Stock Code: 1709

和益化學工業股份有限公司
FORMOSAN UNION CHEMICAL CORP.

Annual Report 2021

Notice to readers
This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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http://mops.twse.com.tw
http://www.fucc.com.tw

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VI.Corporate Website http://www.fucc.com.tw

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I. Letter to Shareholders

Dear Shareholders,

The Company's consolidated revenue of 2021 is NT$9,199,154 thousand, which is an 8.46% increase from NT$8,481,829 thousand of 2020. The reason is mainly due to the average selling price of products being slightly higher than that in 2020 and thereby led to a slight increase in the total turnover. The annual profit is thereby increased.

The business performance of this fiscal year still depends on the subsequent development of the COVID-19 pandemic, and the impact of drastic fluctuations in crude oil prices and maritime freight on market demand. In order to reduce the risks caused by the above changes and developments, the Company will quickly respond to market changes, enhance the procurement of raw materials and production cost controls, and provide customer service to stabilize and ensure our share in the existing markets.

In 2021, net-zero carbon emissions and carbon reduction have become the most popular issues in the world. Taiwan is facing the upcoming border carbon tax and carbon fee, and the Company is actively planning response strategies as well.

As for the performance of subsidiaries, the resin products of UPM provide a slight annual surplus due to the impact of the COVID-19 pandemic and high shipping costs in FY2020. The demand for relevant products has been recovered at the beginning of this fiscal year and UPM will continue to develop new application products and improve product quality. For Great Victory Chemical Industry (GVCI), although many products have been launched, due to water shortage, it is not conducive to the promotion of existing products. It has turned to develop other crops other than rice and expanding overseas markets. HERSHEY Engineering Company, Ltd. increased its triangular trading business in the last fiscal year, and the overall turnover has increased considerably. HERSHEY in this fiscal year will continue to develop new product processing and trading projects. For FUSUGAR INDUSTRY CORP, it will enhance the sales, start to improve equipment, and increase utilization rate to reduce costs in FY2021. Due to the continuous recovery of the domestic demand market and the expansion of the export market, the nonyl phenol plant of Chang Chun Formosan Union Fine Chemical (Changshu) Co., Ltd. in Mainland China has been reaching stable profitability.

Last but not least, the Company will not achieve what it has achieved without the support from all and each of the shareholders. The management level and all of the staff of the Company will continue to dedicate to creating long-term and stable profits for our shareholders.

1. Business Performance Report for 2021

(1) Results

a. Total production volume is 193,892 metric tons
The total production volume of 2021 reaches 193,892 metric tons, which is a decrease of 23,448 metric tons or 10.79％ from the 217,340 metric tons of 2020.

b. Total sales volume is 222,045 metric tons
The total sales of 2021 reach 222,045 metric tons, which is a decrease of 33,843 metric tons or 13.23％ from the 255,888 metric tons of 2020.

c. Total income is NT$9,386,036 thousand
(a) The operating income of 2021 reaches NT$9,199,154 thousand, which is an increase of NT$717,325 thousand or 8.46％ from the NT$8,481,829 thousand of 2020.
(b) The total non-operating income of 2021 is NT$186,882 thousand.

d. Total expenditure is NT$8,375,957 thousand
The operating expenditure of 2021 is NT$7,060,639 thousand, of which the operating expenditure accounts for NT$919,819 thousand, and non-operating expenditure accounts for NT$395,499 thousand.

e. Surplus
For 2021, the pre-tax income is NT$1,010,079 thousand, which is an increase of NT$296,636 thousand or 41.58% from the NT$713,443 thousand of 2020. The income tax expense is NT$91,022 thousand, and the net income is NT$919,057 thousand. The net profit margin of 2021 is 9.99%.

(2) Status of Implementation of Budgets in 2021

Unit: NT$1,000

Items	Achievement	Objective	Reaching Rate
Net Operating Revenue	9,199,154	9,563,858	96.19%
Operating Costs	7,060,639	7,420,686	95.15%
Gross Profit	2,138,515	2,143,172	99.78%
Operating Expense	919,819	1,091,342	84.28%
Operating Income	1,218,696	1,051,830	115.86%
Non-operating Income and Expense	(208,617)	(225,876)	92.36%
Pre-tax Income	1,010,079	825,954	122.29%

(3) Analysis of Financial Revenue and Expenditure, and Profitability of 2020 and 2021:

Unit: NT$1,000

Items	2021	2020	Changes in Amount	Rate of Changes
Net Operating Revenue	9,199,154	8,481,829	717,325	8.46%
Pre-tax Income	1,010,079	713,443	296,636	41.58%
Profitability	10.98	8.41	2.57	30.56%

(4)Research and Development Status

a. R&D of diversification of hydrogenated products.

b. Technical development of derivatives related to surfactants.

c. Technical development of adhesive-related raw materials.

d. Technical development of high-value chemicals.

2. Summary of Business Operation Plans for 2022

(1) Business Operation Policies

a. Prudentially implements various quality control and environmental safety policies to ensure product quality and the maintenance of industrial safety and environmental protection among the areas of the plants.

b. Ensure the stable sources of supply of raw material and increase the utilization rate of production capacity to maximize the production efficiency of each pant and enhance the competitiveness of each product.

c. Enhance the control and management of costs and expenses, improve operating performance, and establish a competitive advantage in the markets.

d. Enhance the R&D of new applications of products for expansion to new markets and continuing the Company’s long-term development.

e. Enhance the recruitment and cultivation of talents to achieve the Company’s goal of sustainable operation.

f. Maintain stable quality to improve customer satisfaction (which is the ultimate goal of the Company).

(2) Business Operation Goals

Units	Annual Estimated Sales Volume
Alkylation Units	176,064MT
Hydrocarbon Resin Units	52,671MT
Other Units	1,783MT

Alkylbenzene will be produced at full capacity according to market demand.

The Company will dedicate to developing new markets for the products of alkyl phenol.

(3) Key Production and Sales Policies

a. Enhance the R&D, process improvement, new applications of products, implement ISO-9001 quality management and ISO-14001 environmental protection maintenance to optimize production and sales.

b. Implement comprehensive quality management, adopt customer demand-oriented marketing strategies to strengthen the partnership between upstream and downstream, and achieve the goal of equal sharing of profits.

3. Conclusions

The above reports are hereby attached for your reference.

We hereby wish you all the best!

Best regards,

Chairman: (Sealed)

General Manager: (Sealed)

Head of Accounting: (Sealed)

Handling Accountant: (Sealed)

II. Company Profile

I. Date of Establishment

June 21, 1973

II. History

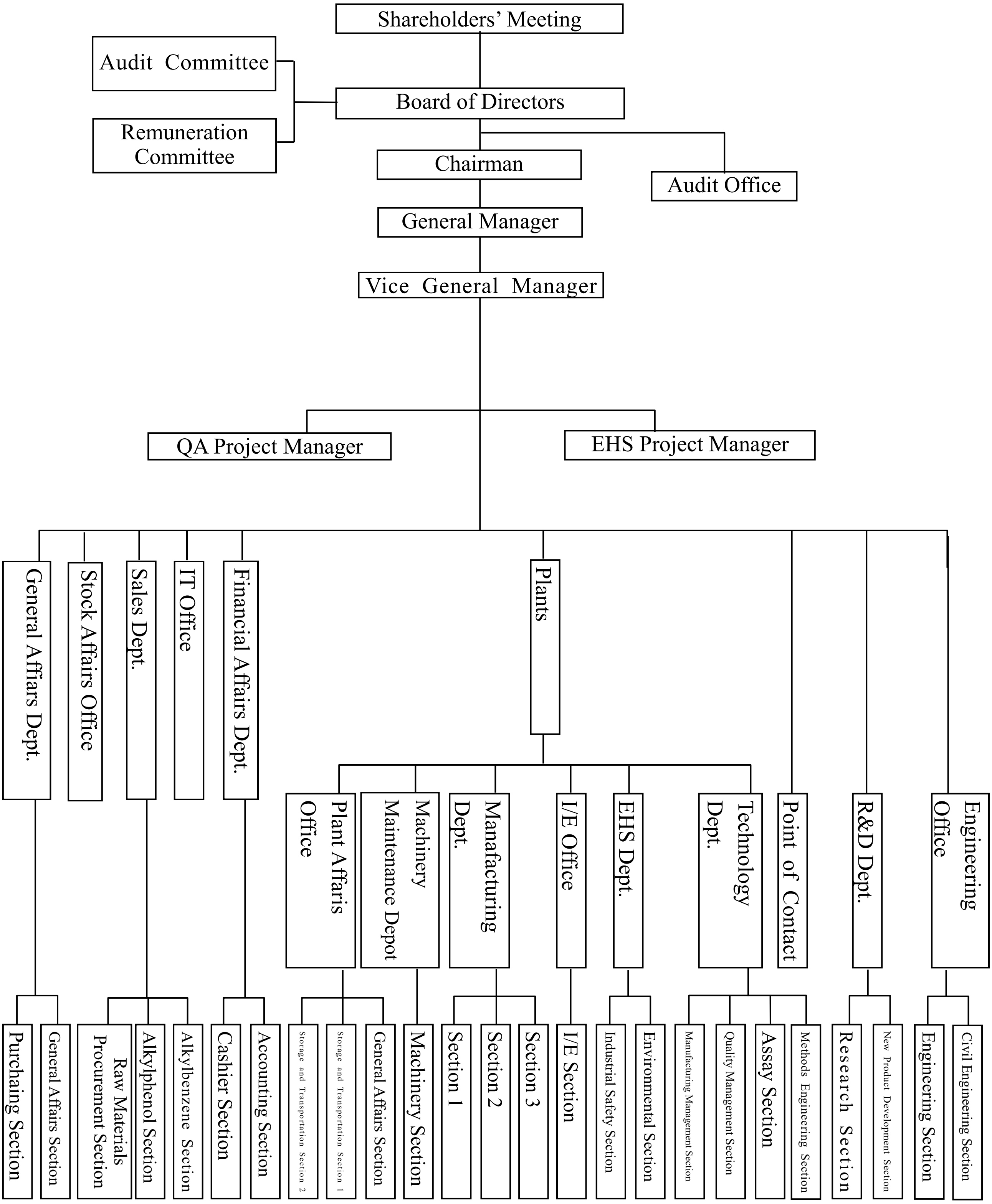
Jun. 1973	The Company was established in Taipei City with a registered capital of NT$50 million.
Apr. 1977	The construction of a plant in Linyuan, Kaohsiung County was completed to produce alkylbenzene for detergents.
Dec. 1980	The expansion of the second set of alkylation equipment was completed, which was able to reach an annual production of 90,000 metric tons of alkylbenzene.
Nov. 1984	The Company became a public company under the permission of the competent authority.
Jul. 1986	Official listing of the Company’s stocks for exchange.
Mar. 1991	The construction of plants for normal paraffin dehydrogenation and nonyl phenol was completed, with could reach an annual production of 30,100 metric tons of normal olefins and 10,000 metric tons of nonyl phenol.
Aug. 1995	Received ISO-9002 quality certification
Feb. 1999	The annual production volume of the nonyl phenol plant annual was expanded to 15,000 metric tons.
Mar. 2000	Received ISO-14001 International Environmental Quality certification.
Dec. 2000	The construction of new hydrogenation equipment was completed, which could reach an annual production of 7,000 metric tons of hydrogenated hydrocarbon resin.
Jan. 2002	The annual production volume of the nonyl phenol plant was expanded to 20,000 metric tons.
Dec. 2002	Received ISO-9001 quality certification.
Oct. 2004	The annual production volume of the nonyl phenol plant was expanded to 25,000 metric tons.
Dec. 2004	The replacement and renovation of alkylation equipment was completed, and the annual alkylbenzene production volume was increased to 105,000 metric tons.
Nov. 2005	The expansion of the hydrogenated hydrocarbon resin plant was completed, which increased the annual production volume to 10,500 metric tons.

Sep. 2007	The Pingnan Distillation Processing Plant of the Company's affiliate HERSHEY Engineering Company, Ltd. officially went into full operation.
Feb. 2008	The Company acquired 67.34% of the stocks of GVCI by issuing new stocks of 23,939,245 shares to increase the capital, which resulted in 274,832,654 shares of total stocks issued.
Sep. 2008	The expansion of the production line for alkylbenzene which could reach an annual production volume of 10,000 metric tons was completed, which resulted in the total annual production volume of alkylbenzene at 115,000 metric tons. The installation of new equipment for the purification of raw materials for hydrogenated hydrocarbon resin was completed.
Nov. 2008	The Company further acquired 27.61% of the stocks of GVCI by issuing new stocks of 8,815,870 shares to increase the capital, which resulted in holding 94.95% of the stocks of GVCI and 301,799,175 shares of total stocks issued.
Jun. 2010	Received OHSAS 18001 certification.
Dec. 2010	The replacement and renovation of alkylation equipment was completed, and the annual alkylbenzene production volume was increased to 125,000 metric tons.
May 2012	The expansion of the second set of hydrogenated hydrocarbon resin production lines was completed, and the total production capacity was increased to 21,000 metric tons.
Jun. 2012	For the purpose of reorganization and division of labor to improve competitiveness and operating performance, the Company's business division of hydrogenated hydrocarbon resin was transferred to the Company's affiliate UPM, and UPM issued the stocks of 24,955,812 shares to the Company as the consideration.
Aug. 2012	The Company's business division of hydrogenated hydrocarbon resin was officially transferred to UPM.
Sep. 2012	The Company further acquired 1,000,000 shares of GVCI, which increased its shareholding from 94.95% to 100%.
Jan. 2014	The Company was approved to issue the first domestic unsecured convertible bonds with a total amount of NT$700 million, which were available for OTC trading on February 20, 2014.
May 2016	The debottlenecking project for the Company's hydrogenated hydrocarbon resin was completed, which increased the annual production volume to 24,000 metric tons.
Apr. 2018	The nonylphenol plant located in Jiangsu Province of China, whose stocks are equally held by the Company and Chang Chun Group, went put into full operation with an annual production volume of 40,000 metric tons.

III. Report of Corporate Governance

I. Organization System

(1) Corporate Organization



(2) Responsibilities of Each Unit

Unit	Responsibilities
Audit Office	Inspect and confirm the establishment of the internal audit system, implement review, and oversee the implementation by each unit.
Sales Dept.	Raw materials procurement, product development, and market research.
Financial Affairs Dept.	Financial management and analysis, application of funds, and processing of accounting and taxation.
General Affairs Dept.	Investment planning, material procurement, and related tasks regarding general affairs.
R&D Dept.	R&D for new products and quality improvement.
Manufacturing Dept.	Arrange the production plans and the production management for each plant.
Technology Dept.	Product quality assurance and improvement of existing manufacturing processes.
EHS Dept.	Plan and supervise the promotion and implementation of industrial safety and health design and environmental protection business.
I/E Office	Management of instruments and equipment.
Machinery Maintenance Depot	Installation and maintenance of all mechanical equipment in the plants.
Plant Affairs Office	Procurement, storage and transportation, warehouse operations, management, and building maintenance for the plants.
Engineering Office	Quality supervision of design, outsourcing, and installation of engineering.
Point of Contact	The liaison, communication, and coordination of plant affairs among units.
IT Office	Planning, programming, and information management of the computer operating system.
Stock Affairs Office	Preparation meetings for the boards of shareholders and directors, and the related tasks of stock affairs.

II. Information on the company directors, supervisors, president, vice presidents, assistant vice presidents, and heads of all company divisions and branch units:

(1) Board Members

1-1.Information Regarding Board Members

Book closure date::April 19, 2022

Job Title	Nationality or Record of Birth	Name	Gender /Age	Date of Assignment	Term (years)	Date of First Assignment	Shares held when appointed		Shares held currently		Shares held by spouses and minor children		Shares held in another person's name		Significant Experience & Education	Concurrently Serving Position	Executives or Directors who are spouses or within two degrees of kinship			Note
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Title	Name	Relation	
Chairman	R.O.C.	Shin Shing Chemical Corp.	-	June 11, 2020	3	Dec.21,1973	17,775,500	3.73	18,000,000	3.77	0	0	0	0	N/A	N/A	N/A	N/A	N/A	
Juridical person director representative	R.O.C.	Huang, Sheng-Cai	Male /70	June 11, 2020	3	Jun. 13,2008	821,750	0.17	821,750	0.17	79,800	0.02	2,897,000	0.61	Hosei University Japan	Chairman / Hsin-Chung Sportware Corp.	Vice Chairman Director	Huang, Sheng-Shun Huang, De-Lun	brothers Father and son	
Deputy Chairman	R.O.C.	Huang, Sheng-Shun	Male /68	June 11, 2020	3	Jun. 24,1987	1,332,982	0.28	1,332,982	0.28	973,822	0.20	0	0	Law Department / National Taiwan University	Chairman / TaYang Silicone Corp.	Chairman	Huang, Sheng-Cai	brothers	
Director	R.O.C.	Hemao Venture Investment Co., Ltd.	-	June 11, 2020	3	Jun.16,2017	9,857	0.00	9,857	0.00	0	0	0	0	N/A	N/A	N/A	N/A	N/A	
Juridical person director representative	R.O.C.	Zheng,Ren-Bin	Male /49	June 11, 2020	3	Jun.16,2017	0	0	0	0	0	0	0	0	Law Department / National Taiwan University	Chief Legal Officer / Ho Tung Chemical Corp.	N/A	N/A	N/A	1.
Juridical person director representative	R.O.C.	Zhang Li-Qiu	Male /71	June 11, 2020	3	Jun.16,2017	0	0	0	0	0	0	0	0	Institute of Insurance / National Chengchi University	Chairman / Ho Tung Chemical Corp.	N/A	N/A	N/A	1.
Director	R.O.C.	Huang, De-Lun	Male /40	June 11, 2020	3	Jun.16,2017	590,200	0.12	590,200	0.12	85,186	0.02	0	0	National Dong Hwa University	Director / United Performance Materials Corp.	Chairman	Huang, Sheng-Cai	Father and son	
Director	R.O.C.	Ever-Prosperous Multitechnologies Enterprise Ltd.	-	June 11, 2020	3	Jun.22,1990	3,606,091	0.76	3,606,091	0.76	0	0	0	0	N/A	N/A	N/A	N/A	N/A	
Juridical person director representative	R.O.C.	Ke, Chang-Ci	Male /87	June 11, 2020	3	Jun.22,1990	9,102	0.00	9,102	0.00	0	0	0	0	Master / Business Administration, / National Chengchi University	Chairman /Taiwan Biotech Co., Ltd.	N/A	N/A	N/A	
Director	R.O.C.	Sin Chang Construction Corp.	-	June 11, 2020	3	Jun.16,2017	1,836,622	0.39	1,836,622	0.39	0	0	0	0	N/A	N/A	N/A	N/A	N/A	
Director	R.O.C.	Guo, Jhih-Cyun	Male /64	June 11, 2020	3	Jun.08,1993	1,720,412	0.36	1,720,412	0.36	978,398	0.21	0	0	Department / Civil Engineering/ Tamkang University	Chairman / Sin Chang Construction Corp.	N/A	N/A	N/A	
Director	R.O.C.	Lian, De-Shih	Male /73	June 11, 2020	3	Jun.10,2011	123,908	0.03	123,908	0.03	0	0	0	0	World Journalism College	Chairman / Xinhsin Construction Corp.	N/A	N/A	N/A	

Job Title	Nationality or Record of Birth	Name	Gender /Age	Date of Assignment	Term (years)	Date of First Assignment	Shares held when appointed		Shares held currently		Shares held by spouses and minor children		Shares held in another person's name		Significant Experience & Education	Concurrently Serving Position	Executives or Directors who are spouses or within two degrees of kinship			Note
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Title	Name	Relation	
Director	R.O.C.	Chi-Tong Investment Co., Led.	-	June 11, 2020	3	Jun. 17,2014	28,314,750	5.94	28,314,750	5.94	0	0	0	0	N/A	N/A	N/A	N/A	N/A	
Juridical person director representative	R.O.C.	Huang, Cheng-Fong	Male /36	June 11, 2020	3	Jun. 17,2014	44,488	0.01	44,488	0.01	0	0	0	0	Law Department / Fu Jen Catholic University	Chairman / True Investment Corp.	N/A	N/A	N/A	
Director	R.O.C.	Liao, Jia-Guo	Male /70	June 11, 2020	3	Jun. 17,2014	338,677	0.07	333,851	0.07	267	0.00	0	0	Department of Physics / Chenggong University	Chairman / United Performance Materials Corp	N/A	N/A	N/A	
Director	R.O.C.	Lion Home Products (Taiwan) Co., Ltd.	-	June 11, 2020	3	Jun.16,2017	11,571,347	2.43	11,571,347	2.43	0	0	0	0	N/A	N/A	N/A	N/A	N/A	
Juridical person director representative	R.O.C.	He, Hao	Male /71	June 11, 2020	3	Jun.16,2017	0	0	0	0	0	0	0	0	Chinese Culture University	Consultant / Lion Home Products (Taiwan) Co., Ltd.	N/A	N/A	N/A	
Director	R.O.C.	Guo, Jhen-Jhih	Female /54	June 11, 2020	3	Jun. 13,1996	3,111,104	0.65	3,111,104	0.65	0	0	0	0	Master's degree University of California, Los Angeles	N/A	N/A	N/A	N/A	
Director	R.O.C.	Shi, Jia-An	Male /70	June 11, 2020	3	Jun. 13,2008	493,941	0.10	486,904	0.10	134,957	0.03	0	0	National Taiwan Sports Institute	Director / Men Hsing Textile Co., LTD.	N/A	N/A	N/A	
Director	R.O.C.	Guo, Jhih-Mao	Male /75	June 11, 2020	3	Jun.22, 1990	1,211,808	0.25	1,211,808	0.25	361,614	0.08	0	0	World Journalism College	N/A	N/A	N/A	N/A	
Director	R.O.C.	Chen, De-Fong	Male /67	June 11, 2020	3	Jun.08,1993	2,330,023	0.49	2,330,023	0.49	244,798	0.05	0	0	Department of Chemistry / Zhongyuan University of Technology	Chairman / Jingxuan Investment Corp.	N/A	N/A	N/A	
Director	R.O.C.	Formosa Chemicals & Fiber Corp.	-	June 11, 2020	3	Dec.21,1973	14,723,422	3.09	14,723,422	3.09	0	0	0	0	N/A	N/A	N/A	N/A	N/A	
Juridical person director representative	R.O.C.	Yang, Kun-Lie	Male /67	June 11, 2020	3	Jun. 14,2002	0	0	0	0	0	0	0	0	University	President / Formosa Biomedical Technology Corp.	N/A	N/A	N/A	2.

Job Title	Nationality or Record of Birth	Name	Gender /Age	Date of Assignment	Term (years)	Date of First Assignment	Shares held when appointed		Shares held currently		Shares held by spouses and minor children		Shares held in another person's name		Significant Experience & Education	Concurrently Serving Position	Executives or Directors who are spouses or within two degrees of kinship			Note
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Title	Name	Relation	
Juridical person director representative	R.O.C.	Wu, Xin-Chang	Male /53	June 11, 2020	3	Jun. 14,2002	0	0	0	0	0	0	0	0	Department / Business Administration / Tamkang University	Manager / Formosa Biomedical Technology Corp.	N/A	N/A	N/A	2.
Independent Director	R.O.C.	Liao,Song-Yue	Male /66	June 11, 2020	3	Jun.16,2017	0	0	0	0	0	0	0	0	Hosei University Japan	Chairman / COTA Bank Corp.	N/A	N/A	N/A	
Independent Director	R.O.C.	Lin, Lai-Di	Female /54	June 11, 2020	3	Jun.16,2017	0	0	0	0	0	0	0	0	Department of Agricultural Chemistry / National Taiwan University	President / Taiwan Industrial Services Foundation	N/A	N/A	N/A	
Independent Director	R.O.C.	Chen, Hong-Wen	Male /64	June 11, 2020	3	Jun.16,2017	256,500	0.05	256,500	0.05	98,574	0.02	0	0	Department of Mass Communication/ Fu Jen Catholic University	Chairman / Core Rock Co., Ltd.	N/A	N/A	N/A	
Independent Director	R.O.C.	Zhuo, Xun-Rong	Male /69	June 11, 2020	3	Jun.16,2017	0	0	0	0	0	0	0	0	PhD / Fayani University, Pennsylvania, USA	N/A	N/A	N/A	N/A	

Note：1. The representative of Hemao Venture Investment Co., Ltd. was originally Zheng Renbin, it was changed to Mr. Zhang Liqiu on Oct. 08, 2021.

Note：2. The representative of Formosa Chemicals & Fiber Corp. was originally Yang Kunlie, it was changed to Mr. Wu Xinchang on Dec. 30, 2021.

Note：3. There is no situation that the chairman and the general manager or the person with the equivalent position (the top manager) are the same person, each other's spouses or first-degree relatives.

1-2 Major Shareholders of Institutional Shareholders

Book closure date:April 19, 2022

Names of Institutional Shareholders	Major Stockholders of Institutional Shareholders
Shin Shing Chemical Corp.	Huang, Zi-lun 10.03%、Huang, Sheng-jian 5.03%、Chen, Shu-qing 4.97%、Wasion Investment Corp. 4.60%、Yihua Co., Ltd. 3.90%、Deyuan Industrial Corp.3.59%、Huang Jia Buyer Co., Ltd.3.59%、Given Investment Co., Ltd. 3.46%、Huang, De-Lun3.32%、Huang, Cheng-Fong3.13%
Hemao Venture Investment Co., Ltd.	Ho Tung Chemical Corp.100%
Ever-Prosperous Multitechnologies Enterprise Co., Ltd. (Note 1)	KeSu,yang-ci 1.21%、Ke, Chang-hui 23.79%、Ke Jun-hui 26.21%、Ke Yan-hui 32.66%
Sin Chang Construction Corp. (Note 1)	Guo, Jhih-Cyun9.45%、Guo, Jian-wen 9.20%、Tsai Huizhu 5.51%、Han, De-Ti 5.76%。
Chi-Tong Investment Co., Ltd.	Huang, Sheng-Cai 16.67%、Huang, Sheng-Shun 16.67%、Huang, Sheng-jian 9.61%、Cao, Zhao-yi 9.61%、Huang, Li-li 9.11%、Huang, Ying-lin 9.11%、Hong, Rui-bai 6.17%、Hong, Qi-fu 4.76%、Zhang, Mei-feng 4.17%、Tong, Mei-zhen 4.17%
Lion Home Products (Taiwan) Co., Ltd.	Lion Corporation 100%
Formosa Chemicals & Fiber Corp. (Note 2)	William Wang 2.20%、Wilfred Wang 0.29%、Nan Ya Plastics Corporation 2.40%、Formosa Petrochemical Corporation 0.83%

1-3 Major shareholder of the major institutional shareholders

Book closure date:April 19, 2022

Names of Institutional Shareholders	Major Shareholders of Institutional Shareholders
Ho Tung Chemical Corporation. (Note 2)	Hang Yi Investment Co. Ltd. 10.00%、Chen Yuanhe Cultural and Educational Foundation 0.01%
Nan Ya Plastics Corporation (Note 2)	William Wang 0.48%、Wilfred Wang 2.26%、Wang, Rui-yu 0.24%、Lee, Shen-yi 5.21%、Jien Ri-chun 9.88%、Wang,Kuei-Yung 0.14%、Zhang Qing-zheng 0.04%
Formosa Petrochemical Corporation (Note 2)	Chen Bao-lang 28.56%、William Wang 24.15%、Susan Wang 28.56%、Wilfred Wang 23.11%、Cao Ming 23.11%
Wasion Investment Corp.	Tong Mei-zhen 40%、Tong Huang li 20%
Yihua Co., Ltd.	Lien, Shen-Shi 30.14%、Lien Xu, Yue-hua 19.18%、Peng Yi-ping 30.82%
Deyuan Industrial Corp.	Huang, Sheng-De 16.00%、Huang Lin Xue-yun 16.00%、Huang Zhen-jin 8.00%、Huang Fang-fen 8.00%、Huang Zhen-zheng 8.00%、Huang Zhen-bin 8.00%、Chen Ling-fen 6.00%、Wu Wen-hui 6.00%、Ye Min-hua 6.00%、Huang Bai-sen 2.00%
Huang Jia Buyer Co., Ltd.	Huang Zi-lun 96.61%、Chen Shu-qing 3.39%。
Given Investment Co., Ltd.	Lien Zheng-wei 62.50%。

Note 1:Ever-Prosperous Multitechnologies Enterprise Co., Ltd. and Sin Chang Construction Corp. did not provide the relevant information of major shareholders. The above information is the information of the company's self-inquiry on the information on the Industrial and Commercial Registration Publicity Information Website of the Commercial Department of the Ministry of Economic Affairs.

Note 2: Listed companies such as Formosa Chemicals & Fiber Corp., Ho Tung Chemical Corporation., Nan Ya Plastics Corporation and Formosa Petrochemical Corporation are unable to provide relevant information about their major shareholders because they have not yet closed the transfer. The above information is the company inquire from Business Registration Publicity Information Website of the Commercial Department of the Ministry of Economic Affairs.

1-4 Disclosure of Professional Qualifications of Directors and Supervisors and Independence of Independent Directors：

Requirements / Name	Professional qualifications and experiences	Independence criteria (Note 2)	Concurrently serving as an Independent Director of another listed company
Chairman/ Huang, Sheng-Cai	Over five years of experience in areas of commerce, legal, finance, related business of the Company	(1)Not employed by the Company or any of the Company's affiliates. (3)Not holding over 1% of company shares or being a top 10 natural person shareholder in one's own name, held by a spouse or underage child, or held by nominee agreement. (6)Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority of the Board or voting rights. (7)Not Chairman, President, or equivalent post of the company who himself/herself or spouse holds the position as Director, Supervisor, or employee of another company or organization. (8)Not a Director, Supervisor, manager, or shareholder holding more than 5% of the outstanding shares of a specific company or institution in business or financial relationship with the Company. (9)Not a professional, owner, partner, Director, Supervisor, manager of the proprietorship, partnership, company, or institution that provides business, legal, financial, and accounting services to the Company or a spouse to the aforementioned persons rewarded remuneration not exceeding NTD 500,000 within last two years. (11)Not under any of the categories stated in Article 30 of the Company Law.	N/A
Vice-Chairman/ Huang, Sheng-Shun	Over five years of experience in areas of commerce, legal, finance, or related business of the Company	(1)Not employed by the Company or any of the Company's affiliates. (3)Not holding over 1% of company shares or being a top 10 natural person shareholder in one's own name, held by a spouse or underage child, or held by nominee agreement. (5)Not a Director, Supervisor, or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a Director, Supervisor, or employee of a corporate shareholder who is among the top 5 shareholders according to item 1 or item 2 of Article 27 of the Company Law. (6)Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority	N/A

Requirements / Name	Professional qualifications and experiences	Independence criteria (Note 2)	Concurrently serving as an Independent Director of another listed company
		of the Board or voting rights. (7)Not Chairman, President, or equivalent post of the company who himself/herself or spouse holds the position as Director, Supervisor, or employee of another company or organization. (8)Not a Director, Supervisor, manager, or shareholder holding more than 5% of the outstanding shares of a specific company or institution in business or financial relationship with the Company. (9)Not a professional, owner, partner, Director, Supervisor, manager of the proprietorship, partnership, company, or institution that provides business, legal, financial, and accounting services to the Company or a spouse to the aforementioned persons rewarded remuneration not exceeding NTD 500,000 within last two years. (11)Not under any of the categories stated in Article 30 of the Company Law. (12)No government apparatus agency, juristic person, or its representative is elected under Article 27 of the Company Law.	
Director/ Zheng, Ren-Bin	Over five years of experience in areas of commerce, legal, finance, or related business of the Company	(1)Not employed by the Company or any of the Company's affiliates. (3)Not holding over 1% of company shares or being a top 10 natural person shareholder in one's own name, held by a spouse or underage child, or held by nominee agreement. (4)Not a spouse, kin at the second-degree relative under the Civil Code, or a direct Blood Relative within the third-degree relative under the Civil Code as specified in (1) through (3). (5)Not a Director, Supervisor, or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a Director, Supervisor, or employee of a corporate shareholder who is among the top 5 shareholders according to item 1 or item 2 of Article 27 of the Company Law. (6)Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority	N/A

Requirements / Name	Professional qualifications and experiences	Independence criteria (Note 2)	Concurrently serving as an Independent Director of another listed company
		of the Board or voting rights. (7)Not Chairman, President, or equivalent post of the company who himself/herself or spouse holds the position as Director, Supervisor, or employee of another company or organization. (8)Not a Director, Supervisor, manager, or shareholder holding more than 5% of the outstanding shares of a specific company or institution in business or financial relationship with the Company. (9)Not a professional, owner, partner, Director, Supervisor, manager of the proprietorship, partnership, company, or institution that provides business, legal, financial, and accounting services to the Company or a spouse to the aforementioned persons rewarded remuneration not exceeding NTD 500,000 within last two years. (10)Not a spouse of or kin at the second-degree relative under the Civil Code to any other Director. (11)Not under any of the categories stated in Article 30 of the Company Law.	
Director/ Zhang Li-Qiu	Over five years of experience in areas of commerce, legal, finance, or related business of the Company	(1)Not employed by the Company or any of the Company's affiliates. (3)Not holding over 1% of company shares or being a top 10 natural person shareholder in one’s own name, held by a spouse or underage child, or held by nominee agreement. (4)Not a spouse, kin at the second-degree relative under the Civil Code, or a direct Blood Relative within the third-degree relative under the Civil Code as specified in (1) through (3). (5)Not a Director, Supervisor, or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a Director, Supervisor, or employee of a corporate shareholder who is among the top 5 shareholders according to item 1 or item 2 of Article 27 of the Company Law. (6)Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority	2

Requirements / Name	Professional qualifications and experiences	Independence criteria (Note 2)	Concurrently serving as an Independent Director of another listed company
		of the Board or voting rights. (7)Not Chairman, President, or equivalent post of the company who himself/herself or spouse holds the position as Director, Supervisor, or employee of another company or organization. (8)Not a Director, Supervisor, manager or shareholder holding more than 5% of the outstanding shares of a specific company or institution in business or financial relationship with the Company. (9)Not a professional, owner, partner, Director, Supervisor, manager of the proprietorship, partnership, company, or institution that provides business, legal, financial, and accounting services to the Company or a spouse to the aforementioned persons rewarded remuneration not exceeding NTD 500,000 within last two years. (10)Not a spouse of or kin at the second-degree relative under the Civil Code to any other Director. (11)Not under any of the categories stated in Article 30 of the Company Law.	
Director/ Huang, De-Lun	Over five years of experience in areas of commerce, legal, finance, or related business of the Company	(1)Not employed by the Company or any of the Company's affiliates. (3)Not holding over 1% of company shares or being a top 10 natural person shareholder in one’s own name, held by a spouse or underage child, or held by nominee agreement. (5)Not a Director, Supervisor, or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a Director, Supervisor, or employee of a corporate shareholder who is among the top 5 shareholders according to item 1 or item 2 of Article 27 of the Company Law. (6)Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority of the Board or voting rights. (7)Not Chairman, President, or equivalent post of the company who himself/herself or spouse holds the position as Director, Supervisor, or employee of another company or	N/A

Requirements / Name	Professional qualifications and experiences	Independence criteria (Note 2)	Concurrently serving as an Independent Director of another listed company
		organization. (8)Not a Director, Supervisor, manager, or shareholder holding more than 5% of the outstanding shares of a specific company or institution in business or financial relationship with the Company. (9)Not a professional, owner, partner, Director, Supervisor, manager of the proprietorsh, partnership, company, or institution that provides business, legal, financial, and accounting services to the Company or a spouse to the aforementioned persons rewarded remuneration not exceeding NTD 500,000 within last two years. (11)Not under any of the categories stated in Article 30 of the Company Law. (12)No government apparatus agency, juristic person, or its representative is elected under Article 27 of the Company Law.	
Director/ Ke, Chang-Ci	Over five years of experience in areas of commerce, legal, finance, or related business of the Company	(1)Not employed by the Company or any of the Company's affiliates. (3)Not holding over 1% of company shares or being a top 10 natural person shareholder in one's own name, held by a spouse or underage child, or held by nominee agreement. (4)Not a spouse, kin at the second-degree relative under the Civil Code, or a direct blood relative within the third-degree relative under the Civil Code as specified in (1) through (3). (5)Not a Director, Supervisor, or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a Director, Supervisor, or employee of a corporate shareholder who is among the top 5 shareholders according to item 1 or item 2 of Article 27 of the Company Law. (6)Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority of the Board or voting rights. (7)Not Chairman, President, or equivalent post of the company who himself/herself or spouse holds the position as Director, Supervisor, or employee of another company or organization.	N/A

Requirements / Name	Professional qualifications and experiences	Independence criteria (Note 2)	Concurrently serving as an Independent Director of another listed company
		(8)Not a Director, Supervisor, manager, or shareholder holding more than 5% of the outstanding shares of a specific company or institution in business or financial relationship with the Company. (9)Not a professional, owner, partner, Director, Supervisor, manager of the proprietorship, partnership, company, or institution that provides business, legal, financial, and accounting services to the Company or a spouse to the aforementioned persons rewarded remuneration not exceeding NTD 500,000 within last two years. (10)Not a spouse of or kin at the second-degree relative under the Civil Code to any other Director. (11)Not under any of the categories stated in Article 30 of the Company Law.	
Director/ Guo, Jhih-Cyun	Over five years of experience in areas of commerce, legal, finance, or related business of the Company	(1)Not employed by the Company or any of the Company's affiliates. (3)Not holding over 1% of company shares or being a top 10 natural person shareholder in one's own name, held by a spouse or underage child, or held by nominee agreement. (4)Not a spouse, kin at the second-degree relative under the Civil Code, or a direct blood relative within the third-degree relative under the Civil Code as specified in (1) through (3). (5)Not a Director, Supervisor, or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a Director, Supervisor, or employee of a corporate shareholder who is among the top 5 shareholders according to item 1 or item 2 of Article 27 of the Company Law. (6)Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority of the Board or voting rights. (7)Not Chairman, President, or equivalent post of the company who himself/herself or spouse holds the position as Director, Supervisor, or employee of another company or organization. (8)Not a Director, Supervisor, manager, or shareholder holding more than 5% of the	N/A

Name \ Requirements	Professional qualifications and experiences	Independence criteria (Note 2)	Concurrently serving as an Independent Director of another listed company
		outstanding shares of a specific company or institution in business or financial relationship with the Company. (9)Not a professional, owner, partner, Director, Supervisor, manager of the proprietorship, partnership, company, or institution that provides business, legal, financial, and accounting services to the Company or a spouse to the aforementioned persons rewarded remuneration not exceeding NTD 500,000 within last two years. (10)Not a spouse of or kin at the second-degree relative under the Civil Code to any other Director. (11)Not under any of the categories stated in Article 30 of the Company Law.	
Director/ Lian, De-Shih	Over five years of experience in areas of commerce, legal, finance, or related business of the Company	(1)Not employed by the Company or any of the Company's affiliates. (3)Not holding over 1% of company shares or being a top 10 natural person shareholder in one's own name, held by a spouse or underage child, or held by nominee agreement. (5)Not a Director, Supervisor, or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a Director, Supervisor, or employee of a corporate shareholder who is among the top 5 shareholders according to item 1 or item 2 of Article 27 of the Company Law. (6)Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority of the Board or voting rights. (7)Not Chairman, President, or equivalent post of the company who himself/herself or spouse holdsthe position as Director, Supervisor, or employee of another company or organization. (8)Not a Director, Supervisor, manager or shareholder holding more than 5% of the outstanding shares of a specific company or institution in business or financial relationship with the Company.	N/A

Requirements / Name	Professional qualifications and experiences	Independence criteria (Note 2)	Concurrently serving as an Independent Director of another listed company
		(9)Not a professional, owner, partner, Director, Supervisor, manager of the proprietorship, partnership, company, or institution that provides business, legal, financial, and accounting services to the Company or a spouse to the aforementioned persons rewarded remuneration not exceeding NTD 500,000 within last two years. (10)Not a spouse of or kin at the second-degree relative under the Civil Code to any other Director. (11)Not under any of the categories stated in Article 30 of the Company Law. (12)No government apparatus agency, juristic person, or its representative is elected under Article 27 of the Company Law.	
Director/ Huang, Cheng-Fong	Over five years of experience in areas of commerce, legal, finance, or related business of the Company	(1)Not employed by the Company or any of the Company's affiliates. (3)Not holding over 1% of company shares or being a top 10 natural person shareholder in one's own name, held by a spouse or underage child, or held by nominee agreement. (6)Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority of the Board or voting rights. (7)Not Chairman, President, or equivalent post of the company who himself/herself or spouse holds the position as Director, Supervisor, or employee of another company or organization. (8)Not a Director, Supervisor, manager, or shareholder holding more than 5% of the outstanding shares of a specific company or institution in business or financial relationship with the Company. (9)Not a professional, owner, partner, Director, Supervisor, manager of the proprietorship, partnership, company, or institution that provides business, legal, financial, and accounting services to the Company or a spouse to the aforementioned persons rewarded remuneration not exceeding NTD 500,000 within last two years. (11)Not under any of the categories stated in Article 30 of the Company Law.	N/A

Requirements / Name	Professional qualifications and experiences	Independence criteria (Note 2)	Concurrently serving as an Independent Director of another listed company
Director/ Liao, Jia-Guo	Over five years of experience in areas of commerce, legal, finance, or related business of the Company	(1)Not employed by the Company or any of the Company's affiliates. (3)Not holding over 1% of company shares or being a top 10 natural person shareholder in one's own name, held by a spouse or underage child, or held by nominee agreement. (4)Not a spouse, kin at the second-degree relative under the Civil Code, or a direct blood relative within the third-degree relative under the Civil Code as specified in (1) through (3). (5)Not a Director, Supervisor, or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a Director, Supervisor, or employee of a corporate shareholder who is among the top 5 shareholders according to item 1 or item 2 of Article 27 of the Company Law. (6)Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority of the Board or voting rights. (7)Not Chairman, President, or equivalent post of the company who himself/herself or spouse holds the position as Director, Supervisor, or employee of another company or organization. (8)Not a Director, Supervisor, manager, or shareholder holding more than 5% of the outstanding shares of a specific company or institution in business or financial relationship with the Company. (9)Not a professional, owner, partner, Director, Supervisor, manager of the proprietorship, partnership, company, or institution that provides business, legal, financial, and accounting services to the Company or a spouse to the aforementioned persons rewarded remuneration not exceeding NTD 500,000 within last two years. (10)Not a spouse of or kin at the second-degree relative under the Civil Code to any other Director. (11)Not under any of the categories stated in Article 30 of the Company Law. (12)No government apparatus agency, juristic person, or its representative is elected under Article 27 of the Company Law.	N/A

Requirements / Name	Professional qualifications and experiences	Independence criteria (Note 2)	Concurrently serving as an Independent Director of another listed company
Director/ He, Hao	Over five years of experience in areas of commerce, legal, finance, or related business of the Company	(1)Not employed by the Company or any of the Company's affiliates. (3)Not holding over 1% of company shares or being a top 10 natural person shareholder in one's own name, held by a spouse or underage child, or held by nominee agreement. (4)Not a spouse, kin at the second-degree relative under the Civil Code, or a direct blood relative within the third-degree relative under the Civil Code as specified in (1) through (3). (5)Not a Director, Supervisor, or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a Director, Supervisor, or employee of a corporate shareholder who is among the top 5 shareholders according to item 1 or item 2 of Article 27 of the Company Law. (6)Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority of the Board or voting rights. (7)Not Chairman, President, or equivalent post of the company who himself/herself or spouse holds the position as Director, Supervisor, or employee of another company or organization. (8)Not a Director, Supervisor, manager, or shareholder holding more than 5% of the outstanding shares of a specific company or institution in business or financial relationship with the Company. (9)Not a professional, owner, partner, Director, Supervisor, manager of the proprietorship, partnership, company, or institution that provides business, legal, financial, and accounting services to the Company or a spouse to the aforementioned persons rewarded remuneration not exceeding NTD 500,000 within last two years. (10)Not a spouse of or kin at the second-degree relative under the Civil Code to any other Director. (11)Not under any of the categories stated in Article 30 of the Company Law.	N/A

Requirements / Name	Professional qualifications and experiences	Independence criteria (Note 2)	Concurrently serving as an Independent Director of another listed company
Director/ Guo, Jhen-Jhih	Over five years of experience in areas of commerce, law, finance, or related corporate business	(1)Not employed by the Company or any of the Company's affiliates. (4)Not a spouse, kin at the second-degree relative under the Civil Code, or a direct blood relative within the third-degree relative under the Civil Code as specified in (1) through (3). (5)Not a Director, Supervisor, or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a Director, Supervisor, or employee of a corporate shareholder who is among the top 5 shareholders according to item 1 or item 2 of Article 27 of the Company Law. (6)Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority of the Board or voting rights. (7)Not Chairman, President, or equivalent post of the company who himself/herself or spouse holds the position as Director, Supervisor, or employee of another company or organization. (8)Not a Director, Supervisor, manager, or shareholder holding more than 5% of the outstanding shares of a specific company or institution in business or financial relationship with the Company. (9)Not a professional, owner, partner, Director, Supervisor, manager of the proprietorship, partnership, company, or institution that provides business, legal, financial, and accounting services to the Company or a spouse to the aforementioned persons rewarded remuneration not exceeding NTD 500,000 within last two years. (10)Not a spouse of or kin at the second-degree relative under the Civil Code to any other Director. (11)Not under any of the categories stated in Article 30 of the Company Law. (12)No government apparatus agency, juristic person, or its representative is elected under Article 27 of the Company Law.	N/A

Requirements / Name	Professional qualifications and experiences	Independence criteria (Note 2)	Concurrently serving as an Independent Director of another listed company
Director/ Shi, Jia-An	Over five years of experience in areas of commerce, legal, finance, or related business of the Company	(1)Not employed by the Company or any of the Company's affiliates. (3)Not holding over 1% of company shares or being a top 10 natural person shareholder in one's own name, held by a spouse or underage child, or held by nominee agreement. (4)Not a spouse, kin at the second-degree relative under the Civil Code, or a direct blood relative within the third-degree relative under the Civil Code as specified in (1) through (3). (5)Not a Director, Supervisor, or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a Director, Supervisor, or employee of a corporate shareholder who is among the top 5 shareholders according to item 1 or item 2 of Article 27 of the Company Law. (6)Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority of the Board or voting rights. (7)Not Chairman, President, or equivalent post of the company who himself/herself or spouse holds the position as Director, Supervisor, or employee of another company or organization. (8)Not a Director, Supervisor, manager, or shareholder holding more than 5% of the outstanding shares of a specific company or institution in business or financial relationship with the Company. (9)Not a professional, owner, partner, Director, Supervisor, manager of the proprietorship, partnership, company, or institution that provides business, legal, financial, and accounting services to the Company or a spouse to the aforementioned persons rewarded remuneration not exceeding NTD 500,000 within last two years. (10)Not a spouse of or kin at the second-degree relative under the Civil Code to any other Director. (11)Not under any of the categories stated in Article 30 of the Company Law. (12)No government apparatus agency, juristic person, or its representative is elected under Article 27 of the Company Law.	

Requirements / Name	Professional qualifications and experiences	Independence criteria (Note 2)	Concurrently serving as an Independent Director of another listed company
Director/ Guo, Jhih-Mao	Over five years of experience in areas of commerce, legal, finance, or related business of the Company	(1)Not employed by the Company or any of the Company's affiliates. (3)Not holding over 1% of company shares or being a top 10 natural person shareholder in one's own name, held by a spouse or underage child, or held by nominee agreement. (4)Not a spouse, kin at the second-degree relative under the Civil Code, or a direct blood relative within the third-degree relative under the Civil Code as specified in (1) through (3). (5)Not a Director, Supervisor, or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a Director, Supervisor, or employee of a corporate shareholder who is among the top 5 shareholders according to item 1 or item 2 of Article 27 of the Company Law. (6)Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority of the Board or voting rights. (7)Not Chairman, President, or equivalent post of the company who himself/herself or spouse holds the position as Director, Supervisor, or employee of another company or organization. (8)Not a Director, Supervisor, manager, or shareholder holding more than 5% of the outstanding shares of a specific company or institution in business or financial relationship with the Company. (9)Not a professional, owner, partner, Director, Supervisor, manager of the proprietorship, partnership, company, or institution that provides business, legal, financial, and accounting services to the Company or a spouse to the aforementioned persons rewarded remuneration not exceeding NTD 500,000 within last two years. (10)Not a spouse of or kin at the second-degree relative under the Civil Code to any other Director. (11)Not under any of the categories stated in Article 30 of the Company Law. (12)No government apparatus agency, juristic person, or its representative is elected under Article 27 of the Company Law.	N/A

Name \ Requirements	Professional qualifications and experiences	Independence criteria (Note 2)	Concurrently serving as an Independent Director of another listed company
Director/ Chen, De-Fong	Over five years of experience in areas of commerce, legal, finance, or related business of the Company	(1)Not employed by the Company or any of the Company's affiliates. (4)Not a spouse, kin at the second-degree relative under the Civil Code, or a direct blood relative within the third-degree relative under the Civil Code as specified in (1) through (3). (5)Not a Director, Supervisor, or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a Director, Supervisor, or employee of a corporate shareholder who is among the top 5 shareholders according to item 1 or item 2 of Article 27 of the Company Law. (6)Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority of the Board or voting rights. (7)Not Chairman, President, or equivalent post of the company who himself/herself or spouse holds the position as Director, Supervisor, or employee of another company or organization. (8)Not a Director, Supervisor, manager, or shareholder holding more than 5% of the outstanding shares of a specific company or institution in business or financial relationship with the Company. (9)Not a professional, owner, partner, Director, Supervisor, manager of the proprietorship, partnership, company, or institution that provides business, legal, financial, and accounting services to the Company or a spouse to the aforementioned persons rewarded remuneration not exceeding NTD 500,000 within last two years. (10)Not a spouse of or kin at the second-degree relative under the Civil Code to any other Director. (11)Not under any of the categories stated in Article 30 of the Company Law. (12)No government apparatus agency, juristic person, or its representative is elected under Article 27 of the Company Law.	N/A

Requirements / Name	Professional qualifications and experiences	Independence criteria (Note 2)	Concurrently serving as an Independent Director of another listed company
Director/ Yang, Kun-Lie	Over five years of experience in areas of commerce, legal, finance, or related business of the Company	(1)Not employed by the Company or any of the Company's affiliates. (3)Not holding over 1% of company shares or being a top 10 natural person shareholder in one's own name, held by a spouse or underage child, or held by nominee agreement. (4)Not a spouse, kin at the second-degree relative under the Civil Code, or a direct blood relative within the third-degree relative under the Civil Code as specified in (1) through (3). (5)Not a Director, Supervisor, or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a Director, Supervisor or employee of a corporate shareholder who is among the top 5 shareholders according to item 1 or item 2 of Article 27 of the Company Law. (6)Not a Director, Supervisor or, employee of a corporate shareholder who holds the majority of the Board or voting rights. (7)Not Chairman, President, or equivalent post of the company who himself/herself or spouse holds the position as Director, Supervisor, or employee of another company or organization. (8)Not a Director, Supervisor, manager, or shareholder holding more than 5% of the outstanding shares of a specific company or institution in business or financial relationship with the Company. (9)Not a professional, owner, partner, Director, Supervisor, manager of the proprietorship, partnership, company, or institution that provides business, legal, financial, and accounting services to the Company or a spouse to the aforementioned persons rewarded remuneration not exceeding NTD 500,000 within last two years. (10)Not a spouse of or kin at the second-degree relative under the Civil Code to any other Director. (11)Not under any of the categories stated in Article 30 of the Company Law.	

Requirements / Name	Professional qualifications and experiences	Independence criteria (Note 2)	Concurrently serving as an Independent Director of another listed company
Director/ Wu, Xin-Chang	Over five years of experience in areas of commerce, legal, finance, or related business of the Company	(1)Not employed by the Company or any of the Company's affiliates. (3)Not holding over 1% of company shares or being a top 10 natural person shareholder in one's own name, held by a spouse or underage child, or held by nominee agreement. (4)Not a spouse, kin at the second-degree relative under the Civil Code, or a direct blood relative within the third-degree relative under the Civil Code as specified in (1) through (3). (5)Not a Director, Supervisor, or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a Director, Supervisor, or employee of a corporate shareholder who is among the top 5 shareholders according to item 1 or item 2 of Article 27 of the Company Law. (6)Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority of the Board or voting rights. (7)Not Chairman, President, or equivalent post of the company who himself/herself or spouse holds the position as Director, Supervisor, or employee of another company or organization. (8)Not a Director, Supervisor, manager, or shareholder holding more than 5% of the outstanding shares of a specific company or institution in business or financial relationship with the Company. (9)Not a professional, owner, partner, Director, Supervisor, manager of the proprietorship, partnership, company, or institution that provides business, legal, financial, and accounting services to the Company or a spouse to the aforementioned persons rewarded remuneration not exceeding NTD 500,000 within last two years. (10)Not a spouse of or kin at the second-degree relative under the Civil Code to any other Director. (11)Not under any of the categories stated in Article 30 of the Company Law.	

