Please refer to Note 6(11) for details.
- H. In September 2020, the Group obtained a demolition license for the buildings on the ground related to the hotel in Linkou District. The Group accrued loss on scrapping based on the carrying amount amounting to \$263,369. Please refer to Note 6(14) for details.

(9) Leasing arrangements – lessee

A. The Group leases various assets including land, buildings as well as machinery and equipment. Rental contracts are typically made for periods of 2 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land use right	179,724	391,249
Buildings and structures	119,553	38,405
	<u>\$ 299,277</u>	<u>\$ 429,654</u>

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land use right	\$ 8,070	\$ 9,389
Buildings and structures	24,943	20,575
Machinery and equipment	-	41,498
	<u>\$ 33,013</u>	<u>\$ 71,462</u>

C. The Company entered into a finance lease contract with the Ministry of Economic Affairs Changhua Coastal Industrial Park Service Center in 2008, to lease land in Changhua. The lease agreement has an option that enables the Company to purchase the land at market price on the contract signing date at the end of the lease period. All rental payments the Company has paid can be deducted from the purchase price.

In November 2019, the Company submitted an application to the Industrial Development Bureau, Ministry of Economic Affairs for the approval to exercise pre-emptive rights (specified in the finance lease contract in 2008) on the industrial land located in No. 490 and 491, Shanglin Section of Lugang District, Changhua Coastal Park. Subsequently, the Industrial Development Bureau, Ministry of Economic Affairs approved the Company's application to exercise pre-emptive rights in accordance with Zhang-Bin-Gong-Zi Letter No. 1096070289 in January 2020. In May 2020, the land transfer procedure was completed, and the land was reclassified as property, plant and equipment.

- D. Land use rights are contracts signed by the Group for land use rights in Mainland China and Vietnam. The contract term is 44~50 years. Rents were paid in full at the time the contract was signed.
- E. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were \$104,919 and \$92,395, respectively.
- F. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31	
	2021	2020
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 8,379	\$ 9,553
Expense on short-term lease contracts	9,400	9,243
Gains arising from sale and leaseback transactions	-	(237,191)
Losses arising from lease modifications	-	85,915

- G. For the years ended December 31, 2021 and 2020, the Group's total cash outflow for leases were \$45,789 and \$290,795, respectively.
- H. The Group did not pledge right-of-use assets to others as collateral.
- I. In 2020, the Group modified a certain lease after negotiation and recognised loss arising from lease modifications of \$85,915, which was recognized in other gains and losses in the consolidated statements of comprehensive income.
- J. The Group has applied the practical expedient to "Covid-19-related rent concessions", and recognised the gain from changes in lease payments arising from the rent concessions amounting to \$432 by increasing other income for 2020.
- K. Reclassification:
In September 2021, the right-of-use assets of the second-tier subsidiary, Wan Chio Petrochemical (Jiangsu) Co., Ltd., was transferred as non-current assets held for sale. Please refer to Note 6(13) for details.

(10) Leasing arrangements - lessor

- A. The Group leases various assets including land and buildings. Rental contracts are typically made for periods of 1 to 7 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.
- B. For the years ended December 31, 2021 and 2020, the Group recognised rent income in the amount of \$74,807 and \$127,330, respectively, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the lease payments under the operating leases is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
2021	\$ -	\$ 62,544
2022	62,583	57,390
2023	59,675	57,178
2024	30,175	29,615
2025	2,940	3,473
2026	1,680	8,130
After 2027	6,450	-
	<u>\$ 163,503</u>	<u>\$ 218,330</u>

(11) Investment property

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
At January 1	\$ 1,890,332	\$ 1,857,961
Reclassifications	320,311	(4,202)
(Loss) gain on fair value adjustment	(2,681)	27,817
Exchange rate differences	(4,464)	8,756
At December 31	<u>\$ 2,203,498</u>	<u>\$ 1,890,332</u>

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Rental revenue from investment property	<u>\$ 64,346</u>	<u>\$ 65,606</u>
Direct operating expenses arising from the investment property that generated rental income during the year	<u>\$ 7,915</u>	<u>\$ 10,382</u>
Direct operating expenses arising from the investment property that did not generate rental income during the year	<u>\$ 525</u>	<u>\$ 634</u>

B. Fair value basis of investment property

The Group's investment property mainly comprises office buildings and plant located in Neihu District, Zhongzheng District, Taipei City and Shanghai, China. The Group earns rental income from leasing and the lease terms are between 1 to 7 years. As of December 31, 2021 and 2020, the related assumptions are as follows:

(a) The location, valuation method, appraisal firm, appraiser and appraisal date are shown below:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Object	Office building and plant	Office building and plant
Location	Neihu District, Zhongzheng District, Taipei City and Shanghai, China	Neihu District, Taipei City and Shanghai, China
Valuation method	Income approach	Income approach
Appraisal firm	PANASIA Real Estate Appraisers Firm	PANASIA Real Estate Appraisers Firm
Appraiser	YANG, MIN-AN	YANG, MIN-AN
Effective date for appraisal	December 31, 2021	December 31, 2020

(b) The information on the average leasing rate for the years ended December 31, 2021 and 2020, changes in income generated in the past, and comparison between local rents and rents for objects similar to the Group's office buildings and plant is provided in the table below:

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Estimated rents (in dollars/per ping /monthly)	\$589~\$1,152	\$573~\$1,111
Local rents and rent quotes for similar objects	Approximate to estimated rents	Approximate to estimated rents
Income	\$ 64,346	\$ 45,167
Average leasing rates	93%~100%	75%~100%

(c) The fair value of the Group's office buildings is measured using the discounted cash flow analysis of income approach. Valuation is based on local rents and rents of similar objects, which are used to determine the annual increase range in the rents. Net rental income for the next 10 years is estimated based on idling loss. The estimated net rental income plus the ending disposal value is the future cash inflow, which is calculated to the appraisal date by using appropriate discount rate. Future cash outflow is estimated based on the Company's current operations and possible future changes and future cash outflow refers to expenses directly related to operations, such as land value tax, house tax, insurance fees, management fees and repair expense that were actually incurred for the year.

(d) Discount rate range is set in the table below. Discount rates are based on the interest rate for a two-year deposit of a small amount, as posted by the Chunghwa Post Co. Ltd., plus 0.75 percentage points; while the discount rates used by the Group's mainland China subsidiaries are based on the rate of 10 years national debt issued by the Bank of China. Risk premium is determined based on liquidity, risk, value increment and the difficulty of management.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Discount rates	2.50%~7.95%	2.65%~7.95%

C. The information on the Group's investment property is provided in Note 12(3).

D. Amount of borrowing costs capitalised as part of investment property and the range of the interest rates for such capitalisation: None.

E. Information about the investment property that was pledged to others as collateral is provided in Note 8.

F. Reclassifications:

In October 2021, the Land and the building in Zhongzheng District, Taipei City totalling \$320,311 were reclassified as 'investment property' from 'property, plant and equipment', and the difference of (\$39,531) between the fair value and carrying amount was recognised in other comprehensive income.

(12) Intangible assets

	<u>2021</u>		
	<u>Goodwill</u>	<u>Others</u>	<u>Total</u>
Opening net book amount as at January 1	\$ 158,528	\$ 27,479	\$ 186,007
Amortisation charge	-	(10,008)	(10,008)
Net exchange differences	(4,475)	1,325	(3,150)
Closing net book amounts at December 31	<u>\$ 154,053</u>	<u>\$ 18,796</u>	<u>\$ 172,849</u>
	<u>2020</u>		
	<u>Goodwill</u>	<u>Others</u>	<u>Total</u>
Opening net book amount as at January 1	\$ 178,896	\$ 90,867	\$ 269,763
Amortisation charge	-	(13,164)	(13,164)
Impairment loss	(11,743)	(50,349)	(62,092)
Net exchange differences	(8,625)	125	(8,500)
Closing net book amounts at December 31	<u>\$ 158,528</u>	<u>\$ 27,479</u>	<u>\$ 186,007</u>

A. Details of amortisation on intangible assets are as follows:

	Year ended December 31	
	2021	2020
Administrative expenses	\$ 10,008	\$ 13,164

B. Goodwill allocated to the cash-generating units of material packaging department:

	December 31, 2021	December 31, 2020
ACHEM Industry America Inc.	\$ 83,333	\$ 87,808
Xin Chio Co., Ltd.	70,720	70,720
	\$ 154,053	\$ 158,528

C. Goodwill is allocated to the cash-generating units identified by the Group. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a five-year period.

The recoverable amount of all cash-generating units calculated using the value-in-use exceeded their carrying amount, so goodwill was not impaired. The key assumptions used for value-in-use calculations are gross profit margin, growth rate and discount rate.

Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments.

(13) Non-current assets held for sale and discontinued operations

A. In August 2020, the land of the Group located in Linkou Dist., New Taipei City, was sold in accordance with the resolution of the Board of Directors. In December 2020, the Group completed the registration for destruction and met the condition for immediate disposal, thus, related assets amounting to \$186,501, were reclassified to non-current assets held for sale. In February 2021, the land transfer had been completed and \$851,666 was recognized as gain on disposal of non-current assets held for sale.

B. The Group's Board of Directors resolved to dispose the property, plant and equipment of the indirect subsidiary, Wan Chio Petrochemical (Jiangsu) Co., Ltd., on September 15, 2021. The related assets have been reclassified as disposal group held for sale and presented as discontinued operations as it met the definition of discontinued operations.

(a) The cash flow information of the discontinued operations is as follows:

	Year ended December 31, 2021	Year ended December 31, 2020
Operating cash flows	(\$ 108,745)	(\$ 201,654)
Investing cash flows	432,282	10,265
Financing cash flows	(321,430)	183,047
Total cash flows	<u>\$ 2,107</u>	<u>(\$ 8,342)</u>

(b) Assets of disposal group classified as held for sale:

	December 31, 2021
Property, plant and equipment	\$ 1,580,145
Right-of-use assets	203,781
	<u>\$ 1,783,926</u>

(c) Liabilities of disposal group classified as held for sale:

	December 31, 2021
Other current liabilities	<u>\$ 25,865</u>

(d) Analysis of the result of discontinued operations, and the result recognised on the remeasurement of assets or disposal group, is as follows:

	Year ended December 31, 2021	Year ended December 31, 2020
Revenue	\$ -	\$ 24,523
Costs	(\$ 103,883)	(\$ 183,072)
Operating expenses	(\$ 16,804)	(\$ 35,796)
Non-operating income and expenses	(1,056,742)	(822,565)
Profit before tax of discontinued operations	(1,177,429)	(1,016,910)
Income tax	-	-
Profit after tax of discontinued operations	<u>(\$ 1,177,429)</u>	<u>(\$ 1,016,910)</u>

(e) Profit (loss) from continuing and discontinued operations attributable to owners of the parent:

Please refer to Note 6(31)

(f) The disposal group held for sale was measured at the lower of its carrying amount or fair value less costs to sell. Information relating to fair value is provided in Note 12(3). The impairment loss of \$844,535 recognised in the loss from discontinued operations due to remeasurement of disposal group held for sale is described in Note 6(14).

(14) Impairment of non-financial assets

- A. The Group recognised impairment loss of \$844,535 and \$829,149 for the years ended December 31, 2021 and 2020, respectively. Details of such loss are as follows:

	Year ended December 31	
	2021	2020
	Recognised in profit or loss	Recognised in profit or loss
Impairment loss – assets of disposal group classified as held for sale	\$ 844,535	\$ -
Impairment loss – machinery and equipment	-	767,057
Impairment loss – intangible assets	-	62,092
	<u>\$ 844,535</u>	<u>\$ 829,149</u>

- B. The impairment loss reported by operating segments is as follows:

	Year ended December 31	
	2021	2020
	Recognised in profit or loss	Recognised in profit or loss
Discontinued operations	\$ 844,535	\$ 817,406
Tape manufacturing segment	-	11,743
	<u>\$ 844,535</u>	<u>\$ 829,149</u>

- C. The Group's indirect subsidiary, Wan Chio Petrochemical (Jiangsu) Co., Ltd., has implemented the discontinuation strategy to reduce its losses. Therefore, the Group's Board of Directors resolved to dispose the property, plant and equipment of the indirect subsidiary, Wan Chio Petrochemical (Jiangsu) Co., Ltd., on September 15, 2021. The related assets have been reclassified as disposal group held for sale. The impairment loss of \$844,535 was recognised in loss from discontinued operations as a result of the remeasurement of the disposal group held for sale at the lower of its carrying amount or fair value less costs to sell.
- D. Considering the market factors in 2020, the Group's second-tier company, Wan Chio Petrochemical (Jiangsu) Co., Ltd., halted its production temporarily in line with some operation adjustments. Due to the evidence of impairment of property, plant and equipment and intangible assets, the Group wrote down the carrying amount of the asset based on the recoverable amount and recognised an impairment loss of \$817,406 for the year ended December 31, 2020.
- E. In September 2020, the second-tier company of the Group, Asia Plastics, disposed its 100% equity interest in WAN DAO New Material, resulting in an impairment on the goodwill of the Group's cash-generating units identified according to operating segment. The Group has fully recognised impairment loss on the goodwill in the amount of \$11,743.

(15) Short-term borrowings

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Bank borrowings-		
Secured bank borrowings	\$ 1,883,270	\$ 2,514,211
Unsecured bank borrowings	4,718,478	3,777,778
Other short-term borrowings	159,770	101,331
	<u>\$ 6,761,518</u>	<u>\$ 6,393,320</u>
Range of the interest rates	0.99%~5.00%	0.94%~5.22%

Details of assets pledged as collateral for short-term borrowings are provided in Note 8.

