Stock Code:1314

CHINA PETROCHEMICAL DEVELOPMENT CORPORATION

Financial Statements

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

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

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Independent Auditors' Report

To the Board of Directors of China Petrochemical Development Corporation:

Opinion

We have audited the financial statements of China Petrochemical Development Corporation ("CPDC" or "the Company"), which comprise the balance sheets as of December 31, 2021 and 2020, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the 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 Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 of our opinion.

Emphasis of Matter

As described in notes 6(j) and 6(p) of the notes to the financial statements, a portion of the land at the Anshun plant ,which is located at Annan Dist., Tainan City, was polluted. CPDC submitted for approval a remediation project proposal to the Tainan City Government in accordance with the related regulations and accrued relevant remediation project expenses. Nevertheless, CPDC has a dissenting view on the government perception about the condition of pollution and CPDC is seeking a way to define its responsibilities. Our opinion is not modified in respect of this matter.

Other Matter

We did not audit certain investments, which were accounted for under the equity method. The financial statements as of and for the years then ended December 31, 2021 and 2020 of those investees accounted for under the equity method were audited by other auditors, whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts for the equity method investees were based solely on the reports of other auditors. These investments accounted for under the equity method represented 1.61% and 1.17% of total assets as of December 31, 2021 and 2020, respectively. The related shares of investment income from these investees including subsidiaries, associates and joint ventures accounted for using equity method represented 6.28% and (79.22)% of income before income tax for the years ended December 31, 2021 and 2020, respectively.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition

   Refer to note 4(o) "Revenue Recognition", note 6(v) "Revenue from contracts with customers" in the financial statements.

   Description of key audit matter:

   Operating revenue is the most important source of cash flow for CPDC, and it is a significant risk accounting subject in the financial statements. So revenue recognition is one of the key audit matters for our audit.

   How the matter was addressed in our audit:

   Our key audit procedures included:

   - Testing CPDC's internal accounting controls surrounding revenue recognition and key manual and systems-based controls in the order-to-cash transaction cycle. In addition, checking and reconciling the sales data recorded between the sales systems and general ledger; selecting samples to assess whether appropriate revenue recognition policies are applied through comparison with accounting standards.

   - Analyzed and compared the sales amounts and volumes for the major customers of CPDC. Based on samples selected, vouched significant transactions from both internal and external documents, to verify the authenticity of the transactions.

2. Assessment of the fair value of investment property

   Refer to note 4(j) "Investment Property", note 5(a) "Significant Accounting Judgments, Estimation, Assumptions, and Sources of Estimation Uncertainty", and note 6(j) "Investment Property"of the financial statements for details about fair value information on investment property.

   Description of key audit matter:

   The book value of investment property of CPDC represented 33% of total assets as of December 31, 2021, which is deemed to be significant. CPDC evaluates the fair value of investment property according to IAS40, and re-measure such fair value on the reporting date. Because the valuation of investment property at fair value demands significant professional judgments, the assessment of fair value of investment property is considered one of the key audit matters.

How the matter was addressed in our audit:

Our key audit procedures included:

- Obtain from CPDC management the real estate appraisal report on investment property;
- Engage another appraiser to review such real estate appraisal report, and to evaluate the propriety of the evaluation method used, and the reasonableness of its main assumptions or input values (ex. discount rate and final rate of return);
- Evaluate the propriety of the disclosure of fair value of investment property.

3. Impairment assessment of property, plant, and equipment

Refer to note 4(m) "Impairment of non derivative financial assets", note 5(b) "Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty", and note 6(h) "Property, plant and Equipment" of the financial statements for details of the information about impairment assessment on property, plant, and equipment.

Description of key audit matter:

The book value of property, plant, and equipment of CPDC represented 14% of total assets as of December 31, 2021, which is deemed to be significant. The overall economic trend, market competition and fluctuations in the price of petroleum and petrochemical products may affect the future operation of CPDC, and also affect the estimated economic benefits and recoverable amounts of these assets that the management of CPDC may estimate and determine in the future of the cash generating unit ("CGU") of the assets, and to evaluate whether there are signs of impairment. The recoverable amounts of these assets have been determined based on the discounted cash flows forecasted by CPDC management which involved significant uncertainties and professional judgments. Therefore, we consider the assessment for impairment of property, plant, and equipment as one of the key audit matters for our audit.

How the matter was addressed in our audit:

Our key audit procedures included:

- Obtain from CPDC management the results of their valuation of fixed assets and understand the significant assumptions used in their valuation model.
- Review both the calculations of the value in use and the present value of the discounted cash flows forecasted. Evaluate the CGU, and external and internal impairment indicators identified by CPDC management, and ascertain that all fixed assets requiring annual impairment test are covered in the assessment made by management. Likewise, evaluate the reasonableness of the method used in measuring the recoverable amount of the assets (including the realization on the financial forecast, the calculation of recoverable amount and the assumptions considered for the cash flows forecast).

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors’ report are Chen Mei Fang and Chung Tan Tan.

KPMG

Taipei, Taiwan (Republic of China)
March 14, 2022

Notes to Readers

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

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(English Translation of Financial Statements Originally Issued in Chinese)

CHINA PETROCHEMICAL DEVELOPMENT CORPORATION

Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current assets:				
1100	Cash and cash equivalents (notes 4 and 6(a))	$ 2,782,774	2	1,008,698	1
1110	Current financial assets at fair value through profit or loss (notes 4 and 6(b))	187,229	-	661,224	1
1170	Notes and accounts receivable, net (notes 4 and 6(d))	2,773,447	2	1,526,506	2
1180	Accounts receivable related parties, net (notes 4, 6(d) and 7)	612,517	1	89,369	-
1200	Other receivables (notes 4, 6(d) and 7)	95,803	-	73,046	-
1220	Total current tax assets (notes 4)	5,377	-	-	-
130X	Inventories (notes 4 and 6(e))	3,222,256	3	2,225,117	2
1410	Prepayments	620,835	1	583,674	1
1470	Other current assets (note 6(f))	441,543	1	2,012,475	2
	Total current assets	10,741,781	10	8,180,109	9
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (notes 4 and 6(b))	5,117,918	4	7,832,673	8
1517	Non-current financial assets at fair value through other comprehensive income (notes 4 and 6(c))	2,741,382	2	2,500,585	2
1551	Investments accounted for using equity method (notes 4 and 6(g))	43,171,377	37	28,658,681	29
1600	Property, plant and equipment (notes 4 and 6(h))	16,057,288	14	15,208,808	15
1755	Right-of-use assets (notes 4 and 6(i))	150,045	-	144,335	-
1760	Investment property, net (notes 4 and 6(j))	38,850,641	33	37,612,887	37
1840	Deferred income tax assets (notes 4 and 6(s))	11,009	-	11,009	-
1900	Other non-current assets (note 8)	332,540	-	268,747	-
	Total non-current assets	106,432,200	90	92,237,725	91
	Total assets	**$ 117,173,981**	**100**	**100,417,834**	**100**

	Liabilities and Equity	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current liabilities:				
2100	Short-term loans (note 6(k))	$ 1,096,360	1	3,615,000	4
2130	Current contract liabilities (note 6(v))	20,612	-	954	-
2170	Accounts payable	1,625,672	1	1,215,153	1
2180	Accounts payable to related parties (note 7)	11,333	-	-	-
2200	Other payables (note 7)	2,339,521	2	1,306,948	1
2230	Current tax liabilities (note 4)	13,128	-	-	-
2250	Provisions-current (notes 4, 6(p) and 6(r))	478,077	1	281,634	-
2280	Lease liabilities-current (notes 4 and 6(o))	44,167	-	32,583	-
2320	Long-term liabilities-current portion (notes 4 and 6(l))	300,000	-	1,160,000	1
2399	Other current liabilities, others	57,718	-	8,918	-
	Total current liabilities	5,986,588	5	7,621,190	7
	Non-Current liabilities:				
2530	Bonds payable (notes 4 and 6(m))	3,500,000	3	3,500,000	4
2540	Long-term bank loans (note 6(l))	11,808,900	10	4,410,000	4
2550	Provisions-non-current (notes 4, 6(p) and (r))	3,131,573	3	1,704,687	2
2570	Deferred income tax liabilities (notes 4 and 6(s))	6,763,683	6	6,497,063	6
2580	Lease liabilities-non-current (note 6(o))	108,032	-	112,919	-
2611	Long-term bills payable (note 6(n))	5,254,518	4	5,656,112	6
2670	Other non-current liabilities, others	113,754	-	103,221	-
	Total non-current liabilities	30,680,460	26	21,984,002	22
	Total liabilities	36,667,048	31	29,605,192	29
	Equity (note 6(t)):				
3110	Common stock	37,848,502	32	32,848,502	33
3200	Capital surplus	1,454,301	1	583,815	1
	Retained earnings :				
3310	Legal reserve	2,389,125	2	2,311,174	2
3320	Special reserve	35,390,076	31	35,601,629	36
3350	Unappropriated earnings	4,950,734	4	1,287,983	1
		42,729,935	37	39,200,786	39
	Others equity:				
3410	Exchange differences arising on translation of foreign operations	(948,859)	(1)	(966,202)	(1)
3420	Unrealized gains or loss on financial assets at fair value through other comprehensive income	(576,946)	-	(854,259)	(1)
		(1,525,805)	(1)	(1,820,461)	(2)
	Total equity	80,506,933	69	70,812,642	71
	Total liabilities and equity	**$ 117,173,981**	**100**	**100,417,834**	**100**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

CHINA PETROCHEMICAL DEVELOPMENT CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2021		2020	
		Amount	%	Amount	%
4000	**Operating revenue (notes 4、6(v)and 7)**	$ 30,564,118	100	14,797,092	100
5000	**Operating costs (note 6(e))**	26,177,163	86	15,287,375	103
		4,386,955	14	(490,283)	(3)
5910	Less: Unrealized (profit) loss from sales	(1,476)	-	7,042	-
5920	Add: Realized profit (loss) from sales	(7,042)	-	(1,742)	-
	Gross profit (loss) from operations	4,378,437	14	(484,983)	(3)
	Operating expenses (note 7):				
6100	Selling expenses	444,164	1	348,055	2
6200	Administrative expenses	770,032	3	464,098	3
6300	Research and development expenses	329,694	1	337,654	2
6450	Impairment loss determined in accordance with IFRS 9	-	-	-	-
	Total operating expenses	1,543,890	5	1,149,807	7
	Net operating income (loss)	2,834,547	9	(1,634,790)	(10)
	Non-operating income and expenses:				
7100	Total interest income (note 6(x))	54,028	-	71,019	-
7010	Other income (notes 6(x) and 7)	267,607	1	363,470	3
7590	Other gains and losses (note 6(x))	(1,353,924)	(4)	(376,661)	(3)
7050	Finance costs (notes 6(o) and 6(x))	(259,640)	(1)	(187,982)	(1)
7060	Shares of profit (loss) of associates and joint ventures accounted for using equity method, net (notes 4 and 6(g))	220,699	1	331,277	2
7255	Gains on fair value adjustment, investment property (notes 4 and 6(j))	2,911,289	9	896,310	6
7235	Gains on financial assets at fair value through profit or loss (notes 4 and 6(b))	183,189	1	621,913	4
7673	Impairment loss on property, plant, and equipment (notes 4 and 6(h))	(915,669)	(3)	-	-
	Total non-operating income and expenses	1,107,579	4	1,719,346	11
	Profit before income tax	3,942,126	13	84,556	1
7950	**Less: income tax expenses (benefit) (notes 4 and 6(s))**	338,918	1	(596,433)	(4)
	Profit	3,603,208	12	680,989	5
8300	**Other comprehensive income (loss):**				
8310	**Items that may not be reclassified subsequently to profit or loss:**				
8311	Gains (losses) on remeasurements of defined benefit plans (notes 4 and 6(r))	(78,021)	-	(24,657)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (notes 4 and 6(t))	242,236	1	375,078	2
8330	Shares of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss (notes 4 and 6(t))	39,039	-	14,883	-
8349	Allocation of income tax to the above items	-	-	-	-
	Components of other comprehensive income that will not be reclassified to profit or loss	203,254	1	365,304	2
8360	**Items that may be reclassified subsequently to profit or loss:**				
8361	Exchange differences arising on translation of foreign operations	(138,595)	-	(161,687)	(1)
8367	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (notes 4 and 6(t))	-	-	-	-
8380	Shares of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that may be reclassified to profit or loss (notes 4 and 6(t))	155,938	1	-	-
8399	Allocation of income tax to the above items	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	17,343	1	(161,687)	(1)
8300	**Other comprehensive income (loss), net**	220,597	2	203,617	1
8500	**Total comprehensive income**	**$ 3,823,805**	**14**	**884,606**	**6**
	Earnings per share (notes 4 and 6(u))				
9750	Basic earnings per share	**$**	**1.09**		**0.21**
9850	Diluted earnings per share	**$**	**1.09**		**0.21**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

CHINA PETROCHEMICAL DEVELOPMENT CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings			Total other equity interest		
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total equity
Balance at January 1, 2020	$ 28,348,502	1,286,700	2,137,330	35,490,262	1,779,147	(804,515)	(1,120,657)	67,116,769
Profit for the year ended December 31, 2020	-	-	-	-	680,989	-	-	680,989
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	(27,393)	(161,687)	392,697	203,617
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	653,596	(161,687)	392,697	884,606
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	173,844	-	(173,844)	-	-	-
Special reserve appropriated	-	-	-	111,367	(111,367)	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(985,455)	-	-	(985,455)
Capital increase by cash	4,500,000	(703,519)	-	-	-	-	-	3,796,481
Changes in ownership interests in subsidiaries	-	634	-	-	(393)	-	-	241
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	126,299	-	(126,299)	-
Balance at December 31, 2020	32,848,502	583,815	2,311,174	35,601,629	1,287,983	(966,202)	(854,259)	70,812,642
Profit for the year ended December 31, 2021	-	-	-	-	3,603,208	-	-	3,603,208
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	(75,443)	17,343	278,697	220,597
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	3,527,765	17,343	278,697	3,823,805
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	77,951	-	(77,951)	-	-	-
Special reserve appropriated	-	-	-	1,210,033	(1,210,033)	-	-	-
Capital increase by cash	5,000,000	869,362	-	-	-	-	-	5,869,362
Changes in ownership interests in subsidiaries	-	1,124	-	-	-	-	-	1,124
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	1,384	-	(1,384)	-
Reversal of special reserve	-	-	-	(1,421,586)	1,421,586	-	-	-
Balance at December 31, 2021	**$ 37,848,502**	**1,454,301**	**2,389,125**	**35,390,076**	**4,950,734**	**(948,859)**	**(576,946)**	**80,506,933**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

CHINA PETROCHEMICAL DEVELOPMENT CORPORATION

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31	
	2021	**2020**
Cash flows from (used in) operating activities:		
Profit before income tax	$ 3,942,126	84,556
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	905,652	780,577
Amortization expense	-	375
Net gain on financial assets at fair value through profit or loss	(183,189)	(621,913)
Interest expense	259,640	187,982
Interest income	(54,028)	(71,019)
Dividend income	(164,530)	(132,087)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(220,699)	(331,277)
Loss on disposal of property, plan and equipment	-	1,107
Gain on disposal of investment properties	(706,465)	-
Loss on disposal of investments accounted for using equity method	-	580
Impairment loss (reversal of impairment loss) on non-financial assets	14,601	(69,591)
Unrealized profit (loss) from sales	1,476	(7,042)
Realized loss from sales	7,042	1,742
Impairment loss on property, plant and equipment	915,669	-
Gain on fair value adjustment of investment property	(2,911,289)	(896,310)
Unrealized remediation expense	1,664,899	-
Gain on lease modification	(12)	(40)
Total adjustments to reconcile profit (loss)	(471,233)	(1,156,916)
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(3,341,327)	8,358
(Increase) decrease in accounts receivable due from related parties	(523,148)	83,691
(Increase) decrease in other receivables	(34,911)	468
Increase in inventories	(1,011,740)	(274,491)
(Increase) decrease in prepayments	(37,161)	238,784
(Increase) decrease in other current assets	(34,826)	12,215
Total changes in operating assets	(4,983,113)	69,025
Increase (decrease) in contract liabilities	19,658	(87,309)
Increase in accounts payable	410,519	77,422
Increase in accounts payable to related parties	11,333	-
Increase (decrease) in other payable	952,546	(252,010)
Decrease in provisions	(41,570)	(70,252)
Increase in other current liabilities	48,800	957
Total changes in operating liabilities	1,401,286	(331,192)
Total changes in operating assets and liabilities	(3,581,827)	(262,167)
Total adjustments	(4,053,060)	(1,419,083)
Cash outflow generated from operations	(110,934)	(1,334,527)
Interest received	60,803	55,430
Interest paid	(256,246)	(178,968)
Income taxes paid	(59,167)	(5,379)
Net cash flows used in operating activities	(365,544)	(1,463,444)

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

CHINA PETROCHEMICAL DEVELOPMENT CORPORATION

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31	
	2021	2020
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	$ -	(387,499)
Proceeds from disposal of financial assets at fair value through other comprehensive income	1,438	-
Proceeds from capital reduction of financial assets at fair value through profit or loss	2,751,363	-
Acquisition of financial assets at fair value through profit or loss	-	(120,000)
Proceeds from disposal of financial assets at fair value through profit or loss	620,576	120,042
Acquisition of investments accounted for using equity method	(15,843,590)	(5,785,200)
Proceeds from disposal of investments accounted for using equity method	-	5,109
Proceeds from capital reduction of investments accounted for using equity method	1,200,000	-
Acquisition of property, plant and equipment	(2,807,140)	(2,847,161)
Proceeds from disposal of property, plant and equipment	-	110
Proceeds from cancellation of property purchasing	186,000	-
Proceeds from disposal of investment properties	2,380,000	-
Decrease (increase) in other financial assets	1,605,758	(1,655,545)
Increase in other non-current assets	(63,793)	(141,773)
Dividends received	565,111	1,265,381
Net cash flows used in investing activities	(9,404,277)	(9,546,536)
Cash flows from (used in) financing activities:		
Increase in short-term loans	13,873,892	15,228,000
Decrease in short-term loans	(14,298,145)	(14,713,558)
Proceeds from issuing bonds	-	3,500,000
Proceeds from long-term debt	36,415,100	12,513,900
Repayments of long-term debt	(32,123,400)	(11,773,900)
Increase in long-term bills payable	42,437,700	26,152,200
Decrease in long-term bills payable	(40,590,500)	(24,992,200)
Payment of lease liabilities	(47,662)	(48,813)
Increase (decrease) in other non-current liabilities	10,533	(3,069)
Cash dividends paid	-	(985,455)
Capital increase by cash	5,869,362	3,796,481
Interest paid	(2,983)	(2,036)
Net cash flows from financing activities	11,543,897	8,671,550
Net increase (decrease) in cash and cash equivalents	1,774,076	(2,338,430)
Cash and cash equivalents at beginning of period	1,008,698	3,347,128
Cash and cash equivalents at end of period	$ **2,782,774**	**1,008,698**

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

CHINA PETROCHEMICAL DEVELOPMENT CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

China Petrochemical Development Corporation (hereinafter referred to as the "Company") was founded on July 8, 1969 under the approval of Ministry of Economic Affairs, R.O.C. The Company migrated to No.1, Jingjian Rd., Dashe Dist., Kaohsiung City 815, Taiwan (R.O.C.) on July 18, 2016. The Company primarily engage in the production of petroleum, alkali-chlorine, phosphoric acid and other petrochemical products and by-products and the storage, transportation, purchase and sale of these products, related chemicals and their raw materials, and land development. The primary products are acrylonitrile, caprolactam and nylon.

(2) Approval date and procedures of the financial statements:

The accompanying financial statements were authorized for issue by the Board of Directors on March 27, 2020.

(3) New standards, amendments and interpretations adopted:

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

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

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"
- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

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

The Company's adoption of the new amendments, effective for annual period beginning on January 1, 2022, are expected to have the following impacts:

(i) Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"

The amendment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to ensure if it is functioning properly). The proceeds from selling such samples, together with the costs of producing them, shall be recognized in profit or loss.

The amendments also clarify that testing whether an item of PPE is functioning properly means assessing its technical and physical performance rather than assessing its financial performance – e.g. assessing whether the PPE has achieved a certain level of operating margin.

(Continued)

The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after January 1, 2021. The Company may need to adjust the amount of property, plant and equipment costs, depreciation expenses and profit or loss from selling samples, and will continue to assess the impacts of this amendment on its consolidated financial position and financial performance.

(ii) Other amendments

The following amendments are not expected to have a significant impact on the Company's consolidated financial statements.

- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

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

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

(4) Summary of significant accounting policies:

The significant accounting policies presented in the financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the financial statements.

(a) Statement of compliance

These financial statements have been prepared in accordance with the Regulation Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations").

CHINA PETROCHEMICAL DEVELOPMENT CORPORATION
Notes to the Financial Statements

(b) Functional and presentation currency

(i) Basis of measurement

Except for the following significant accounts, the financial statements have been prepared on a historical cost basis:

1) Financial instruments at fair value through profit or loss are measured at fair value.

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

3) Investment property is measured at fair value.

4) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation (please see note 4(p)).

(ii) Functional and presentation currency

The functional currency is determined based on the primary economic environment in which the Company operates. The financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Foreign currency

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the functional currencies of the Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currency using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

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

- an investment in equity securities designated as at fair value through other comprehensive income;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedges are effective; or
- qualifying cash flow hedges to the extent the hedge are effective.

(Continued)

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to noncontrolling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle, except for those related to land development, which usually have a business cycle longer than one year;

(ii) It is held primarily for the purpose of trading.

(iii) It is expected to be realized within twelve months after the reporting period; or

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

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current:

(i) It is expected to be settled in the normal operating cycle, except for those related to land development, which usually have a business cycle longer than one year;

(ii) It is held primarily for the purpose of trading.

(iii) It is due to be settled within twelve months after the reporting period; or

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

(Continued)

(e) Cash and cash equivalents

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

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(f) Financial instruments

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

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

(Continued)

2) Fair value through other comprehensive income (FVOCI)

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

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

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

3) Fair value through profit or loss (FVTPL)

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

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

4) Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated — e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

(Continued)

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

5) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial assets on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features)

6) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI, and contract assets.

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

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

(Continued)

The Company considers a financial asset to be in default when the financial asset is more than 90 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

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

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

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

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

(Continued)

7) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Treasury shares

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

4) Financial liabilities

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

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

5) Derecognition of financial liabilities

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

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

6) Offsetting of financial assets and liabilities

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

(g) Inventories

(i) Manufacturing industry

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(ii) Construction industry

Inventories of the construction business are measured at the lower of cost and net realizable value. The cost of inventories includes expenditure incurred in bringing them to their existing location and condition and capitalized borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The net realizable value is estimated as follows:

1) Land held for development: net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses, or estimated by recent market value (development analytical method or comparison method).

2) Construction-in-progress: net realizable value is the estimated selling price (current market condition) in the ordinary course of business, less the estimated costs of completion and selling expenses, or estimated by recent market value.

(Continued)

(h) Investments in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

(i) Investment in subsidiary

In the preparation of financial reports, the Company adopts the equity method assessment method for the investee companies that can be controlled. Under the equity method, in the financial report, the current profit and loss and other comprehensive gains and losses, and in the financial report of the consolidated basis, the current profit and loss and other comprehensive gains and losses are attributable to the owners of the parent company, and the financial reporting owners' equity and consolidated basis the interests of the owners of the parent company in the financial report are the same.

The Company's changes in the ownership interest of the subsidiaries did not result in loss of control and were treated as an interest transaction with the owners.