<table>
<tr><th>Requirements
Name</th><th>Professional qualifications and experiences</th><th>Independence criteria (Note 2)</th><th>Concurrently serving as an Independent Director of another listed company</th></tr>
<tr><td>Independent Director/ Liao, Song-Yue</td><td>Over five years of experience in areas of commerce, legal, finance, or related business of the Company</td><td rowspan="4">(1)Not employed by the Company or any of the Company's affiliates.
(2)Not a Director or Supervisor of the Company or any of the Company's affiliates
(3)Not holding over 1% of company shares or being a top 10 natural person shareholder in one’s own name, held by a spouse or underage child, or held by nominee agreement.
(4)Not a spouse, kin at the second-degree relative under the Civil Code, or a direct blood relative within the third-degree relative under the Civil Code as specified in (1) through (3).
(5)Not a Director, Supervisor, or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a Director, Supervisor, or employee of a corporate shareholder who is among the top 5 shareholders according to item 1 or item 2 of Article 27 of the Company Law.
(6)Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority of the Board or voting rights.
(7)Not Chairman, President, or equivalent post of the company who himself/herself or spouse holds the position as Director, Supervisor, or employee of another company or organization.
(8)Not a Director, Supervisor, manager, or shareholder holding more than 5% of the outstanding shares of a specific company or institution in business or financial relationship with the Company.
(9)Not a professional, owner, partner, Director, Supervisor, manager of the proprietorship, partnership, company, or institution that provides business, legal, financial, and accounting services to the Company or a spouse to the aforementioned persons rewarded remuneration not exceeding NTD 500,000 within last two years.
(10)Not a spouse of or kin at the second-degree relative under the Civil Code to any other Director.
(11)Not under any of the categories stated in Article 30 of the Company Law.
(12)No government apparatus agency, juristic person, or its representative is elected under Article 27 of the Company Law.</td><td>N/A</td></tr>
<tr><td>Independent Director/ Lin, Lai-Di</td><td>Over five years of experience in areas of commerce, legal, finance, or related business of the Company</td><td>N/A</td></tr>
<tr><td>Independent Director/ Chen, Hong-Wen</td><td>Over five years of experience in areas of commerce, legal, finance, or related business of the Company</td><td>N/A</td></tr>
<tr><td>Independent Director/ Zhuo, Xun-Rong</td><td>Over five years of experience in areas of commerce, legal, finance, or related business of the Company</td><td>N/A</td></tr>
</table>

Note 1: The number of columns is adjusted depending on the actual needs.

Note 2: Independence is as follows:

(1) Not employed by the Company or any of the Company's affiliates.

(2) Not a Director of the Company or any of the Company's affiliates (this restriction does not apply to Independent Directors of the Company, its parent company, or its subsidiaries).

(3) Not holding over 1% of company shares or being a top 10 natural person shareholder in one’s own name, held by a spouse or underage child, or held by nominee agreement.

(4) Not a spouse, kin at the second-degree relative under the Civil Code, or a direct blood relative within the third-degree relative under the Civil Code as specified in (1) through (3).

(5) Not a Director, Supervisor, or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a Director, Supervisor, or employee of a corporate shareholder who is among the top 5 shareholders according to item 1 or item 2 of Article 27 of the Company Law (this restriction does not apply to Independent Directors of the Company, its parent company, or its subsidiaries).

(6) Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority of the Board or voting rights (this restriction does not apply to Independent Directors of the Company, its parent company, or its subsidiaries).

(7) Not Chairman, President, or equivalent post of the company who himself/herself or spouse holds the position as Director, Supervisor, or employee of another company or organization (this restriction does not apply to Independent Directors of the Company, its parent company, or its subsidiaries).

(8) Not a Director, Supervisor, manager, or shareholder holding more than 5% of the outstanding shares of a specific company or institution in business or financial relationship with the Company (this restriction does not apply to Independent Directors of the specific company or organization which holds more than 20% and not exceeding 50% outstanding shares of the Company, its parent company, or its subsidiaries).

(9) Not a professional, owner, partner, Director, Supervisor, manager of the proprietorship, partnership, company, or institution that provides business, legal, financial, and accounting services to the Company or a spouse to the aforementioned persons rewarded remuneration not exceeding NTD 500,000 within last two years. Notwithstanding, this shall not apply to the Remuneration Committee members or members of a special committee of a public company for merger/consolidation and acquisition who perform their duties in accordance with the Securities Exchange Act and Business Mergers and Acquisitions Act.

(10) Not a spouse of or kin at the second-degree relative under the Civil Code to any other Director.

(11) Not under any of the categories stated in Article 30 of the Company Law.

(12) No government apparatus agency, juristic person, or its representative is elected under Article 27 of the Company Law.

1-5 Diversity and Independence of the Board of Directors:

(1) Diversity of the Board of Directors:

Based on the policy of diversification, strengthening corporate governance, and promoting the development of a sound Board composition and structure, the company's nomination of director candidates complies with the company's articles of association and adopts the candidate nomination procedure. After measuring professional background or relevant professional qualifications, etc., the nomination will seek the review and approval from the Board of Directors, and then it will be sent to the shareholders' meeting for further election. The number of directors who also serve as company managers in the composition of the Board of Directors should not exceed one-third of the number of directors. Moreover, the Board of Directors should consider its own operation, business model and development needs, to formulate an appropriate diversity policy, including but not limited to the following:

1. Basic conditions and values: gender, age, nationality, and culture
2. Professional knowledge and skills: operational judgment, accounting, and financial analysis, business management, crisis management, industry insight, international market outlook, leadership, and decision-making.So as to ensure the diversity of board members.

The current Board of Directors of the company consists of 19 directors. The specific management objectives and achievement of the board diversity policy are as follows:

Management objectives	Achievement
Directors who also serve as company managers should not exceed one-third of the number of directors	reached
The term of independent directors has not exceeded 3 terms	reached
Adequate and diverse expertise and skills	reached

The implementation status of the Board Diversity Policy is as follows:

Name	Diversification Core items	Nationality	Basic Component									Professional background / Experience				Knowledge and Skill					
			Gender	Employee of the company	Age						Seniority of tenure / Independent Directors	Account -ing	Industry	Finance	Techno -logy	Operational judgment	Business management	Leadership & decision making	Crisis management	Industry insight	International market outlook
					31~40	41~50	51~60	61~70	71~80	81~90	less than 3 years										
Director	Huang, Sheng-Cai	R.O.C.	male					V					V	V	V	V	V	V	V	V	V
	Huang, Sheng-Shun	R.O.C.	male					V					V	V	V	V	V	V	V	V	V
	Zheng, Ren-Bin	R.O.C	male				V						V		V	V	V	V	V	V	V
	Zhang Li-Qiu	R.O.C	male						V				V	V		V	V	V	V	V	V
	Huang, De-Lun	R.O.C	male		V								V	V		V	V	V	V	V	V
	Ke, Chang-Ci	R.O.C	male							V		V	V	V		V	V	V	V	V	V
	Guo, Jhih-Cyun	R.O.C.	male					V					V	V		V	V	V	V	V	V
	Lian, De-Shih	R.O.C.	male						V				V	V		V	V	V	V	V	V
	Huang, Cheng-Fong	R.O.C.	male		V								V		V	V	V	V	V	V	V
	Liao, Jia-Guo	R.O.C	male					V					V		V	V	V	V	V	V	V
	He, Hao	R.O.C	male						V				V	V		V	V	V	V	V	V
	Guo, Jhen-Jhih	R.O.C	male				V						V	V		V	V	V	V	V	V
	Shi, Jia-An	R.O.C	male					V					V	V		V	V	V	V	V	V
	Guo, Jhih-Mao	R.O.C.	female						V				V	V		V	V	V	V	V	V
	Chen, De-Fong	R.O.C.	male					V					V	V		V	V	V	V	V	V
	Yang, Kun-Lie	R.O.C.	male					V					V	V		V	V	V	V	V	V
	Wu, Xin-Chang	R.O.C.	male				V						V		V	V	V	V	V	V	V
Independent Director	Liao, Song-Yue	R.O.C.	male					V				V		V		V	V	V	V	V	V
	Lin, Lai-Di	R.O.C.	female				V						V		V	V	V	V	V	V	V
	Chen, Hong-Wen	R.O.C	male					V					V	V		V	V	V	V	V	V
	Zhuo, Xun-Rong	R.O.C	male					V					V		V	V	V	V	V	V	V

(2) Information on the General Manager, Deputy General, Associate Manager, and heads of all the Company divisions

Book closure date: April 19, 2022

Job title	Nationality or Record of Birth	Name	Gender	Elected (inauguration) Date	Shares: Shares	Shares: %	Shareholding of spouse and underage children: Shares	Shareholding of spouse and underage children: %	Shareholdings in the names of others: Shares	Shareholdings in the names of others: %	Work experience (academic degree)	Position(s) held concurrently in the Company and/or in any other company	Managers who are Spouses or Within Two Degrees of Kinship: Title	Managers who are Spouses or Within Two Degrees of Kinship: Name	Managers who are Spouses or Within Two Degrees of Kinship: Relation	Remarks
General Manager	R.O.C.	Lin, Chun-cheng	Male	Aug.01, 2017	169,326	0.04	590	0	0	0	Chinese Culture University	Chairman/ Fusugar Industry Corp.	N/A	N/A	N/A	N/A
Deputy General Manager	R.O.C	Hsu, Li-hui	Female	Mar. 22, 2019	103,029	0.02	31,854	0	0	0	National Taipei College of Commerce	Supervisor/ Hershey Environmental Technology Co., Ltd.	N/A	N/A	N/A	N/A
Deputy General Manager	R.O.C	Tseng, Zhi-jing	Male	Sep. 01, 2020	634	0	20,000	0	0	0	Institute of Chemistry, National Cheng Kung University	N/A	N/A	N/A	N/A	N/A
Deputy General Manager	R.O.C	Lin, Yi-feng	Male	Jan 01, 2021	377	0	0	0	0	0	Department of Chemical Engineering, Tamkang University	N/A	N/A	N/A	N/A	N/A
Audit Office / Associate Manager	R.O.C	Tseng, Xiao-qian	Female	Jan 01, 2019	226,814	0.05	0	0	0	0	Science and Technology Law Institute/ National Chiao Tung University	N/A	N/A	N/A	N/A	N/A
Factory/ Associate Manager	R.O.C	Tsai, Jian-xun	Male	Jan.01, 2021	2,744	0	10,350	0	0	0	Institute of Chemistry / National Sun Yat-sen University	N/A	N/A	N/A	N/A	N/A
Business Unit / Associate Manager	R.O.C	Huang, Pin-xian	Male	Jan.01, 2021	9,728	0	1,000	0	0	0	Institute of International Business / Asia University	Director/ Fusugar Industry Corp.	N/A	N/A	N/A	N/A
General Affairs Department / Associate Manager	R.O.C	Chen, Jian-nan	Male	Jan.01, 2021	9,243	0	0	0	0	0	Department of Business Management / National Cheng Kung University	Director/ Fusugar Industry Corp.	N/A	N/A	N/A	N/A
Stock Office / Associate Manager	R.O.C	Huang, Jun-zhe	Male	Jan.01, 2021	33,144	0.01	19,889	0	0	0	Department of Land Administration / National Chung Hsing University	N/A	N/A	N/A	N/A	N/A
Collecting Materials / Associate Manager	R.O.C	Lee, Hong-de	Male	Jan.01, 2021	50,000	0	0	0	0	0	Computer Science / West Coast University	N/A	N/A	N/A	N/A	N/A
Accounting / Associate Manager	R.O.C	Chen, Wei-cun	Male	Jan.01, 2021	31	0	0	0	0	0	Department of Accounting / Tamkang University	N/A	N/A	N/A	N/A	N/A
Accounting Supervisor	R.O.C	Chen, Wei-cun	Male	Aug.01, 2017	31	0	0	0	0	0	Department of Accounting / Tamkang University	N/A	N/A	N/A	N/A	N/A
Financial Supervisor	R.O.C	Lin, Li-ren	Male	Aug 01, 2017	5,800	0	0	0	0	0	Department of Accounting / Tamkang University	N/A	N/A	N/A	N/A	N/A

3. Remuneration paid to Directors, Supervisor, General Manager, and Deputy General Manager in the most recent year

1. Remuneration of Directors (Independent Directors included)

(The name of directors should be disclosed in accordance with the respective remuneration bracket)

Unit：NTD thousand

<table>
<tr><th rowspan="4">Job title</th><th rowspan="4">Name</th><th colspan="8">Remuneration of Director</th><th colspan="2" rowspan="2">The sum of A, B, C, and D in proportion to Earnings (Note 10)</th><th colspan="8">Remuneration in the capacity of an employee</th><th colspan="2" rowspan="2">The sum of A, B, C, D, E, F, and G to Earnings (Note 10)</th><th rowspan="4">Whether remuneration from any reinvested other than subsidiaries is received? (J) (Note 11)</th></tr>
<tr><th colspan="2">Remuneration (A) (Note 2)</th><th colspan="2">Pension (B)</th><th colspan="2">Retained Earnings Distribution (C) (Note 3)</th><th colspan="2">Professional practice (D) (Note 4)</th><th colspan="2">Salaries, bonuses, and special subsidies (E) (Note 5)</th><th colspan="2">Pension (F)</th><th colspan="4">Employee bonus from earnings (G) (Note 6)</th></tr>
<tr><th rowspan="2">the Company</th><th rowspan="2">Companies included in the financial statement(Note 7)</th><th rowspan="2">the Company</th><th rowspan="2">Companies included in the financial statement(Note 7)</th><th rowspan="2">the Company</th><th rowspan="2">Companies included in the financial statement(Note 7)</th><th rowspan="2">the Company</th><th rowspan="2">Companies included in the financial statement(Note 7)</th><th rowspan="2">the Company</th><th rowspan="2">Companies included in the financial statement(Note 7)</th><th rowspan="2">the Company</th><th rowspan="2">Companies included in the financial statement(Note 7)</th><th rowspan="2">the Company</th><th rowspan="2">Companies included in the financial statement(Note 7)</th><th colspan="2">the Company</th><th colspan="2">Companies included in the financial statement (Note 7)</th><th rowspan="2">the Company</th><th rowspan="2">Companies included in the financial statement (Note 7)</th></tr>
<tr><th>Cash dividend</th><th>Stock dividend</th><th>Cash dividend</th><th>Stock dividend</th></tr>
<tr><td>Chairman</td><td>Huang, Sheng-Cai</td><td rowspan="16">—</td><td rowspan="16">—</td><td rowspan="16">—</td><td rowspan="16">—</td><td rowspan="16">26,952,619</td><td rowspan="16">26,952,619</td><td rowspan="16">3,780,000</td><td rowspan="16">3,780,000</td><td rowspan="16">3.24%</td><td rowspan="16">3.24%</td><td rowspan="16">13,491,022</td><td rowspan="16">18,365,171</td><td rowspan="16">—</td><td rowspan="16">—</td><td rowspan="16">—</td><td rowspan="16">—</td><td rowspan="16">90,000</td><td rowspan="16">—</td><td rowspan="16">4.67%</td><td rowspan="16">5.19%</td><td rowspan="16">N/A</td></tr>
<tr><td>Director</td><td>Huang, Sheng-Shun</td></tr>
<tr><td>Director</td><td>Guo, Jhen-Jhih</td></tr>
<tr><td>Director</td><td>Lion Home Products (Taiwan) Co., Ltd. Representative / He, Hao</td></tr>
<tr><td>Director</td><td>Chen, De-Fong</td></tr>
<tr><td>Director</td><td>Shi, Jia-An</td></tr>
<tr><td>Director</td><td>Guo, Jhih-Mao</td></tr>
<tr><td>Director</td><td>Liao, Jia-Guo</td></tr>
<tr><td>Director</td><td>Lian, De-Shih</td></tr>
<tr><td>Director</td><td>Huang, De-Lun</td></tr>
<tr><td>Director</td><td>Formosa Chemicals & Fiber Corp Representative / Wu, Xin-Chang</td></tr>
<tr><td>Director</td><td>Sin Chang Construction Corp. Representative / Guo, Jhih-Cyun</td></tr>
<tr><td>Director</td><td>Chi-Tong Investment Co., Ltd Representative / Huang, Cheng-Fong</td></tr>
<tr><td>Director</td><td>Ever-Prosperous Multitechnologies Enterprise Ltd. Representative / Ke, Chang-Ci</td></tr>
<tr><td>Director</td><td>Hemao Venture Investment Co., Ltd. Representative / Zhang Li-Qiu</td></tr>
<tr><td>Independent Director</td><td>Liao, Song-Yue</td></tr>
</table>

Job title	Name	Remuneration of Director								The sum of A, B, C, and D in proportion to Earnings (Note 10)		Remuneration in the capacity of an employee								The sum of A, B, C, D, E, F, and G to Earnings (Note 10)		Whether remuneration from any reinvested other than subsidiaries is received? (J) (Note 11)
		Remuneration (A) (Note 2)		Pension (B)		Retained Earnings Distribution (C) (Note 3)		Professional practice (D) (Note 4)				Salaries, bonuses, and special subsidies (E) (Note 5)		Pension (F)		Employee bonus from earnings (G) (Note 6)						
		the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial statement(Note 7)	the Company		Companies included in the financial statement (Note 7)		the Company	Companies included in the financial statement (Note 7)	
																Cash dividend	Stock dividend	Cash dividend	Stock dividend			
Independent Director	Lin, Lai-Di																					
Independent Director	Chen, Hong-Wen																					
Independent Director	Zhuo, Xun-Rong																					

Breakdown of remuneration

Breakdown of remuneration of Directors	Name of Director			
	Total (A+B+C+D)		Total (A+B+C+D)	
	the Company (Note 8)	Companies included in the financial statement H (Note 9)	the Company (Note 8)	All investees I (Note 9)
Less than NT$1,000,000	—	—	—	—
NT$1,000,000 (inclusive)~NT$2,000,000	Huang, Sheng-Shun	Huang, Sheng-Shun	Huang, Sheng-Shun	Huang, Sheng-Shun
	Guo, Jhen-Jhih	Guo, Jhen-Jhih	Guo, Jhen-Jhih	Guo, Jhen-Jhih
	Lion Home Products (Taiwan) Co., Ltd. Representative / He, Hao	Lion Home Products (Taiwan) Co., Ltd. Representative / He, Hao	Lion Home Products (Taiwan) Co., Ltd. Representative / He, Hao	Lion Home Products (Taiwan) Co., Ltd. Representative / He, Hao
	Chen, De-Fong	Chen, De-Fong	Chen, De-Fong	Chen, De-Fong
	Shi, Jia-An	Shi, Jia-An	Shi, Jia-An	Shi, Jia-An
	Guo, Jhih-Mao	Guo, Jhih-Mao	Guo, Jhih-Mao	Guo, Jhih-Mao
	Liao, Jia-Guo	Liao, Jia-Guo	Liao, Jia-Guo	—
	Lian, De-Shih	Lian, De-Shih	Lian, De-Shih	Lian, De-Shih
	Huang, De-Lun	Huang, De-Lun	Huang, De-Lun	Huang, De-Lun
	Formosa Chemicals & Fiber Corp. Representative / Wu, Xin-Chang	Formosa Chemicals & Fiber Corp. Representative / Wu, Xin-Chang	Formosa Chemicals & Fiber Corp. Representative / Wu, Xin-Chang	Formosa Chemicals & Fiber Corp. Representative / Wu, Xin-Chang
	Sin Chang Construction Corp. Representative / Guo, Jhih-Cyun	Sin Chang Construction Corp. Representative / Guo, Jhih-Cyun	Sin Chang Construction Corp. Representative / Guo, Jhih-Cyun	Sin Chang Construction Corp. Representative / Guo, Jhih-Cyun
	Chi-Tong Investment Co., Ltd. Representative /Huang, Cheng-Fong	Chi-Tong Investment Co., Ltd. Representative / Huang, Cheng-Fong	Chi-Tong Investment Co., Ltd. 代表人 Huang, Cheng-Fong	Chi-Tong Investment Co., Ltd. Representative / Huang, Cheng-Fong
	Ever-Prosperous Multitechnologies Enterprise Ltd Representative / Ke, Chang-Ci	Ever-Prosperous Multitechnologies Enterprise Ltd Representative / Ke, Chang-Ci	Ever-Prosperous Multitechnologies Enterprise Ltd Representative / Ke, Chang-Ci	Ever-Prosperous Multitechnologies Enterprise Ltd Representative / Ke, Chang-Ci
	Hemao Venture Investment Co., Ltd. Representative / Zhang Li-Qiu	Hemao Venture Investment Co., Ltd. Representative / Zhang Li-Qiu	Hemao Venture Investment Co., Ltd. Representative / Zhang Li-Qiu	Hemao Venture Investment Co., Ltd. Representative / Zhang Li-Qiu
	Liao, Song-Yue	Liao, Song-Yue	Liao, Song-Yue	Liao, Song-Yue
	Lin, Lai-Di	Lin, Lai-Di	Lin, Lai-Di	Lin, Lai-Di
	Chen, Hong-Wen	Chen, Hong-Wen	Chen, Hong-Wen	Chen, Hong-Wen
	Zhuo, Xun-Rong	Zhuo, Xun-Rong	Zhuo, Xun-Rong	Zhuo, Xun-Rong
NT$2,000,000 (inclusive)~NT$3,500,000	—	—	—	—
NT$3,500,000 (inclusive)~NT$5,000,000	Huang, Sheng-Cai	Huang, Sheng-Cai	—	Liao, Jia-Guo
NT$5,000,000 (inclusive)~NT$10,000,000	—	—	—	—
NT$10,000,000 (inclusive)~NT$15,000,000	—	—	Huang, Sheng-Cai	Huang, Sheng-Cai
NT$10,000,000 (inclusive)~NT$15,000,000	—	—	—	—
NT$15,000,000 (inclusive)~NT$30,000,000	—	—	—	—
NT$30,000,000 (inclusive)~NT$50,000,000	—	—	—	—
NT$50,000,000 (inclusive)~NT$100,000,000	—	—	—	—
NT$100,000,000 above	—	—	—	—
Total	19	19	19	19

Note 1: Names of directors should be separately disclosed (Institutional shareholders should disclose the names of the institutional shareholders and representatives separately). The amount of remuneration should be disclosed in summary. If a director concurrently serves as the President or Senior Vice President, this Form and Form (3-1) or (3-2) must be filled out.

Note 2: It refers to the directors' compensation received for the recent year (including salaries of the directors, special responsibility allowance, severance pay, various bonuses, incentives, etc.).

Note 3: It refers to the remuneration of directors to be distributed in accordance with the proposal for distributing the recent year's earnings adopted at a meeting of the Board of Directors and such proposal has not yet been submitted to the Shareholders' Meeting for approval.

Note 4: It refers to the relevant expenses for business operations paid to directors for the recent year (including transportation allowance, special allowance, various allowances, and the provision of dormitory and vehicle, etc.).When a car, house, and other transportation or personal expense are provided, the nature and cost of the assets provided, the actual or estimated rental expense based on a fair market price, gas expense, and other payments should be disclosed. Further, if a chauffeur is assigned, please also disclose the relevant compensation paid to such chauffeur in the Note. However, such an amount shall not be included in the remuneration.

Note 5: It refers to the salaries, special responsibility allowance, severance pay, various bonuses, incentives, transportation allowance, special allowance, and the provision of dormitory and vehicle received by the director(s) who concurrently serve(s) as an employee(s) (including President, Senior Vice President, and other managerial officers and employees) in the recent year. When a house, car, and other transportation or personal expense are provided, the nature and cost of the assets provided, the actual or estimated rental expense based on a fair market price, gas expense, and other payments should be disclosed. Further, if a chauffeur is assigned, please also describe the relevant compensation paid to such chauffeur in the Note. However, such an amount shall not be included in the remuneration. In addition, the salary expense recognized in accordance with IFRS 2 "Share-based payment" includes the acquisition of employee stock warrant, employee restricted stock, and subscription of new shares from cash capitalization.

Note 6: It refers to the employee remuneration (including stock and cash) received by the directors who concurrently serve(s) as an employee(s) (including concurrent President, Senior Vice President, and other managerial officers and employees) in the recent year. It is required to disclose the amount of employee remuneration to be distributed in accordance with the proposal for distributing the recent year's earnings adopted at a meeting the of Board of Directors and such proposal has not been submitted to the Shareholders' Meeting for approval. If such an amount is unable to be estimated, the amount can be determined in accordance with the actual distribution ratio for last year. Form 1-3 shall be filled out as well. For a company listed on the stock exchange or an OTC market, the stock remuneration shall be measured at fair value (i.e., the closing price on the balance sheet date) in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers; for a non-listed company, the stock remuneration shall be measured at the net value on the last date of the fiscal year that the earnings are generated.

Note 7: Disclose the total amount of remuneration paid to the directors by all the companies included in the consolidated financial statements (including the Company).

Note 8: Disclose the name of the directors in the respective range of total remuneration received from the Company.

Note 9: Disclose the name of the directors in the respective range of total remuneration received from all the companies included in the consolidated financial statements (including the Company).

Note 10: It refers to the net income of the recent year. After the adoption of IFRS.

Note 11: a. It is required to specify in this column the relevant remuneration amount the directors of the Company received from the reinvested companies other than the subsidiaries.

b. If the Company's director has received the relevant remuneration from the reinvested companies other than the subsidiaries, the received amount should be included in Column J. In addition, the column title shall be revised as "All reinvested companies."

c. Compensation shall mean the remuneration, reward, employee bonus, and expense for business operation paid to the Company's director(s) by the reinvested companies other than the subsidiaries and such directors concurrently serve(s) as director(s), supervisor(s), or managerial officer(s) of the reinvested companies.

* The concept of the "compensation" disclosed in this Form is different from the income defined under the Income Tax Law. Therefore, the purpose of this Form is for information disclosure not for taxation.

2. Remuneration of Supervisor: N/A, The Company has set up an audit committee to replace the supervisor on July 1, 2017.

3. Remuneration of General Manager, Deputy General Manager

(The name should be disclosed in accordance with the respective remuneration bracket)

Unit：NTD

<table>
<tr><th rowspan="3">Job title</th><th rowspan="3">Name</th><th colspan="2">Salary (A)
(Note 2)</th><th colspan="2">Pension (B)</th><th colspan="2">Salaries, bonuses, and special subsidies (C)
（Note 3）</th><th colspan="4">Employee bonus allocated from earnings (D)
（Note 4）</th><th colspan="2">The sum of A, B, C, and D in proportion to Earnings
（Note 8）</th><th rowspan="3">Whether remuneration from any reinvested other than subsidiaries is received? (Note9)</th></tr>
<tr><th rowspan="2">The Company-</th><th rowspan="2">Companies included in the financial statement (Note 5)</th><th rowspan="2">The company</th><th rowspan="2">Companies included in the financial statement (Note 5)</th><th rowspan="2">The company</th><th rowspan="2">Companies included in the financial statement (Note 5)</th><th colspan="2">The company</th><th colspan="2">Companies included in the financial statement (Note 5)</th><th rowspan="2">The company</th><th rowspan="2">Companies included in the financial statement (Note 5)</th></tr>
<tr><th>Cash</th><th>Stock</th><th>Cash</th><th>Stock</th></tr>
<tr><td>General Manager</td><td>Lin, Chun-cheng</td><td rowspan="4">10,025,700</td><td rowspan="4">10,025,700</td><td rowspan="4">18,729,918</td><td rowspan="4">18,729,918</td><td rowspan="4">19,293,154</td><td rowspan="4">19,293,154</td><td rowspan="4">1,598,914</td><td rowspan="4">—</td><td rowspan="4">1,598,914</td><td rowspan="4">—</td><td rowspan="4">5.24%</td><td rowspan="4">5.24%</td><td rowspan="4">N/A</td></tr>
<tr><td>Deputy General Manager</td><td>Hsu Li-hui</td></tr>
<tr><td>Deputy General Manager</td><td>Tseng Zhi-jing</td></tr>
<tr><td>Deputy General Manager</td><td>Lin Yi-feng</td></tr>
</table>

＊It should include the information disclosure of the General Manager, Deputy General Manager, Associate Manager, department heads, and branch officers; also, the position equivalent to General Manager, Deputy General Manager, or Associate Manager.

Breakdown of remuneration

Breakdown of remuneration of General Manager & Deputy General Manager	Name of General Manage, Deputy General Manager	
	the Company (Note 6)	the Company (Note 6)
Less than NT$1,000,000	—	—
NT$1,000,000 (inclusive)~NT$2,000,000	—	—
NT$2,000,000 (inclusive)~NT$3,500,000	—	—
NT$3,500,000 (inclusive)~NT$5,000,000	—	—
NT$5,000,000 (inclusive)~NT$10,000,000	Lin,Chun-cheng	Lin, Chun-cheng
NT$10,000,000 (inclusive)~NT$15,000,000	Tseng Zhi-jing / Lin Yi-feng	Tseng Zhi-jing / Lin Yi-feng
NT$15,000,000 (inclusive)~NT$30,000,000	Hsu Li-hui	Hsu Li-hui
NT$30,000,000 (inclusive)~NT$50,000,000	–	–
NT$50,000,000 (inclusive)~NT$100,000,000	–	–
NT$100,000,000 above	–	–
Total	4	4

Note 1: Names of General Manager and Deputy General Manager should be separately disclosed. The amount of remunerations should be disclosed in summary. If a director concurrently serves as the General Manager or Deputy General Manager, this Form and Form (1-1) or (1-2) must be filled out.

Note 2: It refers to the General Manager and Deputy General Manager's salary, special responsibility allowance, and severance pay.

Note 3: It refers to the bonuses, incentives, transportation allowance, special allowance, the provision of dormitory and vehicle, and other compensations received by the General Manager and Deputy General Manager in the recent year. When a house, car, and other transportation or personal expense are provided, the nature and cost of the assets provided, the actual or estimated rental expense based on a fair market price, gas expense, and other payments should be disclosed. Further, if a chauffeur is assigned, please also describe the relevant compensation paid to such chauffeur in the Note. However, such an amount shall not be included in the remuneration. In addition, the salary expense recognized in accordance with IFRS 2 "Share-based payment" includes the acquisition of employee stock warrant, employee restricted stock, and subscription of new shares from cash capitalization.

Note 4: It refers to the employee remuneration (including stock and cash) received by the General Manager and Deputy General Manager that is distributed in accordance with the proposal for distributing the recent year's earnings adopted at a meeting of the Board of Directors and such proposal has not been submitted to the Shareholders' Meeting for approval. If such an amount is unable to be estimated, the amount can be determined in accordance with the actual distribution ratio for last year. Form 1-3 shall be filled out as well. For a company listed on the stock exchange or an OTC market, the stock remuneration shall be measured at fair value (i.e., the closing price on the balance sheet date) in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers; for a non-listed company, the stock remuneration shall be measured at the net value on the last date of the fiscal year that the earnings are generated. It refers to the net income of the recent year. After the adoption of IFRS, it refers to the net income in the individual or independent financial statements of the recent year.

Note 5: Disclose the total amount of remuneration paid to the General Manager and Deputy General Manager by all the companies (including the Company) included in the consolidated financial statements.

Note 6: Disclose the name of the General Manager and Deputy General Manager in the respective range of total remuneration received from all the Company.

Note 7: Disclose the total amount of remuneration paid to the General Manager and Deputy General Manager by all the companies (including the Company) included in the consolidated financial statements. Disclose the name of the General Manager and Deputy General Manager in the respective range of total remuneration received.

Note 8: It refers to the net income of the recent year. After the adoption of IFRS, it refers to the net income in the individual or independent financial statements of the recent year.

Note 9: a. It is required to specify in this column the relevant remuneration amount the General Manager and Deputy General Manager of the Company received from the reinvested companies other than the subsidiaries.
b. If the General Manager and Deputy General Manager have received the relevant remuneration from the reinvested companies other than the subsidiaries, the received amount should be included in Column E. In addition, the column title shall be revised as "All reinvested companies."
c. Remuneration shall mean the compensation, reward, employee bonus, and expense for business operation paid to the Company's the General Manager and Deputy General Manager by the reinvested companies other than the subsidiaries, and such the General Manager and Deputy General Manager concurrently serve(s) as director(s), supervisor(s), or managerial officer(s) of the reinvested companies.

* The concept of the "compensation" disclosed in this Form is different from the income defined under the Income Tax Law. Therefore, the purpose of this Form is for information disclosure not for taxation.

4. Employee bonus amount paid to managerial officers

April 15, 2022

<table>
<tr><th></th><th>Job title (Note 1)</th><th>Name (Note 1)</th><th>Stock</th><th>Cash</th><th>Total</th><th>Proportion to Earnings After Tax (%)</th></tr>
<tr><td rowspan="5">Manager Officer</td><td>General Manager</td><td>Lin, Chun-cheng</td><td rowspan="5">–</td><td rowspan="5">3,323,393</td><td rowspan="5">3,323,393</td><td rowspan="5">0.35%</td></tr>
<tr><td>Deputy General Manager</td><td>Hsu Li-hui
Tseng Zhi-jing
Lin Yi-feng</td></tr>
<tr><td>Associate Manager</td><td>Tseng, Xiao-qian
Lee, Hong-de
Huang, Jun-zhe
Chen, Jian-nan
Huang, Pin-xian
Tsai, Jian-xun</td></tr>
<tr><td>Accounting Supervisor</td><td>Chen, Wei-cun (Associate Manager)</td></tr>
<tr><td>Financial Supervisor</td><td>Lin, Li-ren (manager)</td></tr>
</table>

Note 1: Names and job titles of each individual should be separately disclosed. The amount of remunerations can be disclosed in summary.

Note 2: It refers to the employee remuneration (including stock and cash) received by the managerial officers that are distributed in accordance with the proposal for distributing the recent year’s earnings adopted at a meeting of the Board of Directors and such proposal has not been submitted to the Shareholders’ Meeting for approval. If such an amount is unable to be estimated, the amount can be determined in accordance with the actual distribution ratio for last year. It refers to the net income of the recent year. After the adoption of IFRS, it refers to the net income in the individual or independent financial statements of the recent year.

Note 3: The scope of application for managers is defined in accordance with the Tai.Chai.Chen (III) No. 0920001301 Letter dated March 27, 2003, by the SEC as follows:

(1) General Manager and the equals
(2) Deputy General Manager and the equals
(3) Associate Manager and the equals
(4) General Manager of Finance Department
(5) General Manager of Accounting Department
(6) Managerial officers and the individuals authorized to sign

Note 4: If Directors, General Manager, and Deputy General Manager have collected employee remuneration (including stock and cash), in addition to filling out Form 1-2, please fill out this Form too.

4. Specify and compare the remuneration of Directors, Manager and Deputy General Manager of the Company in proportion to the earnings after tax from the Company and companies included in the consolidated financial statements over the last two years, and specify the policies, standards, combinations, and procedures of decision-making for remuneration and their correlation with business performance and future risk:

1. The ratio of the total remuneration paid by the Company to Directors, General Manager, and Deputy General Manager / Net income (%):

Title	2021 Remuneration / standalone net income ratio (%)	2020 Remuneration / standalone net income ratio (%)
Directors	5.19	6.76
Supervisors	—	—
Manager and Deputy General Manager	5.24	5.52

2. The remuneration policy of the directors and supervisors of the company is clearly stipulated in the Company's Articles of association, and approved by the shareholders meeting and the remuneration committee, then sent to the board of directors for resolution; the payment of the remuneration of the general manager and deputy general managers is determined by the remuneration committee. After deliberation, it is sent to the board of directors for resolution; the remuneration is paid in accordance with the regulations of the articles of association, so the proportion has not changed much, and it is related to operating performance.

III. The state of Implementation of Corporate Governance

I. Operations of Board of Directors

The Board had convened **(A)** meetings of the 7th Board of Directors in 2021. The attendance record of Directors is listed below:

Job title	Name	Actual attendanceB	Attendance by proxy	Actual attendance rate (%) (B/A)	Remark
Chairman	Shin Shing Chemical Corp. Representative / Huang, Sheng-Cai	7	0	100%	
Deputy Chairman	Huang, Sheng-Shun	4	2	57%	
Director	Lian, De-Shih	7	0	100%	
Director	Liao, Jia-Guo	7	0	100%	
Director	Sin Chang Construction Corp. Representative / Guo, Jhih-Cyun	7	0	100%	
Director	Guo, Jhen-Jhih	6	1	86%	
Director	Lion Home Products (Taiwan) Co., Ltd. Representative / He, Hao	7	0	100%	
Director	Hemao Venture Investment Co., Ltd. Representative / Zheng, Ren-Bin	6	0	100%	Reassign new representative / Zhang Li-Qiu on Oct. 18,2021 Former representative / Zheng, Ren-Bin
Director	Hemao Venture Investment Co., Ltd. Representative / Zhang Li-Qiu	1	0	100%	Reassign new representative / Zhang Li-Qiu on Oct. 18,2021 Former representative / Zheng, Ren-Bin
Director	Chen, De-Fong	6	0	86%	
Director	Shi, Jia-An	4	3	57%	
Director	Guo, Jhih-Mao	5	1	71%	
Director	Formosa Chemicals & Fiber Corp. Representative / Yang, Kun-Lie	7	0	100%	Reassign new representative / Wu, Xin-Chang on Dec. 30, 2021. Former representative / Yang, Kun-Lie
Director	Formosa Chemicals & Fiber Corp. Representative / Wu, Xin-Chang	-	-	-	Reassign new representative / Wu, Xin-Chang on Dec. 30, 2021. Former representative / Yang, Kun-Lie
Director	Huang, De-Lun	7	0	100%	
Director	Ever-Prosperous Multitechnologies Enterprise Ltd Representative / Ke, Chang-Ci	6	0	86%	
Director	Chi-Tong Investment Co., Ltd. Representative / Huang, Cheng-Fong	4	0	57%	
Independent Director	Liao, Song-Yue	6	0	86%	
Independent Director	Lin, Lai-Di	7	0	100%	
Independent Director	Chen, Hong-Wen	6	1	86%	
Independent Director	Zhuo, Xun-Rong	6	0	86%	

Other items to be specified:

1. Should one of the following occur, the meeting date, period, content of the resolution, opinions of all Independent Directors, and the Company's handling of the opinions of the Independent Directors shall be clearly stated:

(1) All the listed items in Article 14-3 of the Securities and Exchange Act: Please refer to p24-p28.

(2) In addition to the aforementioned, the items in board resolutions regarding which Independent Directors have voiced opposing or qualified opinions on the record or in writing: None.

2. In instances where a Director's circumvention due to the conflict of interest, the minutes shall clearly state the Director's name, contents of the motion and resolution thereof, reason for such circumvention and the voting status: **None**.

3. TWSE/GTSM-Listed Companies shall disclose the information of Self-Evaluation (or Peer) Evaluation of the Board of Directors, including general evaluation cycle, evaluation period, scope and method of evaluation and content of evaluation. Fill in sequence the assessment of implementation status in the Attachment (2). **N/A**

4. Measures undertaken during the current year and past year (including the establishment of the Audit Committee, improvement of info transparency, etc.) in order to strengthen the functions of the Board of Directors and assessment of such implementation:

(1) The company has purchased liability insurance for all directors to carry out the scope of business legally liable for compensation.

(2) The company has formulated the "Standard Operating Procedures for Handling Directors' Requests" and responds appropriately and promptly to directors' requests.

(3) The company has formulated the "Board Performance Evaluation Measures" to implement corporate governance and enhance the operational effectiveness of the board of directors.

(4) The company expects to set up a corporate governance officer in 2021 to protect the rights and interests of shareholders and strengthen the functions of the board of directors, assist the operation of the board of directors, and implement corporate governance and legal compliance.

2. Assessment of the implementation of the Board of Directors

Assessment Circle	Assessment Period	Assessment Scope	Assessment Measure	Assessment Content
Execute once a year	From January 01,2021 to December 31,2021	1. The performance assessment of Board of Directors 2. The performance assessment of individual members of Board of Directors 3. The performance assessment of Functional Committees	1. Internal self-assessment made by the Board of Directors. 2. Internal self-assessment made by individual members of Board of Directors. 3. Internal self-assessment made by individual members of Functional Committees.	1. Internal self-assessment made by the Board of Directors (1) the degree of participation in the company's operations (2) Improve the quality of board decisions (3) Board composition and structure (4) Directors selection and appointment of directors and continuous education (5) Directors internal contro 2. Internal self-assessment made by individual members of Board of Directors (1) Mastery of company goals and tasks (2) Awareness of Directors' Duties (3) The degree of participation in the company's operations (4) Internal relationship management and communication (5) Professional and continuous education of directors (6) Internal Control 3. Internal self-assessment made by the Functional Committees (1) The degree of participation in the Company's operations (2) The awareness of duties of the Functional Committees (3) The decision-making quality of the Functional Committees (4) The composition and election of the Functional Committees (5) Internal Control

3. Participation of the audit committee in the operation of the board of directors

The authority and annual tasks of the audit committee

(1) Establish or amend the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.

(2) Evaluation of the effectiveness of the internal control system.

(3) Stipulate or amend based on Article 36-1 of the Securities and Exchange Act the procedures for major financial activities such as acquisition or disposal of assets, engage in the transaction of derivatives, fund loaning to other third parties, or provide endorsements or guarantees for other third parties.

(4) Matters involving the director's interests.

(5) Transactions of major assets or derivatives.

(6) Major fund loaning, endorsements, or guarantees.

(7) Offering, issuing, or private placement of equity securities.

(8) Appointment, dismissal, or remuneration of CPAs.

(9) Appointment and dismissal of heads of financial, accounting, or internal audit units.

(10) The annual financial report signed or stamped by the chairman, the manager, and the head of the accounting unit, and the Q2 financial report subject to verification by the CPA.

(11) Other major matters specified by the Company or the competent authority.

The operation of the Audit Committee

1.There are four members of the audit committee of the company, and the 2nd session of the audit committee was appointed by the board of directors on June 22, 2020.

2. The term of office of the current members: July 1, 2020 to June 30, 2023, the most recent year (2020) Audit Committee meetings had convened 5 times. The attendance is as follows

*the 1st term of the audit committee of 2021 had convened 4 times (A), and the following table indicates the attendance of independent directors:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Ratio of Attendance in Person (%) (B/A)	Remark
Independent Director	Liao, Song-Yue	3	0	75%	re-elected on Jul. 1, 2020
Independent Director	Lin, Lai-Di	4	0	100%	re-elected on Jul. 1, 2020
Independent Director	Chen, Hong-Wen	4	0	100%	re-elected on Jul. 1, 2020
Independent Director	Zhuo, Xun-Rong	3	0	75%	re-elected on Jul. 1, 2020

Other matters required to be recorded:

1. Please clearly specify the dates, sessions, proposals, the resolutions, and the Company's comments to such resolutions of any of the meetings of the audit committee which has any of the following circumstances:

(1) Matters specified in Article 14-5 of the Securities and Exchange Act:

Dates and Sessions of the Meetings	Proposals and Resolutions	Matter specified in Article 14-5 of the Securities and Exchange Act	Matter that has not been approved by the audit committee, but has been adopted with the approval of two-thirds or more of all board directors without having been passed by the audit committee.
Mar. 19, 2021 Session 3 of the 2nd Term	1. Approved the financial statement of FY2020	V	N/A
	2. Approved the proposal of distribution of surplus for FY2020.	V	N/A
	3. Approved the statement of internal control for FY2020.	V	N/A
	4. Approved the proposal of amendment of the Company's "Articles of Association".	V	N/A

Dates and Sessions of the Meetings	Proposals and Resolutions	Matter specified in Article 14-5 of the Securities and Exchange Act	Matter that has not been approved by the audit committee, but has been adopted with the approval of two-thirds or more of all board directors without having been passed by the audit committee.
	5. Approved the proposal of amendment of the Company's "Rules of Procedure for Shareholders Meetings".	V	N/A
	6. Approved the proposal of amendment of the Company's "Acquisition or Disposal of Assets Procedures".	V	N/A
	Resolution of the audit committee: The approval by all audit committee members present was made.		
	Comments of the Company's board of directors to the resolution of the audit committee: The approval by all directors present was made.		
May 12, 2021 Session 4 of the 2nd Term	1. Approved the proposal of amendment of the Company's "Internal Control Procedure for Shareholding Units".	V	N/A
	2. Approved the proposal for amendment to the Company's "Guidelines for Whistleblowing".	V	N/A
	3. Approved the proposal for replacing the company's certified accountant.	V	N/A
	4. Approved the proposal to set up the supervisor position for the Company's corporate governance.	V	N/A
	5. Approved the proposal of engaging in the UPM's issuance of common stock for cash.	V	N/A
	Resolution of the audit committee: The approval by all audit committee members present was made.		
	Comments of the Company's board of directors to the resolution of the audit committee: The approval by all directors present was made.		
Aug. 11, 2021 Session 5 of the 2nd Term	1. Approved the Company's financial statement of Q2 of FY2021.	V	N/A
	2. Approved the proposal of lifting the non-compete restriction on managers of the company.	V	N/A
	Resolution of the audit committee: The approval by all audit committee members present was made.		
	Comments of the Company's board of directors to the resolution of the audit committee: The approval by all directors present was made.		
Nov. 10, 2021 Session 6 of the 2nd Term	1. Approved the proposal for the stipulation of the Company's "Audit Plans for FY2022".	V	N/A
	Resolution of the audit committee: The approval by all audit committee members present was made.		
	Comments of the Company's board of directors to the resolution of the audit committee: The approval by all directors present was made.		

(2) Except for the above-mentioned, is there any matter that has not been approved by the audit committee, but has been adopted with the approval of two-thirds or more of all board directors without having been passed by the audit committee. None.

2. For any of the proposals that any of the independent directors are required to make avoidance due to conflict of interests, please clearly specify the names of the directors, the content of the proposals, the reasons for avoidance due to conflict of interests, and the results of voting for such proposals: No such situation.

3. The status of communication between independent directors and the head of internal audit and accountants (please include the major matters, methods, and results of the communication on the Company's financial and business operation status, etc.)

(1) Communication between independent directors and internal audit supervisor:

Date	Mode of Communication	Object of Communication	Matter of Communication	result
Jan. 22, 2021	Board of Directors	Head of Internal Audit	Report on the implementation of the audit plan from November to December in 2020	contact
Mar.19, 2021	Board of Directors	Head of Internal Audit	1. Report on the implementation of the audit plan in January 2021 2. The 2020 internal control statement case.	1.contact 2.approve
May 12, 2021	Board of Directors	Head of Internal Audit	Report on the actual implementation of the audit plan from February to March 2021.	contact
Jun. 29, 2021	Board of Directors	Head of Internal Audit	Report on the implementation of the audit plan in April 2021.	contact
Jul. 16, 2021	Board of Directors	Head of Internal Audit	Report on the implementation of the audit plan in May 2021.	contact
Aug. 11,2021	Board of Directors	Head of Internal Audit	Report on the implementation of the audit plan in June 2021.	contact
Nov. 11, 2021	Board of Directors	Head of Internal Audit	1. Report on the actual implementation of the audit plan from July to September 2021. 2. The 2022 annual audit plan.	1.contact 2.approve

(2) Communication between independent directors and CPAs:

Date	Mode of Communication	Object of Communication	Matter of Communication	result
Mar. 19,2021	forum	Independent Directors CPAs	Communication Report Issues between Accountants and Corporate Governance Units in 2020	No comments at this meeting
Nov. 10,2021	forum	Independent Directors CPAs Internal audit supervisor and officers	Matters of high concerned of 2021	No comments at this meetin

4. Difference between the practices of the Company and Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons

Items	Implementation			Difference between the practices of the Company and Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Y	N	Summary	
1. Does the Company stipulate and disclose its guidelines for corporate governance in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?	V		The Company has stipulated and on its guidelines for corporate governance in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and disclosed such guidelines on its official site.	No significant difference
2. The Ownership Structure and Shareholders' Equity (1) Does the Company stipulate internal operating procedures to handle shareholders' suggestions, doubts, disputes, and litigation, and implement the relevant process in accordance with the		V	The Company has designated dedicated staff such as spokespersons and acting spokespersons to handle shareholders' suggestions, doubts, disputes, and litigation, but has not stipulated the internal operating procedures.	The internal operating procedures are to be discussed

Items	Implementation			Difference between the practices of the Company and Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Y	N	Summary	
procedures?				
(2) Does the company establish a list indicating the major shareholders who actually control the Company and the final controllers of such major shareholders?	V		The Company has a list indicating the major shareholders who actually control the Company and the final controllers of such major shareholders.	No significant difference
(3) Does the company establish and implement risk control and firewall mechanisms between the affiliates?	V		The guidelines governing the business and financial transactions between the Company and its affiliates have been stipulated, which can effectively implement risk control and firewall mechanisms.	No significant difference
(4) Does the Company stipulate internal regulations to prohibit the insiders from using undisclosed information to purchase and sell securities?	V		The procedures for the processing of internal major information have been stipulated.	No significant difference
3. The Composition and Responsibilities of the Board of Directors				
(1) Does the board of directors form and implement a diversified policy on the composition of its members?	V		The Company has, based on Article 20 of its guidelines for corporate governance, enhanced the requirements to the responsibilities of the board of directors, and the composition of the board of directors shall be diversified as required.	No significant difference
(2) In addition to the remuneration committee and the audit committee established in accordance with the laws and regulations, does the Company voluntarily establish other various functional committees?		V	The Company has not yet established any other functional committees.	To be discussed based on actual needs of the Company
(3) Does the Company stipulate the guidelines for evaluating the performance of the board, conduct annual and regular performance evaluations, and report the results of performance evaluations to the board of directors, and use such results as a reference for individual director's remuneration and a nomination for re-election?	V		The Company has stipulated guidelines for evaluation of the performance of the board, conducted annual and regular performance evaluations, and reported the results of performance evaluations to the board of directors, and used such results as a reference for individual director's remuneration and a nomination for re-election.	No significant difference
(4) Does the Company regularly assess the independence of certified public accountants (CPA)?	V		The company regularly evaluates the independence of the CPAs on an annual basis. The evaluation covers the interest between the accounting firm and the Company, which requires the CPA and the firm to provide relevant information	No significant difference

Items	Implementation			Difference between the practices of the Company and Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Y	N	Summary	
			and declarations which would be evaluated and reviewed by the board of directors. The most recent annual evaluation result was completed on November 12, 2020.	
4. Does the listed company have a suitable and appropriate number of corporate governance staff and designates a corporate governance leader to be responsible for corporate governance related matters (including but not limited to providing information required by directors and supervisors to perform business, assisting directors and supervisors to comply with relevant laws and regulations, handle matters related to meetings of the board of directors and shareholders in accordance with the laws and regulations, prepare minutes of the meetings of the board of directors and shareholders, etc.)?	V		The stock affairs staff are responsible for providing the information requested by the directors to perform their business, handling matters related to the meetings of the board of directors and the shareholders in accordance with the laws and regulations, and preparing the minutes of the meetings of the board of directors and shareholders. The general affairs staff are responsible for handling company registration and the amendment of such registration.	No significant difference
5. Does the Company establish communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers, etc.), provide a specific area for stakeholders on its official site, and appropriately respond to the CSR issues of stakeholders' concerns?	V		The Company has set up a specific area for stakeholders on its official website and appropriately responded to the CSR issues of stakeholders' concerns.	No significant difference
6. Does the Company appoint a professional stock agency to handle the affairs of the shareholders meeting?		V	The Company's stock affairs staff are responsible for the handling of related issues.	No significant difference
7. Information Disclosure (1) Does the company set up a website to disclose financial business operation and corporate governance information? (2) Does the company adopt other information disclosure methods (such as setting up an English version website, appointing a designated staff to be responsible for the collection and disclosure of company information, implementing the spokesperson system, disclosing the process of the	 V V		 The Company has disclosed financial business operation and corporate governance information on its official site. The company has designated staff who are responsible for the collection and disclosure of company information, implemented the spokesperson system, and disclosed the spokesperson's contact information on its official site (http://www.fucc.com.tw).	 No significant difference The establishment of the English version website is under discussion

<table>
<tr><th rowspan="2">Items</th><th colspan="3">Implementation</th><th rowspan="2">Difference between the practices of the Company and Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons</th></tr>
<tr><th>Y</th><th>N</th><th>Summary</th></tr>
<tr><td>institutional investor conference on the company’s official site, etc.)?
(3) Does the Company disclose and submit its annual financial report within two months after the end of each fiscal year, and disclose and submit the financial reports for the first, second, and third quarters and the business operating conditions of each month prior to the prescribed deadline?</td><td></td><td>V</td><td>The Company discloses and submits its annual financial report and the monthly business operating conditions prior to the deadline in accordance with the regulations. However, the annual financial report has not been disclosed 2 months prior to the deadline.</td><td>To be discussed.</td></tr>
<tr><td>8. Does the Company have other supporting information that allows further understanding to the corporate governance operation (including but not limited to employee rights, employee care, investor relations, supplier relations, the rights of stakeholders, the education and training for directors and supervisors, implementation status of risk management policies and risk measurement standards, implementation status of customer policies, the casualty insurance provided by the company for directors and supervisors, etc.)?</td><td>V</td><td></td><td>1. Please refer to the “V. Summary of Business Performance” of this annual report for the system and measures adopted by the Company for employee rights, employee care, investor relations, supplier relations, and the rights of stakeholders.
2. The directors of the Company actively participate in the refresher courses organized by relevant units based on their actual needs.
3. The Company's internal control, risk management, and other systems and related management regulations have been approved by the board of directors, which shall be able to avoid investment in risky businesses, and the Company purchases various insurances to make up for potential losses (generated from accidents) of itself, its employees, and any third parties.
4. The Company has purchased casualty insurance of USD 3 million for its directors.</td><td>No significant difference</td></tr>
<tr><td colspan="5">9. Please specify the improvement to the results of the corporate governance evaluation conducted by the Corporate Governance Center of TWSE in the most recent fiscal year and the priorities and measures for matters that have not yet been improved.
● The improvements achieved:
The guidelines for evaluation of the performance of the board of directors have been stipulated, and the performance evaluation was conducted in January 2022. The results of the performance evaluation has been reported to the board of directors on March 18, 2022.</td></tr>
</table>

5. Establishment, functions, and operations of the Remuneration Committee:

(1) Members of the Remuneration Committee

<table>
<tr><th>Status</th><th>Requirements
Name</th><th>Professional qualifications and experience</th><th>Independence criteria</th><th>Number of other public companies where the person holds the title as Remuneration Committee member</th></tr>
<tr><td>Chairperson and Independent Director</td><td>Zhuo, Xun-Rong</td><td rowspan="2">Please refer to section 1-4, “Professional Qualifications of Directors and Information Disclosure of Independent Directors' Independence” on Page29</td><td rowspan="3">(1) Not employed by the Company or any of the Company’s affiliates.
(2) Not a Director or Supervisor of the Company or any of the Company’s affiliates. This restriction does not apply to Independent Directors of subsidiaries in which the Company or its parent company directly or indirectly holds over 50% of the shareholder voting rights.
(3) Not holding over 1% of company shares or being a top 10 natural person shareholder in one’s own name, held by a spouse or underage child, or held by nominee agreement.
(4) Not a spouse, kin at the second pillar under the Civil Code, or the lineal blood relatives within the third pillar under the Civil Code as specified in (1) through (3).
(5) Not a Director, Supervisor or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a Director, Supervisor or employee of a corporate shareholder who is among the top 5 shareholders.
(6) Not a Director, Supervisor, Manager or shareholder holding more than 5% of the outstanding shares of specific company or institution in business or financial relation with the Company.
(7) Not a professional, owner, partner, Director, Supervisor, manager of proprietorship, partnership, company or institution that provide business, legal, financial and accounting services to the Company or its affiliates or a spouse to the aforementioned persons.
(8) Not under any of the categories stated in Article 30 of the Company Law.
(9) Not a professional, owner, partner, Director, Supervisor, manager of proprietorship, partnership, company or institution, or a spouse that provides business, legal, financial and accounting services to the Company or its affiliates with rewarded remuneration not exceeding NTD 500,000 within last two years. Notwithstanding, this shall not apply to the Remuneration Committee members, or members of special committee of public company for merger/consolidation and acquisition who perform their duties in accordance with the Securities Exchange Act and Business Mergers and Acquisitions Act.
(10)Not under any of the categories stated in the Article 30 of the Company Law.</td><td>0</td></tr>
<tr><td>Independent Director</td><td>Chen, Hong-Wen</td><td>0</td></tr>
<tr><td>Other</td><td>Chen, Chang</td><td>Over five years of experience in areas of commerce, law, finance or related corporate business</td><td>2</td></tr>
</table>

(2)The Remuneration Committee is responsible for formulating and regularly reviewing the policies, systems, standards and structure of performance evaluation and remuneration for directors, supervisors and managers, and regularly assessing and setting the remuneration of directors, supervisors and managers.