(16) Short-term bills payable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Commercial paper	\$ 640,000	\$ 480,000
Range of the interest rates	1.25%~1.41%	1.25%~1.44%

(17) Long-term liabilities, current portion

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Long-term borrowings		
Current portion		
-within one year	\$ 1,860,131	\$ 1,335,235
-within one operating cycle	2,886,772	2,446,850
Bonds payable - current portion	443,361	-
	<u>\$ 5,190,264</u>	<u>\$ 3,782,085</u>

(18) Other current liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Advance receipts	\$ 432,282	\$ 156,500
Others	29,858	28,192
	<u>\$ 462,140</u>	<u>\$ 184,692</u>

(19) Bonds payable

	<u>Domestic secured convertible bonds</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>The Company</u>		
8th convertible bonds payable	\$ 226,600	\$ 427,500
Less: Discount on bonds payable	(5,516)	(13,786)
	<u>221,084</u>	<u>413,714</u>
9th convertible bonds payable	227,800	388,500
Less: Discount on bonds payable	(5,523)	(12,547)
	<u>222,277</u>	<u>375,953</u>
Less: Bonds payable - current portion	(443,361)	-
	<u>-</u>	<u>789,667</u>
<u>Xin Chio Co., Ltd.</u>		
2nd convertible bonds payable	\$ 200,000	\$ 200,000
Less: Discount on bonds payable	(3,953)	(6,126)
	<u>196,047</u>	<u>193,874</u>
	<u>\$ 196,047</u>	<u>\$ 983,541</u>

A. The terms of the domestic secured convertible corporate bonds by the Company are as follows:

(a)	8th domestic secured convertible corporate bonds	9th domestic secured convertible corporate bonds
Principal amount	\$500,000	\$500,000
Face rate	0%	0%
Effective rate	0.93%	0.93%
Outstanding period	5 years	5 years
Maturity date	June 14, 2024	June 14, 2024
Guarantee banks	Mega International Commercial Bank	First Bank
Collateral	Cash in banks of \$102,530	Cash in banks of \$102,530
Repayment at maturity	The bonds along with yield to maturity annual rate of 0.25% are repayable in full by cash at face value at maturity.	The bonds along with yield to maturity annual rate of 0.25% are repayable in full by cash at face value at maturity.
Redemption	<p>From the date after three months of the bonds issue (September 15, 2019) to 40 days (May 5, 2024) before the maturity date. Convertible corporate bonds will be redeemed based on the rule for issuance and conversion of convertible bonds if one of the following criteria is met:</p> <p>(a)The closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days in the centralized market.</p> <p>(b)The outstanding balance of the bonds is less than 10% of total issue amount.</p>	<p>From the date after three months of the bonds issue (September 15, 2019) to 40 days (May 5, 2024) before the maturity date. Convertible corporate bonds will be redeemed based on the rule for issuance and conversion of convertible bonds if one of the following criteria is met:</p> <p>(a)The closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days in the centralized market.</p> <p>(b)The outstanding balance of the bonds is less than 10% of total issue amount.</p>
Put options	The bondholders have the right to require the Company to redeem any bonds at face value plus 0.25% interest during the period from the date after issuance to 30 days before three years.	The bondholders have the right to require the Company to redeem any bonds at face value plus 0.25% interest during the period from the date after issuance to 30 days before three years.
Conversion price (dollars/per share) (Adjusted)	\$12.00	\$12.00
Conversion period	During the period from the date after three months of issuance of bonds to the maturity date.	During the period from the date after three months of issuance of bonds to the maturity date.
Converted amount	\$ 279,700	\$ 278,500
Redeemed amount	\$ -	\$ -
Repurchased amount	\$ -	\$ -

- (b) With regards to the issuance of convertible bonds, the equity conversion options of 8th and 9th issuances amounting to \$29,091 was separated from the liability components and was recognised in “capital surplus - stock options” in accordance with IAS 32. As of December 31, 2021 and December 31, 2020, the balance of “Capital surplus - stock options” changed to \$12,852 and \$23,372, due to execution of conversion from bonds into common stock and bonds matured. The fair value of put and call options embedded in bonds payable was separated from the value of bonds payable, and was recognised in “financial assets at fair value through profit or loss” in accordance with IFRS 9.
- B. The terms of the domestic secured convertible corporate bonds of Xin Chio Co., Ltd. are as follows:

(a)	2nd domestic secured convertible corporate bonds
Principal amount	\$200,000
Face rate	0%
Effective rate	1.12%
Outstanding period	3 years
Maturity date	October 15, 2023
Guarantee banks	First Bank
Collateral	Cash in banks of \$40,000
Repayment at maturity	The bonds are repayable in full by cash at face value at maturity.
Redemption	From the date after three months of the bonds issue (January 16, 2021) to 40 days (September 15, 2023) before the maturity date. Convertible corporate bonds will be redeemed based on the rule for issuance and conversion of convertible bonds if one of the following criteria is met:
	(a)The closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days in the centralized market.
	(b)The outstanding balance of the bonds is less than 10% of total issue amount.
Conversion price (dollars/per share) (Adjusted)	\$20.50
Conversion period	During the period from the date after three months of issuance of bonds to the maturity date.
Converted amount	\$ -
Redeemed amount	\$ -

(b) With regards to the issuance of convertible bonds, the equity conversion options of 2nd issuances amounting to \$10,665 was separated from the liability components and was recognised in “capital surplus - stock options” in accordance with IAS 32. As of December 31, 2021 and 2020, the balance of “Capital surplus - stock options” was \$10,665, due to execution of conversion from bonds into common stock and bonds matured. The fair value of put and call options embedded in bonds payable was separated from the value of bonds payable, and was recognised in “financial liabilities at fair value through profit or loss” in accordance with IFRS 9.

(20) Long-term borrowings

Type of borrowings	December 31, 2021	December 31, 2020
Long-term bank borrowings		
Secured borrowings	\$ 5,318,971	\$ 5,181,013
Unsecured borrowings	<u>1,909,824</u>	<u>3,318,004</u>
	7,228,795	8,499,017
Less: Current portion		
-within one year	(1,860,131)	(1,335,235)
-within one operating cycle	<u>(2,886,772)</u>	<u>(2,446,850)</u>
	<u>\$ 2,481,892</u>	<u>\$ 4,716,932</u>
Range of the interest rates	1.20%~3.50%	1.22%~3.50%

A. In September 2016, the Company entered into a syndicated loan agreement with a syndicated banking group consisting of Taiwan Cooperative Bank and others, and the agreement period is 5 years. The Company is allowed to settle the borrowings and use the working capital if the total amount is within the scope of \$3 billion pursuant to the agreement. The primary terms of the agreement are as follows:

- (a) Tranche A: Non-revolving line of \$2,000,000
- (b) Tranche B: Revolving line of \$1,000,000. The proceeds of the loan were used to increase medium-term working capital.
- (c) The Company’s revolving credit facility is subject to following terms and financial covenants:
 - i. The Company shall pledge land, plant and auxiliary facilities, machinery and equipment, and related auxiliary equipment at Changhua Coastal Industrial Park as collateral.
 - ii. The Company on each semi-annual and annual consolidated financial statements is required to maintain the following financial ratios:
Current ratio (current assets/current liabilities) of at least 100%; liability ratio ((total liabilities + contingent liabilities)/(total stockholders’ equity – intangible assets)) of not higher than 250% (Liability ratio was then changed into 300% in accordance with the supplementary agreement signed in December 2017.); interest coverage ((income before tax + depreciation + amortisation + interest expense)/interest expense) of at least 300%; consolidated tangible net worth of not less than \$8 billion.
- (d) The above syndicated loan agreement was fully paid in March 2021. As of December 31, 2020, the amount drawn was \$2,650,000.

B. In October 2020, the Company entered into a syndicated loan agreement with a syndicated banking group consisting of Land Bank of Taiwan and others for a period of 5 years. The Company is allowed to settle the borrowings and use the working capital if the total amount is within the scope of \$1.59 billion pursuant to the agreement. The primary terms of the agreement are as follows:

(a) Tranche A: Non-revolving line of \$1,100,000

(b) Tranche B: Non-revolving line of \$390,000

(c) Tranche C: Non-revolving line of \$100,000

(d) The Company's revolving credit facility is subject to the following terms and financial covenants:

i. The Company shall pledge land serial No. 4 and 5, Section 1, Fuduxin section, Xinzhuang District, New Taipei City as collateral for tranche B and C.

ii. The Company on each annual consolidated financial statements is required to maintain the following financial ratios:

Liability ratio (total liabilities/consolidated tangible net worth) of not higher than 300%; interest coverage ((income before tax + depreciation + amortisation + interest expense)/interest expense) of at least 150%; consolidated tangible net worth of not less than \$7 billion.

(e) There was no violation of the loan covenant as of December 31, 2021 and December 31, 2020.

(e) As of December 31, 2021 and December 31, 2020, the amount drawn were both \$1,100,000.

C. In March 2021, the Company entered into a syndicated loan agreement with a syndicated banking group consisting of Taiwan Cooperative Bank and others for a period of 5 years. The Company is allowed to settle the borrowings and use the working capital if the total amount is within the scope of \$3.6 billion pursuant to the agreement. The primary terms of the agreement are as follows:

(a) Tranche A: Non-revolving line of \$1,100,000

(b) Tranche B: Revolving line of \$2,500,000. The proceeds of the loan were used to increase medium-term working capital. The credit facility will be reduced after three years from the first drawdown date, and will be further reduced on the same date of each succeeding year. The reduction of the credit facility will be done in three phases as follows: a 15% reduction for the first phase, 20% reduction for the second phase and 65% reduction for the third phase.

- (c) The Company's revolving credit facility is subject to following terms and financial covenants:
- i. The Company shall pledge land, plant and auxiliary facilities, machinery and equipment, and related auxiliary equipment at Changhua Coastal Industrial Park as collateral of Tranche A.
 - ii. The Company on each semi-annual and annual consolidated financial statements is required to maintain the following financial ratios:
Current ratio (current assets/current liabilities) of at least 100%; liability ratio ((total liabilities + contingent liabilities)/(total stockholders' equity – intangible assets)) of not higher than 300%; interest coverage ((income before tax + depreciation + amortisation + interest expense)/interest expense) of at least 150%; consolidated tangible net worth of not less than \$7 billion.
- (d) As of December 31, 2021, the amount drawn was \$1,700,000.
- D. In August 2017, ACHEM Technology Corporation entered into a syndicated loan agreement with the consortium banks led by First Bank. The primary terms of the agreement are as follows:
- (a) Tranche A: five-year non-revolving line of \$1,200,000. The proceeds of the loan were used to repay existing financial liabilities (including but not limited to the credit line of 2012 syndicated loan) and increase medium-term working capital.
 - (b) Tranche B: five-year revolving line of \$1,800,000. The proceeds of the loan were used to repay existing financial liabilities (including but not limited to the credit line of 2012 syndicated loan) and increase medium-term working capital. The credit facility will be reduced after three years from the first drawdown date, and will be further reduced on the same date of each succeeding year. The reduction of the credit facility will be done in three phases as follows: a 10% reduction for the first phase, 20% reduction for the second phase and 70% reduction for the third phase.
 - (c) ACHEM Technology Corporation's revolving credit facility is subject to following terms and financial covenants:
 - i. The ACHEM Technology Corporation shall pledge 12 lots, 35 factories at Yangmei District, Taoyuan City and 33 items of machinery and equipment as collateral; and
 - ii. ACHEM Technology Corporation on each semi-annual and annual consolidated financial statements is required to maintain the following financial ratios:
Current ratio (current assets/current liabilities) of at least 100%; liability ratio (total liabilities/tangible net equity/ total stockholders' equity – intangible assets) of not higher than 200%; interest coverage ((income before tax + depreciation + amortisation + interest expense)/interest expense) of at least 300%.
 - (d) As of December 31, 2021 and 2020, the amounts drawn were \$2,460,000 and \$2,820,000, respectively.

- E. Wan Chio Petrochemical Co., Ltd. (Jiangsu) signed a syndicated loan agreement in December 2014, totalling US\$97 million, with Mega International Commercial Bank and other syndicated banks. The joint guarantor is the Company. The subsidiary re-signed a credit contract to repay the remaining balance amounting to US\$50,440 thousand in November 2018. The primary terms of the agreement are as follows:
- (a) The total line of the five-year non-revolving credit is US\$97 million. The proceeds of the loan were used to increase medium-term working capital.
 - (b) Wan Chio Petrochemical Co., Ltd. (Jiangsu) and the Company's revolving credit facility are subject to the following terms and financial covenants:
 - i. The land-use rights and factory equipment of Wan Chio Petrochemical Co., Ltd. (Jiangsu) shall not be pledged to others.
 - ii. The Company on each semi-annual and annual consolidated financial statements is required to maintain the following financial ratios: Current ratio of at least 100%; debt ratio (direct and contingent liabilities/ net tangible assets) not exceeding 300%; the number of times interest earned (including depreciation and amortisation) of at least 300%; net tangible assets of at least NT\$8 billion.
 - (c) The above syndicated loan agreement mentioned was fully paid in December 2021. As of December 31, 2020, the amount drawn was US\$50,440 thousand.
- F. There was no violation of the loan covenant as of December 31, 2021 and 2020.
- G. In addition to the collaterals provided as stated in Note 8, as of December 31, 2021, the Group had issued guarantee notes totalling \$19,873,310 for the bank loans.
- H. The Group's borrowings should be paid in full by August 2031 at the latest in accordance with the contracts.

(21) Pensions

A. (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Group will make contributions to cover the deficit by next March.

(b) The amounts recognised in the balance sheet are determined as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligations	\$ 352,659	\$ 376,013
Fair value of plan assets	(199,363)	(206,398)
Net defined benefit liability	<u>\$ 153,296</u>	<u>\$ 169,615</u>

(c) Movements in net defined benefit liabilities are as follows:

2021	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	\$ 376,013	(\$ 206,398)	\$ 169,615
Current service cost	2,193	-	2,193
Interest (expense) income	1,128	(619)	509
	<u>379,334</u>	<u>(207,017)</u>	<u>172,317</u>
Remeasurements:			
Return on plan assets	-	(3,389)	(3,389)
Change in demographic assumptions	195	-	195
Change in financial assumptions	(9,600)	-	(9,600)
Experience adjustments	(3,189)	-	(3,189)
	<u>(12,594)</u>	<u>(3,389)</u>	<u>(15,983)</u>
	<u>366,740</u>	<u>(210,406)</u>	<u>156,334</u>
Pension fund contribution	-	(3,038)	(3,038)
Paid pension	(14,081)	14,081	-
Balance at December 31	<u>\$ 352,659</u>	<u>(\$ 199,363)</u>	<u>\$ 153,296</u>
2020	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	\$ 408,524	(\$ 218,645)	\$ 189,879
Current service cost	3,019	-	\$ 3,019
Interest (expense) income	2,493	(1,319)	1,174
	<u>414,036</u>	<u>(219,964)</u>	<u>194,072</u>
Remeasurements:			
Return on plan assets	-	(8,064)	(8,064)
Change in financial assumptions	8,028	-	8,028
Experience adjustments	(21,367)	-	(21,367)
	<u>(13,339)</u>	<u>(8,064)</u>	<u>(21,403)</u>
	<u>400,697</u>	<u>(228,028)</u>	<u>172,669</u>
Pension fund contribution	-	(3,054)	(3,054)
Paid pension	(24,684)	24,684	-
Balance at December 31	<u>\$ 376,013</u>	<u>(\$ 206,398)</u>	<u>\$ 169,615</u>

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

	Year ended December 31	
	2021	2020
Discount rate	0.70%	0.30%
Future salary increases	2.00%~3.00%	2.00%~3.00%

For the years ended December 31, 2021 and 2020, assumptions regarding future mortality rate were estimated in accordance with the 6th and the 5th Taiwan Standard Ordinary Experience Mortality Table, respectively. Future mortality rate of the Company and domestic subsidiaries was set based on the improved Taiwan's published annuity table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2021</u>				
Effect on present value of defined benefit obligation	(\$ 5,668)	\$ 5,829	\$ 4,829	(\$ 4,727)

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2020</u>				
Effect on present value of defined benefit obligation	(\$ 6,490)	\$ 6,685	\$ 5,605	(\$ 5,479)

The sensitivity analysis above was arrived at based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

- (f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2022 amount to \$2,924.
- (g) As of December 31, 2021, the weighted average duration of that retirement plan is 7 years.
- B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Company’s mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentage of employees’ monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.
- (c) The pension costs under the defined contribution pension plans of the Company and local subsidiaries for the years ended December 31, 2021 and 2020 were \$34,241 and \$32,660, respectively.
- (d) The contributions to pension costs under the local employment act of the overseas subsidiaries for the years ended December 31, 2021 and 2020 were \$30,165 and \$4,798, respectively.
- C. For the year ended December 31, 2020, the domestic subsidiaries’ retired employees were formerly covered under the defined benefit pension plan, however, the subsidiaries cannot pay through the labor pension reserve account due to some reasons. Thus, the subsidiaries paid the pension benefits directly which was recognised as pension cost in the amount of \$2,401.

(22) Share capital

A. As of December 31, 2021, the Company's authorised capital was \$10,000,000 (including reserve for issuance of employee share options of \$40,000), and the paid-in capital was \$6,380,540, consisting of ordinary stock with a par value of \$10 (in dollars) per share.