(j) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is initially measured at cost and subsequently at fair value with any change therein recognized in profit or loss.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in 'other equity - revaluation surplus' is transferred to retained earnings.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(Continued)

(k) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Land improvement	3~30 years
Buildings and constructions	2~60 years
Machine equipment	1~30 years
Transportation equipment	2~40 years
Other equipment	2~13 years

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

(iv) Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognized in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognized in other comprehensive income and presented in ‘other equity - revaluation surplus’.

(Continued)

Any loss is recognized in profit or loss. However, to the extent that an amount is included in the revaluation surplus for that property, the loss is recognized in other comprehensive income and reduces the revaluation surplus within equity.

(l) Leases

(i) As a leasee

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

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

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

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

— fixed payments, including in-substance fixed payments;

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

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

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

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

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

— there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

— there is a change of its assessment on whether it will exercise an extension or termination option, or

— there is any lease modifications

(Continued)

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

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

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

For sale-and-leaseback transactions, the Company applies the requirements for determining when a performance obligation is satisfied in IFRS15 to determine whether the transfer of an asset is accounted for as a sale of the asset. If the transfer of an asset satisfies the requirement of IFRS15 to be accounted for as a sale of the asset, the Company derecognizes the transferred asset, then measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained. Accordingly, the Company recognizes only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. For leaseback transaction, the Company applies the lessee accounting policy. If the transfer of an asset does not satisfy the requirement of IFRS15 to be accounted for as a sale of the asset, the Company continues to recognize the transferred asset and recognizes the financial liability equal to the transfer proceeds.

(ii) As a leasor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

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

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

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

(m) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(Continued)

(n) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probably that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(i) Site dismantling

The estimated obligation on the dismantling, relocation or restoration of property, plant and equipment is recognized as decommissioning cost and liability of property, plant and equipment. The relevant costs of assets are adjusted by subsequent price variation for dismantling and restoration. Depreciation is provided per the remaining useful life of the adjusted cost.

(ii) Site restoration

In accordance with the Company' s published environmental policy and applicable legal requirements, a provision for site restoration in respect to contaminated land, and the related expense, is recognized when the land is contaminated.

(o) Revenue from contracts with customers

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

(i) Sale of goods

The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied. A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

(ii) Commissions

When the Company acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognized is the net amount of commission made by the Company, and is recognized in proportion to the stage of completion of the transaction.

(Continued)

(iii) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group Company does not adjust any of the transaction prices for the time value of money.

(p) Employee benefits

(iv) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(v) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculate by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(vi) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(Continued)

(q) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(Continued)

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(r) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee bonus.

(s) Operating segments

The Company discloses information of operating segments in the consolidated financial statements, which is therefore not included in the financial statements.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the financial statements in conformity with the Regulations by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Management continues to monitor the accounting estimates and assumptions. Management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is as follows:

(a) Fair valuation of investment property

The Company's investment property is measured at fair value deriving from external appraisal reports. When the presumed factors implemented in the evaluation process, e.g. discount rates and return on investment, change due to the evolving market and economy, the change may have an impact on the balance of the recognized assets and profit or loss. For more information regarding the valuation, please refer to note 6(j).

(b) Impairment of property, plant and equipment, and intangible assets

In the process of evaluating the potential impairment of tangible and intangible assets other than goodwill, the Company is required to make subjective judgments in determining the independent cash flows, useful lives, expected future income and expenses related to the specific asset groups considering of the nature of the industry. Any changes in these estimates based on changed economic conditions or business strategies and could result in significant impairment charges or reversal in future years. Please refer to note 6(h) for further description of the key assumptions used to determine the recoverable amount.

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The Company's accounting policies include measuring financial and non financial assets and liabilities at fair value through profit or loss. The Company's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, conducts back testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value.

The Company strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

(i) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

(ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(iii) Level 3: inputs for the assets or liability that are not based on observable market data.

Information on valuation use hypothesis factors was as follows:

(i) Note 6(j) - Investment property;

(ii) Note 6(y) - Financial instruments.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand	$ 835	821
Checking and demand deposits	883,006	114,424
Time deposits	1,898,933	743,471
Cash equivalents	-	149,982
Cash and cash equivalents	$ 2,782,774	1,008,698

Time deposits with original maturity within three month which are held for the purpose of meeting short-term cash commitments, rather than for investment or other purposes, and are readily convertible to cash at the known amounts and subject to insignificant risk of value changes, are reported as cash equivalents. Please refer to note 6(f) for details of time deposits with original maturity between three months and one year which are accounted for as other financial assets under other current assets.

Please refer to note 6(y) for the fair value sensitivity analysis and interest rate risk of the financial assets and liabilities of the Company.

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

		December 31, 2021	December 31, 2020
Current financial assets designated at fair value through profit or loss:			
Stocks listed on domestic markets	$	187,229	661,224
Non-current financial assets designated at fair value through profit or loss:			
Stocks unlisted on domestic markets		5,117,918	7,832,673
Total	**$**	**5,305,147**	**8,493,897**

The dividends income from the financial assets recognized at fair value through profit or loss for the years ended December 31, 2021 and 2020 amounted to $38,612 thousand and $20,110 thousand, respectively.

The Company held common and preferred stocks of Core Pacific City Co., Ltd., wherein the preferred stocks which were converted into common stocks on October 22, 2021 were recognized as non-current financial assets at fair value through profit or loss. A resolution was made during the extraordinary shareholders' meeting of Core Pacific City Co., Ltd. on November 8, 2021 to reduce its capital by buying back and cancelling its shares to eliminate the accumulated losses of $5,245,397 thousand and $9,998,925 thousand, respectively, with the effective date set on the same date. The Company received the payment of $2,751,363 thousand of the shares that were bought back on November 11, 2021. The Company recognizes the changes in fair value in profit or loss according to the valuation report. The Company or the external appraisers used the net asset value method and relevant return rate to determine the fair value on the valuation date. The amount accounted for gain from investments in equity instruments at fair value through profit or loss was $36,608 thousand and $585,611 thousand for the years ended December 31, 2021 and 2020, respectively.

Core Pacific City Co., Ltd. approved the earning distribution during itsthe shareholders' meeting on February 23, 2022, which was also the with the same date as the base date. On February 25, 2022, the Company received the cash dividends amounting to $ 5,112,685 thousand, and therefore adjusted the fair value accordingly.

Please refer to note 8 for details of the financial assets at fair value through profit or loss of the Company pledged as collateral as of December 31, 2021 and 2020.

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

		December 31, 2021	December 31, 2020
Equity investments at fair value through other comprehensive income - non-current			
Stocks listed on domestic markets	$	2,270,979	2,059,052
Stocks unlisted on domestic markets		470,403	441,533
Total	**$**	**2,741,382**	**2,500,585**

(Continued)

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The Company designated the investments show above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long-term strategic purposes.

Please refer to note 6(t) for the gain or loss on financial assets recognized at fair value through other comprehensive income.

The dividend income from the financial assets recognized at fair value through other comprehensive income for the years ended December 31, 2021 and 2020 amounted to $125,918 thousand and $111,977 thousand, respectively.

On September 15, 2020, the Company’s Board of Directors approved a resolution to invest in Chain Yarn Co., Ltd. by purchasing 30,000 thousand common shares amounting to $300,000 thousand, which was accounted for as non-current financial assets at fair value through other comprehensive income.

The director of Praxair Chemax Semiconductor Materials Co., Ltd. (hereinafter referred to as “PRAXAIR”) delegated by the Company, was elected as the new Chairman in the directors’ meeting on January 30, 2013. However, Praxair Inc. did not recognize the director delegated by the Company as the Chairman, resulting in the new Chairman being unable to exercise his authority. Also, the supervisor appointed by the Company was prevented from auditing the accounts and records pursuant to the R.O.C. Company Act, hence, the new Chairman and the designated supervisor representing PRAXAIR, filed an action asking the vice chairman and general manager to provide the accounts and records and requested to return the seal, business invasion and others in a civil lawsuit. The vice chairman delegated by Praxair Inc. claimed privilege to act as the Chairman and filed legal actions declaring the non-existence of the new Chairman’s commission of authority and also sent a letter to the court requesting a dissolution of PRAXAIR, which was rejected by the courts. The supervisor appointed by Praxair Inc. illegally called a temporary shareholders’ meeting in 2013 to propose the dissolution of the Company and reelection of directors and supervisors. Hence, the Company filed legal actions declaring the withdrawal of the resolution from the illegal temporary shareholders’ meetings and the resolutions from the temporary shareholders' meeting was not established. The supervisor filed the legal action against the manager for submitting the accounts and the records, after winning the 1st and 2nd trial, the defendant appealed but was dismissed by the 3rd trial instance. This case was remanded to the Taipei High Court but the verdict was dismissed in 2015. The Company was not satisfied with the appeal and filed the legal action. The judgment was binding and final on December 2017. The vice chairman designated by Praxair Inc. filed legal action declaring the non-existence of the new Chairman’s commission of authority, after the judgment from the High Court that the Chairman designated by the Company won the verdict, the defendant appealed to the 3rd instance, with the Supreme Court dismissing the appeal. The whole case confirms the appointed relationship between the Chairman designated by the Company and PRAXAIR exists. On November 9, 2016, the letter from Ministry of Economic Affairs states that Lin Ke-Ming, appointed by the Company, is the Chairman of PRAXAIR, and restored the representative duty per the judgment No. 2455 from the Supreme High Court in 2015. However, according to the requirement from Ministry of Economic Affairs, both sides were not able to hold the legitimate reelection prior to Janurary 9, 2017 which resulted in vacancy of directors and supervisors of PRAXAIR. In order to strive for the rights and interests of the shareholders, the Company immediately arbitration per joint venture agreement of both sides and applied for an auditor and provisional administrator to instruct the central section office of the Ministry of Economic Affairs to allow Praxair Inc. to conduct the change of registration on July 6, 2017. The Company has filed a request for the arbitration of International Chamber of Commerce in 2018 and

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received the award issued by the International Court of International Chamber of Commerce on September 3, 2018. A part of the award favored for the Company and confirmed that the Company was entitled to receive the dividends from PCSM for the year of 2013. In order to protect the Company’ s right, the Company submitted a lawsuit regarding to withdrawal of a part of such arbitration award against the Company to Taipei District Court. On December 13, 2019, Taipei District Court dismissed the Company’ s claim of withdrawing the ICC’ s decision. The Company filed an appeal on January 8, 2020, but such appeal was dismissed by Taiwan High Court on September 1, 2020. The Company appealed forthwith to the Supreme Court on September 21, 2020.

As of December 31, 2021 and 2020, the Company provided as collateral a portion of its financial assets. Please refer to note 8 for details of the related assets pledged as collateral.

(d) Notes, trades, and other receivables

	December 31, 2021	December 31, 2020
Accounts receivable (including related parties)	$ 3,718,460	1,948,371
Other receivables	95,803	73,046
Less: allowance for doubtful receivables	(332,496)	(332,496)
Net amount	**$ 3,481,767**	**1,688,921**

The Company applies the simplified approach to provide for its expected credit losses, i.e., the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information, including macroeconomic and relevant industry information. The loss allowance provisions were determined as follows:

	December 31, 2021		
	Carrying amount of account receivables	Weighted average expected credit loss	Allowance for expected credit loss
Not past due	$ 3,464,495	0~2.73%	94,906
Over 0~30 days	16,375	0%	-
Past due more than 1 year	237,590	100%	237,590
	$ 3,718,460		**332,496**

	December 31, 2020		
	Carrying amount of account receivables	Weighted average expected credit loss	Allowance for expected credit loss
Not past due	$ 1,710,781	0~5.55%	94,906
Past due more than 1 year	237,590	100%	237,590
	$ 1,948,371		**332,496**

(Continued)

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Notes to the Financial Statements

The movement of the allowance for notes, accounts and other receivables were as follows:

	For the years ended December 31,	
	2021	**2020**
Balance at December 31, 2021 and 2020	$ **332,496**	**332,496**

As of December 31, 2021 and 2020, the aforesaid receivables were not pledged as collateral.

For credit risk information, please refer to note 6(y).

(e) Inventories

	December 31, 2021	December 31, 2020
Finished goods	$ 1,011,642	604,363
Work in progress	435,141	277,621
Raw materials	1,683,850	1,296,257
Fuel	19,887	14,342
Subtotal	3,150,520	2,192,583
Land held for construction site	4,120	-
Land held for construction site - compensation for levied land	9,423	9,423
Payment for floor area ratio	13,535	13,535
Construction in progress	44,658	9,576
Subtotal	71,736	32,534
Total	$ **3,222,256**	**2,225,117**

The details of the cost of sales were as follows:

	For the years ended December 31,	
	2021	**2020**
Cost of goods sold	$ 25,249,056	14,002,619
Write-down of inventories (Reversal of write-downs)	14,601	(69,591)
Net inventory loss (profit)	(1,790)	1,277
Unallocated fixed production overheads from idle facilities	926,881	1,359,745
Revenue from sale of scraps	(11,585)	(6,675)
Net amount	$ **26,177,163**	**15,287,375**

As of December 31, 2021 and 2020, the aforesaid inventories were not pledged as collateral.

CHINA PETROCHEMICAL DEVELOPMENT CORPORATION
Notes to the Financial Statements

(f) Other current assets

	December 31, 2021	December 31, 2020
Other financial assets	$ 49,787	1,655,545
Others	391,756	356,930
	$ 441,543	**2,012,475**

Other financial assets are time deposits with original maturity between three months and one year.

(g) Investments accounted for using equity method

The Company's investments accounted for using the equity method at the reporting date were classified as follows:

	December 31, 2021	December 31, 2020
Subsidiaries	$ 41,748,469	27,518,817
Associates	1,422,908	1,139,864
Total	**$ 43,171,377**	**28,658,681**

(i) Subsidiaries

Please refer to the consolidated financial statements.

(ii) Associates

The Company's investments accounted for using the equity method that are individually insignificant were as follows:

	December 31, 2021	December 31, 2020
Carrying value of insignificant associates	**$ 1,422,908**	**1,139,864**

	For the years ended December 31,	
	2021	2020
Attribution to the Company		
Profit from continuing operations	$ 334,873	61,709
Other comprehensive income (loss)	2,933	(2,494)
Total comprehensive income	**$ 337,806**	**59,215**

(Continued)

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Notes to the Financial Statements

(iii) On November 26, 2013, the plan to invest in China was approved during the meeting of the Board of Directors of the Company. On March 25, 2014 and November 1,2018, the Investment Commission, Ministry of Economic Affairs (MOEA) approved the investment of the Company in Jiangsu Weiming Petrochemical Corporation in China in the amount of CNY2,388,000 thousand (equivalent to $11,100,000 thousand) mainly to establish a manufacturing operations for petrochemical products (including hydrorefining crude benzol, cyclohexanone, nylon 6, etc.).

(iv) On August 12, 2019, a resolution was made during the board meeting of the Company to invest in Jean Pacific Development Co., Ltd., in the amount of $480,000 thousand. On March 27, 2020, a resolution was made during the board meeting of the Company to invest $140,000 thousand in Jean Pacific Development Co., Ltd., according to the proportion of shareholding.

(v) On August 13, June 16, 2021, and January 31, 2020, respectively, resolutions were made during the board meeting of the Company to raise capital for Ding-Yue Development Co., Ltd. amounting to $18,040,000 thousand, for the purpose of its engagement in join open bidding of Core Pacific City permanent land ownership and meet funding requirement.

(vi) The dividends income from the Company's investments accounted for using the equity method for the years ended December 31, 2021 and 2020, amounted to $400,581 thousand and $1,133,294 thousand, respectively. Furthermore, the Company received the payment of $1,200,000 thousand of the shares that were bought back from the Company's investments accounted for using the equity method during 2021.

(vii) As of December 31, 2021 and 2020, the Company provided as collateral a portion of its investments in aforesaid equity accounted investees. Please refer to note 8 for details of the related assets pledged as collateral.

(h) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2021 and 2020 were as follows:

	Land	Land improvements	Buildings	Machinery and equipment	Vehicles	Other facilities	Construction in progress	Accumulated impairment	Total
Cost or deemed cost:									
Balance as of January 1, 2021	$ 5,647,642	267,097	2,734,123	42,936,647	61,933	208,417	3,960,320	-	55,816,179
Additions	-	-	-	-	-	-	2,807,140	-	2,807,140
Disposal	-	-	-	(152,639)	(529)	(337)	-	-	(153,505)
Adjustment	-	-	12,132	1,603,001	271	24,020	(1,639,424)	-	-
Reclassification	-	(39)	-	-	-	-	-	-	(39)
Return	-	-	-	-	-	-	(186,000)	-	(186,000)
Balance as of December 31, 2021	$ 5,647,642	267,058	2,746,255	44,387,009	61,675	232,100	4,942,036	-	58,283,775
Balance as of January 1, 2020	$ 5,647,642	264,291	2,367,463	42,053,876	59,057	197,486	2,871,490	-	53,461,305
Additions	-	-	-	-	-	-	2,847,161	-	2,847,161
Disposals	-	-	(8,138)	(478,726)	(1,843)	(3,580)	-	-	(492,287)
Adjustment	-	2,806	369,187	1,367,108	4,719	14,511	(1,758,331)	-	-
Reclassification	-	-	5,611	(5,611)	-	-	-	-	-
Balance as of December 31, 2020	$ 5,647,642	267,097	2,734,123	42,936,647	61,933	208,417	3,960,320	-	55,816,179

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Notes to the Financial Statements

	Land	Land improvements	Buildings	Machinery and equipment	Vehicles	Other facilities	Construction in progress	Accumulated impairment	Total
Depreciation and impairment loss:									
Balance as of January 1, 2021	$ -	221,167	1,184,246	34,131,479	47,265	144,183	-	4,879,031	40,607,371
Depreciation for the period	-	4,682	76,815	759,685	2,408	13,401	-	-	856,991
Impairment loss	-	-	-	-	-	-	-	915,669	915,669
Adjustment	-	-	-	(152,639)	(529)	(337)	-	-	(153,505)
Reclassification	-	(39)	-	-	-	-	-	-	(39)
Balance as of December 31, 2021	**$ -**	**225,810**	**1,261,061**	**34,738,525**	**49,144**	**157,247**	**-**	**5,794,700**	**42,226,487**
Balance as of January 1, 2020	$ -	215,757	1,120,281	33,967,241	46,753	138,145	-	4,879,031	40,367,208
Depreciation for the period	-	5,410	70,995	642,854	2,355	9,619	-	-	731,233
Disposals	-	-	(7,030)	(478,616)	(1,843)	(3,581)	-	-	(491,070)
Balance as of December 31, 2020	**$ -**	**221,167**	**1,184,246**	**34,131,479**	**47,265**	**144,183**	**-**	**4,879,031**	**40,607,371**
Carrying amounts:									
Balance as of December 31, 2021	**$ 5,647,642**	**41,248**	**1,485,194**	**9,648,484**	**12,531**	**74,853**	**4,942,036**	**(5,794,700)**	**16,057,288**
Balance as of January 1, 2020	**$ 5,647,642**	**48,534**	**1,247,182**	**8,086,635**	**12,304**	**59,341**	**2,871,490**	**(4,879,031)**	**13,094,097**
Balance as of December 31, 2020	**$ 5,647,642**	**45,930**	**1,549,877**	**8,805,168**	**14,668**	**64,234**	**3,960,320**	**(4,879,031)**	**15,208,808**

(i) Impairment

The Company's main products, caprolactam and nylon, were affected by the industry wide imbalance of supplies and demands, international trade conflicts, the COVID 19 pandemic, rising freight costs, and the increasing production of competitors. As of December 31, 2021, the Company adjusted the strategy of its production and marketing, wherein the carrying amount of relevant production lines in Toufen plant was assessed to be higher than the recoverable amount, resulting in an impairment loss of $915,669 thousand to be recognized as non operating income and expense in the consolidated statements of comprehensive income.

For the year ended 2021, the estimated value-in-use was calculated at the pre tax discount rate of 9.05%. The recoverable amount was the sum of the net fair value, calculated by adding the value-in-use to the fair value, minus the disposal cost. The input value used in the fair value evaluation technique belonged to the third level and is evaluated by using the market method.

(ii) Collateral

As of December 31, 2021 and 2020, the Company provided as collateral, a portion of its property, plant and equipment, please refer to note 8 for details of the related assets pledged as collateral.

(iii) Property, plant and equipment under construction

For the years ended 2021 and 2020, the capitalized interest related to the property, plant and equipment under construction were $27,356 thousand and $4,193 thousand, respectively, which were calculated based on the capitalized interest rates ranging from 1.5960%~1.6011% and 1.5964%~1.5974%, respectively.

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(i) Right-of-use assets

The Company leases assets including land, buildings, machinery and equipment and vehicles. Information about leases for which the Company as a lessee is presented below:

		Land	Buildings	Machinery and equipment	Vehicles	Total
Cost:						
Balance as of January 1, 2021	$	85,643	9,465	111,057	11,609	217,774
Additions		20,491	-	30,432	3,605	54,528
Disposal		(485)	-	(30,940)	(2,525)	(33,950)
Balance as of December 31, 2021	$	**105,649**	**9,465**	**110,549**	**12,689**	**238,352**
Balance as of January 1, 2020	$	61,787	7,130	63,906	16,747	149,570
Additions		24,144	9,465	56,116	5,598	95,323
Disposal		(288)	(7,130)	(8,965)	(10,736)	(27,119)
Balance as of December 31, 2020	$	**85,643**	**9,465**	**111,057**	**11,609**	**217,774**
Accumulated depreciation and impairment losses:						
Balance as of January 1, 2021	$	6,231	2,366	60,621	4,221	73,439
Depreciation for the period		4,541	4,733	34,767	4,620	48,661
Disposal		(328)	-	(30,940)	(2,525)	(33,793)
Balance as of December 31, 2021	$	**10,444**	**7,099**	**64,448**	**6,316**	**88,307**
January 1, 2020	$	2,821	4,753	33,708	7,201	48,483
Depreciation for the period		3,515	4,743	34,010	7,076	49,344
Disposal		(105)	(7,130)	(7,097)	(10,056)	(24,388)
Balance as of December 31, 2020	$	**6,231**	**2,366**	**60,621**	**4,221**	**73,439**
Carrying amounts:						
Balance as of December 31, 2021	$	**95,205**	**2,366**	**46,101**	**6,373**	**150,045**
Balance as of December 31, 2020	$	**79,412**	**7,099**	**50,436**	**7,388**	**144,335**

(j) Investment property

The movement of investment property was as followed:

		Land	Buildings	Total
Cost or deemed cost:				
Balance as of January 1, 2021	$	37,595,572	17,315	37,612,887
Disposal		(1,668,271)	(5,264)	(1,673,535)
Net gains and losses due to fair value adjustments		2,911,289	-	2,911,289
Balance as of December 31, 2021	$	**38,838,590**	**12,051**	**38,850,641**
Balance as of January 1, 2020	$	36,698,539	18,038	36,716,577
Net gains and losses due to fair value adjustments		897,033	(723)	896,310
Balance as of December 31, 2020	$	**37,595,572**	**17,315**	**37,612,887**

(Continued)

(i) The Company disposed the investment property with the disposal price of $2,380,000 thousand and the disposal gain of $706,465 thousand.