(3)Operations of the Remuneration Committee

(a)The Company’s Remuneration Committee consists of 3 members, the 4th Company’s Remuneration Committee was appointed by the Board of Directors on June 22, 2020.

(b)Current term of office: July 01, 2020~June 30, 2023. The Committee had convened 3 times meetings in the 2020 and the attendance of the Committee members is summarized as follows:

*the 3rd term of the 2021 annual Remuneration Committee had convened 2 times (A) , the attendance record of Independent Directors is listed below:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Ratio of Attendance in Person (%) (B/A)	Remark
convener	Zhuo, Xun-Rong	3	0	100%	reelected on Jul. 1, 2020
committee member	Chen, Chang	1	1	33%	reelected on Jul. 1, 2020
committee member	Chen, Hong-Wen	2	0	67%	reelected on Jul. 1, 2020

Other items to be recorded

1. If the Board of Directors does not adopt, or amends, the Remuneration Committee's suggestions, please specify the meeting date, term, contents of motion, resolution of the Board of Directors, and the Company's handling of the Remuneration Committee's opinions (If the remuneration ratified by the Board of Directors is superior than that suggested by the Remuneration Committee, please specify the deviation and reasons thereof): N/A
2. For resolution(s) made by the Remuneration Committee with the Committee members voicing opposing or qualified opinions on the record or in writing, please state the meeting date, term, contents of motion, opinions of all members and the Company's handling of the said opinions: N/A
3. The salary and remuneration committee meeting date in the most recent year, the content of the proposal, the resolution result and the company's handling of the salary and remuneration committee's opinions.

Term of the Remuneration Committee Meeting	**Discussions and Resolutions**
2nd Meeting of 4th Term Jan. 22, 2021	Approve the Proposal of 2020 year-end bonuses of employee
	All Committee's had attended and approved without any objection.
	Reported to the Board of Directors and approved unanimously
3rd Meeting of 4th Term Mar 19,2021	Approve the Proposal of distribution of 2020 employee remuneration and Director compensation
	All Committee's had attended and approved without any objection.
	Reported to the Board of Directors and approved unanimously
4th Meeting of 4th Term Jul 16, 2021	1. Approve the Proposal of distribution of 2020 employee remuneration and Director compensation
	2. Approve the Proposal of the company's 2021 salary adjustment
	All Committee's had attended and approved without any objection.
	Reported to the Board of Directors and approved unanimously

6. Difference between the practices of the Company and Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons

Items	Implementation (Note 1)			Difference between the practices of the Company and Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Y	N	Summary	
1. Does the Company establish a full-time (or concurrent) unit to promote sustainable development? Does the board of directors authorize the senior management level to handle relevant tasks and report related situations to the board?		V	In order to promote sustainable development, the company has established a governance structure, the audit office, to promote sustainable development. It is responsible for the preparation of relevant sustainable development reports, and related sustainable development-related matters are listed as its long-term operations. The implementation status has not yet been reported to the Board of Directors.	To be regularly reported to the Board of Directors
2. Does the Company perform risk assessments on environmental, social, and corporate governance issues related to its business operations in accordance with the principles of materiality, and stipulate relevant risk management policies or strategies? (Note 2)	V		The Company has stipulated the internal risk management policy in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies. Each and all of the units shall take precautions against potential major risks to mitigate potential losses and adopt the internal control operations to evaluate, handle and monitor such risks which could affect the Company.	No significant difference
3. Environmental issues (1) Does the Company establish an appropriate environmental management system based on its industrial characteristics?	V		The Company has received ISO 9001 international quality management system, ISO14001 environmental management system and ISO 45001 occupational safety and health management system certification and disclosed it on the official site.	No significant difference
(2) Is the company committed to improving the utilization efficiency of various resources and using recycled materials that have a low impact on the environment?	V		The Company actively reduces energy consumption. The results are reported in the monthly production and sales meetings. The waste produced can be recycled and processed as much as possible. Please refer to the environment and safety chapter of the CSR report for further details.	No significant difference

Items	Implementation (Note 1)			Difference between the practices of the Company and Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Y	N	Summary	
(3) Does the Company evaluate the potential current and future risks and opportunities of climate change to itself, and take measures to respond to climate-related issues?	V		The Company complies with the relevant regulations of the EPA on energy conservation and reduction of carbon and greenhouse gas reduction, so as to meet environmental protection requirements and achieve sustainable development.	No significant difference
(4) Does the Company take statistics on greenhouse gas emissions, water consumption, and total waste weight in the past two fiscal years, and stipulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water conservation, or other waste management?	V		Since 2015, the Company has regularly appointed BSI to conduct third-party verification to more accurately understand the emission of greenhouse gas, water consumption, and the total weight of wastes, and stipulated energy conservation and carbon reduction, greenhouse gas reduction, water conservation, or other waste-related management policies. Please refer to the environment and safety chapter of the CSR report for further details.	No significant difference
4. Social issues (1) Does the Company stipulate relevant management policies and procedures in accordance with relevant laws and the International Bill of Human Rights?	V		All employee welfares and working rules of the Company are determined and implemented based on the Labor Standard Act and the International Bill of Human Rights.	No significant difference
(2) Does the Company stipulate and implement reasonable employee welfare measures (including remuneration, vacation and leave, and other relevant benefits, etc.), and appropriately share the results of operating performance in the form of employee remuneration and wage?	V		The Company stipulates and implements reasonable employee welfare measures (including remuneration, vacation and other benefits, etc.), and appropriately share the results of operating performance in the form of employee remuneration and wage. Please refer to Chapter V "Labor Relations" of the annual report for further details.	No significant difference
(3) Does the Company provide employees with a safe and healthy working environment, and regular safety and health education programs?	V		In addition to enhancing occupational safety and health within the premises of the Company and plants, the Company also actively promotes the importance of occupational safety and health and arranges regular physical examination for employees.	No significant difference
(4) Does the Company establish effective career development training programs for employees?	V		The Company implements training programs based on the capacities of employees.	No significant difference

Items	Implementation (Note 1)			Difference between the practices of the Company and Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Y	N	Summary	
(5) With regard to customer health and safety, customer privacy, marketing and labeling of products and services, does the Company comply with relevant laws, regulations and international standards, and stipulate relevant consumer protection policies and complaint procedures?	V		The Company has multiple channels such as the spokesperson system and the website to provide the Company's latest news, product technical information and communication. The complaint channels and procedures for stakeholders have been disclosed on the Company's official site.	No significant difference
(6) Does the Company stipulate supplier management policies that require suppliers to comply with relevant regulations regarding environmental protection, occupational safety and health, or labor human rights? If so, what is the result of implementation?	V		The Company has currently abided by ISO requirements for supplier evaluation, and stipulated relevant regulations in the engineering contracts, which the suppliers are required to comply with in terms of occupational safety and health standards, labor and health insurance, and accident insurance for personnel entering the premises of plants to ensure personnel safety, and stipulated that waste removal and treatment shall also be performed based on related laws and regulations.	No significant difference
5. Does the Company take reference to the related internationally accepted standards or guidelines to prepare corporate social responsibility reports and other reports to disclose the Company's non-financial information? Do such reports as mentioned above obtain the certification or verification of the third-party verification unit?		V	1. The Company prepares the corporate social responsibility report with reference to the "core option" of the internationally adopted GRI (Global Reporting Initiative) Standards and the AA1000 accountability principle standards (2008 edition). 2. As for the ESG report, anticipate the third-party verification in 2021.	No significant difference
6. If the Company stipulates its own sustainable development guidelines based on the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", please specify the difference between the Company's actual practices and the requirements of established regulations: The Company amended its CSR guidelines in FY2020, and has fully implemented corporate governance, developed the sustainable environment, maintained social welfare, improved the disclosure of corporate social responsibility information. The CSR guidelines was revised as the " Sustainable Development Guidelines " on March 21, 2022.				

Items	Implementation (Note 1)			Difference between the practices of the Company and Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Y	N	Summary	

7. Other supporting information for further understanding of the implementation of corporate social responsibility:

The Company aims to achieve harmony and co-prosperity between the Company and the region where it is located by the following methods, so as to enhance the connection between the Company and social responsibility and create a win-win relationship with the society and communities.

(1) Contribution to the communities:

The Company donated NT$1,286,000 to the Linyuan Industrial Park Community Fund in 2021, and provided emergency relief to low-income households in the communities near its Linyuan Plant and subsidize community activities, which show the Company's practical action of contributing to the communities.

(2) Donation for public welfare:

In 2021, the Company made a donation to organizations such as New Taipei City Bihua Junior High School, National Changhua University of Education, Kaohsiung City Stray Animals Association, and Taiwan-Japan Cultural and Economic Association, etc. with a total amount of NT$450,000.

(3) Environmental and community safety:

The Company has received ISO 9001 international quality management system, ISO14001 environmental management system and ISO 45001 occupational safety and health management system certification. Linyuan Plant implements the monthly environmental safety training programs including fire, electrical safety, hypoxia prevention, construction and occupational disaster prevention, process safety promotion, false alarm accidents review (excluding internal training of various units), the number of education hours are 2 hours per month, and a total of 291 personnel participated in these programs in 2021 (Due to the severe COVID-19 epidemic in 2021, the training was flexibly adjusted to reduce cluster infections). The Company also implemented the self-management of industrial safety, which included the following measures:

a. Daily inspection.
b. Monthly preventive maintenance.
c. Repair and replace equipment and pipelines every 2 years.
d. Adopt work permits to manage and control related hazards and dangerous work.

Note 1: If "Y" is checked, please clearly explain the policies, strategies, and measures adopted, and implementation results. If "N" is checked, please clearly explain the reasons and provide the plans for relevant policies, strategies, and measures to be adopted in the future.

Note 2: The principle of materiality means the items that have a significant impact on the Company's investors and other interested parties in terms of environmental, social, and corporate governance issues.

Note 3: For disclosure methods, please refer to the Best Practice Reference Examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange.

7. Difference between the practices of the Company and Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons

Items	Implementation			Difference between the practices of the Company and Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Y	N	Summary	
1. Stipulation of ethical corporate management policies and plans (1) Does the Company stipulate the ethical corporate management policy approved by the board of directors, and clearly indicate the ethical operation policy and practice in regulations and external documents, and the commitment of the board of directors and senior management level to actively implement the operating policy?	V		The Company has stipulated the ethical corporate management policy approved by the board of directors, and clearly indicated the ethical operation policy and practice in regulations and external documents, and the commitment of the board of directors and senior management level to actively implement the operating policy	No significant difference
(2) Does the Company stipulate a risk assessment mechanism for unethical conduct, regularly analyze and evaluate business activities with a higher risk of unethical conduct in the business scope, and stipulate plans to prevent unethical conduct, which at least covers the regulations specified in Paragraph 2 of Article 7 of Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.	V		The Company has stipulated a risk assessment mechanism for unethical conduct, regularly analyzed and evaluate business activities with a higher risk of unethical conduct in the business scope, and stipulated plans to prevent unethical conduct, which at least covers the regulations specified in Paragraph 2 of Article 7 of Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.	No significant difference
(3) Does the Company clearly define operating procedures, guidelines for conduct, penalty and complaint systems for violations in the regulations for preventing unethical conduct, fully implement such plans, and regularly review such plans?	V		The “Guidelines for Ethical Corporate Management” and the “Guidelines for Whistleblowing” stimulated by the Company have specified operating procedures, and disciplinary and appeal systems for violations in the work rules, which are all being fully implemented.	No significant difference
2. Implementation of ethical corporate management (1) Does the Company evaluate the integrity records of its counterparties and clearly and specifically specify the clauses of ethical conduct in the contracts it signs with counterparties?	V		The contracts signed by the Company and its counterparties include the clauses of good faith.	No significant difference

Items	Implementation			Difference between the practices of the Company and Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Y	N	Summary	
(2) Does the Company establish a specific unit under the board of directors to promote ethical corporate management, regularly (at least once a year) report to the board of directors of the policies or plans for preventing unethical conduct, and supervise the implementation?	V		The Audit Office is responsible for promoting the Company's ethical corporate management and regular reporting of the implementation results to the board of directors.	No significant difference
(3) Does the Company stipulate policies to prevent conflicts of interest, provide appropriate channels for presentation, and implement these measures fully?	V		The Company has stipulated the "Code of Ethical Conduct by the Company's Directors", the "Appointment, Dismissal, and Authorities and Responsibilities of Managers" and the "Procedures for Meetings of the Board of Directors" to prevent conflicts of interest. Directors and managers shall avoid matters that are of their own interests, and specify the avoidance of conflict of interests in the Company's annual report. Any situation of conflict of interests within the Company may be reported to the head of the unit directly or via the whistleblowing mailbox.	No significant difference
(4) Does the Company establish an effective accounting and internal control system for the implementation of ethical corporate management, have the internal audit unit stipulate relevant audit plans based on the results of the assessment of the risk of unethical conduct, and examine the plans for preventing unethical conduct accordingly or appoint the accountants to perform such examination?	V		In order to fully implement ethical corporate management, the Company has established an effective accounting and internal control system to have the Audit Office conducts regular and random inspections. In 2021, there were 72 audit reports related to ethical corporate management. The inspected units have all proposed improvement plans and established relevant preventive measures based on the audit findings, and the Audit Office regularly tracks the improvement. In addition, the Company also abides by the Company Act, the Securities and Exchange Act and other relevant laws and regulations to have the accountants be responsible for the verification of relevant accounting materials and documents.	No significant difference
(5) Does the Company regularly organize internal and external education and training on ethical corporate management?	V		The Company's internal education and training programs for new recruits are included in the projects for ethical corporate management. The internal and external education and training programs on ethical corporate management have been held regularly.	No significant difference

Items	Implementation: Y	N	Summary	Difference between the practices of the Company and Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
3. The operation of the Company's whistleblowing system				
(1) Does the Company stipulate a specific whistleblowing and reward system, provide a convenient whistleblowing channel, and designate appropriate responsible personnel for receiving the reporting?	V		The Company has stipulated the "Guidelines for Whistleblowing System" which contains specific whistleblowing and reward systems and reporting channels and has designated the Audit Office as the responsible unit.	No significant difference
(2) Does the Company stipulate a standard operating procedure for the investigation of reported matters, subsequent measures to be taken after the investigation and related confidentiality mechanisms?	V		The Company has stipulated the "Guidelines for Whistleblowing System" for receiving reports, and such Guidelines include standard operating procedures for investigations, subsequent measures and related confidentiality mechanisms.	No significant difference
(3) Does the Company take measures to protect the whistleblowers from being improperly treated as a result of the whistleblowing?	V		Implemented based on the "Guidelines for Whistleblowing System" of the Company.	No significant difference
4. Improvement of information disclosure Does the Company disclose on its official site and MOPs the content and promotion results of its ethical corporate management?	V		The Company has disclosed the contents of regulations of its ethical corporate management on the official site and MOPs.	No significant difference
5. If the Company has stipulated its own regulations for ethical corporate management in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please specify the difference between the implementation and the requirements of the established regulations: The Company has stipulated its own ethical corporate management in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and has implemented relevant tasks as required by such regulations.				
6. Other supporting information that allows further understanding to the Company's ethical corporate management (such as the Company's review and amendment of the ethical corporate management, etc.): The Company has amended its procedures for code of conduct for ethical corporate management in 2020. In the future, the Company will update relevant amended contents on its official site in accordance with environmental changes and legal amendments.				

8. Please disclose how to search the corporate governance regulations and relevant rules stipulated by the Company (if any):

The Company has stipulated the "Guidelines for Practices of Corporate Governance" in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", which are available on the official site.

9. Please disclose other supporting information which allows further understanding of the implementation of the Company's corporate governance (if any): None.

10. Status of internal control system

(1) Internal Control Declaration

FORMOSAN UNION CHEMICAL CORP.

Declaration of the International Control System

Date: Mar. 18, 2022

The Company inspected the 2021 internal control system autonomously with the following results:

1. The Company is fully aware that the Board of Directors and the management are responsible for the establishment, implementation, and maintenance of the internal control system and it has been established accordingly. The purpose of its establishment was to reasonably ensure the fulfillment of effective operation and efficiency (including profit, performance, and protection of assets safety), and the reliability, timeliness, transparency and regulatory compliance of financial reports.
2. The internal control system design has inherent limitations. No matter how perfect such control is, it can only provide reasonable assurance of the fulfillment of the three objectives referred to above. The effectiveness of such an internal control system could be influenced by changes of the environment and other circumstances. Therefore, the Company internal control system has been designed with a self-monitoring mechanism so that corrective action will be activated immediately upon the identification of any nonconformity.
3. The Company has assessed the effectiveness of the design and implementation of the internal control system in accordance with criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "the Regulations"). The criteria defined in "the Regulations" include five elements that depend on the management control process: (1) environment controls, (2) risk assessment, (3) control processes, (4) information and communications, and (5) supervision. Each of the five elements is then divided into sub-categories. Please refer to "the Regulations" for details.
4. The Company has implemented criteria for inspection of the internal control system referred to above to ascertain its effectiveness, design and implementation.
5. The Company, based on the inspection results referred to above, declared (on December 31, 2021) that the internal control system, including the supervision and management of subsidiaries, is reasonably effective and achieves the objectives of operation and efficiency, the financial report is of reliability, timeliness, transparency and regulatory compliance.
6. The Declaration of Internal Control System is the main content of the Company's annual report and published prospectus. Any false statement and concealment of the published content referred to above involves liability set out in Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.
7. The Declaration of the Internal Control System was resolved at a meeting of the Board of Directors on March 18, 2022 with with none of the 18 attending directors expressing dissenting opinions, and the remainder all affirming the contents of this Statement.

FORMOSAN UNION CHEMICAL CORP.

Chairman：Huang, Sheng-Cai

General Manager：Lin Chun-cheng

(2)The internal control audit report issued by the CPA commissioned to conduct an internal control audit, if any: N/A ,

11.Punishment of the Company or its internal personnel in accordance with the law, punishment of internal personnel by the Company for violating internal control system regulations, main deficiencies, and improvements during the recent year and up to the date of publication of this annual report: N/A

12.Resolutions reached at a meeting of shareholders or by the Board of Directors during the recent year and up to the date of publication of this annual report:

1. The 2021 Annual Meeting of Shareholders was held on July 22, 2021. The resolutions and implementation status are as follows:

Resolutions	implementation status
1. Aapprovee the 2020 financial statements.	Approve the 2020 financial statements , and in accordance with the Company Act and other relevant laws and regulations, apply to the competent authority for inspection and announcements.
2. Approved the proposal for the distribution of 2020 earnings (cash dividend to shareholders NT$ 1.20 per Share).	Accepted the proposal for the distribution of 2020 earnings, cash dividend to Shareholders NT$ 1.20 per Share) The board of directors is authorized to set the ex-dividend base date on August 31, 2021, and the cash dividend payment date on September 28, 2021.
3. Approved the amendment to the company's " Articles of Incorporation "	In accordance with the resolutions of the shareholders meeting, some provisions of the company’s " Articles of Incorporation " were revised.
4. Approved the amendment to the company’s “Rules of Procedure for Shareholders’ Meetings”.	In accordance with the resolutions of the shareholders meeting, some provisions of the company’s " Rules of Procedure for Shareholders Meetings” were revised.
5. Approved the amendment to the company's " Rules for the Election of Directors " proposal.	In accordance with the resolutions of the shareholders meeting, some provisions of the company’s " Rules for the Election of Directors” were revised.
6. Approved the amendment to the company's " Rules of Procedure for Fund Loan and Endorsement Guarantees " proposal.	In accordance with the resolutions of the shareholders meeting, some provisions of the company’s " Rules of Procedure for Fund Loan and Endorsement Guarantees” were revised.
7. Approved the amendment to the company's " Rules of Procedure for Acquisition or Disposal of Assets " proposal.	In accordance with the resolutions of the shareholders meeting, some provisions of the company’s "Rules of Procedure for Acquisition or Disposal of Assets” were revised.

2. Important Resolutions of the Board of Directors

Board Meeting	Discussions and Resolutions
5th Meeting of 17th Board Jan. 22, 2021	1 Approved the 2020 year-end bonus payment proposal.
6th Meeting of 17th Board Mar. 19, 2021	1. Approved the 2020 financial statement proposal 2. Approved the 2020 business report proposal 3. Approved the 2020 employee and director compensation proposal. 4. Approved the 2020 surplus distribution proposal 5. Approved the 2020 Internal Control Statement proposal 6. Approved the amendment to the company's "Articles of Incorporation" 7. Approved the amendment to the company’s “Rules of Procedure for Shareholders’ Meetings” 8. Approved the amendment to the company’s "Procedures for the Acquisition or Disposal of Assets". 9. To approve the date, place and content of the company’s 2020 Annual Meeting of Shareholders.

Board Meeting	Discussions and Resolutions
7th Meeting of 17th Board May. 12, 2021	1. Approved the financial statements for the first quarter of 2021 。 2. Approved the amendment to the company's "Internal Control System for Stock Affairs Office" 3. Approved the proposal for amendment to the Company's "Guidelines for Whistleblowing" 4. Approved the proposal for replacing the company's certified accountant 5. Approved the proposal to set up the supervisor position for the Company's corporate governance 6. Approved the reassignment of the legal person director representative of the subsidiaries 7. Approved the reassignment of the legal person director representative of the subsidiaries 8. Approved the proposal of engaging in the UPM's issuance of common stock for cash
8th Meeting of 17th Board Jun. 29, 2021	1. Approved to change the date and venue of the 2021 Annual Meeting of Shareholders in response to the epidemic
9th Meeting of 17th Board Jul. 16, 2021	1. Approved the distribution of 2020 directors and employees' remuneration related matters 2. Approved the company's 2021 salary adjustment proposal
10th Meeting of 17th Board Aug. 11, 2021	1. Approved the financial statements for the second quarter of 2021 2. Approved the company's 2021 cash dividend ex-dividend base date proposal 3. Approved to lift non-competition restrictions on Managers
11th Meeting of 17th Board Nov. 10, 2021	1. Approved the 2021 third quarter financial statement proposal 2. Approved the formulation of the company's "2022-year audit plan"
12th Meeting of 17th Board Jan. 18, 2022	1. Approved the 2021 year-end bonus payment proposal.
13th Meeting of 17th Board Mar. 18, 2022	1. Approved the 2021 financial statement and business report proposal 2. Approved the 2020 employee and director compensation proposal. 3. Approved the 2020 surplus distribution proposal (cash dividend to shareholders NT$ 1.20 per share, another cash dividend of NT$0.2 per share was distributed from the capital reserve) 4. Approved the 2021 Internal Control Statement proposal 5. Approved the amendment to the company's "Articles of Incorporation" 6. Approved the amendment to the company's "Rules of Procedure for Shareholders' Meetings" 7. Approved the amendment to the company's "Procedures for the Acquisition or Disposal of Assets" 8. Approved the formulation of the " Procedure for Authorization and Substitute " 9. Approved the endorsement guarantee case of subsidiary Fusugar Industry Corp 10. Approved the proposal of the "Procedures for the Acquisition or Disposal of Assets" from the J&V Energy Technology Co. Ltd., which is reinvested by the Company 11. Approved the proposal of the " Land Lease Expiration " from the Soft Chemical Corp., which is reinvested by the Company 12. Approved the date, place and content of the company's 2021 Annual Meeting of Shareholders and added an agenda Item 4 for "distribution of cash by capital reserve"

13. Recorded or written statements of dissent made by any Director or Supervisor to important resolutions passed by the Board of Directors during the recent year and up to the date of publication of this annual report: N/A 。

14. Summary of discharge and resignation of parties relating to the annual report (Chairman, General Manager, Chief Accountant, Financial Officer, Chief Internal Auditor and R&D Officer) in the recent year and up to the date of publication of this annual report: None.

IV. Information on CPA professional fees

Audit Fee

Unit: NT$ thousand

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee	Subtotal	Remarks
Deloitte & Touche (Taiwan)	Chang, Jin-Ren	Annual 2020	2,380	217	2,597	1. Reason for replacement: Due to the internal rotation of the accounting firm 2. Non-audit fee: Business registration fee is $30 thousand, Tax stamp printing fee is $80 thousand, financial stamp seal certification fee is $2 thousand, and accountant's travel fee is $45 thousand, XBRL operation fee is $60 thousand
	Hsu, Tin-Jen	Annual 2020				
Deloitte & Touche (Taiwan)	Zhuang, Wen-Yuan	Annual 2021	2,500	185	2,685	1. Non-audit fee: Business registration fee is $25 thousand, Tax stamp printing fee is $85 thousand, financial stamp seal certification fee is $2 thousands, and accountant's travel fee is $45 thousand, XBRL operation fee is $60 thousand
	Gong, Ze-Li	Annual 2021				

Please specify the content of non-audit services: (such as tax compliance audit, assurance or other financial advisory and consultancy services)

Note: If the Company has changed CPA or Accounting Firm during the current fiscal year, the company shall report the information regarding the audit period covered by each CPA and the replacement reason. Disclose information on audit and non-audit fees paid in sequence. Non-audit fees and should explain its service content.

V. Replacement of CPA:

(1) About the former CPA

<table>
<tr><td>Replacement Date</td><td colspan="4">Approved by the Board of Directors on May 12, 2021</td></tr>
<tr><td>Reason of replacemdnt</td><td colspan="4">Due to the internal rotation of the Deloitte & Touche (Taiwan)</td></tr>
<tr><td rowspan="3">Specify that the appointer or accountant has terminated or refused to accept the appointment</td><td colspan="2">Party
Scenario</td><td>CPA</td><td>Appointer</td></tr>
<tr><td colspan="2">Voluntary termination of appointment</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td colspan="2">No longer accept or continue appointment</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td>Comments and reasons for issuing audit reports other than unqualified opinions within the last two years</td><td colspan="4">Nil</td></tr>
<tr><td rowspan="6">Agree or disagree with the issuer</td><td rowspan="4">Y</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosures in financial reporting</td></tr>
<tr><td></td><td colspan="2">Audit scope or process</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td>N</td><td colspan="3">○</td></tr>
<tr><td colspan="4">Description</td></tr>
<tr><td>Other disclosure matters (those that should be disclosed in Article 10, Paragraph 1, Item 4 to 7 of this Guideline)</td><td colspan="4">Nil</td></tr>
</table>

(2) About the successor CPA

Name of the Accounting Firm	Deloitte & Touche (Taiwan)
Name of the CPA	Zhuang Wen-Yuan, Gong Ze-Li
Date of appointment	Approved by the Board of Directors on May 12, 2021
Consultation matters and results that may be issued on the accounting treatment or accounting principles of specific transactions and on financial reports before appointment	Nil
Written opinions of the successor on matters with different opinions with the predecessor	Nil

(3) Reply from the predecessor on the Item 1, Item 2 and Item 3 of Article 10, Paragraph 6 of this Guideline: None.

VI. Information regarding the Chairman, General Manager, and Financial or Accounting Manager of the company who has worked with the CPA firm which conducts the Audit of the Company or an affiliate of said firm in the recent year: N/A

VII. Equity information in fiscal year 2021 and as of the publication date of the annual report

1.Any transfer of equity interests and pledge of, or change in equity interest, by a Director, managerial officer, or shareholder with a stake of more than 10 %.

Job title	Name	2021		As of Apr. 19, 2022	
		Shares increase (decrease)	Pledge shares increase (decrease)	Shares increase (decrease)	Pledge shares increase (decrease)
Chairman	Shin Shing Chemical Corp.	700,000	–	–	–
Legal Director Representative	Huang, Sheng-Cai	–	–	–	–
Deputy Chairman	Huang, Sheng-Shun	–	–	–	–
Director	Hemao Venture Investment Co., Ltd.	–	–	–	–
Legal Director Representative	Zheng, Ren-Bin (Oct.08,2021 resigned)	–	–	–	–
Legal Director Representative	Zhang Li-Qiu (Oct.08,2021 takeoffice)	–	–	–	–
Director	Huang, De-Lun	–	–	–	–
Director	Ever-Prosperous Multitechnologies Enterprise Ltd	–	–	–	–
Legal Director Representative	Ke, Chang-Ci	–	–	–	–
Director	Sin Chang Construction Corp.	–	–	–	–
Director	Guo, Jhih-Cyun	–	–	–	–
Director	Chi-Tong Investment Co., Ltd.	460,250	–	–	–
Legal Director Representative	Huang, Cheng-Fong	–	–	–	–
Director	Lian, De-Shih	–	–	–	–
Director	Liao, Jia-Guo	–	–	–	–
Director	Lion Home Products (Taiwan) Co., Ltd.	–	–	–	–
Legal Director Representative	He, Hao	–	–	–	–
Director	Guo, Jhen-Jhih	–	–	–	–
Director	Shi, Jia-An	–	–	–	–
Director	Guo, Jhih-Mao	–	–	–	–
Director	Chen, De-Fong	–	–	–	–
Director	Formosa Chemicals & Fiber Corp.	–	–	–	–
Legal Director Representative	Yang, Kun-Lie (Dec.30,2021 resigned)	–	–	–	–
Legal Director Representative	Wu, Xin-Chang (Dec.30,2021 takeoffice)	–	–	–	–
Independent Director	Liao, Song-Yue	–	–	–	–
Independent Director	Lin, Lai-Di	–	–	–	–
Independent Director	Chen, Hong-Wen	–	–	(18,000)	–
Independent Director	Zhuo, Xun-Rong	–	–	–	–
General Manager	Lin Chun-cheng	–	–	–	–
Deputy General Manager	Hsu, Li-hui	–	–	–	–
Deputy General Manager	Tseng Zhi-jing (Sep. 01,2020 takeoffice)	3,000	–	(15,000)	–
Associate Manager	Lin, Yi-feng	–	–	–	–

Job title	Name	2021		As of Apr. 19, 2022	
		Shares increase (decrease)	Pledge shares increase (decrease)	Shares increase (decrease)	Pledge shares increase (decrease)
Associate Manager	Tseng, Xiao-qian	—	—	—	—
Associate Manager	Tsai, Jian-xun (Jan 01,2021 take office)	—	—	—	—
Associate Manager	Huang, Pin-xian (Jan 01,2021 take office)	—	—	—	—
Associate Manager	Chen Jian-nan (Jan 01,2021 take office)	—	—	—	—
Associate Manager	Huang Jun-zhe (Jan 01,2021 take office)	—	—	—	—
Associate Manager	Lee, Hong-de (Jan 01,2021 take office)	58,000	—	(8,000)	—
Accounting Supervisor	Lin, Li-ren	—	—	—	—
Financial Supervisor	Chen, Wei-cun	—	—	—	—

Note：The former representative of Hemao Venture Investment Co., Ltd. was Zheng, Ren-Bin, changed to Zhang Li-Qiu on Oct.08,2021.

The former representative of Formosa Chemicals & Fiber Corp. was Yang, Kun-Lie, changed to Wu, Xin-Chang on Dec.30,2021.

2. Shares Trading with Related Parties

Name (Note 1)	Reason for Transfer (Note 2)	Date of Transaction	Transferee	Relationship between Transferee and Directors, Supervisors, Managers and Major Shareholders over 10%	Shares	Transaction Price (NT$)
	N/A					

Note 1：To fill in the name of company's Directors, Supervisors, Managers and Major Shareholders over 10%。

Note2：To fill in acquire or punish

3 Shares Pledge with Related Parties

Name (Note 1)	Reason for Pledge (Note 2)	Date of Transaction	Transferee	Relationship between Transferee and Directors, Supervisors, Managers and Major Shareholders	Shares	Shares holding %	Shares Pledged %	Pledged Amount
	N/A							

Note 1：To fill in the name of company's Directors, Supervisors, Managers and Major Shareholders over 10%。

Note2：To fill in pledge or redeem

VIII. Top 10 shareholders and their relationships

April 19, 2021

Name（Note 1）	Current shareholding		Spouse and minor children's shareholding		Shareholding in name of others		Name, relationship of top 10 shareholders being the related party as spouse or kin within the second tier under the Civil Code		Note
	Quantity of shares	Share holding	Quantity of shares	Share holding	Quantity of shares	Share holding	Name	Relation-ship	
Ho Tung Chemical Corp.	29,234,040	6.13%	—	—	—	—	—	—	—
Representative / Zhang, Li-Qiu	—	—	—	—	—	—	—	—	—
Chi-Tong Investment Co., Ltd.	28,314,750	5.94%	—	—	—	—	Shin Shing Chemical Corp. Representative / Huang, Sheng-Cai	spouse	—
Representative / Chang, Mei-feng	79,800	0.02%	821,750	0.17%	—	—			
Eversoft Co., Ltd.	25,131,145	5.27%	—	—	—	—	—	—	—
Representative / Lin, Fang-Ru	50,000	0.01%	—	—	—	—	—	—	—
Shin Shing Chemical Corp.	18,000,000	3.77%	—	—	—	—	Chi-Tong Investment Co., Ltd. Representative / Chang, Mei-feng	spouse	—
Representative / Huang, Sheng-Cai	821,750	0.17%	79,800	0.02%	2,897,000	0.61%			
Old Pine Investment Co., Ltd.	14,927,749	3.13%	—	—	—	—	—	—	—
Representative / Huang, Zhen-cun	—	—	—	—	—	—	—	—	—
Formosa Chemicals & Fiber Corp.	14,723,422	3.09%	—	—	—	—	—	—	—
Representative / Hong Fu-Yuan	—	—	—	—	—	—	—	—	—
Lion Home Products (Taiwan) Co., Ltd.	11,571,347	2.43%	—	—	—	—	—	—	—
Representative / He, Hao	—	—	—	—	—	—	—	—	—
Chuangyou Investment Co., Ltd.	10,400,081	2.18%	—	—	—	—	—	—	—
Representative / Lu, Yu-xuan	8,992	0.00%	—	—	—	—	—	—	—
Guo Jiafu Investment co., Ltd.	6,144,601	1.29%	—	—	—	—	—	—	—
Representative / Guo, Jhih-Cyun	1,720,412	0.36%	978,398	0.21%	—	—	—	—	—
Guo Chen, Chu-zhi	5,613,302	1.18%	5,576,818	1.17%	—	—	—	—	—

Note 1: Name of the top-10 shareholders must be listed respectively. For institutional shareholders, the title of such institutional shareholder and the name of the representative(s) shall be listed respectively.
Note 2: The percentage of shareholding shall be calculated by taking into account the shares held by the shareholder, his/her spouse, children of minor age, and other persons holding shares in his/her name.
Note 3: For the shareholders referred to above including legal person and natural person, shall have the relationship disclosed in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms.

IX. The number of shares held by the Company and Company Directors, Supervisor, managerial officers and the entities directly or indirectly controlled by the Company in a single company, and calculating the consolidated shareholding percentage of the above categories.

Unit: shares/ %

Long-term Investment	Invested by the Company		Invested by Directors, Supervisor, Management, and enterprises controlled by the Company directly or indirectly		Combined Investment	
	Shares	%	Shares	%	Shares	%
Hershey Environmental Technology Co., Ltd.	50,000,000	100.00%	—	—	50,000,000	100.00%
United Performance Materials Corporation	72,202,200	80.25%	3,310,973	3.68%	75,513,173	83.93%
Pacific Storage Tank Co., Ltd.	900	100.00%	—	—	900	100.00%
Soft Chemical Corp	—	42.03%	—	—	—	42.03%
Singapore Kanghua Industrial Co., Ltd.	4,927,717	19.74%	—	—	4,927,717	19.74%
Forte Chemical Co., Ltd.	1,400,000	3.14%	—	—	1,400,000	3.14%
Dasheng Chemical Industry Co., Ltd.	19,800,000	100.00%	—	—	19,800,000	100.00%
Fusugar Industry Corp.	98,993,285	85.34%	7,645,015	6.59%	106,638,300	91.93%
Soft Industry corp	—	50.00%	—	—	—	50.00%
American Gaoling Technology Co., Ltd.	70,000	1.06%	—	—	70,000	1.06%
Chang Chun FUCC Fine Chemicals (Changshu) Co., Ltd.	—	50.00%	—	—	—	50.00%
DEFIA Co., Ltd.	300,000	20.00%	—	—	300,000	20.00%
J&V Energy Technology Co., Ltd.	10,491,318	9.31%	—	—	8,393,318	11.53%
Japanese Power plant / Anonymous portfolio	—	—	—	—	—	—
Shenghua Development Co., Ltd.	20,200	10.00%	—	—	20,000	20.00%
Uspace Technology Co., Ltd.	25,000	0.21%	—	—	—	—

IV. Capital Overview

I. Capital and shares

1. Source of Capital

Year/ Month	Issuing Price (NT$)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital	Capital increased by assets other than cash	Others
1973/06	10	5,000,000	50,000,000	1,250,000	12,500,000	Founded	—	
1976/03	10	11,000,000	110,000,000	6,600,000	66,000,000	capital increase 53,500,000	—	
1977/04	10	12,000,000	120,000,000	12,000,000	120,000,000	capital increase 54,000,000	—	
1978/05	10	13,200,000	132,000,000	13,200,000	132,000,000	surplus capitalization12,000,000	—	
1979/06	10	18,480,000	184,800,000	18,480,000	184,800,000	surplus capitalization 52,800,000	—	
1980/05	10	30,492,000	304,920,000	30,492,000	304,920,000	surplus capitalization120,120,000	—	
1988/05	10	38,326,800	383,268,000	38,326,800	383,268,000	surplus capitalization 76,230,000 Employee bonus capitalization 2,118,000	—	(77)Tai-Tsai-Cheng (1) No.08710 dated July 21, 1988
1989/04	10	48,077,800	480,778,000	48,077,800	480,778,000	surplus capitalization95,817,000 Employee bonus capitalization1,693,000	—	(78)Tai-Tsai-Cheng (1) No.25562 dated July 20, 1989
1989/08	10	55,077,800	550,778,000	55,077,800	550,778,000	capital reduction 70,000,000	—	(78)Tai-Tsai-Cheng (1) No.02609 dated Dec 30, 1989
1990/06	10	77,077,800	770,778,000	60,585,580	605,855,800	surplus capitalization55,077,800	—	(79)Tai-Tsai-Cheng (1) No.01851 dated Aug 02, 1990
1991/05	10	77,077,800	770,778,000	69,673,417	696,734,170	surplus capitalization30,292,790 capital reserve capitalization60,585,580	—	(80)Tai-Tsai-Cheng (1) No.01606 dated Jul 19, 1991
1992/05	10	89,908,100	899,081,000	80,285,394	802,853,940	surplus capitalization44,590,980 capital reserve capitalization 59,919,140 Employee bonus capitalization1,609,650	—	(81)Tai-Tsai-Cheng (1) No.01630 dated Jul 16, 1992
1993/06	10	90,319,300	903,193,000	90,010,973	900,109,730	surplus capitalization36,128,430 capital reserve capitalization 60,214,050 Employee bonus capitalization 913,310	—	(82) Tai-Tsai-Cheng (1) No.30875 dated July 22, 1993
1994/06	10	133,100,000	1,331,000,000	101,032,941	1,010,329,410	surplus capitalization72,008,780 capital reserve capitalization 36,004,390 Employee bonus capitalization 2,206,510	—	(79)Tai-Tsai-Cheng (1) No.01851 dated Aug 02, 1990
1995/06	10	133,100,000	1,331,000,000	114,608,341	1,146,083,410	surplus capitalization 131,342,820 Employee bonus capitalization 4,411,180	—	(84)Tai-Tsai-Cheng (1) No.38143 dated Jun 28, 1995
1996/06	10	133,100,000	1,331,000,000	126,351,163	1,263,511,630	surplus capitalization114,608,340 Employee bonus capitalization2,819,880	—	(85)Tai-Tsai-Cheng (1) No.41472 dated Jul 03, 1996
1997/06	10	157,600,000	1,576,000,000	139,226,974	1,392,269,740	surplus capitalization126,351,160 Employee bonus capitalization 2,406,950	—	(86)Tai-Tsai-Cheng (1) No.51337 dated Jun 27, 1997

Year/ Month	Issuing Price (NT$)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital	Capital increased by assets other than cash	Others
1998/05	10	157,600,000	1,576,000,000	156,470,587	1,564,705,870	surplus capitalization167,072,370 Employee bonus capitalization 5,363,760	—	(87)Tai-Tsai-Cheng (1) No.49976 dated Jun 09, 1998
1999/05	10	185,100,000	1,851,000,000	172,500,549	1,725,005,490	surplus capitalization 131,435,290 capital reserve capitalization 25,035,290 Employee bonus capitalization 3,829,040	—	(88)Tai-Tsai-Cheng (1) No.53488 dated Jun 08, 1999
2000/05	10	205,690,000	2,056,900,000	190,248,871	1,902,488,710	surplus capitalization 160,425,510 capital reserve capitalization12,075,040 Employee bonus capitalization 4,982,670	—	(89)Tai-Tsai-Cheng (1) No.49055 dated Jun 07, 2000
2001/05	10	205,690,000	2,056,900,000	197,084,754	1,970,847,540	surplus capitalization 55,172,170 capital reserve capitalization11,414,930 Employee bonus capitalization 1,771,730	—	(90)Tai-Tsai-Cheng (1) No.135134 dated Jun 05, 2001
2002/07	10	205,690,000	2,056,900,000	205,016,367	2,050,163,670	surplus capitalization76,863,050 Employee bonus capitalization 2,453,080	—	Tai-Tsai-Cheng (1) No.0910137534 dated Jul 09, 2002
2003/07	10	228,370,000	2,283,700,000	211,362,496	2,113,624,960	surplus capitalization61,504,910 Employee bonus capitalization 1,956,380	—	Tai-Tsai-Cheng (1) No.0920130358 dated Jul 08, 2003
2004/07	10	228,370,000	2,283,700,000	217,905,065	2,179,050,650	surplus capitalization63,408,750 Employee bonus capitalization 2,016,940	—	Cheng-Chi (1) No. 0930129119 dated Jul 06, 2004
2005/06	10	240,370,000	2,403,700,000	231,396,634	2,313,966,340	surplus capitalization130,743,040 Employee bonus capitalization 4,172,650	—	Ching-Kuan-Cheng (1) No.0940125861 dated Jun 28, 2005
2006/07	10	300,000,000	3,000,000,000	240,947,900	2,409,479,000	surplus capitalization92,558,660 Employee bonus capitalization 2,954,000	—	Ching-Kuan-Cheng (1) No.0950128225 dated Jul 04, 2006
2007/06	10	300,000,000	3,000,000,000	250,893,409	2,508,934,090	surplus capitalization96,379,160 Employee bonus capitalization 3,075,930	—	Ching-Kuan-Cheng (1) No.0960031913 dated Jun 25, 2007
2008/01	10	300,000,000	3,000,000,000	274,832,654	2,748,326,540	Acquired (Great Victory Chemical Industry Co., Ltd.) capitalization 239,392,450	—	Ching-Kuan-Cheng (1) No.0960075464 dated Jan 17, 2008
2008/07	10	500,000,000	5,000,000,000	292,983,305	2,929,833,050	surplus capitalization175,892,900 Employee bonus capitalization 5,613,610	—	Ching-Kuan-Cheng (1) No.0970032584 dated Jul 01, 2008
2008/11	10	500,000,000	5,000,000,000	301,799,175	3,017,991,750	Acquired (Great Victory Chemical Industry Co., Ltd.) capitalization 88,158,700	—	Ching-Kuan-Cheng (1) No.0970057401 dated Nov 06, 2008
2009/07	10	500,000,000	5,000,000,000	309,344,154	3,093,441,540	surplus capitalization75,449,790	—	Ching-Kuan-Cheng-Fa-Tze No.0980033422 dated Jul 06, 2009
2010/07	10	500,000,000	5,000,000,000	340,278,569	3,402,785,690	surplus capitalization309,344,150	—	Ching-Kuan-Cheng-Fa-Tze No.0990039172 dated Jul 27, 2010
2010/08	10	500,000,000	5,000,000,000	365,278,569	3,652,785,690	Capital increase250,000,000	—	Ching-Kuan-Cheng-Fa-Tze No.0990039602 dated Aug 04, 2010
2011/07	10	500,000,000	5,000,000,000	390,848,068	3,908,480,680	surplus capitalization255,694,990	—	Ching-Kuan-Cheng-Fa-Tze No.1000031768 dated Jul 08, 2011
2012/07	10	500,000,000	5,000,000,000	429,932,874	4,299,328,740	surplus capitalization390,848,060	—	Ching-Kuan-Cheng-Fa-Tze No.1010029789 dated Jul 05, 2012
2016/04	10	500,000,000	5,000,000,000	430,833,570	4,308,335,700	Conversion of corporate bonds in the first quarter of 2016	—	Ching-Shou-Shang-Tze No. 10501077010 dated Apr 15, 2016

Year/ Month	Issuing Price (NT$)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital	Capital increased by assets other than cash	Others
2016/07	10	500,000,000	5,000,000,000	434,209,430	4,342,094,300	Conversion of corporate bonds in the secone quarter of 2016	—	Ching-Shou-Shang-Tze No. 10501175750 dated Jul 22, 2016
2016/10	10	500,000,000	5,000,000,000	437,784,658	4,377,846,580	Conversion of corporate bonds in the third quarter of 2016	—	Ching-Shou-Shang-Tze No. 10501246890 dated Oct 18, 2016
2017/01	10	500,000,000	5,000,000,000	444,951,285	4,449,512,850	Conversion of corporate bonds in the fourth quarter of 2016	—	Ching-Shou-Shang-Tze No. 10601008180 dated Jan 20, 2017
2017/04	10	500,000,000	5,000,000,000	451,102,758	4,511,027,580	Conversion of corporate bonds in the first quarter of 2017	—	Ching-Shou-Shang-Tze No. 10601051160 dated Apr 26, 2017
2017/07	10	500,000,000	5,000,000,000	472,019,402	4,720,194,020	Conversion of corporate bonds in the second quarter of 2017	—	Ching-Shou-Shang-Tze No. 10601104260 dated Jul 25, 2017
2017/10	10	500,000,000	5,000,000,000	489,817,453	4,898,174,530	capital reserve capitalization177,980,510	—	Ching-Shou-Shang-Tze No. 10601135100 dated Oct 02, 2017
2017/10	10	900,000,000	9,000,000,000	490,849,670	4,908,496,700	Conversion of corporate bonds in the third quarter of 2017	—	Ching-Shou-Shang-Tze No. 10601144490 dated Oct 18, 2017
2018/01	10	900,000,000	9,000,000,000	490,925,940	4,909,259,400	Conversion of corporate bonds in the fourth quarter of 2017	—	Ching-Shou-Shang-Tze No. 10701005570 dated Jan 22, 2018
2018/04	10	900,000,000	9,000,000,000	492,137,794	4,921,377,940	Conversion of corporate bonds in the first quarter of 2018	—	Ching-Shou-Shang-Tze No. 10701042060 dated Apr 27, 2018
2018/07	10	900,000,000	9,000,000,000	492,307,284	4,923,072,840	Conversion of corporate bonds in the second quarter of 2018	—	Ching-Shou-Shang-Tze No. 10701090590 dated Jul 25, 2018
2018/10	10	900,000,000	9,000,000,000	494,159,095	4,941,590,950	Conversion of corporate bonds in the third quarter of 2018	—	Ching-Shou-Shang-Tze No. 10701132570 dated Oct 24, 2018
2019/01	10	900,000,000	9,000,000,000	499,351,752	4,993,517,520	Conversion of corporate bonds in the fourth quarter of 2018	—	Ching-Shou-Shang-Tze No. 10801008120 dated Jan 23, 2019
2019/04	10	900,000,000	9,000,000,000	502,122,392	5,021,223,920	Conversion of corporate bonds in the first quarter of 2019	—	Ching-Shou-Shang-Tze No. 10801044100 dated Apr 17, 2019
2019/09	10	900,000,000	9,000,000,000	477,016,272	4,770,162,720	Capital reduction 251,061,200	—	Ching-Kuan-Cheng-Fa-Tze No.1080324734 dated Aug 07, 2019

Note 1：The capital increase shall be marked with the effective (approved) date and document number.
Note 2：Those who issue shares for less than the par value shall be marked in a prominent way.
Note 3：Where currency claims and technology are used to offset the share funds, it shall be stated, and the type and amount of the offset shall be added.
Note 4：If it is a private placement, it should be marked in a prominent way.

2. Type of share

Type of share	Authorized Capital Stock			Remark
	Outstanding Shares (listed)	Unissued Shares	Total	
Common stock	477,016,272 (Listed stocks)	422,983,728	900,000,000	—

II. Composition of Shareholders

As of April 19, 2022

Composition of Shareholders / Quantity	Government apparatus	Financial organization	Other juridical persons	Individuals	Foreign institution or foreigner	Total
Number of persons	1	0	127	37,791	103	38,202
Shares	469	0	202,488,830	251,566,026	22,960,947	477,016,272
%	0.00%	0.00%	42.45%	52.74%	4.81%	100.00%

III.Distribution Profile of Share Ownership

As of April 19, 2022

Shareholders Ownership	Number of Shareholders	Number of Shares Owned (Shares)	Shareholding ratio (%)	Shareholders Ownership	Number of Shareholders
1- 999	11,424	20.90	3,121,051	31,210,510	0.65
1,000- 5,000	20,474	53.59	42,842,061	428,420,610	8.98
5,001- 10,000	3,286	8.60	26,934,746	269,347,460	5.65
10,001- 15,000	850	2.23	10,919,500	109,195,000	2.29
15,001- 20,000	651	1.70	12,259,323	122,593,230	2.57
20,001- 30,000	476	1.25	12,415,847	124,158,470	2.60
30,001- 40,000	239	0.63	8,661,200	86,612,000	1.82
40,001- 50,000	170	0.45	7,966,835	79,668,350	1.67
50,001- 100,000	304	0.80	21,962,283	219,622,830	4.60
100,001- 200,000	140	0.37	20,211,778	202,117,780	4.24
200,001- 400,000	73	0.19	20,345,079	203,450,790	4.27
400,001- 600,000	37	0.10	17,848,372	178,483,720	3.74
600,001- 800,000	15	0.04	10,491,243	104,912,430	2.20
800,001- 1,000,000	9	0.02	8,129,218	81,292,180	1.70
1,000,001- 9,999,999	46	0.12	99,444,952	994,449,520	20.85
10,000,000- 999,999,999	8	0.02	153,462,784	1,534,627,840	32.17
Total	38,202	100.00	477,016,272	4,770,162,720	100.00

IV. Major Shareholders (Top 10 shareholders or with Shareholdings greater than 5%)

On the Book closure date: April 19, 2022

Quantity of shares / Major Shareholders	Total shares owned (Shares)	Shareholding ratio (%)
Ho Tung Chemical Corp.	29,234,040	6.13%
Chi-Tong Investment Co., Ltd.	28,775,000	6.03%
Yong Ming Shun Co., Ltd.	25,131,145	5.27%
Shin Shing Chemical Corp.	18,700,000	3.92%
Old Pine Investment Co., Ltd.	14,927,749	3.13%
Formosa Chemicals & Fiber Corp.	14,723,422	3.09%
Lion Home Products (Taiwan) Co., Ltd.	11,571,347	2.43%
Chuangyou Investment Co., Ltd.	10,400,081	2.18%
Guo Jiafu Investment co., Ltd.	6,144,601	1.29%
Guo Chen, Chu-zhi	5,613,302	1.18%

V. Market Price, Net Value, Earnings and Dividends per Common Share Latest two years

Item		Year	2020	2021	As of March 31, 2022 (Note 9)
Market price per share (Note 1)	Highest		17.45	25.45	32.30
	Lowest		10.00	13.85	22.10
	Average		13.69	19.14	27.35
Net value per share (Note 2)	Before distribution		15.05	15.98	(Note 9)
	After distribution		13.85	—	—
Earnings per share	Weighted Average Outstanding Shares		477,016,272	477,016,272	477,016,272
	EPS	1.16	1.99	1.16	(Note 9)
		—	—	—	—
Dividends per Share	Cash Dividend (Note 4)		1.20	1.70	—
	Stock Dividends	0.00	0.00	0.00	—
		0.00	0.00	0.00	—
	Accumulated Undistributed Dividends (Note 5)		—	—	—
Investment Return Analysis	Price / Earnings Ratio (Note 6)		11.80	9.62	—
	Price / Dividend Ratio (Note 7)		11.41	11.26	—
	Cash Dividend Yield Rate (Note 8)		8.77	8.88	—

Note 1:List the highest and lowest market prices of common stocks in each year, and calculate the average market prices for each year based on the transaction value and volume of each year.