Movements in the number of the Company's ordinary shares (in thousand shares) outstanding are as follows:

	<u>2021</u>	<u>2020</u>
At January 1	541,949	542,662
13th repurchase of treasury shares	- (8,699)
14th repurchase of treasury shares	- (7,022)
Disposal of the Company's shares of stocks held by subsidiaries	607	-
Conversion of convertible bonds	27,775	15,008
Stock dividends of ordinary share	34,844	-
The Company's stocks held by subsidiaries recognised as treasury shares	(1,032)	-
At December 31	<u>604,143</u>	<u>541,949</u>

B. For the year ended December 31, 2021, convertible bonds amounting to \$361,600 in total par value were requested for conversion into 27,775 thousand ordinary shares. The amount of 233 thousand ordinary shares was recorded under 'certificate of entitlement to new shares from convertible bonds' because the registration of the change has not yet been completed.

C. For the year ended December 31, 2020, convertible bonds amounting to \$196,600 in total par value were requested for conversion into 15,008 thousand ordinary shares. The amount was recorded under 'certificate of entitlement to new shares from convertible bonds' because the registration of the change had not yet been completed as of December 31, 2020. The registration of the change had been completed during the year ended December 31, 2021.

D. On July 7, 2021, the Company's shareholders approved to capitalise shareholders' bonus amounting to \$348,445 which was distributed from 2020 earnings. A total of 34,844 thousand new shares were issued with a par value of \$10 per share. The registration of the change was completed.

E. On July 7, 2021, the Company's Board of Directors resolved to increase the authorised capital to \$10,000,000. The registration of the change was completed on July 22, 2021.

F. Treasury shares

	Number of shares (in thousands)	Carrying amount
At January 1, 2021	43,099	\$ 562,488
Eliminated shares	(9,380)	(139,273)
Disposal of the Company's shares of stocks held by subsidiaries	(607)	(8,870)
Distribution of the Company's stock dividends received by subsidiaries	1,032	-
At December 31, 2021	<u>34,144</u>	<u>\$ 414,345</u>

	Number of shares (in thousands)	Carrying amount
At January 1, 2020	29,172	\$ 414,770
13th repurchase of treasury shares	8,699	\$ 85,554
14th repurchase of treasury shares	7,022	84,796
Eliminated shares	(1,794)	(22,632)
At December 31, 2020	<u>43,099</u>	<u>\$ 562,488</u>

- (a) On March 10, 2020, the Company's Board of Directors resolved to retire 1,794 thousand treasury shares in line with the Company's capital reduction with the effective date set on March 10, 2020, and the registration had been completed.
- (b) On March 10, 2020, the Board of Directors resolved the 13th repurchase of 10 million treasury shares which will be transferred to employees during the period from March 11, 2020 to May 8, 2020. The repurchase price ranged between \$9 and \$16 (in dollars) per share. The repurchase of a total of 8,699 thousand shares was completed on May 8, 2020, for a total consideration of \$85,554.
- (c) On May 13, 2020, the Board of Directors resolved to exercise the 14th repurchase of 10 million treasury shares which will be transferred to employees during the period from May 14, 2020 to July 13, 2020. The repurchase price ranged between \$9 and \$16.2 (in dollars) per share. The repurchase of a total of 7,022 thousand shares was completed on July 13, 2020, for a total consideration of \$84,796.
- (d) On March 4, 2021, the Company's Board of Directors approved to reduce capital by retiring 9,380 thousand treasury shares, and the effective date for the capital reduction was set on March 5, 2021. The registration of the change had been completed.
- (e) Pursuant to the R.O.C. Securities and Exchange Law, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

- (f) Pursuant to the R.O.C. Securities and Exchange Law, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.
- (g) Pursuant to the R.O.C. Securities and Exchange Law, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.
- (h) Details of the Company's common stock held by the subsidiaries as at December 31, 2021 are as follows:

<u>Name of company holding the shares</u>	<u>Reason for reacquisition</u>	<u>Number of Shares (thousand shares)</u>	<u>Carrying amount</u>
YEM CHIO	Investment	16,822	\$ 223,108
ACHEM Technology Holdings Limited	"	1,194	15,838
Valueline Investment Corporation	"	406	5,049
		<u>18,422</u>	<u>\$ 243,995</u>

- (i) Details of the Company's common stock held by the subsidiaries as at December 31, 2020 are as follows:

<u>Name of company holding the shares</u>	<u>Reason for reacquisition</u>	<u>Number of Shares (thousand shares)</u>	<u>Carrying amount</u>
YEM CHIO	Investment	15,880	\$ 223,108
ACHEM Technology Holdings Limited	"	1,127	15,838
Valueline Investment Corporation	"	991	13,919
		<u>17,998</u>	<u>\$ 252,865</u>

(23) Capital surplus

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

	2021			
	Share premium	Stock options	Others	Total
At January 1	\$ 1,764,372	\$ 28,235	\$ 799,835	\$ 2,592,442
Eliminated shares	(28,299)	-	(17,174)	(45,473)
Recognition of changes in ownership interest in subsidiaries	(42,929)	-	41,000	(1,929)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	(243,740)	(243,740)
Conversion of convertible bonds	83,022	(10,519)	-	72,503
The Company's stocks held by subsidiaries deemed as cash dividends distributed to treasury stocks	-	-	10,799	10,799
At December 31	<u>\$ 1,776,166</u>	<u>\$ 17,716</u>	<u>\$ 590,720</u>	<u>\$ 2,384,602</u>
	2020			
	Share premium	Stock options	Others	Total
At January 1	\$ 1,887,797	\$ 33,954	\$ 829,756	\$ 2,751,507
Eliminated shares	(2,509)	-	(2,183)	(4,692)
Cash dividends from capital surplus	(166,265)	-	-	(166,265)
Dividends for which the claim period has elapsed and unclaimed by shareholders	-	-	86	86
Recognition of changes in ownership interest in subsidiaries	-	-	(33,223)	(33,223)
Conversion of convertible bonds	45,349	(5,719)	-	39,630
The Company's stocks held by subsidiaries deemed as cash dividends distributed to treasury stocks	-	-	5,399	5,399
At December 31	<u>\$ 1,764,372</u>	<u>\$ 28,235</u>	<u>\$ 799,835</u>	<u>\$ 2,592,442</u>

(24) Retained earnings / Subsequent event

A. In accordance with the Company's Articles of Incorporation, the annual net profit should be used initially to pay all taxes and to cover any accumulated deficit; 10% of the annual net profit should be set aside as legal reserve; and setting aside an additional special reserve pursuant to Article 41 of ROC Securities Exchange Act. The remainder, if any, shall be distributed which will be proposed by the Board of Directors and approved by the stockholders.

If the aforementioned purposes or reasons of setting aside special reserve no longer apply, the Company should reverse and recognise such special reserve as distributable, and be distributed in accordance with this Article.

The Company authorises the Board of Directors to distribute earnings in cash or dividends and bonuses from capital surplus by the special resolution; and in addition thereto a report of such distribution shall be submitted to the shareholders during their meeting.

B. The Company's dividend policy is summarized below:

As the Company operates in a mature industry and is in the stable profit stage with sound financial structure, it has a steady dividend pay out ratio policy. According to the policy, after setting aside legal and special reserve, the remainder shall be appropriated as dividends, and cash dividends shall account for at least 10% of the total dividends distributable.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.

D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

E. The resolutions made at the Board of Directors' and the stockholders' meeting on March 27, 2020 and June 19, 2020, respectively, are outlined as follows:

(a) The Company compensated accumulated deficit with legal reserve of \$341,174 for the year ended December 31, 2019.

- (b) The Company issued cash dividends from capital surplus amounting to \$166,265 for the year ended December 31, 2019.
- F. The Company's appropriations of 2020 earnings for cash dividends and the modification of aforementioned appropriations had been approved through majority vote by the Board of Directors on March 4, 2021 and May 13, 2021, respectively, and has been approved by shareholders on July 7, 2021. The appropriations of 2020 earnings as amended were as follows:

	<u>Year ended December 31, 2020</u>	
	<u>Amount</u>	<u>Dividend per share (in dollars)</u>
Reversal of special reserve	(\$ 147,062)	
Legal reserve	80,056	
Cash dividends	348,445	\$ 0.60
Stock dividends	348,445	0.59
	<u>\$ 629,884</u>	

G. Subsequent event:

The 2021 earnings distribution proposed at the meeting of Board of Directors on March 25, 2022 is detailed as follows:

	<u>Year ended December 31, 2021</u>	
	<u>Amount</u>	<u>Dividend per share (in dollars)</u>
Reversal of special reserve	(\$ 12,864)	
Legal reserve	108,632	
Cash dividends	622,566	\$ 1.00
	<u>\$ 718,334</u>	

The Company's appropriations of 2021 earnings, except for cash dividends which had been resolved by the Board of Directors and only has to be reported to shareholders, have not yet been approved by shareholders as of March 25, 2022.

(25) Operating revenue

A. Disaggregation of revenue from contracts with customers

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

	Year ended December 31, 2021				
	Tape manufacturing business segment	Packaging materials business segment	Real estate business segment	Specialty chemical business segment	Total
Total segment revenue	\$ 17,661,967	\$ 1,837,122	\$ 560,926	\$ 449,331	\$ 20,509,346
Inter-segment revenue	(3,313,997)	-	-	(13,555)	(3,327,552)
Revenue from external customer contracts	<u>\$ 14,347,970</u>	<u>\$ 1,837,122</u>	<u>\$ 560,926</u>	<u>\$ 435,776</u>	<u>\$ 17,181,794</u>

	Year ended December 31, 2020				
	Tape manufacturing business segment	Packaging materials business segment	Real estate business segment	Specialty chemical operating segment	Total
Total segment revenue	\$ 13,564,984	\$ 1,559,915	\$ 769,229	\$ 438,213	\$ 16,332,341
Inter-segment revenue	(2,372,373)	-	-	(11,252)	(2,383,625)
Revenue from external customer contracts	11,192,611	1,559,915	769,229	426,961	13,948,716
Less: Sales revenue attributable to discontinued operations	<u>24,523</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,523</u>
	<u>\$ 11,168,088</u>	<u>\$ 1,559,915</u>	<u>\$ 769,229</u>	<u>\$ 426,961</u>	<u>\$ 13,924,193</u>

B. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	December 31, 2021	December 31, 2020	January 1, 2020
Contract liabilities:			
Contract liabilities – Advance sales receipts	\$ 68,468	\$ 68,278	\$ 99,860
Contract liabilities – Pre-sold house	<u>566,766</u>	<u>411,077</u>	<u>41,918</u>
	<u>\$ 635,234</u>	<u>\$ 479,355</u>	<u>\$ 141,778</u>

C. For the years ended December 31, 2021 and 2020, revenue recognised that was included in the contract liability balance at the beginning of the year amounted to \$60,475 and \$75,970, respectively.

(26) Other income

	Year ended December 31	
	2021	2020
Rental revenue	\$ 74,807	\$ 127,330
Dividend income	89,059	85,125
Revenue from government grants	11,029	25,105
Other income	72,386	55,201
	<u>247,281</u>	<u>292,761</u>
Less: Other income attributable to discontinued operations	17,184	362
	<u>\$ 230,097</u>	<u>\$ 292,399</u>

(27) Other gains and losses

	Year ended December 31	
	2021	2020
(Losses) gains on disposal of property, plant and equipment	(\$ 1,823)	\$ 65,355
Loss on write-off of property, plant and equipment	(22,978)	(263,369)
Gain on disposal of non-current assets held for sale	851,666	-
Gain on disposal of investments	7,712	1,066,964
Gains arising from transfer of rights in sale and lease-back transaction	-	237,191
Losses from lease modification	-	(85,915)
Foreign exchange loss	(15,808)	(44,936)
Gains on financial assets (liabilities) at fair value through profit or loss	24,174	1,430
(Losses) gains on fair value adjustment of investment property	(2,681)	27,817
Impairment loss recognised in profit or loss, property, plant and equipment	-	(767,057)
Impairment loss on non-current assets classified as held for sale	(844,535)	-
Prepayments reclassified to loss	(255,352)	-
Impairment loss on intangible assets	-	(62,092)
Other gains and losses	(57,925)	(58,199)
	(317,550)	117,189
Less: Other gains and losses attributable to discontinued operations	(1,058,692)	(755,783)
	<u>\$ 741,142</u>	<u>\$ 872,972</u>

(28) Finance costs

	Year ended December 31	
	2021	2020
Interest expense:		
Bank borrowings	\$ 274,039	\$ 366,876
Convertible bonds	7,257	8,754
Lease liabilities	8,379	9,553
Less: Capitalisation of qualifying assets	(87,127)	(87,068)
	<u>\$ 202,548</u>	<u>\$ 298,115</u>
Less: Finance costs attributable to discontinued operations	15,234	67,144
	<u>\$ 187,314</u>	<u>\$ 230,971</u>

(29) Expenses by nature (including discontinued operations)

	Year ended December 31	
	2021	2020
Employee benefit expense		
Wages and salaries	\$ 1,365,635	\$ 1,308,385
Labor and health insurance fees	85,000	80,820
Pension costs	67,108	44,052
Other personnel expenses	115,921	109,453
	<u>1,633,664</u>	<u>1,542,710</u>
Depreciation	640,635	714,460
Amortization	10,008	13,164
	<u>\$ 2,284,307</u>	<u>\$ 2,270,334</u>

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to offset prior years' operating losses. For the remainder, if any, at least 0.5% shall be distributed as employees' compensation and the Board of Directors is authorized to determine the distribution of directors' remuneration based on the usual industry standard but shall not exceed 1%.

B. For the years ended December 31, 2021 and 2020, employees' compensation was accrued at \$5,576 and \$4,944, respectively; while no directors' remuneration was accrued. The aforementioned amount was recognized in salary expenses. The employees' compensation was estimated and accrued based on 0.5% of distributable profit of current year for the year ended December 31, 2021.