(ii) Evaluation by income approach

The Company's following investment properties were subsequently measured at fair value using the income approach after initial recognition, and has been categorized as a Level 3 fair value based on the inputs to the valuation techniques used. The relevant contract information and key assumptions used in the method were as follows:

December 31, 2021

Subject	Qianjin Dist., Kaohsiung City	Qianzhen Dist., Kaohsiung City
Important contract terms	None	None
The range of rental in the area where the investment property is located	$550~$700	$450
The rental range of similar investment property	$604~$632	None
The current status of the investment property	Unused	Leased
Past earnings	$0~ $0	$0~ $0
Income capitalization rate	5.335%	None
Discount rate	4.445%	4.345%
Outsourcing or self-valuation	External independent appraiser	External independent appraiser
Evaluation office	Colliers International Taiwan	Colliers International Taiwan
Appraiser name	Feng-ru, Ke	Shiou-ying, Jan
Evaluation date	December 31, 2021	December 31, 2021
Outsourcing fair value	$ 10,890	$ 2,903,000

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December 31, 2020

Subject	Qianjin Dist., Kaohsiung City	Qianzhen Dist., Kaohsiung City
Important contract terms	None	None
The range of rental in the area where the investment property is located	$550~$700	450
The rental range of similar investment property	$576~$617	None
The current status of the investment property	Unused	Leased
Past earnings	$0~ $0	$0~ $0
Income capitalization rate	5.555%	None
Discount rate	4.260%	4.655%
Outsourcing or self-valuation	External independent appraiser	External independent appraiser
Evaluation office	Colliers International Taiwan	Colliers International Taiwan
Appraiser name	Feng-ru, Ke	Shiou-ying, Jan
Evaluation date	December 31, 2020	December 31, 2020
Outsourcing fair value	$ 10,780	2,737,000

In accordance with Article 34 of the Regulations on Real Estate Appraisal, the income approach procedures include estimating the effective gross income and total expenses, computing the net operating income, determining the capitalization rate or discount rate, and computing the income. The attributes used by the Company for the estimations above were the last three years' data from the subject property and comparable properties which have similar characteristics, and these data were assessed and adjusted based on their persistency, stability, and growth to ensure the availability and reasonableness of these data. The movement of income (cash inflows) and expenditure (cash outflows) for future periods was based on the vacancies or losses, existing or future cash flow plans of the Company, and historical cash flows from the subject property, identical properties, or properties in the same industry. The estimation and computation of the net income were based on the highest and best use of the subject property and have taken into consideration the income generated from comparable properties in the same location based on their highest and best use.

External appraisers use the risk premium method to decide on the direct capitalization rate and discount rate. The fixed deposit interest rate, government bonds rate, real estate investment risk, money supply-demand variation, the trend of real estate value and etc. are taken into consideration to decide the likely rate of return on the most common investment as a basis in order to derive the capitalization rate or discount rate. The differences in individual characteristics between the above most common investment and the subject property are compared in terms of their liquidity, risk, appreciation, and management. As of December 31, 2021 and 2020, the discount rate was 4.345%~4.445% and 4.260%~4.655%, respectively. As of December 31, 2021 and 2020, the weighted average capitalization rate was 5.335% and 5.555%, respectively, derived as the ratio of annual net operating income of comparable properties divided by reasonable price.

(Continued)

(iii) Evaluation through land development analysis

The Company classified its undeveloped land as investment property. The Company adopted the development land analysis approach to measure the fair value of the undeveloped land in accordance with Article 9 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and has been categorized as a Level 3 fair value based on the inputs to the valuation techniques used. The relevant information is summarized as follows:

December 31, 2021

Subject	Annan Dist., Tainan City	Qianzhen Dist., Kaohsiung City	Others
Estimate total sales price	9,391,820	122,550,002 (Note)	2,782,072
Rate of return	17%	20%~22%	12%~18%
Capital interest rate	1.850%	4.150%~4.990%	0.92%~3.03%
Evaluation office	CCIS Real Estate Joint Appraisers Firm	Colliers International Taiwan	Hon Bun Real Estate Appraisers Firm and Colliers International Taiwan,
Appraiser name	Chih-Hao, Wu	Shiou-Ying, Jan and Jian-Hui, Gu	Jian-Hui, Gu, Shiou-Ying, Jan and Ching-Tang, Lia
Evaluation date	December 31, 2021	December 31, 2021	December 31, 2021
Outsourcing fair value	$ 5,043,136	29,516,000	1,377,615

December 31, 2020

Subject	Annan Dist., Tainan City	Qianzhen Dist., Kaohsiung City	Others
Estimate total sales price	7,968,120	110,949,840 (Note)	2,614,812
Rate of return	23%	19%~22%	12%~20%
Capital interest rate	1.770%	3.650%~5.8547%	0.92%~3.05%
Evaluation office	CCIS Real Estate Joint Appraisers Firm	CCIS Real Estate Joint Appraisers Firm, Colliers International Taiwan	Hon Bun Real Estate Appraisers Firm and Colliers International Taiwan,
Appraiser name	Huo-ming, Huang	Shiou-ying, Jan and Jian-hui, Gu	Yu-xian, Houng, Jian-hui, Gu, Shiou-ying, Jan, and Ching-tang, Li
Evaluation date	December 31, 2020	December 31, 2020	December 31, 2020
Outsourcing fair value	$ 4,995,991	28,519,000	1,350,116

Note: some of the estimated market value, as a whole, is determined based on the basic unit.

The Company’ s plan for the development land includes determining the scope of land development, estimating the duration of development, surveying and analyzing costs, obtaining current market prices, conducting on site surveys, and investigating and analyzing the degree of development in the local environment. There was no significant fluctuation revealed by the assessment of macroeconomic factors, i.e., market indexes, population, employment rate, market prices and rates, market equilibrium, and other relevant market factors; hence, these data were used for estimating the total selling price after development or construction, and this expected selling price was used to derive the price before development and construction.

Investment property included several rentals of real property to others. Each lease contract all includes the original non-cancellable lease and the subsequent lease is negotiated with the lessee without collection of contingent rental. Please refer to note 6(q) for the relevant information including rent revenue and the direct operating expenses incurred.

(Continued)

As of December 31, 2021 and 2020, the Company provided as collateral portion of its investment property. Please refer to note 8 for details of the related assets pledged as collateral.

In the era of pre-Taiwan Alkali Industrial Corporation (TAIC), TAIC had leased the lands located in Tainan and Chiayi area to the local peasants and fishermen, and the surviving tenants shall continue paying the rent to the Company according to the agreements. In the event of the resumption of self-business use or the sale of the lands, the leases shall be terminated under the contractual agreements and Land Laws. If there is any redemption in some cases, the Company will recognize and evaluate the possible expenses and costs case by case.

AnShun Land Located in Tainan City Annan District:

(i) History

1) The land where the AnShun Alkali plants located was originally established by Japanese company Kanegafuchi Soda in 1938 under Japanese Colonial Rule.

2) The Government undertook construction after the Retrocession of Taiwan, and established a state-owned company, TAIC and operated at the AnShun Site. In 1961, the competent authorities in charge of the relevant state-owned enterprises approved the investment plan and budget for producing Pentachlorophenol and sodium pentachlorophenol products used in herbicides and wood preservative fungicides.

3) Due to operational factors, the plant was ordered to be closed by Executive Yuan Department of Economic Affairs (MOEA) in early 1982.

4) In April 1983, MOEA ordered China Petrochemical Development Corp., the state-owned Company, the subsidiary of Chinese Petroleum Corporation (CPC) at the time, to merge with TAIC. The Company took charge of Anshun land of TAIC.

5) Since the said merger, the Company takeover the Anshun land, the Company has never had any act of production, operations, development, use or pollution at the site. According to subsequent investigation and research, parts of the area had detected dioxin and mercury contamination in soil. The land was designated by the Tainan City Government (TCG) and the Environmental Protection Department of the Executive Yuan (EPA) as a "Soil Pollution Control Site" and "Soil pollution remediation site" in April 2002 and March 2004, respectively, per the Soil and Groundwater Pollution Remediation Act (hereinafter referred to as the "SGPR Act").

6) TCG and other government authorities cited Article 75 of Taiwan's Company Law that since the Company merged with TAIC, and was regarded as the surviving company, the Company should take all responsibilities for the rights and obligations of TAIC, along with the treatment projects and remediation plan. As the Company never used the land after being ordered to take charge by MOEA, the Company thus objected and carried out the following administrative and judicial remedies to identify the government conception of the "Polluters" and the condition of pollution:

   a) The Company filed a plea of State Compensation claim to MOEA, but was refused.

(Continued)

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b) In January 2006, the Company filed a complaint against MOEA in the Taiwan Taipei District Court in the amount of $10,077 thousand for reimbursement compensation.

c) The complaint was dismissed by the Supreme Court in February, 2008. Upon the application of Constitution Interpretation by the Company, J.Y. No.714 Interpretation of the Grand Justice was issued in November, 2013, and considered that SGPR Act does not violate the principle of prohibition against retroactive law, or the principle of proportionality the retroactive rule; however, the holding did not mention whether the successor of the Polluter entity should be responsible for the treatment projects and remediation plan under SGPR Act was not within the scope of the regulation.

d) The Company has filed series of complaint on those issues according to this Constitutional Interpretation.

7) TCG issued the letter No. 09722000130 and No. 09722003360 in January and February 2008 respectively, and requested the Company to propose a remediation plan for the soil and groundwater pollution of the Anshun plant in accordance with the SGPR Act.

a) The Company proposed the “Tainan City, CPDC former TAIC Anshun site and 2nd class number nine road on the eastern side of the grass area of the site, soil pollution remediation pollution remediation plan” per the regulation at the end of June 2008 and the plan was submitted to TCG for review and formally approved in May 2009. In 2012, the remediation plan was put forward and approved on July 2, 2012. The 1st instance was completed in September 2014 and entered the second phase of the remediation, which will last 10 years. A second revision of the remediation plan was proposed and submitted to TCG for review, and the approval letter issued by TCG informed of the approval of the 2nd remediation plan, which shall be publicly displayed per regulations. Currently, the Tainan City Environmental Protection Bureau reviewed and adopted the plan on April 14, 2015 and the assessment was announced by TCG on May 4, 2015. According to the remediation technology and the actual implementation of the subsequence adjustment, the 3rd remediation change plan was proposed on March 2, 2017, which remediation plan was focus on the remediation plan of 2nd phase and brought in the unfinished items in the 2nd change plan. Currently, the 3rd plan was reviewed and adopted on Janurary 3, 2018.

b) The Company had estimated the remediation expense according to the remediation plan. Please refer to note 6(p) for relevant remediation expenses and provisions.

(ii) Extension legislation:

1) Remediation prepay

a) TCG on February 27, 2008 with the letter No. 09722004430 asked the Company to pay each expense: $88,786 thousand, coming from investigation assessments and strain necessary measures, which was prepaid by TCG and EPA on behalf of land polluters, within deadline. The expense would double and transfer to court for enforcement if overdue. This expense was adjusted to list in 2007 per Financial Accounting Standards and the Company prepaid on behalf of land relations based on the laws and regulations in July 2008. The Company objected to the prepaid expense and land polluter. Hence, the administrative remedy was proposed in July 2008, with Kaohsiung High Administrative Court (KHAC) sentencing the Company to pay the expense $88,430 thousand in January 2008. The Company appealed in March 2008 and Supreme Administrative Court sent the case back to KHAC for further trial. KHAC sentenced the original punishment and the petition decision beyond $76,066 thousand was withdrawn. In December 2013, both parties proposed the appeal for the unfavorable parts and Supreme Administrative Court sentenced the amount beyond $203 thousand and lawsuit expenses are all abandoned in April 2015 and sent back to KHAC for continued trial. The determined withdrawn amount $356 thousand had all been returned back to the account by TCG. KHAC rejected the appeal of the Company on December 2016. The Company proposed the appeal remedy for the unsatisfied sentenced contents on January 2017. Supreme Administrative Court sentenced on January 2018 that the expenses $1,135 thousand did not need to be undertaken by the Company.

b) TCG on May 22, 2009 with the letter No. 09822013680 asked the Company pay the expenses $17,962 thousand, which resulted from the relevant working plan of Anshun Land Site soil pollution remediation and was prepaid by TCG on behalf of the Company, and TCG in December 2009 with the letter No. 09822035440 asked the Company to pay the above fees prior to January 31, 2010. The Company estimated such expense at the end of 2009 and proposed the administrative remedy in January 2010 and prepaid the above fees within the deadline inquired by TCG based on the law regulations. The petition was rejected in March 2011, and therefore, the administrative lawsuit was proposed according to the law. KHAC sentenced that the amount beyond $17,867 thousand was withdrawn. After the appeal, Supreme Administrative Court sentenced to return back to KHAC for further trial in September 2013. KHAC sentenced the amount beyond $7,068 thousand was withdrawn on October 7, 2015 and this case had been appealed for the remedy. The determined withdrawn amount $95 thousand had been returned back to the account by TCG. The verdict from Supreme Administrative Court had been received on February 18, 2017, the fact was again returned back to KHAC for the trial. In July 2018, KHAC considered that the payment amount which is exceeding $8,121 thousand shall be revoked. Both parties are dissatisfied and file an appeal. In January 2020, Supreme Administrative Court annulled the original judgment, remanding the case back to KHAC. On November 24, 2020, The court’s judgement is announced that the payment amount which exceeds $7,622 thousand shall be revoked. For the Company’ s best interests and reasonable pollution remediation fee, the Company filed an appeal on December 18, 2020. The case is still under trial now.

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c) TCG, in February 2014, passed that the Company was the polluters per judgment No. 1953 which was pass down in 2007 and asked the Company to pay the 2011 advanced payment of supervision and management on behalf of Anshun factory, in the amount of $27,444 thousand. The Company paid the fee in advance as previous mention within the requested deadline by TCG based on the law regulations and filed the petition for remedy in March 2014, which was rejected by the petition authorities. The Company was not satisfied with the result and filed the administrative legal appeal in September of same year. The KHAC sentenced the Company to pay $154 thousand. However, TCG was not satisfied with the verdict and filed the appeal for remedy, the Company also filed an appeal based on the Company' s claims to Supreme Administrative High Court. The Supreme Administrative High Court reversed the original verdict in February 2018, and currently the case is under hearing by the KHAC. On December 19, 2019, a fine of $5,301 thousand was imposed by the court; in pursuit of the best interest of the Company, an appeal was filed with Supreme Administrative Court on January 16, 2020. The Supreme Administrative Court made the final ruling, which was binding, that the Company should only pay the amount of $538 thousand on October 28, 2021. However, the Company received the complaint for a rehearing action from the Tainan City Government on December 23, 2021. The Company has responded accordingly regarding the case, which was still in progress as of the reporting date.

d) TCG, in May 2016, issued the letter No. 10504498726, requesting the Company pay a fee for the "supervision management and audit work plan of 2013 CPDC (TAIC) Anshun plant site remediation" and requesting the Company pay the fee of $63,271 thousand prior to July 20, 2016, per paragraph 4 of article 14, article 15 and paragraph 1 of article 43. The Company paid the fee within the requested deadline by TCG based on applicable regulations. After the rejection of the petition for the remedy in June 2016, the Company filed for administrative litigation in December 2016. The court' s judgement is announced that the payment amount which exceeds $4,845 thousand shall be revoked. in July 2017. In order to maintain the Company' s right and interest, the Company had proposed the appeal to Supreme Administrative Court for remedy of the unfavorable parts in August 2017. In the meanwhile, TCG filed for an appeal too. On October 31, 2018, Supreme Administrative Court dismissed the Company' s appeal, revoked the rest of the verdicts and remanded the case back to Kaohsiung High Administrative. Except for the judgement is final and binding, The Court ruled that the amount exceeding $35,018 thousand was revoked, and the Company shall pay $39,863 thousand. Both parties appealed to Supreme Administrative Court base on their unprofitable part of verdict in October 2019. The Company received the final ruling, which was binding, from the Supreme Administrative Court on January 22, 2022, wherein the portion over $7,276 thousand that TCG ordered the Company to pay need not be included. Instead, the Company should only pay the total amount of $12,121 thousand, including the final and binding portion of the judgment.

e) TCG issued the letter No. 1080412260 in April 2019, requesting the Company to pay before June 30, 2019. TCG claimed to have performed "2016 China Petroleum & Chemical Corporation Anshun Plant Remediation Site Supervision, Management and Checking Work Plan" on behalf of the Company and request the Company to pay $59,624 thousand in accordance with Article 14 (4) and Article 15 of the SGPR Act. Based on the laws and regulations, the Company paid the aforementioned fees first within the time limit set by TCG and filed an administrative appeal in May of the same year. TCG dismissed the Company’ s petition on August 28, 2020. The Company initiate an action to KHAC for the administrative remedy on October 28, 2020 and this case is still under trial now.

f) TCG issued the letter No. 1090092471 on August 31, 2020, requesting the Company to pay before October 20, 2020. TCG claimed to have performed “2018 China Petroleum & Chemical Corporation Anshun Plant Remediation Site Supervision, Management and Checking Work Plan” on behalf of the Company, and requested the Company to pay $32,718 thousand in accordance with Article 14 (4) and Article 15 and Article 43 (1) of the SGPR Act. Based on the laws and regulations, the Company paid the aforementioned fees first within the time limit set by TCG, and filed an administrative appeal in September of the same year. TCG dismissed the Company’s petition on December 25, 2020. On February 26, 2021, the Company filed an appeal to KHAC, who made the final ruling, which was binding, on December 29, 2021, stating that the Company should only pay the amount of $493 thousand. As a favor to TCG, the Company decided not to file an appeal against the final ruling.

2) TCG claimed that the Company did not implement per the remediation process.

a) TCG, in June 2017, with the letter No. 1060630217 attached with sanction letter No. 106060012 determined the 3rd remediation change plan not proposed and took it as reason and imposed a penalty of $1,000 thousand. After the verification, there is no ‘take it as’ term in SGPR Act and Implementation rules, which violated the principle of administration. The petition remedy had been proposed in July 2017 and the rejection of petition was received in October of the same year. The Company proposed to KHAC for the administrative remedy in December of the same year. Later, an against judgment is rendered against the Company. The Company filed an appeal to the Supreme Court. On July 7, 2020, the Supreme Court reversed and remended the original judgement and remand the case to the KHAC. On December 28, 2020, KHAC give the judgement against the Company. Considering litigation risks and costs, and to lighten the relations between the Company and TCG arising from a number of litigations, the Company had decided not to file an appeal. The final judgement was made on January 19, 2021.

b) TCG issued the punishment notification No. 108040003 in April 2019 as a result of the concentration of the dioxin in the exhaust pipe test results not being lower than the standard set by the third change plan (less than 0.1ng TEQ/Nm3) and would result in a fine of $200 thousand. An administrative appeal was filed in May 2019 in accordance with the laws, and EPA dismissed in July of the same year. The Company filed an administrative lawsuit in September of the same year. The Tainan District Court ruled against the Company on May 21, 2021. Considering litigation risks, cost effectiveness, and the will of reconciliation, the Company decided not to file an appeal.

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3) Others

a) The Company still has the objection on the adscription of pollution responsibility for AnShun land located in Tainan City Annan District and would continue to strive for the possible administrative and law remedy actively.

In view of the jurisdiction explanation No.714, which indicated whether the general successors of polluters bear the burden of remediation responsibilities, was not in the scope of the Soil and Groundwater Pollution Remediation Act. Also, considering the previous TAIC was a state-owned enterprise, and the Anshun plant was controlled, supervised, and assigned operations and gained beneficially by MOEA, Taiwan Provincial Government and CPC, such actions should be part of national behavior, yet, the resulting pollution and remediation was asked to be borne by the private legal person. The Company applied to TCG to determine the beginning of the actual pollution or potential perpetrators, and who should pay the relevant costs and penalties. The rejection was made by TCG in November 2014. The Company filed a legal petition in December 2014 and the original disposal authorities revoked the original punishment in March 2014, hence, EPA made the decision not to proceed with the case. The original disposal authorities revoked the previous punishment but simultaneously imposed a new one, the Company also filed a petition to the new punishment. The Company’s petition was decided not to proceed in August 2015 and the Company filed an administrative legal appeal instead, due to multiple errors. Through the rejection of the Company’s request by KHAC, the Company proposed the appeal for remedy in November 2017. Supreme Administrative Court dismissed the Company’s appeal. The company file a petition for constitutional interpretation, but it was dismissed by Grand Justices of the Constitutional Court.

The cumulative fee of invested and estimated control & management cost and remediation fee were $5,552,840 thousand until December 31, 2021. The preceding remediation fee was estimated according to the current possible situations by the Company. However, unpredictable future events may cause large fluctuations in the total expected remediation fees. This will be closely monitored and evaluated by management.

b) Anshun dormitory designated monuments case

Original Kagakude Negai O Ka Corporation’ s dormitories of Tainan plant belonging to the Company was designated by the TCG, under the letter No. 1031053448A issued on November 17, 2014, as a municipal historic site. However, the administrative sanction has various areas of dispute, thus the Company was not satisfied with the judgment. Hence, the Company filed a legal petition for remedy in December 2014. The petition decision report from the Ministry of Culture revoked the designated land of the Company as a historical site including 4 area in August 2015. The Company appealed for the administrative remedy of the remaining areas, which was under hearing by the Supreme Court. In July 2020, the Supreme Administration Court reversed the original judgement and remanded the case to the KHAC. And this case is still being heard in the Court.

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Xincun Land of Taiwan Alkali Co., Ltd.:

1) **History**

On the premise that the residents obeyed the agreement, the Company signed an agreement with the local communities that land within Feng Shan District, Kaohsiung City shall be granted free of charge for public use.

2) **Extension legislation**

Business inspector found that the land was occupied by residents that built illegal construction, which violated the agreement. After communicating with the residents' multiple times, the situation still did not improve. To be responsible for asset management and reach the expectation of the Company's shareholders, the Company filed a legal appeal in February 2013 to require to the demolition of the illegal construction and return the land. Kaohsiung District Court rejected the Company's petition. Due to the previous judgment, the Company filed a legal appeal for remedy in September 2014, which was rejected by the Kaohsiung High Court in July 2016. The Company filed the appeal for remedy to Supreme Court in August of same year. In April 2019, the court remand the case to KHAC. On September 22, 2021, KHAC judged the Company partly winning and partly lost. The company filed the appeal for the losing parts to the Supreme Court on October 15, 2021. This case is still being heard in the Court.

Shulin Land of Taiwan Alkali Co., Ltd.:

1) **History:**

a) No. 540, 541 and 543, Dongshan Section, Shulin District, New Taipei City and No. 489, Weiwang Section, Shulin Dist., New Taipei City 238, Taiwan including 4 area of lands originally belonged to Shulin plant of TAIC. TAIC established the plant in 1962 and closed the plant in 1975. MOEA in April 1983 ordered the government owned Company which at the time was also a subsidiary of CPC to merge with TAIC.

b) Then the plant was subsequently sold to CPC. The New Taipei City Government Environmental Protection Bureau, on August 16, 2010, announced the land as "soil pollution control site".

c) The New Taipei City Government Environmental Protection Bureau issued the letter No. 1000010000 in March 2011 declaring that the Company merging with TAIC was regarded as the surviving company and shall take the responsibility for the rights and obligations of TAIC for soil pollution remediation according to article 75 of Company Act and was deemed as the polluter and required to propose subsequent disposal and remediation.

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Since the change of predetermined place of CPC’ s warehouse, the relocation schedule had to be extended to November 15, 2017, resulting in the remediation work schedule to be postponed as well, which led to the postponement of the initial phase of the soil pollution control plan of a partial site of Shulin Land of former the TAIC in April 2017. The New Taipei City Government sent a letter of approval for future reference on May 18, 2017. Thereafter, CPC complied with the government policy regarding the expansion project of Kuo Kuang power Co., Ltd., in which the relocation site had been changed, with the relocation process being extended to December 31, 2021, resulting in the remediation work schedule to also be postponed. Therefore, the 2nd phase of the soil pollution control plan of a partial site of Shulin Land of the former TAIC was proposed in August 2019, and the New Taipei City Government sent a letter of approval for future reference on August 16, 2019. Subsequently, CPC had to remove and relocate its automatic storage equipment, resulting in the relocation process to be extended to December 31, 2023, and the remediation work schedule to be postponed. Due to the above matter, the 3rd phase of the soil pollution control plan of a partial site of Shulin Land of the former TAIC was proposed in November 2021, and the New Taipei City Government sent a letter of approval for future reference on November 9, 2021. The Company is now performing this project according to the soil pollution control plan.