Note 2:Please fill in the list based on the number of issued shares at the end of the year and the distribution based on the resolution of the shareholders meeting in the following year.

Note 3:If retrospective adjustment is required due to circumstances such as gratuitous allotment, the earnings per share before and after adjustment should be shown.

Note 4:The 2021 surplus distribution has not yet been approved by the 2022annual shareholders meeting.

Note 5:If the equity securities issuance conditions stipulate that the dividends not paid in the current year will be accumulated to the year when there is a surplus, the dividends accumulated and not paid up to the current year shall be disclosed separately.

Note 6: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 7 : Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note 8: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

Note 9: As of the date of publication of the annual report, it has not been verified by CPA.

VI. The Company’s Policies regarding Dividends and Implementation Status

1. Dividends policies

The environment of the industry where the Company belongs is changing rapidly and at a stage of stable growth. Based on long-term financial planning, future capital needs, and the requirements to protect shareholders’ rights and interests, the Company shall allocate 2.5% of its annual profit (if any) as the employees' wages and 2.5% (maximum) of such profit as the directors’ remuneration. However, the Company shall first retain a sufficient amount of such profit for covering any cumulative losses.

The distribution of employees wage may be in the forms of stocks or cash based on the resolution (which shall be reported to the shareholders) made by a meeting of the board of directors where more than two-thirds of the directors present and more than half of the present directors agree on such distribution. Such wage may be distributed in the form of stocks or cash to the employees of the affiliates who satisfy certain requirements.

If there is an annual surplus for the Company, such surplus shall be deducted for taxation in accordance with laws and regulations and covering the cumulative losses of the previous fiscal years. After such deduction, 10% of such surplus shall be retained as the legal reserve (except the amount of the legal reserve has reached the total capital) and the special reserve shall be reversed in accordance with relevant regulations. And then the balance shall be included into the undistributed surplus of the beginning of such period as the total cumulative distributable surplus for shareholders, and a minimum of 1% of the amount of such distributable surplus shall be allocated to distribute shareholder dividends. The board of directors shall draft a surplus distribution plan for submission to the shareholders’ meeting for resolution prior to the distribution.

The Company may based on the overall capital budget plans, distribute 40% to 60% of the surplus in the form of stock dividends and the rest in the form of cash dividends to retain the necessary funds. If there are no major capital budget plans for a specific fiscal year or the working capital requires to be replenished, the surplus may be distributed fully in the form of cash dividends. In other words, if a large amount of capital is required for the expansion and construction of plants during a specific fiscal year, the surplus may be distributed fully in the form of stock dividends. The aforesaid surplus distribution shall be handled by the board of directors who shall draft a surplus distribution plan for submission to the shareholders’ meeting for resolution prior to the distribution.

2. Dividend distribution proposal submitted to the shareholders’ meeting

According to the approval of the board of directors on March 18, 2022, a cash dividend of NT$1.7 per share would be distributed. However, such a dividend distribution proposal has not yet been approved by the shareholders’ meeting.

VII.The impact of the proposal of issuance of bonus shares to be reviewed by the shareholders' meeting on the Company's business operating performance and EPS

Not applicable because there was no proposal of issuance of bonus shares to be reviewed by the shareholders' meeting of this fiscal year and the Company was not required to prepare financial forecasting.

VIII.Employees Wage and Remuneration of Directors and Supervisors

1. The percentage and scope of the employees' wages and the remuneration of directors and supervisors as stated in the Company's articles of association:

(1) The Company shall allocate 2.5% of its annual profit (if any) as the employees' wages and 2.5% (maximum) of such profit as the directors' remuneration. However, the Company shall first retain a sufficient amount of such profit for covering any cumulative losses.

The distribution of employees wage may be in the forms of stocks or cash based on the resolution (which shall be reported to the shareholders) made by a meeting of the board of directors where more than two-thirds of the directors present and more than half of the present directors agree on such distribution. Such wage may be distributed in the form of stocks or cash to the employees of the affiliates who satisfy certain requirements.

(2) The calculation basis for the estimated amount of employee wage and the remuneration of directors and supervisors of the current period, the calculation basis for the number of shares for distribution of stock dividends, and the accounting treatment when there is a difference between the estimated amount and the actual distributed amount:

The Company's estimated amount for distribution of employee wage and remuneration of directors for 2021 was NT$53,905,238 in total. The amount was proportionally estimated based on the pre-tax profit deducting employees' bonuses and director's remuneration and was recognized as the operating cost and expense for 2021. If there is any difference between the actual distributed amount (determined by the board of directors) and the estimated amount of directors, changes in accounting estimates would be adopted. If the above employee bonus is fully distributed in the form of stocks, the number of shares for distribution in the form of stock dividends shall be calculated based on the closing price on the last date prior to the resolution of the meeting of the board of directors for FY2022 with the consideration of the effects of ex-dividends.

(3) The proposed distributed amount of employees wage approved by the board of directors:

a. The amount for distributed cash/stock wage for employees and the remuneration of directors:

The amount of the Company's distributed employees' wages and directors' remuneration determined by the resolution of the board of directors for 2021 has no different from the original estimated amount of NT$36,958,638 specified in the financial statements of 2020.

b. The proposed distributed amount of employees' wages in the form of stocks and its proportion of the total amount of net profit after tax and total employee wage specified in the individual financial report for the current period: Not applicable.

(4) The actual distribution of employee dividends and remuneration of directors and supervisors for the previous fiscal year:

The following table indicates the actual distribution of the Company's surplus for the employees' wage and directors' remuneration in 2020:

	2020
	Resolution by the board of directors
Cash dividends for employees	$ 18,479,319
Directors' remuneration	18,479,319

The amount of the Company's distributed employee dividends and directors' remuneration determined by the resolution of the board of directors for 2021 has no different from the original estimated amount of NT$36,958,638 specified in the financial statements of 2020.

IX. Buy-back of Treasury Stock: None.

X. Issuance of Corporate Bonds: None.

XI. Issuance of Preferred Stock, Global Depositary Receipts, Employee Stock Options : None.

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

XIII. Financing Plans and Implementation

(1) Finance Plans：

For each uncompleted public issue or private placement of securities, and for such issues and placements that were completed in the most recent three years but have not yet fully yielded the planned benefits：N/A

(2) Implementation

Regarding the purpose of each plan mentioned in the preceding paragraph, analyze item by item as of the quarter before the publication date, its implementation status and the comparison with the original expected benefits: N/A

V. Operation Overview

I. Operation Summary

1. Business Scope

(1) The main content of the business:

Manufacturing, processing, and trading of alkylbenzenes, normal olefins, alkylphenols, hydrocarbon resins, and their derivatives, and other related businesses and investments.

(2) Proportions of sales from each of the major products (units):

The Company's major business is the manufacture and sale of the following products and derivatives: Alkylbenzene, Alkyl Phenol, Alkyl Benzene Sulfonic Acid, and Hydrocarbon Resin. The proportions of sales from each of the units are as follows:

Unit: NT$1,000; %

Items \ Fiscal Years	FY2021		FY2020	
	Amount	%	Amount	%
Alkylation Units (Note 1)	6,784,084	73.75	6,784,084	73.75
Resin Units (Note 2)	1,873,712	20.37	1,873,712	20.37
Pesticide and Other Units (Note 3)	541,358	5.88	541,358	5.88
Total	9,199,154	100.00	9,199,154	100.00

Note 1: The alkylation units mainly produce products such as alkylbenzene and alkyl phenol.

Note 2: The resin unit mainly produces C9 hydrocarbon resin and hydrogenated C9 hydrocarbon resin.

Note 3: The products of other units mainly include the production and sales of pesticides and the trading of sugar products.

(3) The Company's current products:

(a) Alkylbenzene: It is the essential upstream raw material for household laundry powder and detergents.

(b) Alkylbenzene sulfonic acid: The processed alkylbenzene becomes the main component of detergent, which is widely used in household cleaning powder such as laundry powder, detergent cleaners.

(c) Alkyl phenol: It is the upstream raw material of surfactant and lubricant additive and is mainly used in industrial detergents, antioxidants, advanced printing ink resins, curing agents, and lubricant formulations.

(d) C9 hydrocarbon resin/Hydrogenated hydrocarbon resin: It is the upstream raw material for adhesives and hot-melt adhesives, and can provide enhanced viscosity and wetting features.

(e) Others: Sales of pesticides and trading of sugar products.

2. Overview of the Industry

(1) Current Status of the Industry and its Development

The Company's major business is the manufacture and sale of the following products and derivatives: Alkylbenzene, alkyl phenol, alkylbenzene sulfonic acid, and hydrocarbon resin. Among them, alkylbenzene and alkylbenzene sulfonic acid are the necessary upstream raw materials for household laundry powder and detergents. Alkyl phenol is the upstream raw materials of surfactants and lubricant additives for industrial detergents and lubricants. Hydrocarbon resin is the upstream raw material of adhesives and hot-melt adhesives and can provide enhanced viscosity and wetting features. The status of the petrochemical industry to which the Company belongs and the related industry operational risks are described as follows:

(a) Alkylbenzene

Alkylbenzene is currently the most widely used upstream raw material in the detergents for household chemicals. It can be divided into the types of linear alkylbenzene (LAB) and branched alkylbenzene (BAB) based on the molecular geometry. The detergents made of LAB are called soft detergent because the wastewater it generates is easily biodegradable; while those made of BAB are referred to as hard detergent because they are not easily degraded biologically. Due to environmental protection considerations, hard detergent products are only allowed to be used in very few countries.

Alkylbenzene is mainly used in products such as detergents and laundry powder. In addition, because of its low condensation point and good low-temperature fluidity, it has good compatibility with mineral oil and synthetic hydrocarbon oil, which allows it to be gradually adopted in the fields of industrial lubricants such as alkylbenzene oil for electrical appliances, transformers, switches of electrical appliances, and synthetic alkylbenzene oil for the refrigeration unit, etc.

The Company's production volume of alkylbenzene accounts for 99% of the total volume in Taiwan, of which 60% s LAB. According to the global market analysis, the research data from the professional research organization "Transparency Market Research" shows that the scale of the global LAB market will expand to US$8.2 billion by 2019, and the compound annual growth rate (CAGR) from 2017 to 2021 will reach 5.07%. By 2021, the global LAB consumption is expected to reach 4,043 kilotons.

Due to the growing demand for industrial and household detergent products, the global alkylbenzene market has developed slowly but steadily in the past few years. Among them, the main growth momentum comes from the improvement of living standards in emerging markets such as Southeast Asia and Central and South America. In particular, the Asia-Pacific region will be the region with the highest consumption of alkylbenzene in the world. Its growth rate would also be the highest and is expected to become another driving force for market development. However, the fluctuation of crude oil prices in the international market remains a major concern for alkylbenzene manufacturers. The future development of the alkylbenzene market is expected to move toward the development of more diversified products and the commercialization of specific applications.

(b) Alkylphenol

The industrial application of nonylphenol began in the 1950s. It is mainly used in nonionic surfactants and modified phenolic formaldehyde resin, and for few cases, in the production of anionic surfactants, lubricant additives, and other products. Overall, more than 70% of globally produced nonylphenol is used in various surfactants (of which more than 60% of it is used in textile detergents), and the rest is used as detergents and pesticide emulsifiers.

In addition to being used in various surfactants, nonylphenol can produce many application products after being chemically synthesized with other petrochemicals intermediate raw materials, such as to produce TNPP (acquired from the esterification with phosphorus trichloride) for the antioxidant for natural and synthetic rubber, or nonylphenol formaldehyde resin (acquired from syncretization with formaldehyde solution under an alkaline environment) for the high-grade copper-clad laminate of PCB due to its high-frequency resistance, brightness, flexibility, and water resistance. Therefore, the fields covered by application products of nonylphenol are quite broad.

Currently, the global nonylphenol manufacturers with an annual production volume of more than 10,000 metric tons are mainly located in the United States, Poland, and China. The aforementioned developed countries and China are also the main markets of the demand for nonylphenol. The major Taiwanese manufacturers of the nonylphenol industry are FUCC and China Man-Made Fiber Corporation (CMFC), both of which are mainly exporting their products.

Dodecylphenol is a relatively new alkylphenol product with a smaller volume of global supply. It is mainly used in the lubricating oil industry and is a lubricating oil additive formulation that can be manufactured as a single agent available to be further mixed as a complex agent.

(c) Hydrocarbon resin

Based on the chemical properties, hydrocarbon resin can be divided into three categories respectively known as aliphatic resin, aromatic resin, and hydrogenated hydrocarbon resin.

i. Aliphatic resin (C5 resin as the representative product)

Aliphatic resin is mainly produced by using C5 diene (piperylene) as the raw materials. Since the raw materials are by-products of the separation process of isoprene, those manufacturers with the ability to separate isoprene are usually able to produce C5 hydrocarbon resin. Because C5 hydrocarbon resin has good compatibility with SIS, SBS, SEBS, SEPS, and other styrene polymers, natural and synthetic rubber, and EVA, it is a good additive for adhesives and is mainly used in the adhesive and sealant industry. It is mostly used for the production of products containing hot-melt adhesives and pressure-sensitive adhesives (PSA), such as tapes or labels. In recent years, C5 hydrocarbon resin has begun to gradually replace natural resin tackifiers (such as rosin or terpene resin) and take the major market position due to its better and more stable peel and fast adhesion, moderate melt viscosity, good heat resistance, and lower prices.

ii. Aromatic resin (C9 hydrocarbon resin as the representative product)

Aromatic resin is refined from raw materials such as vinyl toluene, styrene, and indacene. The vinyl toluene and indacene are all by-products in the pyrolysis process of ethylene, only those manufacturers with ethylene pyrolysis equipment can produce such products and therefore, its supply is limited by the output volume of the ethylene pyrolysis plant. Because it is composed of olefins or cycloolefins containing nine carbon atoms for polymerization, it is also called C9 hydrocarbon resin. C9 hydrocarbon resin has the features of low acid value, good miscibility, low melting point, high water resistance, and proper alcohol and chemical resistance, and is widely used in adhesives (hot-melt adhesives) and printing inks, as well as serving as the modifier for coating material industry. In recent years, as the prices of natural resin raw materials such as rubber and tall oil rosin esters have risen, C9 hydrocarbon resin has gradually expanded its market demand with relatively low production costs.

iii. Hydrogenated hydrocarbon resin

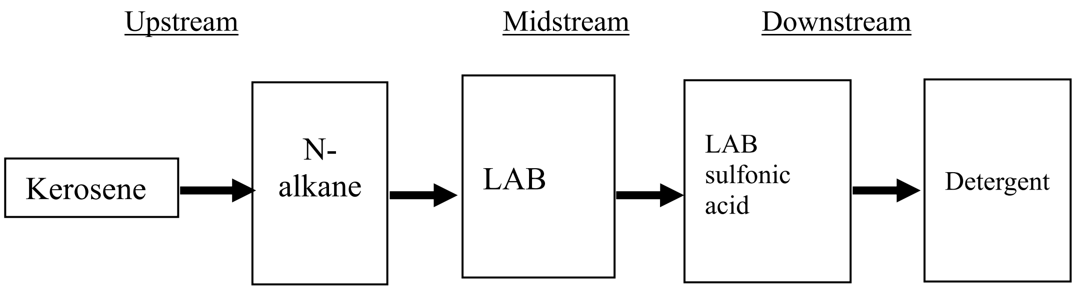
Hydrogenated hydrocarbon resin is a compound acquired from the hydrogenation reaction of a hydrocarbon resin. It is mainly used for providing additional viscosity and wetting and is currently used in products such as diapers, maxi pads, and hot-melt adhesives. Among them, the hot-melt adhesive has the advantages of environmentally friendly, safe, rapid curing, and suitable for automated production, which makes it become one of the fastest-growing adhesive products. In the past, hydrogenated hydrocarbon resin was mostly used as an adhesive for sneakers and maxi pads, etc., and because of its colorless and odorless properties, it can be used as a plastic film material for food packaging or the substitute for natural resin.

The Company on July 31, 2012 (the base date) transferred the business of its hydrogenated hydrocarbon resin units to the affiliate UPM who is also responsible for hydrogenation and manufacturing of the relevant products. Hence, the Company currently uses UPM to dedicate to the production and sales of C9 hydrocarbon resin and hydrogenated hydrocarbon resin products. C9 hydrocarbon resin and hydrogenated hydrocarbon resin are produced by the hydrogenation process of a hydrocarbon resin. The Company’s hydrocarbon resin business is expected to maintain stable growth due to the limited supply and the rising prices of natural resources such as rosin, the increasingly extensive high-end applications of hydrogenated hydrocarbon resin, and the rapidly growing demand for hot-melt adhesives.

(2) The relationship of the industry's up-, mid-, and downstream

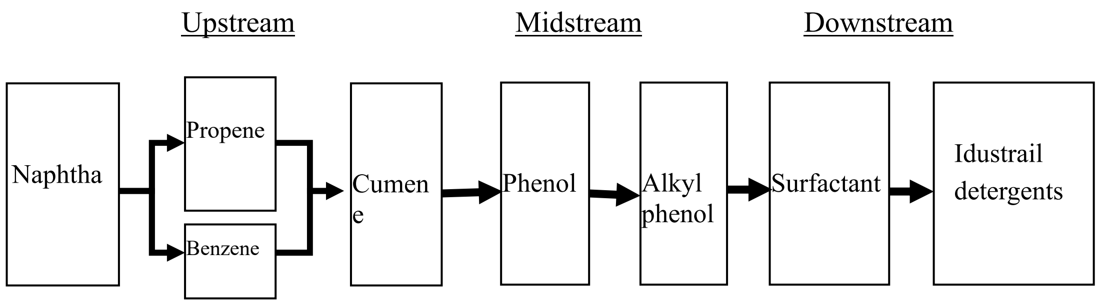
(a) Alkylbenzene

Alkylbenzene is within the midstream of the household chemical detergent industry. It is critical and irreplaceable for industrial development. Its upstream industry is the petrochemical industry. The refinery provides kerosene and produces n-alkanes after extraction and refining. After the Company obtains n-alkane raw materials, it will process and produce products such as alkylbenzene or alkylbenzene sulfonic acid, which are then supplied to manufacturers in the downstream detergent product industry, such as P&G, Unilever, and Kao.



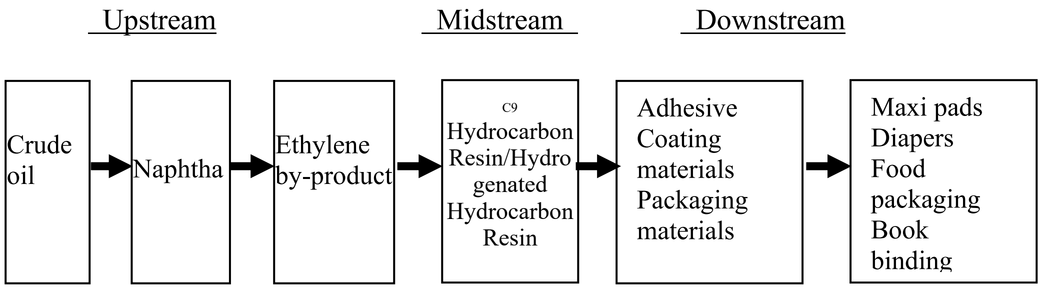
(b) Alkylphenol

Alkylphenol is within the midstream of the industrial detergents and lubricants industry. The upstream is also the petrochemical industry. After naphtha is extracted from crude oil at refineries, propylene, benzene, cumene, and phenol would be extracted subsequently. The Company purchases phenolic raw materials and then adds nonene or dodecylene to synthesize nonphenol or dodecylphenol supplied to surfactant and lubricant additive manufacturers. The final products are industrial detergents and lubricants.



(c) C9 Hydrocarbon Resin/Hydrogenated Hydrocarbon Resin:

Hydrogenated hrdrocarbon resin is a solid or liquid by-product formed by polymerization of mono- and diene components from distillation of the five-carbon (C5) and nine-carbon (C9) compounds produced in the pyrolysis process of naphtha for refining ethylene. Therefore, its upstream is the petrochemical industry. As far as downstream industries are concerned, hydrogenated hydrocarbon resins are widely used by-products such as adhesives and coating materials. The final products include diapers, sticky notes, and road marking paints.



(3) Trends of development of products

(a) Application development trend in terminal products

With the development of modernization, in daily life, people will not be willing to spend too much time on household cleaning chores, but the requirements for household cleanliness are gradually increasing. Therefore, the currently available conventional detergents can no longer meet the living requirements of people of the modern days. In the future, there would be two types of development for detergents. One is the comprehensive development which endows the detergent products with the feature of comprehensive cleaning functions to remove multiple types of stains in various situations at the same time; the other is the development of special-purpose which tailors the detergent products to effectively remove stains and pathogens generated from specific conditions. From the above description, one could know that either of the development would further improve the functions of the detergent products.

(b) Future trends for the composition of product raw materials

Generally speaking, the conventional detergent products are mainly chemically synthesized which replaced soap after WWI. These products are usually composed of surfactants, solvents, and additives. Because of the good cleaning effects and convenience, they have become necessary consumer products in modern society ranging from industrial and mining enterprises to household cleaning. However, with the development of society, some problems with synthetic detergent are gradually being questioned. Some of the raw materials of conventional detergent products come from by-products of the petrochemical industry, which would have a certain impact on human health. Therefore, the development of healthy, green, environmentally friendly detergent products has become the future development trend.

(4) Competition of the products

The petrochemical industry uses naphtha or natural gas as raw materials to produce ethylene, propylene, benzene, and other basic raw materials via the pyrolysis of naphtha, and intermediate raw materials for plastics, rubber, and fibers via additional processing. The downstream products of the petrochemical industry are widely used for daily-life purposes as well as construction materials, auto parts, and high-tech product parts, etc. Therefore, the petrochemical industry is a basic industry. The Company's products are mainly used for laundry powder and detergent, and as for the conditions of product competition, analysis for the three major types of products of the Company is presented below:

(a) Alkylbenzene

The alkylbenzene produced by the Company has a market share of 99% in the domestic market. International competitors include major manufacturers such as ISU, Sasol, and Indorama.

(b) Alkylphenol

The domestic competitor of the nonphenol produced by the Company is CMFC who mainly supplies its products to its reinvested company PACC, while FUCC supplies its products to SJC and Changchun Group. As for the global market, due to the current impact of China's non-tariff barriers, the main market has been gradually moved from China to Europe and the United States. At present, international competitors include SI from the United States and Yokkaichi Chemical from Japan. In view of the environmental issues and trade barriers affecting the market demand for nonphenol, FUCC has been actively developing and producing a new product known as dodecylphenol. In addition to expanding new markets, it can also fill up the underperformed production capacity of the alkylphenol plant in order to maintain or even increase the Group interests.

(c) C9 Hydrocarbon Resin/Hydrogenated Hydrocarbon Resin

At present, only a few companies such as the Company and Yuan Liang Group are engaged in the production of C9 hydrocarbon resin, and only the Company produces hydrogenated hydrocarbon resin. Therefore, in terms of domestic market supply, it would an oligopolistic industry.

3. Overview of Technology and R&D

(1) R&D expenses

R&D expense in FY2021 is NT$69,293,000.

R&D expense invested as of the the end of March, 2022 is NT$17,812,000.

4. Long-term and short-term business development plans

(1) Alkylbenzene

(a) Short-term: Enhance customer service and consolidate the existing market.

(b) Long-term: Provide customers with sophisticated services with flexible logistics operations. Development of new usage of the products.

(2) Alkylphenol:

(a) Short-term: As the joint venture plant in China has begun the official production, the Company will move its main markets to the US and Europe to increase market share, and expand to other new markets.

(b) Long-term: In order to maintain the utilization rate, other alkylphenol products would be gradually developed to increase operating profit.

(3) Hydrogenated hydrocarbon resin

(a) Short-term: Provide a complete product line of hydrogenated and non-hydrogenated C9 hydrocarbon resins, and develop hydrocarbon resin with high softening point and highly hydrogenated grade to meet customized needs.

(b) Long-term: Expand production capacity and improve production efficiency.

II. Overview of Markets, Production and Sales

1. Market Analysis

(1) Markets for the major products

Units: NT$1,000/%

Fiscal Years / Markets		FY2021		FY2020	
		Amount	Ratio	Amount	Ratio
Domestic Market		1,020,038	16.51%	2,206,972	26.02%
Export Destinations	China	14.52%	1,268,727	14.96%	17.74%
	Vietnam	5.48%	566,044	6.67%	7.15%
	The Philippines	9.10%	557,011	6.57%	5.07%
	Guatemala	18.70%	904,514	10.66%	8.45%
	Others	35.69%	2,978,561	35.12%	36.80%
Net Sales		6,177,621	100.00%	8,481,829	100.00%

(2) Market shares

(a) Alkylbenzene

The alkylbenzene produced by the Company has a market share of 99% in the domestic market. In the global market, the current global production of alkylbenzene is approximately 3.8 million metric tons according to the survey of professional institutions. Based on the Company’s annual production capacity of approximately 132,000 metric tons for FY2022, it has a global market share of approximately 3.08%. International competitors include ISU, Sasol, and Huntsman.

(b) Alkylphenol

The domestic competitor of the nonphenol produced by the Company is CMFC who mainly supplies its products to its reinvested company PACC, while FUCC supplies its products to SJC and Changchun Group. As for the global market, due to the current impact of China’s non-tariff barriers, the main market has been gradually moved from China to Europe and the United States. At present, international competitors include SI from the United States and PCC from Poland. In view of the environmental issues and trade barriers affecting the market demand for nonphenol, FUCC has been actively developing and producing new products known as dodecylphenol. In addition to expanding new markets, it can also fill up the underperformed production capacity of the alkylphenol plant in order to maintain or even increase the Group interests.

(c) Hydrocarbon resin

i. C9 hydrocarbon resin

At present, C9 hydrocarbon resin is mainly produced in Asia, accounting for about 90% of the overall global production, followed by America and Europe. As being affected by the increase in crude oil prices, the Asian region will have an advantage in raw materials compared with Europe and the United States in the future. According to DeWitt's 2021 survey data, the total global hydrocarbon resin production capacity is about 2.1 million metric tons, and the UPM accounts for about 2.0% of such global total volume.

ii. Hydrogenated hydrocarbon resin

According to DeWitt's survey data, the total global hydrogenated hydrocarbon resin production capacity in 2021 is estimated to be 1.04 million metric tons, and FUCC produces 28,000 metric tons in 2021, accounting for 2.6% of the global market share.

(3) The future supply and demand situation and growth of the market

(a) Alkylbenzene

Due to the decrease in the effective ingredients of detergents and the increase in imported detergents, domestic demand has continued to decline; however, there is still room for growth in demand in foreign markets. Because the Company maintains a long-term stable supply-demand relationship with foreign customers, export sales maintain at a stable level.

(b) Alkylphenol

In response to market trends, the Company has started to produce dodecyl phenol through process improvements to increase its competitiveness. It is hoped that new markets can be developed and a considerable market share can be obtained, which would generate considerable benefit in terms of sales volume and amount.

(c) C9 hydrocarbon resin/hydrogenated hydrocarbon resin

The hydrocarbon resin is a necessity for people's livelihood consumption. Therefore, generally speaking, the industry fluctuates with the global economic cycle. The C5 or C9 hydrocarbon resin industry generally grows and declines with the fluctuation of the economy. In the past, hydrocarbon resin was regarded as the product at the lowest tier of the industry due to its color and odor and used by industries of oil-based coating material, rubber, and ink as a secondary raw material for several decades. However, in recent years, with environmental protection requirements, it is expected that the solvent oil market for oil-based coating material and ink will gradually shrink, and the market for high-end products used in adhesives (tackifier) would gradually expand. Therefore, high-end applications of hydrogenated hydrocarbon resins or C5/C9 hydrocarbon resins are expected to gradually grow.

(4) Competitive niche

(a) Fully grasp the sources of supply of materials

In order to stabilize production costs, the Company's raw material purchases are mostly performed based on long-term contracts to connect to the pipelines of the main supplier, CPC, for the direct transportation of raw materials. This can achieve safety and cost-saving purposes and facilitate production. In recent years, new distillation equipment has been installed to ensure the sound quality of the raw materials.

(b) Independent research and development capabilities

The Company owns the technology for the nonphenol and hydrogenated resin process, and continuously invests in new process innovation, and research and development, which can save payment of royalties, thereby reducing costs and increasing the price competitiveness of products. The Company also has upstream raw material development capabilities, which can make the source of raw materials diversified, reduce the cost of purchase, increase profitability, and increase the price competitiveness of products.

(c) Superior geographical position with logistics management advantages

The company is located in Taiwan which is the hub of transportation routes in Asia. Therefore, compared with competitors located in other countries, the Company's cost of bulk shipping to the global markets is relatively low, which allows the rapid provision of services that customers need in a timely manner.

(5) Favorable and unfavorable factors and countermeasures for development

(a) Favorable factors

i. Due to the slow but steady growth of market demand for alkylbenzene, nonphenol, and petroleum resins, and the fact that some types of products (such as hydrogenated hydrocarbon resins) require certain techniques for production, only a few manufacturers in the world have the required manufacturing technology. Moreover, with the growing environmental awareness, colorless and odorless hydrogenated resin with good affinity with the human body could further expand the future growth.

ii. The Company maintains good cooperative relations with domestic and foreign suppliers to ensure long-term stable supply sources.

iii. The international marketing channels are robust. In addition to establishing cooperative relations with downstream manufacturers, the Company is establishing marketing channels via the distribution system.

(b) Unfavorable factors

i. Restriction to profitability due to raw material price fluctuations

As the petrochemical industry is likely to be affected by fluctuations in international crude oil prices, in particular, the political instability, frequent riots, strikes, and destruction of oil production or storage equipment especially in some oil-exporting countries would cause oil prices to fluctuate.

Countermeasures

In addition to maintaining long-term cooperative relations with major suppliers (such as Taiwan's CPC), the Company also signs supply contracts with upstream suppliers to ensure the long-term and stable source of supply of raw materials.

ii. Difficulties in recruitment

Since the information and electronics sectors remain the key industry in Taiwan, the general new graduates tend to apply for job positions in related fields. In addition, chemical industry talents require rich experience accumulation and technology inheritance, so it is not easy to recruit high-quality R&D talents.

Countermeasures

In order to attract and retain talents, the Company not only improves the software and hardware equipment of the working environment and improves the welfare system, but also enhances the education and training programs for employees, and arranges positions according to the profession and characteristics of the employees, thereby enhancing the professional quality and technical level of the staff.

2. Important Usage and Production process of Major Products

The Company's products include (a) Alkylbenzene (b) Alkylphenol and (c) C9 Hydrocarbon Resin/Hydrogenated Hydrocarbon Resin. Its important usage and production processes are as follows:

(1) Important usage of the major products:

(a) Alkylbenzene: The main raw material of surfactants such as detergents.

(b) Alkylphenol: Basic raw materials for special chemicals such as surfactants, rubber, plastic antioxidants, inks, and lubricant additives.

(c) C9 hydrocarbon resin/hydrogenated hydrocarbon resin: Raw material for producing ethylene-vinyl acetate copolymer EVA and thermoplastic rubber TPR series hot-melt adhesive.

(2) Production process:

(a) Alkylbenzene: After the raw material n-alkane is dehydrogenated, benzene is added to the alkylation reaction via hydrofluoric acid as a catalyst to produce alkylbenzene.

(b) Alkylphenol: This product is obtained from onylphenol and dodecylphenol which are produced from alkylation of raw materials tripolypropylene, tetrapolypropylene and phenol.

(c) C9 hydrocarbon resin/hydrogenated hydrocarbon resin: Hydrogenated hydrocarbon resin is added to the hydrocarbon resin to produce hydrogenated hydrocarbon resin.

3. Status of the Supply of Major Raw Materials

Major Raw Materials	Major Sources	Status of Supply
Normal Paraffin	Domestic/ Overseas	Sufficient and Stable
Normal Olefins	Overseas	Sufficient and Stable
Benzene	Domestic	Sufficient and Stable
Tripropylene	Overseas	Sufficient and Stable
Phenol	Domestic	Sufficient and Stable
Propylene Tetramer	Overseas	Sufficient and Stable

4. List of major suppliers and customers of purchases and sales in the most recent two fiscal years

(1) The names of suppliers who have accounted for more than 10% of net purchases in any of the most recent two fiscal years, volume purchased from them and proportions, and the reasons for the increase or decrease in the volume:

Units: NT$1,000; %

	FY2020				FY2021				As of Mar. 31, 2022			
Items	Name	Amount	Percentage to Annual Net Purchases (%)	Relations with the Company	Name	Amount	Percentage to Annual Net Purchases (%)	Relations with the Company	Name	Amount	Percentage to Net Purchases of Q1 (%)	Relations with the Company
1	0001	795,095	23.67	N/A	0001	898,535	19.90	N/A	0001	346,303	24.52	N/A
2	0353	420,393	12.51	N/A	0353	811,808	17.98	N/A	0002	269,446	19.08	N/A
3	0007	300,680	8.95	N/A	0007	561,776	12.44	N/A	0024	171,255	12.13	N/A
	Others	1,843,484	54.87	–	Others	2,243,546	49.68	–	Others	625,129	44.27	–
	Net Purchases	3,359,652	100.00	–	Net Purchases	4,515,665	100.00	–	Net Purchases	1,412,133	100.00	–

The Company's major products are alkylbenzenes, alkylphenols, and hydrocarbon resins. The sales of the major products accounted for more than 90% of the operating income in the last two fiscal years. Therefore, the Company purchases the raw materials of its major products, which are benzene, n-alkanes, normal olefins, tetrapropylenes, tripolypropylenes, phenols, and hydrocarbon resins. Due to the industrial characteristics, the petrochemical industry in some countries is state-owned to facilitate the vertical integration of the up-, mid-, and downstream of the supply chains to ensure that the sufficient supply of raw materials; and the domestic oil market in Taiwan was also state-owned in the early periods, which is currently shifting towards privatization. However, the current domestic oil product market remains oligopolistic. From 2020 to 2021, the proportion of the Company's purchase amount to company 0001 was 23.67% and 19.90% respectively, while for company 0353 it was 17.98% in 2021, and for company 0007 was 12.44% in 2021, which all exceeding the threshold of 10%. The main reason is that domestic and foreign petrochemicals industries are controlled by a few group companies, so the Company's purchases are consolidated since there are only few manufacturers which could be selected.

b. The names of customers who have accounted for more than 10% of net sales in any of the most recent two fiscal years, their purchase volume and proportions, and the reasons for the increase or decrease in the volume:

Units: NT$1,000; %

	FY2020				FY2021				As of Mar. 31, 2022			
Items	Name	Amount	Percentage to Annual Net Sales (%)	Relations with the Company	Name	Amount	Percentage to Annual Net Sales (%)	Relations with the Company	Name	Amount	Percentage to Net Sales of Q1 (%)	Relations with the Company
1	293	904,514	10.66	N/A	293	1,155,197	18.70	N/A	293	383,434	18.90	N/A
	Others	7,577,315	89.34	—	Others	5,022,424	81.30	—	Others	1,645,302	81.10	—
	Net Sales	8,481,829	100.00	—	Net Sales	6,177,621	100.00	—	Net Sales	2,028,736	100.00	—

The company is mainly engaged in the development, production, and sales of alkylbenzenes, alkylphenols, alkylbenzene sulfonic acids, hydrocarbon resins, and their derivatives. Among them, the alkylbenzene, nonylphenol, and alkylbenzene sulfonic acid produced by the Company are widely used in detergents and other cleaning products, while hydrocarbon resin products known as C9 hydrocarbon resin are used in adhesives, coating material, rubber, and ink industries, and hydrogenated hydrocarbon resins are used in adhesives and hot-melt adhesives.

The Company's net operating income from FY2020 to 2021 was NT$8,481,829 thousand and NT$6,177,621 thousand, respectively. The top ten buyers who purchase alkylbenzene, alkylphenol, and "alkylbenzene sulfonic acid from the Company are mainly detergent products manufacturers and professional trade distributors in the related chemical industry. The Company mainly sells the raw material alkylbenzene to its largest sales customer. The net sales of the Company to the largest customer from FY2020 to 2021 were NT$904,514 thousand and NT$1,155,197 thousand respectively, accounting for 10.66% and 18.70% of the total net sales, respectively.

5. Production volume and value in the last two years

Unit: metric tons / in NT$ thousands

Year / Production Capacity / Major products	2021			2020		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Alkylation Units	155,000	134,051	4,304,764	155,000	132,002	3,524,499
Resin Units	66,000	57,974	1,309,749	66,000	58,417	1,135,560
Pesticide and Other Units	166,960	1,867	305,925	166,960	26,921	753,894
Total	387,960	193,892	5,920,438	387,960	217,340	5,413,953

Note1：Production capacity refers to the quantity that the company can produce under normal operation using existing production equipment after measuring necessary shutdowns, holidays and other factors.

Note2：If the production is substitutable, the production capacity may be combined and an explanation shall be attached.

6. Sales volume and value in the last two years

Unit: metric tons / in NT$ thousands

year / Sales output / Items	2021				2020			
	Domestic sales		**Export sales**		**Domestic sales**		**Export sales**	
	Q’ty	**Amount**	**Q’ty**	**Amount**	**Q’ty**	**Amount**	**Q’ty**	**Amount**
Alkylation Units	31,288	1,189,356	133,670	5,594,729	31,682	1,367,673	145,391	4,638,643
Resin Units	13,268	486,893	37,799	1,386,819	15,274	442,493	39,226	1,306,461
Pesticide and Other Units	6,020	539,648	—	1,709	24,315	726,559	—	—
Total	50,576	2,215,897	171,469	6,983,257	71,271	2,536,725	184,617	5,945,104

III. Human Resources

Information of employees in the most recent two years and as of the publication date of the annual report

year		2020	2021	As of April l9, 2022
No. of Employee	Direct labor	256	181	182
	Indirect labor	302	315	299
	Total	558	496	481
Average age		41	41.8	41.5
Average years of service		12	12.5	12.6
Academy Ratio(%)	Doctor	5	4	4
	Master	88	93	95
	College	336	282	270
	Senior High School	107	103	99
	Below high school	22	14	13

IV. Environmental Protection Expenditure

1. FORMOSAN UNION CHEMICAL CORP.

(1) Specify losses due to environmental pollution in the most recent fiscal year and as of the publication date of the annual report (including compensation and environmental audit results which indicate the violation to environmental protection laws and regulations, the date of punishment, the basis, the violated regulations, the violation, and the content of punishment) And the amount of punishment:

Unit: NT$ thousand

Date	Basis	Violated Regulation	Violation	Penalty		Countermeasures and Improvement
				Fine	Other	
Apr. 19, 2021	Official documents No. 11070695200 of Kaohsiung City Government	Paragraph 1 of Article 6 of Occupational Safety and Health Act	Poor protection of heat medium oil pipeline of RH granulator	60	N/A	1. The heat medium oil pipelines of the five RH/RS granulating and packaging machines will be protected by thermal insulation cloth bags. 2. A comprehensive review of all high-temperature pipelines and equipment requires thermal protection or warning signs.
May 3, 2021	Official documents No. 11032281300 of Kaohsiung City Government	Article 15 of the Fire Services Act	Damaged containment measures of existing premises	30	N/A	The damaged containment measures at the site (overflow prevention small dikes) will be repaired immediately. The repairs have been completed before Apr. 16, and other containment measures in the process area will be reviewed comprehensively.
May 13, 2021	Official documents No.	Paragraph 1 of Article 6 of Occupational	Working ladders are not provided with proper	60	N/A	The equipment on the notice (RH R-101/201 at the bottom of the tank sampling valve) has been improved

Date	Basis	Violated Regulation	Violation	Penalty		Countermeasures and Improvement
				Fine	Other	
	11070876700 of Kaohsiung City Government	Safety and Health Act	handrails			before 4/20 of the step handrail, and a comprehensive inventory of other similar steps above 1 meter in the whole plant must be equipped with handrails.
May 12, 2021	Official documents No. 40-110-050008 of Kaohsiung City Government	Subparagraph 1 of Paragraph 1 of Article 31 of Waste Disposal Act	The laboratory waste liquid is discharged into the factory for waste water treatment, which is inconsistent with the entrusted removal and treatment published in the waste cleaning plan.	60	N/A	Before 2/18, an application for changing the waste cleaning plan was submitted to discharge the laboratory waste liquid into wastewater treatment, which was reviewed and approved on 9/17.
May 12, 2021	Official documents No. 11070695200 of Kaohsiung City Government	Subparagraph 2 of Paragraph 1 of Article 31 of Waste Disposal Act	Laboratory poisoning operations (such as chloroform, organochlorine) do not report the amount of raw materials used and the output of waste through the Internet	60	N/A	The relevant waste declaration operations in April have been completed before 5/31 according to the regulations, and the waste declaration operation has been continued.
May 12, 2021	Official documents No. 11032281300 of Kaohsiung City Government	Article 36 of Waste Disposal Act and Subparagraph 4 of Paragraph 1 of Article 6 of Methods and Facilities Standards for the Storage, Clearance and Disposal of Industrial Waste	In waste storage location, the name of the waste is not clearly marked in Chinese.	6	N/A	Chinese signs on various waste storage sites have been improved and completed before 4/20.
May 12, 2021	Official documents No. 11070876700 of Kaohsiung City Government	Article 36 of Waste Disposal Act and Subparagraph 2 of Paragraph 1 of Article 6 of Methods and Facilities Standards for the Storage, Clearance and Disposal of Industrial Waste	Organic sludge (D-0901) seeps out in on-site storage, causing pollution to the ground	12	N/A	The contamination caused by the exudate has been cleaned up before 4/16.

(2) Countermeasures (including improvement measures) and potential expenditures:

(a) It is confirmed that all pollution control and prevention equipment installations and discharge permits that shall be applied for are handled in accordance with regulations, pollution prevention and air pollution control fees are paid on schedule, and environmental protection staff responsible for supervising air pollution, water pollution, waste, and toxic materials have been appointed in accordance with regulations.

The appointed environmental protection staff, safety and health staff and fire management staff are as follows:

License project	License number	Licensed personnel
Grade A / Air Pollution Prevention and Control	(105) Environmental Protection Agency Training Certificate No. FA050441	Tseng, Guo Wei
Grade A / Air Pollution Prevention and Control	(100) Environmental Protection Agency Training Certificate No. FA120355	Wang, Mei Hui
Grade A / Air Pollution Prevention and Control	(109) Environmental Protection Agency Training Certificate No. FA130561	Yao Cheng Ru
Health risk assessment	(110) Environmental Protection Agency Training Certificate No. EA040424	Wang, Mei Hui
Grade A Toxic Materials Treatment and Management	(107) Environmental Protection Agency Training Certificate No. JA120253	Tseng, Guo Wei
Grade A Wastewater Treatment	(96) Environmental Protection Agency Training Certificate No. GA350041	Tseng, Guo Wei
Grade A Waste Disposal	(97) Environmental Protection Agency Training Certificate No. HA220022	Tseng, Guo Wei
Grade B Occupational Safety and Hygiene	(Grade B) 103-038776	Liang, Ping Jin
Grade B Occupational Safety and Hygiene	(Grade B) 004596	Yang, Chen Fa
Fire Protection - Security Supervisor	(110) Bo Fu Shun Zi Di No.809120	Hong Jian Ming
Fire Protection - Fire Protection Management	(E108) Fu 01902	Liang Ping Jin

(b) Major equipment for the prevention and control of environmental pollution to improve the operation and transportation safety of poisons, reduce greenhouse gas emissions and soil and groundwater pollution prevention, and improve operational safety has been installed, which could reduce pollutant emissions and save pollution prevention and control costs, and prevent environmental public nuisance.

Items	FY	Investment	Undepreciated Balance	Purposes and Expected Benefits
1. Air pollution prevention and control	2021	NT$2.26 million	-	Prevention of public nuisance
2. Water pollution prevention	2021	NT$460,000	-	Prevention of public nuisance
3. Waste management	2021	NT$3.41 million	-	Prevention of public nuisance

Items	FY	Investment	Undepreciated Balance	Purposes and Expected Benefits
4. Toxic materials management	2021	NT$1.20 million	-	Prevention of public nuisance
5. Greenhouse gas management	2021	NT$680,000	-	Prevention of public nuisance
6. Soil and water improvement	2021	NT$44.52million	-	Prevention of public nuisance
7. Equipment inspection	2021	NT$580,000	-	Improve the operation safety of equipment
8. ISO system certification	2021	NT$160,000	-	Compliance with international standards and continuous improvement
9. Industrial safety and fire protection equipment	2021	NT$610,000	-	Improve OSH level
10. OSH inspection and physical examination for employees	2021	NT$510,000	-	Protect the health of employees

(c) Estimated environmental capital expenditures in next three fiscal years

Items	FY2023	FY2024	FY2025
Pollution prevention equipment to be purchased or estimated expenditures	1. Air pollution control 2. Water pollution control 3. Waste management 4. Toxic materials management 5. Greenhouse gas management 6. Soil and water improvement 7. Safety and health equipment 8. Safety and health equipment	1. Air pollution control 2. Water pollution control 3. Waste management 4. Toxic materials management 5. Greenhouse gas management 6. Soil and water improvement 7. Safety and health equipment 8. Safety and health equipment	1. Air pollution control 2. Water pollution control 3. Waste management 4. Toxic materials management 5. Greenhouse gas management 6. Soil and water improvement 7. Safety and health equipment 8. Safety and health equipment
Expected improvement	*For item 1, improve environmental quality *For items 2 and 3, prevent public nuisance *For item 4, improve ESH level *For items 5 to 8, improve OSH level	*For item 1, improve environmental quality *For items 2 and 3, prevent public nuisance *For item 4, improve ESH level *For items 5 to 8, improve OSH level	*For item 1, improve environmental quality *For items 2 and 3, prevent public nuisance *For item 4, improve ESH level *For items 5 to 8, improve OSH level
Amount	NT$35.5 million	NT$35.5 million	NT$35.5 million

2. UPM

(1) Specify losses due to environmental pollution in the most recent fiscal year and as of the publication date of the annual report (including compensation and environmental audit results which indicate the violation to environmental protection laws and regulations, the date of punishment, the basis, the violated regulations, the violation, and the content of punishment) And the amount of punishment:

Unit: NT$1,000

Date	Basis	Violated Regulation	Violation	Penalty		Countermeasures and Improvement
				Fine	Other	
Feb. 4, 2021	Official documents No. 20-110-0200 07 of	Paragraph 1 of Article 20 of the Air Pollution Control Act	The AB0018-0011 4 leakage value of process fluid	300	N/A	Improvement measures: Immediate improvement was performed by first confirming that there was no oil in the pipelines, then proceeding to dismantle the P-406

Date	Basis	Violated Regulation	Violation	Penalty		Countermeasures and Improvement
				Fine	Other	
	Pingtung County Government		equipment components exceeded the threshold value.			discharge valve. After disassembly, it was confirmed that the P-406 discharge valve was damaged and immediate replacement was performed. After the replacement and testing, no further violation of regulatory standards occurred. Future countermeasures: The follow-up self-inspection and improvement methods in the premises of the plant are mainly implemented in two major approaches: regular and random inspection. 1. Regular inspection: A. Daily patrol in which on-site staff makes visual inspection for their responsible areas. If the equipment components are found to be dripping and leaking, the timely report shall be delivered to the unit supervisor, and immediate repair shall be performed and relevant records shall be made for further tracking of one week. B. The equipment components in the premises of the plant shall be visually inspected on a daily basis, and relevant records shall be made for the assistant of the plant manager to compile the equipment component tracking list and report to be submitted to the plant manager. C. On a quarterly basis, the environmental safety and health team and the inspection team will conduct testing of VOCs at least once for the light liquid of the equipment components of the plant. 2. Random inspection: After the equipment in the plant is repaired or the pipeline is replaced, the environmental safety team will conduct a component inspection to check whether the component is likely to leak. If it is determined that the concentration is abnormal, the maintenance team shall re-check whether the internal gasket of the component is intact or firmly located. The equipment components and gaskets that have been disassembled and repaired shall be replaced with new ones. Repeatedly check whether they are normal for one week after the repair or replacement.

(2) Countermeasures (including improvement measures) and potential expenditures:

(a) It is confirmed that all pollution control and prevention equipment installations and discharge permits that shall be applied for are handled in accordance with regulations, pollution prevention and air pollution control fees are paid on schedule, and environmental protection staff responsible for supervising air pollution, water pollution, waste, and toxic materials have been appointed in accordance with regulations.

Pollution facility installation permit and pollution discharge permit, etc.

Apply for the project	License number	Effective date
Water Pollution Prevention and Control Permit	Ping County Huanshui Xu Zi No. 01487-01	2019.12.23～2022.07.04
Stationary Pollution Source Operation and Fuel Use Permit Management	(M01) Pingfu Huankong Operation Certificate No. T0477-14; Pingfu Huankong Fuel Use Certificate No. T0026-00	2021.04.29 ～ 2024.08.14
Stationary Pollution Source Operation and Fuel Use Permit Management	(M02) Pingfu Huankong Operation Certificate No. T0478-10; Pingfu Huankong Fuel Use Certificate No. T0027-00	2021.04.29 ～ 2023.03.01
Stationary Pollution Source Operation and Fuel Use Permit Management	(M04) Pingfu Huankong Operation Certificate No. T0681-05; Pingfu Huankong Fuel Use Certificate No. T0028-00	2021.04.29 ～ 2024.01.21
Stationary Pollution Source Operation and Fuel Use Permit Management	(M05) Pingfu Huankong Operation Certificate No. T0737-04; Pingfu Huankong Fuel Use Certificate No. T0029-00	2021.04.29 ～ 2022.10.17
Stationary Pollution Source Operation and Fuel Use Permit Management	(M06) Pingfu Huankong Operation Certificate No. T0831-03; Pingfu Huankong Fuel Use Certificate No. T0030-01	2022.03.02 ～ 2027.03.01
Stationary Pollution Source Operation and Fuel Use Permit Management	(M07) Pingfu Huankong Operation Certificate No. T0864-03; Pingfu Huankong Fuel Use Certificate No. T0031-00	2021.04.29 ～ 2023.10.17
Approval documents for the fourth category of toxic chemical substances (use, storage)	Pingtung County Duhezi No. 000010	2020.07.23 ～ 2025.02.18
Approval documents for the fourth category of toxic chemical substances (import, sale, export)	Taipei City Poison No. 000202	2021.08.27 ～ 2027.01.09

The appointed environmental protection staff are as follows:

License project	License number	Licensed personnel
Grade A / Air Pollution Prevention and Control	(93) Environmental Protection Agency Training Certificate No. FA110210	Lin, Min-wen
Grade A / Air Pollution Prevention and Control	(97) Environmental Protection Agency Training Certificate No. FA240170	Huang, Yu-wen
Grade A / Air Pollution Prevention and Control	(106) Environmental Protection Agency Training Certificate No. FA240358	Huang, Chi-Jen
Grade A waste disposal	(92) Environmental Protection Agency Training Certificate No. GB010264	Lin, Min-wen
Grade A waste disposal	(98) Environmental Protection Agency Training Certificate No. HA290273	Huang, Yu-wen

License project	License number	Licensed personnel
Grade A waste disposal	(105) Environmental Protection Agency Training Certificate No. HA160858	Huang, Chi-Jen
Grade A wastewater treatment	(97) Environmental Protection Agency Training Certificate No. GA200647	Huang, Yu-wen
Grade A wastewater treatment	(103) Environmental Protection Agency Training Certificate No. GA160789	Huang, Chi-Jen
Grade B wastewater treatment	(92) Environmental Protection Agency Training Certificate No. GB010264	Lin, Min-wen
Health risk assessment	(110) Environmental Protection Agency Training Certificate No. EA030028	Huang, Chi-Jen

(b) Outsourcing and co-processing expenses：

Unit: NT$ thousand

Item	Outsourcing and co-processing expenses	
	2020	2021
waste disposal	15,313	14,654

(c) Pay the government pollution fee

Unit: NT$ thousand

Item	2020	2021
Fixed source air pollution prevention and control fees	28	41
Soil and groundwater pollution remediation fee	1,437	1,445

(d) List the company's investment in major equipment for the prevention and control of environmental pollution, its use and possible benefits

Equipment name	Annual	investment amount	Uses and possible benefits
Air pollution control	2019~2020	NT$ 1,500,000	1. Meet the requirements of environmental protection laws and regulations, reduce pollutant emissions 2. Put an end to environmental hazards
Water pollution prevention	2019~2020	NT$ 300,000	1. Meet the requirements of environmental protection laws 2. Wastewater recycling
Additional waste treatment facilities	2019~2020	0	1. Waste recycling 2. Reduce loss rate
Energy saving and carbon reduction, greenhouse gas reduction	2019~2020	NT$ 1,000,000	1. Reduce electricity and fuel usage 2. Reduce greenhouse gas emissions

(e) Estimated Environmental Capital Expenditure for Next Three Annual Periods

Item	2022	2023	2024
Pollution prevention equipment maintenance, setting content	1. Air pollution control equipment maintenance 2. Wastewater equipment maintenance 3. Annual regular inspection of control equipment 4. Pollution prevention equipment pipeline update	1. Air pollution control equipment maintenance 2. Wastewater equipment maintenance 3. Annual regular inspection of control equipment 4. Pollution prevention equipment pipeline update	1. Air pollution control equipment maintenance 2. Wastewater equipment maintenance 3. Annual regular inspection of control equipment 4. Pollution prevention equipment pipeline update
Total	NT$ 3,000,000	NT$ 3,000,000	NT$ 3,000,000

V. Labor-Management Relations

1. Current major labor-management agreements and implementation status:

(1) Employee welfares

The Company has established the Employee Welfare Committee in 1981 and been annually distributing budgets based on the working plans to provide various employee welfare subsidies and leisure activities.