For 2020, the employees' compensation resolved by the Board of Directors amounted to \$4,309. The difference of (\$635) between the amount resolved by the Board of Directors and the amount of \$4,944 recognized in the 2020 financial statements, had been adjusted in the profit or loss for 2021.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(30) Income tax

A. Tax expense

Components of income tax expense:

	Year ended December 31	
	2021	2020
Current tax:		
Current tax on profits for the year	\$ 281,488	\$ 164,919
Prior year income tax over estimation	(14,710)	(1,170)
Total current tax	<u>266,778</u>	<u>163,749</u>
Deferred tax:		
Origination and reversal of temporary differences	(63,407)	465
Income tax expense	\$ 203,371	\$ 164,214
Less: Income tax expense attributable to discontinued operations	<u>-</u>	<u>-</u>
Income tax expense	<u>\$ 203,371</u>	<u>\$ 164,214</u>

B. The income tax relating to components of other comprehensive income is as follows:

	Year ended December 31	
	2021	2020
Remeasurement of defined benefit obligations	<u>\$ 3,196</u>	<u>\$ 4,281</u>

C. Reconciliation between income tax expense and accounting profit:

	Year ended December 31	
	2021	2020
Tax calculated based on profit before tax and statutory tax rate	\$ 219,759	\$ 181,013
Effects from items disallowed by tax regulation	9,347 (299,610)
Tax exempt income by tax regulation	(110,275) (7,200)
Taxable loss not recognised as deferred tax assets	62,915	261,213
Prior year income tax over estimation	(14,710) (1,170)
Land value increment tax	77,472	12,733
Change in assessment of realisation of deferred tax assets	- (2,180)
Effect from Alternative Minimum Tax	9,916	18,612
Others	(51,053)	803
Income tax expense	<u>\$ 203,371</u>	<u>\$ 164,214</u>

D. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Provision for inventory obsolescence	\$ 19,148	(\$ 1,904)	\$ -	\$ 17,244
Accrued pension liabilities	31,327	(38)	(369)	30,920
Prepayments for land value increment tax	56,569	-	-	56,569
Operating loss carryforwards	13,744	(2,246)	-	11,498
Others	72,495	6,153	-	78,648
	<u>193,283</u>	<u>1,965</u>	<u>(369)</u>	<u>194,879</u>
-Deferred tax liabilities:				
Fair value adjustment of investment property	(148,748)	57,282	-	(91,466)
Unrealised profit from sales	(11,108)	-	-	(11,108)
Reserve for land revaluation increment tax	(228,975)	-	-	(228,975)
Investment income accounted for using the equity method	(36,590)	87	-	(36,503)
Gain on disposal of plant	(68,543)	306	-	(68,237)
Others	(9,224)	3,767	(2,827)	(8,284)
	<u>(503,188)</u>	<u>61,442</u>	<u>(2,827)</u>	<u>(444,573)</u>
	<u>(\$ 309,905)</u>	<u>\$ 63,407</u>	<u>(\$ 3,196)</u>	<u>(\$ 249,694)</u>

2020				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Provision for inventory obsolescence	\$ 23,089	(\$ 3,941)	\$ -	\$ 19,148
Accrued pension liabilities	35,677	(182)	(4,168)	31,327
Prepayments for land value increment tax	56,569	-	-	56,569
Operating loss carryforwards	18,120	(4,376)	-	13,744
Others	74,480	(1,985)	-	72,495
	<u>207,935</u>	<u>(10,484)</u>	<u>(4,168)</u>	<u>193,283</u>
-Deferred tax liabilities:				
Fair value adjustment of investment property	(131,954)	(16,794)	-	(148,748)
Unrealised profit from sales	(11,108)	-	-	(11,108)
Reserve for land revaluation increment tax	(228,975)	-	-	(228,975)
Investment income accounted for using the equity method	(46,069)	9,479	-	(36,590)
Gain on disposal of plant	(86,045)	17,502	-	(68,543)
Others	(8,943)	(168)	(113)	(9,224)
	<u>(513,094)</u>	<u>10,019</u>	<u>(113)</u>	<u>(503,188)</u>
	<u>(\$ 305,159)</u>	<u>(\$ 465)</u>	<u>(\$ 4,281)</u>	<u>(\$ 309,905)</u>

H. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets for the Company's other domestic subsidiaries as of December 31, 2021 and 2020 are as follows:

(a.) Domestic subsidiaries

December 31, 2021

Year incurred	Amount estimated/ filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2012-2021	Estimated/ filed/ assessed	\$ 303,691	\$ 270,310	2031

December 31, 2020

Year incurred	Amount estimated/ filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2011-2020	Estimated/ filed/ assessed	\$ 279,991	\$ 258,838	2030

(b.) Foreign subsidiaries

December 31, 2021

Year incurred	Amount estimated/ filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2016-2020	Assessed	\$ 390,634	\$ 390,634	2025
2018-2019	Assessed	55,454	-	
		<u>\$ 446,088</u>	<u>\$ 390,634</u>	

December 31, 2020

Year incurred	Amount estimated/ filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2016-2019	Assessed	\$ 156,427	\$ 156,427	2024
2018-2019	Assessed	55,454	-	
		<u>\$ 211,881</u>	<u>\$ 156,427</u>	

F. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Deductible temporary differences	\$ 46,662	\$ 45,129

G. Wan Chio Petrochemical (Jiangsu) Co., Ltd. was established as a foreign wholly owned manufacturing enterprise in Mainland China. According to local regulations, when companies start to generate profit, they are entitled to the income tax exemption for the first 2 years and 50% income tax exemption for the third to fifth year. However, the Company has not utilised this benefit because it has not generated any profit yet. Foshan Inder Adhesive Product Co., Ltd. has been assessed as highest technology enterprise by Guangdong Provincial Department of Science and Technology on December 4, 2009, and reviewed once every three years after assessment. Thus, the enterprise income tax rate was reduced to 15% from 2009 until 2021. Wanchio Adhesive Product (Jiangsu) Co., Ltd. has been assessed as high technology enterprise by Jiangsu Provincial Department of Science and Technology on November 3, 2021. Thus, the enterprise income tax rate was reduced to 15% from 2021 until 2023.

H. The status of the Company's and its domestic subsidiaries' income tax returns is as follows:

	<u>Latest year approved</u>
The Company, Achem Technology Corporation, Xin Chio Co., Ltd. Valueline Investment Corporation, Wong Chio Development, Ltd., Chuang-Yi Investment Co., Ltd., UINN Hotel and ACHEM Opto-Electronic Corporation.	2019

(31) Earnings (loss) per share

	Year ended December 31, 2021		
	<u>Amount after tax</u>	Retroactive adjustment weighted average number of ordinary shares outstanding (shares in thousands)	<u>Earnings (loss) per share (in dollars)</u>
<u>Basic earnings (loss) per share</u>			
Profit from continuing operations attributable to the parent	\$ 1,993,435	<u>590,114</u>	\$ 3.38
Loss from discontinued operations attributable to the parent	(1,125,673)		(1.91)
Profit attributable to ordinary shareholders of the parent	<u>\$ 867,762</u>		<u>\$ 1.47</u>
<u>Diluted earnings (loss) per share</u>			
Profit from continuing operations attributable to the parent	\$ 1,993,435	590,114	
Assumed conversion of all dilutive potential ordinary shares			
Treasury stocks transferred to employees	-	17,415	
Employees' compensation	-	414	
Subsidiaries' domestic convertible bonds	(7,652)	-	
Domestic convertible bonds	<u>4,068</u>	<u>46,659</u>	
Profit from continuing operations attributable to the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 1,989,851	<u>654,602</u>	\$ 3.04
Loss from discontinued operations attributable to the parent	(1,125,673)		(1.72)
Profit attributable to parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 864,178</u>		<u>\$ 1.32</u>

Year ended December 31, 2020

	<u>Amount after tax</u>	Retroactive adjustment weighted average number of ordinary shares outstanding (shares in thousands)	<u>Earnings (loss) per share (in dollars)</u>
<u>Basic earnings (loss) per share</u>			
Profit from continuing operations attributable to the parent	\$ 1,726,721	<u>565,330</u>	\$ 3.05
Loss from discontinued operations attributable to the parent	(921,117)		(1.63)
Profit attributable to ordinary shareholders of the parent	<u>\$ 805,604</u>		<u>\$ 1.42</u>
<u>Diluted earnings (loss) per share</u>			
Profit from continuing operations attributable to the parent	\$ 1,726,721	565,330	
Assumed conversion of all dilutive potential ordinary shares			
Treasury stocks transferred to employees	-	20,168	
Employees' compensation	-	300	
Subsidiaries' domestic convertible bonds	(4,624)	-	
Domestic convertible bonds	<u>6,646</u>	<u>74,841</u>	
Profit from continuing operations attributable to the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 1,728,743	<u>660,639</u>	\$ 2.62
Loss from discontinued operations attributable to the parent	(921,117)		(1.39)
Profit attributable to parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 807,626</u>		<u>\$ 1.23</u>

(32) Transactions with non-controlling interest

Acquisition of additional equity interest in a subsidiary

YEM CHIO entered into a shares repurchase agreement with WAN CHIO's non-controlling interest – Toyota Tsusho Corporation on September 30, 2021. YEM CHIO acquired an additional 18.81% of outstanding shares of WAN CHIO for a total cash consideration of USD \$1. The carrying amount of non-controlling interest in WAN CHIO was (\$243,740) at the acquisition date. This transaction resulted in a decrease in the non-controlling interest by (\$243,740) and a decrease in the equity attributable to owners of the parent by \$243,740.

(33) Supplemental cash flow information

Investing activities with partial cash payments

	Year ended December 31	
	2021	2020
Purchase of property, plant and equipment	\$ 354,970	\$ 364,085
Add: Opening balance of payable on equipment and construction	40,453	48,533
Less: Ending balance of payable on equipment and construction	(53,423)	(40,453)
Cash paid during the year	<u>\$ 342,000</u>	<u>\$ 372,165</u>

(34) Changes in liabilities from financing activities

	2021					
	Short-term borrowings	Long-term borrowings	Short-term notes and bills payable	Corporate bonds payable	Lease liabilities	Liabilities from financing activities-gross
At January 1	\$ 6,393,320	\$ 8,499,017	\$ 480,000	\$ 983,541	\$ 66,062	\$ 16,421,940
Changes in cash flow from financing activities	393,168	(1,236,380)	160,000	-	(28,010)	(711,222)
Impact of changes in foreign exchange rate	(24,970)	(33,842)	-	-	(8,038)	(66,850)
Changes in other non-cash items	-	-	-	(344,133)	113,298	(230,835)
At December 31	<u>\$ 6,761,518</u>	<u>\$ 7,228,795</u>	<u>\$ 640,000</u>	<u>\$ 639,408</u>	<u>\$ 143,312</u>	<u>\$ 15,413,033</u>

2020

	Short-term borrowings	Long-term borrowings	Short-term notes and bills payable	Corporate bonds payable	Lease liabilities	Liabilities from financing activities-gross
At January 1	\$ 6,505,803	\$ 12,193,596	\$ 550,000	\$ 971,544	\$ 537,830	\$ 20,758,773
Changes in cash flow from financing activities	(65,795)	(3,627,137)	(70,000)	203,710	(181,382)	(3,740,604)
Impact of changes in foreign exchange rate	(46,688)	(67,442)	-	-	(9,364)	(123,494)
Changes in other non-cash items	-	-	-	(191,713)	(281,022)	(472,735)
At December 31	<u>\$ 6,393,320</u>	<u>\$ 8,499,017</u>	<u>\$ 480,000</u>	<u>\$ 983,541</u>	<u>\$ 66,062</u>	<u>\$ 16,421,940</u>

7. RELATED PARTY TRANSACTIONS

(1) Names and relationship of major related parties: Please refer to Note 4(3) C.

(2) Significant related party transactions and balances

A. Operating revenue

	Year ended December 31	
	2021	2020
Sales of products	\$ 1,801	\$ 1,318
-Other related parties		

Goods are sold based on the price lists in force and terms that are under mutual agreement.

B. Purchases:

	Year ended December 31	
	2021	2020
Purchases of goods:		
-Other related parties	\$ 214	\$ 894

The purchase terms and prices to related parties are based on mutual agreement.

C. Receivables from related parties (shown as accounts receivable):

	December 31, 2021	December 31, 2020
Accounts receivable:		
Other related parties	\$ 102	\$ -

The receivables are unsecured in nature and bear no interest. There are no allowances for uncollectible accounts held against receivables from related parties.

D. Other payables to related parties:

	December 31, 2021	December 31, 2020
Other payables:		
Associates	\$ 4,829	\$ -

E. Contract liabilities – Pre-sold house

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Contract liabilities - Pre-sold house		
Other related parties	\$ 4,648	\$ -

On May 13, 2021, the Company's Board of Directors resolved to pre-sell the houses and parking space of the building project 'THE ONE' in Xinzhuang District of New Taipei City to Li, Qi-Zheng and Li, Shu-Wei. The total contract liabilities - pre-sold houses was \$4,648, however, the transfer of ownership has not yet been completed.

F. Rental revenue

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Associates	\$ 405	\$ -

The Company leases parts of offices to associates. Rental contracts are made for periods of 3 years. Rents are paid at the beginning of every month.

G. Increase in deferred marketing expenses in the year

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Associates	\$ 29,144	\$ -

H. Endorsements and guarantees provided to the Group by related parties

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other related parties	\$ 23,145,329	\$ 22,714,047

(3) Key management compensation

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Salaries and other short-term employee benefits	\$ 26,570	\$ 27,446
Post-employment benefits	459	540
	<u>\$ 27,029</u>	<u>\$ 27,986</u>

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

Pledged assets	Book value		Purpose
	December 31, 2021	December 31, 2020	
Financial assets at fair value through other comprehensive income	\$ 725,712	\$ 704,981	Short-term borrowings
Current - financial assets at amortised cost			
- Time deposits	2,306	2,316	Borrowings, purchase and performance guarantee for construction
Non-current financial assets at amortised cost			
- Demand deposits	165,432	170,385	Long-term borrowings and corporate bond guarantee
- Time deposits	104,999	104,112	Leasehold land guarantees, performance guarantee for construction and guarantee for corporate bonds
Accounts receivable	166,971	185,810	Short-term borrowings
Inventories	6,120,893	5,401,532	Long-term borrowings, short-term borrowings
Non-current assets held for sale	-	186,501	Short-term borrowings
Property, plant and equipment	7,015,818	7,383,633	Long-term borrowings, short-term borrowings
Investment property	1,634,742	1,322,045	Long-term borrowings, short-term borrowings
Other non-current assets			
- Guarantee deposits paid	27,501	23,838	Performance guarantee
	<u>\$ 15,964,374</u>	<u>\$ 15,485,153</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

Except for those mentioned in Notes 6(20) and 7(2), the Group's significant commitments are as follows:

A. As of December 31, 2021, the unused letters of credit amounted to \$346,472 for the purchase of goods and machinery and collateral.

B. Capital expenditures contracted for at the balance sheet date but not yet incurred are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Property, plant and equipment	\$ 170,110	\$ 61,026
Consigned to construction companies to construct buildings	<u>1,152,308</u>	<u>1,379,656</u>
	<u>\$ 1,322,418</u>	<u>\$ 1,440,682</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1) Refer to Notes 6 (8) and (24).

(2) In September 2021, the Company's Board of Directors resolved to dispose the property, plant and equipment of the second-tier subsidiary, Wan Chio Petrochemical (Jiangsu) Co., Ltd. Please refer to Notes 6 (13) for details. The counterparty of machinery and equipment contract defaulted on the payment, thus, on March 8, 2022, the Company entered into another machinery and equipment trading contract with a new counterparty. The original transaction terms for the land and plant demolition and expropriation have not been altered, however, the total consideration of these two contracts has been changed to RMB 438 million.

(3) On March 25, 2022, the Company's Board of Directors resolved that ACHEM Technology China will transfer its 62.3% equity interest in Foshan Inder Adhesive Product Co., Ltd. to Wanchio Adhesive Product (Jiangsu) Co., Ltd. in exchange for the new shares of Wanchio Adhesive Product (Jiangsu) Co., Ltd., and the transaction price was RMB 101,450 thousand.