The relevant remediation expense $273,750 thousand was estimated and listed in 2011 according to Financial accounting standards related regulations. However, it will be assessed to adjust for changes due to internal and external factors in future, which may result in significant differences on the entire remediation expense.

(k) Short-term loans

The short-term loans were summarized as follows:

	December 31, 2021	December 31, 2020
Letters of credit	$ 377,000	1,175,000
Unsecured bank loans	500,000	1,300,000
Secured bank loans	-	1,140,000
Export bills loans	219,360	-
Total	**$ 1,096,360**	**3,615,000**
Total short-term credit lines	**$ 8,788,297**	**6,400,000**
Unused short-term credit lines	**$ 5,162,618**	**1,171,378**
Range of interest rates	**0.669%~1.45%**	**1.2799%~1.3857%**

Please refer to note 8 for details of the related assets pledged as collateral.

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(l) Long-term loans

The long-term loans were summarized as follows:

	December 31, 2021	December 31, 2020
Secured bank loans	$ 12,108,900	5,570,000
Less: current portion	(300,000)	(1,160,000)
Total	**$ 11,808,900**	**4,410,000**
Total long-term credit lines	**$ 20,450,000**	**12,631,000**
Unused long-term credit lines	**$ 7,651,000**	**5,321,000**
Range of interest rates	**1.3%~1.95%**	**1.3%~1.9556%**

Secured bank loans from Mega International Commercial Bank

On February 2, 2016, the Company signed a syndicated loan agreement for 5 years with Mega International Commercial Bank, the lead bank of the syndicated loan, and 7 other banks in order to raise funds to build the plant and accessory equipment and meet funding requirement. The aggregate amount of credit line of the syndicated loan was $4,470,000 thousand.

(i) Syndicated loan A: The credit line is $3,000,000 thousand consisting of medium-term secured loans and non-revolving credit facility, which were used to finance the building of the plant and purchase of accessory equipment.

(ii) Syndicated loan B: The credit line is $1,470,000 thousand consisting of medium-term loans and revolving credit facility, which were used to meet funding requirement.

(iii) The financial covenants under the loan agreement include the requirement to maintain certain financial ratios based on the reviewed semi-annual consolidated financial report and audited annual consolidated financial reports. If the Company breaches these financial covenants, the syndicated banks may declare the unpaid principal, interest, fees and other sums payable by the Company under the loan agreement to be immediately due and payable. These financial ratios are as follows:

1) Current ratio (total current assets divided by total current liabilities): not lower than 100%.

2) Leverage ratio (total liabilities plus contingent liabilities to tangible net worth): not higher than 150%.

3) Times interest earned (income before tax plus depreciation expense plus amortization expense divided by interest expenses): not lower than 2 times.

(iv) In the event that there is a financial ratio violation in any of the fiscal years, the period from the announcement of the consolidated financial report that does not comply with the financial commitments to the announcement date of the next consolidated financial report shall be the improvement period. If the borrower resolves the violation during the improvement period, it is not considered a breach of financial commitment. However, the borrower shall, from the date of the announcement of the consolidated financial report that does not comply with the financial commitment, to the date of interest payable after the expiration of the improvement period, the credit balance of credit cases, in accordance with Article 7 (3) of this contract, the applicable interest rate plus the annual interest rate of 0.05% is charged to interest. If the improvement is not completed within the time limit, from the expiration date of the improvement period, the next interest payable date after the date on which the borrower has filed a consolidated financial report meeting the financial commitments, for the credit balance of this credit, the interest rate shall be calculated based on the contract interest rate plus the annual interest rate of 0.05%, and may be handled in accordance with the breach of contract.

(v) The term of the repayment of the category A credit is stipulated as: The first period will be paid off from the date of the first use of the credit application to the expiration of three years. After that, it will be a period of six months for once. Settlement of the liability divided into five phases. The first period to the fourth period, each period shall be settled separately for 12.5% of the outstanding principal balance of the expiration date of the credit period, and the fifth period shall be settled for 50% of the outstanding principal balance of the expiration date of the credit period.

(vi) The term of payment of the category B credit is stipulated as: Every period of loan must be not over 180 days. The borrower shall fully repay on the due date as set out in each application for use.

Secured bank loans from Shin Kong Commercial Bank

On March 9, 2020, the Company signed a syndicated loan agreement for 3 years, plus a 2-year extension option, with Shin Kong Commercial Bank, the lead bank of the syndicated loan, and 7 other banks in order to meet the funding requirements. The aggregate amount of credit line of the syndicated loan was $3,900,000 thousand.

(i) Syndicated loan A: The credit line is $2,815,000 thousand consisting of medium-term secured loans and revolving credit facility, which was used to meet the funding requirements. The loan period lasts 3 years upon first disbursement. With the premise that the Company does not violate any restrictions, the loan period may be extended upon expiration for 2 years, and limited to once, through written application.

(ii) Syndicated loan B: The credit line is $1,085,000 thousand consisting of commercial promissory note agreements and revolving credit facility, which was used to meet the funding requirements. The loan period lasts 1 year upon first disbursement. With the premise that the Company does not violate any restrictions, the loan period may be extended 12 months before expiration, and limited to twice, through written application.

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(iii) 24 months after the first disbursement and every 6 months ever since, the credit line of the syndicated loan is diminished by 10% of the total credit line, applicable to the extension period. In advance of each credit line diminished date, for loan A, the Company shall settle any exceeding principal, interests, and other relating liabilities, free of prepayment terms included in the contract. For loan B, the Company shall make deposit to the designated account to make up for the amount of note principal exceeding the credit line, free of prepayment terms included in the contract. The Company may withdraw the deposit after the aforementioned note is settled.

(iv) The financial covenants under the loan agreement include the requirement to maintain certain financial ratios based on the reviewed semi-annual consolidated financial statements and audited annual consolidated financial statements. These financial ratios are as follows:

1) Current ratio (total current assets divided by total current liabilities): not lower than 100%.

2) Leverage ratio (total liabilities plus contingent liabilities to tangible net worth): not higher than 100%.

3) Times interest earned (income before tax plus depreciation expense plus amortization expense divided by interest expenses): not lower than 2 times.

4) Tangible net worth (total equity excluding intangible assets): not lower than $60,000,000 thousand.

(v) In the event that there is a financial ratio violation in any of the fiscal years, the period from the announcement of the consolidated financial statements that does not comply with the financial commitments to the announcement date of the next consolidated financial statements shall be the improvement period. If the borrower resolves the violation during the improvement period, it is not considered a breach of financial commitment. However, the borrower shall, from the date of the announcement of the consolidated financial statements that does not comply with the financial commitment, to the date of interest payable after the expiration of the improvement period, the credit balance of credit cases, in accordance with Article 8 of this contract, the applicable interest rate plus the annual interest rate of 0.05% is charged to interest, plus guarantee fee. If the improvement is not completed within the time limit, from the expiration date of the improvement period, the next interest payable date after the date on which the borrower has filed a consolidated financial statements meeting the financial commitments, for the credit balance of this credit, the interest rate shall be calculated based on the contract interest rate plus the annual interest rate of 0.05%, and may be handled in accordance with the breach of contract.

(vi) The term of the repayment of the category A credit is stipulated as: the repayment shall be completed on the expiration date stated in the application form for each disbursement.

(vii) The term of the repayment of the category B credit is stipulated as: The repayment shall be completed on the due date stated on the note.

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Secured bank loans from CTBC Bank

On July 13, 2020, the Company signed a medium-term loan agreement for 3 years with CTBC Bank in order to meet the funding requirements. The aggregate amount of credit line of the loan was \$2,000,000 thousand.

(i) The financial covenants under the loan agreement include the requirement to maintain the following financial ratios based on the reviewed semi-annual consolidated financial statements and audited annual consolidated financial statements. In the event of any violation, the CTBC Bank is entitled to reduce credit line, shorten the loan period, and have all principals and interests repaid immediately.

   1) Current ratio (total current assets divided by total current liabilities): not lower than 120%

   2) Leverage ratio (total liabilities plus contingent liabilities to tangible net worth): not higher than 100%.

   3) Times interest earned (income before tax plus depreciation expense plus amortization expense divided by interest expenses): not lower than 2 times.

   4) Tangible net worth (total equity excluding intangible assets): not lower than \$67,000,000 thousand.

(ii) According to the loan agreement, 15%, 15% and 70% of the principal will be paid on the 24th, 30th and 36th month, respectively, after the first active date.

Secured bank loans from Taiwan Life Insurance Co., Ltd.

On April 29, 2021, the Company signed a medium-term loan agreement for 58 months with Taiwan Life Insurance Co., Ltd. in order to meet the funding requirements. The Company and Ding-Yue Development Co., Ltd. share a credit line of \$4,100,000 thousand, while Ding-Yue Development Co., Ltd. has the upper limit of 1,000,000 thousand.

On October 21, 2021, Ding Yue signed a 4-year syndicated loan agreement with 9 financial institutions, with Shin Kong Commercial Bank as the lead bank. The syndicated loan agreement included a credit line of NT\$1,200,000 thousand from Taiwan Life Insurance Co., Ltd. On October 7, 2021, Taiwan Life Insurance Co., Ltd. issued a notice of change in its credit limit. The notice stipulated that the total amount of Ding-Yue's syndicated loan agreement and the interim guarantee credit contract mentioned in the preceding paragraph will be a maximum amount of NT\$4,100,000 thousand. Therefore, starting from October 21, 2021, the total credit limit for the medium-term guarantee contract mentioned in the preceding paragraph was reduced to NT\$2,900,000 thousand.

Secured bank loans from Farglory Life Insurance Inc.

On September 30, 2021, the Company signed a medium-term loan agreement for 5 years with Farglory Life Insurance Inc. in order to meet the funding requirements. The aggregate amount of credit line of the loan was \$2,000,000 thousand.

Please refer to note 8 for details of the related assets pledged as collateral.

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(m) Bonds payable

(i) The details of bonds payable were as follows:

	December 31, 2021	December 31, 2020
Secured non-convertible bonds	$ 3,500,000	3,500,000
Less: current portion	-	-
Balance of bonds payable	**$ 3,500,000**	**3,500,000**
Maturity year	**114**	**114**

(ii) The Company issued domestic secured non-convertible bonds at the amount of $3,500,000 thousand in 2020, the terms were as follows:

	The first domestic secured non-convertible bond in 2020		
	Bond A	**Bond B**	**Bond C**
Issue amount	$ 1,500,000	1,000,000	1,000,000
Issue date	2020.9.21	2020.9.21	2020.9.21
Issue period	5 years	5 years	5 years
Coupon rate	0.64 %	0.64 %	0.64 %
Interest payment date	September 21	September 21	September 21
Repayment and interest payment	Repayment on maturity, interest payment annually	Repayment on maturity, interest payment annually	Repayment on maturity, interest payment annually
Guarantee	Bank guarantee (Mega International Commercial Bank)	Bank guarantee (Bank of Taiwan)	Bank guarantee (Land Bank of Taiwan)

Please refer to note 8 for details of the related assets pledged as collateral.

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(n) Long-term bills payable

The components of long-term bills payable were as follows:

	December 31, 2021		
	Acceptance institution	**Period**	**Amount**
Bills payable	International Bills Finance Corporation	2021.12.16~2022.02.14	$ 350,000
Bills payable	Taching Bills Finance Corporation	2021.12.13~2022.03.11	160,000
Bills payable	China Bills Finance Corporation	2021.11.09~2022.01.07	400,000
Bills payable	China Bills Finance Corporation	2021.11.22~2022.01.21	270,000
Bills payable	China Bills Finance Corporation	2021.12.21~2022.03.17	660,000
Bills payable	China Bills Finance Corporation	2021.12.01~2022.03.01	230,000
Bills payable	China Bills Finance Corporation	2021.12.01~2022.03.01	160,000
Bills payable	Mega Bills Finance Corporation	2021.12.10~2022.02.17	600,000
Bills payable	Mega Bills Finance Corporation	2021.11.18~2022.02.16	870,000
Bills payable	Mega Bills Finance Corporation	2021.11.25~2022.02.23	500,000
Bills payable	Mega Bills Finance Corporation	2021.12.14~2022.02.24	630,000
Bills payable	Mega Bills Finance Corporation	2021.11.26~2022.02.23	230,000
Bills payable	Mega Bills Finance Corporation	2021.12.16~2022.03.16	200,000
			5,260,000
Less: Discount on long-term bills payable			(5,482)
Total			$ **5,254,518**

(Continued)

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	December 31, 2020		
	Acceptance institution	**Period**	**Amount**
Bills payable	International Bills Finance Corporation	2020.12.07~2021.02.22	$ 200,000
Bills payable	International Bills Finance Corporation	2020.12.31~2021.01.05	150,000
Bills payable	Taching Bills Finance Corporation	2020.11.12~2021.01.07	300,000
Bills payable	Taching Bills Finance Corporation	2020.10.12~2021.01.07	100,000
Bills payable	China Bills Finance Corporation	2020.11.09~2021.01.27	800,000
Bills payable	China Bills Finance Corporation	2020.12.22~2021.03.22	500,000
Bills payable	China Bills Finance Corporation	2020.10.12~2021.01.08	500,000
Bills payable	China Bills Finance Corporation	2020.12.11~2021.03.11	720,000
Bills payable	China Bills Finance Corporation	2020.11.10~2021.01.27	30,000
Bills payable	Mega Bills Finance Corporation	2020.10.30~2021.01.26	550,000
Bills payable	Mega Bills Finance Corporation	2020.12.25~2021.02.25	670,000
Bills payable	Mega Bills Finance Corporation	2020.11.17~2021.01.18	200,000
Bills payable	Mega Bills Finance Corporation	2020.11.06~2021.01.18	80,000
Bills payable	Mega Bills Finance Corporation	2020.11.20~2021.01.18	140,000
Bills payable	Mega Bills Finance Corporation	2020.11.25~2021.01.18	270,000
Bills payable	Mega Bills Finance Corporation	2020.11.30~2021.01.26	85,000
Bills payable	Mega Bills Finance Corporation	2020.11.30~2021.01.26	15,000
Bills payable	Mega Bills Finance Corporation	2020.12.04~2021.01.26	150,000
Bills payable	Mega Bills Finance Corporation	2020.12.07~2021.02.25	200,000
			5,660,000
Less: Discount on long-term bills payable			(3,888)
Total			$ 5,656,112

The Company had revolving commercial promissory note agreements with bills finance companies in order to finance its operating requirement. As of December 31, 2021 and 2020, the bills payable bear interest rates ranging from 0.3%~0.97% and 0.28%~1.262%, respectively.

Please refer to note 8 for details of the related assets pledged as collateral.

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(o) Lease liabilities

The lease liabilities of the Company were as follows:

	December 31, 2021	December 31, 2020
Current	$ 44,167	32,583
Non-Current	$ 108,032	112,919

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

The amounts recognized in profit or loss were as follows:

	For the years ended December 31, 2021	2020
Interest on lease liabilities	$ 2,983	2,036
Expense relating to short-term leases	$ 32,362	29,424

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

	For the years ended December 31, 2021	2020
Total cash outflow for leases	$ 83,007	80,273

(p) Provisions

	Decommissioning	Remediation project	Employee benefits	Total
Balance as of January 1, 2021	$ 1,196,440	514,613	275,268	1,986,321
Provisions made during the year	-	1,664,899	96,647	1,761,546
Provisions used during the year	-	(82,034)	(56,183)	(138,217)
Balance as of December 31, 2021	$ 1,196,440	2,097,478	315,732	3,609,650
Current	$ -	473,093	4,984	478,077
Non-current	1,196,440	1,624,385	310,748	3,131,573
	$ 1,196,440	2,097,478	315,732	3,609,650
Balance as of January 1, 2020	$ 1,196,440	603,972	256,161	2,056,573
Provisions made during the year	-	249,750	50,429	300,179
Provisions used during the year	-	(339,109)	(31,322)	(370,431)
Balance as of December 31, 2020	$ 1,196,440	514,613	275,268	1,986,321
Current	$ -	276,650	4,984	281,634
Non-current	1,196,440	237,963	270,284	1,704,687
	$ 1,196,440	514,613	275,268	1,986,321

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(i) To comply with the order of TCG, the Company submitted a remediation plan proposal and accrued relevant remediation plan for approval before June 30, 2008 and evaluated the relating remediation expense of $1,647,200 thousand. In May 2009 and on July 2, 2012, the Company was granted official approval of its remediation proposal and amended remediation proposal, respectively. In September 2014, the Company completed the first phase of the implementation of its plan. It is expected to launch the second phase of the implementation of its remediation plan during the next. The Company has submitted the second phase of its amended remediation plan to TCG for approval. On December 24, 2014, TCG notified the Company of its approval and now is under public tender review. The aforementioned remediation costs of the Company were recognized in the total amount of $1,600,000 thousand for the first stage before September 2014. With the launch of the second remediation stage, the Company estimated the cost based on the situation on December 2014 at $1,356,000 thousand. Currently, the Tainan City Environmental Protection Bureau reviewed and adopted the plan on April 14, 2015 and the assessment was announced by TCG on May 4, 2015. According to the remediation technology and the actual implementation of the subsequence adjustment, the 3rd remediation change plan was proposed on March 2, 2017, which was reviewed and adopted on January 3, 2018. In order to accelerate the remediation work and enhance the processing capacity, the Company set up a budget plan in accordance with the above-mentioned relevant remediation plan.

(ii) 1) The Company's four parcels of land at Dongshan section, Shulin district, New Taipei City were the original location of TAIC's Shulin plants, but then sold to CPC. On August 16, 2010, the Environmental Protection Department of New Taipei City Government has declared that such land as "Soil Pollution Control Site". In March 2011, the Environmental Protection Department of New Taipei City Government issued letter No. 1000010000. In that letter, the Company was deemed to be the surviving entity, which assumed the rights and obligations of TAIC following its merger with TAIC and TAIC ceased to exist. As the surviving entity from this merger, the Company was therefore declared as the polluter and was required to submit a remedial plan.

2) Since the change of predetermined place of CPC's warehouse, the relocation schedule had to be extended to November 15, 2017, resulting in the remediation work schedule to be postponed as well, which led to the postponement of the initial phase of the soil pollution control plan of a partial site of Shulin Land of former the TAIC in April 2017. The New Taipei City Government sent a letter of approval for future reference on May 18, 2017. Thereafter, CPC complied with the government policy regarding the expansion project of Kuo Kuang power Co., Ltd., in which the relocation site had been changed, with the relocation process being extended to December 31, 2021, resulting in the remediation work schedule to also be postponed. Therefore, the 2nd phase of the soil pollution control plan of a partial site of Shulin Land of the former TAIC was proposed in August 2019, and the New Taipei City Government sent a letter of approval for future reference on August 16, 2019. Subsequently, CPC had to remove and relocate its automatic storage equipment, resulting in the relocation process to be extended to December 31, 2023, and the remediation work schedule to be postponed. Due to the above matter, the 3rd phase of the soil pollution control plan of a partial site of Shulin Land of the former TAIC was proposed in November 2021, and the New Taipei City Government sent a letter of approval for future reference on November 9, 2021. The Company is now performing this project according to the soil pollution control plan. However, it will be assessed to adjust for changes due to internal and external factors in future, which may result in significant differences on the entire remediation expenses.

(Continued)

(q) Operating lease

The Company leases its property, plant and equipment under operating leases. The future minimum lease receivable under these non-cancellable operating leases were as follows:

	December 31, 2021	December 31, 2020
Less than one year	$ 52,041	36,840
Between one and five years	52,084	36,840
Over five years	42,222	36,883
Over five years	40,407	27,021
Over five years	40,452	25,206
Over five years	376,771	265,843
	$ 603,977	**428,633**

For the years ended December 31, 2021 and 2020, the income from the rental of property, plant and equipment amounted to $49,197 thousand and $23,521 thousand, respectively.

(r) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value were as follows:

	December 31, 2021	December 31, 2020
Present value of defined benefit obligation	$ 517,688	486,957
Fair value of plan assets	(206,940)	(216,673)
Net defined benefit liabilities	**$ 310,748**	**270,284**

The provision consists of net defined benefit liabilities and accrued pension liabilities for professional managements. The accrued pension liabilities for professional managements were both $0 thousand as of December 31, 2021 and 2020.

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

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The Company’ s Bank of Taiwan labor pension reserve account balance amounted to $205,885 thousand as of December 31, 2021. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movement in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for the Company were as follows:

	For the years ended December 31,	
	2021	**2020**
Defined benefit obligation, January 1	$ 486,957	531,181
Current service costs and interest cost (income)	11,790	15,243
Remeasurements loss (gain):		
—Actuarial loss due to experience adjustments	36,791	41,056
—Actuarial loss arising from demographic assumptions	16,993	-
—Actuarial loss (gain) arising from financial assumptions	27,420	(6,255)
Benefits paid	(61,510)	(94,268)
Defined benefit obligations paid	(753)	-
Defined benefit obligation, December 31	**$ 517,688**	**486,957**

3) Movement of defined benefit plan assets

The movement in the present value of the defined benefit plan assets for the Company were as follows:

	For the years ended December 31,	
	2021	**2020**
Fair value of plan assets, January 1	$ 216,673	290,272
Expected return on plan assets	1,292	2,761
Remeasurements loss (gain):		
—Actuarial gain due to experience adjustments	3,183	10,144
Contributions paid by the employer	47,302	7,764
Benefits paid	(61,510)	(94,268)
Fair value of plan assets, December 31	**$ 206,940**	**216,673**

(Continued)

4) Expenses recognized in profit or loss

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

	For the years ended December 31, 2021	2020
Current service cost	$ 8,832	10,119
Net interest of net liabilities for defined benefit obligations	1,666	2,363
	$ 10,498	**12,482**
Operating costs	$ 9,116	10,947
Selling expenses	55	56
Administrative expenses	1,147	1,288
Research and development expenses	180	191
	$ 10,498	**12,482**
Actual return on plan assets	**$ 4,475**	**12,905**

5) Remeasurement of net defined benefit liability (asset) recognized in other comprehensive income

The Company's remeasurement of the net defined benefit liability (asset) recognized in other comprehensive income for the years ended December 31, 2021 and 2020, was as follows:

	For the years ended December 31, 2021	2020
Accumulated balance, January 1	$ (175,763)	(151,106)
Recognized during this year	(78,021)	(24,657)
Accumulated balance, December 31	**$ (253,784)**	**(175,763)**

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	For the years ended December 31, 2021	2020
Discount rate	0.625%	0.625%
Future salary increases rate	1.500%	1.000%

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is $6,960 thousand.

The weighted average lifetime of the defined benefits plans is 13.65 years.

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Impact on the defined benefit obligation	
	Increase by 0.25%	**Decrease by 0.25%**
December 31, 2021		
Discount rate	$ (14,862)	15,447
Future salary increasing rate	15,019	(14,531)
December 31, 2020		
Discount rate	(13,307)	13,843
IFuture salary increasing rate	13,521	(13,068)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The cost of the pension contributions to the Labor Insurance Bureau for the years ended December 31, 2021 and 2020 amounted to $42,153 thousand and $42,238 thousand, respectively.

(iii) The pension recognized consists of pension expenses and pensions for professional management. The pension expenses for professional management were $9,333 thousand and $13,291 thousand for the year ended December 31, 2021 and 2020, respectively.

(iv) Short-term compensated absences liabilities

As of December 31, 2021 and 2020, the Company' s short-term compensated absences liabilities both amounted to $4,984 thousand.

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(s) Income Tax

(i) Income tax expense

The components of income tax expense (benefit) for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31, 2021	2020
Current income tax expense (benefit)		
Current period	$ (283,077)	6,607
Adjustment for prior periods	(6,447)	(72,521)
	(289,524)	(65,914)
Deferred tax expense (benefit)		
Change in land value-added tax	326,216	(523,912)
Change in unrecognized deductible temporary differences	302,226	(6,607)
	628,442	(530,519)
Income tax expense (benefit)	**$ 338,918**	**(596,433)**

For the years ended December 31, 2021 and 2020, income tax expenses recognized under other comprehensive income were both $0 thousand.