- Vacation and leave: Monthly leave, annual leave, parental leave, and menstrual leave are provided in accordance with the Labor Standard Act.
- Bonuses: Festival bonuses, birthday, marriage, and childbirth gifts, and year-end bonuses based on annual business operating results.
- Insurance: In addition to mandatory labor insurance and national health insurance, the Company also provides employees with casualty insurance, group insurance for employees/spouses and children, hospitalization consolation money for employees/spouses and children, and regular physical examination for employees.
- Other benefits: Travel subsidies, education subsidies for employees' children, consolation money for injuries, illnesses and funeral condolences, bonuses for veterans, regular-held dinner parties.

(2) Education and training programs for employees

- The Company offers various education and training programs
- Quality training
- Communication skills
- Training programs for new recruits
- Training programs for OSH and ESH
- Management development skills
- Training programs abroad

- Seminar for senior executives
- In order to achieve the goal of "lifelong learning", the Company provides employees with a subsidy for on-the-job education. In addition, the Company has designed comprehensive management development courses to integrate and use its internal, external, and foreign information and resources to enable the executives of frontline, mid-, and management levels to timely comprehend the latest management methods, ideas, and concepts.

(3) Disclosure of code for employees' ethical conduct

A copy of the manual titled "Working Rules" would be distributed to an employee who is newly on board. The manual clearly specifies the provisions of the code for employees' ethical conduct.

(4) The working environment and the protection of employees' personal safety

In addition to the working procedures and methods specified in the Working Rules, the Company also provides comprehensive employee group insurance (including life insurance, casualty insurance, and cancer insurance) to protect the personal safety of employees and the rights and interests of their family members.

(5) Retirement system

The Company and its affiliates have stipulated the guidelines for employee retirement management in accordance with the Labor Standard Act and monthly allocated retirement reserves to the designated account of the labor retirement reserve supervisory committee as required. The amended Labor Pension Act had been fully effective since July 1, 2005. The applicable regulations are as follows:

(a) The amended Labor Pension Act shall be applicable to the employees hired on or after July 1, 2005. The Company withholds and allocates 6% of the monthly wage to the pension accounts of the Bureau of Labor Insurance on a monthly basis. For any voluntary withholding, the Company withholds and allocates the portion (based on the voluntary withholding ratio) of the monthly wage of such employee to his/her individual pension account of the Bureau of Labor Insurance.

(b) Employees hired prior to July 1, 2005 may select the pension system amended on July 1, 2005 or the original one according to their needs. The original system shall be applicable to any of such employees who make no selection and the original portion of the monthly wage of such employee will be withheld and allocated to the designated account of Bank of Taiwan based on the original retirement guidelines.

For the employees who are transferred or dispatched by the organization to the affiliates, the seniority shall not be discontinued for protection of rights and interests and achieve the goal of talent circulation within the Group. The Group fully complies with the provisions of the Labor Standard Act and the Labor Pension Act to stipulate related measures for employees retirement (e.g. Employees who have offered their full-time service for more than 15 years and reached an age of reach 55 years old, those who have offered their full-time service than 25 years, and those who have offered their full-time service for more than 10 years and reached an age of reach 60 years old may apply for retirement.)

(6) Other major agreements

Based on the requirements of the Labor Standard Act, the Company regularly or from time to time communicates with employees. Any feedback or comments can be fully discussed. Therefore, the labor-management relationship is harmonious and there is no other special agreement.

2. Since the establishment of the Company, there has been no loss due to labor disputes.

VI. Information Technology Security Management

1. IT Security Risk Management Framework, IT Security Policy, Specific management procedures and resources invested in IT Security Management:

(1) IT Security Risk Management Framework

The IT department is responsible for coordinating and implementing IT security policies, publicizing IT security information, enhancing employees' IT security awareness, and collecting and improving technologies, products or procedures for the performance and effectiveness of the organization's IT security management system. The audit office conducts information security audits on the computer cycle of the internal control procedure every year to evaluate the effectiveness of the internal control of the IT operations.

(2) IT Scurity Policy

In order to implement IT Security Management, the Company has established relevant system management measures. Through the joint efforts of all colleagues, the following policy objectives are expected to be achieved.

- Ensure the confidentiality and integrity of IT assets
- Ensure that data access is regulated according to departmental functions
- Ensure the continuity of the IT systems
- Prevent unauthorized modification ou use of data and IT systems
- Perform regular IT security audits to ensure the implementation of IT security

(3) Specific Management Procedures

Internet Security Control

- Well establish the firework protection mechanism
- Regularly scan IT system and data storage for viruses
- The use of Internet services should be in line with IT security polisy
- Regularly review system log of network services to track abnormal events

Data Access Control

- The IT equipments should be managed by specific personel and the system management account ID and password should be well set up and managed

- The IT systems access right should be granted based on their job functions
- Make sure to eliminate the access right of resigned personnels or personnel under job rotation
- Make sure to removed or overwrote those confidential, sensitive data or copyrighted software before the IT equipment is scrapped
- Application for remote access to the menagement information system should be properly reviewed and approved

IT Contingency Plan

- Regularyly review and modify the IT Disaster Recovery Plan (DRP)
- Conduct annual disaster recovery drills according to DRP
- Establish a system backup mechanism and implement off-site backup
- Periodically review and modify network security contral measures

Promotion and Inspection

- Promote IT security at any time to enhance employees' awareness of IT seccurity
- The use of unauthorized software is strictly prohibited

(4) Resources invested in the IT safety management

- Advanced HiNet network protection system services

2. List the losses, potential impacts and countermeasures suffered from major information security incidents in the most recent year and up to the date of publication of the annual report. If it cannot be reasonably estimated, it shall explain the fact that it cannot be reasonably estimated:

No significant Information security incident in FY2021.

VII. Important Contracts

1. FORMOSAN UNION CHEMICAL CORP.

Contract Nature	Parties	Contract Start / End Date	Main Content	Restriction Clause
Land lease	Hershey Environmental Technology Co., Ltd.	Jan 01 ,2015 ~ Dec. 31, 2024	Lease of eight plots including land number 1-29, Pingnan Industrial Zone, Pingtung County, with a total land area of 83,690 square meters	None
Office roof lease contract	Yongji Energy Co., Ltd.	Aug. 13, 2012 ~ Aug.12, 2032	Lease a total of 4,877 square meters on the roof of Building 96, Pingnan Section, Pingnan Industrial Zone, Pingtung County	None

2. UPM

Contract Nature	Parties	Contract Start / End Date	Main Content	Restriction Clause
Hydrogenated petroleum resin commissioned processing contract	Formosa Union Chemical Corp.	Aug. 01,2012 ~ Jul. 31,2041	Entrusted FUCC to carry out the hydrogenation processing of hydrogenated petroleum resin	None
Storage tank equipment lease contract	Taiwan Petroleum Corporation	Jan. 01,2021 ~ Dec.31,2021	Lease of storage and transportation equipment located in Qianzhen Storage and Transportation Station for shore transportation and storage of petroleum resin feed oil for import and export	None

VI. Financial Information

I. Consolidated Balance Sheet and Income Statement for the Last Five Fiscal Years

1.Condensed balance sheet and comprehensive income statement information

Consolidated balance sheet

Unit：NT$ thousand

Item \ Year		Financial information for the last five years (note 1)				
		2017	2018	2019	2020	2021
Current assets		4,577,981	5,021,550	4,721,833	4,725,195	5,533,678
Financial assets-non-current and long-term investments		1,403,366	1,280,927	1,265,375	1,227,490	1,392,647
Property, plant and equipment		2,722,399	4,579,446	4,630,139	4,419,613	3,897,733
Intangible assets		97,367	98,554	97,830	97,237	94,626
Other assets		1,734,192	288,997	599,594	650,618	669,004
Total assets		10,535,305	11,269,474	11,314,771	11,120,153	11,587,688
Current liabilities	Before distribution	1,813,493	3,102,268	3,221,134	2,850,864	3,150,881
	After distribution	2,549,882	3,351,944	3,459,642	3,423,284	Note2
Non-current liabilities		923,867	682,246	838,330	784,342	539,242
Total liabilities	Before distribution	2,737,360	3,784,514	4,059,464	3,635,206	3,690,123
	After distribution	3,473,749	4,034,190	4,297,972	4,207,626	Note2
Capital stock		4,909,260	4,993,518	4,770,163	4,770,163	4,770,163
Capital Surplus	Before distribution	184,511	192,728	187,880	182,565	181,715
	After distribution	184,511	192,728	187,880	182,565	Note2
Retailed earnings	Before distribution	2,111,896	1,801,538	1,771,450	2,082,397	2,454,446
	After distribution	1,375,507	1,551,862	1,532,942	1,509,977	Note2
Other equity		192,071	122,424	159,860	143,321	215,822
Non-controlling Interest		400,207	374,752	365,949	306,501	275,419
Total equities	Before distribution	7,797,945	7,484,960	7,255,307	7,484,947	7,897,565
	After distribution	7,061,556	7,235,284	7,016,799	6,912,527	Note2

Note 1：The financial data of the year 2017 to 2021 have been audit and issued an audit report by CPAs.
Note 2：The motion for allocation of cash dividend 2021 had not yet been resolved by a shareholders' meeting.

Condensed comprehensive income statement

unit: NT$ thousand

Item \ Year	Financial information for the last five years (Note 1)				
	2017	2018	2019	2020	2021
Operating income	8,787,780	9,785,385	8,797,162	8,481,829	9,199,154
Gross profit	1,650,442	1,251,603	996,791	1,490,143	2,138,515
Operating profit or loss	854,811	492,625	303,908	708,843	1,218,696
Non-Operating income and expense	(34,046)	30,514	(6,206)	4,600	(208,617)
Net income before tax	662,135	389,689	208,004	539,660	919,057
Net income of continuing operations	—	—	—	—	—
Loss of discontinued operation	662,135	389,689	208,004	539,660	919,057
Net income (loss)	39,732	(30,451)	43,283	(21,372)	69,505
Other comprehensive profit and loss (net)	701,867	359,238	251,287	518,288	988,562
Total comprehensive profit and loss	629,326	380,068	215,263	554,790	947,587
Net income attributable to parent company’s shareholders	32,809	9,621	(7,259)	(15,130)	(28,530)
Net income attributable to noncontrolling interests	672,854	349,249	257,029	532,911	1,016,970
Total comprehensive profit and loss attributable to parent company’s shareholders	29,013	9,989	(5,742)	(14,623)	(28,408)
Total comprehensive profit and loss attributable to noncontrolling interests	1.32	0.77	0.44	1.16	1.99

Note 1：The financial data of the year 2017 to 2021 have been audit and issued an audit report by CPAs.
Note 2：EPS, which shall be stated at NT$

2 Standalone balance sheet and comprehensive income statement

Standalone balance sheet

unit: NT$ thousand

Item \ Year		Financial information for the last five years (note 1)				
		2017	2018	2019	2020	2021
Current assets		2,867,672	3,384,031	2,971,723	3,023,452	3,548,076
Financial assets-non-current and long-term investments		4,346,761	4,161,673	4,292,676	4,301,462	4,347,467
Property, plant and equipment		1,420,752	1,393,303	1,337,317	1,282,273	1,228,416
Intangible assets		2,046	384	329	206	1,522
Other assets		297,248	303,191	391,126	394,456	379,045
Total assets		8,934,479	9,242,582	8,993,171	9,001,849	9,504,526
Current liabilities	Before distribution	1,168,113	1,866,760	1,823,716	1,540,052	1,616,282
	After distribution	1,904,502	2,116,436	2,062,224	2,112,472	Note 2
Non-current liabilities		368,628	265,614	280,097	283,351	266,098
Total liabilities	Before distribution	1,536,741	2,132,374	2,103,813	1,823,403	1,882,380
	After distribution	2,273,130	2,382,050	2,342,321	2,395,823	Note 2
Capital stock		4,909,260	4,993,518	4,770,163	4,770,163	4,770,163
Capital surplus	Before distribution	184,511	192,728	187,880	182,565	181,715
	After distribution	184,511	192,728	187,880	182,565	Note 2
Retailed earnings	Before distribution	2,111,896	1,801,538	1,771,450	2,082,397	2,454,446
	After distribution	1,375,507	1,551,862	1,532,942	1,509,977	Note 2
Non-controlling Interest		192,071	122,424	159,865	143,321	215,822
Total equities	Before distribution	7,397,738	7,110,208	6,889,358	7,178,446	7,622,146
	After distribution	6,661,349	6,860,532	6,650,850	6,606,026	Note 2

Note 1：The financial data of the year 2017 to 2021 have been audit and issued an audit report by CPAs.
Note 2：The motion for allocation of cash dividend 2021 had not yet been resolved by a shareholders' meeting.

Standalone comprehensive income statement

unit: NT$ thousand

Year / Item	Financial information for the last five years (note 1)				
	2017	2018	2019	2020	2021
Operating Income	6,435,272	7,254,272	6,344,324	6,034,566	6,602,635
Gross profit	1,050,466	815,867	720,653	1,231,908	1,776,375
Operating profit or loss	554,763	328,481	267,978	720,644	1,158,537
Non-Operating income and expense	178,525	129,128	2,149	(18,430)	(134,338)
Net income of continuing operations	629,326	380,068	215,263	554,790	947,587
Loss of discontinued operation	—	—	—	—	—
Net income (losses)	629,326	380,068	215,263	554,790	947,587
Other comprehensive income (net after tax)	43,528	(30,819)	41,766	(21,879)	69,383
Total comprehensive income	672,854	349,249	257,029	532,911	1,016,970
Earnings per share	1.32	0.77	0.44	1.16	1.99

Note 1：The financial data of the year 2017 to 2021 have been audit and issued an audit report by CPAs.
Note 2：EPS, which shall be stated at NT$

3. CPAs' Name and audit opinion

Year	CPAs' Name	Audit opinion
2017	Chang, Jin-Ren \ Hsu, Tin-Jen	An unqualified opinion
2018	Chang, Jin-Ren \ Hsu, Tin-Jen	An unqualified opinion
2019	Chang, Jin-Ren \ Hsu, Tin-Jen	An unqualified opinion
2020	Chang, Jin-Ren \ Hsu, Tin-Jen	An unqualified opinion
2021	Zhuang Wen-Yuan \ Gong Ze-Li	An unqualified opinion

II. Financial analysis for the last five years

1.Consolidated financial analysis

Analysis Item \ Year			Financial analysis for the last five years (Note1)					Analysis Item
			2017	2018	2019	2020	2021	
Financial structure (%)	Liabilities to assets		25.98	33.58	35.88	32.69	31.85	
	Long-term fund for property, plant and equipment		320.37	178.34	174.80	187.10	216.45	
Liquidity analysis (%)	Current ratio		252.44	161.87	146.59	165.75	175.62	
	Quick ratio		97.29	51.71	49.76	80.21	67.45	
	Interest coverage ratio		90.95	31.16	11.80	27.12	46.78	1
Operation performance analysis	Receivables turnover (times)		8.84	9.14	7.85	7.47	7.94	
	Average collection days		41.28	39.93	46.49	48.86	45.96	
	Inventory turnover (times)		2.54	2.74	2.37	2.58	2.59	
	Payables turnover (times)		19.81	27.68	21.96	21.54	20.19	
	Average inventory turnover days		143.70	133.21	154.00	141.47	140.92	
	Property, plant and equipment turnover (times)		3.24	2.68	1.91	1.87	2.21	
	Total assets turnover (times)		0.84	0.90	0.78	0.76	0.81	
Profitability	Return on assets (%)		6.42	3.70	2.04	5.01	8.25	1
	Return on equity (%)		8.66	5.10	2.82	7.32	11.95	1
	to paid-in capital ratio (%)	Operation interest	17.41	9.87	6.37	14.86	25.55	1
		Net profit before tax	16.72	10.48	6.24	14.96	21.17	1
	Net income margin (%)		7.53	3.98	2.36	6.36	9.99	1
	EPS (NT$)		1.32	0.77	0.44	1.16	1.99	1
Cash flow (%)	Cash flow ratio (%)		43.02	—	28.99	50.64	19.35	2
	Cash flow adequacy ratio (%)		92.49	62.56	74.05	72.58	63.93	
	Cash flow reinvestment ratio (%)		0.53	—	5.61	9.53	0.28	2
Leverage	Operating leverage		1.63	2.05	3.20	3.28	1.67	1
	Financial leverage		1.01	1.04	1.10	1.04	1.02	

Note 1：The financial data of the year 2017 to 2021 have been audit and issued an audit report by CPAs.

Analysis of changes in the increase and decrease ratio:
1. Mainly due to increased profits in 2021
2. Mainly due to the increase in inventories in 2021, so the net cash inflow from operating activities decreased.

2. Standalone financial analysis

Analysis Item (Year)			Financial analysis for the last five years (Note1)					Analysis Item
			2017	2018	2019	2020	2021	
Financial structure (%)	Liabilities to assets		17.20	23.07	23.39	20.26	19.81	
	Long-term fund for property, plant and equipment		546.64	529.38	536.11	581.92	642.15	
Liquidity analysis (%)	Current ratio		245.50	181.28	162.95	196.32	219.52	
	Quick ratio		74.77	40.27	47.79	95.65	84.28	
	Interest coverage ratio		110.86	52.92	26.10	86.78	189.97	1
Operation performance analysis	Receivables turnover (times)		11.83	11.51	10.30	9.55	9.21	
	Average collection days		30.85	31.71	35.44	38.22	39.63	
	Inventory turnover (times)		2.59	2.77	2.35	2.66	2.64	
	Payables turnover (times)		17.14	25.80	19.51	17.76	16.12	
	Average inventory turnover days		141	132	155	137	138	
	Property, plant and equipment turnover (times)		4.48	5.16	4.65	4.61	5.26	
	Total assets turnover (times)		0.72	0.80	0.70	0.67	0.71	
Profitability	Return on assets (%)		7.14	4.26	2.46	6.24	10.29	1
	Return on equity (%)		8.69	5.24	3.08	7.89	12.80	1
	to paid-in capital ratio (%)	Operation interest	11.30	6.58	5.62	15.11	24.29	1
		Net profit before tax	14.94	9.16	5.66	14.72	21.47	1
	Net income margin (%)		9.78	5.24	3.39	9.19	14.35	1
	EPS (NT$)		1.32	0.77	0.44	1.16	1.99	1
Cash flow (%)	Cash flow ratio (%)		48.69	—	57.79	76.07	44.02	2
	Cash flow adequacy ratio (%)		69.12	55.65	74.69	71.55	65.52	
	Cash flow reinvestment ratio (%)		—	—	8.22	9.18	1.30	3
Leverage	Operating leverage		2.81	3.62	3.96	2.62	1.37	4
	Financial leverage		1.01	1.03	1.04	1.01	1.00	

Note 1：The financial data of the year 2017 to 2021 have been audit and issued an audit report by CPAs.

Analysis of changes in the increase and decrease ratio:
1. Mainly due to increased profits in 2021
2. Mainly due to the increase in inventories in 2021, so the net cash inflow from operating activities decreased.
3. Mainly due to the increase in cash dividends and inventory in 2021.
4. Mainly due to the increase in operating profit, variable operating costs and expenses in 2021.

＊If the company has an individual financial report, an analysis of the company's individual financial ratio shall be prepared separately.
＊If the financial information using International Financial Reporting Standards is less than 5 years old, the following table should be prepared separately (2) Financial information using my country's Financial Accounting Standards

Note 1：In the first quarter of 2021, no accountant checked individual statements.
Note 2：Companies that are listed or whose stocks have been traded in the business premises of a securities firm shall incorporate the financial data of the current year as of the quarter before the publication date of the annual report into the analysis.

Note 3：The financial analysis formula:

1. Financial structure
   (1) Debt ratio = Total liabilities/total assets.
   (2) Long term funds to property, plant, and equipment ratio = (Total shareholders' equity + non-current liabilities)/net property, plant, and equipment
2. Solvency
   (1) Current ratio = Current assets/current liabilities
   (2) Quick ratio = (Current assets - inventory - prepaid expenses)/current liabilities
   (3) Times Interest Earned = Net income before tax and interest expense/current interest expense
3. Operating ability
   (1) Accounts Receivable (including account receivable and note receivable from operating) turnover = Net sales/average Receivables (including account receivable and note receivable from operating) balance
   (2) Average collection period = 365 days/ accounts receivable turnover
   (3) Inventory turnover (times) = Cost of goods sold/average inventory
   (4) Accounts Payable (including Account payable and Note payable from operating) turnover = Cost of goods sold/average accounts payable (including Account payable and Note payable from operating)
   (5) Average inventory turnover days = 365 days/ inventory turnover
   (6) Property, plant, and equipment turnover (times) = Net sales/ average net average property, plant, and equipment
   (7) Total asset turnover = Net sales/average total assets
4. Profitability
   (1) Return on total assets = [net income + interest expense x (1-tax ratio)]/average total assets
   (2) Return on shareholder's equity = Net income/average total shareholder's equity
   (3) Profit margin = Net income/ net sales
   (4) Earnings per Share = (Net income attributable to parent company's shareholders - preferred stock dividend)/ weighted average number of shares issued (Note 2)
5. Cash flow
   (1) Cash flow ratio = Cash flow from operating activities/current liabilities
   (2) Net cash flow adequacy ratio = Five-year sum of cash from operations / Five-year sum of capital expenditures, inventory additions, and cash dividends
   (3) Cash reinvestment ratio = (Net cash flow from operating activities - cash dividends)/ (gross property, plant, and equipment + long-term investments + other non-current assets + working capital) (Note 3)
6. Leverage
   (1) Operating leverage = (Net operating income - variable operating cost and expense)/operating income (Note 4)
   (2) Financial leverage = Operating income/ (operating income - interest expenses)

Note 4：The calculation of earnings per share referred to above should be with the following matters included for consideration:

1. It is based on the weighted average outstanding number of common stock shares rather than the issued shares at the end of year.
2. Capital increased by cash or treasury stock transaction should be take into account when the calculating the circulation period of the weighted average outstanding shares.
3. Where there is a capitalization from earnings or capital reserve, when calculating earnings per share for the prior years and every interim, it should be retroactively adjusted by proportional capitalization without considering the issuance period of the capitalization.
4. If the preferred stock is non-convertible cumulative preferred stock, the its dividends (whether distributed or not) should be deducted from net income, or added to the net loss. If the preferred shares are non-cumulative, when there is net income, preferred stock dividends should be deducted from net income; when there is net loss, no adjustment is needed.

Note 5：The cash flow analysis should be with the following matters included for consideration:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities on the statement of cash flow.
2. Capital expenditures refer to the annual cash outflow of capital investment.
3. Inventory additions are included for calculation only when the balance at the end is greater than the balance at the beginning. If inventories are decreased at the end of year, it is counted as zero.
4. Cash dividends include cash dividends of common stock and preferred stock.
5. Gross property, plant, and equipment meant for the total amount of property, plant, and equipment before deducting the accumulated depreciation.

Note 6：The issuer shall have the operating costs and operating expenses classified as fixed and variable by the nature. If it involves estimates or subjective judgments, it should pay attention to its rationality and consistency.

Note 7：The ratio of paid-up capital to foreign companies previously opened will be calculated based on the ratio of net worth.

III. Audit Committee’s Report for the Most Recent Year

Formosan Union Chemical Corp.

Audit Committee’s review report on the 2021

To the 2022 General Shareholders’ Meeting of Formosan Union Chemical Corp.,

The Board of Directors has prepared and submitted the Company's 2021 business report, financial statements and the profit distribution proposal, among which the financial statements (including consolidated financial statements) had been audited by Wen-Yuan Zhuang and Gong, Ze-Li CPAs of Deloitte & Touche, who also provided an auditor's report. The above business report, financial statements and the profit distribution proposal have been reviewed by the Audit Committee to be without any discrepancies. This report is prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review and approve the same.

The Convener of the Audit Committee : Zhuo Xun-Rong

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March 18, 2022

IV. The audited consolidate financial statements of 2021

INDEPENDENT AUDITOR'S REPORT

To Formosan Union Chemical Corporation:

Opinion

We have audited the accompanying financial statements of Formosan Union Chemical Corporation (the Corporation) and the subsidiaries, which comprise the consolidated balance sheets as of December 31, 2021, and 2020, and the statements of consolidated comprehensive income, changes in consolidated equity, consolidated cash flows for January 1 - December 31, 2021, and 2020, and the notes to the consolidated financial statements (including a summary of significant accounting policies).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation and the subsidiaries as of December 31, 2021, and 2020, and the consolidated financial performance and consolidated cash flows for January 1 - December 31, 2021, and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards recognized and announced by the Financial Supervisory Commission with validity, International Accounting Standards, and the consolidated financial statements explaining and the consolidated financial statements prepared with explanation with fair expression.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 Corporation and the subsidiaries in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were most significant in our audit of the 2021 consolidated financial statements of Formosan Union Chemical Corporation and its subsidiaries. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate onion on the matters.

Key audit matters for the 2021 consolidated financial statements of Formosan Union Chemical Corporation and the subsidiaries are stated as follows:

Recognition of operating revenue from export clients

The main source of product sales revenue for Formosan Union Chemical Corporation and its subsidiaries come from selling Alkyl Benzene (DODECYL PHENOL), Olefins, hydrocarbon resin and Alkylphenol (Nonyl Phenol). In particular, the transaction criteria for export clients were recognized as revenue when loading cargo to the vessel and delivering the bill of lading to clients, pursuant to the agreement. The amount of sales revenue for that category of export in 2021 was material and showed growth trends. The actual occurrence of the sales revenue for such export sales has a significant impact on the 2021 consolidated financial statements. Hence, we recognized sales as the key audit matter for 2021. Refer to Note 4 and Note 26 for more information on the accounting policy and information of revenue recognition.

With regards to such important matters, we took into consideration of recognition policy and transaction criteria of the consolidated corporate revenue, which main audit procedures executed include the following:

1. Understand and test the design of key internal control related to the recognition of operating revenue and execute the validity.
2. Random sampling from the transactions of operating revenue from the aforementioned export client and review Bill of Lading, Invoice, and relevant shipping slips.
3. Ascertain whether there has been any material such as sales returns or allowances in the subsequent period after exporting to the export clients and as of the audit report date.

Other Matters

Formosan Union Chemical Corporation has prepared the 2021 and 2020separate financial statements with the auditor report expressing an unqualified opinion, archived for reference.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the ability of Formosan Union Chemical Corporation and the subsidiaries to continue as a going concern, disclosing, applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Formosan Union Chemical Corporation and the subsidiaries or to cease operations, or has a realistic alternative but to do so.

The governance unit (including the Audit Committee) of Formosan Union Chemical Corporation and its subsidiaries is responsible for monitoring the financial report process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Formosan Union Chemical Corporation and the subsidiaries.
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 Corporation's and subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Formosan Union Chemical Corporation and subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including the relevant notes), and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities formed in Formosan Union Chemical Corporation and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Corporation 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 provide those charged with governance with a statement that we have complied with The Norm of the Professional Ethics for Certified Public Accountant regarding the independence of personnel from our firm, 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 2021 consolidated financial statements of Formosan Union Chemical Corporation and are therefore the audit key matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosures 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.

Deloitte & Touche

Taipei, Taiwan Republic of China

Auditor Kevin Chuang	Auditor Jerry Gung
Securities and Futures Commission Approval Document No. Jin-Guang-Zheng—Sheng-Zi No. 1090347472	Securities and Futures Commission Approval Document No. Jin-Guang-Zheng—Sheng-Zi No. 1000028068

March 25, 2022

Formosan Union Chemical Corporation and Subsidiaries

Consolidated Balance Sheets

December 31, 2020 & 2021

Unit: NTD Thousand

		December 31, 2021		December 31, 2020	
Code	Assets	Amount	%	Amount	%
	Current Assets				
1100	Cash and cash equivalents (Note 4 & 6)	$ 649,114	6	$ 963,714	9
1110	Current financial assets at fair value through profit or loss (Note 4 & 7)	224,245	2	114,182	1
1136	Current financial assets at amortized cost (Note 4 & 9)	25,000	-	23,300	-
1150	Notes receivable, net (Note 4, 10 & 26)	172,355	2	189,115	2
1170	Accounts receivable, net (Note 4, 10 & 26)	990,562	9	888,873	8
1180	Accounts receivable due from related parties (Note 4, 10 , 26 & 34)	-	-	74,368	1
1200	Other receivables (Note 4, 10 & 34)	48,774	-	25,699	-
1210	Other receivables due from related parties (Note 4, 10 & 34)	713	-	522	-
1220	Current tax assets (Note 4 & 28)	9,948	-	14	-
130X	Current inventories, Net (Note 4 & 11)	3,164,403	27	2,266,920	20
1410	Prepayments	243,964	2	171,604	1
1470	Total current assets	4,600	-	6,884	-
11XX	Total Assets	5,533,678	48	4,725,195	42
	Non-current assets				
1517	Non-current financial assets at fair value through other comprehensive income (Note 4 & 8)	556,795	5	501,725	5
1535	Non-current financial assets at amortized cost (Note 4 & 9)	40,000	-	-	-
1550	Investments accounted for using equity method (Note 4 & 13)	795,852	7	725,765	7
1600	Property, plant and equipment (Note 4, 14, 34 & 35)	3,897,733	34	4,419,613	40
1755	Right-of-use assets (Note 4 & 15)	300,776	3	334,423	3
1760	Investment property, net (Note 4, 16 & 35)	44,310	-	13,027	-
1805	Goodwill (Note 4 & 17)	91,897	1	94,799	1
1821	Other intangible assets (Note 4 & 18)	2,729	-	2,438	-
1840	Deferred tax assets (Note 4 & 28)	208,780	2	162,750	1
1915	Prepayments for business facilities (Note 19 & 34)	65,171	-	51,454	-
1920	Guarantee deposits paid (Note 4 & 19)	6,548	-	5,561	-
1990	Other non-current assets, others (Note 19 & 35)	43,419	-	83,403	1
15XX	Total non-current assets	6,054,010	52	6,394,958	58
1XXX	Total Assets	$ 11,587,688	100	$ 11,120,153	100
Code	Liabilities and equity				
	Current liabilities				
2100	Current borrowings (Note 20 & 34)	$ 1,627,445	14	$ 1,760,118	16
2150	Notes payable (Note 21)	12,647	-	11,661	-
2170	Accounts payable (Note 21)	460,987	4	201,801	2
2180	Accounts payable to related parties (Note 21 & 34)	12,308	-	-	-
2219	Other payables, others (Note 22 & 34)	649,192	6	506,470	5
2220	Other payables to related parties (Note 22 & 34)	155	-	137	-
2230	Current tax liabilities (Note 4 & 28)	52,209	-	147,997	1
2250	Current provisions (Note 4 & 23)	27,701	-	25,698	-
2280	Current lease liabilities (Note 4 & 15)	38,354	-	63,411	1
2320	Long-term liabilities, current portion (Note 20 & 35)	212,404	2	108,056	1
2399	Other current liabilities, others (Note 22 & 26)	57,479	1	25,515	-
21XX	Total current liabilities	3,150,881	27	2,850,864	26
	Non-current liabilities				
2540	Non-current portion of non-current borrowings (Note 20 & 35)	3,281	-	215,685	2
2570	Deferred tax liabilities (Note 4 & 28)	239,829	2	220,004	2
2580	Non-current lease liabilities (Note 4 & 15)	267,848	3	275,071	2
2640	Net defined benefit liability, non-current (Note 4 & 24)	28,284	-	73,345	1
2670	Other non-current liabilities, others	-	-	237	-
25XX	Total non-current liabilities	539,242	5	784,342	7
2XXX	Total liabilities	3,690,123	32	3,635,206	33
	Equity attributable to FUCC owners				
3110	Ordinary share	4,770,163	41	4,770,163	43
3200	Capital surplus	181,715	2	182,565	1
	Retained earnings				
3310	Legal reserve	980,063	8	925,118	9
3320	Special reserve	251,175	2	251,175	2
3350	Unappropriated retained earnings	1,223,208	11	906,104	8
3300	Total retained earnings	2,454,446	21	2,082,397	19
	Other Equity				
3410	Exchange differences on translation of foreign financial statements	(42,623)	-	(37,805)	-
3420	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	258,445	2	181,126	1
3400	Total other equity	215,822	2	143,321	1
31XX	Total equity attributable to FUCC owners	7,622,146	66	7,178,446	64
36XX	Non-controlling interests	275,419	2	306,501	3
3XXX	Total equity	7,897,565	68	7,484,947	67
	Total liabilities and stockholders' equity	$ 11,587,688	100	$ 11,120,153	100

Enclosed footnotes constitute part of the consolidated financial statements.

Chairman: Manager: Accountant in Charge: Accountant:

Formosan Union Chemical Corporation and Subsidiaries

Consolidated Statement of Comprehensive Income

From January 1 to December 31, 2021 & 2020

Unit: NTD Thousand, EPS in NTD

		2021		2020	
Code		Amount	%	Amount	%
4100	Net sales revenue (note 4, 26 & 34)	$ 9,199,154	100	$ 8,481,829	100
5110	Total cost of sales (Note 4, 11, 27 & 34)	7,061,389	77	6,994,508	83
5900	Gross profit (loss) from operations	2,137,765	23	1,487,321	17
5910	Unrealized profit (loss) from sales	-	-	2,822	-
5920	Realized profit (loss) on from sales	750	-	-	-
5950	Gross profit (loss) from operations	2,138,515	23	1,490,143	17
	Operating expenses (Note 10 & 27)				
6100	Selling expenses	597,660	6	497,235	6
6200	Administrative expenses	253,639	3	220,861	2
6300	Research and development expenses	69,293	1	63,093	1
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	(773)	-	111	-
6000	Total Operating expenses	919,819	10	781,300	9
6900	Net operating income (loss)	1,218,696	13	708,843	8
	Non-operating income and expenses				
7100	Interest income (Note 27)	1,257	-	1,351	-
7010	Other income (Note 27 & 34)	52,614	-	66,157	1
7020	Other gains and losses, net(Note 27)	(298,873)	(3)	(49,462)	(1)

7060	Share of profit (loss) of associates and joint ventures accounted for using equity method, net (Note 13)	58,447	1	13,867	-
7050	Finance costs, net (Note 27)	(22,062)	-	(27,313)	-
7000	Total non-operating income and expenses	(208,617)	(2)	4,600	-
7900	Profit (loss) from continuing operations before tax	1,010,079	11	713,443	8
7950	Total tax expense (income) (Note 4 & 28)	91,022	1	173,783	2
8200	Profit (loss)	919,057	10	539,660	6
	Other comprehensive income				
8310	Components of other comprehensive income that will not be reclassified to profit or loss:				
8311	Gains (losses) on re-measurements of defined benefit plans (Note 24)	$ 6,930	-	($ 5,880)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (Note 8 & 25)	92,855	1	(21,574)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 28)	(25,444)	-	5,127	-
		74,341	1	(22,327)	-
8360	Components of other comprehensive income that will be reclassified to profit or loss:				

8361	Exchange differences on translation (Note 25)	(6,041)	-	1,201	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 28)	1,205	-	(246)	-
		(4,836)	-	955	-
8300	Total other comprehensive income	69,505	1	(21,372)	-
8500	Total comprehensive income	$ 988,562	11	$ 518,288	6
	Profit (loss) attributable to:				
8610	FUCC owners	$ 947,587	10	$ 554,790	6
8620	Non-controlling interests	(28,530)	-	(15,130)	-
8600		$ 919,057	10	$ 539,660	6
	Comprehensive income attributable to:				
8710	FUCC Owners	$ 1,016,970	11	$ 532,911	6
8720	Non-controlling interests	(28,408)	-	(14,623)	-
8700		$ 988,562	11	$ 518,288	6
	Earnings per share (Note 29)				
9710	Basic	$ 1.99		$ 1.16	
9810	Diluted	$ 1.98		$ 1.16	

Enclosed footnotes constitute part of the consolidated financial statements.

Chairman: Manager: Accountant in Charge: Accountant:

Formosan Union Chemical Corporation and Subsidiaries
Consolidated Statement of Changes in Equity

From January 1 to December 31, 2021 & 2020 Unit: NTD Thousand

Code		Equity Attributable to FUCC Owners: Share Capital (Note 25): Shares (Thousand Shares)	Share Capital (Note 25): Amount	Capital surplus (Note 25 & 31)	Retained earnings (Note 8 & 25): Legal reserve	Retained earnings (Note 8 & 25): Special reserve	Retained earnings (Note 8 & 25): Unappropriated retained earnings	Retained earnings (Note 8 & 25): Total	Other Equity (Note 8 & 25): Exchange differences on translation of foreign financial statements	Other Equity (Note 8 & 25): Unrealized Gain or Loss on Financial Assets at Fair value through other comprehensive income	Other Equity (Note 8 & 25): Total	Total	Non-controlling interests Note 12, 25 & 31)	Total Equities
A1	Balance January 1, 2020	477,016	$ 4,770,163	$ 187,880	$ 903,592	$ 251,175	$ 616,683	$ 1,771,450	($ 38,790)	$ 198,655	$ 159,865	$ 6,889,358	$ 365,949	$ 7,255,307
	2019 Appropriation and distribution of retained earnings:													
B1	Legal reserve	-	-	-	21,526	-	(21,526)	-	-	-	-	-	-	-
B5	Cash dividends	-	-	-	-	-	(238,508)	(238,508)	-	-	-	(238,508)	-	(238,508)
		-	-	-	21,526	-	(260,034)	(238,508)	-	-	-	(238,508)	-	(238,508)
D1	2020 Profit (Loss)	-	-	-	-	-	554,790	554,790	-	-	-	554,790	(15,130)	539,660
D3	2020 Other comprehensive income	-	-	-	-	-	(5,241)	(5,241)	985	(17,623)	(16,638)	(21,879)	507	(21,372)
D5	2020 Total comprehensive income	-	-	-	-	-	549,549	549,549	985	(17,623)	(16,638)	532,911	(14,623)	518,288
M3	Disposal of subsidiaries or investments accounted for using equity method	-	-	-	-	-	-	-	-	-	-	-	(5,402)	(5,402)
M5	Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	866	-	-	-	-	-	-	-	866	(4,146)	(3,280)
M7	Changes in ownership interests in subsidiaries	-	-	(6,181)	-	-	-	-	-	-	-	(6,181)	(16,501)	(22,682)
O1	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(18,776)	(18,776)
Q1	Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	(94)	(94)	-	94	94	-	-	-
Z1	Balance December 31, 2020	477,016	4,770,163	182,565	925,118	251,175	906,104	2,082,397	(37,805)	181,126	143,321	7,178,446	306,501	7,484,947
	2020 Appropriation and distribution of retained earnings:													
B1	Legal reserve	-	-	-	54,945	-	(54,945)	-	-	-	-	-	-	-
B5	Cash Dividends	-	-	-	-	-	(572,420)	(572,420)	-	-	-	(572,420)	-	(572,420)
		-	-	-	54,945	-	(627,365)	(572,420)	-	-	-	(572,420)	-	(572,420)
D1	2021 Profit (Loss)	-	-	-	-	-	947,587	947,587	-	-	-	947,587	(28,530)	919,057
D3	2021 Other comprehensive income	-	-	-	-	-	5,403	5,403	(4,818)	68,798	63,980	69,383	122	69,505
D5	2021 Total comprehensive income	-	-	-	-	-	952,990	952,990	(4,818)	68,798	63,980	1,016,970	(28,408)	988,562
M7	Changes in ownership interests in subsidiaries	-	-	(850)	-	-	-	-	-	-	-	(850)	898	48
O1	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(3,572)	(3,572)
Q1	Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	(8,521)	(8,521)	-	8,521	8,521	-	-	-
Z1	Balance December 31, 2021	477,016	$ 4,770,163	$ 181,715	$ 980,063	$ 251,175	$ 1,223,208	$ 2,454,446	($ 42,623)	$ 258,445	$ 215,822	$ 7,622,146	$ 275,419	$ 7,897,565

Enclosed footnotes constitute part of the consolidated financial statements.

Chairman: Manager: Accountant in Charge: Accountant:

Formosan Union Chemical Corporation and Subsidiaries

Consolidated Cash Flow Statement

From January 1 to December 31, 2021 & 2020

Unit: NTD Thousand

Code		2021	2020
	Cash flows from (used in) operating activities		
A00010	Profit (loss) from continuing operations before tax	$ 1,010,079	$ 713,443
A20010	Total adjustments to reconcile profit (loss)		
A20100	Depreciation expense	277,735	322,691
A20200	Amortization expense	1,506	1,581
A20300	Expected credit loss (gain) / Provision (reversal of provision) for bad debt expense	(773)	111
A20400	Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(19,381)	(424)
A20900	Interest expense	22,062	27,313
A21200	Interest income	(1,257)	(1,351)
A21300	Dividend income	(22,054)	(31,956)
A22300	Share of loss (profit) of associates and joint ventures accounted for using equity method	(58,447)	(13,867)
A22500	Loss (gain) on disposal of property, plant and equipment	(260)	36,341
A22700	Loss (gain) on disposal of investment properties	(54,923)	-
A23700	Impairment loss on non-financial assets	350,036	-
A23800	Reversal of impairment loss on non-financial assets	(27,199)	(20,879)
A23900	Unrealized profit (loss) from sales	-	(2,822)
A24000	Realized loss (profit) on from sales	(750)	-
A24100	Unrealized foreign exchange loss (gain)	735	(3,526)

A29900	Other adjustments to reconcile profit (loss) – Loss from disposal of subsidiary	-	165
A29900	Profit from lease modification	(34)	(12)
A30000	Total changes in operating assets and liabilities		
A31115	Decrease (increase) in financial assets at fair value through profit or loss, mandatorily measured at fair value	(90,682)	(82,601)
A31130	Notes receivable	16,760	(46,302)
A31150	Accounts receivable	(104,024)	34,469
A31160	Accounts receivable due from related parties	74,368	(26,602)
A31180	Other receivable	(23,008)	23,872
A31190	Other receivable due from related parties	(191)	(522)
A31200	In inventories	(854,841)	859,762
A31230	Prepayments	(72,360)	(147,515)
A31240	Other current assets	2,568	(2,650)
A32130	Notes payable	$ 986	$ 508
A32150	Accounts payable	259,610	(223,047)
A32160	Accounts payable to related parties	12,350	-
A32180	Other accounts payable	161,854	90,940
A32190	Other accounts payable to related parties	18	137
A32200	Provisions	2,003	2,493
A32230	Other current liabilities	31,878	(2,751)
A32240	Net defined benefit liability	(38,131)	(4,765)
A33000	Cash inflow (outflow) generated from operations	856,233	1,502,234
A33100	Interest received	1,187	1,262
A33200	Dividends received	22,054	31,956
A33300	Interest paid	(22,495)	(27,813)
A33500	Income taxes paid	(247,188)	(63,995)
AAAA	Net cash flows from (used in) operating activities	609,791	1,443,644
	Cash flows from (used in) investing activities		
B00020	Proceeds from disposal of financial assets at fair value through other comprehensive income	-	38,857

B00030	Proceeds from capital reduction of financial assets at fair value through other comprehensive income	37,785	-
B00040	Acquisition of financial assets at amortised cost	(1,700)	-
B00050	Proceeds from disposal of financial assets at amortised cost	-	24,000
B01800	Acquisition of investments accounted for using equity method	(20,000)	-
B02700	Acquisition of property, plant and equipment	(70,027)	(82,386)
B02800	Proceeds from disposal of property, plant and equipment	518	4,380
B03700	Increase in refundable deposits	(1,278)	-
B03800	Decrease in refundable deposits	-	880
B04500	Acquisition of intangible assets	(1,797)	(876)
B05500	Proceeds from disposal of investment properties	56,454	-
B06700	Increase in other non-current assets	(16)	(13,869)
B07100	Increase in prepayments for business facilities	(42,331)	(45,604)
B07600	Dividends received from affiliated enterprises and joint venture	3,251	235
BBBB	Net cash flows from (used in) investing activities	(39,141)	(74,383)
	Cash flows from (used in) financing activities		
C00200	Decrease in short-term loans	(131,463)	(311,652)
C01700	Repayments of long-term debt	(108,056)	(68,188)
C03000	Increase in guarantee deposits received	-	582
C03100	Decrease in guarantee deposits received	(151)	-
C04020	Payments of lease liabilities	($ 69,483)	($ 79,448)
C04500	Cash dividends paid	(572,420)	(238,508)
C05400	Acquisition of ownership interests in subsidiaries	-	(3,280)
C05500	Disposal of ownership interests in subsidiaries	-	(13,497)
C05800	Changes in non-controlling interests	(3,572)	(41,458)

CCCC	Net cash flows from (used in) financing activities	(885,145)	(755,449)
DDDD	Effect of exchange rate changes on cash and cash equivalents	(105)	(362)
EEEE	Net increase (decrease) in cash and cash equivalents	(314,600)	613,450
E00100	Cash and cash equivalents at beginning of period	963,714	350,264
E00200	Cash and cash equivalents at end of period	$ 649,114	$ 963,714

Enclosed footnotes constitute part of the consolidated financial statements.

Chairman: Manager: Accountant in Charge: Accountant:

Formosan Union Chemical Corporation and Subsidiaries

Notes to Consolidated Financial Statements

From January 1 to December 31, 2021 & 2020

(Amounts expressed in New Taiwan Thousand Dollars, unless stated otherwise)

1. Company History

Formosan Union Chemical Corporation (hereinafter referred to as "the Company.") was founded on June 21, 1973. The Company mainly manufactures, reworks and buys/sells linear Alkyl Benzene (DODECYL PHENOL), Olefins, Alkylphenol (Nonyl Phenol), and the derivatives, and the management and investment in other related businesses.

The Company shares have been listed on Taiwan Stock Exchange Corporation since July, 1986 for stock trading.

The consolidated financial statements of the Company are expressed in functional currency – New Taiwan Dollars.

2. Date and Procedures of the Authorization of Financial Statements

The consolidated financial statement was authorized by the Board of Directors on March 18, 2022.

3. Application of the newly announced and amended regulations and interpretations

(1) The company has adopted International Financial Reporting Standards (IFRSs) that were recognized by the Financial Supervisory Commission, International Accounting Standards (IAS), Interpretations, and Notices (IFRS), Interpretation (IFRIC), and Interpretative Announcement (SIC) for the first time.

The company has started applying the amended International Financial Reporting Standards (IFRSs) that were recognized and announced by the Financial Supervisory Commission and it will not have a significant impact on the accounting policies of the company and the business entities controlled by the company (hereinafter referred to as "the consolidated company").

(2) Applicable IFRSs recognized by the Financial Supervisory Commission in 2022

Newly announced/revised/amended regulations and interpretations	Effective date for the announcement of the IASB
"2018-2020 Annual improvement"	Jan. 1, 2022 (Note 1)
Amendment to IFRS 3 "Index of Conceptual Framework Update"	Jan. 1, 2022 (Note 2)
Amendment to IAS 16 "Property, plant and equipment: the price before reaching the intended state of use"	Jan. 1, 2022 (Note 3)
Amendment to IAS 37 "Loss Contracts - Cost of Performing Contracts"	Jan. 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 are applicable to the financial liabilities exchange or clause modification during the annual reporting period beginning on January 1, 2022; the amendment to IAS 41 "Agriculture" is applicable to the fair value measurements during the annual reporting period beginning on January 1, 2022; the amendment to IFRS 1 "First-time Adoption of IFRSs" is retrospectively applicable to the annual reporting period beginning on January 1, 2022.

Note 2: The enterprise merger occurred on a date in the annual reporting period beginning on January 1, 2022 is subject to this amendment.

Note 3: Property, plant, and equipment that reach the necessary place and status for the expected operation mode of the management after January 1, 2021 is subject to this amendment.

Note 4: The contract that is not yet with all obligations fulfilled on January 1, 2022 is subject to this amendment.

The consolidated company has been continuously evaluating the impact of the aforementioned amendments to regulations and interpretations on the financial status and financial performance as of the date the consolidated financial statements were passed and announced; also, the said impact will be disclosed upon the completion of the evaluation.

(3) IFRSs announced by IASB but not yet recognized and announced by the Financial Supervisory Commission

Newly announced/revised/amended regulations and interpretations	Effective date for the announcement of the IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or investment of assets between investors and their associates or joint ventures"	Undetermined
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "First-time Adoption of IFRS 17 and IFRS 9 — Comparative Information"	January 1, 2023
Amendment to IAS 1 "Liability Classification as Current or Noncurrent"	January 1, 2023
Amendment to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendment to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendment to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction."	January 1, 2023 (Note 4)

Note 1: Unless otherwise stated, the aforementioned newly announced/revised/amended regulations and interpretations shall come into force during the annual report period after the start of each date.

Note 2: The deferral of annual report after Janauary 1, 2023 shall be applied with such amendment.

Note 3: This amendment shall apply to the changes in the accounting estimates and changes in accounting policies occurred during the annual report period after Janauary 1, 2023.

Note 4: Except for the temporary difference recognized deferred income tax from lease and retirement obligations on January 1, 2022, such amendment shall apply to all transactions occurred after January 1, 2022.

The consolidated company has been continuously evaluating the impact of the aforementioned amendments to regulations and interpretations on the financial status and financial performance as of the date the consolidated financial statements were passed and announced; also, the said impact will be disclosed upon the completion of the evaluation.

4. Summary of significant accounting policies

(1) Statement of compliance

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Preparation basis for financial statements

。Except for the financial instruments measured at fair value and the net defined benefit liabilities recognized at the present value of the defined benefit obligation net of the fair value of the planned assets, this consolidated financial report is prepared at the historical cost.

The measurement of fair value is divided into Level 1 to Level 3 according to the observability and importance of the relevant input values:

1. Level 1 input values: It refers to the market price (unadjusted) of the same asset or liability available on the measurement date.

2. Level 2 input values: It refers to the directly (that is, price) or indirectly (that is, derived from price) observable input value of an asset or liability, except for Level 1 quotation.
3. Level 3 input values: It refers to the unobservable input value of an asset or liability

(3) Classification criteria for classifying assets and liabilities as current and noncurrent

Current assets include:

1. Assets held primarily for trading purposes;
2. Assets that are expected to be realized within 12 months after the reporting period; and
3. Cash and cash equivalents (excluding restricted items that will be exchanged or used to liquidate liabilities within 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for trading purposes;
2. Liabilities that will be due for settlement within 12 months after the balance sheet date (even a long-term refinancing or rescheduling payment agreement that is completed after the balance sheet date and before the financial report is issued is also classified as a "current liability"), and;
3. Liabilities that cannot be unconditionally extended for at least 12 months after the balance sheet date; however, at the clause choice of the counterparty, the classification of the liabilities that could be liquidated by issuing equity instruments are not affected.

Assets and liabilities other than current assets and current liabilities are classified as noncurrent assets and noncurrent liabilities.

(4) Consolidation basis

This consolidated financial report includes the financial statements of the company and the entities (subsidiaries) controlled by the company. The consolidated income statement has included the operating profit and loss of the acquired or disposed subsidiary companies in the current period from the date of acquisition or till the date of disposal. The financial reports of the subsidiaries have been adjusted to make their accounting policies consistent with the accounting policies of the consolidated company. All transactions, account balances, incomes, and expenses between business entities have been written-off at the time of preparing the consolidated financial report. The total comprehensive profit and loss of subsidiaries are attributable to the shareholders and non-controlling interests of the company, even if the non-controlling interests are with a negative balance thereafter.