12. OTHERS

(1) Capital management

The Group's key objectives when managing capital are to maintain the optimal credit rating and capital ratios to support the Group's operations and to maximise returns for shareholders. Related ratio of net debt divided by total capital is provided in the balance sheets of each reporting period.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 289,518	\$ 420,423
Financial assets designated as at fair value through profit or loss	<u>751</u>	<u>2,308</u>
	<u>\$ 290,269</u>	<u>\$ 422,731</u>
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ 1,397,402	\$ 1,158,705
Qualifying debt instrument	<u>55,888</u>	<u>61,204</u>
	<u>\$ 1,453,290</u>	<u>\$ 1,219,909</u>
Financial assets at amortised cost		
Cash and cash equivalents	\$ 1,756,534	\$ 1,648,794
Financial assets at amortised cost	571,252	662,348
Notes receivable	370,345	329,099
Accounts receivable (including related parties)	2,872,052	2,300,998
Other receivables	80,422	288,793
Guarantee deposits paid	<u>27,501</u>	<u>23,838</u>
	<u>\$ 5,678,106</u>	<u>\$ 5,253,870</u>

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 6,761,518	\$ 6,393,320
Short-term notes and bills payable	640,000	480,000
Notes payable	360,288	295,125
Accounts payable	878,969	795,402
Other payables (including related parties)	644,250	761,736
Bonds payable (including current portion)	639,408	983,541
Long-term borrowings (including current portion)	7,228,795	8,499,017
Guarantee deposits received	16,134	14,802
	<u>\$ 17,169,362</u>	<u>\$ 18,222,943</u>
Lease liabilities (including current portion)	<u>\$ 143,312</u>	<u>\$ 66,062</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.
- iii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.
- iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2021		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 53,573	27.68	\$ 1,482,901
USD:RMB	25,499	6.37	705,812
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 7,384	27.68	\$ 204,389
USD:RMB	1,691	6.37	46,807

		December 31, 2020		
		Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	34,325	28.48	\$ 977,576
USD:RMB		12,473	6.51	355,231
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$	266	28.48	\$ 7,576
USD:RMB		34,524	6.51	983,244

- v. The total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2021 and 2020, amounted to (\$15,808) and (\$44,936), respectively.
- vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

		December 31, 2021		
		Sensitivity analysis degree of variation	Effect on profit on loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	5%	\$	74,145	-
USD:RMB	5%		35,291	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	5%	\$	10,219	-
USD:RMB	5%		2,340	-

		December 31, 2020		
		Sensitivity analysis degree of variation	Effect on profit on loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	5%	\$	37,696	\$ -
USD:RMB	5%		17,762	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	5%	\$	379	\$ -
USD:RMB	5%		49,162	-

Price risk

- A. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- B. The Group's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 5% with all other variables held constant, post-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by \$13,488 and \$20,005, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$69,870 and \$57,935, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- A. The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During 2021 and 2020, the Group's borrowings at variable rate were mainly denominated in NTD, USD and RMB.
- B. The Group's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

C. If the borrowing interest rate had increased/decreased by 5% with all other variables held constant, profit, net of tax for the years ended December 31, 2021 and 2020 would have decreased/increased by \$11,274 and \$14,531, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated as financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only banks and financial institutions with optimal credit ratings are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.
- iii. The Group adopts the internal management policy, that is, the default occurs when the contract payments are past due over 240 days.
- iv. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The Group applies the simplified approach using the provision matrix to estimate expected credit loss to assess the Group's accounts receivable.
- vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.

viii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2021 and 2020, the provision matrix is as follows:

	Individual	Group			Total
		Not past due	Up to 90 days past due	Over 90 days past due	
<u>December 31, 2021</u>					
Expected loss rate	78.76%	0.07%~7.33%	0.33%~57.36%	3.63%~100%	
Total book value	\$ 80,978	\$ 2,333,443	\$ 536,698	\$ 18,962	\$ 2,970,081
Loss allowance	63,775	5,555	9,737	18,962	98,029

	Individual	Group			Total
		Not past due	Up to 90 days past due	Over 90 days past due	
<u>December 31, 2020</u>					
Expected loss rate	100%	0.07%~0.95%	0.09%~57.39%	5.41%~100%	
Total book value	\$ 60,773	\$ 1,925,555	\$ 381,175	\$ 28,540	\$ 2,396,043
Loss allowance	60,773	5,630	10,862	17,780	95,045

ix. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable and notes receivable are as follows:

	2021	
	Accounts receivable	Notes receivable
January 1	\$ 95,045	\$ 807
Provision for impairment	4,456	-
Reversal of impairment loss	-	(807)
Write-offs	(404)	-
Effect of exchange rate changes	(1,068)	-
At December 31	<u>\$ 98,029</u>	<u>\$ -</u>

	2020	
	Accounts receivable	Notes receivable
At January 1	\$ 94,509	\$ 807
Provision for impairment	5,462	-
Write-offs	(2,941)	-
Effect of exchange rate changes	(1,985)	-
At December 31	<u>\$ 95,045</u>	<u>\$ 807</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, and compliance with internal balance sheet ratio targets.
- ii. The Group has the following undrawn borrowing facilities:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Floating rate:		
Expiring within one year	\$ -	\$ 350,000
Expiring beyond one year	<u>5,490,000</u>	<u>590,000</u>
	<u>\$ 5,490,000</u>	<u>\$ 940,000</u>

The undrawn borrowing facilities will be used to repay existing financial liabilities and increase medium-term working capital.

- iii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

<u>December 31, 2021</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>	<u>Total</u>
Short-term borrowings	\$ 6,790,764	\$ -	\$ 6,790,764
Short-term notes and bills payable	640,000	-	640,000
Notes payable	360,288	-	360,288
Accounts payable	878,969	-	878,969
Other payables (including related parties)	644,250	-	644,250
Bonds payable (including current portion)	454,400	200,000	654,400
Long-term borrowings (including current portion)	3,195,625	4,333,073	7,528,698
Finance lease liabilities (including current portion)	36,790	122,919	159,709
Other non-current liabilities	-	46,631	46,631

Non-derivative financial liabilities:

<u>December 31, 2020</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>	<u>Total</u>
Short-term borrowings	\$ 6,446,312	\$ -	\$ 6,446,312
Short-term notes and bills payable	480,000	-	480,000
Notes payable	295,125	-	295,125
Accounts payable	795,402	-	795,402
Other payables	761,736	-	761,736
Bonds payable	-	1,016,000	1,016,000
Long-term borrowings (including current portion)	2,411,939	6,377,785	8,789,724
Finance lease liabilities (including current portion)	17,518	57,876	75,394
Other non-current liabilities	-	59,818	59,818

Derivative financial liabilities:

As of December 31, 2021 and 2020, the amount of derivative financial liabilities is immaterial and is not disclosed.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of beneficiary certificates, corporate bonds, and bank debentures is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in unlisted stocks, call options and put options of corporate bonds, non-current assets held for sale and investment property is included in Level 3.

B. Financial instruments not measured at fair value

- (a) Except for those listed in the table below, the carrying amounts of cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable (including related parties), other receivables, short-term loans, short-term notes and bills payable, notes payable, accounts payable and other payables (including related parties) are approximate to their fair values. Interest rates of long-term borrowings (including maturity within 1 year or 1 operating cycle) are approximately the same as market interest rates, thus, the carrying amount should be a reasonable basis for fair value estimation.

		December 31, 2021		
		Fair value		
Book value	Level 1	Level 2	Level 3	
Financial liabilities:				
Bonds payable				
(including current portion)	\$ 639,408	\$ -	\$ 639,949	\$ -
		December 31, 2020		
		Fair value		
Book value	Level 1	Level 2	Level 3	
Financial liabilities:				
Bonds payable				
	\$ 983,541	\$ -	\$ 995,818	\$ -

- (b) The methods and assumptions of fair value measurement are as follows:

Convertible debentures payable: Regarding the convertible bonds issued by the Group, the coupon rate approximates to the current market rate. Therefore, the fair value is estimated using the present value of the expected cash flows and approximate to the book value.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2021 and 2020 is as follows:

(a) The related information on the nature of the assets and liabilities is as follows:

<u>December 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 269,751	\$ -	\$ -	\$ 269,751
Bank debentures	-	19,767	-	19,767
Call options and put options of convertible corporate bonds	-	-	751	751
Financial assets at fair value through other comprehensive income				
Equity securities	1,390,689	-	6,713	1,397,402
Bank debentures	-	55,888	-	55,888
Investment property	-	-	2,203,498	2,203,498
Non-current assets held for sale	-	-	1,783,926	1,783,926
	<u>\$ 1,660,440</u>	<u>\$ 75,655</u>	<u>\$ 3,994,888</u>	<u>\$ 5,730,983</u>
<u>December 31, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 387,691	\$ -	\$ -	\$ 387,691
Beneficiary certificates	-	12,409	-	12,409
Bank debentures	-	20,323	-	20,323
Call options and put options of convertible corporate bonds	-	-	2,308	2,308
Financial assets at fair value through other comprehensive income				
Equity securities	1,151,992	-	6,713	1,158,705
Bank debentures	-	61,204	-	61,204
Investment property	-	-	1,890,332	1,890,332
	<u>\$ 1,539,683</u>	<u>\$ 93,936</u>	<u>\$ 1,899,353</u>	<u>\$ 3,532,972</u>

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>
Market quoted price	Closing price

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques. The fair value of financial instruments measured by using valuation techniques can be referred to valuation methods.
- iii. Under the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, the Group makes self-assessment using the income approach to calculate the fair value of investment property. Related assumptions and information on inputs are as follows:
- (i) Cash flow: Cash flow shall be evaluated on the basis of existing lease contracts, rent at local market rates, or current market rents for similar comparable properties in the same location and condition, and overvalued and undervalued comparable properties shall be excluded. If there is a period-end value, the discounted present period-end value may be added.
- (ii) Analysis period: When there is no specified period for the income, the analysis period in principle shall not be longer than 10 years; when there is a specified period for the income, the income shall be estimated for the remainder of the specified period.
- (iii) Discount rate: The discount rate shall be determined using the risk premium approach only, with the calculation based on a certain interest rate, plus the estimate for the individual characteristics of the investment property. The phrase "based on a certain interest rate" means the interest rate may not be lower than the floating interest rate on a 2-year time deposit of a small amount, as posted by the Chunghwa Post Co. Ltd., plus 0.75 percentage points; while the discount rates used by the Group’s mainland China subsidiaries are based on the rate of 10 years national debt issued by the Bank of China.

D. The following chart is the movement of Level 3 for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
	<u>Wealth</u>	<u>Wealth</u>
	<u>management products</u>	<u>management products</u>
At January 1	\$ -	\$ -
Gains and losses recognised in profit or loss (Note)	3,761	5,761
Acquired during the year	924,821	1,753,223
Sold during the year	(928,582)	(1,758,984)
At December 31	<u>\$ -</u>	<u>\$ -</u>

Notes: Recorded as non-operating income and expenses.

E. For the years ended December 31, 2021 and 2020, there was no transfer into or out from Level 3.

F. The information on change in fair value of investment property for the years ended December 31, 2021 and 2020 is provided in Note 6(11).

G. Treasury segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and making any other necessary adjustments to the fair value. Investment property and call options and put options of convertible corporate bonds are evaluated through outsourced appraisal performed by the external valuer.

The treasury segment set up valuation policies, valuation processes and rules for measuring fair value of financial instruments and investment property to ensure compliance with the related requirements in IFRS.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

<u>Item</u>	<u>Fair value at December 31, 2021</u>	<u>Valuation technique</u>	<u>Significant observable input</u>	<u>Range</u>	<u>Relationship of inputs to fair value</u>
Unlisted stocks	\$ 6,713	Market comparable companies	Industrial average price to book ratio	Not applicable	The higher the book value per share, the higher the fair value
Investment property	2,203,498	Income approach	Discount rate	(Note)	The higher the discount rate, the lower the fair value
Call options and put options of convertible corporate bonds	751	Binary tree valuation model	Volatility	21.03%~ 28.21%	The higher the volatility, the higher the fair value
Non-current assets held for sale	1,783,926	Market approach	Not applicable	Not applicable	Not applicable
<u>Item</u>	<u>Fair value at December 31, 2020</u>	<u>Valuation technique</u>	<u>Significant observable input</u>	<u>Range</u>	<u>Relationship of inputs to fair value</u>
Unlisted stocks	\$ 6,713	Market comparable companies	Industrial average price to book ratio	Not applicable	The higher the book value per share, the higher the fair value
Investment property	1,890,332	Income approach	Discount rate	(Note)	The higher the discount rate, the lower the fair value
Call options and put options of convertible corporate bonds	2,308	Binary tree valuation model	Volatility	29.38%~ 41.05%	The higher the volatility, the higher the fair value

Note: Information on discount rate and income capitalisation rate is provided in Note 6(11).

- I. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement.

(4) Other matter

The Group's operations, ability to continue as a going concern and the financing risks have not been affected by the Covid-19 pandemic and the various preventive measures imposed by the government. Based on the Group's assessment, the pandemic had no significant impact on the Group's assets impairment.

Since the start of the pandemic, the Group has complied with the related measures issued by the Central Epidemic Command Center and the epidemic prevention requirements under the Communicable Disease Control Act.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 4.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 5.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 6.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 7.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 8.
- I. Trading in derivative instruments undertaken during the reporting periods: refer to Notes 6 (2).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 9.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 10.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 11.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to items (1) A, B, G, H and J above.

(4) Major shareholders information

Major shareholders information: Please refer to table 12.

14. SEGMENT INFORMATION

(1) General information

The explanation of the change in the Company's operating segments in accordance with the Company's operation and organizational management is as follows:

Management has determined the reportable operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

Reportable operating segments classified by products and business structure mainly contain tape manufacturing segment, package material business segment, real estate business segment and specialty chemical segment.

(2) Measurement of segment information

A. All accounting policies of the operating segments are the same as those summarized in Note 4 of the financial statements, except for pension plans adopted by the overseas operating segments that are based on the local government's regulations.

B. The Chief Operating Decision-Maker assesses the performance of the operating segments based on income before income tax.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	Year ended December 31, 2021					
	Tape manufacturing segment	Packaging material business segment	Real estate business segment	Specialty chemical segment	Adjustments and eliminations	Consolidated
Revenue from external customers	\$ 14,347,970	\$ 1,837,122	\$ 560,926	\$ 435,776	\$ -	\$ 17,181,794
Inter-segment revenue	3,313,997	-	-	13,555	(3,327,552)	-
Total segment revenue	<u>\$ 17,661,967</u>	<u>\$ 1,837,122</u>	<u>\$ 560,926</u>	<u>\$ 449,331</u>	<u>(\$ 3,327,552)</u>	<u>\$ 17,181,794</u>
Segment profit (Note)	<u>\$ 867,764</u>	<u>\$ 103,757</u>	<u>\$ 72,787</u>	<u>\$ 63,223</u>	<u>\$ 75,681</u>	<u>\$ 1,183,212</u>

	Year ended December 31, 2020					
	Tape manufacturing segment	Packaging material business segment	Real estate business segment	Specialty chemical segment	Adjustments and eliminations	Consolidated
Revenue from external customers	\$ 11,192,611	\$ 1,559,915	\$ 769,229	\$ 426,961	\$ -	\$ 13,948,716
Inter-segment revenue	2,372,373	-	-	11,252	(2,383,625)	-
Total segment revenue	<u>\$ 13,564,984</u>	<u>\$ 1,559,915</u>	<u>\$ 769,229</u>	<u>\$ 438,213</u>	<u>(\$ 2,383,625)</u>	<u>\$ 13,948,716</u>
Segment profit (Note)	<u>\$ 349,058</u>	<u>\$ 132,063</u>	<u>\$ 47,551</u>	<u>\$ 89,720</u>	<u>\$ 93,908</u>	<u>\$ 712,300</u>

Note: Including losses from discontinued operations.

Information on segment assets and liabilities was not disclosed because the Group did not provide the information to the Chief Operating Decision-Maker.

(4) Reconciliation for segment income (loss)

The revenue from external customers reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income.