Reconciliation of income tax (benefit) and profit before tax for the years ended December 31, 2021 and 2020, were as follows:

	For the years ended December 31, 2021	2020
Profit before income tax	**$ 3,942,126**	**84,556**
Income tax using the Company's domestic tax rate	$ 788,425	16,911
Non-deductible expenses	10,301	8,270
Tax-exempt income	(175,252)	(26,418)
Current-year losses for which no deferred tax asset was recognized	-	138,096
Change in unrecognized temporary differences	302,226	(144,703)
Change in provision in prior periods	(6,447)	(72,521)
Income Basic Tax	19,149	-
Changes of permanent differences	(657,010)	(368,720)
Change in land value-added tax	326,216	(523,912)
Realized investment losses	(267,763)	(61)
Others	(927)	376,625
Income tax expense (benefit)	**$ 338,918**	**(596,433)**

(Continued)

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(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

		December 31, 2021	December 31, 2020
Decommissioning liabilities	$	104,399	93,101
Remediation project		237,893	238,563
Pollution remediation		1,859,585	276,050
Allowance for doubtful receivables		319,484	319,484
Investment property, property, plant and equipment		3,265,327	2,931,694
Pension		173,962	211,520
Tax loss		4,624,121	5,046,899
Others		101,647	57,979
	$	**10,686,418**	**9,175,290**

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

As of December 31, 2021, the expiration years of tax loss unrecognized as deferred tax assets were as follows:

The Company

Year incurred		Amount	Expiry Date
2014	$	53,903	2024
2015		2,132,246	2025
2016		1,870,634	2026
2020		567,338	2030

2) Deferred tax liabilities:

As of December 31, 2021 and 2020, the balance of deferred income tax liabilities for the provision of land value-added tax was $6,763,683 thousand and $6,497,063 thousand, respectively.

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3) Deferred tax assets:

The deferred tax assets for the years ended December 31, 2021 and 2020 were as follows:

		Taxable Loss	Total
December 31, 2021 (equal to January 1)	**$**	**11,009**	**11,009**
December 31, 2020 (equal to January 1)	**$**	**11,009**	**11,009**

(iii) Assessment of tax

The Company's tax returns for the years through 2019 were assessed by the National Taxation Bureau of Kaohsiung.

(t) Capital and other equity

(i) The issuance of common stock

As of December 31, 2021 and 2020, the authorized, issued and outstanding capital of the Company amounted to $37,848,502 thousand and $32,848,502 thousand, respectively, divided into 3,784,850 thousand shares and 3,284,850 thousand shares, respectively, with par value of $10 per share.

Reconciliation of shares outstanding for the years ended December 31, 2021 and 2020 was as follows:

(In thousands of shares)

	Common Stock	
	For the years ended December 31,	
	2021	2020
Balance, January 1	3,284,850	2,834,850
Capital increased by cash	500,000	450,000
Balance, December 31	**3,784,850**	**3,284,850**

A resolution was made during the general meeting of the shareholders held on July 2, 2021 for the issuance of common stock for cash, with a maximum limit of 600,000 thousand shares. Thereafter, the Company issued 500,000 thousand shares, with par value of $10 per share, amounting to $5,000,000 thousand based on a resolution approved during the Board of Director's meeting held on September 29, 2021. The above capital increase had been approved by the Securities and Futures Bureau of Financial Supervisory Commission on November 5, 2021, with issue price $11.75 per share, with the base date set on December 21, 2021. The relevant legal registration procedures had been completed.

In order to invest in the overseas subsidiary for the purpose of plant construction, a resolution was made during the Board of Director' s meeting held on September 23, 2019 for the issuance of common stock in term of Global Depositary Receipts (GDR), with a maximum limit of 500,000 thousand shares, amounting to USD160,317 thousand, which was approved by Rule No. 1080335763 Financial Supervisory Commission on November 20, 2019. The share price was determined and completed on January 6, 2020 and issued on January 10, 2020. The total units of issued GDR was 18,000 thousand units, which represented the right of common stock for 450,000 thousand shares; for every 25 shares of common stock per unit of GDR, the unit price of GDR was USD7.18, which was equivalent to $8.64 per share, resulting to a total issuance price amounting to USD129,240 thousand. The total amount of the issuance, deducting the costs necessary for the issuance, was $3,796,481 thousand. The capital increase base date was January 10, 2020, and the relevant legal registration procedures had been completed.

(ii) Capital Surplus

The balances of capital surplus were as follows:

		December 31, 2021	December 31, 2020
Premium of Common stock	$	1,408,088	1,242,245
Difference arising from subsidiary's share price and its carrying value		26,314	26,314
Recognize changes in ownership interests in subsidiaries		1,758	634
Other		18,141	18,141
Total	$	**1,454,301**	**583,815**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

As specified in Company's Articles of Incorporation, if the Company has earnings, after payment of taxation, it shall offset the losses in previous years, and set aside a legal reserve and special reserve in accordance with relevant laws and regulations or requested by the authorities in charge. With respect to any balance herein together with the undistributed cumulative profits from previous years and from the current year, the Board of Directors shall prepare an earnings distribution proposal and submit to the shareholders' meeting for approval according to the following dividend policy. The Company is in a highly capital-intensive industry, subject to volatility and high levels of competition, where the Company is subject to the influence of the global economy and changes in industrial performance. The Company should take into account the Company's business operations, capital needs and status of the competitive environment, interests of shareholders and the Company's own financial planning

(Continued)

in the allotment of its profits. Under such circumstances, the Company may set aside profits into a special reserve either in whole or in part to assure financial stability and sustainability. The Company may allot dividends in cash or stock. In the case that the allotment is made by way of stock dividend, the ratio for the stock dividend shall not exceed 50% of the total distribution unless the ratio of the Company's total liabilities to total assets is equivalent or above 50% or otherwise prescribed in relevant laws and regulations.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

Considering the future earnings development, capital needs, industrial competition and the interests of shareholders, the Company transferred the profit of $4,194,973 thousand from the disposal of investment of Xinchang Chemical Industry Co., Ltd. in the year of 2011 as a special reserve in the year of 2012, providing reserves for sustainable development and long-term financial planning. The carrying amount of such special reserve both amounted to $4,194,973 thousand as of December 31, 2021 and 2020.

By adopting the exemptions allowed under IFRS 1 First-time Adoption of International Financial Reporting Standards during the Company's first-time adoption of the International Financial Reporting Standards approved by the Financial Supervisory Commission (IFRSs), unrealized asset revaluation gains in shareholders' equity of $5,281,790 thousand was reclassified to retained earnings. The net increase in retained earnings due to the first-time adoption of IFRSs amounted to $4,235,076 thousand. In accordance with Rule issued by the Financial Supervisory Commission, a special reserve is appropriated from the distribution of retained earnings as a result of an increase in retained earnings due to the first-time adoption of IFRSs. When the related assets are used, disposed of, or reclassified, this special reserve is reversed as distributable earnings proportionately. The Company disposed of the relevant assets on August 18, 2021, and the amount reversed in proportion to the original special reserve was $90,638 thousand. The carrying amount of such special reserve amounted to $4,144,438 thousand and $4,235,076 thousand as of December 31, 2021 and 2020, respectively.

The Company changed the subsequent measurement of investment properties from cost model to fair value model. In accordance with Rule issued by the Financial Supervisory Commission, on the first-time adoption of fair value model for the subsequent measurement of investment properties, the Company set aside an equal amount of special reserve when the fair value increment of investment properties is transferred to retained earnings. The Company appropriated to the special reserve an amount of $21,224,233 thousand as of December 31, 2013. The Company disposed of the relevant assets on August 18, 2021, and the amount reversed in proportion to the original special reserve was $964,044 thousand. The carrying amount of such special reserve amounted to $20,260,189 thousand and $21,224,233 thousand as of December 31, 2021 and 2020, respectively.

(Continued)

For every year the Company distributes earnings, a special reserve is appropriated in the following order:

a) Each year, a special reserve is appropriated from current year's net income and prior years' undistributed earnings for the same amount as the net increase in the fair value of investment property using the fair value model. A special reserve is also appropriated for the same amount as the cumulated net increase in the fair value for the year when the undistributed earnings are not distributed. When the investment property is disposed of, this special reserve is reverted proportionately to distributable earnings. The Company disposed of the relevant assets on August 18, 2021, and the amount reversed in proportion to the original special reserve was $366,904 thousand. As of December 31, 2021 and 2020, the Company appropriated to the special reserve an amount of $6,790,476 thousand and $5,947,347 thousand, respectively.

b) A special reserve is appropriated by the parent company for the difference between market value and book value of parent company shares being held by a subsidiary times the percentage of the parent company's equity investment in the said subsidiary, if the stock price of the parent company is lower than the its value. If the market value recovers subsequently, this special reserve is reverted proportionately to distributable earnings.

c) A portion of current-period earnings and undistributed prior-period earnings is appropriated as a special reserve during earnings distribution. Such appropriation of special reserve is based on the difference between the total net amount of contra accounts in the shareholders' equity and the carrying amount of special reserve. Similarly, a portion of undistributed prior period earnings (which does not qualify for earnings distribution) is likewise appropriated as a special reserve on account of cumulative changes to other shareholders' equity pertaining to prior periods. The subsequent reversals of the contra accounts in the shareholders' equity shall qualify for additional earnings distributions.

3) Earnings Distribution

Earnings distribution for 2021 and 2020 was resolved in the Board of Directors' meeting held on March 14, 2022 and general meeting of shareholders held on July 2, 2021, respectively. The relevant dividend distributions to shareholders were as follows:

	For the years ended December 31,	
	2021	**2020**
Dividends distributed to ordinary shareholders :		
Cash	**$ 1,513,940**	**-**

(iv) Treasury shares

In accordance with the requirements under section 28(2) of the Securities and Exchange Act, the Company plans to buy 50,000 thousand ordinary shares from March 30 to May 29, 2020, in order to protect the Company’ s credit and shareholders’ equity. The price range is between \$5.03 and \$7.50 per share. On May 29, 2020, the market prices were higher than the upper limit of the execution price range for the repurchase of treasury shares, and the stock of the Company was not oversold compared with the market during the original scheduled repurchase period. The repurchase was not executed in order to protect shareholders' equity and take into market mechanisms.

(v) Other equity accounts

		Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets at fair value through other comprehensive income
Balance, January 1, 2021	$	(966,202)	(854,259)
Exchange difference on subsidiaries and associates accounted for using equity method		17,343	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		-	242,236
Disposal of investments in equity instruments designated at fair value through other comprehensive income		-	(1,384)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, subsidiaries and associates accounted for using equity method		-	36,461
Balance, December 31, 2021	**$**	**(948,859)**	**(576,946)**

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	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets at fair value through other comprehensive income
Balance, January 1, 2020	$ (804,515)	(1,120,657)
Exchange difference on subsidiaries accounted for using equity method	(161,687)	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	375,078
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(126,299)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, subsidiaries accounted for using equity method	-	17,552
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	67
Balance, December 31, 2020	$ (966,202)	(854,259)

(u) Earnings per share

The Company's earnings per share were calculated as follows:

	For the years ended December 31, 2021	2020
Basic earnings per share (NT dollars)		
Profit attributable to ordinary shareholders of the Company	$ 3,603,208	680,989
Weighted-average number of ordinary shares (thousand shares)	3,299,919	3,273,785
Basic earnings per share	$ 1.09	0.21
Diluted earnings per share (NT dollars)		
Profit attributable to ordinary shareholders of the Company (diluted)	$ 3,603,208	680,989
Weighted-average number of ordinary shares (thousand shares)	3,299,919	3,273,785
Effect of dilutive potential ordinary shares of employee stock bonus (thousand shares)	9,554	3,039
Weighted-average number of ordinary shares (diluted) (thousand shares)	3,309,473	3,276,824
Diluted earnings per share	1.09	0.21

(Continued)

(v) Revenue from contracts with customers

(i) The Company primarily engages in the production of petrochemical products and by-products and the storage, transportation, purchase and sale of these products, related chemicals and their raw materials. For the details of products and sales area, please refer to note 14(b) and (c) of the consolidated financial statements.

(ii) Contract balances

	December 31, 2021	December 31, 2020
Notes receivable	$ 435,938	345,480
Accounts receivable (including related parties)	3,282,522	1,602,891
Less: allowance for doubtful account	(332,496)	(332,496)
	$ 3,385,964	**1,615,875**
Contract liabilities	**$ 20,612**	**954**

Please refer to note 6(d) for disclosure of accounts receivable and allowance for doubtful accounts.

The amounts of revenue recognized for the years ended December 31, 2021 and 2020 that were included in the contract liability balance at the beginning of the periods were $954 thousand and $88,263 thousand, respectively.

(w) Remunerations to employees and directors

In accordance with the Articles of Incorporation, the Company should contribute 3% of the profit as employee compensation and less than 2% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The remuneration of employees shall be in the form of cash or shares, whose recipients may include the employees of the Company's affiliated companies who meet certain conditions. The remuneration of directors may solely be cash. The aforesaid profit represents the income before income tax and remuneration for the period.

For the years ended December 31, 2021 and 2020, the remuneration to employees amounted to $124,488 thousand and $2,670 thousand, respectively, and the remuneration to directors amounted to $82,992 thousand and $1,780 thousand, respectively. These amounts were calculated using the Company’s net income before tax before remuneration to employees and directors for the years ended December 31, 2021 and 2020. These benefits were charged to profit or loss under operating costs or operating expenses for the years ended December 31, 2021 and 2020. When the board of directors decided to distribute stock dividends, the number of which shall be calculated based on the closing price of the Company’s ordinary shares one day before the date of the meeting of Board of Directors. For the years ended December 31, 2021, the actual distribution of the employee remuneration was $0 thousand; while the amount for directors is identical to those stated on financial statements. Related information would be available at the Market Observation Post System website.

(x) Non-operating income and expense

(i) Interest income

The details of interest income were as follows:

	For the years ended December 31, 2021	2020
Interest income from bank deposits	52,766	68,736
Other interest income	1,262	2,283
Total	$ **54,028**	**71,019**

(ii) Other income

The details of other income were as follows:

	For the years ended December 31, 2021	2020
Rent income	21,025	18,807
Dividend income	164,530	132,087
Other income, others	82,052	212,576
Total	$ **267,607**	**363,470**

(iii) Other gains and losses

The details of other gains and losses were as follows:

	For the years ended December 31, 2021	2020
Losses on disposals of property, plant, and equipment	$ -	(1,107)
Gains on disposals of investment property	706,465	-
Losses on disposals of investments	-	(580)
Gains on lease modification	12	40
Foreign exchange gains	24,125	562
Fee expense	(159,207)	(96,684)
Losses on work stoppages	(248,467)	(267,501)
Remediation expense	(1,664,899)	-
Other gains and losses	(11,953)	(11,391)
Other gains and losses, net	$ **(1,353,924)**	**(376,661)**

(iv) Finance costs

The details of finance costs were as follows:

	For the years ended December 31,	
	2021	2020
Interest expense	$ (259,640)	(187,982)
Finance costs, net	**$ (259,640)**	**(187,982)**

(y) Financial Instruments

(i) Credit risk

1) Exposure to credit risk

As of December 31, 2021 and 2020, the carrying amount of financial assets represents the Company's maximum credit exposure.

2) The concentration of credit risk

Under the Company' s credit policy, customers are requested to provide the Company certain financial information like audited financial report, or other related documents for purposes of evaluating their credit worthiness. Credits are granted to these customers according to the result of the Company' s credit evaluation. Those customers who do not satisfy the requirement shall not be offered credit.

As of December 31, 2021, 81% of the total amount of accounts receivable was composed of 28 customers. The sales of the Company were not significantly concentrated in a small number of customers.

As of December 31, 2020, 83% of the total amount of accounts receivable was composed of 12 customers. The sales of the Company were significantly concentrated in a small number of customers.

3) Receivables

For credit risk exposure of notes and accounts receivables, please refer to note 6(d).

Other financial assets at amortized cost includes time deposits and guarantee deposit paid. All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected credit losses. As of December 31, 2021 and 2020, the loss allowance provision both amounted to $0 thousand.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
December 31, 2021							
Non-derivative financial liabilities							
Accounts payable	$ 1,637,005	1,637,005	1,637,005	-	-	-	-
Other payables	1,257,680	1,257,680	1,251,420	6,260	-	-	-
Other financial liabilities－current	10,102	10,102	10,102	-	-	-	-
Other non-current liabilities－other	109,477	109,477	71,577	8,905	1,203	26,292	1,500
Lease liabilities	152,199	171,386	24,729	21,730	20,873	17,296	86,758
Floating-rate loans (note)	2,400,000	2,468,580	-	302,644	1,739,816	426,120	-
Fixed-rate loans (note)	10,805,260	11,620,129	2,952,186	-	-	7,813,756	854,187
Long-term bills payable (note)	5,254,518	5,260,000	-	-	5,260,000	-	-
Bonds payable	3,500,000	3,589,600	-	22,400	22,400	3,544,800	-
	$ 25,126,241	**26,123,959**	**5,947,019**	**361,939**	**7,044,292**	**11,828,264**	**942,445**
December 31, 2020							
Non-derivative financial liabilities							
Accounts payable	$ 1,215,153	1,215,153	1,215,153	-	-	-	-
Other payables	743,858	743,858	743,858	-	-	-	-
Other financial liabilities－current	7,807	7,807	7,807	-	-	-	-
Other non-current liabilities－other	98,944	98,944	86,383	8,668	2,146	247	1,500
Lease liabilities	145,502	162,846	18,171	16,700	28,376	26,336	73,263
Floating-rate loans (note)	2,920,000	3,002,128	1,465,961	-	-	1,536,167	-
Fixed-rate loans (note)	6,265,000	6,276,029	6,276,029	-	-	-	-
Long-term bills payable (note)	5,656,112	5,660,000	-	-	5,660,000	-	-
Bonds payable	3,500,000	3,612,000	-	22,400	22,400	3,567,200	-
	$ 20,552,376	**20,778,765**	**9,813,362**	**47,768**	**6,434,608**	**6,798,642**	**74,763**

The Company does not expect that the cash flow of the due date analysis will occur significantly earlier, or the actual amount will be significantly different.

Note: The amount within 6 months includes recyclable long-term bank loans and long-term bills payable.

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(iii) Currency risk

1) Currency risk exposure

The Company's exposures to significant currency risk were those from its foreign currency denominated financial assets and liabilities as follows:

		December 31, 2021			December 31, 2020		
		Foreign Currency	Exchange rate	NTD	Foreign Currency	Exchange rate	NTD
Financial assets							
Monetary items							
USD	$	48,571	27.677	1,344,288	18,845	28.099	529,534
VND		-	0.0012	-	4,805,180	0.0012	5,853
CNY		446,998	4.343	1,941,313	550,264	4.315	2,374,391
Non-Monetary items							
CNY		23,200	4.343	100,758	18,976	4.315	81,882
USD		332,528	27.677	9,203,369	327,910	28.099	9,213,936
VND		488,856,667	0.0012	586,628	481,690,833	0.0012	578,029
Financial liabilities							
Monetary items							
USD	$	10,327	27.677	285,812	-	28.099	-

2) Sensitivity analysis

The Company’ s exposure to foreign currency risk arises from the foreign currency exchange rate fluctuations on cash and cash equivalents, receivables, payables, and loans, which are denominated in foreign currency. A weakening of 1% of NTD against USD, VND and CNY would have increased net income by $23,998 thousand and $23,278 thousand for the years ended December 31, 2021 and 2020, respectively; other comprehensive income would have increased $98,908 thousand and $98,738 thousand for the years ended December 31, 2021 and 2020, respectively. The analysis is performed on the same basis for 2020.

3) Foreign exchange gains (losses) on monetary items

Due to the Company's diversity of functional currency, the information on foreign exchange gains or losses on monetary items is disclosed by total amount. For the years ended December 31, 2021 and 2020, foreign exchange gains (losses) (including realized and unrealized portions) amounted to $24,125 thousand and $562 thousand, respectively.

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Company's financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure to interest rates on the derivative and non-derivative financial instruments on the reporting date. For financial instruments bearing floating-rate, the sensitivity analysis assumes the floating-rate liabilities are outstanding for the whole year on the reporting date. The Company’ s internal management reported the increases/decreases in the interest rates and the exposure to changes in interest rates of 1% is considered by management to be a reasonable change of interest rate.

If the interest rate increases by 1%, the Company’ s net income will decrease by $24,000 thousand and $29,200 thousand for the years ended December 31, 2021 and 2020, respectively, assuming all other variable factors remain constant. This is due mainly to the fact that the Company’s borrowings bear floating interest rate.

(v) Other market price risk

If the equity price changes, and if it is based on the same basis for both years and assumes that all other variables remain the same, the impact to comprehensive income will be as follows:

	For the years ended December 31,			
	2021		2020	
Prices of securities at the reporting date	**After-tax other comprehensive income**	**Net income**	**After-tax other comprehensive income**	**Net income**
Increase of 1%	$ 27,414	53,051	25,006	84,939
Decrease of 1%	$ (27,414)	(53,051)	(25,006)	84,939

(Continued)

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(vi) Fair value information

1) Fair value hierarchy

The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy, were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2021				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Designated at fair value through profit or loss	$ 5,305,147	187,229	-	5,117,918	5,305,147
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	2,270,979	2,270,979	-	-	2,270,979
Stocks unlisted on domestic markets	470,403	-	-	470,403	470,403
Subtotal	2,741,382	2,270,979	-	470,403	2,741,382
Financial assets measured at amortized cost					
Cash and cash equivalents	2,782,774	-	-	-	-
Notes, accounts and other receivables	3,481,767	-	-	-	-
Other financial assets	196,088	-	-	-	-
Subtotal	6,460,629	-	-	-	-
Total	**$ 14,507,158**	**2,458,208**	**-**	**5,588,321**	**8,046,529**
Non-financial assets					
Investment property	**$ 38,850,641**	**-**	**-**	**38,850,641**	**38,850,641**
Financial liabilities measured at amortized cost					
Short-term loans	1,096,360	-	-	-	-
Accounts and other payable	2,894,685	-	-	-	-
Long-term bank loans-current portion	300,000	-	-	-	-
Bonds payable	3,500,000	-	-	-	-
Long-term bank loans	11,808,900	-	-	-	-
Long-term bills payable	5,254,518	-	-	-	-
Other financial liabilities	119,579	-	-	-	-
Lease liabilities	152,199	-	-	-	-
Total	**$ 25,126,241**	**-**	**-**	**-**	**-**

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	December 31, 2020				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Designated at fair value through profit or loss	$ 8,493,897	661,224	-	7,832,673	8,493,897
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	2,059,052	2,059,052	-	-	2,059,052
Stocks unlisted on domestic markets	441,533	-	-	441,533	441,533
Subtotal	2,500,585	2,059,052	-	441,533	2,500,585
Financial assets measured at amortized cost					
Cash and cash equivalents	1,008,698	-	-	-	-
Notes, accounts and other receivables	1,688,921	-	-	-	-
Other financial assets	1,796,259	-	-	-	-
Subtotal	4,493,878	-	-	-	-
Total	**$ 15,488,360**	**2,720,276**	**-**	**8,274,206**	**10,994,482**
Non-financial assets					
Investment property	**$ 37,612,887**	**-**	**-**	**37,612,887**	**37,612,887**
Financial liabilities measured at amortized cost					
Short-term loans	3,615,000	-	-	-	-
Accounts and other payable	1,959,011	-	-	-	-
Long-term bank loans-current portion	1,160,000	-	-	-	-
Bonds payable	3,500,000	-	-	-	-
Long-term bank loans	4,410,000	-	-	-	-
Long-term bills payable	5,656,112	-	-	-	-
Other financial liabilities	106,751	-	-	-	-
Lease liabilities	145,502	-	-	-	-
Total	**$ 20,552,376**	**-**	**-**	**-**	**-**

2) Valuation techniques for financial instruments which is not measured at fair value:

The Company's valuation techniques and assumptions used for financial instruments not measured at fair value are the discounted cash flows method.