When the changes in the equity of the subsidiary owned by the consolidated company do not result in the loss of control, it is treated as an equity transaction. The book amount of the consolidated company and non-controlling interests have been adjusted to reflect changes in its relative equity in the subsidiary. The difference between the adjustment amount of non-controlling interests and the fair value of the consideration paid or received is directly recognized as equity and attributable to the company’s shareholders.

When the consolidated company loses control of the subsidiary, the disposal profit, and loss is the difference between the following two items: (1) the sum of the fair value of the consideration received and the fair value of the retained investment in the former subsidiary at the date of losing control of the former subsidiary, and (2) the total book amount of the assets (including goodwill) and liabilities and non-controlling interest of the subsidiary on the day losing control of the former subsidiary. For all amounts previously recognized in other comprehensive income and profit related to the subsidiary, the basis of accounting treatment is the same as the mandatory basis for the consolidated company if it directly disposes of the relevant assets or liabilities.

Please refer to Note 12 and Table 7 for the subsidiaries, shareholding ratio, and business items in detail.

(5) Foreign Currency

The business entity that has financial reports prepared in a currency (foreign currency) other than its functional currency shall have it converted into the functional currency at the exchange rate on the trading day.

Foreign currency transactions are converted in accordance with the closing exchange rate on the balance sheet date. The exchange difference amount arising from the settlement or exchange transaction should be recognized as profit and loss.

Non-monetary items in foreign currency measured at the fair value are converted at the exchange rate on the day when the fair value is determined, and the resulted exchange difference is recognized as profit and loss. However, if the change in fair value is recognized in other comprehensive profit and loss, the resulted exchange difference is recognized in the other comprehensive profit and loss.

Non-monetary items in foreign currency measured at the historical cost are converted at the exchange rate on the trading day and will not be converted again.

The assets and liabilities of a foreign operating institution (including the subsidiaries, associates, or joint venture operations in a different country or use different currencies) are converted into New Taiwan Dollar in accordance with the exchange rate on the balance sheet date when a consolidated financial report is prepared. Profit and loss items are converted at the current average exchange rate, and the resulted exchange difference is recognized in the other comprehensive profit and loss and is attributable to the shareholder's equity and non-controlling interests of the company.

When the consolidated company has disposed all equities of the foreign operating institutions, or, disposed part of the equity in the subsidiary of the foreign operating institutions with the loss of control, the relevant accumulated exchange differences of the foreign operating institutions will be fully reclassified as profit and loss.

(6) Inventory

Inventories include raw materials, work-in-process products, and finished products. Inventory is measured at the lower of cost or net realizable value. The comparison of the cost and net realizable value, except for the same type of inventories, is itemized. Net realizable value refers to the estimated selling price under normal circumstances minus the estimated cost required to complete the project and the estimated cost required to complete the sale. The weighted average method is adopted for the calculation of inventory cost.

(7) Investment in associates and joint ventures

An associate refers to a company that is significantly influenced by the consolidated company, but it is not a subsidiary or joint venture. A joint venture refers to a joint agreement between the consolidated company and another company that has joint control and rights to net assets.

The consolidated company adopts the equity method for investments in associates and joint ventures.

Under the equity method, investments in associates and joint ventures are initially recognized at cost; also, the book amount after the acquisition date increases or decreases along with the share of profits and losses in the associates and joint ventures and other comprehensive profit and loss. In addition, changes in the equity of associates and joint ventures are recognized proportionally to the shareholding ratio.

The amount of the acquisition cost exceeding the share of the net fair value of the identifiable assets and liabilities of the associates and the joint venture that the consolidated company owns on the acquisition date is classified as goodwill, which is included in the book value of the investment and cannot be amortized. The share of the net fair value of the identifiable assets and liabilities of the associates and the joint venture that the consolidated company owns on the acquisition date exceeding the amount of the acquisition cost is recognized as profit and loss.

If the consolidated company does not subscribe the news shares issued by associates and joint ventures proportionally to the shareholding ratio that causes changes in the shareholding ratio and the net equity value of the investment, the amount of increase or decrease is adjusted to the additional paid-in capital – equity method with the changes in the net equity of the associates and joint venture and the investment under equity method recognized. However, if the equity in the associates and the joint venture is decreased due to not subscribing the news shares issued by associates and joint ventures proportionally to the shareholding ratio, the amount related to the associates and joint venture recognized in the other comprehensive profit and loss should be reclassified proportionally to the decreased amount. Its accounting treatment basis is the same as the way an associate or joint venture directly handling the disposal of related assets or liabilities. If the aforementioned adjustment is debited to additional paid-in capital, when there is insufficient additional paid-in capital resulted from the investment under the equity method, the difference amount should be debited to the retained earnings.

When the consolidated company's share of losses in associates and joint ventures equals to or exceeds its equity in the associates and joint ventures (including the book value of the investment in the associates and joint ventures under the equity method, and other long-term equity of the net investment of the consolidated company in the associates and joint ventures), the recognition of further losses will be ceased. The consolidated company only recognizes additional losses and liabilities within the scope of incurred legal obligations, deduced obligations, or payments made on behalf of the associates and joint ventures.

The consolidated company at the time of assessing impairment regards the overall book value of the investment (including goodwill) as a single asset and conducts an impairment test by comparing it to the recoverable amount. The recognized impairment loss is an integral part of the investment book amount. Any reversal of the impairment loss shall be recognized within the scope of the subsequent increase in the recoverable amount of the investment.

The consolidated company ceases the adoption of the equity method on the day when its investment ceases to be in an associate or a joint venture; also, its retained equity of the original associates and the joint venture is measured at fair value. The difference amount between the fair value and disposal price with the book amount of the investment on the day stops applying the equity method is recognized as profit and loss. In addition, for the amount related to the associates and joint venture recognized in the other comprehensive profit and loss, its accounting treatment basis is the same as the way an associate or joint venture directly handling the disposal of related assets or liabilities. If an investment in an associate becomes an investment in a joint venture, or an investment in a joint venture becomes an investment in an associate, the consolidated company will continue to adopt the equity method without re-measuring the retained equity.

The profits and losses arising from the clockwise, counterclockwise, and side-stream transactions between the consolidated company and the associates and the joint venture are recognized in the consolidated financial report to the extent that it has nothing to do with the consolidated company's equity in the associates and the joint venture.

(8) Property, plant and equipment

Property, plant, and equipment are recognized at the cost first and then measured at the cost net of accumulated depreciation and accumulated impairment loss subsequently.

Property, plant, and equipment are depreciated on a straight-line basis within the service life for each significant part separately. The consolidated company shall review the estimated service life, residual value, and depreciation method at least once at the end of each year, and defer the effect of changes in the applicable accounting estimates.

The difference between the net disposal amount of the property, plant, and equipment and the book amount is recognized as profit and loss at the time of having them delisted.

(9) Investment property

Investment property refers to property held for earning rent or asset appreciation or both.

Proprietary investment property is initially measured at cost (including transaction costs), and subsequently measured at the cost net of the accumulated depreciation and accumulated impairment losses. The depreciation of investment property is calculated on a straight-line basis.

The difference between the net disposal amount of the investment property and the book amount is recognized as profit and loss at the time of having it delisted.

(10) Goodwill

The cost of the goodwill obtained in a business merger is based on the amount of goodwill recognized on the acquisition date, and it is subsequently measured at the cost net of the accumulated impairment loss.

For the purpose of impairment testing, goodwill is allocated to each cash-generating unit or group (referred to as "cash-generating unit") that the consolidated company expects to benefit from the synergy of the merger.

The cash-generating unit that received the amortized goodwill has performed an impairment test by comparing the book value of the cash-generating unit containing goodwill with its recoverable amount annually (and when there are indications that the unit may have been impaired). If the goodwill allocated to the cash-generating unit is obtained from a business merger of the current year, the impairment test of the cash-generating unit should be performed before the end of the current year. If the recoverable amount of the cash-generating unit with allocated goodwill is lower than its book value, the impairment loss is to first reduce the book amount of the cash-generating unit's amortized goodwill and then reduce the book value of the other assets of the cash-generating unit proportionally. The impairment loss, if any, is directly recognized as the current loss. The impairment loss of goodwill shall not be reversed in the subsequent period.

(11) Intangible assets

1. Acquired separately

Intangible assets with limited useful life acquired separately are initially measured at cost, and subsequently measured at the cost net of accumulated amortization and accumulated impairment losses. Intangible assets are amortized on a straight-line basis during the useful life. The consolidated company shall review the estimated service life, residual value, and amortization method at least once at the end of each year, and defer the effect of changes in the applicable accounting estimates.

2. Delisting

The difference between the net disposal price and the book value of the asset is recognized in profit and loss at the time of having intangible assets delisted.

(12) Impairment of property, plant and equipment, right-of-use assets, and intangible assets (except goodwill)

The consolidated company assesses on each balance sheet date whether there is any sign indicating that property, plant and equipment, right-of-use assets, and intangible assets (except goodwill) may have been impaired. If there is any sign of impairment, the recoverable amount of the asset should be estimated. If the recoverable amount of an individual asset cannot be estimated, the consolidated company should estimate the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of the fair value net of the cost of sale or its use-value. If the recoverable amount of an individual asset or a cash-generating unit is lower than its book value, the book value of the asset or the cash-generating unit should be reduced to its recoverable amount, and the impairment loss is recognized in profit and loss.

When the impairment loss is subsequently reversed, the book value of the asset or the cash-generating unit is adjusted up to the revised recoverable amount; however, the increased book value may not exceed the book value (net of amortization or depreciation) without any impairment loss of the assets or cash-generating unit recognized in previous years. The reversal of the impairment loss is recognized in the profit and loss.

(13) Financial instruments

Financial assets and financial liabilities are recognized on the consolidated balance sheet when the consolidated company becomes a party to the instrument contract.

In the initial recognition of financial assets and financial liabilities, if financial assets or financial liabilities are not measured at fair value through profit and loss, they are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities measured at fair value through profit and loss are immediately recognized in profit and loss.

1. Financial assets

Conventional transactions of financial assets are recognized and delisted in accordance with the trading day accounting.

(1) Type of measurement

The types of financial assets held by the consolidated company are financial assets measured at fair value through profit and loss, financial assets measured at amortized cost, and equity instrument investment measured at fair value through other comprehensive profit and loss.

A. Financial assets measured at fair value through profit and loss

Financial assets measured at fair value through profit and loss are financial assets measured at fair value through profit and loss mandatorily. Financial assets measured at fair value through profit and loss mandatorily include equity instrument investments that are not designated by the consolidated company to be measured at fair value through other comprehensive profit and loss and debt instrument investments that are not classified as to be measured at amortized cost or measured at fair value through other comprehensive profit and loss.

Financial assets measured at fair value through profit and loss are measured at fair value, and the profit or loss resulting from re-measurement is recognized in profit and loss. Please refer to Note 33 for the fair value determination method.

B. Financial assets measured at amortized cost

If the financial assets invested by the consolidated company meet the following two conditions, they are classified as financial assets measured at amortized cost:

a. It is held under a certain business model for a purpose of holding the financial assets in exchange for contractual cash flows; and
b. Cash flow is generated on a specific date according to the contract signed; also, such cash flows are all paying for the principal and the interest of the outstanding principal.

Financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable, notes receivable, other receivables, refundable deposits, and other financial assets) after initial recognition are subsequently measured at the amortized cost -the book value less any impairment loss using the effective interest method. The foreign exchange profit and loss are recognized in profit and loss.

Except for the following two circumstances, interest income is calculated by having the effective interest rate multiplied by the total book value of the financial assets:
a. For financial assets with the purchase or original impairment, interest income is calculated by having the effective interest rate after credit adjustment multiplied by the amortized cost of the financial asset.
b. For financial assets not with the purchase or original credit impairment, but subsequently become credit-impaired financial assets, interest income should be calculated by having the effective interest rate multiplied by the amortized cost of the

financial asset from the next reporting period after the credit impairment.

Credit-impaired financial assets refer to the issuer or debtor who has experienced major financial difficulties, defaulted, the debtor who is likely to apply for bankruptcy or other financial reorganization, or the active market for financial assets disappears due to financial difficulties.

C. Equity instruments investment measured at fair value through other comprehensive profit and loss

The consolidated company at the time of initial recognition can make an irrevocable choice to have the equity instrument investment that is not held-for-trade and not recognized through a business merger or with considerations paid measured at fair value through other comprehensive profit and loss.

Equity instrument investment is measured at fair value through other comprehensive profit and loss; subsequent changes in fair value are reported in other comprehensive profit and loss and accumulated in other equity. At the time of disposing the investment, the accumulated profit and loss is directly transferred to retained earnings and is not reclassified as profit and loss.

Dividends from equity instrument investment measured at fair value through other comprehensive profit and loss are recognized in the profit and loss when the company's right to receive payments is established unless the dividends clearly represent part of the investment cost recovered.

(2) Impairment of financial assets

The consolidated company assesses the impairment loss of financial assets (including accounts receivable) measured at amortized cost according to the expected credit loss on each balance sheet date.

Allowance for loss is recognized for accounts receivable according to the expected credit loss throughout the duration. For other financial assets, assess whether there is a significant increase in credit risk after the initial recognition, if there is no significant increase, the allowance for loss is recognized according to the 12-month expected credit loss; however if there is a significant increase in credit risk, the allowance for loss is recognized according to the expected credit loss throughout the duration.

Expected credit loss is the weighted average credit loss based on the risk of default. The 12-month expected credit loss refers to the expected credit loss caused by the possible default event of the financial instrument within 12 months after the reporting date, and the expected credit loss throughout the duration refers to the expected credit loss caused by all possible default events throughout the duration of the financial instrument.

The impairment loss of all financial assets is with the book amount adjusted down through the allowance account; however, the allowance loss of debt instrument investment measured at fair value through other comprehensive profit and loss is recognized in other comprehensive profit and loss without causing a decrease in the book amount.

(3) Delisting of financial assets

The consolidated company will have the financial assets delisted only when the contractual right from the cash flow of the financial asset is terminated, or, the financial asset has been transferred and almost all the risks and rewards related to the ownership of the asset have been transferred to other companies.

When a financial asset measured at amortized cost is delisted entirely, the difference between the book value and the consideration received is recognized in the profit or loss. When the debt instrument investment is measured at fair value through other comprehensive profit and loss is delisted entirely, the difference between the book value and the consideration received plus the accumulated profit or loss that has been recognized in other comprehensive profit and loss is recognized in profit and loss. When equity instrument investments measured at fair value through other comprehensive profit and loss are delisted entirely, the accumulated profit and loss is directly transferred to retained earnings without having it reclassified as profit and loss.

2. Equity instruments

The debt and equity instruments issued by the consolidated company are classified as financial liabilities or equity according to the contractual agreement and the definition of financial liabilities and equity instruments.

The equity instruments issued by the consolidated company are recognized at the acquisition amount net of the direct issuance cost.

The company's equity instruments repurchased are recognized and deducted in the “equity” account. The purchase, sale, issuance, or cancellation of the company’s equity instruments are not recognized in profit or loss.

3. Financial liabilities

(1) Subsequent measurement

Except for the financial liabilities that are measured at fair value through profit and loss, all financial liabilities are measured at the amortized cost in accordance with the effective interest method.

(2) Delisting of financial liabilities

When financial liabilities are de-listed, the difference between the book value and the total consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(14) Liability reserve

The recognized liability reserve amount is the best-estimated expenditure needed for liquidating obligations on the balance sheet date under the consideration of the risk and uncertainty of obligation. The liability reserve is measured at the discounted value of estimated cash flows needed for liquidating the current obligation.

(15) Income recognition

The consolidated company after identifying the performance obligations in the contract will have the transaction price amortized to each performance obligation and will recognize income when each performance obligation is fulfilled.

1. Commodity sales income

Commodity sales income is generated from the sales of chemical products. Since the customer has the right to use the product when the product is shipped and has to bear the risk of obsolescence and outdated of the product, the company recognizes income and accounts receivable at the said point of time. The advances received for products are recognized as contract liabilities before the products are shipped.

2. Labor service income

Labor service income is generated from product processing and power supply services, which are recognized when labor services are provided.

(16) Lease

The consolidated company assesses whether it is (or includes) a lease contract on the contract date.

1. The consolidated company is the lessor

When the lease clause is to transfer almost all the risks and rewards attached to the ownership of the asset to the lessee, it is classified as a financial lease. All other leases are classified as operating leases.

Lease payments for operating leases are recognized as income on a straight-line basis during the relevant lease period. The original direct costs arising from operating leases are added to the book value of the assets and recognized as expenses on a straight-line basis during the lease period.

2. The consolidated company is the lessee

Except for the lease payments of low-value underlying asset leases and short-term leases that are subject to the applicable recognition, the exemption is recognized as expenses on a straight-line basis during the lease period, other leases are recognized as right-of-use assets and lease liabilities on the lease start date.

The right-of-use asset is originally measured at cost (including the original measurement amount of the lease liability, the lease payment paid before the lease start date minus the lease incentives received, and the original direct cost and the estimated cost of the restored underlying asset), and is subsequently measured at the cost net of the accumulated depreciation and accumulated impairment loss; also, adjust the re-measurement amount of the lease liability. The right-of-use assets are separately expressed on the consolidated balance sheet.

Right-of-use assets are depreciated on a straight-line basis from the lease start date to the expiration of the service life or the expiration of the lease period, whichever is earlier.

The lease liability was originally measured at the present value of the lease payment. If the implicit interest rate of the lease is easy to determine, the lease payment is discounted at such an interest rate. If the interest rate is not easy to determine, the lessee's incremental loan interest rate is applied.

Subsequently, the lease liability is measured at the amortized cost in accordance with the effective interest approach, and the interest expense is amortized during the lease period. If there are changes occurring in the lease period, the consolidated company will re-measure the lease liability and relatively adjust the right-of-use asset. However, if the book value of the right-of-use asset is reduced to zero, the remaining re-measurement amount is recognized in the profit and loss. For lease betterment that is not treated as separate leases, the re-measurement of the lease liability due to the reduction in the scope of the lease is applied to reduce the right-of-use asset; also, the profit and loss arising from the partial or full termination of the lease is recognized. The re-measurement of the lease liability due to other betterment is applied to adjust the right-of-use asset. Lease liabilities are separately expressed in the consolidated balance sheet.

(17) Borrowing Cost

The borrowing cost directly attributable to the acquisition, construction, or production of a qualified asset is an integral part of the asset cost until almost all necessary activities for the asset to reach its intended use or sale status have been completed.

If specific borrowings are applied to invest temporarily for earning investment income before being applied for capital expenditures that meet the requirements, such borrowings are deducted from the borrowing costs that meet the conditions of capitalization.

Except for the aforementioned practice, all other borrowing costs are recognized as profit and loss in the current period.

(18) Employee Benefit

1. Short-term employee benefits

   Short-term employee benefit-related liabilities are measured by the expected non-discounted amount of cash to be paid in exchange for employee services.

2. Retirement benefits

   The pension of the defined contribution plan is recognized as an expense for an amount equivalent to the retirement fund appropriated for the employee's service period.

   The defined benefit-cost (including service cost, net interest, and re-measurement) of the definite benefit plan is calculated according to the estimated unit benefit actuarial method. Net interests of service costs (including current service costs) and net defined benefit liabilities (assets) are recognized as employee benefit expenses upon occurrence. The re-measurement amount (including actuarial profit and loss and remuneration of planned assets net of interest) is recognized in other comprehensive profit and loss upon the occurrence and included in retained earnings, which will not be reclassified to profit and loss in subsequent periods.

The net defined benefit liabilities (assets) are the appropriation shortage (surplus) of the defined benefit plan. The net defined benefit assets shall not exceed the present value of the refunded appropriation of the plan or the reduced appropriation in the future.

(19) Income tax

Income tax expense is the sum of current income tax and deferred income tax.

1. Current income tax

The consolidated company determines the current income in accordance with the law and regulations established by each income tax agency in order to calculate the income tax payable accordingly.

The income tax to be levied on the undistributed earnings that are calculated in accordance with the Income Tax Act of the Republic of China is to be recognized in the year it is resolved in the shareholders meeting.

Adjustments to income tax payable of previous years are included in current income tax.

2. Deferred income tax

Deferred income tax is calculated according to the temporary difference between the book value of assets and liabilities and the tax basis for calculating taxable income.

If the original recognition of assets and liabilities does not affect taxable income or accounting profits at the time, the temporary differences arising therefrom are not recognized as deferred income tax assets and liabilities.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are recognized when there is likely having income tax credit derived from taxable income available for deducting temporary differences and loss credit.

Taxable temporary differences related to investment in subsidiaries, associates, and joint agreements are recognized as deferred income tax liabilities unless otherwise provided that the consolidated company can control the timing of the reversion of the temporary differences; and the temporary differences are unlikely to be reversed in the foreseeable future. The deductible temporary differences related to this type of investment will be recognized as deferred income tax assets only if it is likely to have sufficient taxable income to realize the temporary differences, and within the scope expected to be reversed in the foreseeable future.

The book amount of deferred income tax assets is reviewed on each balance sheet date, and the book amount is reduced for those that are no longer likely to have sufficient taxable income to recover all or part of the assets. Those that have not been recognized as deferred income tax assets will also be reviewed on each balance sheet date, and the book amount is increased for those that are likely to generate taxable income in the future for the recovery of all or part of the assets.

Deferred income tax assets and liabilities are measured at the tax rate of the period when the liability is expected to be settled or the asset is expected to be realized. The said tax rate is based on the tax rate and tax law that has been legislated or substantively legislated on the balance sheet date. The measurement of the deferred income tax liabilities and assets reflects the tax consequences arising from the manner in which the consolidated company expects to recover or settle the book amount of the assets and liabilities on the balance sheet date.

3. Current and deferred income tax

Current and deferred income taxes are recognized in profit and loss; however, current and deferred income taxes related to items recognized in other comprehensive profit and loss or directly included in equity are recognized in other comprehensive profit and loss or directly included in equity, respectively.

5. Significant accounting judgments, estimations, and the main sources of assumption uncertainties

When the consolidated company adopts accounting policies, for those that cannot easily obtain relevant information from other sources, the management must make relevant judgments, estimations, and assumptions based on historical experience and other relevant factors. Actual results may differ from estimates.

The consolidated company takes the economic impact of the COVID-19 pandemic into consideration in its major estimates, and the management will continue to review the estimates and basic assumptions. If the revision of the estimate only affects the current period, it is recognized in the current period; if the revision of the accounting estimate affects both the current period and the future period, it is recognized in the current period and the future period.

6. Cash

	December 31, 2021	December 31, 2020
Cash on hand and petty cash	$ 679	$ 1,519
Bank checking deposit and saving Deposit	648,435	962,195
	$ 649,114	$ 963,714

The interest rate range of bank deposits on the balance sheet date is as follows:

	December 31, 2021	December 31, 2020
Bank deposit	0.001%~0.05%	0.001%~0.26%

7. Financial assets measured at fair value through profit and loss

	December 31, 2021	December 31, 2020
Financial assets – current		
Measured at fair value through profit and loss mandatorily		
Non-derivative financial assets		
—Domestic non-TWSE/TPEx listing stock	$ 53,261	$ -
—Fund beneficiary certificate	170,984	114,182
	$ 224,245	$ 114,182

8. Financial assets measured at fair value through other comprehensive profit and loss

	December 31, 2021	December 31, 2020
Noncurrent		
Domestic investment		
Non-TWSE-TPEx stock		
J & V Energy Technology Co., Ltd. Ordinary Shares	$ 209,077	$ 112,722
Sino-Japan Chemical	199,925	213,000

Co., Ltd. Ordinary Shares		
Subotal	409,002	325,722
Foreign investment		
Non-TWSE-TPEx stock		
Kenwell Industrial Pte Ltd. Ordinary Shares	111,684	94,826
Anonymous portfolio investment		
Daiwa Green Energy No.7 GK	36,109	81,177
Subtotal	147,793	176,003
	$ 556,795	$ 501,725

The consolidated company has based on the mid-term and long-term strategic purpose to invest in the stocks of J & V Energy Technology Co., Ltd., Sino-Japan Chemical Co., Ltd., Kenwell Industrial Pte Ltd and Daiwa Green Energy No.7 GK, and expect to make profits through long-term investment. The management of the consolidated company believes that if the short-term fluctuation in the fair value of the investment is included in the profit and loss, it is inconsistent with the aforementioned long-term investment plan; therefore, the management chooses to have such investments measured at fair value through other comprehensive profit and loss.

The consolidated company adjusted the investment position to diversify risks in April 2020. The common stock shares of COTA Commercial Bank were sold at fair value for an amount of NT$38,857 thousand. Also, the unrealized loss in valuation of the related other equity – financial assets measured at fair value through other comprehensive profit and loss was NT$(94) thousand and it was transferred to retained earnings.

In August, 2021, Daiwa Green Energy No.7 GK underwent capital reduction and returned share amount of NTR$37,785 thousand. The other relevant equity – unrealized valuation impairment of financial assets at fair value measured through other comprehensive profit and loss, NT$8,521 thousand was transferred to retained earnings.

The fair value of Non-TWSE-TPEx stocks of financial assets measured at fair value through other comprehensive profit and loss is based on the evaluation performed by independent appraisers at the end of December 2021 and 2020. Such evaluation is performed with the considerations of the business scale, product type, and similar industries of the appraised company. A valuation profit of NT$92,855 thousand and loss of NT$(21,574) thousand were adjusted to the unrealized profit and loss (booked in the "other equity" account) of financial assets measured at fair value through other comprehensive profit and loss, respectively.

9. Financial assets measured at the amortized cost

	December 31, 2021	December 31, 2020
Current		
Domestic investment		
Time deposits with original maturity date for more than 3 months	$ 25,000	$ 23,300
Noncurrent		
Domestic investment		
Time deposits with original maturity date for more than 1 year	$ 40,000	$ -

As of December 31, 2021 and 2020, the interest rate range of time deposits with an original maturity of more than 3 months was 0.82%, and 0.49%~1.07% per annum, respectively.

As of December 31, 2021, the interest rate range of time deposits with an original maturity of more than 1 year was 0.82%~1.07% per annum, respectively.

10. Notes receivable, accounts receivable, and other receivables

	December 31, 2021	December 31, 2020
Notes receivable		
Measured at the amortized cost		
Total book amount – Non-related party	$ 172,355	$ 189,115
Accounts receivable		
Measured at the amortized cost		
Total book amount – Non-related party	$ 990,673	$ 889,757
Less: Allowance for loss	(111)	(884)
	990,562	888,873
Measured at the amortized cost		
Total book amount – Related party	-	74,368
	$ 990,562	$ 963,241
Other receivables		
Non-related party	$ 48,774	$ 25,699
Related party	713	522
	$ 49,487	$ 26,221

The consolidated company granted customers a credit period of 1-5 months. The impairment assessment of accounts receivable is based on individual assessment, aging analysis, historical experience, and customer's current financial situation analysis to estimate the unrecoverable amount.

The consolidated company before accepting a new customer will base on the customer's basic information and pay the customer a visit to collect data in order to determine the adequate credit line.

The consolidated company adopts the simplified approach to recognize the allowance for loss for the accounts receivable according to the expected credit loss throughout the duration. The expected credit loss throughout the duration is calculated according to the preparation matrix that takes into account the default records of the customer, the current financial status, and the industrial economic situation. The credit loss history of the consolidated company shows that there is no significant difference in the loss patterns of different customer groups; therefore, the customer group has not been further classified in the preparation matrix, and instead, the expected credit loss rate is based on the number of days overdue of the accounts receivable.

If there is evidence that the counterparty is facing serious financial difficulties and the consolidated company cannot reasonably expect the recoverable amount, the consolidated company will directly write-off the relevant accounts receivable, but will continue the recourse activities with the recovered amount recognized in profit and loss.

The consolidated company measures the allowance for loss for the notes and accounts receivable (including accounts receivable-related parties) according to the preparation matrix as follows:

December 31, 2021

	Not Overdue	Overdue 1~30 days	Overdue 31~215 days	Overdue 216~364 days	Overdue Over 365 days	Total
Expected credit loss rate	-%	10%	-%	-%	-%	
Total book amount	$1,161,923	$ 1,105	$ -	$ -	$ -	$1,163,028
Allowance for loss (expected credit loss in the duration)	-	(111)	-	-	-	(111)
Amortized cost	$1,161,923	$ 994	$ -	$ -	$ -	$1,162,917

December 31, 2020

	Not Overdue	Overdue 1~30 days	Overdue 31~215 days2	Overdue 216~364 days	Overdue Over 365 days	Total
Expected credit loss rate	-%	10%	-%	-%	10%	
Total book amount	$1,144,398	$ 7,631	$ -	$ -	$ 1,211	$1,153,240
Allowance for loss (expected credit loss in the duration)	-	(763)	-	-	(121)	(884)
Amortized cost	$1,144,398	$ 6,868	$ -	$ -	$ 1,090	$1,152,356

The changes in the allowance for loss of the notes receivable and accounts receivable are as follows:

	2021	2020
Beginning Balance	$ 884	$ 773
Add: Expected credit impairment loss appropriated for the current year	-	111
Less: Expected credit impairment losses reversed for the current year	(773)	-
Ending Balance	$ 111	$ 884

11. Inventory - Net

	December 31, 2021	December 31, 2020
Raw materials	$ 1,147,529	$ 808,814
substances	347,045	388,881
Work-in-process goods	121,337	74,603
Finished goods	1,543,769	985,590
Commodities	4,723	9,032
	$ 3,164,403	$ 2,266,920

The nature of the cost of goods sold related to inventory is as follows:

	2021	2020
Cost of inventory sold	$ 7,066,890	$ 6,994,619
Profits from the reversal of the net realizable value of inventories	(27,199)	(20,879)
	$ 7,039,691	$ 6,973,740

The reversal of the net realizable value of inventories is due to the stabilization of commodity prices driven by the stabilization of crude oil prices.

12. Subsidiaries

(1) Subsidiaries included in the consolidated financial report

The main business entities of the consolidated financial report are as follows:

Name of Investing Company	Name of Subsidiary	Nature of Business	Shareholder's equity ratio 12/31/2021	Shareholder's equity ratio 12/31/2020	Remarks
Formosan Union Chemical Corp. (FUCC)	Hershey Environmental Technology Co., Ltd. (Hershey Environment Tech)	Planning and design of petrochemical engineering, mechanical equipment installation, and trading, household liquefied petroleum gas distribution, petrochemical raw materials, and products processing and manufacturing business.	100.00%	100.00%	
FUCC	United Performance Materials Corporation (UPMC)	Manufacturing, rework and buying/selling hydrocarbon resin, polyester polyo1, and others	80.25%	80.25%	3
Hershey Environmental Tech			1.35%	1.35%	3
Great Victory Chemical Industry Co., Ltd. (Great Victory Chemical)			0.49%	0.49%	3
FUCC	Great Victory Chemical	Manufacturing and import/export of pesticides, manufacturing and sales of household pesticides, and manufacturing and sales of various chemical paper bags	100.00%	100.00%	
FUCC	Fusugar Industry Corporation (Fusugar Industry Corp.)	Sugar and condiment manufacturing.	85.34%	82.28%	4
Great Victory Chemical			4.88%	5.89%	4
UPMC			1.55%	1.87%	4
FUCC	Tanques Del Pacifico, S.A. (Tanques Del Pacifico)	Lease business for warehousing management and liquid oil tank.	100.00%	100.00%	
FUCC	Defia Co., Ltd. (Defia)	Food trading and bakery business.	-	-	5
Great Victory Chemical	Yung Sheng Green Power Co., Ltd. (Yung Sheng Green Power)	Main business operations include battery manufacturing, power generation, power transmission, power distribution machinery manufacturing, and energy technological services.	50.00%	50.00%	1
Great Victory Chemical	Tecnica Cientifica De Guatemala S. A.（TCDG）	Mainly operating pesticide and fertilizer sales.	73.75%	73.75%	
Hershey Environmental Tech	Yongji Energy Co., Ltd. (Yongji Energy)	Thermal energy supply industry, cleaning products wholesale industry, and installation and wholesale industry of electrical appliances, machinery, etc.	50.00%	50.00%	2
Hershey	Yongyao Energy	Main business operations	100.00%	100.00%	

Environmental Tech	Co., Ltd. (Yongyao Energy)	include battery manufacturing, power generation, power transmission, power distribution machinery manufacturing, and energy technological services

Remarks:

1. Great Victory Chemical Industry Co., Ltd. holds 50% shareholdings of Yongsheng Energy Co., Ltd. while the remaining 50% of shareholdings are held by other shareholders. After considering the absolute number of voting rights held against other shareholders, it is concluded that Great Victory Chemical Industry Co., Ltd. dominates the business activities of Yongsheng Energy Co., Ltd.; therefore, the company has it classified as a subsidiary.

2. Hershey Environmental Technology Co., Ltd. (former "Hershey Engineering," registered as "Hershey Environmental Technology Co., Ltd." in November 2020) holds 50% of shareholdings of Yongj Energy Co., Ltd., and the remaining 50% of the shareholdings are held by other shareholders. After considering the absolute number of voting rights held against other shareholders, it is concluded that Hershey Environmental Technology Co., Ltd. dominates the business activities of Yongji Energy Co., Ltd.; therefore, the company has it classified as a subsidiary.
3. The company purchased a total of 318 thousand shares of United Performance Materials Corporation in April 2020 with the shareholding ratio increased to 78.53%. In addition, United Performance Materials Corporation repurchased a total of 1,967 thousand shares from other shareholders in December 2020. The shareholding ratio of the company, Hershey Environmental Technology Co., Ltd., and Great

Victory Chemical Industry Co., Ltd. after the repurchase is increased to 80.25%, 1.35%, and 0.49%, respectively.

4. Fusugar Industry Corp. (former "Fusugar Industrial," registered as "Fusugar Industry Corp." in February 2020) made a cash capital increase in March, 2020 and May, 2021, and the company had subscribed 19,208 thousand shares and 20,000 thousand shares for an amount of NT$192,082 thousand and NT$200,000 thousand, respectively. Also, the shareholding ratio after the subscription was 82.28% and 85.34%, respectively. Additionally, Great Victory Chemical and UPMC did not subscribe to the capital increase in cash according to the shareholding ratio in Fusugar Industry Corp," which declined to 5.89%, 4.88%, and 1.87% and 1.55%.
5. Defia Co., Ltd. arranged cash capital increase in October 2020. The company did not participate in the subscription of shares; therefore, the shareholding ratio was decreased to 20% thereafter which resulted in the loss of control over Defia and Defia was reclassified as an associate of the consolidated company. Please refer to Note 30 for information on the disposal of Defia Co., Ltd.

(2) Subsidiaries not included in the consolidated financial report: None

(3) Information on subsidiaries with significant non-controlling interests

		The ratio of equity and voting rights held by non-controlling interests	
Name of Subsidiary	Main business Premise	December 31, 2021	December 31, 2020
UPMC	Pingtung, Taiwan	17.91%	17.91%
Fusugar Industry Corp.	Taichung, Taiwan	8.51%	10.30%

Name of Subsidiary	Profit and loss distributed to non-controlling interest 2021	Profit and loss distributed to non-controlling interest 2020	Non-controlling interests December 31, 2021	Non-controlling interests December 31, 2020
UPMC	$ 9,374	$ 3,325	$ 204,757	$ 198,304
Fusugar Industry Corp.	(38,325)	(21,194)	58,056	95,647
Total	($ 28,951)	($ 17,869)	$ 262,813	$ 293,951

The financial information summary of the following subsidiaries is compiled according to the amount before writing off the inter-company transactions:

UPMC

	December 31, 2021	December 31, 2020
Current assets	$ 963,727	$ 890,252
Noncurrent assets	760,765	786,994
Current liabilities	(589,822)	(570,246)
Noncurrent liabilities	(3,355)	(11,011)
Equity	$ 1,131,315	$ 1,095,989
Equity ownership:		
FUCC owners	$ 926,558	$ 897,685
Non-controlling interests	204,757	198,304
	$ 1,131,315	$ 1,095,989

	2021	2020
Operating income	$ 1,939,702	$ 1,809,095
Net income of the current year	$ 52,334	$ 16,853
Total comprehensive profit and Loss	$ 53,112	$ 19,852
Net income attributable to:		
FUCC Shareholders	$ 42,960	$ 13,528
Non-controlling interests	9,374	3,325
	$ 52,334	$ 16,853

Total comprehensive profit

and loss attributable to:		
FUCC Shareholders	$ 43,599	$ 15,990
Non-controlling interests	9,513	3,862
	$ 53,112	$ 19,852

Cash flow		
Operating activities	($ 35,009)	$ 309,508
Investment activities	(26,594)	(29,815)
Fund raising campaign	(43,044)	(257,625)
Net Cash inflow (outflow)	($ 104,647)	$ 22,068
Dividend paid to non-controlling interest	$ 3,223	$ 18,082

Fusugar Industry Corp.

	December 31, 2021	December 31, 2020
Current assets	$ 48,593	$ 90,041
Noncurrent assets	1,366,979	1,780,903
Current liabilities	(454,015)	(434,082)
Noncurrent liabilities	(256,723)	(477,120)
Equity	$ 704,834	$ 959,742
The equity attributed to:		
FUCC Owners	$ 646,778	$ 864,095
Non-controlling interests	58,056	95,647
	$ 704,834	$ 959,742

	2021	2020
Operating income	$ 50,463	$ 232,221
Net loss of this year.	($ 454,908)	($ 208,536)
Total comprehensible profit/loss.	($ 454,908)	($ 208,536)

	2021	2020
Net loss attributed to:		
FUCC owners	($ 416,583)	($ 187,342)
Non-controlling interests	(38,325)	(21,194)
	($ 454,908)	($ 208,536)

Total comprehensive loss:

FUCC owners	($ 416,583)	($ 187,342)
Non-controlling interests	(38,325)	(21,194)
	($ 454,908)	($ 208,536)

Cash flow		
Operating activities	($ 12,468)	($ 39,263)
Investment activities	(22,616)	(20,836)
Fund Raising	24,913	60,903
Net cash inflow (outflow)	($ 10,171)	$ 804
Dividend paid to non-controlling interests	$ -	$ -

13. Investments accounted for using equity method

	December 31, 2021	December 31, 2020
Investment in associates	$ 91,363	$ 63,221
Investment in joint venture	704,489	662,544
	$ 795,852	$ 725,765

(1) Investment in associates

	December 31, 2021	December 31, 2020
Individual insignificant Associate	$ 91,363	$ 63,221

Information summary of individual insignificant associate

	2021	2020
Profit ratio attributable to the consolidated company		
Net income (loss) and total comprehensive profit and loss	$ 9,715	$ 4,044

(2) Investment in joint venture

	December 31, 2021	December 31, 2020
Individual insignificant joint ventures	$ 704,489	$ 662,544

Information summary of the individual insignificant joint venture

	2021	2020
Profit ratio attributable to the joint venture		
Net income (loss) and total comprehensive profit and loss	$ 48,732	$ 9,823

Please refer to Table 7 "Invested company information, location and other related Information" and Table 8 "Information on Investment in Mainland China" for the information on the business nature, main business premise, and registration country of the aforementioned associates and joint ventures.

14. Property, plant and equipment

	December 31, 2021	December 31, 2020
Self-Use	$ 3,897,733	$ 4,419,613

	Proprietary Land	House and Building	Machinery equipment	Transportation equipment	Other equipment	Construction in progress & equipment to be tested	Total
Cost							
Balance January 1, 2020	$ 917,196	$ 1,200,969	$ 6,457,146	$ 82,226	$ 429,646	$ 2,707	$ 9,089,890
Addition	-	3,692	46,806	1,151	19,291	11,446	82,386
Disposition	-	(119)	(53,719)	(3,101)	(2,028)	-	(58,967)
Reclassification	-	-	18,821	-	12,574	(2,736)	28,659
Net exchange difference	-	-	(1,338)	(36)	-	-	(1,374)
Disposition of subsidiary	-	(302)	(3,477)	-	(81)	-	(3,860)
December 31, 2020 餘額	$ 917,196	$ 1,204,240	$ 6,464,239	$ 80,240	$ 459,402	$ 11,417	$ 9,136,734
Cumulative depreciation and impairment							
Balance January 1, 2020	$ -	$ 238,149	$ 3,891,073	$ 64,013	$ 266,516	$ -	$ 4,459,751
Depreciation expense	-	28,198	219,281	3,724	26,198	-	277,401
Disposition	-	(119)	(13,417)	(2,748)	(1,962)	-	(18,246)
Net exchange difference	-	-	(1,104)	(16)	-	-	(1,120)
Disposition of subsidiary	-	(151)	(474)	-	(40)	-	(665)
Balance December 31, 2020	$ -	$ 266,077	$ 4,095,359	$ 64,973	$ 290,712	$ -	$ 4,717,121
Balance December 31, 2020	$ 917,196	$ 938,163	$ 2,368,880	$ 15,267	$ 168,690	$ 11,417	$ 4,419,613
Cost							
Balance January 1, 2021	$ 917,196	$ 1,204,240	$ 6,464,239	$ 80,240	$ 459,402	$ 11,417	$ 9,136,734
Addition	-	4,038	46,479	2,120	5,240	6,565	64,442
Disposition	-	-	(32,423)	(1,727)	(467)	-	(34,617)
Reclassification	(18,857)	(14,825)	45,842	765	1,948	(15,777)	(904)
Net exchange difference	-	-	(417)	(9)	-	-	(426)
Balance December 31, 2021	$ 898,339	$ 1,193,453	$ 6,523,720	$ 81,389	$ 466,123	$ 2,205	$ 9,165,229
Cumulative depreciation and impairment							
Balance January 1, 2021	$ -	$ 266,077	$ 4,095,359	$ 64,973	$ 290,712	$ -	$ 4,717,121
Depreciation expense	-	27,652	185,599	3,024	21,995	-	238,270
Impairment loss	-	103,553	243,578	-	3	-	347,134

Disposition	-	-	(32,190)	(1,719)	(450)	-	(34,359)
Reclassification	-	(321)	-	-	-	-	(321)
New change difference	-	-	(343)	(6)	-	-	(349)
Balance December 31, 2021	$ -	$ 396,961	$ 4,492,003	$ 66,272	$ 312,260	$ -	$ 5,267,496
Net December 31, 2021	$ 898,339	$ 796,492	$ 2,031,717	$ 15,117	$ 153,863	$ 2,205	$ 3,897,733

Subsidiary Fusugar Industry Corp. did not perform well with its products in the market and it was anticipated that the future cash inflow to property, plant and equipment of the product will reduce, resulting in a recoverable amount of NT$1,094,159 thousand, which was smaller than the book value. Hence, the impairment loss of NT$347,134 thousand was recognized in 2021, and such impairment loss has been listed in the other interests and impairment items of the comprehensive profit and loss.

The consolidated company intended to determine the recoverable amount of property and mobility equipment at the fair value of reducing disposition. The relevant fair value was determined by cost estimation. The main assumptions of property include the estimation of re-establishment costs (building price plus expense and interest rate) and the physical depreciation, under the 3rd level fair value measurement. The main assumptions of mobility equipment includes estimation of re-establishment (manufacturing) cost, physical depreciation and economic depreciation belonging to 3rd level fair value.

Great Victory Chemical Industry Co., Ltd., a subsidiary, purchased agricultural land Lot No. 4705 in Da-Pu-Wei, Chitong Township in 1998 for an amount of NT$5,611 thousand. A loss of NT$3,459 thousand was recognized after the assets impairment test performed in 2005 with a net book amount of NT$2,152 thousand recorded. The law prohibits a legal person from owning agricultural land; therefore, it was temporarily registered under the name of Ms. Trayling Zhang. The consolidated company (hereinafter referred to as "Party A") and Ms. Trayling Zhang (hereinafter referred to as "Party B") have signed a right-of-use land contract and a trust affidavit so that Party B has this lot of land provided to Party A for use free of charge.

Great Victory Chemical Industry Co., Ltd., a subsidiary, purchased agricultural land Lot No. 4704 in Da-Pu-Wei, Chitong Township in 2012 for an amount of NT$4,223 thousand. The law prohibits a legal person from owning agricultural land; therefore, it was temporarily registered under the name of Mr. Chuncheng Lin. The consolidated company (hereinafter referred to as "Party A") and Mr. Chuncheng Lin (hereinafter referred to as "Party B") have signed a right-of-use land contract and a trust affidavit so that Party B has this lot of land provided to Party A for use free of charge.

Depreciation expenses are accrued on a straight-line basis according to the following years of useful life:

House and building	
Factory main building	2~60 Years
Pipeline equipment	3~50 Years
Partition and fence/ walls	2~50 Years
Machinery equipment	2~50 Years
Transportation equipment	2~30 Years
Other equipment	2~30 Years

The consolidated company changed the useful life for property, plant and equipment starting January 1, 2021. The useful life after change better reflects the economic substantiality and reasonable amortization of costs of assets to facilitate the provision of reliable and relevant information. The estimated useful life of property, plant and equipment is expected to extend by 2~27 years. The change in this estimation reduced the 2021 depreciation expense by NT$29,613 thousand.

Please refer to Note 35 for the property, plant and equipment that are pledged as collateral for loans.

15. Lease Agreement

(1) Right-of-use assets

	December 31, 2021	December 31, 2020
Book amount of right-of-use assets		
Land	$ 255,494	$ 265,321
Building	9,650	12,328
Machinery equipment	29,054	53,296
Transportation equipment	6,578	3,478
	$ 300,776	$ 334,423

	2021	2020
Addition of Right-of-use assets	$ 43,706	$ 53,756
Depreciation expense of right-of-use assets		
Land	$ 6,300	$ 6,408
Building	2,979	4,857
Machinery equipment	24,943	28,399
Transportation equipment	4,696	5,375
	$ 38,918	$ 45,039

(2) Lease liability

	December 31, 2021	December 31, 2020
Book amount of lease liability		
Current	$ 38,354	$ 63,411
Noncurrent	$ 267,848	$ 275,071

The discount rate ranges for lease liabilities are as follows:

	December 31, 2021	December 31, 2020
Land	0.90%~1.62%	0.90%~1.62%
Building	0.67%~2.29%	0.90%~2.29%
Machinery equipment	0.67%~0.92%	0.80%~0.99%
Transportation equipment	0.67%~2.29%	0.88%~2.29%

(3) Other lease information

	2021	2020
Short-term lease expense	$ 2,875	$ 3,434
Low-value assets lease expense	$ 346	$ 417
Variable lease expense excluding from the measurement of the lease liability	$ 4,195	$ 4,958
Total lease cash (outflow)	($ 81,664)	($ 93,307)

The consolidated company chose to apply the recognition Exemption for assets that qualify for short-term leases and those that qualify for low-value asset leases and did not recognize related right-of-use assets and lease liabilities for such leases.

16. Investment Property

	Land	Building	Total
Cost			
Balance January 1, 2020	$ 8,072	$ 10,424	$ 18,496
Balance December 31, 2020	$ 8,072	$ 10,424	$ 18,496
Cumulative depreciation and impairment			
Balance January 1, 2020	$ -	$ 5,218	$ 5,218
Depreciation expense	-	251	251
Balance, December 31, 2020	$ -	$ 5,469	$ 5,469
Net, December 31, 2020	$ 8,072	$ 4,955	$ 13,027
Cost			
Balance, January 1, 2021	$ 8,072	$ 10,424	$ 18,496
Disposition	(907)	(4,894)	(5,801)
Re-classification	18,857	14,825	33,682
Balance, December 31, 2021	$ 26,022	$ 20,355	$ 46,377
Cumulative depreciation and impairment			
Balance, January 1, 2021	$ -	$ 5,469	$ 5,469
Depreciation Expense	-	547	547
Disposition	-	(4,270)	(4,270)
Re-classification	-	321	321
Balance, December 31, 2021	$ -	$ 2,067	$ 2,067
Net, December 31, 2021	$ 26,022	$ 18,288	$ 44,310

Investment property is depreciated on a straight-line basis according to the following years of useful life:

Building	
Factory main building	32 years to 50 years
Elevator equipment	15 Years

The total rent income to be received in the future for the operating lease of investment property is as follows:

	December 31, 2021	December 31, 2020
1st Year	$ 467	$ 1,407
2nd Year	297	960
3rd Year	-	480
	$ 764	$ 2,847

The fair value of the investment property of the consolidated company as of December 31, 2021 and 2020 was by referring to the market price in nearby areas. The fair values are as follows:

	December 31, 2021	December 31, 2020
Proprietary Land and Building	$ 83,880	$ 71,194

All investment property of the consolidated company is proprietary equity.

Please refer to Note 35 for the investment property that is pledged as collateral for loans.

17. Goodwill

	2021	2020
Cost		
Beginning and ending Balance	$ 94,799	$ 94,799
Cumulative impairment loss		
Beginning Balance	$ -	$ -
Impairment loss recognized in this year	2,902	-

Ending Balance	$ 2,902	$ -
Ending balance	$ 91,897	$ 94,799

(1) Goodwill is allocated to the identified cash-generating units by the operating departments of the consolidated company:

	December 31, 2021	December 31, 2020
Hydrocarbon resin Department	$ 91,897	$ 91,897
Other departments	-	2,902
	$ 91,897	$ 94,799

(2) Goodwill is allocated to the identified cash-generating units of the consolidated company. The recoverable amount is evaluated according to the value in use, and the value in use is estimated according to the pre-tax cash flow of the financial forecast for the next five years approved by the management. The recoverable amount of the value in use for the hydrocarbon resin department exceeds the book amount; therefore, there is no impairment occurred to the goodwill of the consolidated Company. It is evaluated that the recoverable amount of other departments is smaller than the book value and hence the goodwill impairment in 2021 was recognized by NT$2,902 thousand.

18. Intangible assets

	Computer software	Others	Total
Cost			
Balance January 1, 2020	$ 7,754	$ 3,267	$ 11,021
Acquired separately	988	-	988
Disposition	(4,417)	-	(4,417)
Balance December 31, 2020	$ 4,325	$ 3,267	$ 7,592
Accumulated amortization			
Balance January 1, 2020	$ 7,051	$ 939	$ 7,990
Amortization expense	928	653	1,581
Disposal	(4,417)	-	(4,417)

Balance December 31, 2020	$ 3,562	$ 1,592	$ 5,154
Net December 31, 2020	$ 763	$ 1,675	$ 2,438
Cost			
Balance January 1, 2021	$ 4,325	$ 3,267	$ 7,592
Acquired separately	1,797	-	1,797
Disposition	(646)	-	(646)
Balance December 31, 2021	$ 5,476	$ 3,267	$ 8,743
Accumulated amortizaiton			
Balance January 1, 2021	$ 3,562	$ 1,592	$ 5,154
Amortization expense	853	653	1,506
Disposal	(646)	-	(646)
Balance December 31, 2021	$ 3,769	$ 2,245	$ 6,014
Net December 31, 2021	$ 1,707	$ 1,022	$ 2,729

Expense is amortized on a straight-line basis for a service life of 2-5 years.

19. Other noncurrent assets

	December 31, 2021	December 31, 2020
Prepaid construction and Equipment	$ 65,171	$ 51,454
Refundable deposits	$ 6,548	$ 5,561
Pledged time deposit (note 35)	$ 43,302	$ 83,265
Other	117	138
	$ 43,419	$ 83,403

20. Borrowing

(1) Short-term borrowing

	December 31, 2021	December 31, 2020
Unguaranteed borrowing		
Bank loan (1)	$ 1,627,085	$ 1,760,118
Loans from related party (2)	360	-
	$ 1,627,445	$ 1,760,118

1. The interest rates of bank revolving loans were 0.51% ~ 2.35% and 0.52% ~ 1.46% on December 31, 2021 and 2020, respectively.
2. The interest rates of loans from other related party is calculated by multiplying the balance of outstanding borrowing with the annual interest rate of 2.37%.

Long-term borrowing

	December 31, 2021	December 31, 2020
Guaranteed borrowing		
Bank loans	$ 209,480	$ 314,299
Unguaranteed borrowing		
Bank loans	6,205	9,442
	215,685	323,741
Less: Long-term loans due in 1 year	(212,404)	(108,056)
	$ 3,281	$ 215,685
Effective annual interest rate	1.37%-2.66%	1.37%-2.66%

The aforementioned guaranteed borrowings were secured with the collateral of the consolidated company's proprietary land, buildings, and machinery equipment (see Note 35).

The balance of the long-term borrowings on December 31, 2021 and 2020 was settled with a monthly payment and quarterly payment arranged for a period from July 2022 to November 2023.

21. Notes payable and accounts payable

	December 31, 2021	December 31, 2020
Notes payable		
Derived from operating activities	$ 12,647	$ 11,661
Accounts payable		
Non-related party	$460,987	$201,801
Related party	12,308	-
	$473,295	$201,801

22. Other liabilities

	December 31, 2021	December 31, 2020
Current		
Other liabilities		
Salary payable	$ 367,560	$ 266,234
Remuneration payable to directors and supervisors	34,095	23,481
Remuneration payable to employees	38,848	28,501
Interest payable	790	1,223
Labor service payable	5,266	6,728
Other payables	165,151	112,301
Equipment payables	17,290	50,002
Others	20,192	18,000
	$ 649,192	$ 506,470
Other payables – related party	$ 155	$ 137
Other liabilities		
Contract liability	$ 50,893	$ 16,622
Refund liability	4,138	5,456
Temporary credit	-	841
Others	2,448	2,596
	$ 57,479	$ 25,515

23. Liability reserve

	December 31, 2021	December 31, 2020
Employee benefits	$ 27,701	$ 25,698

The employee benefits are estimated according to the historical experience, the management's judgment, and other known reasons. The rights vested to the employees are recognized in profit and loss and will be offset when the employees actually take vacations in the next period.