A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations for the years ended December 31, 2021 and 2020 is provided as follows:

	Year ended December 31	
	2021	2020
Reportable segments income	\$ 1,183,212	\$ 712,300
Non-operating income and expenses	(130,176)	230,819
Less: Loss before tax attributable to discontinued operations	(1,177,429)	(1,016,910)
Profit before tax from continuing operations	<u>\$ 2,230,465</u>	<u>\$ 1,960,029</u>

(5) Information on products and services

Revenue from external customers is primarily derived from the trading business of all kinds of tape, adhesives and real estate business. Details of sales revenue are as follows:

	Year ended December 31	
	2021	2020
Tape	\$ 11,747,266	\$ 9,060,232
BOPP Film	2,600,704	2,132,379
Packaging materials	1,837,122	1,559,915
Real estate business	560,926	769,229
Others	435,776	426,961
	<u>\$ 17,181,794</u>	<u>\$ 13,948,716</u>

(6) Geographical information

The Group's operations are located in Taiwan, Mainland China, the United States and other countries. Information on the Group's revenue from external customers and non-current assets classified based on the location of assets is as follows:

	Year ended December 31			
	2021		2020	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 11,474,783	\$ 8,177,451	\$ 9,113,479	\$ 8,360,970
China	4,055,525	1,256,598	3,498,396	3,938,966
USA	1,483,549	844,778	1,177,695	879,202
Others	167,937	1,003,656	159,146	903,423
	<u>\$ 17,181,794</u>	<u>\$ 11,282,483</u>	<u>\$ 13,948,716</u>	<u>\$ 14,082,561</u>

Note: Revenue is classified based on the location of sales departments.

(7) Information on significant customers

There was no sale to a single customer constituting more than 10% of the Group's consolidated net sales in 2021 and 2020.

Yem Chio Co., Ltd. and Subsidiaries
Loans to others
For the year ended December 31, 2021

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

NO. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2021 (Note 3)	Balance at December 31, 2021 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short- term financing (Note 6)	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote	
												Allowance for doubtful accounts	Value				
0	The Company	ACHEM Technology Holdings Limited	Other receivables	Y	\$ 279,600	\$ 276,800	\$ -	2.00%	2	\$ -	Working capital	\$ -	None	\$ -	2,070,712	\$ 4,141,424	-
0	The Company	UINN Hotel	Other receivables	Y	180,000	180,000	52,000	2.00%	2	-	Working capital	-	None	-	2,070,712	4,141,424	-
0	The Company	Wong Chio Development., Ltd.	Other receivables	Y	500,000	500,000	158,000	2.50%	2	-	Working capital	-	None	-	2,070,712	4,141,424	-
0	The Company	Chuang-Yi Investment Co., Ltd.	Other receivables	Y	330,000	330,000	155,000	2.00%-2.50%	2	-	Working capital	-	None	-	2,070,712	4,141,424	-
0	The Company	ACHEM Technology Corporation Wan Chio	Other receivables	Y	1,800,000	1,800,000	1,160,000	2.50%	2	-	Working capital	-	None	-	2,070,712	4,141,424	-
0	The Company	Petrochemical (Jiangsu) Co., Ltd.	Other receivables	Y	1,051,955	1,020,435	1,020,435	0.00%	2	-	Working capital	-	None	-	2,070,712	4,141,424	-
1	YEM CHIO	The Company	Other receivables	Y	113,920	-	-	2.00%	2	-	Working capital	-	None	-	-	-	-
1	YEM CHIO	ACHEM Technology Holdings Limited	Other receivables	Y	156,943	152,240	152,240	2.00%	2	-	Working capital	-	None	-	-	-	-
2	ACHEM Technology Corporation	Wong Chio Development., Ltd.	Other receivables	Y	50,000	-	-	1.75%	2	-	Working capital	-	None	-	934,555	1,635,472	-
2	ACHEM Technology Corporation	UINN Hotel	Other receivables	Y	50,000	-	-	1.75%	2	-	Working capital	-	None	-	934,555	1,635,472	-
2	ACHEM Technology Corporation	The Company	Other receivables	Y	320,000	-	-	1.75%	2	-	Working capital	-	None	-	934,555	1,635,472	-
2	ACHEM Technology Corporation	YEM CHIO	Other receivables	Y	99,873	-	-	2.00%	2	-	Working capital	-	None	-	934,555	1,635,472	-
2	ACHEM Technology Corporation	Chuang-Yi Investment Co., Ltd.	Other receivables	Y	450,000	280,000	30,000	1.75%-2.00%	2	-	Working capital	-	None	-	934,555	1,635,472	-
2	ACHEM Technology Corporation	ACHEM Technology Holdings Limited	Other receivables	Y	726,960	719,680	719,680	2.00%	2	-	Working capital	-	None	-	934,555	1,635,472	-
3	ACHEM Technology Holdings Limited	ACHEM Technology (Vietnam) Ltd.	Other receivables	Y	29,201	29,064	29,064	2.50%	2	-	Working capital	-	None	-	3,350,785	3,350,785	-
3	ACHEM Technology Holdings Limited	ASIA PLASTICS	Other receivables	Y	28,535	27,680	22,144	2.00%	2	-	Working capital	-	None	-	3,350,785	3,350,785	-
3	ACHEM Technology Holdings Limited	ACHEM Technology (Dongguan) Adhesive Products Co., Ltd.	Other receivables	Y	114,140	110,720	110,720	2.50%-3.00%	2	-	Working capital	-	None	-	3,350,785	3,350,785	-
3	ACHEM Technology Holdings Limited	WAN CHIO	Other receivables	Y	134,115	130,096	130,096	2.00%	2	-	Working capital	-	None	-	3,350,785	3,350,785	-
3	ACHEM Technology Holdings Limited	Wanchio Adhesive Product (Jiangsu) Co., Ltd.	Other receivables	Y	1,573,484	1,573,484	1,573,484	2.50%	2	-	Working capital	-	None	-	3,350,785	3,350,785	-
4	ACHEM Technology (Dongguan) Adhesive Products Co., Ltd.	Ningbo Yem Chio Co., Ltd.	Other receivables	Y	78,480	78,192	78,192	2.00%	2	-	Working capital	-	None	-	824,833	824,833	-

NO. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2020 (Note 3)	Balance at December 31, 2020 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short- term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
4	ACHEM Technology (Dongguan) Adhesive Products Co., Ltd.	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	Other receivables	Y	\$ 370,600	\$ 369,240	\$ 369,240	0.00%	2	\$ -	Working capital	\$ -	None	\$ -	\$ 824,833	\$ 824,833	-
5	ASIACHEM International Corporation	The Company	Other receivables	Y	99,873	-	-	2.50%	2	-	Working capital	-	None	-	441,952	441,952	-
5	ASIACHEM International Corporation	ACHEM Technology Holdings Limited	Other receivables	Y	561,560	559,136	559,136	2.00%-2.50%	2	-	Working capital	-	None	-	1,104,879	1,104,879	-
5	ASIACHEM International Corporation	Wanchio Adhesive Product (Jiangsu) Co., Ltd.	Other receivables	Y	149,897	149,347	149,347	2.00%	2	-	Working capital	-	None	-	1,104,879	1,104,879	-
6	ACHEM Technology (Shanghai) Limited	Wanchio Adhesive Product (Jiangsu) Co., Ltd.	Other receivables	Y	43,600	43,440	43,440	2.00%	2	-	Working capital	-	None	-	1,258,808	1,258,808	-
6	ACHEM Technology (Shanghai) Limited	Ningbo Yem Chio Co., Ltd.	Other receivables	Y	30,688	30,408	30,408	2.00%	2	-	Working capital	-	None	-	1,258,808	1,258,808	-
6	ACHEM Technology (Shanghai) Limited	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	Other receivables	Y	725,552	718,932	718,932	0.00%	2	-	Working capital	-	None	-	1,258,808	1,258,808	-
7	Valueline Investment Corporation	UINN Hotel	Other receivables	Y	30,000	-	-	1.50%	2	-	Working capital	-	None	-	28,718	28,718	-
7	Valueline Investment Corporation	ACHEM Technology Corporation	Other receivables	Y	35,000	35,000	35,000	1.50%	2	-	Working capital	-	None	-	28,718	28,718	-
8	ACHEM Technology China	ACHEM Technology Holdings Limited	Other receivables	Y	256,815	27,680	11,072	2.00%	2	-	Working capital	-	None	-	2,741,086	2,741,086	-
9	Wanchio Adhesive Product (Jiangsu) Co., Ltd.	Ningbo Yem Chio Co., Ltd.	Other receivables	Y	214,473	149,868	149,868	2.80%-4.90%	2	-	Working capital	-	None	-	4,860,990	4,860,990	-
9	Wanchio Adhesive Product (Jiangsu) Co., Ltd.	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	Other receivables	Y	974,576	974,576	974,576	0.00%	2	-	Working capital	-	None	-	4,860,990	4,860,990	-
10	ASIA PLASTICS	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	Other receivables	Y	635,088	632,757	632,757	0.00%	2	-	Working capital	-	None	-	-	-	-
11	ACHEM Opto-Electronic Corporation	ACHEM Technology Corporation	Other receivables	Y	47,000	43,000	43,000	1.50%	2	-	Working capital	-	None	-	150,430	150,430	-
12	Master Package (Shanghai) Material Technology Co., Ltd.	ACHEM (Tianjin) Adhesive Product Co., Ltd.	Other receivables	Y	5,918	5,864	5,864	2.00%	2	-	Working capital	-	None	-	122,833	122,833	-
12	Master Package (Shanghai) Material Technology Co., Ltd.	Ningbo Yem Chio Co., Ltd.	Other receivables	Y	45,780	45,612	45,612	4.00%	2	-	Working capital	-	None	-	49,133	49,133	-
13	Xin Chio Co., Ltd.	Chuang-Yi Investment Co., Ltd.	Other receivables	Y	325,000	325,000	325,000	1.75%-2.00%	2	-	Working capital	-	None	-	359,912	359,912	-

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Fill in the name of account in which the loans are recognised, such as receivables-related parties, current account with stockholders, prepayments, temporary payments, etc.

Note 3: Fill in the maximum outstanding balance of loans to others for the year ended December 31, 2021.

Note 4: The column of 'Nature of loan' shall fill in 'Business transaction or 'Short-term financing'.

- (1) Business transaction.
- (2) Short-term financing.

Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 6: Fill in purpose of loan when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 7: Fill in limit on loans granted to a single party and ceiling on total loans granted as prescribed in the creditor company's "Procedures for Provision of Loans", and state each individual party to which the loans have been provided and the calculation for ceiling on total loans granted in the footnote.

- (1) In accordance with the financing policy of the Company, the ceiling for total financing amount shall not exceed 40% of stockholders' equity, and separate financing amount shall not exceed 20% of stockholders' equity.
- (2) In accordance with the financing policy of YEM CHIO, the ceiling for total financing amount shall not exceed 40% of stockholders' equity, and separate financing amount shall not exceed 40% of stockholders' equity.
If the borrowers are foreign companies whose voting rights are directly and indirectly wholly-owned by the ultimate parent company, the financing amount shall not exceed 400% of stockholders' equity.
- (3) Limit on Xin Chio Co., Ltd.'s total loans to others is 40% of the Company's net assets.
Limit on loans to a single party with short-term financing is 40% of the Company's net assets.
- (4) Ceiling on total loans to others and limit on loans to a single party granted by Master Package (Shanghai) shall not exceed 40% of the stockholders' equity.
If the borrowers are foreign companies whose voting rights are directly and indirectly wholly-owned by the ultimate parent company, the ceiling for total financing amount granted by Master Package (Shanghai) shall not exceed 100% of stockholders' equity.
- (5) For the short-term financing from ACHEM Technology Corporation, the total and individual lending amount shall not exceed 35% and 20% of its net assets, respectively.
- (6) Limit on loans granted by ACHEM Technology Holdings Limited to others and to a single party shall not exceed 40% of the stockholders' equity. But for foreign companies whose voting rights are directly and indirectly wholly-owned by the ultimate parent company, the limit on loans is 100% of the stockholders' equity.
- (7) Limit on loans granted by ASIACHEM International Corporation to others and to a single party shall not exceed 40% of the stockholders' equity. But for foreign companies whose voting rights are directly and indirectly wholly-owned by the parent company of ASIACHEM International Corporation, the limit on loans is 100% of the stockholders' equity of ASIACHEM International Corporation.
- (8) In accordance with the financing policy of Valueline Investment Corporation, the ceiling for total and separate financing amount shall not exceed 40% of the stockholders' equity of the subsidiaries.
- (9) Limit on loans granted by ACHEM Technology (Shanghai) Limited to others and to a single party shall not exceed 40% of the stockholders' equity of ACHEM Technology (Shanghai) Limited.
If borrowers are foreign companies whose voting rights are directly and indirectly wholly-owned by the ultimate parent company of ACHEM Technology (Shanghai) Limited, the limit on loans is 100% of the stockholders' equity of ACHEM Technology (Shanghai) Limited.
- (10) Limit on loans granted by ACHEM Technology (Dongguan) Adhesive Products Co., Ltd. to others and to a single party shall not exceed 40% of the stockholders' equity of ACHEM Technology (Dongguan) Adhesive Products Co., Ltd.
If borrowers are foreign companies whose voting rights are directly and indirectly wholly-owned by the ultimate parent company of ACHEM Technology (Dongguan) Adhesive Products Co., Ltd., the limit on loans is 100% of the stockholders' equity of ACHEM Technology (Dongguan) Adhesive Products Co., Ltd.
- (11) Limit on loans granted by ASIA PLASTICS to others and to a single party shall not exceed 40% of the stockholders' equity of ASIA PLASTICS.
If borrowers are foreign companies whose voting rights are directly and indirectly wholly-owned by the ultimate parent company of ASIA PLASTICS, the limit on loans is 100% of the stockholders' equity of Shanxi Heyangder Adhesive Produce Co., Ltd.
- (12) Limit on loans granted by ACHEM Technology China to others and to a single party shall not exceed 40% of the stockholders' equity of ACHEM Technology China. If borrowers are foreign companies whose voting rights are directly and indirectly wholly-owned by the ultimate parent company of ACHEM Technology China, the limit on loans is 100% of the stockholders' equity of ACHEM Technology China.
- (13) The total and individual lending amount of Wanchio Adhesive Product (Jiangsu) Co., Ltd. shall not exceed 40% of its net assets.
However, the loans among foreign entities to which the ultimate parent company of Wanchio Adhesive Product (Jiangsu) Co., Ltd. directly or indirectly has 100% voting rights, the total and individual lending amount shall not exceed 3000% of net assets of the lender company.
- (14) Limit on ACHEM Opto-Electronic Corporation's total loans to others is 40% of the Company's net assets.
- (15) As ASIA PLASTICS recognised impairment loss on assets of the associate, Wan Chio Petrochemical (Jiangsu) Co., Ltd., ASIA PLASTICS's loans to Wan Chio Petrochemical (Jiangsu) Co., Ltd. amounting to \$632,757 were over the limit.
However, ASIA PLASTICS has been actively developing improvement plans.
- (16) As YEM CHIO recognised impairment loss on assets of the subsidiary, Wan Chio Petrochemical (Jiangsu) Co., Ltd., YEM CHIO's loans to ACHEM Technology Holdings Limited amounting to \$152,240 were over the limit.
However, YEM CHIO has made improvement.
- (17) As Valueline Investment Corporation recognised paid dividends to ACHEM Technology Corporation, Valueline Investment Corporation's loans to ACHEM Technology Corporation amounting to \$35,000 were over the limit.
However, Valueline Investment Corporation has made improvement.