3) Valuation techniques for financial instruments measured at fair value:

The Company determines the input value with reference to the analysis of the financial status and operating results, recent transaction price, related equity instruments are quoted in non-active markets, similar tools offer in the active market and comparable company evaluation multiplier of the investee company and periodically updates the input value and information and any other necessary fair value adjustments to ensure that the evaluation results are reasonable.

a) Non-derivative financial instruments

Financial instruments, if there is a public market offer, then the public market offer for the fair value, such as listing (cabinet) company stock.

The fair value of the financial instruments held by the Company in the case of a non-active market is as follows:

No public offer debt investment tools: The discounted cash flow model is used to estimate fair value, it is mainly assumed that it is measured by discounting the expected future cash flows of the investee by the rate of return of the monetary time value and the investment risk.

No public offer equity instruments: Use the net asset value method, the main assumptions are based on the net per share of the investee.

b) Derivative financial instruments

Derivative financial instruments are evaluated according to the evaluation model accepted by the market users, such as the discount method and the option pricing model.

4) There have been no transfers from each level for the years ended December 31, 2021 and 2020.

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5) Statements of changes in fair value measurements of financial assets in Level 3

	Investment Property	Financial assets reported at fair value through profit or loss: Designated at initial recognition	Financial assets reported at fair value through profit or loss: Derivative financial assets	Financial assets reported at fair value through other comprehensive income: Non-public quoted equity instruments
January 1, 2021	$ 37,612,887	7,832,673	-	441,533
Disposal	(1,673,535)	(2,751,363)	-	(1,438)
Total gain and losses recognized in profit or loss	2,911,289	36,608	-	-
Total gain and losses recognized in profit or loss or other comprehensive income	-	-	-	30,308
December 31, 2021	**$ 38,850,641**	**5,117,918**	**-**	**470,403**

	Investment Property	Financial assets reported at fair value through profit or loss: Designated at initial recognition	Financial assets reported at fair value through profit or loss: Derivative financial assets	Financial assets reported at fair value through other comprehensive income: Non-public quoted equity instruments
January 1, 2020	$ 36,716,577	7,247,062	-	142,112
Purchase	-	-	-	300,000
Total gain and losses recognized in profit or loss	896,310	585,611	-	-
Total gain and losses recognized in profit or loss or other comprehensive income	-	-	-	(579)
December 31, 2020	**$ 37,612,887**	**7,832,673**	**-**	**441,533**

(Continued)

6) Quantitative information on the measurement of fair value of significant unobservable input values (level 3)

Level 3 refers to the measurement of the fair value of the input parameters are not based on market availability of information, must be based on the assumption that the appropriate estimates and adjustments. If the evaluation model can not be developed on its own, the fair value of the counterparty is used as the fair value. According to IFRS13, for the fair value of the third level classified at the fair value level, the firm shall provide quantitative information about the significant unobservable input values used for the fair value measure. Businesses do not need to create quantitative information to comply with this disclosure, if quantified unobservable input value is not built when enterprises are measuring fair value (for instance, when a firm uses an unadjusted previous transaction price or a third-party pricing information), e.g. part of the Company's investment in non-active market equity and debt instruments. The fair value of the Company's investment property is level 3, which is determined in accordance with IFRSs, i.e., outsourcing to external appraisers for assessment based on market evidence (please refer to note 6(j)). Due to the impracticability to evaluate the relationship between the unobservable input value and fair value, the quantitative information is not disclosed. The fair value of the aforesaid assets at December 31, 2021 and 2020 was $38,850,641 thousand and $37,612,887 thousand, respectively.

The Company holds investments in equity shares, which is classified as financial assets at fair value through profit or loss, whose fair value belongs to level 3.

Most of fair value assets belonging to level 3 possesses no more than one significant unobservable input value. Only equity instruments with inactive market may result in multiple unobservable input values which are all independent from each other.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income - equity investments without an active market	Public company comparable method	· P/E ratio 9.66~10.69 as multiply on December 31, 2021 · Lack of market liquidity, discount rate 20% on December 31, 2021	· The higher the P/E ratio, the higher the fair value · Lack of market liquidity, the more the discount, the lower the fair value
Financial assets at fair value through other comprehensive income	Net asset value method	• Net asset value • Lack of market liquidity, discount rate 30% on December 31, 2021 and 2020	· Not applicable · Lack of market liquidity, the more the discount, the lower

(Continued)

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss	Net asset value method	• Net Asset Value	• Not applicable

7) The evaluation process for fair value belonging to level 3

The Company's fair value evaluation involves observable input value requiring unobservable parameters for significant adjustments or unobservable input value, both of which belong to level 3. The main source of such input value is external appraisers' reports. The results of the evaluation are then reviewed to assure the consistency with the source of the evaluation and the reasonability.

The evaluation of investment property complies with FSC's regulations of the evaluation methods and parameters, and is conducted by external appraisers.

8) Fair value measurements of level 3 – sensitivity analysis of reasonably possible alternative assumptions

The fair value of the financial instruments is reasonable, and the self-built evaluation model is not used for the fair value of the level 3. Therefore, it is not necessary to perform the sensitivity analysis of the possible alternative assumptions.

(z) Financial risk management

(i) Overview

The Company is exposed to the following risks due to the use of financial instruments:

1) Credit Risk

2) Liquidity risk

3) Market risk

The following discusses the Company’s objectives, policies and processes for measuring and managing the risks mentioned above. For more quantitative information about the financial instruments, please refer to other related notes of the financial statements.

(ii) Risk management framework

The Board of Directors has overall responsibility for the oversight of the risk management framework in order to develop and monitor the Company’s risk management policies and to report regularly on its activities.

(Continued)

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through their training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee of the Company oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee of the Company is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(iii) Credit Risk

Credit risk means the potential loss of the Company if the clients or counterparties involved in transactions default. The primary potential credit risk is from cash and accounts receivable.

1) Accounts receivable and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly in the current deteriorating economic circumstances.

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval from the Risk Management Committee; these limits are reviewed quarterly. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

The Company establishes an impairment allowance that represents its estimate of incurred losses in respect of trade receivables. The two components of this impairment allowance are specific loss component that relates to individually significant exposure and collective loss component which the loss was incurred but not identified. The collective component is based on historical payment experience of similar financial assets.

2) Investments

The credit risk exposure in the bank deposits is measured and monitored by the Company's finance department. As the Company deals with the banks and other external parties with good credit standing and financial institutions, corporations and government agencies which are graded above investment level, management believes that the Company does not have compliance issues and significant credit risk.

(Continued)

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as much as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company' s reputation. The management believes that the Company does not have significant liquidity risk.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company' s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Risk Management Committee.

1) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Company' s entities, primarily the New Taiwan Dollars (NTD). The currencies used in these transactions are denominated in NTD, USD and CNY.

The Company's currency risk is not hedged as some of the currencies of the Company's foreign currency receivables and payables are the same, producing a natural hedge effect.

2) Interest rate risk

The Company' s interest rate risk comes from long-term and short-term bank loans. The long-term bonds issued by the Company is fixed-rate, so there is no risk caused by the fluctuations of interest rates and fair value interest rate. The long-term and short-term bank loans with floating-rate are exposed to interest rate risk, but most of risk is offset by cash and cash equivalents holding in floating-rate.

3) Other market price risk

The Company does not enter into any commodity contracts other than to meet the Company's expected usage and sales requirements; such contracts are not settled on a net basis.

(aa) Capital management

The Company's objectives for managing capital is to safeguard the capacity to continue to operate, to continue to provide a return to shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilties.

The Company and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

The Company's debt-to-equity ratios at the end of the reporting period as of December 31, 2021 and 2020 were as follows:

		December 31, 2021	December 31, 2020
Total liabilities	$	36,667,048	29,605,192
Less: cash and cash equivalents		(2,782,774)	(1,008,698)
Net debt	**$**	**33,884,274**	**28,596,494**
Total equity	**$**	**80,506,933**	**70,812,642**
Total liabilities and equity	**$**	**114,391,207**	**99,409,136**
Debt-to-equity ratio		**29.62 %**	**28.77 %**

On December 31, 2021, The increase of debt-to-equity ratio resulted from the operation-supplementing bank loans.

(ab) Investing and financing activities not affecting current cash flow

The Company's investing and financing activities which did not affect the current cash flow for the years ended December 31, 2021 and 2020, were as follows:

(i) For the acquisition of right-of-use assets based on lease term, please refer to note 6(i).

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(ii) Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2021	Cash flows	Non-cash changes: Foreign exchange movement	Non-cash changes: Bills payable transferred to long-term bank loans	Non-cash changes: Other	December 31, 2021
Long-term bank loans	$ 5,570,000	4,291,700	-	2,247,200	-	12,108,900
Short-term loans (note)	3,615,000	(424,253)	-	-	(2,094,387)	1,096,360
Long-term bills payable	5,656,112	1,847,200	-	(2,247,200)	(1,594)	5,254,518
Lease liabilities	145,502	(50,645)	-	-	57,342	152,199
	$ 14,986,614	**5,664,002**	**-**	**-**	**(2,038,639)**	**18,611,977**

	January 1, 2020	Cash flows	Non-cash changes: Foreign exchange movement	Non-cash changes: Bills payable transferred to long-term bank loans	Non-cash changes: Other	December 31, 2020
Long-term bank loans	$ 4,830,000	740,000	-	-	-	5,570,000
Short-term loans (note)	3,100,558	514,442	-	-	-	3,615,000
Long-term bills payable	4,494,177	1,160,000	-	-	1,935	5,656,112
Lease liabilities	101,763	(50,849)	-	-	94,588	145,502
	$ 12,526,498	**2,363,593**	**-**	**-**	**96,523**	**14,986,614**

Note: The "other" included in non-cash changes are the reimbursement regarding letters of credit.

(7) Related-party transactions:

(a) The ultimate parent company

The Company is the ultimate parent company.

(b) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the financial statements.

Name of related party	Relationship with the Group
Kaohsiung Monomer Company Limited	Investee as accounted for using equity method
Jean Pacific Development Co., Ltd.	Investee as accounted for using equity method
Zhong Gong Baoquan Ltd. (Zhong Gong Baoquan)	Investee as accounted for using equity method
Chung Kung Management and Maintenance of Apartments Co., Ltd.	Investee as accounted for using equity method of Zhong Gong Baoquan
Chain Yarn Co., Ltd. (Note)	The Company is the director of the entity
BES Engineering Corporation (BES Engineering)	The Company is the director of the entity

(Continued)

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Name of related party	Relationship with the Group
Chung Kung Management Consultant Co., Ltd.	Subsidiary of Zhong Gong Baoquan
Coreasia Human Resources Management Co., Ltd.	Subsidiary of BES Engineering
BES Machinery Co., Ltd.	The entity is a director of the Company
Sheen Chuen-Chi Cultural & Educational Foundation	The director is corporate director representative of the Company
Core Pacific City Co., Ltd.	Substantive Related Party
CPDC Green Technology Corp.	Subsidiary of the Company
Tsou Seen Chemical Industries Corporation	Subsidiary of the Company
Taivex Therapeutics Corporation	Subsidiary of the Company
Ding-Yue Development Co., Ltd.	Subsidiary of the Company
Da-Ying Construction Ltd.	Subsidiary of the Company
CPDC Investment (BVI) Co Ltd.	Subsidiary of the Company
Thanh Phong Construction Investment Co., Ltd.	Subsidiary of the Company
Unichem Development Ltd.	Subsidiary of the Company
Weihua (Rudong) Trade Co., Ltd.	Subsidiary of the Company
Weiqiang International Trade (Shanghai) Co., Ltd.	Subsidiary of the Company
Changzhou Weicai New Material Science & Technology Co., Ltd.	Subsidiary of the Company
Jiangsu Weiming New Material Co., Ltd.	Subsidiary of the Company
Weiming (Rudong) Construction Co., Ltd.	Subsidiary of the Company
BES Twin Towers Development Co., Ltd.	Subsidiary of the Company
Frontier Fortune Investment Pte. Ltd.	Subsidiary of the Company
Core Pacific Twin Star (Myanmar) Investment Company Ltd.	Subsidiary of the Company
Gemini Star (India) Private Ltd.	Subsidiary of the Company
Core Pacific Twin Star (Vietnam) Investment Co., Ltd.	Subsidiary of the Company
Core Pacific Pioneer (Myanmar) Company Ltd.	Subsidiary of the Company
All board of directors, general manager and deputy general manager	The main managements of the Company

Note: Chain Yarn Co., Ltd. re-elected directors at the general meeting of shareholders on July 15, 2021, and the Company was elected for the director.

(Continued)

(c) Significant Transactions with related parties

(i) Sales

The amounts of significant sales by the Company to related parties were as follows:

	For the years ended December 31, 2021	2020
Subsidiary	$ 1,247,285	671,624
Other related parties	1,009,343	-
Associates	751,291	456,452
	$ 3,007,919	1,128,076

The terms for related party sale transactions were the same as those of other unrelated customers excluding Tsou Seen Chemical Industries Corporation, Weihua (Rudong) Trade Co., Ltd and Weiqiang International Trade (Shanghai) Co., Ltd. who have the terms for 3 month.

(ii) Purchases

The amounts of significant purchases by the Company from related parties were as follows:

	For the years ended December 31, 2021	2020
Subsidiary	$ 1,163,551	110,787
Other related parties	63,135	-
	$ 1,226,686	110,787

The terms for related party purchase transactions were the same as those of other unrelated vendors.

(iii) Receivables

The receivables from related parties were as follows:

Accounts	Types of related parties	December 31, 2021	December 31, 2020
Accounts receivable	Subsidiary	$ 135,173	38,263
Accounts receivable	Other related parties	385,366	-
Accounts receivable	Associates	91,978	51,106
Other receivables	Subsidiary	310	285
Other receivables	Other related parties	78	-
Other receivables	Associates	8,972	9,447
		$ 621,877	99,101

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(iv) Payables

The payables to related parties were as follows:

Accounts	Types of related parties	December 31, 2021	December 31, 2020
Accounts payables	Other related parties	$ 11,333	-
Other payables	Subsidiary	4,112	13,793
Other payables	Other related parties	167,715	-
Other payables	Associates	4,553	5,380
		$ 187,713	25,124

(v) Guarantees and endorsements

The Company provides endorsement guarantee required for bank financing to the subsidiaries. As of December 31, 2021 and 2020, the amount were $20,864,684 thousand and $6,140,590 thousand, respectively, and the used amounts were $15,680,347 thousand and $155,797 thousand, respectively

The subsidiaries provides endorsement guarantee required for bank financing to the Company. As of December 31, 2021 and 2020, the amount were $4,920,000 thousand and $0 thousand, respectively, and the used amounts were $2,200,000 thousand and $0 thousand, respectively.

The company pledged investment property as collateral to secure subsidiaries' bank financing, as of December 31, 2021 and 2020, amounting to $3,054,000 thousand and $4,920,000 thousand, respectively.

(vi) Other

	For the years ended December 31, 2021	2020
Subsidiary and sub-Subsidiary		
Rental income	$ 1,874	684
Other revenues	20,541	1,691
Rental expense	-	(77)
Other expense	670	-
Associates		
Rental income	5,378	5,378
Other revenues	24,520	26,495
Security service fees	(21,283)	(20,388)
Other related parties		
Rental income	6	3
Other revenues	404	-
Other expense	(34,424)	(633)

Please refer to note 6(q) for lease of land and buildings to related parties.

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(vii) The Company had a two-year contract with BES Engineering Corporation for the lease of office space in July 2018, which had been extended in July 2020, with the total value both represented $9,629 thousand. This rental transaction was recognized as right-of-use asset and lease liability both amounting to $9,465 thousand and $7,130 thousand on July 1, 2020 and January 1, 2019, respectively. The depreciation expense for the years ended December 31, 2021 and 2020, were $4,732 thousand and $4,743 thousand, respectively. The interest expense for the years ended December 31, 2021 and 2020 both amounted to $82 thousand. The amounts of lease liability as of December 31, 2021 and 2020, were $2,398 thousand and $7,130 thousand, respectively.

(viii) The Company had contracts with BES Engineering Corporation, for mechanical engineering services projects and paid commission on the basis of actual construction. As of December 31, 2021 and 2020, the construction project in-progress both amounted to $1,451,000 thousand. As of December 31, 2021 and 2020, the unpaid fees amounted to $553,964 thousand and $704,896 thousand, respectively. The refundable deposit at December 31, 2021 and 2020 both amounted to $420,660 thousand

(ix) The Company's equipment maintenance services and commissioned fees for the subsidiaries in 2021 and 2020 were $322,868 thousand and $222,127 thousand, respectively. As of December 31, 2021 and 2020, the Company recorded the unpaid under other payables.

The total contract price (excluding tax) of the Company's uncompleted contracts for the projects issued to the subsidiaries as of December 31, 2021 and 2020 were $247,181 thousand and $784,420 thousand, respectively, and the payment were $117,121 thousand and $326,319 thousand, respectively ..

(x) The Company has signed a contract with a subsidiary, for building construction projects. The land is provided by the Company and the subsidiary is responsible for designing, constructing, sales and warranties. The Company pays constructional management fees on the basis of contract and the subsidiary pays the actual expenditures for every single month. As of December 31, 2021 and 2020, the constructional management fees were $22,758 thousand and $0 thousand, respectively. Other fees, taxes, and other related expenses, such as design fees, amenities design fees, bulk fees, sales expenses, Kaohsiung House (green building) Bonus, trust fees, property management funds, land value taxes, financing interests, etc., are all attributed to the Company, while the subsidiary serves merely as an agency. As of December 31, 2021 and 2020, the subsidiary has requested for the amount of $8,554 thousand and $27 thousand, respectively.

(d) Key management personnel compensation

	For the years ended December 31, 2021	2020
Short-term employee benefit	$ 189,197	81,422
Post-employment benefits	4,199	4,951
	$ 193,396	**86,373**

(8) Pledged assets:

The Company's pledged assets are as follows:

Asset	Purpose of pledge	December 31, 2021	December 31, 2020
Time deposits	Guarantee for priority right-of-use of harbor	$ 15,650	10,000
Property, plant and equipment	Collateral for long-term and short-term financial credit, syndicated loan (Mega & Shin Kong)	6,686,571	6,787,700
Investment property	Collateral for short-term, medium-term and long-term financial credit, syndicated loan (Mega), bonds payable and long-term bills payable, providing endorsement guarantee for subsidiaries.	31,435,973	15,346,334
Investments accounted for using equity method	Long-term bills payable	785,917	556,304
Financial assets reported at fair value through other comprehensive income	Long-term bills payable	1,147,498	1,430,230
Financial assets reported at fair value through profit or loss	Long-term bills payable	187,220	634,995
Refundable deposit	Deposit for lawsuit	108,969	108,969
		$ 40,367,798	24,874,532

(9) Commitments and contingencies:

(a) As of December 31, 2021 and 2020, the Company had the following unused letters of credit:

	December 31, 2021	December 31, 2020
USD	$ 49,408	20,824
EUR	457	246
NTD	1,146,000	1,020,000
JPY	6,400	-

(b) As of December 31, 2021 and 2020, the Company had issued guarantee notes for bank loans, sales and purchases, and development plan aggregating to $26,197,400 thousand, USD30,000 thousand and $24,117,400 thousand, USD30,000 thousand, respectively.

(c) As of December 31, 2021 and 2020, the Company had contracts for various construction projects in-progress amounting to $3,996,747 thousand and $3,804,224 thousand, respectively. As of December 31, 2021 and 2020, the remaining future obligations under these contracts amounted to $1,800,234 thousand and $1,822,892 thousand, respectively.

(d) As of December 31, 2021 and 2020, the agreement on the acquisition of material property amounting to $1,379,861 thousand and $1,845,000 thousand, and the unpaid portion amounting to $138,000 thousand and $1,025,000 thousand, respectively.

(e) As of December 31, 2021 and 2020, the Company signed an agreement to purchase raw materials such as benzene, hydrogen and methylbenzene from CPC. Under this contract, the Company may purchase specified monthly volume of these raw materials at current month prices announced by the CPC with prepayment or domestic letter of credit.

(f) Important matters

The case of loss compensation for the Kaohsiung gas explosion

The Maintenance Office, Public Works Bureau of Kaohsiung City Government granted permission to CPC for the installation of underground gas pipelines. However, a gas explosion in Kaohsiung had occurred in the evening of July 31, 2014, which resulted in CPC's permit to be revoked. Nonetheless, the revocation qualified CPC to claim for compensation from the relevant authority for its property losses. In order to protect its legal rights and interests, the Company filed an administrative appeal in February 2018 to the KHAC, who ruled against the Company in December 2019. Hence, in January 2020, the Company filed an appeal to the Supreme Administrative Court, who in turn, handed the case back to the KHAC for reconsideration. The case was still in progress as of the reporting date.

(g) Contingent liabilities

(i) Dispute from the senior manager

1) Labor Dispute

The previous senior manager Mr. Zhang, who left the Company without transferring the duties and authorization, did not perform the duties since July 1, 2013 and the Company issued the letter to request to fulfill the agreement without any response from manager. Hence, the board of the Company dismissed the manager in October 2013. The manager asked the Company to pay pensions pursuant to Labor Standards Act as a labor worker, which was not reconciled through mediation. Kaohsiung District Court considered that the assigned relationship did not end in January 2014, which means that the Expired Employee Retirement Policies of the Company does not apply. Mr. Zhang request for pension is without any basis, but according to the contract of both sides, the Company shall pay salaries of $35 thousand, to Mr. Zhang, which was not satisfied by Mr. Zhang and this case was appealed to the 2nd sentence court. In July 2016, the 2nd sentence court rejected the request from Mr. Zhang but he re appealed to the 3rd sentence in August of the same year. Upon finding the appeal meritorious, the Supreme Court reversed and remanded the judgement. The preparatory proceeding of the first repeated appeal was conducted in Taiwan High Court Kaohsiung Branch Court (THCKBC) in April 2019. The court's judgement is announced that the compony shall pay $3,785 thousand, with bearing interest, to Mr. Zhang in July 2019. The Company was

(Continued)

dissatisfied and filed an appeal to Supreme Court in August 2019, and the part of original judgment that was unfavorable to the Company was remanded to the THCKBC on April 22, 2021. In December 2021, THCKBC ruled in favor of Mr. Zhang and ordered the Company to pay Mr. Zhang the amount of $3,764 thousand, with bearing interest, as compensation. The Company disagreed with the decision made by the court, and therefore, filed an appeal to the Supreme Court. As of the reporting date, the Company has not received the transfer of the trial notified by THCKBC.

2) Disclosure Secret Case

Managers who left the office without authorization was suspected to be involve in business encroachment, theft of business secrets. To protect Company interests, the Company filed criminal appeal. The case was concluded by the Taiwan Miaoli Local Court in January 2017 and the relevant defendants were prosecuted. The civil litigation derived from the case is waiting for hearing by the Taipei District Court and Miaoli District Court. Please refer to note 8 for details of deposit for lawsuit.

(ii) Accusation of business failures

A Gas explosion happened in Heng Yi chemical plant next to the Toufen plant and caused workers to be burned on January 28, 2013, which evolved into accusations of business failures. Since the incident happened in the public discharged area of the industrial site, it was suspected to contain excessive value of the company’ s emissions with the sampling identification and the Company’ s manager was prosecuted as defendant per the victim’ s request. This case was not prosecuted after the judgment decision from Miaoli District Attorney, hence, the victims filed the reconsideration and Taichung High Prosecutor’s Office remanded the case back to the Miaoli District Attorney for review. The victims of Heng Yi chemical plant prosecuted the Company and managers in February 2015 and asked for the joint damaged compensation $6,920 thousand, which awaited hearing by Miaoli local court. In September of the same year, both sides agreed to withdraw the litigations. Trial procedure was recovered in February 2016 and criminal litigation was determined not to be prosecuted in March 2016. The verdict of civil litigation was won in March 2017, but plaintiff is dissatisfied and filed an appeal to Taiwan High Court Taichung Branch Court. On November 16, 2020, the court sentenced company win with final and binding judgment.