24. Retirement pension plan

(1) Defined contribution plan

The company and the domestic subsidiaries have established a defined retirement plan in accordance with the "Labor Pension Act" that is applicable to the employees with a nationality of Taiwan, R.O.C. For the labor pension system adopted by the employees of the company and the domestic subsidiaries in accordance with the "Labor Pension Act," it is the defined contribution plan managed by the government. An amount equivalent to 6% of the monthly salary is appropriated and deposited into the personal account with the Bureau of Labor Insurance.

(2) Defined benefit plan

The consolidated company's pension system subject to the "Labor Standards Act" of Taiwan R.O.C. is a defined benefit plan governed by the government. The pension payment to employees is calculated according to the seniority and the 6-month average salary prior to the retirement date. The consolidated company appropriates an amount equivalent to 2%~15% of the monthly salary as a pension fund and has it deposited into the accounts with Bank of Taiwan and Hua Nan Bank in the name of the "Supervisory Committee of Business Entities' Labor Retirement Reserve." Before the end of the fiscal year, if the account balance is insufficient to pay the workers who are expected to meet the retirement conditions in the next year, the difference will be paid in a lump sum before the end of March of the next year. This account is managed by the "Bureau of Labor Funds, Ministry of Labor," and the consolidated company has no right to affect the investment management strategy.

The amount of the defined benefit plan included in the consolidated balance sheet is as follows:

	December 31, 2021	December 31, 2020
Present value of the defined	$ 87,808	$216,877

benefit obligation		
Fair value of the planned assets	(59,524)	(143,532)
Net defined benefit liability	$ 28,284	$ 73,345

The changes in net defined benefit liabilities are as follows:

	Present value of the defined benefit obligation	Fair value of the planned assets	Net defined benefit liability
Balance January 1, 2020	$ 236,895	($ 164,665)	$ 72,230
Service cost			
Current service cost	2,280	-	2,280
Interest expense (income)	1,478	(1,025)	453
Recognized in profit and loss	3,758	(1,025)	2,733
Re-measurement amount			
Return on planned assets (except for the amount included in net interest)	-	(5,254)	(5,254)
Actuarial profit and loss –changes in demography statistical assumption	1	-	1
Actuarial profit and loss –changes in financial assumption	6,170	-	6,170
Actuarial profit and loss – adjustment by experience	4,963	-	4,963
Booked in other comprehensive profit and loss	11,134	(5,254)	5,880
Appropriation of employer	-	(9,040)	(9,040)
Benefit paid	(10,787)	10,787	-
Liquidation	(24,123)	25,665	1,542
Balance December 31, 2020	216,877	(143,532)	73,345
Service cost			
Current service cost	$ 1,873	$ -	$ 1,873
Interest expense (income)	605	(389)	216
Recognized in profit and loss	2,478	(389)	2,089
Re-measurement amount			
Return on planned assets (except for the	-	(1,722)	(1,722)

amount included in net interest)			
Actuarial profit and loss – changes in demography statistical assumption	449	(254)	195
Actuarial profit and loss – changes in financial assumption	(6,094)	-	(6,094)
Actuarial profit and loss – adjustment by experience	691	-	691
Booked in other comprehensive profit and loss	(4,954)	(1,976)	(6,930)
Appropriation of employer	-	(4,828)	(4,828)
Benefit paid	(18,952)	18,952	-
Liquidation	(107,641)	72,249	(35,392)
December 31, 2021 balance	$ 87,808	($ 59,524)	$ 28,284

The consolidated company is exposed to the following risks due to the pension system of the "Labor Standards Act:"

1. Investment risk: The "Bureau of Labor Funds, Ministry of Labor" invests in domestic (foreign) equity securities, debt securities, and bank deposits through its own operation and entrusted management services. However, the distributable amount of the consolidated company's planned assets is an amount not less than the income generated from a 2-year time deposit interest rate of the local bank.
2. Interest rate risk: The decline in the interest rate of government bonds will cause the present value of the defined benefit obligations to go up; however, the debt investment returns of the planned assets will also go up, and the impact of the two on the net defined benefit liabilities will partially offset each other.
3. Salary risk: The calculation of the present value of the defined benefit obligation is by referring to the future salary

of the members of the plan. Therefore, the increase in the salary of the members of the plan will cause the present value of the defined benefit obligation to go up.

The present value of the defined benefit obligation of the consolidated company is actuarially calculated by a qualified actuary. The major assumptions made on the measurement date are as follows:

	December 31, 2021	December 31, 2020
Discount rate	0.48%~0.70%	0.20%~0.30%
Future salary increase rate	2.70%~3.00%	3.00%

：If the major actuarial assumptions experience reasonably possible changes, with all other assumptions remain unchanged, the amount of increase (decrease) in the defined benefit obligation is as follows:

	December 31, 2021	December 31, 2020
Discount rate		
Increased by 0.25%	($ 1,736)	($ 4,166)
Decreased by 0.25%	$ 1,792	$ 4,301
Future salary increase rate		
Increased by 0.25%	$ 1,748	$ 4,176
Decreased by 0.25%	($ 1,702)	($ 4,068)

Since actuarial assumptions may be correlated, it is unlikely that there is only one single assumption changed, so the aforementioned sensitivity analysis may not be able to reflect the actual changes in the present value of the defined benefit obligations.

	December 31, 2021	December 31, 2020
Amount expected to be appropriated in 1 year	$ 1,367	$ 3,493
Average due date of the defined benefit obligation	3~9 Years	4~9 Years

25. Equity

(1) Common stock capital

	December 31, 2021	December 31, 2020
Authorized stock shares (thousand shares)	900,000	900,000
Authorized capital stock	$ 9,000,000	$ 9,000,000
Stock shared issued and paid in full (thousand shares)	477,016	477,016
Outstanding capital stock	$ 4770,163	$ 4,770,163

(2) Capital surplus

	December 31, 2021	December 31, 2020
Applicable for making up for losses, distributing cash, or capitalization (1)		
Stock issuance with premium	$145,488	$145,488
Treasury stock trading	8,625	8,625
Difference between consideration and book amount of subsidiary's stock shares acquired or disposed	12,076	12,076
Donated Assets	124	124
Applicable only for making up for losses		
Recognized changes in ownership interests in subsidiaries (2)	15,402	16,252
	$181,715	$182,565

1. Such additional paid-in capital can be applied to make up for losses, and can also be applied to distribute cash or be capitalized when the company has no losses. However, only

a certain percentage of the paid-in capital can be applied for capitalization every year.

2. Such additional paid-in capital is the amount of equity transaction effect recognized by the company due to the changes in the subsidiary's equity when the company has not actually acquired or disposed of the equity of a subsidiary company, or it is the adjustment to the additional paid-in capital of the subsidiary under the equity method.

(3) Retained earnings and dividend policy

According to the earnings distribution policy of the company's Articles of Incorporation, the yearend earnings, if any, shall be applied to pay tax and make up for losses lawfully, and then appropriated 10% legal reserve, and appropriated or reversed special reserve in accordance with the law. The board of directors shall draft up an earnings distribution proposal based on the balance amount if any, and the accumulated undistributed earnings and present it to the shareholders meeting for a resolution to distribute shareholder dividends and bonuses. Please refer to Note 27-7 "Remuneration to Employees and Directors" for the remuneration distribution policy for employees and directors stipulated in the company's Articles of Incorporation.

In addition, according to the company's Articles of Incorporation, the company may distribute 40% to 60% stock dividends in accordance with the overall capital budget plan in order to retain the needed funds, and the balance will be distributed in the form of cash dividends. If there is no major capital budget plan for the year or a working capital replenishment plan, all dividends can be distributed in the form of cash. In other words, if a large amount of capital is required for the expansion and construction of the factory during the year, all dividends can be distributed in the form of stock shares.

The legal reserve shall be appropriated continuously until the balance is equal to the total paid-in capital of the company. The legal reserve can be used to make up for losses. When the company has no losses, the part of the legal reserve exceeding 25% of the total paid-up capital can be capitalized or applied for the distribution of cash.

When adopting IFRSs for the first time, since the exemption of IFRSs No. 1 "First-time Adoption of International Financial Reporting Standards" is selected, the unrealized re-evaluation value under the account of shareholders' equity and the cumulative conversion of adjustment (profits) are converted into the retained earnings. A same quantity of special reserve is appropriated. When applying, disposing or re-classifying the relevant assets later, the proportion of previous special reserve may be revered to distribute surplus. When distributing the surplus, the other net equity reduction of the account incurred in current period and difference with the aforementioned special reserve shall be provisioned from the current profit and loss and current unappropriated retained earnings as special reserve. The net other equity reduction accumulated from previous periods shall be appropriated from the undistributed surplus of previous period as the special reserve and may not be distributed. If there is any reversal of net other equity reduction, the reversal may be distributed with surplus as special reserve.

The company held regular shareholder meetings on June July 22, 2021 and June 11, 2020 to have the 2020 and 2019 earnings distribution proposals resolved as follows:

	2020	108 年度
Legal reserve	$ 54,945	$ 21,526
Cash Dividend	$ 572,420	$ 238,508

Cash dividend per shares (NT$)	$ 1.20	$ 0.50

The board of directors had the 2021 earnings distribution proposal proposed on March 18, 2022 as follows:

	2021
Legal reserve	$ 94,447
Cash Dividend	$715,524
Cash dividend per share (NT$)	$ 1.50

The board of directors meeting resolved in 2021 to have the capital surplus of NT$95,403 thousand distributed in cash.

The 2021 earnings distribution proposal is yet to be resolved in the regular shareholders meeting scheduled on June 17, 2022.

(4) Other equity items

1. Exchange difference from the conversion of financial statements by foreign operating agencies

	2021	2020
Beginning Balance	($ 37,805)	($ 38,790)
Incurred in the current year		
Conversion difference of foreign operating agencies	(6,023)	1,231
Income tax effect	1,205	(246)
Other comprehensive profit and loss of current year	(4,818)	985
Ending Balance	($ 42,623)	($ 37,805)

2. Unrealized profit and loss in valuation of financial assets measured at fair value through other comprehensive profit and loss

	2021	2020
Beginning Balance	$ 181,126	$ 198,655
Incurred in the current year		
Unrealized profit and loss		
Equity instrument	92,855	(21,574)
Income tax effect	(24,057)	3,951
Other comprehensive profit and loss of the current year	68,798	(17,623)
Accumulated profit/loss from the disposal of equity instrument transferred to retained earnings	8,521	94
Ending Balance	$ 258,445	$ 181,126

(5) Non-controlling interests

	2021	2020
Beginning Balance	$ 306,501	$ 365,949
Current net loss	(28,530)	(15,130)
Other comprehensive profit and loss of current year		
Exchange difference from the conversion of financial statements of foreign operating agencies	(18)	(30)
Re-measurement amount of defined benefit plan	140	537
Capitalization from cash of subsidiary	-	918
Disposal of subsidiary (Note 30)	-	(5,402)
Repurchase of treasury by subsidiaries	-	(23,600)
Purchase of non-controlling equity of subsidiaries	-	(4,146)

(Note 31).		
Changes in ownership interests in subsidiaries	898	6,181
Subsidiaries distributing cash dividend to non-controlling interests	(3,572)	(18,776)
Ending Balance	$ 275,419	$ 306,501

26. Income

	2021	2020
Income from customer contract		
Commodity sales income	$ 9,173,115	$ 8,454,020
Labor service income	6,998	6,309
Power income	19,041	21,500
	$ 9,199,154	$ 8,481,829

(1) Contract balance

	December 31, 2021	December 31, 2020	January 1, 2020
Notes receivable (Note 10)	$ 172,355	$ 189,115	$ 142,813
Total accounts receivable (Note 10)	$ 990,673	$ 889,757	$ 928,215
Accounts receivable – related party (Note 10)	$ -	$ 74,368	$ 48,057
Contract liability (Note 22)			
Commodity sales	$ 50,893	$ 16,622	$ 30,530

(2) Classification of income from customer contract.

Please refer to Note 41 for the classification of income in detail.

27. Net Income

(1) Interest income

	2021	2020
Bank Deposits	$ 1,199	$ 1,270
Others	58	81
	$ 1,257	$ 1,351

(2) Other income

	2021	2020
Rent Income		
Operating Lease	$ 1,802	$ 1,125
Dividend Income		
Equity instrument investment measured at fair value through other comprehensive profit and loss	22,054	31,956
Subsidy Income	2,883	17,619
Others	25,875	15,457
	$ 52,614	$ 66,157

(3) Other profit and loss

	2021	2020
Financial assets and financial liability profit and loss		
Financial assets measured at fair value through profit and loss mandatorily	$ 19,381	$ 424
Loss from the disposal of property, plant, and equipment	260	(36,341)
Disposal of investment property profits	54,923	-
Net loss from foreign currency exchange	(10,936)	(9,400)
Impairment loss of non-financial assets (Note)	(350,036)	-
Others	(12,465)	(4,145)
	($298,873)	($ 49,462)

Note: The impairment loss of non-financial assets include the impairment loss of property, plant and equipment in the amount of NT$347,134 thousand, with impairment loss of goodwill of NT$2,902 thousand. Please refer to Note 14 and Note 17.

(4) Financial Cost

	2021	2020
Interest Expense		
Bank Loans	$ 17,297	$ 22,262
Lease Liability	4,765	5,050
Others	-	1
	$ 22,062	$ 27,313

Information on interest capitalization is as follows:

	2021	2020
Interest capitalization amount	$ 1	$ 10
Interest capitalization ratio	0.12%	0.11%~0.17%

(5) Depreciation and Amortization

	2021	2020
Depreciation expense summarized by functions		
Operating Cost	$242,916	$279,695
Operating Expense	34,819	42,996
	$277,735	$322,691
Amortization expense summarized by functions		
Operating Cost	$ 1,245	$ 1,076
Operating Expense	261	505
	$ 1,506	$ 1,581

(6) Employee benefit expense

	2021	2020
Benefit after retirement		
Defined appropriation plan	$ 20,534	$ 20,840
Defined benefit plan (Note 24)	(11,497)	4,275
Other employee benefit	930,679	787,607
Total	$ 939,716	$ 812,722
Summarization by function		
Operating cost	$ 632,196	$ 553,689
Operating expense	307,520	259,033
	$ 939,716	$ 812,722

(7) Remuneration to employees and directors

FUCC has remuneration to employees and directors appropriated for an amount equivalent to 2.5% and not higher than 2.5% of the net income before tax and before deducting the remuneration to employees and directors, respectively, in accordance with the Article of Incorporation. The remuneration to employees and directors for the year 2020 and 2019 were resolved by the board of directors on March 18, 2022 and March 19, 2021, respectively, as follows:

Estimation ratio

	2021	2020
Remuneration to employees	2.50%	2.50%
Remuneration to directors	2.50%	2.50%

Amount

	2021	2020
	Cash	Cash
Remuneration to employees	$ 26,953	$ 18,479
Remuneration to directors	26,953	18,479

The changes in the amount of the consolidated financial report after the publication date shall be processed according to the change in accounting estimates and adjusted and recorded in the next year.

There is no difference between the actual remuneration amount to employees and directors and supervisors in 2020 and 2019 and the amount recognized in the 2020 and 2019 consolidated financial reports.

Please refer to the Market Observation Post System of Taiwan Stock Exchange for information on the remuneration to employees and directors and supervisors resolved by the company's board of directors.

(8) Foreign exchange profit and loss

	2021	2020
Total foreign exchange profit	$ 69,969	$ 70,710
Total foreign exchange loss	(80,905)	(80,110)
Net profit (loss)	($ 10,936)	($ 9,400)

28. Income Tax

(1) Income tax recognized in profit and loss

The main composition items of income tax expense as follows:

	2021	2020
Current income tax		
Incurred in the current year	$ 141,217	$ 187,286
Levied on unappropriated earnings	1,663	709
Adjustment of prior periods	2,172	3,355
Investment credit	(3,586)	(3,800)
	141,466	187,550
Deferred income tax		
Incurred in the current year	(50,629)	(12,790)
Adjustment of prior periods	185	(977)
	(50,444)	(13,767)
Income tax expense recognized in profit and loss	$ 91,022	$ 173,783

The adjustment of accounting income and income tax expenses is as follows:

	2021	2020
Net income before tax	$ 1,010,079	$ 713,443
Income tax expense calculated according to statutory tax rate for net income before tax	$ 143,485	$ 128,608
Tax-free income	(18,554)	(7,933)
Amount under the equity method	(130,430)	12,392

Expense and loss not tax deductible	74,535	114
Levied on unappropriated earnings	1,663	709
Investment credit	(3,586)	(3,800)
Loss credit available	26,254	41,367
Current income tax expense of previous periods adjusted in the current year	2,357	2,326
Unrecognized deductible temporary difference	(4,702)	-
Income tax expense recognized in profit and loss	$ 91,022	$ 173,783

(2) Income tax recognized in other comprehensive profit and loss

	2021	2020
Deferred income tax		
Incurred in the current year		
— Conversion through overseas operating agencies	($ 1,205)	$ 246
— Unrealized profit and loss of financial assets measured at fair value through other comprehensive profit and loss.	24,057	(3,951)
— Defined benefit plan re-measurement quantity	1,387	(1,176)
Income tax recognized in other comprehensive profit and loss	$ 24,239	($ 4,881)

(3) Current deferred income tax assets and liabilities

	December 31, 2021	December 31, 2020
Current income tax assets		
Income tax refund receivable	$ 9,948	$ 14
Current income tax liabilities		

Income tax payable	$ 52,209	$ 147,997

(4) Deferred income tax assets and liabilities

The changes in deferred income tax assets and liabilities are as follows:

2021

	Beginning balance	Recognized in profit and loss	Recognized in other comprehensive profit and loss	Ending balance
Deferred income tax assets				
Temporary difference				
Early recognition of sales income for tax purpose	$ 38,539	($ 7,902)	$ -	$ 30,637
Unrealized exchange loss	833	(101)	-	732
Unrealized sales cost	21,667	(7,268)	-	14,399
Unrealized Inventory write-off for falling price	3,401	(738)	-	2,663
Unrealized vacation benefit payable	4,820	689	-	5,509
Investments accounted for using equity method	33,242	58,563	-	91,805
Profit from the disposal of overseas investment	5,027	-	-	5,027
Unrealized gross profit (loss) from sales	402	(150)	-	252
Unrealized loss from inventory discard	113	(113)	-	-
Unrealized loss from asset discard	5	(5)	-	-
Investment impairment loss for using equity method	-	580	-	580
Exchange profit /loss from the conversion of financial statements of foreign operating institution	$ 12,837	$ -	$ 1,205	$ 14,042
Defined pension plan	41,864	-	(1,387)	40,477
Unrealized valuation loss of financial assets measured at fair value of other comprehensive profit and loss	-	-	2,657	2,657
	$ 162,750	$ 43,555	$ 2,475	$ 208,780
Deferred income tax liabilities				
Temporary difference				
Early recognition of sales cost for tax purpose	$ 27,876	($ 5,360)	$ -	$ 22,516

Unrealized exchange profit	1,544	(1,057)	-	487
Investment profit under equity method	14,799	(472)	-	14,327
Unrealized valuation profit measured at fair value of other comprehensive profit and loss.	3,356	-	26,714	30,070
Land value increment in valuation	172,429	-	-	172,429
	$ 220,004	($ 6,889)	$ 26,714	$ 239,829

2020

Deferred income tax assets	Beginning balance	Recognized in profit/loss	Recognized in other comprehensive profit and loss	Ending balance
Temporary difference				
Early recognition of sales income for tax purpose	$ 15,247	$ 23,292	$ -	$ 38,539
Unrealized exchange loss	1,834	(1,001)	-	833
Unrealized cost of goods sold	10,072	11,595	-	21,667
Unrealized loss in valuation of inventory	7,913	(4,512)	-	3,401
Unrealized vacation benefit payable	4,321	499	-	4,820
Investment loss under equity method	34,419	(1,177)	-	33,242
Profit from the disposal of overseas investment	5,027	-	-	5,027
Capitalization of repair expense	16	(16)	-	-
Unrealized gross loss in sales	-	402	-	402
Unrealized loss from inventory discard	-	113	-	113
Unrealized loss from asset discard	-	5	-	5
Exchange profit /loss from the conversion of financial statements of foreign operating institution	13,083	-	(246)	12,837
Defined pension plan	40,688	-	1,176	41,864
	$ 132,620	$ 29,200	$ 930	$ 162,750

Deferred income tax liabilities	Beginning balance	Recognized in profit and loss	Recognized in other comprehensive profit and loss	Ending balance
Temporary difference				
Early recognition of sales income for tax purpose	$ 13,011	$ 14,865	$ -	$ 27,876
Unrealized exchange loss	532	1,012	-	1,544
Investment loss under equity method	15,219	(420)	-	14,799
Unrealized valuation profit of financial assets valued at fair value through other comprehensive profit and loss	7,307	-	(3,951)	3,356
Land value increment in valuation	172,429	-	-	172,429
Right-of-use assets	24	(24)	-	-
	$ 208,522	$ 15,433	($ 3,951)	$ 220,004

(5) Deductible temporary differences and available loss credit that are not recognized as deferred income tax assets

	December 31, 2021	December 31, 2020
Loss credit	$ 749,748	$ 618,478
Inventory write-off for falling price	5	23,516
	$ 749,753	$ 641,994

(6) Information on available loss credit

Information on the loss credit as of December 31, 2021 is as follows:

Balance of loss credit	Last year for deduction
$ 4,769	2022
15,457	2023
20,113	2024
21,044	2025
30,242	2026
55,169	2027
94,367	2028
170,484	2029
206,833	2030

Balance of loss credit	Last year for deduction
131,270	2031
$749,748	

(7) Income tax audit

The tax collection agency has the income tax returns of FUCC, UPMC, Hershey Environmental Tech, Yongji Energy, Fusugar Industry Corp., Great Victory Chemical, and Yung Sheng Green Power audited up to the year before 2019.

The tax collection agency has the income tax returns of Yongyao Energy audited up to the year before 2020.

The local tax collection agencies have the income tax returns of Tanques Del Pacifico and TCDG audited up to the year before 2020.

29. Earnings per share

Unit : NT$/Share

	2021	2020
Basic earnings per share	$ 1.99	$ 1.16
Diluted earnings per share	$ 1.98	$ 1.16

The calculation of the earnings per share and the weighted average number of common stock shares is as follows:

Net income

	2021	2020
Net income attributable to FUCC owners	$947,587	$554,790

Shares

Unit: Thousand Shares

	2021	2020
Weighted average number of common stock shares for the calculation of basic earnings per share	477,016	477,016
The impact of potential diluted common stock shares:		

Remuneration to employees	1,423	1,327
Weighted average number of common stock shares for the calculation of diluted earnings per share	478,439	478,343

If the company may choose to pay remuneration to employees in the form of stocks or cash, when calculating the diluted earnings per share, it is assumed that the remuneration to employees is paid in the form of stocks, and the weighted average number of outstanding shares is included in the potential diluted common stock for the calculation of the diluted earnings per share. When calculating the diluted earnings per share before the distribution of remuneration in the form of stock resolved in the shareholders meeting of the following year, the dilution effect of this potential common stock will be considered continuously.

30. Disposal of subsidiaries

The consolidated company did not participate in the cash capital increase of Defia Co., Ltd. in October 2020, resulting in the loss of control over Defia Co., Ltd.

(1) Analysis of un-controlling assets and liabilities

	Defia
Current assets	
Cash	$ 13,497
Other current assets	2,424
Non-current assets	
Property, plant and equipment	3,195
Other non-current liabilities	1,103
Current liabilities	
Collections	(8,356)
Other current liabilities	(2,021)
Net assets disposed	$ 9,842

(2) Loss from the disposal of subsidiary

	Defia
Consideration collected	$ -
Add: Non-controlling interests	5,402
Non-controlling fair value	4,275
Less: Net assets disposed	(9,842)
Loss from disposal	($ 165)

(3) Net cash outflow from the disposal of subsidiary

	Defia
Disposal cash balance	$ 13,497

31. Equity transactions with non-controlling interests

The consolidated company did not subscribe the new shares issued from a cash capital increase of Fusugar Industry Corp. proportionally to the shareholding ratio in March 2020, resulting in an increase in its shareholding ratio from 88.29% to 89.67%.

The consolidated company acquired the equity of UPMC in April 2020, resulting in the shareholding ratio rising from 79.99% to 80.33%.

UPMC repurchased 1,967 thousand outstanding shares from other shareholders in December 2020, which caused the consolidated company's shareholding ratio to rise from 80.33% to 82.09%.

The consolidated company did not subscribe the new shares issued from a cash capital increase of Fusugar Industry Corp. in May, 2021, resulting in an increase in its shareholding ratio from 89.70% to 91.49%.

Since the aforementioned transactions did not change the control of the consolidated company over the subsidiary, the consolidated company had it treated as an equity transaction.

2021

	Fusugar Industry Corp.
The non-controlling interest amount of the subsidiary's net assets book amount to be transferred out (transferred in) according to the changes in correlative equity	($ 888)

	Fusugar Industry Corp.
Equity trade difference adjustments	
Capital surplus – Recognized changes in ownership interests in subsidiaries	($ 888)

2020

	UPMC	Fusugar Industry Corp.
Consideration received in cash	($ 3,280)	$ -
Subsidiary's net assets book amount transferred to/from the non-controlling interest according to the changes in correlative equity	4,369	(6,404)
Equity trade difference	$ 1,089	($ 6,404)

	UPMC	Fusugar Industry Corp.	Total
Equity trade difference adjustments			
Capital surplus – Difference between consideration and carrying amount of subsidiaries acquired or disposed	$ 866	$ -	$ 866
Capital surplus – Recognized changes in ownership	223	(6,404)	(6,181)

interests in subsidiaries	$ 1,089	($ 6,404)	($ 5,315)

32. Capital risk management

The consolidated company initiates capital management to ensure that it can plan the needed working capital and dividend expenditure for the future under the precondition of ongoing concern and according to the industrial traits and the future operation of the company in order to secure the company's sustainable operation, to pursue long-term profits for shareholders and stabilize business performance, and to maximize the return of shareholders' equity.

33. Financial Instruments

(1) Fair value information - financial instruments measured at fair value on a repeatability basis

1. Fair value level

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets valued at fair value through profit and loss				
－Domestic non-TWSE/TPEx listing stock	$ -	$ 53,261	$ -	$ 53,261
－Fund beneficiary certificate	170,984	-	-	170,984
Total	$ 170,984	$ 53,261	$ -	$ 224,245
Financial assets measured at fair value through other comprehensive profit and loss				
Equity instrument investment				
－Domestic non-TWSE/TPEx listing stock	$ -	$ 209,077	$ 199,925	$ 409,002
－Foreign non-listed (OTC) stock	-	-	111,684	111,684

—Anonymous portfolio investment	-	36,109	-	36,109
Total	$ -	$ 245,186	$ 311,609	$ 556,795

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets valued at fair value through profit and loss				
—Fund beneficiary certificate	$ 114,182	$ -	$ -	$ 114,182
Financial assets measured at fair value through other comprehensive profit and loss				
Equity instrument investment				
—Domestic non-TWSE/TPEx listing stock	$ -	$ 112,722	$ 213,000	$ 325,722
—Foreign non-listed (OTC) stock	-	-	94,826	94,826
—Investment of anonymous association	-	81,177	-	81,177
合　　計	$ -	$ 193,899	$ 307,826	$ 501,725

There was no transfer between Level 1 and Level 2 fair value measurements in 2021 and 2020.

2. Evaluation technology and the input value of Level 2 fair value measurement

The fair value of domestic un-TWSE/TPEx listing stocks and anonymous portfolio investments is evaluated in accordance with the Market Approach.

3. Adjustment of financial instruments measured at Level 3 fair value

2021

Financial Assets	Financial assets measured at fair value through other comprehensive profit and loss Equity instrument
Balance –Beginning	$307,826
Recognized in other comprehensive profit and loss (unrealized profit and loss of financial assets measured at fair value through other comprehensive profit and loss)	3,783
Balance - Ending	$311,609

2020

Financial Assets	Financial assets measured at fair value through other comprehensive profit and loss Equity instrument
Balance – beginning	$310,621
Recognized in other comprehensive profit and loss (unrealized profit and loss of financial assets measured at fair value through other comprehensive profit and loss)	(2,795)
Balance - ending	$307,826

4. Evaluation technology and input value for Level 3 fair value measurement

   (1) Financial assets measured at fair value through other comprehensive profit and loss - domestic un-TWSE/TPEx listing company's equity investments is with its fair value estimated by referring to the

comparable TWSE/TPEx listing companies. The significant unobservable input values are as follows: when multipliers, special risk discounts, non-listing discount and control premium increase, the fair value of these investments will increase accordingly.

	December 31, 2021	December 31, 2020
Weighted average capital cost rate	10.55%	9.24%
Final value growth rate	2.00%	2.00%
Discount adjustment	30.00%	30.00%

If the following input values are changed to reflect reasonably possible alternative assumptions, while all other input values remain unchanged, the amount of increase (decrease) in the fair value of the investment is as follows:

	December 31, 2021	December 31, 2020
Weighted average capital cost rate		
Increased by 1%	(\$ 16,432)	(\$ 20,584)
Decreased by 1%	\$ 20,761	\$ 27,210
Final value growth rate		
Increased by 1%	\$ 13,252	\$ 21,114
Decreased by 1%	(\$ 10,425)	(\$ 16,432)
Discount adjustment		
Increased by 1%	(\$ 2,827)	(\$ 3,004)
Decreased by 1%	\$ 2,827	\$ 3,004

(2) Financial assets measured at fair value through other comprehensive profit and loss - foreign un-listed (OTC) company's equity investments are with its fair value estimated in accordance with the cash flow discount method. The significant unobservable input values are

long-term income growth rate weighted average capital cost lack of market liquidity discount. When the weighted average capital cost increases, the fair value of these investments will decrease.

	December 31, 2021	December 31, 2020
Long-term income growth rate	2.00%	2.00%
Weighted capital cost rate	9.97%	11.54%
Liquidity discount rate	25.00%	25.00%

If the following input values are changed to reflect reasonably possible alternative assumptions, while all other input values remain unchanged, the amount of increase (decrease) in the fair value of the investment is as follows:

	December 31, 2021	December 31, 2020
Long-term income growth rate		
Increased by 1%	$ 1,913	$ 6,822
Decreased by 1%	($ 1,486)	($ 5,527)
Weighted capital cost rate		
Increased by 1%	($ 1,727)	($ 5,527)
Decreased by 1%	$ 2,219	$ 6,822
Liquidity discount rate		
Increased by 1%	($ 343)	($ 1,264)
Decreased by 1%	$ 343	$ 1,264

(2) Types of financial instruments

	December 31, 2021	December 31, 2020
Financial assets		
Measured at fair value through profit and loss		
Measured at fair value	$ 224,245	$ 114,182

through profit and loss mandatorily		
Measured at the amortized cost (Note 1)	1,978,578	2,256,342
Measured at fair value through other comprehensive profit and loss		
Equity instrument investment	556,795	501,725
Financial liabilities		
Measured at the amortized cost (Note 2)	2,978,419	2,803,928

Note 1: The balance amount includes cash, financial assets measured at amortized cost, notes receivable, net accounts receivable, accounts receivable-related parties, other receivables, other receivables-related parties, refundable deposit, and other financial assets, and financial assets that are measured at the amortized cost.

Note 2: The balance amount includes short-term loans, notes payable, accounts payable, other payables, other payables-related parties, long-term loans due within one year and long-term loans, and other financial liabilities that are measured at the amortized cost.

(3) Financial risk management objectives and policies

The main financial instruments of the consolidated company include cash, equity instrument investment, accounts receivable, accounts payable, loans, and lease liabilities. The financial management department of the consolidated company provides services to all business units, plans and coordinates entering the domestic and international financial markets, analyzes internal risk exposure according to the degree and breadth of risk, and reports, supervises, and manages the financial risks related to the operations of the consolidated company. These risks include market risk (including exchange rate risk, interest rate risk, and other price risks), credit risk, and liquidity risk.

1. Market risk

   The main financial risks from the operating activities of the consolidated company are the risk of changes in foreign currency exchange rates (see (1) below) and the risk of changes in interest rates (see (2) below).

   The consolidated company's market risk exposure related to financial instrument and the management and measurement of such risk exposure remain unchanged.

   (1) Exchange rate risk

   The exchange rate risk management of the consolidated company is mainly for the purpose of hedging risks, and it does not conduct financial instrument transactions for speculative purposes. The exchange rate risk management strategy is to regularly review the net positions of assets and liabilities in various currencies, and conduct risk management on the net positions.

   Please refer to Note 39 for the book value of monetary assets and monetary liabilities denominated in non-functional currencies of the consolidated company on the balance sheet date (including monetary items denominated in non-functional currencies that have been offset in the consolidated financial statements).

   <u>Sensitivity Analysis</u>

   The consolidated company is mainly affected by fluctuations in the exchange rate of the US dollar, Euro and Japanese Yen.

   The exchange risk associated with the monetary items of the consolidated company mainly come from the bank deposits, accounts receivables, other receivables, and bank loans priced in foreign currencies that are still outstanding without hedging through cash flow on the date of preparation of balance sheet, which incurred exchange profit/loss at the exchange of foreign currency. The sensitivity ratio referred to when reporting exchange rate risks to the management of the consolidated company is “1%,” which represents the management’s assessment of the reasonably possible range of changes in foreign currency exchange rates. With all other factors remain, the inflation of New Taiwan Dollar relative to foreign currency by 1% will decrease the net income before tax and equity by NT$2,104 thousand and NT$1,157 thousand in 2021 and 2020 respectively. On contrary deflation of New Taiwan Dollar relative to foreign currency by 1% will decrease the net income before tax or equity by the same amount. The analysis of the two periods adopt the same basis.

The management believes that sensitivity analysis cannot represent the inherent risk of exchange rates, because foreign currency risk exposure on the balance sheet date cannot reflect the mid-term risk exposure.

(2) Interest rate risk

The business entities in the consolidated company borrow funds at fixed and floating interest rates at the same time with interest rate risk resulted.

The book amount of the financial assets and financial liabilities of the consolidated company with interest rate risk exposure on the balance sheet date are as follows:

	December 31, 2021	December 31, 2020
With fair value interest rate risk		
—Financial assets	$ 67,000	$ 75,300
—Financial liabilities	1,140,144	690,923
With cash flow interest rate risk		
—Financial assets	627,068	935,648
—Financial liabilities	1,009,188	1,731,418

Sensitivity analysis

The sensitivity analysis below is based on the interest rate risk exposure of the non-derivative instruments on the balance sheet date. For floating rate assets and liabilities, the analysis is based on the assumption that the amount of assets and liabilities that were in circulation on the balance sheet date was in circulation throughout the reporting period. The rate of change used when reporting interest rates internally to the management of the consolidated company is an increase or decrease by 100 base points, which represent the management's assessment of the reasonably possible range of changes in interest rates.

If interest rates increase by 100 base points and all other variables remain unchanged, the consolidated company's 2021 and 2020 net income before tax will decrease by NT$3,821 thousand and NT$7,958 thousand, respectively, mainly due to the consolidated company's variable interest rate deposits and net position of variable interest rate loans. On contrary, if the interest rates decrease by 100 base points, the net income before tax will decrease by the same amount respectively, mainly due to the consolidated company's variable interest rate deposits and net position of variable interest rate loans.

(3) Other price risks

The consolidated company suffers equity price risk exposure due to equity securities investment. The equity securities investment is not held for trading and it is a strategic investment. The consolidated company did not actively trade these investments, but assigned relevant personnel to monitor price risks and assess when to increase the hedging positions.

Sensitivity analysis

The sensitivity analysis below is based on the equity price risk exposure on the balance sheet date.

If the equity price increases/decreases by 1%, the comprehensive profit and loss before tax in 2021 and 2020 will increase/decrease by NT$2,242 thousand and NT$1,142 thousand, respectively, due to the increase/decrease in the fair value of financial assets measured at fair value through comprehensive profit and loss. The other comprehensive profit and loss before tax in 2021 and 2020 will increase/decrease by NT$5,568 thousand and NT$5,017 thousand, respectively, due to the increase/decrease in the fair value of financial assets measured at fair value through other comprehensive profit and loss.

2. Credit risk

Credit risk refers to the risk that the counterparty of the transaction defaults on contractual obligations and causes financial losses to the consolidated company. As of the balance sheet date, the maximum credit risk exposure of the consolidated company that may cause financial losses due to the counterparty's failure to perform its obligations is mainly derived from the book amount of financial assets recognized in the consolidated balance sheet.

The accounts receivable is to be collected from many customers, different industries, and broad geographic regions. The consolidated company continues to evaluate the financial status of accounts receivable customers.

In addition, since the counterparties of liquid funds and derivative financial instruments are financial institutions and corporate organizations with good credit ratings, the credit risk is limited.

3. Liquidity risk

The consolidated company manages and maintains sufficient cash and cash equivalents to support the consolidated company's operations and reduce the impact of cash flow fluctuations. The management of the consolidated company supervises the use of bank loan commitments and ensures compliance with the terms of the loan contract.

Bank loans are an important source of liquidity to the consolidated company. Please refer to the description of (2) loan commitments below for the loan commitments available to the consolidated company as of December 31, 2021 and 2020.

(1) Non-derivative financial liabilities liquidity and interest rate risk list

The following table describes the payment period for the remaining non-derivative financial liabilities of the consolidated company. It is based on the earliest possible repayment date of the consolidated company and the undiscounted cash flow of financial liabilities, including the cash flow from the interest and principal.

The bank loans of the consolidated company that may be requested to be repaid immediately are those with the earliest repayment date in the table below, regardless of the probability of the bank's immediately enforcing the right. The maturity analysis of other non-derivative financial liabilities is compiled in accordance with the agreed repayment date.

For interest cash flows paid at floating interest rates, the undiscounted amount of interest is derived from the yield curve on the balance sheet date.

December 31, 2021

	Immediate payment or paying within 1 year	1~2 Years	2~5 Years	Over 5 Years
Non-derivative financial liabilities				
Non-interest-bearing liabilities	$ 1,135,289	$ -	$ -	$ -
Lease liabilities	42,840	11,669	29,909	320,182
Floating interest rate instrument	1,011,059	1,607	-	-
Fixed interest rate instrument	833,789	1,730	-	-
	$ 3,022,977	$ 15,006	$ 29,909	$ 320,182

December 31, 2020

	Immediate payment or paying within 1 year	1~2 Years	2~5 Years	Over 5 Years
Non-derivative financial liabilities				
Non-interest-bearing	$ 720,069	$ -	$ -	$ -

liabilities				
Lease liabilities	68,827	11,046	29,926	333,541
Floating interest rate instrument	1,525,924	211,438	1,607	-
Fixed interest rate instrument	349,848	1,916	1,730	-
	$ 2,664,668	$ 224,400	$ 33,263	$ 333,541

(2) Loan Commitments

	December 31, 2021	December 31, 2020
Unguaranteed bank loan commitments		
－Loan commitments applied	$ 1,633,290	$ 1,769,560
－ Loan commitments not applied	3,752,710	3,386,440
	$ 5,386,000	$ 5,156,000
Guaranteed bank loan commitments		
－Loan commitments applied	$ 209,480	$ 314,299
－ Loan Commitments not applied	112,899	488,101
	$ 322,379	$ 802,400

34. Related party transactions.

The transactions, account balances, and income and expenses between the consolidated companies are all eliminated at the time of consolidation; therefore, they are not disclosed in this note. The transactions between the consolidated company and other related parties are as follows.

(1) Name and relationship of related parties

Name of related parties	Relation with consolidated company
Soft Chemical Corp. (SCC)	Associate
Defia Co., Ltd.	Associate (former subsidiary prior to November, 2020)
Soft Industry Corp. (SIC)	Joint Venture
Chang Chun Formosan Union Fine Chemical (Changshu) Co., Ltd. (Chang Chun FUCC)	Joint Venture
Shinben Enterprise Co., Ltd. (Shinben Enterprise)	Other related party (FUCC chairman acting as the director of Shinben since June, 2020)
Meiluan Investment Co., Ltd. (Meiluan Investment)	Other related party (FUCC chairman acting as supervisor of Meiluan)

(2) Operating income

Account	Classification or related party	2021	2020
Sales income	Joint Venture	$ 290,003	$ 203,648

The transactions conducted with the related party are with a price and payment term equivalent to other non-related parties, except for the 1-month credit term.

(3) Purchase

Account	Classification or related party	2021	2020
Purchase	Joint Venture	$ 93,167	$ -

The transactions conducted with the related party are with a price and payment term equivalent to other non-related parties, except for the 1-month credit term.

(4) Accounts receivables from related parties (excluding the loaning of funds to the related parties)

Account	Classification or related party/Title	December 31, 2021	December 31, 2020
Accounts receivables from related	Joint Venture / Chang Chun FUCC	$ -	$ 74,368

party

Other receivables from related party	Associate /Defia	$ 713	$ 522

No guarantee is received for the outstanding accounts receivable from related parties. The 2021 and 2020 receivables from the related parties are without any allowance for losses appropriated.

(5) Payables to related parties

Account	Classification or related party/Title	December 31, 2021	December 31, 2020
Account payables to related parties	Joint Venture/ Chang Chun FUCC	$ 12,308	$ -
Other payables to related parties	Associate / Defia	$ 155	$ 137

Outstanding accounts payables to related party does not provide security.

(6) Prepayment for house and land (under account of prepayment of equipment)

Classification or related party/Title	December 31, 2021	December 31, 2020
Other related party/Shiben Enterprise	$ 50,155	$ 33,436

Subsidiaries UPMC, Hershey Environmental Tech, and Great Victory Chemical purchased land and building 8F-10F in Wanghua District of Taipei City from other related party – Shinben Enterprise in 2020 in the total amount of NT$340,342 thousand.

(7) Acquisition of property, plant and equipment

Classification or related party	Cost of Acquisition	
	2021	2020
Associate	$ 125	$ -

(8) Lease agreement

Operating lease

The total amount of lease payment to be received in the future is summarized below:

Classification or related party	2021	2020
Associate	$ -	$ 110

The rental income is summarized as follows:

Classification or related party	2021	2020
Associate	$ 116	$ 18

(9) Non-operating income - others

Account	Classification of related Party	2021	2020
Other income	Associate	$ 38	$ 6

(10) Borrowings from related parties

Classification of related parties	December 31, 2021	December 31, 2020
Other related parties	$ 360	$ -

Interest expenses

Classification of related parties	2021	2020
Other related parties	$ 1	$ -

The borrowing interest rate for the consolidated company to borrow from the related parties in December 2021 was based on the base interest rate of 2.37% from Bank of Taiwan. The borrowing from related parties was unsecured loan.

(11) Endorsements/guarantees

Please refer to note 36-2.

(12) Remunerations to the management

	2021	2020
Short-term employee benefits	$141,466	$131,705
Pensions	2,509	3,195
	$143,975	$134,900

The remuneration to directors and other key management personnel is determined in accordance with individual performance evaluation and market trends.

35. Collateral assets

The following assets of the consolidated company have been provided as collateral for the purchase, financial borrowing and financing credit of loans:

	December 31, 2021	December 31, 2020
Property, plant and equipment		
Proprietary land	$ 825,787	$ 825,787
House and building	703,693	834,357
Machinery equipment	881,411	1,176,480
Investment property		
Proprietary land	983	983
Other noncurrent assets – time deposit	43,302	83,265
	$ 2,455,176	$ 2,920,872

36. Contractual Commitment with Material or Liabilities without Recognition

The material commitments and contingencies of the consolidated company on the balance sheet date are as follows:

(1) The consolidated company has issued a letter of credit for material procurement with an outstanding balance of NT$250,000 thousand and NT$84,650 thousand, and US$82 thousand and US$174 thousand, as of December 31, 2021 and 2020, respectively.

(2) Making of notes endorsement and guarantee:

1. As of December 31, 2021 and 2020, FUCC issued bills of endorsements /guarantees for Fusugar Industry Corp. in the amount of NT$313,046 thousand respectively, which amount was approved by the FUCC Board of directors and the actual amounts used were NT$313,046 thousand.
2. As of December 31, 2021 and 2020, Hershey Environmental Tech issued bills of endorsements /guarantees for FUCC in the amount of NT$3,950 thousand respectively, which amount was approved by the Hershey Environmental Tech Board of directors and the actual amounts used were NT$3,950 thousand.

(3) As of December 31, 2021 and 2020, the consolidated company has signed contract for the property, plant and equipment for the amount of NT$290,187 thousand and NT$306,906 thousand respectively, which amounts have not been paid. Please refer to Note 34-10.

37. Other matters

None.

38. Major Post-Period Matters

None.

39. Information on significantly influential assets and liabilities in foreign currency

The following information is summarized and expressed in foreign currencies other than the functional currencies of each business entity in the consolidated companies. The disclosed exchange rates refer to the exchange rates for the conversion of the foreign currencies into functional currencies. The influential assets and liabilities in foreign currency are as follows:

December 31, 2021

	Foreign Currency	Exchange Rate		Book Value
Assets in foreign currency				
Monetary items				
USD	$ 29,661	27.6300	(USD: NTD)	$ 819,514
Euro	740	31.1200	(Euro: NTD)	23,044
JPY	67,407	0.2385	(JPY: NTD)	16,076
				$ 858,634
Non-monetary items				
Financial assets-current measured at fair value through profit and loss				
JPY	$ 30,401	0.2385	(JPY: NTD)	$ 7,251
Financial assets-noncurrent measured at fair value through other comprehensive profit and loss				
RMB	25,710	4.3440	(RMB: NTD)	$ 111,684
JPY	150,140	0.2405	(JPY: NTD)	36,109
				$ 147,793
Associate under the equity method and joint venture				
VND	130,002,704	0.0012	(VND: NTD)	$ 157,655
RMB	141,093	4.2315	(RMB: NTD)	612,556

				$ 770,211
Liabilities in foreign currency				
Monetary items				
USD	23,139	27.7300	(USD: NTD)	$ 641,635
Euro	209	31.5200	(Euro: NTD)	6,575
				$ 648,210

December 31, 2020

	Foreign Currency	Exchange Rate		Book Value
Assets in foreign currency				
Monetary items				
USD	$ 27,993	28.4300	(USD: NTD)	$ 795,843
Assets in foreign currency				
Financial assets-noncurrent measured at fair value through other comprehensive profit and loss				
RMB	$ 21,665	4.3770	(RMB: NTD)	$ 94,826
JPY	293,800	0.2763	(JPY: NTD)	81,177
				$ 176,003
Associate under equity method and joint venture				
VND	118,246,409	0.0012	(VND: NTD)	$ 146,039
RMB	131,839	4.3648	(RMB: NTD)	575,454
				$ 721,493
Liabilities in				

foreign currency			
Monetary items			
USD	31,952	28.5300 (USD: NTD)	$ 911,578

The consolidated company mainly bears the exchange rate risk of the New Taiwan dollar. The following information is summarized and expressed in the functional currencies of each business entity holding foreign currencies. The disclosed exchange rates refer to the exchange rates for the conversion of the functional currencies into the expressing currency. The influential foreign exchange profit and loss (realized and unrealized) is as follows:

	2021		2020	
Functional currency	Functional currency to expressing currency	Net exchange loss	Functional currency to expressing currency	Net exchange loss
NTD	1 (NTD : NTD)	($ 10,936)	1 (NTD : NTD)	($ 9,400)

40. Notes to Disclosure

(1) Information on major transactions:

1. Loaning of funds (Table 1)
2. Making of endorsements/guarantees (Table 2)
3. The valuable securities held at yearend (excluding investment in the equity of the subsidiaries, associates, and joint venture) (Table 3)
4. The cumulative amount of buying or selling one security exceeding NT$300 million or 20% of the paid-in capital (Table 4)
5. The amount of property acquired exceeding NT$300 million or 20% of the paid-in capital (None).
6. The amount of property disposed exceeding NT$300 million or 20% of the paid-in capital (None).

7. The amount of goods purchased from and sold to the related party exceeding NT$100 million or 20% of the paid-in capital (Table 5).
8. The amount of receivables from the related party exceeding NT$100 million or 20% of the paid-in capital (None).
9. Engaged in derivatives transactions (None).
10. Others: Business relationship and important transactions amount between the parent company and subsidiaries (Table 6).

(2) Investment related information: (Table 7)

(3) Information on investment in Mainland China:

1. The name of the invested company, main business operations, paid-in capital, investment methods, capital remittances inwards and outwards, shareholding ratio, investment profit and loss, year-end investment book amount, investment profit and loss remitted inward, and limits of investment in Mainland China (Table 8).
2. The following major transactions, prices, payment terms, and unrealized profit and loss occurred directly or indirectly with the invested company in mainland China through the third region: (Table 5)

(1) The purchase amount and percentage and the year-end balance and percentage of related payables;

(2) The amount and percentage of sales and the year-end balance and percentage of related receivables;

(3) The amount of property transactions and the amount of profit and loss resulted;

(4) The endorsement/guarantee of the bill or the year-end amount of the collateral provided and its purpose;

(5) The maximum balance, year-end balance, interest rate range, and total current interest of the loans;

(6) Other transactions that have a significant impact on the current profit and loss or financial status, such as, the labor service provided or received... etc.

(4) Major shareholders information: The name, shareholding amount, and shareholding ratio of the shareholders with 5% or more than shareholding (Table 9)

41. Department Information

Information is provided to the business decision makers for allocating resources and evaluating departmental performance, focusing on each type of product or service delivered or provided. The Alkylation Manufacturing Department and the Hydrocarbon Resin Manufacturing Department of the consolidated company must be presented. The Alkylation Manufacturing Department mainly produces alkylbenzene and nonanol. The Hydrocarbon Resin Manufacturing Department mainly produces hydrocarbon resin products. The company has other departments that have not reached the quantitative threshold, which are mainly engaged in the manufacturing and sales of pesticides, the processing and manufacturing of petrochemical engineering... etc.

(1) Departmental income and operating results

The income and operating results of the business unit of the consolidated company are analyzed according to the reporting department as follows:

2021

	Alkylation	Hydrocarbon resin	Others	Total
Income from external customers	$ 6,784,084	$ 1,873,712	$ 541,358	$ 9,199,154
Inter-department income	338,227	491,003	8,691	837,921
Departmental income	$ 7,122,311	$ 2,364,715	$ 550,049	10,037,075
Internal written-off				(837,921)

Consolidated income				$ 9,199,154
Departmental profit and loss	$ 1,330,916	$ 130,138	($ 509,422)	$ 951,632
Percentage of profit and loss from associates under equity method and joint venture				58,447
Net income before tax of the continuing business units				$ 1,010,079

2020

	Alkylation	Hydrocarbon resin	Others	Total
Income from external customers	$ 6,006,316	$ 1,748,954	$ 726,559	$ 8,481,829
Inter-department income	228,976	495,860	11,747	736,583
Departmental income	$ 6,235,292	$ 2,244,814	$ 738,306	9,218,412
Internal written-off				(736,583)
Consolidated income				$ 8,481,829
Departmental profit and loss	$ 765,699	$ 80,713	($ 146,836)	$ 699,576
Percentage of profit and loss from associates under equity method and joint venture				13,867
Net income before tax of the continuing business units				$ 713,443

(2) Total departmental assets

	December 31, 2021	December 31, 2020
Departmental Assets		
Operating Department		
Alkylation Manufacturing Department	$ 6,688,204	$ 6,660,061
Hydrocarbon Resin Department	2,324,126	2,179,238
Other Departments	2,575,358	2,280,854
Total Consolidated Assets	$ 11,587,688	$ 11,120,153

(3) Income from main products

The income analysis of the main products of the parent company and its subsidiaries is as follows:

	2021	2020
Alkylation	$ 6,784,084	$ 6,006,316
hydrocarbon resin	1,873,712	1,748,954
Others	541,358	726,559
	$ 9,199,154	$ 8,481,829

(4) Regional information

The operating income of the consolidated company from external customers is classified by the country where the customers are located as follows:

	Income generated from external customers	
	2021	2020
Taiwan	$ 2,215,897	$ 2,536,725
China	1,524,141	1,312,701
Guatemala	1,155,197	904,514
Vietnam	368,947	557,372
Philippines	564,261	555,042
U.S.A.	730,726	484,645
Others	2,639,985	2,130,830
	$ 9,199,154	$ 8,481,829

(5) Major customer information

The direct sales income amounted to NT$9,199,154 thousand and NT$8,481,829 thousand in 2021 and 2020, respectively, of which, NT$1,155,197 thousand and NT$904,514 thousand were generated from the largest customers of the consolidated company.