Note 8: The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14, Item 1 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated.

However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the board of directors of a public company has authorized the chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance eventhough the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

Yem Chio Co., Ltd. and Subsidiaries
Provision of endorsements and guarantees to others
For the year ended December 31, 2021

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Party being endorsed/guaranteed		Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2021 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2021 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements / guarantees by parent company to subsidiary (Note 7)	Provision of endorsements / guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
	Endorser/guarantor	Company name												
0	The Company	YEM CHIO	2	\$ 10,353,559	\$ 302,471	\$ 226,976	\$ -	\$ -	2	\$ 15,530,339	Y	N	N	-
0	The Company	WAN CHIO	2	10,353,559	187,968	63,664	-	-	1	15,530,339	Y	N	N	-
0	The Company	Wong Chio Development., Ltd.	2	10,353,559	150,000	150,000	15,000	-	1	15,530,339	Y	N	N	-
0	The Company	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	2	10,353,559	1,439,305	-	-	-	0	15,530,339	Y	N	Y	-
0	The Company	UINN Hotel	2	10,353,559	134,000	104,000	100,993	-	1	15,530,339	Y	N	N	-
0	The Company	ACHEM Technology (Vietnam) Ltd.	2	10,353,559	28,535	27,680	-	-	0	15,530,339	Y	N	N	-
0	The Company	Wanchio Adhesive Product (Jiangsu) Co., Ltd.	2	10,353,559	139,250	138,400	130,320	-	1	15,530,339	Y	N	Y	-
0	The Company	ACHEM Technology (Dongguan) Adhesive Product Co., Ltd.	2	10,353,559	139,250	138,400	-	-	1	15,530,339	Y	N	Y	-
1	ACHEM Technology Corporation	ACHEM Technology (Dongguan) Adhesive Product Co., Ltd.	2	4,672,776	152,080	151,632	25,563	-	3	4,672,776	Y	N	Y	-
1	ACHEM Technology Corporation	ACHEM Technology Holdings Limited	2	4,672,776	1,086,150	1,079,520	596,504	-	24	4,672,776	Y	N	N	-
1	ACHEM Technology Corporation	Ningbo Yem Chio Co., Ltd.	2	4,672,776	153,440	152,040	128,442	-	3	4,672,776	Y	N	Y	-
1	ACHEM Technology Corporation	Wanchio Adhesive Product (Jiangsu) Co., Ltd.	2	4,672,776	209,280	208,512	15,439	-	5	4,672,776	Y	N	Y	-
1	ACHEM Technology Corporation	ACHEM Technology (Vietnam) Ltd.	2	4,672,776	34,242	33,216	-	-	1	4,672,776	Y	N	N	-

		Party being endorsed/guaranteed													
Number (Note 1)	Endorser/guarantor	Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on	Maximum	Outstanding	Actual	Amount of	Ratio of	Ceiling on total	Provision of	Provision of	Provision of	Footnote	
				endorsements/ guarantees provided for a single party (Note 3)	outstanding endorsement/ guarantee amount as of December 31, 2021 (Note 4)	endorsement/ guarantee amount at December 31, 2021 (Note 5)			amount drawn down (Note 6)		endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	endorsements / guarantees by parent company to subsidiary (Note 7)	endorsements / guarantees by subsidiary company (Note 7)		endorsements/ guarantees to the party in Mainland China (Note 7)
2	ACHEM Technology (Shanghai) Limited	Wanchio Adhesive Product (Jiangsu) Co., Ltd.	2	\$ 1,258,808	\$ 87,200	\$ 86,880	\$ 41,568	\$ -	7	\$ 1,258,808	N	N	Y	-	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly or indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
- (6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Fill in limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the endorser/guarantor company's "Procedures for Provision of Endorsements and Guarantees", and state each individual party to which the endorsements/guarantees have been provided and the calculation for ceiling on total amount of endorsements/guarantees provided in the footnote.

- (1) Calculation for ceiling on endorsements/guarantees provided by the Company to others and to a single party is based on 150% and 100% of the Company's net equity in the latest financial statements, respectively.
- (2) Calculation for ceiling on endorsements/guarantees provided by ACHEM Technology Corporation to others and to a single party is based on 100% of stockholders' equity in the latest financial statements.
- (3) For ACHEM Technology (Shanghai) Limited, the ceiling on total amount of endorsements/guarantees provided and the limit on endorsements/guarantees provided for a single party are both calculated based on 100% of net assets disclosed on the latest financial statements.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chairman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Yem Chio Co., Ltd. and Subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2021

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

		As at December 31, 2021						
Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	Number of shares	Book value (Note 3)	Ownership (%)	Fair value	Footnote (in shares) (Note 4)
The Company	Common stock							
	Unipex Global Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	171,900	\$ 5,597	17.19%	\$ 5,597	-
Chuang-Yi Investment Co., Ltd.	Common stock							
	Micro-Star International Co., Ltd.	None	Current financial assets at fair value through profit or loss	23,000	\$ 3,692	0.00%	\$ 3,692	-
	Formosa Plastics Corporation	"	"	213,000	22,152	0.00%	22,152	-
	Quanta Computer Inc.	"	Current financial assets at fair value through profit or loss / current financial assets at fair value through other comprehensive income	2,582,000	244,515	0.07%	244,515	1,906,000
	ASE Technology Holding Co., Ltd.	"	"	1,237,897	131,836	0.03%	131,836	599,000
	MediaTek Inc.	"	"	39,000	46,410	0.00%	46,410	-
	CHIPBOND TECHNOLOGY CORPORATION	"	"	440,000	29,348	0.06%	29,348	-
	China Steel Corporation	"	"	5,303,000	187,461	0.03%	187,461	3,100,000
	LITE-ON Technology Corp.	"	"	2,695,368	171,964	0.11%	171,964	1,399,000
	WPG Holdings Limited	"	Current financial asset measured at fair value through other comprehensive income	2,296,120	120,776	0.12%	120,776	1,168,000
	Fubon Financial Holding Co., Ltd.	"	"	2,244,335	171,243	0.02%	171,243	1,313,000
	Formosa Chemicals & Fibre Corp.	"	"	1,818,000	146,894	0.03%	146,894	1,200,000
	Delta Electronics, Inc.	"	"	8,000	2,200	0.00%	2,200	-
	Taiwan Semiconductor Manufacturing Co., Ltd.	"	"	2,000	1,230	0.00%	1,230	-
	Taiwan Cement Corp.	"	"	1,260,502	60,504	0.02%	60,504	500,000
	CATCHER TECHNOLOGY CO., LTD.	"	"	200,000	31,300	0.03%	31,300	-
	RUENTEX INDUSTRIES LIMITED	"	"	86,500	8,434	0.01%	8,434	-
	Antec Inc.	"	"	818,000	82,618	0.18%	82,618	-
	Mega Financial Holding Company Ltd.	"	"	50,780	1,805	0.00%	1,805	-
	HON HAI PRECISION IND. CO., LTD.	"	"	491,000	51,064	0.00%	51,064	-
	Fubon Taiwan Index high dividend 30 ETF	"	"	600,000	9,246	0.31%	9,246	-
YEM CHIO	Common stock							
	YC Co., Ltd.	Ultimate parent company	Non-current financial assets at fair value through other comprehensive income	16,822,281	\$ 245,341	2.64%	\$ 245,341	-
ACHEM Technology Corporation	Common stock							
	ASE Technology Holding Co., Ltd.	None	Current financial assets at fair value through profit or loss	362,000	\$ 38,554	0.01%	\$ 38,554	-
	China Steel Corporation	"	"	1,386,000	48,995	0.01%	48,995	-
	EVERGREEN MARINE CORP. (TAIWAN) LTD.	"	"	33,000	4,703	0.00%	4,703	-
	Yuanta Taiwan Top 50 ETF	"	"	154,000	22,407	0.12%	22,407	-
	WPG Holdings Limited	"	"	212,000	11,151	0.01%	11,151	-
	Formosa Chemicals & Fibre Corp.	"	"	123,000	9,938	0.00%	9,938	-
	International Engineering & Construction Corp. (IEC)	"	Non-current financial assets at fair value through other comprehensive income	7,212,885	-	7.99%	-	-
	International Steel Company	"	"	143,826	1,116	3.20%	1,116	-

As at December 31, 2021									
Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	Number of shares	Book value (Note 3)	Ownership (%)	Fair value	Footnote (in shares) (Note 4)	
ACHEM Technology Corporation	Bank debenture Citigroup Inc.	None	Non-current financial assets at fair value through other comprehensive income	-	\$ 55,888	-	\$ 55,888	-	
Valueline Investment Corporation	Common stock YC Co., Ltd.	Ultimate parent company	Non-current financial assets at fair value through other comprehensive income	406,409	\$ 6,279	0.06%	\$ 6,279	-	
	Lucky-Heart Co., Ltd.	None	"	800,000	-	6.96%	-	-	
	Taiwan Virtual Reality Technologies Inc.	"	"	1,600,000	-	10.00%	-	-	
ACHEM Technology Holdings Limited	Beneficiary certificates Augustus Multi - Strategy Fund	None	Current financial assets at fair value through profit or loss	58,721	\$ -	-	\$ -	-	
	Common stock YC Co., Ltd.	Ultimate parent company	Non-current financial assets at fair value through other comprehensive income	1,194,138	\$ 18,449	0.19%	\$ 18,449	-	
AOE Holding Limited	Bank debenture Codeis Securities S.A.	None	Current financial assets at fair value through profit or loss	-	\$ 19,767	-	\$ 19,767	-	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 'Financial instruments.'

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions

Yem Chio Co., Ltd. and Subsidiaries
Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital
For the year ended December 31, 2021

Table 4

(Expressed in thousands of New Taiwan dollars)
(Except as otherwise indicated)

Investor	Marketable securities (Note 2)	General ledger account	Counterparty (Note 3)	Relationship with the investor (Note 3)	Balance as at January 1, 2021		Addition (Note 4)		Disposal (Note 4)			Other changes		Balance as at December 31, 2021		
					Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Selling price	Book value	Gains (losses) on disposal	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount
Chuang-Yi Investment Co., Ltd.	Common stock: Ventec International Group Co., Ltd.	1 and 2	-	-	3,700	\$ 251,600	53	\$ 6,517	3,753	\$ 413,858	\$ 305,179	\$ 108,785	-	\$ -	-	\$ -
Foshan Inder Adhesive Product Co., Ltd.	Financial product: Financial product launched by Bank of China	1	-	-	-	-	-	650,555	-	650,555	650,555	-	-	-	-	-

Note 1: The numbers filled in general ledger account are as follows:

1. Current financial assets at fair value through profit or loss
2. Current financial asset measured at fair value through other comprehensive income
3. Non-current financial assets at fair value through profit or loss

Note 2: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 3: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 4: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT\$300 million or 20% of paid-in capital or more.

Note 5: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Yem Chio Co., Ltd. and Subsidiaries
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more
For the year ended December 31, 2021

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:			Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
							Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction			
The Company	Land in Taishan Section, Taishan District, New Taipei City	2021/5/13	\$ 392,911	Paid	A group of 8 people	None	(Not applicable)			Determined by mutual agreement	For the Company's future development use	None

Note 1: The appraisal result should be presented in the 'Basis or reference used in setting the price' column if the real estate acquired should be appraised pursuant to the regulations.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: Date of the event referred to herein is the date of contract signing date, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

Yem Chio Co., Ltd. and Subsidiaries
Disposal of real estate reaching NTS\$300 million or 20% of paid-in capital or more
For the year ended December 31, 2021

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Real estate disposed by	Real estate	Transaction date		Book value	Disposal amount	Status of collection of proceeds	Gain (loss) on disposal	Counterparty	Relationship with the seller	Reason for disposal	Basis or reference used in setting the price	Other commitments
		or date of the event	Date of acquisition									
The Company	Land in Jianlin Section, Linkou District, New Taipei City. Land number 60, 75 and 76.	2020/9/1	2015/12/10	\$ 186,501	\$ 1,043,350	Fully collected	\$ 851,666	Yu Xuan Development and Construction Co., Ltd.	-	Revitalising company assets	Referring to appraisal report	None

Note 1: The appraisal result should be presented in the 'Basis or reference used in setting the price' column if the real estate disposed of should be appraised pursuant to the regulations.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: Date of the event referred to herein is the date of contract signing, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

Yem Chio Co., Ltd. and Subsidiaries
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
For the year ended December 31, 2021

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote (Note 2)
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
The Company	ACHEM Technology Corporation	Subsidiary	Sales	\$ 500,484)	(10.99%)	30 days after monthly billings	Note 4	Note 4	\$ 46,839	5.43%	None
The Company	ACHEM Industry America Inc.	An indirect subsidiary	Sales	(378,567)	(8.31%)	60 days after the receipt of shipment	Note 4	Note 4	163,387	18.93%	None
The Company	Xin Chio Co., Ltd.	Subsidiary	Sales	(116,475)	(2.56%)	90 days after monthly billings	Note 4	Note 4	36,658	4.25%	None
ACHEM Technology Corporation	Foshan Inder Adhesive Product Co., Ltd.	Subsidiary	Purchases	397,333	9.29%	60 days after monthly billings	Note 4	Note 4	(80,637)	(13.60%)	None
ACHEM Technology Corporation	Ningbo Yem Chio Co., Ltd.	Subsidiary	Purchases	356,122	8.32%	60 days after monthly billings	Note 4	Note 4	(80,728)	(13.62%)	None
ACHEM Technology Corporation	ACHEM Industry America Inc.	Subsidiary	Sales	(176,642)	(2.88%)	60 days after monthly billings	Note 4	Note 4	53,015	4.04%	None
Wanchio Adhesive Product (Jiangsu) Co., Ltd.	ACHEM Technology Corporation	Parent company	Sales	(279,449)	(15.10%)	60 days after monthly billings	Note 4	Note 4	51,795	11.17%	None
Wanchio Adhesive Product (Jiangsu) Co., Ltd.	ACHEM Technology (Dongguan) Adhesive Products Co., Ltd.	Sister company	Sales	(328,697)	(17.76%)	60 days after monthly billings	Note 4	Note 4	\$ 81,398	17.56%	None

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote (Note 2)
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Ningbo Yem Chio Co., Ltd.	ACHEM Industry America Inc.	Sister company	Sales	(\$ 245,464)	(19.48%)	90 days after monthly billings	Note 4	Note 4	\$ 48,244	23.47%	None

Note 1: If terms of related-party transactions are different from third-party transactions, explain the differences and reasons in the 'Unit price' and 'Credit term' columns.

Note 2: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the footnote the reasons, contractual provisions, related amounts, and differences in types of transactions compared to third-party transactions.

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 4: The description of the transaction is not significantly different with third parties and as such, no need to disclose.