(iii) Civil compensation for Residents living in An shun

1) The 1st case

In 2008 and 2009, Mr. Wu and others filed civil and national compensation lawsuit against MOEA, TCG, Tainan City Environmental Protection Bureau and the Company (Hereinafter referred to as 1st case of Tainan Anshun plant civil compensation) and they claimed that during 1942 and 1983, the previous TAIC Anshun plant, produced mercury and dioxins in its production operations and polluted the environment, which resulted in the population consuming contaminated fish and shellfish over time, which resulted in long term health issues. MOEA had control and management responsibility of the previous TAIC, and whether due to illegal actions, or a lack of attention in performing their duties, MOEA was the ultimate owner of CPDC, should take responsibility. Hence, the prosecutors claim that MOEA shall take the responsibility for the compensation. Mr. Wu and others also claimed that TCG and Tainan City Environmental Protection Agency were the competent authorities and executive authorities of the waste disposal law but

the authorities did not supervise and require the Anshun plant to implement pollution prevention and control acts, thus should be jointly responsible for any compensation. Mr. Wu and others claim that the Company did not perform any removal and remediation of pollutants after being ordered to merge with the previous TAIC Anshun plant, so they claimed the Company shall also take joint responsibility for the compensation. Mr. Wu and others asked MOEA, TCG, Tainan City Environmental Protection Bureau and the Company to jointly bear the cost of medical expenses and mental compensation for $370,800 thousand and the interest was calculated by an annual interest rate 5% from the date when the litigation was initiated by the defendants until the final payment of compensation. Due to unpaid referee fees, due from the plaintiff, the Tainan District Court rejected the litigation claims from these 17 persons in January 2010.
Mr. Chen appealed to the Tainan District Court asking the Company for medication, health examination fee and reparations, to the amount of $2,300 thousand, which was incorporated into this case, the total compensation amount was $351,750 thousand. This case was tried by the Tainan District Court in December 2015 and judged that the Company and MOEA to be jointly responsible for $160,000 thousand payable to the plaintiff. The Company was not satisfied with the result and filed an appeal. In August of 2017, the High court sentenced the Company to compensate the plaintiff for $190,000 thousand by self, which the Company was not satisfied with and had proposed the appeal for remedy in Sept. of the same year. The supreme court held oral argument on September 28, 2018, and judgment was sentenced on November 11, 2018, the supreme court sentenced to order the Company to compensate the plaintiff for $190,000 thousand. The Company made a payment of compensation and related interests to 143 plaintiffs before the end of June 2019. The part related to medical remedy of the case was abandoned for secondary trial. Plaintiff filed an appeal to Supreme Court in same year. In March 3, 2020, the court dismissed the plaintiff appeal by a ruling. This case is ended.

1) The 2nd case

Mr. Chen and others filed civil and national compensation lawsuit to the Company and MOEA on March 14, 2017 (Hereinafter referred to as 1st case of the Tainan Anshun plant civil compensation), they claimed the Company and MOEA had to jointly compensate the plaintiff $80,915 thousand. The verdict of the 3rd national compensation in 2008 of the Tainan Anshun plant civil compensation 1st case was cited as the reason to be litigated. However, the Company claimed that there was a misunderstanding of the theoretical and practical nature of epidemiology causality versus the verdict. There were disputable factors on both factual and legal matters. During the 1st and 2nd instance of the AnShun plant Civil Compensation litigation under hearing, the Company once again put forward the relevant academic articles to prove that there was no causality between pollution from Tainan AnShun plant and diabetes. Moreover, the plaintiffs in this case, despite the reasonableness of their claims, did not put forth any litigation before the expiry of the statutes of limitations. Thus, in this 2nd case of the Tainan AnShun plant civil compensation, the Company continued to seek for the jurisdiction remedies to protect the Company and shareholder interests. In November 6, 2020, Tainan District Court considered that 39 Plaintiffs’ s claim is meritorious and dismissed rest of Plaintiffs’ s claim. Due to the controversial issue of extinctive prescription, the Company considered this case worth an appeal based on our unprofitable part of verdict. Therefore, the Company filed an appeal to the High Court on December 15, 2020, and this case is still under trial now.

(Continued)

CHINA PETROCHEMICAL DEVELOPMENT CORPORATION
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(10) Losses Due to Major Disasters: None

(11) Subsequent Events:

(a) The earnings distribution for 2021 of Core Pacific City Co., Ltd. was decided by the resolution adopted at the general meeting of shareholders held on February 23, 2022. Please refer to note 6(b) for other related information.

(b) On March 14, 2022, a resolution was made during the board meeting of the Company to raise the capital of Ding-Yue amounting to $1,700,000 thousand for its business operation.

(12) Other:

(a) The nature of operating costs and expenses were as follows:

	For the years ended December 31							
	2021				2020			
By function / By item	Operating cost	Operating expense	Non-Operating expense	Total	Operating cost	Operating Expense	Non-Operating expense	Total
Employee benefits								
Salary	1,064,405	569,377	-	1,633,782	663,724	342,921	-	1,006,645
Labor and health insurance	74,280	29,996	-	104,276	69,030	30,572	-	99,602
Pension	39,661	22,323	-	61,984	41,765	26,246	-	68,011
Remuneration of directors	-	91,763	-	91,763	-	9,226	-	9,226
Others	34,735	12,795	-	47,530	36,549	14,858	-	51,407
Depreciation	825,259	76,138	4,255	905,652	704,079	72,565	3,933	780,577
Amortization	-	-	-	-	-	375	-	375

Additional information on the number of emplyees and employee benefits expense of the Company are summarized as follows:

	For the years ended December 31, 2021	2020
Number of employees	1,333	1,339
Number of non-employee directors	9	7
Average employee benefits expense	$ 1,395	920
Average employee salary expenses	$ 1,234	756
Average employee salary adjustment	63.23 %	(19.75)%
Supervisor salary expenses	$ -	-

The policies of the Company's remunerations (including directors, managers and employees) are as follows:

The policies, standards, combinations, procedure of decision-making of remunerations, and their relation to business performance and future risk:

(i) The remuneration to the Company's (Executive) Chairman, vice chairman and directors was based on remuneration, transportation allowance and attendance allowance applicable in the same industry domestically and overseas, taking the performance and risk into consideration, and paid in accordance with Article 28 of the Company's Articles of Incorporation. According to Article 32 of the Articles of Incorporation, 2% of the earnings shall be allocated as remuneration to directors according to the motion for allocation of shareholders' dividend.

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CHINA PETROCHEMICAL DEVELOPMENT CORPORATION
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(ii) The remuneration to the Company's managers (including salary, allowance and bonus, etc.) will be evaluated based on market intelligence, seniority, responsibilities, experience, performance and risk, and paid in accordance with Article 29 of the Company Act. The Company established the Remuneration Committee in September 2011.

(iii) The remuneration to the Company's employees (including salary, allowance and bonus, etc.) will be evaluated based on performance, responsibilities, market intelligence and the Company's financial ability, and paid in accordance with the Company's remuneration policies.

(iv) Regarding the procedures for establishing remuneration, in addition to considerations of the overall operating performance, industry outlook, risk management, and future development, we also consider personal performance and contributions to the company's overall performance in the remuneration. Related performance evaluation and remuneration considerations are submitted to the remuneration committee and the board of directors for approval. Depending on operating conditions and related regulations, we also further review and revise our remuneration as necessary, with the aim in achieving a balance between sustainable management and risk controls.

(b) On March 22, 2019, Kaohsiung Urban Planning Commission (KUPC) announced that Dashe Industrial Park (DIP), where the Company's plant is located, will be categorized from Special Zone to Zone B. In light of the above matter, all the companies involved in this case are making their best effort to negotiate and compromise with KUPC, requesting KUPC to change DIP's status to Zone A instead of Zone B. On November 11, 2020, the Company had received the minutes of the meeting with regards to the changes on the urban planning case of DIP concerning its execution, which prompted KUPC to suggest to the Bureau of Industry, MOEA to invite the Kaohsiung City Government (KCG) and all relevant parties to clarify the appeals and suggestions made by the companies involved. Thereafter, KCG will explicitly indicate the details in the urban planning documentation to all concerned parties in order to preclude the disputes. On July 21, 2021, the Bureau of Industry, MOEA held a task force to deal with the effect on petrochemical industry in case of DIP is categorized to Zone B, in which a discussion on both issues, including the legality of urban planning and the regulation of land reusing, will be appropriately conducted together with the urban planning task force of KUPC. As of December 31, 2021, KCG had yet to proceed on the procedures of statement changing.

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(13) Other disclosures:

(a) Information on significant transactions:

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

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	Jiangsu Weiming New Material Co., Ltd.(original name: Jiangsu Weiming Petrochemical Corporation)	Changzhou Weicai New Material Science & Technology Co., Ltd.	Other Receivable	Yes	260,580	260,580	43,430	5.5%	2	-	Operating	-		-	678,916	1,018,374
2	Weihua (Rudong) Trade Co., Ltd	Changzhou Weicai New Material Science & Technology Co., Ltd.	Other Receivable	Yes	86,860	86,860	43,430	5.5%	2	-	Operating	-		-	99,930	99,930

Note 1: Numbering nature of borrowing as follows:

Transaction for business between two parties－1

Short-term financing－2

Note 2: The financing limit for total and individual were 15% and 10% of net value of Jiangsu Weiming New Material Co., Ltd. (original name: Jiangsu Weiming Petrochemical Corporation)

Note 3: The financing limit was 20% of net value of Weihua (Rudong) Trade Co., Ltd.

Note 4: The amounts of the transaction and the ending balance had been offset in the consolidated financial statements.

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	CPDC	Ding-Yue Development Co., Ltd.	2	48,304,160	22,380,000	17,780,000	13,140,000	2,880,000	22.09 %	80,506,933	Y	N	N
0	CPDC	Weihua (Rudong) Trade Co., Ltd.	2	48,304,160	217,900	217,150	217,150	-	0.27 %	80,506,933	Y	N	Y
0	CPDC	Changzhou Weicai New Material Science & Technology Co., Ltd.	2	48,304,160	1,260,624	1,260,624	716,287	174,000	1.57 %	80,506,933	Y	N	Y
0	CPDC	Jiangsu Weiming New Material Co., Ltd.	2	48,304,160	1,612,460	1,606,910	1,606,910	-	2.00 %	80,506,933	Y	N	Y
0	CPDC	Shiny Chemical Industrial Co., Ltd.	5	48,304,160	78,086	78,086	78,086	-	0.10 %	80,506,933	N	N	N
0	CPDC	Lushun Warehouse Co., Ltd.	5	48,304,160	55,366	55,366	55,366	-	0.07 %	80,506,933	N	N	N
0	CPDC	China General Terminal & Distribution Corporation	5	48,304,160	14,903	14,903	14,903	-	0.02 %	80,506,933	N	N	N
1	Ding-Yue Development Co., Ltd.	CPDC	3	12,724,087	4,920,000	4,920,000	2,200,000	-	6.11 %	25,448,174	N	Y	N

Note 1: The information of guarantees and endorsements for other parties of the Company and its subsidiaries are disclosed separately and numbering as follows:

Parent company－0

Subsidiary starts from 1

(Continued)

CHINA PETROCHEMICAL DEVELOPMENT CORPORATION
Notes to the Financial Statements

Note 2: The relationship between the guarantee and the guarantor are as follows:

1. Transactions between the companies.
2. The Company directly or indirectly holds more than 50% voting right.
3. When other companies directly or indirectly hold more than 50% voting rights of the Company.
4. The Company directly or indirectly holds more than 90% voting right.
5. A company that is mutually protected under contractual requirements based on the needs of the contractor.
6. A company that is endorsed by all the contributing shareholders in accordance with their shareholding ratio due to joint investment relationship.
7. Under the Consumer Protection Act, performance guarantees for pre-sale contracts for companies in the same industry.

Note 3: The Company endorsed the operation method for the total amount of guarantees and the limit for endorsement of a single enterprise:

1. The total amount of guarantee for endorsement shall not exceed 100% of the Company's net assets. The net assets referred to above are based on the latest audited or reviewed financial statements.
2. The guarantee amount for a single enterprise endorsement shall not exceed 60% of the Company's net assets. The net assets referred to above are based on the latest audited or reviewed financial statements.

Note 4: Ding-Yue Development Co., Ltd endorsed the operation method for the total amount of guarantees and the limit for endorsement of a single enterprise:

1. The total amount of guarantee for endorsement shall not exceed 100% of its net assets. The net assets referred to above are based on the latest audited or reviewed financial statements.
2. The guarantee amount for a single enterprise endorsement shall not exceed 50% of its net assets. The net assets referred to above are based on the latest audited or reviewed financial statements.

(iii) Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Yuanta Financial Holding Co., Ltd.	None	Current financial assets designated at fair value through profit or loss	7,400,371	187,229	0.06	187,229	
	BES Engineering Co.	The Company is a director of an investee company	Non-current financial assets at fair value through other comprehensive income	164,348,449	1,488,997	10.74	1,488,997	
	China Development Financial Holding Corp.	None	〃	44,684,712	781,982	0.23	781,982	
	Handy Chemical Corporation Ltd.	The Company is a supervisor of the investee company	〃	386,000	26,437	4.51	26,437	
	Overseas Investment & Development Corp.	None	〃	2,600,000	26,000	2.89	26,000	
	Core Pacific City Co., Ltd.	Substantive related party	Non-current financial assets designated at fair value through profit or loss	2,779,154	5,117,918	27.52	5,117,918	
	Praxair Chemax Semiconductor Materials	None	Non-current financial assets at fair value through other comprehensive income	2,701,651	117,608	14.00	117,608	
	ZOWIE Technology Corporation	〃	〃	8,815	358	0.03	358	
	Aetas Technology Inc.	〃	〃	287,961	-	0.58	-	
	Chain Yarn Co., Ltd.	The Company is a director of an investee company	〃	30,000,000	300,000	13.41	300,000	
BES Twin Towers Co., Ltd.	Taiwan Business Bank	None	Current financial assets at fair value through other comprehensive income	977,130	9,674	0.01	9,674	
	Core Pacific City Co., Ltd.	Substantive related party	Current financial assets designated at fair value through profit or loss	1,053,812	1,855,861	10.43	1,855,861	
	Praxair Chemax Semiconductor Materials	None	Non-current financial assets at fair value through other comprehensive income	6,754,127	294,019	35.00	294,019	
Tsou Seen Chemical Industries Corporation	Taiwan Tea Corporation	〃	Current financial assets designated at fair value through profit or loss	7,279,000	147,764	0.92	147,764	
	Good Company	〃	Non-current financial assets at fair value through other comprehensive income	750,000	-	2.08	-	
	TaiRx, Inc.	〃	〃	722,500	14,652	0.80	14,652	
Changzhou Weicai New Material Science & Technology Co., Ltd.	Agricultural Bank of China-HSBC Structured Deposit	〃	Current financial assets designated at fair value through profit or loss	-	22,226	-	22,226	
					10,390,725		**10,390,725**	

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(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of $300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares/units	Amount	Shares/units	Amount	Shares/units	Price	Cost	Gain (loss) on disposal	Shares/units	Amount
The Company	Yuanta Financial Holding Co., Ltd	Financial assets at fair value through profit or loss－non-current	Not applicable	Not applicable	32,176,371	661,224	-	-	24,776,000	620,576	259,336	361,240	7,400,371	187,229

(v) Acquisition of individual real estate with amount exceeding the lower of $300 million or 20% of the capital stock:None

(vi) Disposal of individual real estate with amount exceeding the lower of $300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Type of property	Transaction date	Acquisition date	Book value	Transaction amount	Amount actually receivable	Gain from disposal	Counter-party	Nature of relationship	Purpose of disposal	Price reference	Other terms
CPDC	land no.7 and no.7-1, subsection 5, Jingmao section, Kaohsiung	August 18, 2021	October 1, 1982	1,668,271	2,380,000	Fully received	711,729	Chingwon Structure Corporation	Non related parties	Replenishing operating capital	Appraisal reports & Market value	None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of $100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Tsou Seen Chemical Industries Corporation	Subsidiary	Sales	(1,247,286)	(4.08)%	3 Month	-	OA 90 days	136,636	4.04%	Note
The Company	Kaohsiung Monomer Company Limited	Affiliated company accounted for using equity method	Sales	(751,291)	(2.46)%	1 Month	-		91,978	2.72%	
The Company	Chain Yarn Co., Ltd.	Other related parties	Sales	(1,009,343)	(3.30)%	1 Month	-	-	385,366	11.38%	
CPDC GT	The Company	Subsidiary	Sales	(322,868)	(98.10)%	Base on contract	-	Base on contract	67,005	99.23%	Note
Weiming	Weiqiang International Trade (Shanghai) Co., Ltd.	Same parent company	Sales	(107,749)	(6.42)%	Base on contract	-	Base on contract	-	-%	〃
Weiqiang	Weihua (Rudong) Trade Co., Ltd.	Same parent company	Sales	(192,001)	(6.56)%	Base on contract	-	Base on contract	-	-%	
Weiqiang	Changzhou Weicai New Material Science & Technology Co., Ltd.	Same parent company	Sales	(268,466)	(9.18)%	Base on contract	-	Base on contract	-	-%	〃
Weiqiang	The Company	Subsidiary	Sales	(1,094,584)	(37.43)%	Base on contract	-	Base on contract	-	-%	
Weiqiang	Weiming New Material Co., Ltd. (original name: Jiangsu Weiming Petrochemical Corporation)	Same parent company	Sales	(279,244)	(9.55)%	Base on contract	-	Base on contract	-	-%	

Note: The amounts of the transaction and the ending balance had been offset in the consolidated financial statements.

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(viii) Receivables from related parties with amounts exceeding the lower of $100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	Tsou Seen Chemical Industries Corporation	Subsidiary (Note)	136,636	14.39	-		136,636	-
The Company	Chain Yarn Co., Ltd.	Other related parties	385,366	5.24	-		202,352	-

Note: The amounts of the transaction and the ending balance had been offset in the consolidated financial statements.

(ix) Trading in derivative instruments: None

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2021 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of wnership	Carrying value			
The Company	Kaohsiung Monomer Company Limited	1,Hsing Kung Road,Ta She P O Box 6-25 Nantze,Kaohsiung (815), Taiwan	Methyl Methacrylate Monomer	-	-	20,000,000	40.00 %	785,917	839,628	335,851	Note 1
The Company	Zhong gong Baoquan Ltd.	2F., No.12, DongxingRd., Taipei City 105,Taiwan	Security consultants	14,400	14,400	1,440,000	24.00 %	18,716	1,235	296	Note 1
〃	Ding-Yue Development Co., Ltd.	8F., No.12, Dongxing Rd., Taipei City 105, Taiwan	Commissioned to create a vendor to build the housing, commercial buildings and plant rental business, management of land development and playgrounds and other related business investment	25,580,000	10,040,000	2,558,000,000	100.00 %	25,424,981	(94,151)	(94,151)	Note 2&5
〃	CPDC Investment (BVI) Co., Ltd.	Citco Building, Wickhams Cay, P.O. Box662	Holding company	904,946	904,946	26,580,000	100.00 %	911,656	(9,060)	(9,060)	Note 2&4&5
〃	Tsou Seen Chemical Industries Corporation	No.1, Jingjin Rd.,Fangliao Township,Pingtung County 940,Taiwan	Dicalcium phosphate	560,000	760,000	76,000,000	100.00 %	1,181,737	113,430	113,430	Note 2&5
〃	CPDC Green Technology Corp.	14F.-16, No.61, Wufu3rd Rd., Qianjin Dist.,Kaohsiung City 801,Taiwan	Mechanical engineering	100,000	100,000	15,000,000	100.00 %	166,436	46,706	46,706	Note 2&5
〃	Unichem Development Limited	Unit 06, G/F, TheLodge, 535 CantonRoad, Kowloon, HongKong	Holding company	9,876,023	9,572,433	324,684,262	100.00 %	8,291,713	(370,186)	(370,186)	Note 2&4&5
〃	BES Twin Tower Development Co., Ltd.	16F., No.12, DongxingRd., Taipei City 105,Taiwan	Real estate investment and development	3,791,383	4,791,383	491,216,357	100.00 %	5,084,560	193,145	193,145	Note 2&5
〃	Thanh Phong Construction Investment Co., Ltd.	B2-19, Golden KingTower Building, No.15 Nguyen LuongBang, Tan Phu Ward,District 7, Ho ChiMinh City	Engaged in construction, real estate, building constructional consulting, lease equipment and wholesale of building materials	609,347	609,347	-	100.00 %	586,627	11,267	11,267	Note 2&3&4&5
〃	Jean Pacific Development Co., Ltd.	7F.-2, No.300,Yangguang St., NeihuDist., Taipei City11491, Taiwan(R.O.C.)	Renting and selling realestate	620,000	620,000	62,000,000	40.00 %	618,276	(3,187)	(1,275)	Note 1
CPDC Investment (BVI) Co., Ltd.	Core Pacific Overseas Holdings Ltd.	Akra Bldg., 24 De Castro Street, Wickhams Cay I, Road Town,Tortola,British Virgin Islands	Holding company	808,564	808,564	26,580,000	45.19 %	906,578	(19,851)	-	Note 2&4&6
Ding-Yue Development Co., Ltd.	Da-Ying Construction Ltd.	8F., No.12, DongxingRd., Taipei City 105,Taiwan	Engineering, construction contracting business	60,000	22,500	-	100.00 %	60,206	(195)	-	Note 2&3&5&6
Tsou Seen Chemical Industries Corporation	Taivex Therapeutics Corporation	8F., No.12, Dongxing Rd., Taipei City 105, Taiwan	Engaged in biotechnology, pharmaceutical research and development and marketing	696,720	696,720	46,224,551	91.10 %	170,077	(87,321)	-	Note 2&5&6
BES Twin Towers Development Co., Ltd.	Frontier Fortune Investment Pte. Ltd.	112 ROBINSONROAD#05-01ROBINSON112SINGAPORE(068902)	Holding company	2,761,596	2,761,596	93,060,000	100.00 %	2,712,589	65,879	-	Note 2&4&5&6
Frontier Fortune Investment Pte. Ltd.	Core Pacific Twin Star (Myanmar) Investment Company Ltd.	NO.153/Ka,Kyun ShweMmyaing Lane (2) ,23 ward,Thingangyun Townshin Yangon	Holding company and consultancy	169,921	169,921	5,500,001	100.00 %	149,531	197	-	Note 2&4&5&6

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Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of wnership	Carrying value			
Frontier Fortune Investment Pte. Ltd.	Gemini Star (India) Private Limited	Level7, The Capital,Plot No.C-70, GBlock, Bandra KurlaComplex, BandraMUMBAI MumbaiCity MH 400051 IN	Real estate and petrochemical products research and consultancy	9,274	9,274	2,099,993	99.99 %	4,249	(190)	-	Note 2&4&5 &6
〃	Core Pacific Twin Star (Vietnam) Investment Co., Ltd.	B2-19, Golden KingTower Building, No.15 Nguyen LuongBang, Tan Phu Ward,District 7, Ho ChiMinh City	Engineering, real estate and consultancy of construction	2,566,176	2,566,176	-	100.00 %	2,551,666	66,738	-	Note 2&3&4 &5&6
Core Pacific Twin Star (Myanmar) Investment Company Ltd.	Core Pacific Pioneer (Myanmar) Company Ltd.	NO.153/Ka,KyunShwe Mmyaing Lane(2),23 ward,ThingangyunTownshin Yangon	Building construction, real estate management, development and sale	24,804	24,804	800,000	80.00 %	19,483	2,069	-	Note 2&4&5 &6

Note1: The Company adopts the equity method to evaluate the investment company.

Note2: The Company has direct or indirect control of the invested company. If the invested company has direct or indirect control, it shall expose the relevant information of the following 2 to 10 transactions of the investee company.

Note3: Limited company expressed by the amount of capital, no shares issued.

Note4: The original investment amount is the foreign currency, at the prevailing exchange rate.

Note5: This transaction has been written off when the consolidated statement has been prepared.

Note6: In accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, only profit or loss of the company's directly associates and joint ventures accounted for using equity method should be revealed.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumu-lated remittance of earnings in current period
					Outflow	Inflow						
Weihua (Rudong) Trade Co., Ltd.	Engaged in trading of petroleum chemical products, electronic chemicals variety of industrial gases, gas mixtures and other manufacturing sub fitted trading	763,460	(2)、(3)	763,460	-	-	763,460	13,491	100.00%	13,491	499,650	-
Weiqiang International Trade (Shanghai) Co., Ltd.	Engaged in trading of petroleum chemical products, electronic chemicals variety of industrial gases, gas mixtures and other manufacturing sub-fitted trading.	211,560	(1)、(3)	211,560	-	-	211,560	42,024	100.00%	42,024	171,441	-
Jiangsu Weiming New Material Co., Ltd. (original name: Jiangsu Weiming Petrochemical Corporation	Petrochemical supporting facility construction	7,725,253	(1)、(2)	7,421,663	303,590	-	7,725,253	(232,855)	100.00%	(232,855)	6,789,159	-
Zhangzhou Weida Petrochemical Co., Ltd.	Engaged in trading of petroleum chemical products, electronic chemicals variety of industrial gases, gas mixtures and other manufacturing sub-fitted trading	-	(2)	30,648	-	(30,648)	-	2	100.00%	2	-	-
Changzhou Weicai New Material Science & Technology Co., Ltd.	Engaged in engineering plastic and high valued petroleum chemical products	1,411,845	(2)	1,324,893	-	-	1,324,893	(151,226)	100.00%	(151,226)	865,748	-
Weiming (Rudong) Construction Co., Ltd. (Invested through Jiansu Weiming New Material Co., Ltd.)	Engaged in engineering plastic and high valued petroleum chemical products	129,665	(3)	-	-	-	-	(513)	100.00%	(513)	129,753	-

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
10,919,107	14,362,341	Note 4

Note1: There are three ways to invest as follows:

(a) The Company directly invests in China.

(b) The Company through third regional company (UDL) invests in China.

(c) Others. (The Company through subsidiaries invest in China.)

Note2: Explanation for the field "net income (losses) of the investee":

(a) If it is in preparation, no investment profit or loss.

(b) There are three ways to identify the basis of investment profit or loss.

(b.1) financial statements audit by international accounting firm with a relationship with Taiwan accounting firm.

(b.2) financial statements audit by the Company's audit CPA.

(b.3) others.

Note3: The amount in this table should be presented in New Taiwan Dollar.

Note4: The cumulative investment amount or investment proportion to China cannot be over the Company' s net value of 60%. The Company obtained certified documents of operating headquarters issued by Industrial Development Bureau, Ministry of Economic Affairs on October 18, 2018, and so is not subject to the above regulations. Valid until October 14, 2021. On October 19, 2021, the Company acquired the above documents and extend the valid period to October 12, 2024.

Note5: Zhangzhou Weida Petrochemical Co., Ltd. was dissolved and the liquidation process had been completed in January 2021.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(d) Major shareholders:None

(14) Segment information:

Please refer to the Consolidated Financial Statements for the year ended December 31, 2021.

China Petrochemical Development Corporation

Statement of cash and cash equivalents

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Cash		$ 835	
Bank deposits	Check deposits	495,139	
	Demand deposits	251,407	
	Foreign currency deposits	136,460	
	Time deposits	1,898,933	
	Subtotal	2,781,939	
Total		**$ 2,782,774**	

Statement of financial assets measured at fair value through profit or loss - current

Name of financial instruments	Description	Shares	Par value	Total amount	Acquisitoin cost	Fair value: Unit price	Fair value: Total amount	Provided for guarentee or pledge
Yuanta Financial Holding Co., Ltd.	Listed stock	7,400,371	$ 10	74,004	**77,435**	25.30	**187,229**	7,400,000 shares pledged for long-term bills payable

China Petrochemical Development Corporation

Statement of trade receivables

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Non-related party			
1001		$ 415,639	
1011		235,460	
1079		218,178	
14424		188,171	
8096		186,713	
10514		185,375	
1022		184,448	
1089		177,023	
2466		170,080	
Others		1,144,856	No customer balance exceeds 5% individually
Subtotal		3,105,943	
Related party			
Weihua (Rudong) Trade Co., Ltd.		(1,463)	
Kaohsiung Monomer Company Limited		91,978	
Tsou Seen Chemical Industries Corporation		136,636	
Weiqiang International Trade (Shanghai) Co., Ltd.		385,366	
Subtotal		612,517	
Less：Allowance for doubtful receivables		(332,496)	
Total		**$ 3,385,964**	

China Petrochemical Development Corporation

Statement of other receivables

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount	Note
VAT Receivables		$ 58,738	
Interest receivable		9,511	
Other receivables	Service work payments and others	17,095	
Other	Lease payment receivables and others	10,459	
Total		**$ 95,803**	

Statement of inventories

Item	Cost	Fair value	Note
Finished goods	$ 1,025,765	1,064,771	Market value is the net realizable value
Work-in-process	436,410	480,565	〃
Raw materials	1,686,726	2,624,478	〃
Fuel	19,887	24,043	〃
Subtotal	3,168,788	**4,193,857**	
Less: allowance for reduction of inventory to market	(18,268)		
Net carrying amount	3,150,520		
Land held for construction site	4,120		
Land held for construction site - compensation for levied land	9,423		
Payment for floor area ratio	13,535		
Construction in progress	44,658		
Subtotal	71,736		
Total	**$ 3,222,256**		

China Petrochemical Development Corporation

Statement of prepayments

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Fair value	Note
Prepayment for purchases	Raw materials purchases	$ 393,880	
Other prepaid expenses	Customs fee and other	226,955	
Total		**$ 620,835**	

Statement of other current assets

Item	Description	Amount	Note
Temporary payments		$ 832	
Inventory of supplies		375,274	
Restricted assets	Pledged time deposit	15,650	
Other financial assets	Time deposits	49,787	
Total		**$ 441,543**	

China Petrochemical Development Corporation

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

	Beginning Balance		Addition		Decrease		Ending Balance			Net Assets Value		Evaluation	Provide a guarentee
Name of investee	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Percentage	Amount	Unit price	Total amount	Basis	or pledge (note 8)
The Equity Method - Non-listed company													
Kaohsiung Monomer Company Limited	20,000,000	$ 502,002	-	338,676	-	54,761	20,000,000	40.00	785,917	-	785,917	The Equity Method	20,000,000 shares provided for long-term guarantee of bills
Zhong Gong Baoquan Ltd.	1,440,000	18,311	-	426	-	21	1,440,000	24.00	18,716	-	18,716	〃	None
Ding-Yue Development Co., Ltd.	1,004,000,000	10,002,328	1,554,000,000	15,540,000	-	117,347	2,558,000,000	100.00	25,424,981	-	25,424,981	〃	None
CPDC Investment (BVI) Co., Ltd.	26,580,000	903,385	-	26,162	-	17,891	26,580,000	100.00	911,656	-	911,656	〃	None
Tsou Seen Chemical Industries Corporation	96,000,000	1,303,240	-	114,098	20,000,000	235,601	76,000,000	100.00	1,181,737	-	1,181,737	〃	None
CPDC Green Technology Corporation	15,000,000	119,730	-	46,706	-	-	15,000,000	100.00	166,436	-	166,436	〃	None
Unichem Development Limited	313,851,199	8,310,551	10,833,063	351,348	-	370,186	324,684,262	100.00	8,291,713	-	8,291,713	〃	None
BES Twin Towers Development Co., Ltd.	580,012,053	6,219,672	11,204,304	204,481	100,000,000	1,339,593	491,216,357	100.00	5,084,560	-	5,084,560	〃	None
Jiangsu Weiming New Material Co., Ltd.	29,382,000	24,699	-	572	-	838	29,382,000	0.36	24,433	-	24,433	〃	None
Weiqiang International Trade (Shanghai) Co., Ltd.	92,260,000	57,183	-	19,142	-	-	92,260,000	44.52	76,325	-	76,325	〃	None
Thanh Phong Constuction Investment Co., Ltd.	458,637,500,000	578,029	-	11,267	-	2,669	458,637,500,000	100.00	586,627	-	586,627	〃	None
Jean Pacific Development Co., Ltd.	62,000,000	619,551	-	-	-	1,275	62,000,000	40.00	618,276	-	618,276	〃	None
Total	**460,878,025,252**	**$ 28,658,681**	**1,576,037,367**	**16,652,878**	**120,000,000**	**2,140,182**	**462,334,062,619**		**43,171,377**		**43,171,377**		

China Petrochemical Development Corporation

Statement of changes in financial assets measured at fair value through profit or loss - non-current

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

	Beginning Balance		Addition		Decrease		Ending Balance			
Financial Instruments	**Shares**	**Fair value**	**Shares**	**Amount**	**Shares**	**Amount**	**Shares**	**Fair value**	**Pledge**	**Note**
Common stock of Core Pacific City Co., Ltd.	422,250,872	$ 7,832,673	-	36,608	419,471,718	2,751,363	2,779,154	5,117,918	None	

China Petrochemical Development Corporation

Statement of financial assets measured at fair value through other comprehensive income - non-current

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

	Beginning Balance		Addition		Decrease		Ending Balance			Market Value or Net Assets Value		Evaluation	Pledge
Name of investee	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Percentage	Amount	Unit Price	Total Amount	Basis	(Note 8)
Handy Chemical Co., Ltd.	407,000	$ 1,461	-	26,414	21,000	1,438	386,000	4.51	26,437	-	26,437	Fair value	None
Overseas Investment & Development Corp.	2,600,000	26,000	-	-	-	-	2,600,000	2.89	26,000	-	26,000	Fair value	"
Praxair Chemax Semiconductor Materials	2,701,651	113,714	-	3,894	-	-	2,701,651	14.00	117,608	-	117,608	Fair value	"
ZOWIE Technology Corporation	8,815	358	-	-	-	-	8,815	0.03	358	-	358	Fair value	"
Chain Yarn Co., Ltd.	30,000,000	300,000	-	-	-	-	30,000,000	13.41	300,000	-	300,000	Fair value	"
Aetas Technology Inc.	287,961	-	-	-	-	-	287,961	0.58	-	-	-	Fair value	"
Taiwan Business Bank	44,684,712	415,568	-	366,414	-	-	44,684,712	0.30	781,982	17.50	781,982	Fair value	13,000,000 shares provided for long term guarantee of bills
BES Engineering Co.	164,348,449	1,643,484	-	-	-	154,487	164,348,449	10.74	1,488,997	9.06	1,488,997	Fair value	101,545,000 shares provided for long term guaraentee of bills
Total	245,038,588	$ 2,500,585	-	396,722	21,000	155,925	245,017,588		2,741,382		2,741,382		

China Petrochemical Development Corporation

Statement of changes in property, plant and equipment

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Beginning	Addition	Decrease	Ending	Provided for guarentee or pledge (Note 8)	Note
Land	$ 5,647,642	-	-	5,647,642	Provided for guarantee and mortgage $5,647,642	
Land improvements	267,097	-	39	267,058		
Buildings	2,734,123	12,132	-	2,746,255	Provided for guarantee and mortgage $920,604	
Machinery and equipment	42,936,647	1,603,001	152,639	44,387,009	Provided for guarantee and mortgage $118,325	
Vehicles	61,933	271	529	61,675		
Other facilities	208,417	24,020	337	232,100		
Construction in progress	3,960,320	2,807,140	1,825,424	4,942,036		
	$ 55,816,179	**4,446,564**	**1,978,968**	**58,283,775**		

China Petrochemical Development Corporation

Statement of changes in accumulated depreciation of property, plant and equipment

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Beginning	Addition	Decrease	Ending	Note
Land improvements	$ 221,167	4,682	39	225,810	
Buildings	1,184,246	76,815	-	1,261,061	
Machinery and equipment	34,131,479	759,685	152,639	34,738,525	
Vehicles	47,265	2,408	529	49,144	
Other facilities	144,183	13,401	337	157,247	
Total	35,728,340	856,991	153,544	36,431,787	
Add: accumulated impairment	4,879,031	915,669	-	5,794,700	
	$ 40,607,371	**1,772,660**	**153,544**	**42,226,487**	

Statement of changes in right-of-use assets

Item	Beginning	Addition	Decrease	Ending	Note
Land	$ 85,643	20,491	485	105,649	
Buildings	9,465	-	-	9,465	
Machinery and equipment	111,057	30,432	30,940	110,549	
Vehicles	11,609	3,605	2,525	12,689	
	$ 217,774	**54,528**	**33,950**	**238,352**	

China Petrochemical Development Corporation

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

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Beginning	Addition	Decrease	Ending	Note
Land	$ 6,231	4,541	328	10,444	
Buildings	2,366	4,733	-	7,099	
Machinery and equipment	60,621	34,767	30,940	64,448	
Vehicles	4,221	4,620	2,525	6,316	
	$ 73,439	**48,661**	**33,793**	**88,307**	

Statement of changes in investment property

Item	Beginning	Addition	Decrease	Ending	Note
Land	$ 37,595,572	2,911,289	1,668,271	38,838,590	Provided for guarantee and mortgage $31,435,973
Buildings	17,315	-	5,264	12,051	
	$ 37,612,887	**2,911,289**	**1,673,535**	**38,850,641**	

China Petrochemical Development Corporation

Statement of other non-current assets

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Refundable deposits	Telephone, house and golf card, etc.	$ 130,652	
Other non-current assets, others	Bond issue costs	23,900	
	PCTG process design package	85,542	
	Syndicated loan charges	31,194	
	Bank loan charges fee	34,263	
	Software maintenance and services	13,101	
	Licensing and authorization	13,888	
Total		**$ 332,540**	

Statement of deferred tax assets

Item	Description	Amount	Note
Loss deduction		**$ 11,009**	

China Petrochemical Development Corporation

Statement of short-term borrowings

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Creditor	Type of loan	Amount	Contract term	Interest rate	Quota	Pledged	Note
Bank	L/C loan	$ 151,000	2021.10.25-2022.11.25	1.38000 %	700,000	None	
"	L/C loan	226,000	2021.06.15-2022.06.15	1.34000 %	1,300,000	Property, plant and equipment and investment property	
"	Export bills loans	31,175	2020.08.25-2022.08.25	0.66900 %	553,540	None	
"	Export bills loans	188,185	2021.06.25-2022.06.25	0.83000 %	553,540	"	
"	Short-term loan	100,000	2021.04.10-2022.04.09	1.28089 %	500,000	"	
"	Short-term loan	200,000	2021.11.11-2022.11.11	1.40000 %	500,000	"	
"	Short-term loan	200,000	2021.07.20-2022.07.20	1.45000 %	200,000	"	
		$ 1,096,360					

Statement of trade payables

Item	Description	Amount	Note
Non-related party			
3002	Raw material	$ 555,365	
660	〃	389,708	
4587	〃	139,791	
688	〃	137,204	
Others	〃	403,604	No customer balance exceeds 5% individually
Subtotal		1,625,672	
Related party			
16565	〃	11,333	
Subtotal		11,333	
Total		**$ 1,637,005**	

China Petrochemical Development Corporation

Statement of other payables

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Payroll and bonus payable		$ 1,081,833	
Interest payable	Long-term loan interest	11,388	
Other payables	Dividends payable	5,865	
	Slot rental, storage and package	53,457	
	Housing tax, labor costs and other	637,710	
	Compensation payable	2,412	
	Project	546,856	
Total		**$ 2,339,521**	

Statement of lease liabilities

Item	Description	Lease term	Discount rate	Endind	Note
Office		2020.07-2022.06	1.8%	$ 2,398	
Vehicles		2019.03-2024.02	1.8%	6,214	
Land		2017.08-2042.10	1.8%	96,973	
Storage slot		2020.08-2023.07	1.8%	46,614	
				$ 152,199	
Current				$ 44,167	
Non-current				108,032	
				$ 152,199	

China Petrochemical Development Corporation

Statement of provisions - current

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Remediation fee		$ 473,093	
Employee benefits		4,984	
		$ 478,077	

Statement of other current liabilities

Item	Description	Amount	Note
Payable collection	Withholding salary income tax, labor and health insurance and other	$ 10,102	
Other	Advance (deferred) income and temporary payment of company payments	47,616	
Total		**$ 57,718**	

China Petrochemical Development Corporation

Statement of bonds payable

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Bond name	Trustee	Issuance date	Interest payment date	Coupon rate	Amount: Total amount	Amount: Repayment paid	Amount: Ending balance	Amount: Unamortized premiums (discount)	Amount: Carrying amount	Repayment	Collateral	Note
Ordinary Bonds	Mega International Commercial Bank	2020.9.21	9.21	0.64 %	$ 1,500,000	-	1,500,000	-	1,500,000	The Company will make repayment on maturity, which is five years since the issuance date	Investment property	
Ordinary Bonds	Land Bank of Taiwan	2020.9.21	9.21	0.64 %	1,000,000	-	1,000,000	-	1,000,000	"	"	
Ordinary Bonds	Bank of Taiwan	2020.9.21	9.21	0.64 %	1,000,000	-	1,000,000	-	1,000,000	"	"	
					$ 3,500,000	**-**	**3,500,000**	**-**	**3,500,000**			

China Petrochemical Development Corporation

Statement of long-term borrowings

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Creditor	Description	Amount: Less than One Year	Amount: More than One Year	Contract Term	Interest Rate	Mortgage or Guarentee	Note
Bank	Three-year medium-term loan	$ -	550,000	2021.04.27-2024.04.27	1.3900 %	Property, plant and equipment and investment property	Maximum duration of each financing up to 180 days and recyclable.
"	Three-year medium-term loan	-	570,000	2021.04.27-2024.04.27	1.3900 %	"	"
"	Three-year medium-term loan	-	350,000	2021.11.25-2024.11.25	1.3000 %	"	"
"	Three-year medium-term loan		200,000	2021.11.25-2024.11.25	1.3000 %	"	"
"	Three-year medium-term loan	-	180,000	2020.02.17-2023.02.17	1.3007 %	Property, plant and equipment	"
"	Three-year medium-term loan	300,000	1,700,000	2020.07.20-2023.07.20	1.6007 %	Investment property	Each financing is reimbursed at maturity for unrecyclable use.
"	Five-year medium-term loan	-	400,000	2020.10.14-2025.10.14	1.7234 %	Property, plant and equipment and investment property	"
"	Twenty-year term loan	-	658,900	2021.09.29-2041.09.29	1.5000 %	Property, plant and equipment	"
"	Five-year sydicated loan - case A	-	3,000,000	2021.07.28-2026.07.27	1.9027 %	"	"
Life insurance compnay	Five-year medium-term loan	-	1,000,000	2021.09.30-2026.09.30	1.9500 %	Investment property	"
"	Five-year medium-term loan	-	1,000,000	2021.10.08-2026.09.30	1.9500 %	"	"
"	Four-year medium-term loan	-	2,200,000	2021.06.16-2025.12.31	1.9000 %	"	"
		$ 300,000	**11,808,900**				

China Petrochemical Development Corporation

Statement of long-term bills payable

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Acceptance Institution	Period	Interest Rate	Amount	Mortgage or guarentee	Note
Bills payable	International Bills Finance Corporation	2021.12.16~2022.02.14	0.5700 %	$ 350,000	Investment accounted for using equity method and financial assets at fair value through profit or loss	
"	Taching Bills Finance Corporation	2021.12.13~2022.03.11	0.9600 %	160,000	"	
"	China Bills Finance Corporation	2021.11.09~2022.01.07	0.3000 %	400,000	Investment property	
"	"	2021.11.22~2022.01.21	0.3000 %	270,000	"	
"	"	2021.12.21~2022.03.17	0.3300 %	660,000	"	
"	"	2021.12.01~2022.03.01	0.3100 %	230,000	"	
"	"	2021.12.01~2022.03.01	0.3100 %	160,000	"	
"	Mega Bills Finance Corporation	2021.12.10~2022.02.17	0.9700 %	600,000	Property, plant and equipment and investment property	
"	"	2021.11.18~2022.02.16	0.9700 %	870,000	"	
"	"	2021.11.25~2022.02.23	0.9700 %	500,000	"	
"	"	2021.12.14~2022.02.24	0.9700 %	630,000	"	
"	"	2021.11.26~2022.02.23	0.9700 %	230,000	"	
"	"	2021.12.16~2022.03.16	0.9700 %	200,000	"	
				5,260,000		
Less: discount on long-term bills payable				5,482		
Total				**$ 5,254,518**		

China Petrochemical Development Corporation

Statement of provisions - non-current

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Site dismantling		$ 1,196,440	
Site restoration		1,624,385	
Pension liabilities		310,748	
		$ 3,131,573	

Statement of other non-current liabilities

Item	Description	Amount	Note
Deposits received	Performance bond and Project award	$ 109,477	
Deferred sale of land benefits	Sale of land in Pingnan to wholly owned subsidiary	4,277	
		$ 113,754	

Statement of deferred tax liabilities

Item	Description	Amount	Note
Land value added tax provisions		**$ 6,763,683**	

China Petrochemical Development Corporation

Statement of operating costs

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Subtotal	Total
Raw materials		
Balance on January 1	$ 1,296,258	
Add: purchases of raw materials	21,695,696	
Less: balance on December 31	(1,686,727)	
Transferred to indirect materials	(38,082)	
Transferred to loss on work stoppage	(11,416)	
Transferred to operating expenses	(7,388)	
Return in the current period	(95,215)	
Material loss	(289)	
		21,152,837
Direct labor		1,104,066
Manufacturing overhead		1,995,477
Less: transferred to loss on work stoppage		(703,787)
Manufacturing cost		23,548,593
Add: work-in-process inventory, January 1		277,621
Purchase		150,781
Inventory profit		28
Less: work-in-process inventory, December 31		(436,410)
Transferred to loss on work stoppage		(23,339)
Cost of goods manufactured		23,517,274
Add: finished goods, January 1		605,217
Purchase		2,023,489
Borrowings in the current period		114,174
Inventory profit		2,065
Less: finished good, December 31		(1,025,765)
Transferred to loss on work stoppage		(40,840)
Transferred to manufacturing overhead		(1,635)
Transferred to operating expense		(9,904)
Cost of goods sold		25,184,075
Cost from land leasing		64,981
Carry-over of gain from price recovery of inventory		14,601
Carry-over of inventory profit		(1,790)
Apportionment of fixed manufacturing costs due to idle equipment		926,881
Sale of scraps		(11,585)
Operating costs		**$ 26,177,163**

China Petrochemical Development Corporation

Statement of selling expenses

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Salary		$ 29,748	
Rental expense		25,767	
Freight-out		279,901	
Tax		87,212	
Other expenses		21,536	Does not exceed 5% individually
		$ 444,164	

Statement of administrative expenses

For the year ended December 31, 2021

Item	Description	Amount	Note
Salary		$ 412,096	
Service fees		67,713	
Director's remuneration		91,763	
Other expenses		198,460	Does not exceed 5% individually
		$ 770,032	

China Petrochemical Development Corporation

Statement of research and development expenses

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Note
Salary		$ 127,533	
Depreciation		47,570	
Miscellaneous expense		38,021	
Service fees		53,088	
Other expenses		63,482	Does not exceed 5% individually
		$ 329,694	