Yem Chio Co., Ltd. and Subsidiaries
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
December 31, 2021

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
The Company	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	An indirect subsidiary	Other receivables	\$ 1,020,435	-	\$ -	\$ -	\$ -
The Company	Chuang-Yi Investment Co., Ltd.	Subsidiary	Other receivables	155,582	-	-	-	-
The Company	ACHEM Technology Corporation	Subsidiary	Other receivables	1,181,834	-	-	-	-
The Company	Wong Chio Development., Ltd.	Subsidiary	Other receivables	160,207	-	-	-	-
The Company	ACHEM Industry America Inc.	An indirect subsidiary	Accounts receivable	163,387	-	-	-	-
YEM CHIO	ACHEM Technology Holdings Limited	Sister company	Other receivables	154,584	-	-	-	-
Xin Chio Co., Ltd.	Chuang-Yi Investment Co., Ltd.	Associates	Other receivables	326,303	-	-	-	-
ACHEM Technology Corporation	ACHEM Technology Holdings Limited	Subsidiary	Other receivables	725,387	-	-	-	-
ACHEM Technology (Shanghai) Limited	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	Sister company	Other receivables	718,932	-	-	-	-
ACHEM Technology Holdings Limited	Wanchio Adhesive Product (Jiangsu) Co., Ltd.	An indirect subsidiary	Other receivables	1,584,485	-	-	-	-
ACHEM Technology Holdings Limited	ACHEM Technology (Dongguan) Adhesive Products Co., Ltd.	An indirect subsidiary	Other receivables	112,707	-	-	-	-
ACHEM Technology Holdings Limited	WAN CHIO	Sister company	Other receivables	131,739	-	-	-	-
ASIACHEM International Corporation	ACHEM Technology Holdings Limited	Sister company	Other receivables	567,947	-	-	-	-
ASIACHEM International Corporation	Wanchio Adhesive Product (Jiangsu) Co., Ltd.	Sister company	Other receivables	151,835	-	-	-	-
ACHEM Technology (Dongguan) Adhesive Products Co., Ltd	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	Sister company	Other receivables	369,240	-	-	-	-
Wanchio Adhesive Product (Jiangsu) Co., Ltd.	Ningbo Yem Chio Co., Ltd.	Sister company	Other receivables	151,326	-	-	-	-
Wanchio Adhesive Product (Jiangsu) Co., Ltd.	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	Sister company	Other receivables	974,576	-	-	-	-
ASIA PLASTICS	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	Sister company	Other receivables	632,757	-	-	-	-

Note 1: Fill in separately the balances of accounts receivable-related parties, notes receivable-related parties, other receivables-related parties.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity.

Yem Chio Co., Ltd. and Subsidiaries
Significant inter-company transactions during the reporting period
For the year ended December 31, 2021

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	The Company	ACHEM Technology Corporation	(1)	Sales	\$ 500,484	30 days after monthly billings	2.91%
0	The Company	ACHEM Industry America Inc.	(1)	Sales	378,567	60 days after the receipt of shipment	2.20%
0	The Company	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	(1)	Other receivables	1,020,435	Depends on negotiation	3.37%
0	The Company	ACHEM Technology Corporation	(1)	Other receivables	1,181,834	Depends on negotiation	3.90%
1	Xin Chio Co., Ltd.	Chuang-Yi Investment Co., Ltd.	(3)	Other receivables	326,303	Depends on negotiation	1.08%
2	ACHEM Technology Corporation	ACHEM Technology Holdings Limited	(1)	Other receivables	725,387	Depends on negotiation	2.39%
2	ACHEM Technology Corporation	ACHEM Technology Holdings Limited	(1)	Endorsement/guarantee	596,504	Not applicable	1.97%
2	ACHEM Technology Corporation	Foshan Inder Adhesive Product Co., Ltd.	(1)	Purchase	397,333	60 days after monthly billings	2.31%
2	ACHEM Technology Corporation	Ningbo Yem Chio Co., Ltd.	(1)	Purchase	356,122	60 days after monthly billings	2.07%
2	ACHEM Technology Corporation	ACHEM Industry America Inc.	(1)	Sales	176,642	60 days after monthly billings	1.03%
3	Ningbo Yem Chio Co., Ltd.	ACHEM Industry America Inc.	(3)	Sales	245,464	90 days after monthly billings	1.43%
4	ACHEM Technology (Shanghai) Limited	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	(3)	Other receivables	718,932	Depends on negotiation	2.37%
5	ACHEM Technology Holdings Limited	Wanchio Adhesive Product (Jiangsu) Co., Ltd.	(1)	Other receivables	1,584,485	Depends on negotiation	5.23%
6	ASIACHEM International Corporation	ACHEM Technology Holdings Limited	(3)	Other receivables	567,947	Depends on negotiation	1.87%

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
7	Wanchio Adhesive Product (Jiangsu) Co., Ltd.	ACHEM Technology Corporation	(2)	Sales	\$ 279,449	60 days after monthly billings	1.63%
7	Wanchio Adhesive Product (Jiangsu) Co., Ltd.	ACHEM Technology (Dongguan) Adhesive Products Co., Ltd	(3)	Sales	328,697	60 days after monthly billings	1.91%
7	Wanchio Adhesive Product (Jiangsu) Co., Ltd.	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	(3)	Other receivables	974,576	Depends on negotiation	3.21%
8	ACHEM Technology (Dongguan) Adhesive Products Co., Ltd	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	(3)	Other receivables	369,240	Depends on negotiation	1.22%
9	ASIA PLASTICS	Wan Chio Petrochemical (Jiangsu) Co., Ltd.	(3)	Other receivables	632,757	Depends on negotiation	2.09%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

Note 5: The transactions less than 1% of consolidated total assets or consolidated sales do not need to be disclosed. The disclosure is by asset or revenue.

Yem Chio Co., Ltd. and Subsidiaries
Information on investees (not including investees in Mainland China)
For the year ended December 31, 2021

Table 10

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
The Company	YEM CHIO	BVI	Manufacturing of adhesives and polystyrene sheets; investment holdings	\$ 1,304,226	\$ 1,304,226	47,117,523	100%	(\$ 844,322)	(\$ 382,013)	(\$ 391,541)	Subsidiary
The Company	Chuang-Yi Investment Co., Ltd.	Taiwan	Investment holdings	25,943	469,000	2,594,286	100%	660,891	73,056	61,517	Subsidiary
The Company	UINN Hotel	Taiwan	Hotel management and related business	25,740	25,740	-	100%	(25,164)	(40,775)	117,272	Subsidiary
The Company	Wong Chio Development, Ltd.	Taiwan	Undertaking civil engineering and hydraulic engineering	345,077	345,077	34,507,664	100%	309,731	(11,841)	(11,239)	Subsidiary
The Company	ACHEM Technology Corporation	Taiwan	Manufacturing of adhesives and polystyrene sheets; investment holdings	3,999,048	3,999,048	399,904,848	100%	4,521,370	49,514	63,502	Subsidiary
The Company	Xin Chio Co., Ltd.	Taiwan	Manufacturing, import and export of material packaging, computer software and hardware for cloud services and peripheral equipment, research and development, and distribution of design of above products	299,264	299,264	25,710,120	41.76%	59,592	100,919	40,950	Subsidiary
The Company	Yanrun Development Co., Ltd.	Taiwan	Operating real estate related business	8,000	-	800,000	40%	4,129	15,309	(3,871)	-
YEM CHIO	ASIA PLASTICS	BVI	Manufacturing of adhesives and polystyrene sheets; investment holdings	322,001	322,001	11,632,500	45%	(52,684)	(213,701)	-	An indirect subsidiary

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
YEM CHIO	WAN CHIO	BVI	Manufacturing and marketing of raw materials; investment holdings	\$ 811,024	\$ 811,024	40,400,000	68.47%	(\$ 917,152)	(\$ 592,317)	\$ -	An indirect subsidiary
ACHEM Technology Corporation	ASIACHEM International Corporation	BVI	Investment of adhesives and related products	322,043	322,043	23,269	100%	1,104,879	89,321	-	An indirect subsidiary
ACHEM Technology Corporation	ACHEM Technology Holdings Limited	BVI	Investment of high technology industry	2,793,581	2,710,541	100,924	100%	3,339,937	(391,407)	-	An indirect subsidiary
ACHEM Technology Corporation	Valueline Investment Corporation	Taiwan	Investment holdings	249,287	249,287	826,089	100%	71,796	530	-	An indirect subsidiary
ACHEM Technology Corporation	ACHEM Opto-Electronic Corporation	Taiwan	Manufacturing of electronic parts and components	300,563	300,563	19,286,951	78.48%	295,145	67,299	-	An indirect subsidiary
ACHEM Technology Corporation	Xin Chio Co., Ltd.	Taiwan	Manufacturing, import and export of material packaging, computer software and hardware for cloud services and peripheral equipment, research and development, and distribution of design of above products	242,903	241,803	14,930,000	24.22%	288,219	100,919	-	-
ACHEM Technology Holdings Limited	ACHEM Technology Americas Ltd.	Cayman Islands	Investment of high technology industry	377,638	377,638	13,643,000	100%	987,778	28,883	-	An indirect subsidiary
ACHEM Technology Holdings Limited	ACHEM Technology China	Cayman Islands	Investment of high technology industry	1,888,027	1,804,987	68,209,075	100%	2,741,086	(119,461)	-	An indirect subsidiary
ACHEM Technology Holdings Limited	ACHEM Technology (Vietnam) Ltd.	Vietnam	Manufacturing and sales of various adhesives products	332,160	300,328	-	100%	212,519	(5,539)	-	An indirect subsidiary
ACHEM Technology Holdings Limited	WAN CHIO	BVI	Manufacturing and marketing of raw materials; investment holdings	514,848	514,848	18,600,000	31.53%	(422,343)	(592,317)	-	An indirect subsidiary

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
ACHEM Technology Holdings Limited	ASIA PLASTICS	BVI	Manufacturing and marketing of raw materials; investment holdings	\$ 483,528	\$ 483,528	14,217,500	55%	(\$ 64,391)	(\$ 213,701)	\$ -	An indirect subsidiary
ACHEM Technology Holdings Limited	ACHEM Technology (M) SDN. BHD.	Malaysia	Business of import, export and distribution	3,848	3,848	353,152	90%	18,718	(656)	-	An indirect subsidiary
ACHEM Technology Americas Ltd.	ACHEM Industry America Inc.	U.S.A.	Manufacturing and sales of various adhesives products	240,816	240,816	50,000	100%	880,835	29,074	-	An indirect subsidiary
ACHEM Opto- Electronic Corporation	AOE Holding Limited	BVI	Investment of high technology industry	58,593	58,593	4,234	100%	333,958	70,984	-	An indirect subsidiary
ACHEM Technology China	LANDMART	Samoa	Investment of high technology industry	775,040	775,040	28,000,000	100%	1,259,595	44,241	-	An indirect subsidiary

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1)The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at December 31, 2021' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.
- (2)The 'Net profit (loss) of the investee for the year ended December 31, 2021' column should fill in amount of net profit (loss) of the investee for this period.
- (3)The 'Investment income (loss) recognised by the Company for the year ended December 31, 2021' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Note 3: Indirect subsidiary's income is recognised by subsidiary.

Yem Chio Co., Ltd. and Subsidiaries
Information on investments in Mainland China
For the year ended December 31, 2021

Table 11

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee for the year ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021 (Note 2)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Ningbo Yem Chio Co., Ltd.	Sales of adhesives and polystyrene sheets	\$ 310,846	2	\$ 793,057	\$ -	\$ -	\$ 793,057	(\$ 224,663)	100%	(\$ 224,663)	(\$ 743,013)	\$ -	B
Master Package (Shanghai) Material Technology Co., Ltd.	Wholesale, import and export of various wrapping materials, computer software, hardware and peripherals	168,848	1	168,848	-	-	168,848	1,828	65.98%	1,206	122,833	-	B
ACHEM (Tianjin) Adhesive Product Co., Ltd.	Sales of various adhesives products	23,528	1	19,969	-	-	19,969	(138)	65.98%	(91)	(5,659)	-	B
ACHEM Technology (Wuhan) Limited	Manufacturing and sales of various adhesives products	28,234	1	32,229	-	-	32,229	278	65.98%	183	5,037	-	B
Foshan Inder Adhesive Product Co., Ltd.	Manufacturing and sales of various adhesives products	390,994	2	153,845	-	-	153,845	96,764	62.30%	60,284	437,553	-	B
Shaanxi Heyangder Adhesive Product Co., Ltd.	Manufacturing and sale of various adhesives products, raw material, wrapping material and paper products	-	2	-	-	-	-	-	-	-	-	-	C
Fuzhou Fuda Plastic Products Co., Ltd.	Manufacturing and sales of various adhesives products and material	35,984	2	29,064	-	-	29,064	2,136	100%	2,136	60,571	-	B
ACHEM Technology Huizhou Adhesive Products Ltd.	Manufacturing and sales of adhesives and BOPP film	-	2	-	-	-	-	-	-	-	-	-	C
ACHEM Technology (Chengdu) Limited	Manufacturing and sales of adhesives and BOPP film	4,152	2	4,152	-	-	4,152	(1,476)	100%	(1,476)	10,695	-	B
ACHEM Technology (Dongguan) Adhesive Products Co., Ltd.	Manufacturing and sales of adhesives and BOPP film	207,932	2	207,932	-	-	207,932	46,068	100%	46,068	824,833	-	B

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee for the year ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021 (Note 2)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Footnote
				Remitted to Mainland China	Remitted back to Taiwan								
ACHEM Technology (Shanghai) Limited	Manufacturing and sales of adhesives and BOPP film	\$ 445,648	2	\$ 445,648	\$ -	\$ -	\$ 445,648	\$ 44,276	100%	\$ 44,276	\$ 1,258,808	\$ -	B
Winda Opto- Electronics Co., Ltd.	Manufacturing and sales of polarizing film, photoelectric material, optical thin-film and polarizing adhesives	411,828	2	119,079	19,267	-	138,346	337,541	37.38%	126,165	618,442	355,764	B
Wan Chio Petrochemical (Jiangsu) Co., Ltd.	Manufacturing and sale of various plastic materials	2,214,400	2	1,325,872	-	-	1,325,872	(1,177,429)	100%	(1,085,001)	(2,417,184)	-	B
Wanchio Adhesive Product (Jiangsu) Co., Ltd.	Manufacturing and sale of various plastic materials	830,400	2	747,360	83,040	-	830,400	(273,449)	100%	(273,449)	162,033	-	B

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment ommission of MOEA
YC CO., LTD.	\$ 1,001,100	\$ 1,019,092	\$ 6,604,487
ACHEM Technology Corporation	2,892,797	3,270,781	2,981,834
Xin Chio Co., Ltd.	221,045	221,045	539,869

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others.

Note 2: In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2021' column:

- (1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
 - A. The financial statements were audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
 - B. The financial statements were audited and attested by R.O.C. parent company's CPA.
 - C. Unaudited and unattested (reiewed) financial statements for the same periods ended.
 - D. Others.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4: (1) The Company's accumulated amount of remittance to Mainland China as of December 31, 2020 was USD 36,167 thousand, and the amount approved by MOEA was USD 36,817 thousand.

(2) ACHEM Technology Corporation's accumulated amount of remittance to Mainland China as of December 31, 2021 was USD 102,362 thousand, (in addition there is USD 2,342 thousand to be remitted) and the amount approved by MOEA was USD 123,818 thousand.

(3) Xin Chio Co., Ltd.'s accumulated amount of remittance to Mainland China as of December 31, 2021 was USD 7,986 thousand, and the amount approved by MOEA was USD 7,986 thousand.

Yem Chio Co., Ltd. and Subsidiaries

Major shareholders information

December 31, 2021

Table 12

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
YING CHUNG CO., LTD.	44,057,552	6.90%
INGS CHYUANG INTERNATIONAL CO., LTD.	42,878,666	6.71%
ASIA PLASTICS CO., LTD.	42,748,839	6.69%
Li, Zhi-Xian	32,711,344	5.12%

Note: The major shareholders' information was derived from the data using the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference in calculation basis.