Formosan Union Chemical Corporation and Subsidiaries

Loaning of funds

January 1 – December 31, 2021

Table 1

Unit: NTD Thousand

No.	Lending company	Borrower	Account	A related party or not	Maximum balance - current	Ending balance	Actual loan amount	Interest rate range	Nature of loaning of fund	Transaction amount	Reason for short-term loaning of funds	Appropriation of allowance for bad debt	Collateral		Individual loaning of fund limit	Total loaning of fund limit	Remarks
													Name	Value			
0	FUCC	Hershey Environmental Tech	Other receivables	Yes	$ 350,000	$ -	$ -	2.616%	Needs for short-term loans	$ -	Working capital	$ -	-	$ -	The loaning of fund limit for one single company is for an amount equivalent to 10% of the net equity value in the latest financial statements (that is NT$762,215 thousand) of FUCC.	The total loaning of fund limit is for an amount equivalent to 20% of the net equity value in the latest financial statements (that is NT$1,524,429 thousand) of FUCC.	
1	UPMC	Fusugar Industry Corp.	Other receivables	Yes	100,000	100,000	-	2.366%	Needs for short-term loans	-	Working capital	-	-	-	The loaning of fund limit for one single company is for an amount equivalent to 10% of the net equity value in the latest financial statements (that is NT$113,132 thousand) of UPMC.	The total loaning of fund limit is for an amount equivalent to 20% of the net equity value in the latest financial statements (that is NT$226,263 thousand) of UPMC.	
2	Great Victory Chemical	Fusugar Industry Corp.	Other receivables	Yes	80,000	80,000	-	2.366%	Needs for short-term loans	-	Working capital	-	-	-	The loaning of fund limit for one single company is for an amount equivalent to 10% of the net equity value in the latest financial statements (that is NT$94,380 thousand) of Great Victory Chemical.	The total loaning of fund limit is for an amount equivalent to 20% of the net equity value in the latest financial statements (that is NT$188,760 thousand) of Great Victory Chemical.	
2	Great Victory Chemical	Hershey Environmental Tech	Other receivables	Yes	80,000	80,000	-	2.366%	Needs for short-term loans	-	Working capital	-	-	-	The loaning of fund limit for one single company is for an amount equivalent to 10% of the net equity value in the	The total loaning of fund limit is for an amount equivalent to 20% of the net equity value in	

															latest financial statements (that is NT$94,380 thousand) of Great Victory Chemical.	the latest financial statements (that is NT$188,760 thousand) of Great Victory Chemical.	
3	Hershey Environmental Tech	Fusugar Industry Corp.	Other receivables	Yes	40,000	40,000	-	2.366%	Needs for short-term loans	-	Working capital	-	-	-	The loaning of fund limit for one single company is for an amount equivalent to 10% of the net equity value in the latest financial statements (that is NT$56,546 thousand) of Hershey Environmental Tech.	The total loaning of fund limit is for an amount equivalent to 20% of the net equity value in the latest financial statements (that is NT$113,092 thousand) of Hershey Environmental Tech.	

Formosan Union Chemical Corporation and Subsidiaries

Making of Endorsements/Guarantees

January 1 – December 31, 2021

Table 2

Unit: NTD Thousand

No.	Endorsing/guaranteeing company	Endorsed/guaranteed party		Single endorsement/guarantee limit	Maximum endorsement/guarantee balance of the year	Endorsement/guarantee balance - ending	Actual endorsement/guarantee amount	Endorsement/Guarantee secured with property provided as collateral	Ratio of cumulative endorsement/guarantee amount to the net worth in the latest Financial report (%)	Maximum endorsement/guarantee limit	Making of endorsement/guarantee by the parent company for subsidiary	Making of endorsement/guarantee by subsidiary for parent company	Endorsement/guarantee attributable to mainland China	Remarks
		Company name	Relation (Note 1)											
0	FUCC	Fusugar Industry Corp.	2	$ 1,524,429 (Note 2)	$ 313,046	$ 313,046	$ 313,046	$ -	4.11%	$ 3,811,073 (Note 3)	Yes	No	No	
1	Hershey Environmental Tech	FUCC	3	113,092 (Note 4)	3,950	3,950	3,950	3,950	0.70%	282,730 (Note 5)	No	Yes	No	

Note 1: There are 7 types of relationships between the endorsing/guaranteeing company and the endorsed/guaranteed company. Please indicate the type of relationship:

(1) The business associates of the company;

(2) A company with more than 50% of the voting shares held by the company directly or indirectly;

(3) A company holds more than 50% of the voting shares of the company directly or indirectly;

(4) A company with more than 90% of the voting shares held by the company directly or indirectly;

(5) Companies in the same industry or co-builders provide mutual guarantees in accordance with contract signed for the needs of contracting projects

(6) A company that is endorsed and guaranteed by all shareholders proportionally to their shareholding ratio due to a joint investment relationship;

(7) The companies in this industry engage in the performance bond solidarity for the property pre-sale contract in accordance with the Consumer Protection Act.

Note 2: The endorsement/guarantee amount for one single enterprise is limited to not more than 20% of the company's net worth, that is, NT$7,622,146 thousand ×20%=NT$1,524,429 thousand.

Note 3: ◦ The total endorsement/guarantee amount is limited to not more than 50% of the company's net worth, that is, NT$7,622,146 thousand ×50%=NT$3,811,073 thousand.

Note 4: The endorsement/guarantee amount for one single enterprise is limited to not more than 20% of Hershey Environmental Tech's net worth, that is, NT$565,460 thousand ×20%=NT$113,092 thousand.

Note 5: The total endorsement/guarantee amount is limited to 50% of the Hershey Environmental Tech's net worth, that is, NT$565,460 thousand ×50%=NT$282,730 thousand.

Formosan Union Chemical Corporation and Subsidiaries

Securities Held at Yearend

December 31, 2021

Table 3

Unit: NTD Thousand, unless otherwise stated

Shareholding company	Type and name of marketable securities	Relationship with security issuer	Accounts Yearend	Yearend				Remarks
				Shares	Book Value	Shareholding ratio (%)	Market price	
FUCC	Kenwell Industrial Pte Ltd/ Stock Shares	—	Financial assets-noncurrent measured at fair value through other comprehensive profit and loss	4,927,717.00	$ 111,684	19.74%	$ 111,684	
FUCC	Daiwa Green Energy No.7 GK/Investment anonymous association	—	Financial assets-noncurrent measured at fair value through other comprehensive profit and loss	-	36,109	-	36,109	
FUCC	J & V Energy Technology Co., Ltd. /Stock Shares	—	Financial assets-noncurrent measured at fair value through other comprehensive profit and loss	8,393,318.00	209,077	7.45%	209,077	
FUCC	Forte Chemical Co., Ltd /Stock Shares	—	Financial assets-noncurrent measured at fair value through other comprehensive profit and loss	1,400,000.00	-	3.14%	-	
FUCC	Kolyn Technology Corporation /Stock Shares	—	Financial assets-noncurrent measured at fair value through other comprehensive profit and loss	70,000.00	-	1.06%	-	
FUCC	J & V Energy Technology Co., Ltd./Stock Shares	—	Financial assets-current measured at fair value through profit and loss	2,098,000.00	52,261	1.86%	52,261	
FUCC	Uspace Tech Co., Ltd. /Stock Shares	—	Financial assets-current measured at fair value through profit and loss	25,000.00	1,000	0.21%	1,000	
FUCC	BlackRock Global Funds - Japan Flexible Equity Fund/ Beneficiary certificate	—	Financial assets-current measured at fair value through profit and loss	14,836.80	7,251	-	7,251	Note 1
Yongyao Energy	TCB Money Market Fund/ Beneficiary certificate	—	Financial assets-current measured at fair value through profit and loss	537,216.61	5,509	-	5,509	Note 1
Fusugar Industry Corp.	TCB Money Market Fund / Beneficiary certificate	—	Financial assets-current measured at fair value through profit and loss	2,148,484.85	22,033	-	22,033	Note 1

Great Victory Chemical	Sino-Japan Chemical Co., Ltd. /Stock shares	—	Financial assets-noncurrent measured at fair value through other comprehensive profit and loss	88,345.00	199,925	6.10%	199,925	
Great Victory Chemical	Capital Money Market Fund/Beneficiary certificate	—	Financial assets-current measured at fair value through profit and loss	8,356,777.70	136,191	-	136,191	Note 1

Note 1: The market price of fund beneficiary certificates is estimated according to the net value of fund assets on December 31, 2021.

Note 2: Please refer to Table 7 and Table 8 for the information of investment in subsidiaries, associates, and joint ventures.

Formosan Union Chemical Corporation and Subsidiaries

The cumulative amount of buying or selling one security exceeding NT$300 million or 20% of the paid-in capital

January 1 – December 31, 2021

Table 4

Unit: NTD Thousand

Buying and selling company	Type and name of marketable securities	Account	Counterparty	Relation	Beginning of the year		Buying		Selling				Year end	
					Shares/Unit	Amount	Shares/Unit	Amount	Shares/Unit	Selling Price	Book Cost	Disposal profit/loss	Shares/Unit	Amount
FUCC	TCB money market fund/beneficiary certificate	Financial assets measured at fair value through profit and loss	—	—	-	$ -	68,349,756.15	$ 700,000	68,349,756.15	$ 700,337	$ 700,000	$ 337	-	$ -

Formosan Union Chemical Corporation and Subsidiaries

The amount of goods purchased from and sold to the related party exceeding NT$100 million or 20% of the paid-in capital

January 1 – December 31, 2021

Table 5

Unit: NTD Thousand

Buying (selling) company	Name of counterparty	Relation	Transactions				Different trade terms from general trading conditions and the reasons		Notes and accounts receivable (payable)		Remarks
			Purchase (sale)	Amount	Ratio to total purchase (sale)	Credit period	Unit Price	Credit period	Balance	Ratio to total notes and accounts receivable (payable)	
FUCC	UPMC	Subsidiary	Sale	$ 436,965 (Note 1)	6.62%	1~2 months	Contract price/ Equivalent to general trade	1~2 months	$ 38,623	5.04%	Note 5
UPMC	FUCC	Parent Company	Purchase	436,965 (Note 2)	25.72%	1~2 months	Contract price/ Equivalent to general trade	1~2 months	(38,623)	40.26%	Note 5
FUCC	Hershey Environmental Tech	Subsidiary	Sale	257,401 (Note 3)	5.33%	1~2 months	Contract price/ Equivalent to general trade	1~2 months	(23,316)	5.41%	Note 5
Hershey Environmental Tech	FUCC	Parent Company	Sale	257,401 (Note 4)	27.25%	1~2 months	Contract price/ Equivalent to general trade	1~2 months	23,316	80.40%	Note 5
FUCC	Chang Chun FUCC	Joint Venture	Sale	290,003	4.39%	1 month	Equivalent to general trade	1 month	-	-	

Note 1: Including processing income of NT$425,014 thousand and sales income of NT$11,951 thousand.

Note 2: Including processing expense of NT$425,014 thousand and purchase NT$11,951 thousand.

Note 3: Including processing expense of NT$165,416 thousand and purchase NT$91,985 thousand.

Note 4: Including processing income of NT$165,416 thousand and sales income of NT$91,985 thousand.

Note 5: All the aforementioned transactions have been written off at the time of preparing the consolidated financial statements.

Formosan Union Chemical Corporation and Subsidiaries

Business relationship and important transactions between the parent company and subsidiaries

January 1 – December 31, 2021

Table 6

Unit: NTD Thousand

Number (Note 1)	Name of counterparty	Counterparty	Relationship with the counterparty (Note 2)	Transactions			
				Account	Amount	Trade Terms	Ratio to consolidated total income or total assets (%)
0	FUCC	UPMC	1	Accounts receivable	$ 38,623	Equivalent to general trade	-
0	FUCC	UPMC	1	Accounts payable	4,662	Equivalent to general trade	-
0	FUCC	UPMC	1	Sales	11,951	Equivalent to general trade	-
0	FUCC	UPMC	1	Processing income	425,014	Contract price	5%
0	FUCC	UPMC	1	Purchase	47,800	Equivalent to general trade	1%
0	FUCC	Hershey Environmental Tech	1	Accounts payable	23,316	Equivalent to general trade	-
0	FUCC	Hershey Environmental Tech	1	Other payables	2,281	Equivalent to general trade	-
0	FUCC	Hershey Environmental Tech	1	Sales	61,818	Equivalent to general trade	1%
0	FUCC	Hershey Environmental Tech	1	Purchase	91,985	Equivalent to general trade	1%
0	FUCC	Hershey Environmental Tech	1	Processing expense	165,416	Contract price	2%
0	FUCC	Hershey Environmental Tech	1	Other manufacturing expenses	4,772	Equivalent to general trade	-
0	FUCC	Hershey Environmental Tech	1	Interest income	5,045	Contract price	-
0	FUCC	Hershey Environmental Tech	1	Rent income	12,208	Contract price	-
0	FUCC	Hershey Environmental Tech	1	Rent Expense	18,789	Contract price	-
0	FUCC	Fusugar Industry Corp.	1	Other income	3,139	Equivalent to general trade	-
0	FUCC	Great Victory Chemical	1	Other income	4,114	Equivalent to general trade	-
1	UPMC	Hershey Environmental Tech	2	Accounts receivable	2,926	Equivalent to general trade	-
1	UPMC	Hershey Environmental Tech	2	Other receivables	1,721	Equivalent to general trade	-
1	UPMC	Hershey Environmental Tech	2	Sales	18,189	Equivalent to general trade	-
1	UPMC	Hershey Environmental Tech	2	Purchase	2,562	Equivalent to general trade	-
1	UPMC	Hershey Environmental Tech	2	Rent expense	20,325	Contract price	-
2	Hershey Environmental Tech	Great Victory Chemical	2	Sales	4,494	Equivalent to general trade	-

Note 1: The business transaction information between the parent company and its subsidiaries should be indicated in the respective column. The method of filling in the respective column is as follows:

(1) Fill in "0" for the parent company.

(2) Subsidiaries are numbered sequentially starting from Arabic numeral "1" in an orderly sequence.

Note 2: "1" represents the parent company to the subsidiary, and "2" represents the subsidiary to the subsidiary.

Note 3: All the aforementioned transactions have been written off when the consolidated financial statements are prepared.

Formosan Union Chemical Corporation and Subsidiaries

Invested company information, location and other related Information

January 1 – December 31, 2021

Table 7

Unit: NTD Thousand

Name of Investing Company	Name of invested company	Location	Main Business Lines	Beginning investment amount		Shareholding end of the year			被投資公司本期（損）益	本期認列之投資（損）益	備註
				End of this year	End of last year	Shares	Ratio (%)	Book Value			
FUCC	UPMC	Taipei City	Manufacturing, rework and buying/selling hydrocarbon resin, polyester polyo1, Melamine resin, resin clay, Urea resin, alkyd resin, acetate resin, butyric acid resin, and aromatics solvent oil.	$ 603,812	$ 603,812	72,202,200	80.25%	$ 988,997	$ 52,334	$ 42,116	Note 1
FUCC	Hershey Environmental Tech	Taipei City	Planning and design of petrochemical engineering, installation and trading of mechanical equipment, distribution of domestic liquefied petroleum gas, repair and maintenance and inspection of steel cylinders.	510,211	510,211	50,000,000	100.00%	590,352	(6,994)	12,169	Note 1
FUCC	Fusugar Industry Corp.	Taichung City	Petrochemical raw materials, synthetic resins, rubber and plastics, other chemical products manufacturing and wholesale, and sugar manufacturing.	1,516,555	1,316,555	98,993,285	85.34%	601,499	(454,908)	(386,708)	Note 1
FUCC	Great Victory Chemical	Taipei City	Pesticide manufacturing and sales.	401,364	401,364	19,800,000	100.00%	943,800	83,680	83,680	Note 1
FUCC	Tanques Del Pacifico	Guatemala	Warehouse silo lease.	28,513	28,513	900	100.00%	30,097	360	(1,590)	Note 2
FUCC	Defia	Taipei City	Engaged in food trading and bakery.	3,000	3,000	300,000	20.00%	5,673	9,260	1,851	Note 2
FUCC	Sheng Hua Develop	Taoyuan City	Engaged in the trading and holding of residential and commercial real estate and land development operations.	20,000	-	20,000	10.00%	19,968	(325)	(32)	Note 2 and Note 4
FUCC	Chang Chun FUCC	Changshu	Engaged in the production, processing, and sales of nonylphenol, dinonylphenol, and olefin fuel oil products; also, providing technical and consulting services related to self-produced products; engaged in the wholesale, warehousing, and commission agency of general chemicals (except auctions), and import and export business.	689,513	689,513	-	50.00%	612,556	78,881	39,441	Note 1
FUCC	SIC	Vietnam	Engaged in the manufacturing, processing, and trading of alkylbenzene and sulfonic acid.	97,779	97,779	-	50.00%	91,933	18,583	9,291	Note 1
FUCC	SCC	Vietnam	Engaged in the manufacturing, processing, and trading of alkylbenzene and sulfonic acid.	43,707	43,707	-	42.03%	65,722	18,788	7,896	Note 1

UPMC	Fusugar Industry Corp.	Taichung City	Petrochemical raw materials, synthetic resins, rubber and plastics, other chemical products manufacturing and wholesale, and sugar manufacturing.	29,913	29,913	1,794,787	1.55%	10,905	(454,908)	(7,199)	Note 1
Hershey Environmental Tech	UPMC	Taipei City	Manufacturing, rework and buying/selling hydrocarbon resin, polyester polyo1, Melamine resin, resin clay, Urea resin, alkyd resin, acetate resin, butyric acid resin, and aromatics solvent oil.	23,858	23,858	1,216,088	1.35%	20,407	52,334	713	Note 1
Hershey Environmental Tech	Yongyao Energy	Taipei City	Manufacturing of batteries, electronic components, power generation, transmission, and power distribution machinery, and electronic materials trading (energy technology service).	85,500	85,500	8,550,000	100.00%	91,051	3,861	3,861	Note 1
Hershey Environmental Tech	Yongji Energy Co., Ltd.	Taipei City	Thermal energy supply industry, cleaning products wholesale industry, and installation and wholesale industry of electrical appliances, machinery, etc.	3,878	3,878	387,840	50.00%	6,685	854	427	Note 2
Great Victory Chemical	UPMC	Taipei City	Manufacturing, rework and buying/selling hydrocarbon resin, polyester polyo1, Melamine resin, resin clay, Urea resin, alkyd resin, acetate resin, butyric acid resin, and aromatics solvent oil.	$ 8,472	$ 8,472	436,800	0.49%	$ 5,492	$ 52,334	$ 255	Note 1
Great Victory Chemical	Fusugar Industry Corp. Fusugar Industry Corp.	Taichung City	Petrochemical raw materials, synthetic resins, rubber and plastics, other chemical products manufacturing and wholesale, and sugar manufacturing.	94,287	94,287	5,657,220	4.88%	34,374	(454,908)	(22,692)	Note 1
Great Victory Chemical	Yung Sheng Green Power	Taipei City	Manufacturing of batteries, electronic components, power generation, transmission, and power distribution machinery, and electronic materials trading (energy technology service).	3,100	3,100	310,000	50.00%	5,349	(12)	(6)	Note 2
Great Victory Chemical	TCDG	Guatemala	Pesticide trading.	9,043	9,043	2,360	73.75%	1,604	-	-	Note 2

Note 1: Invested companies calculated by the financial statements audited by peer accountant in the same period and by the shareholding percentage of the Company, which takes consideration of discount/premium amortization, recognized investment profit (loss) between new and old shareholding ratio prior to the capital increase by subsidiaries, and unrealized profit (loss) between company deals and effect of right-to-use asset profit (loss).

Note 2: Referring to the invested companies calculated without the financial statements audited by accountant it the same period and according to the shareholding ratio of the Company, which takes consideration of discount/premium amortization and effect of right-of-use asset profit (loss).

Note 3: Investment profit and loss between from the invested companies, net equity between investing companies and invested company under the equity method have been written-off entirely, except for Defia, Sheng Hua, SCC, SIC, and Chang Chun FUCC.

Note 4: FUCC is the corporate director of Sheng Hua Develop Co., Ltd. and account for one fourth of the members of Board of Directors of Sheng Hua Develop Co., Ltd. with significant impact once participating in the operational decision-making. Sheng Hua is an affiliated enterprise and hence the investment accounted for using equity method.

Note 5: For invested companies in mainland China, please refer to Table 8 for more information.

Formosan Union Chemical Corporation and Subsidiaries

Information on Investment in Mainland China

January 1 – December 31, 2021

Table 8

Unit: NT$ Thousand, unless otherwise provided

Invested company in Mainland China	Main business lines	Paid-in capital (Note 2)	Investment	Cumulative investment amount remitted outward from Taiwan at the beginning of the year (Note 2)	Investment amount remitted inward or outward in the current year		Cumulative investment amount remitted outward from Taiwan at yearend (Note 2)	Profit and loss of the invested company in the current year	Direct or indirect investment ratio of the company	Investment profit and loss recognized in the current year	Book value of the investment at year end	Investment profit and loss remitted inward at year end	Remarks
					Remitted outward	Remitted inward							
Zhangjiagang Trans-Ocean Enterprise Co., Ltd. (Zhangjiagang Trans-Ocean)	The loading, unloading, storage, re-packaging, transfer, and sales of chemical oil esters and other products, and other related business.	$ 678,714 (US$24,520 thousand)	Invest in the companies in Mainland China through company setup in third region.	$ 55,664 (US$2,011 thousand)	$ -	$ -	$ 55,664 (US$2,011 thousand)	$ 76,945 (RMB 17,724 thousand))	10.86%	$ -	$ 111,684	$ 124,043	Note 3
Chang Chun FUCC	Engaged in the production, processing, and sales of nonylphenol, dinonylphenol, and olefin fuel oil products; also, providing technical and consulting services related to self-produced products; engaged in the wholesale, warehousing, and commission agency of general chemicals (except auctions), and import and export business.	1,245,600 (US$ 45,000 thousand)	Directly investment in Mainland China.	622,800 (US$ 22,500 thousand)	-	-	622,800 (US$22,500 thousand)	78,881	50.00%	39,441 (Note 1)	612,556	-	

Cumulative investment amount remitted outward from Taiwan to Mainland China at the end of the current period	Investment amount approved by the Investment Commission MOEA	Limits on the investment in Mainland China according to the Investment Commission MOEA
$678,464（US$24,511 thousand）	$712,788（US$25,751 thousand）	$4,573,288

Note 1: It is calculated according to the financial statements audited by independent auditors during the same period.

Note 2: Except for the investment profit and loss recognized in the current year is calculated at the average exchange rate from January 1 to December 31, 2021, the rest is calculated at the spot exchange rate at the end of December 2021.

Note 3： Since the investment in Zhangjiagang Trans-Ocean Enterprise Co., Ltd. is gone through Singapore Kong-Hua Enterprise Company; also, Singapore Kong-Hua Enterprise Company is a financial asset measured at fair value through other comprehensive profit and loss; therefore, the equity method is not adapted to recognize the shareholding in associate and joint ventures and the share of other comprehensive profit and loss.

FORMOSAN UNION CHEMICAL CORPORATION

Major shareholders information

December 31, 2021

Table 9

Name of major shareholders	Shareholding	
	Shareholding (shares)	Shareholding ratio (%)
Ho Tung Chemical Corp.	29,234,040	6.12%
Chi-Tong Investment Co., Led.	28,775,000	6.03%
Eversoft Co., Ltd.	26,454,145	5.54%

Note 1: The main shareholder information in this table is prepared by Taiwan Depository & Clearing Corporation by calculating the company's common stock shares and preferred stock shares in a dematerialized form that have been completed with the registration and book-entry operation (including treasury shares) held by shareholders for more than 5% on the last business day at the end of the quarter. The capital stock recorded in the company's consolidated financial report and the actual number of shares in the dematerialized form completed with registration and book-entry operation may vary due to the difference in calculation bases.

Note 2: If the information in the preceding paragraph is related to the shares put into trust by the shareholders, it is disclosed in the personal trust account of the trustor that is opened by the trustee. As for the shareholder's declaring insider's more than 10% shareholding in accordance with the Securities and Exchange Act, his/her shareholding includes principal's shareholding, the shares in the trust, and the right to use the trust property. Please refer to the Market Observation Post System (MOPS) for the information on insider's equity declaration.

V. The audited standalone financial statements of 2021

Independent Directors' Report

Formosan Union Chemical Corporation

Opinion

We have audited the accompanying financial statements of Formosan Union Chemical Corporation (the Company), which comprise the parent company only balance sheet as of December 31, 2021 and 2020, the parent company only statements of comprehensive income, changes in equity, and cash flows for Januar y 1~December 31, 2021 and 2020, and the notes to parent company only financial statements (including a summary of significant accounting policies).

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and cash flows for January 1~December 31, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 2021 parent company only financial statements of the Company. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate onion on the matters.

Key audit matters for the 2021 parent company only financial statements of the Company are stated as follows:

Recognition of revenue from export customers

The Company's revenue mainly comes from the sales of Alkyl Benzene (DODEC YLPHENOL), Olefins, and Alkylphenol (Nonyl Phenol). According to the trade terms for export customers, revenue is recognized when the goods are shipped and the bill of lading is delivered to the customers according to the agreement. The amount of revenue from this type of export in 2021 was material and showed a growing trend. Whether such revenue from export occurred had a significant impact on the parent company only financial statements for the year ended December 31, 2021. Hence, we identified such revenue from export customers as a key audit matter in 2021. Refer to Notes 4 and 24 for more information on the accounting policy regarding revenue recognition.

Considering the Company's revenue recognition policy and trade terms, our audit procedures for this key item included the following, among others:

1. Examined and tested the design and effectiveness of internal controls over the recognition of sales revenue.
2. Sampled the transactions with such export customers and checked their bills of lading, invoices, and related shipping documents.
3. Checked whether there were any material sales returns or allowances from such export customers in the subsequent period and up to the date of the audit report.

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

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

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, applicable, matters related to going concerned, and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has a realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent

company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Company's parent company only financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter shall 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.

Deloitte & Touche

CPA Wen-Yuan Chuang

CPA Tza-Li Gung

Financial Supervisory Commission Approval Document No.
Jin-Guan-Zheng-Shen-Zi No. 1090347472

Financial Supervisory Commission Approval Document No.
Jin-Guan-Zheng-Shen-Zi No. 1000028068

March 25, 2022

Formosan Union Chemical Corporation

Parent Company Only Balance Sheet

December 31, 2021 and 2020

Unit: In thousands of New Taiwan dollars

Code	Assets	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current assets				
1100	Cash (Notes 4 & 6)	$ 501,676	5	$ 743,828	8
1110	Current financial assets at fair value through profit or loss (Notes 4 & 7)	60,512	1	-	-
1160	Notes receivable due from related parties (Notes 4, 10, 24 & 32)	502	-	367	-
1170	Accounts receivable (Notes 3, 10, & 24)	727,895	8	555,596	6
1180	Accounts receivable due from related parties (Notes 4, 10, 24 & 32)	38,623	-	110,325	1
1200	Other receivables (Notes 4& 10)	30,146	-	18,877	-
1210	Other receivables due from related parties (Notes 4, 10 & 32)	1,395	-	41,449	1
130X	Current inventories (Notes 4& 11)	2,158,390	23	1,483,442	17
1410	Prepayments	27,434	-	66,892	1
1470	Other current assets (Note 17)	1,503	-	2,676	-
11XX	Total current assets	3,548,076	37	3,023,452	34
	Non-current assets				
1517	Non-current financial assets at fair value through other comprehensive income (Notes 4 & 8)	356,870	4	288,725	3
1535	Non-current financial assets at amortized cost (Notes 4 & 9)	40,000	-	-	-
1550	Investments accounted for using equity method (Notes 4 & 12)	3,950,597	42	4,012,737	44
1600	Property, plant and equipment (Notes 4, 13, 32 & 33)	1,228,416	13	1,282,273	14
1755	Right-of-use assets (Notes 4, 14 & 32)	28,702	-	56,692	1
1760	Investment property, net (Notes 4, 15 & 33)	141,909	2	143,309	2
1780	Intangible assets (Notes 4 & 16)	1,522	-	206	-
1840	Deferred tax assets (Notes 4 & 26)	178,737	2	129,562	1
1990	Other non-current assets (Notes 17 & 33)	29,697	-	64,893	1
15XX	Total non-current assets	5,956,450	63	5,978,397	66
1XXX	Total assets	$ 9,504,526	100	$ 9,001,849	100

Code	Liabilities and equity	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current liabilities				
2100	Current borrowings (Note 18)	$ 637,617	7	$ 867,747	10
2150	Notes payable (Note 19)	12,631	-	11,661	-
2160	Notes payable to related parties (Note 19 & 32)	-	-	216	-
2170	Accounts payable (Note 19)	378,349	4	137,468	2
2180	Accounts payable to related parties (Notes 19 & 32)	40,286	-	18,304	-
2219	Other payables (Note 20)	417,235	4	296,063	3
2220	Other payables to related parties (Notes 20 & 32)	2,500	-	2,513	-
2230	Current tax liabilities (Notes 4 & 26)	41,605	1	128,177	1
2250	Current provisions (Notes 4 & 21)	16,529	-	12,585	-
2280	Current lease liabilities (Notes 4, 14 & 32)	28,101	-	55,955	1
2399	Other current liabilities (Notes 20 & 24)	41,429	1	9,363	-
21XX	Total current liabilities	1,616,282	17	1,540,052	17
	Non-current liabilities				
2570	Deferred tax liabilities (Notes 4 & 26)	236,165	3	211,386	2
2580	Non-current lease liabilities (Notes 4 & 14)	624	-	787	-
2640	Net defined benefit liability, non-current (Notes 4 & 22)	29,309	-	71,178	1
25XX	Total non-current liabilities	266,098	3	283,351	3
2XXX	Total liabilities	1,882,380	20	1,823,403	20
	Equity				
3110	Ordinary share	4,770,163	50	4,770,163	53
3200	Capital surplus	181,715	2	182,565	2
	Retained earnings				
3310	Legal reserve	980,063	10	925,118	10
3320	Special reserve	251,175	3	251,175	3
3350	Unappropriated retained earnings	1,223,208	13	906,104	10
3300	Total retained earnings	2,454,446	26	2,082,397	23
	Other equity interest				
3410	Exchange differences on translation of foreign financial statements	(42,623)	(1)	(37,805)	-
3420	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	258,445	3	181,126	2
3400	Total other equity interest	215,822	2	143,321	2
3XXX	Total equity	7,622,146	80	7,178,446	80
	Total liabilities and equity	$ 9,504,526	100	$ 9,001,849	100

The accompanying notes are an integral part of the parent company only financial statements.

Chairman: President: Chief Accountant: Accountant:

Formosan Union Chemical Corporation

Parent Company Only Statement of Comprehensive Income

From January 1 to December 31, 2021 and 2020

Unit: In thousands of New Taiwan dollars, except earnings per share

		2021		2020	
Code		Amount	%	Amount	%
4100	Net sales revenue (Notes 4, 24 & 32)	$ 6,602,635	100	$ 6,034,566	100
5110	Operating costs (Notes 4, 11, 25 & 32)	4,827,010	73	4,805,480	80
5900	Gross profit from operations	1,775,625	27	1,229,086	20
5910	Unrealized loss from sales	-	-	2,822	-
5920	Realized profit from sales	750	-	-	-
5950	Realized gross profit from operations	1,776,375	27	1,231,908	20
	Operating expenses (Notes 25 & 32)				
6100	Selling expenses	410,648	6	334,451	6
6200	Administrative expenses	183,283	3	152,441	2
6300	Research and development expenses	23,907	-	24,372	-
6000	Total operating expenses	617,838	9	511,264	8
6900	Net operating income	1,158,537	18	720,644	12
	Non-operating income and expenses				
7100	Interest income (Notes 25 &32)	5,842	-	2,243	-
7010	Other income (Notes 25 & 32)	44,988	1	37,217	1
7020	Other gains and losses (Note 25)	12,138	-	(1,950)	-

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Code		2021 Amount	2021 %	2020 Amount	2020 %
7070	Share of profit (loss) of subsidiaries, associates, and joint ventures accounted for using equity method (Note 12)	($ 191,886)	(3)	($ 47,754)	(1)
7050	Finance costs (Notes 25 & 32)	(5,420)	-	(8,186)	-
7000	Total non-operating income and expenses	(134,338)	(2)	(18,430)	-
7900	Profit (loss) before tax	1,024,199	16	702,214	12
7950	Tax expense (Notes 4 & 26)	76,612	1	147,424	3
8200	Profit	947,587	15	554,790	9
	Other comprehensive income				
8310	Components of other comprehensive income that will not be reclassified to profit or loss:				
8311	Gains (losses) on remeasurements of defined benefit plans (Note 22)	6,272	-	(9,012)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (Notes 8 & 23)	105,930	1	(19,752)	-

8330	Share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using equity method	(12,689)	-	146	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 26)	(25,312)	-	5,754	-
		74,201	1	(22,864)	-
8360	Components of other comprehensive income that will be reclassified to profit or loss:				
8361	Exchange differences on translation of foreign financial statements (Note 23)	($ 5,977)	-	$ 1,318	-
8380	Share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using equity method (Note 23)	(37)	-	(70)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Notes 23 & 26)	1,196	-	(263)	-
		(4,818)	-	985	-
8300	Total other comprehensive income	69,383	1	(21,879)	-

8500	Total comprehensive income	$ 1,016,970	16	$ 532,911	9
	Earnings per share (Note 27)				
9710	Basic	$ 1.99		$ 1.16	
9810	Diluted	$ 1.98		$ 1.16	

The accompanying notes are an integral part of the parent company only financial statements.

Chairman: President: Chief Accountant: Accountant:

Formosan Union Chemical Corporation

Parent Company Only Statement of Changes in Equity

From January 1 to December 31, 2021 and 2020

Unit: In thousands of New Taiwan dollars

Code		Share capital (Note 23)		Capital surplus	Retained earnings (Notes 8 & 23)				Other equity interest (Notes 8 & 23)			
		Shares (thousand)	Amount	(Note 23)	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	Total equity
A1	Balance, January 1, 2020	477,016	$ 4,770,163	$ 187,880	$ 903,592	$ 251,175	$ 616,683	$ 1,771,450	($ 38,790)	$ 198,655	$ 159,865	$ 6,889,358
	Appropriation and distribution of retained earnings in 2019											
B1	Legal reserve	-	-	-	21,526	-	(21,526)	-	-	-	-	-
B5	Cash dividends	-	-	-	-	-	(238,508)	(238,508)	-	-	-	(238,508)
		-	-	-	21,526	-	(260,034)	(238,508)	-	-	-	(238,508)
D1	Profit in 2020	-	-	-	-	-	554,790	554,790	-	-	-	554,790
D3	Other comprehensive income in 2020	-	-	-	-	-	(5,241)	(5,241)	985	(17,623)	(16,638)	(21,879)
D5	Total comprehensive income in 2020	-	-	-	-	-	549,549	549,549	985	(17,623)	(16,638)	532,911
M5	Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	866	-	-	-	-	-	-	-	866
M7	Changes in ownership interests in subsidiaries	-	-	(6,181)	-	-	-	-	-	-	-	(6,181)
Q1	Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	(94)	(94)	-	94	94	-
Z1	Balance, December 31, 2020	477,016	4,770,163	182,565	925,118	251,175	906,104	2,082,397	(37,805)	181,126	143,321	7,178,446
	Appropriation and distribution of retained earnings in 2020											
B1	Legal reserve	-	-	-	54,945	-	(54,945)	-	-	-	-	-
B5	Cash dividends	-	-	-	-	-	(572,420)	(572,420)	-	-	-	(572,420)
		-	-	-	54,945	-	(627,365)	(572,420)	-	-	-	(572,420)
D1	Profit in 2021	-	-	-	-	-	947,587	947,587	-	-	-	947,587
D3	Other comprehensive income in 2021	-	-	-	-	-	5,403	5,403	(4,818)	68,798	63,980	69,383
D5	Total comprehensive income in 2021	-	-	-	-	-	952,990	952,990	(4,818)	68,798	63,980	1,016,970
M7	Changes in ownership interests in subsidiaries	-	-	(850)	-	-	-	-	-	-	-	(850)
Q1	Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	(8,521)	(8,521)	-	8,521	8,521	-
Z1	Balance, December 31, 2021	477,016	$ 4,770,163	$ 181,715	$ 980,063	$ 251,175	$ 1,223,208	$ 2,454,446	($ 42,623)	$ 258,445	$ 215,822	$ 7,622,146

The accompanying notes are an integral part of the parent company only financial statements.

Chairman: President: Chief Accountant: Accountant:

Formosan Union Chemical Corporation

Parent Company Only Statement of Cash Flows

From January 1 to December 31, 2021 and 2020

Unit: In thousands of New Taiwan dollars

Code		2021	2020
	Cash flows from (used in) operating activities		
A00010	Profit (loss) before tax	$ 1,024,199	$ 702,214
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	106,985	123,314
A20200	Amortization expense	367	422
A20400	Net gain on financial assets at fair value through profit or loss	(19,112)	(145)
A20900	Finance costs	5,420	8,186
A21200	Interest income	(5,842)	(2,243)
A21300	Dividend income	(9,974)	(6,817)
A22400	Share of loss of subsidiaries, associates, and joint ventures accounted for using equity method	191,886	47,754
A22500	Loss (gain) on disposal of property, plant and equipment	(74)	56
A23200	Loss on disposal of investments accounted for using equity method	-	165
A23800	Loss (gain) on inventory valuation and obsolescence	3,660	(26,198)
A23900	Unrealized loss from sales with joint ventures	-	(2,822)
A24000	Realized profit from sales with joint ventures	(750)	-
A24100	Foreign exchange loss (gain)	705	(3,541)
A29900	Profit from lease modification	-	(11)
A30000	Changes in operating assets and liabilities		
A31115	Financial assets at fair value through profit or loss, mandatorily measured at fair value	(41,400)	145
A31140	Notes receivable due from related parties	(135)	(291)
A31150	Accounts receivable	(174,885)	(61,642)
A31160	Accounts receivable due from related parties	71,702	(9,810)
A31180	Other receivables	(11,275)	5,201

A31190	Other receivables due from related parties	(270)	(117)
A31200	Inventories	(660,938)	650,618
A31230	Prepayments	39,458	(54,948)
A31240	Other current assets	1,173	(2,349)
A32130	Notes payable	970	508
A32140	Notes payable to related parties	(216)	215
A32150	Accounts payable	241,165	(200,268)
A32160	Accounts payable to related parties	$ 22,024	($ 6,465)
A32180	Other payables	127,464	68,207
A32190	Other payables to related parties	(13)	351
A32200	Provisions	3,944	468
A32230	Other current liabilities	32,066	(15,304)
A32240	Net defined benefit liability	(35,597)	(1,737)
A33000	Cash generated from operations	912,707	1,213,116
A33100	Interest received	6,167	2,407
A33200	Dividends received	9,974	6,817
A33300	Interest paid	(5,589)	(8,257)
A33500	Income taxes paid	(211,696)	(42,552)
AAAA	Net cash flows from operating activities	711,563	1,171,531
	Cash flows from (used in) investing activities		
B00030	Proceeds from capital reduction of financial assets at fair value through other comprehensive income	37,785	-
B01800	Acquisition of investments accounted for using equity method	(20,000)	-
B02700	Acquisition of property, plant and equipment	(14,342)	(2,412)
B02800	Proceeds from disposal of property, plant and equipment	186	114
B03800	Decrease in refundable deposits	519	216
B04400	Decrease in other receivables due from related parties	40,000	50,000
B04500	Acquisition of intangible assets	(1,683)	(186)
B07100	Increase in prepayments for business facilities	(6,052)	(517)
B07600	Dividends received from subsidiaries, associates, and joint ventures	71,451	117,807
BBBB	Net cash flows from investing activities	107,864	165,022
	Cash flows from (used in) financing activities		
C00200	Decrease in current borrowings	(229,179)	(245,836)
C04020	Payments of lease liabilities	(59,980)	(71,160)
C04500	Cash dividends paid	(572,420)	(238,508)

C05400	Acquisition of ownership interests in subsidiaries	(200,000)	(195,363)
CCCC	Net cash flows used in financing activities	(1,061,579)	(750,867)
EEEE	Net increase (decrease) in cash	(242,152)	585,686
E00100	Cash at beginning of period	743,828	158,142
E00200	Cash at end of period	$ 501,676	$ 743,828

The accompanying notes are an integral part of the parent company only financial statements.

Chairman: President: Chief Accountant: Accountant:

Formosan Union Chemical Corporation
Notes to Parent Company Only Financial Statements
From January 1 to December 31, 2021 and 2020
(Amounts expressed in thousands of New Taiwan dollars, unless stated otherwise)

1. Company History

Formosan Union Chemical Corporation (the Company) was founded on June 21, 1973. The Company mainly manufactures, reworks, and buys/sells linear Alkyl Benzene (DODECYLPHENOL), Olefins, Alkylphenol (Nonyl Phenol), and the derivatives, and the management and investment in other related businesses.

The Company's shares have been listed on the Taiwan Stock Exchange since July 1986 for trading.

The parent company only financial statements of the Company are expressed in the functional currency – New Taiwan dollars.

2. Date and Procedures of the Authorization of Financial Statements

The parent company only financial statements were authorized by the Board of Directors on March 18, 2022.

3. Applicability of New and Revised Standards and Interpretations

(1) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on the Company's accounting policies.

(2) IFRSs endorsed by the FSC with effective date starting 2022

New, Revised or Amended Standards and Interpretations	Effective Date Issued by the IASB
Annual Improvements to IFRSs 2018 - 2020 Cycle	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 2)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 3)

Amendments to IAS 37 "Onerous Contracts–Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

Note 1: The amendment to IFRS 9 applies to the exchange or clause revision of financial liabilities incurred during annual reporting periods starting from January 1, 2022. The amendment to IAS 41 "Agriculture" applies to the fair value measurement in annual reporting periods starting from January 1, 2022. The amendment to IFRS 1 "First-time Adoption of International Financial Reporting Standards (IFRS)" applies retrospectively in annual reporting periods starting from January 1, 2022.

Note 2: This amendment applies to corporate mergers and acquisitions that take place during annual reporting periods starting from January 1, 2022.

Note 3: This amendment applies to the plant, property and equipment at the required venue and status under the management's expected operation, starting from January 1, 2021.

Note 4: This amendment applies to contracts for which all obligations have not been fulfilled as of January 1, 2022.

As of the date the accompanying parent company only financial statements were authorized for issue, the Company determined that there would be no significant impact on its financial position and financial performance of the new, revised or amended standards and interpretations above. The related impact will be disclosed when the Company completes its evaluation.

(3) The IFRSs issued by the IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by the IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
Amendments to IFRS 17"Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 — Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023

New, Revised or Amended Standards and Interpretations	Effective Date Issued by the IASB (Note 1)
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

Note 1: Unless otherwise stated, the aforementioned new/revised/amended standards or interpretations shall take effect in the annual reporting period, commencing from the respective dates indicated.

Note 2: The application of this amendment is deferred to annual reporting periods starting from January 1, 2023.

Note 3: This amendment applies to changes in accounting estimates and accounting policies during annual reporting periods starting from January 1, 2023.

Note 4: This amendment applies to transactions occurring after January 1, 2022, except for the recognition of deferred tax on temporary differences in lease and decommissioning obligations on January 1, 2022.

As of the date the accompanying parent company only financial statements were authorized for issue, the Company continued evaluating the impact on its financial position and financial performance of the new, revised or amended standards and interpretations above. The related impact will be disclosed when the Company completes its evaluation.

4. Summary of Significant Accounting Policies

(1) Statement of Compliance

The parent company only financial statements were prepared pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of Preparation

The parent company only financial statements were prepared on the historical cost basis, except for financial instruments measured at fair value and net defined benefit liability, which is recognized at the present value of the defined benefit obligation less the fair value of plan assets.

Fair value measurement is classified from level 1 to level 3 in accordance with the observant level and significance of relevant inputs:

1. Level 1 input: Quoted prices (unadjusted) in active markets for identical assets or liabilities available at the measurement date.
2. Level 2 input: 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).
3. Level 3 input: Inputs for the assets or liabilities that are unobservable.

When preparing the parent company only financial statements, the Company accounted for subsidiaries, associates, or joint ventures using the equity method. In order to agree with the amount of net income, other comprehensive income, and equity attributable to shareholders of the parent in the consolidated financial statements, the differences in the accounting treatment between the parent company only basis and the consolidated basis were adjusted under the heading of investments accounted for using equity method, share of profit (loss) of subsidiaries, associates, and joint ventures accounted for using equity method, share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using equity method, and equity-related items.

(3) Assets and liabilities are classified as current and non-current:

Current assets include:

1. Assets held for trading;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash (not including that restricted for exchange or settlement of liabilities more than 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held for trading;
2. Liabilities expected to be settled when due within 12 months after the balance sheet date (even if an agreement to refinance or to

reschedule payments on a long-term basis is completed after the balance sheet date and before the financial statements are authorized for the issue); and

3. Liabilities that do not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. Nonetheless, the terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets or liabilities not classified as the aforementioned current assets or current liabilities shall be deemed as non-current assets or non-current liabilities.

(4) Foreign Currency

In preparing the parent company only financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

Monetary items in foreign currencies shall be converted with the closing exchange rate on the balance sheet date. The exchange difference generated from the settlement of monetary items or conversion of monetary items is recognized in profit or loss in the year in which it arises.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in foreign currencies are converted using the exchange rate on transacting day and are thus not retranslated.

For the purposes of presenting parent company only financial statements, the assets and liabilities of the Company's foreign operations (including the subsidiaries, associates, or joint venture operating in a country or using currencies different from the Company's) are translated into NT$ using the exchange rate on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income.

(5) Inventories

Inventories include raw materials and supplies, work in process, and finished goods. Inventories are stated at the lower of cost or net realizable value. The cost and net realizable value are compared on the basis of individual items and similar categories of inventories. Net realizable value represents the estimated selling price of inventories under normal circumstances less all estimated costs of completion and costs necessary to make the sale. Inventory costs are calculated using weighted average method.

(6) Investments in Subsidiaries

Investments accounted for using the equity method include investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognizes its share in the changes in the equity of subsidiaries.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount of the subsidiary and the fair value of the consideration paid or received is recognized directly in equity.

When the share of loss of a subsidiary for the Company is equal to or exceeds its equity in the subsidiary (including the book value of the subsidiary under equity method and the other long-term equities substantially attributable to the Company's composition on the net investment of the subsidiary), the loss is recognized according to the ongoing shareholding ratio.

The acquisition cost exceeding the shares at a net fair value of identifiable assets and liabilities that constitute the subsidiary business to which the Company is entitled on the date of acquisition shall be recognized as goodwill. Such goodwill includes the book value of the investments and may not be amortized. The shares at the net fair value of identifiable assets and liabilities that constitute the subsidiary business which the Company is entitled on the date of acquisition exceeding the acquisition cost shall be recognized as current revenue.

The Company takes overall consideration of cash-generating units and compares with the recoverable amount and book value of the financial statements in the evaluation of impairment. In case of an increase in the recoverable amount of assets, the reversal of impairment loss will be recognized as revenue. Nonetheless, the book value of the assets after the reversal of impairment loss may not exceed the book value less the due amortization without recognizing the impairment loss. The impairment loss attributable to goodwill may not be reversed later.

When the Company loses control of a subsidiary, any retained investment of the former subsidiary is measured at the fair value at that date. A gain or loss is recognized in profit or loss and calculated as the difference between (a) the aggregate of the fair value of consideration received and the fair value of any retained interest at the date when control is lost; and (b) the previous carrying amount of the investments in such subsidiary. In addition, the Company shall account for all amounts previously recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the subsidiary had directly disposed of the related assets and liabilities.

When the Company transacts with its subsidiaries, profits, and losses resulting from the transactions with the subsidiaries are recognized in the Company's parent company only financial statements only to the extent of interests in the subsidiaries that are not owned by the Company.

(7) Investments in associates and joint ventures

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor a joint venture. A joint venture refers to another company that has joint control with the Company and has the right to a joint agreement on net assets.

The Company accounts for investments in associates and joint venture using equity method.

Under the equity method, an investment in an associate or joint venture is initially recognized in the statement of financial position at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the associate or joint venture as well as the distribution received. The Company also recognizes its share in the changes in the equities of associates and joint ventures.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of associates and joint ventures recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and may not be amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of associates and joint ventures over the cost of acquisition is recognized immediately in profit or loss.

If the associates and joint ventures issue new shares and the Company does not subscribe according to its shareholding ratio, resulting in a change in the shareholding ratio and thus an increase or decrease in the net equity of the investment, the increase or decrease will adjust the capital surplus - changes in net equity of associates and joint ventures accounted for using equity method and investments accounted for using equity method. However, if the Company fails to subscribe or acquire in proportion to its shareholding, which results in a decrease in its ownership interests in associates and joint ventures, the amount recognized in other comprehensive income in relation to the associates and joint ventures shall be reclassified according to the proportion of the decrease and on the same basis as would be required if the related assets or liabilities had been directly disposed of by the associated and joint ventures. If the aforesaid adjustment is to be debited to capital surplus, and capital surplus generated by investments accounted for using equity method is insufficient, the difference shall be debited to retained earnings.

If the share of the Company's loss in associates and joint ventures is equal to or exceeds the Company's equity in those associate and joint ventures (including the book value of the associates and joint ventures under equity method and the other long-term equities substantially attributable to the Company's composition on the net investment of the associates and joint ventures), the Company will suspend the recognition of further loss. The Company shall recognize additional losses and liabilities only to the extent that legal obligations, constructive obligations, or payments have been made on behalf of associates and joint ventures.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

If the Company suspends equity method when no longer investing in associates and joint ventures, and its retained interests in the associates and joint ventures shall be measured at fair value. The difference between such fair value and disposal proceeds and the carrying amount of the investment on the day when the equity method was suspended shall be recognized as current profit or loss. Moreover, all amounts related to the associates and joint ventures, as recognized under other comprehensive income shall be accounted for on the same basis as would be required if the related assets or liabilities had been directly disposed of by the associates and joint ventures. For investments in associates shifting into investments in joint ventures or investments in joint ventures shifting into investments in associates, the Company shall use equity method without re-measurement of retained interests.

When the Company transacts with an associate or a joint venture, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Company's parent company only financial statements only to the extent of interests in the associate or joint venture that are not owned by the Company.

(8) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment.

Property, plant and equipment depreciate in each material part separately on a straight-line basis within the useful life. The Company reviews the estimated useful life, residual value, and depreciation method at least on the ending day of each year, in addition to deferring the impact applicable to the changes in accounting estimates.

When an item of property, plant and equipment is retired, the difference between the disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(9) Investment Property

Investment property refers to property held to earn rentals or for capital appreciation or both.

Investment property is measured at cost (including transaction cost) and then measured by the amount of cost less accumulated depreciation and accumulated impairment loss. Investment property is depreciated on a straight-line basis.

When investment property is retired, the difference between net disposal proceeds and the book value amount of the asset is recognized under profit or loss.

(10) Intangible assets

1. Separate acquisition

The limited useful life of intangible assets acquired separately are measured by original costs, which are measured by the amount of cost deducting accumulated amortization and accumulated impairment loss. Intangible assets are amortized by straight-line basis within the useful life. The Company reviews the estimated useful life, residual value, and amortization method at least on the ending day of each year, in addition to deferring the influence applicable to the changes in accounting estimates.

2. Retirement

When intangible assets are retired, the difference between net disposal proceeds and the book value amount of the assets is recognized under profit or loss.

(11) Impairment of Property, Plant and Equipment, Right-of-use Assets, Investment Property, and Intangible Assets (except Goodwill)

The Company evaluates indications of possible impairment in property, plant and equipment, right-of-use asset, investment property, and intangible assets (except goodwill) on the balance sheet date. In the existence of any impairment sign, the recoverable amount of the asset is estimated. In case the recoverable amount of individual asset could not be estimated, the Company shall estimate the recoverable amount of the cash-generating unit under the asset.

The recoverable amounts have been determined based on the higher of fair value less costs to sell and value-in-use. If the recordable amount of individual asset or the cash-generating unit is lower than the book value, the book value of such asset or cash-generating unit shall be adjusted to a recoverable amount, which impairment loss shall be recognized under profit or loss.

If the impairment loss is reversed later, the book value of the asset or cash-generating unit shall be increased to the recoverable amount after revision. However, the book value after increase may not exceed the book value of impairment loss which was recognized in the previous year, as determined by the asset or cash-generating unit (less amortization or depreciation).The reversal of impairment loss shall be recognized under profit or loss.

(12) Financial Instruments

Financial assets and financial liabilities are recognized in the parent company only balance sheet when the Company becomes the counterparty of the clauses of agreement.

When initially recognized as financial assets and financial liabilities, if the financial assets or financial liabilities are not measured at fair value through profit or loss, the recognition at fair value can be directly attributable to the measurement of transaction cost upon the acquisition or issue of financial assets or financial liabilities. The transaction cost of financial assets or financial liabilities at fair value through profit or loss, attributable directly to acquisition or issue, shall be instantly recognized under profit or loss.

1. Financial assets

The regular way purchase or sale of financial assets is recognized and derecognized on the date of transaction.

(1) Type of measurement

The types of financial assets held by the Company are financial assets at fair value through profits or loss, the financial assets and investments in equity instruments measured at fair value through other comprehensive income and measured by amortized costs.

A. Financial assets at fair value through profits or loss

Financial assets at fair value through profits or loss are financial assets at fair value through profit or loss, mandatorily measured at fair value. Financial assets at fair value through profit or loss, mandatorily measured at fair value include investments in equity instruments which the Company has not assigned to be measured at fair value through other comprehensive income and investments in debt instruments not to be measured at amortized cost or at fair value through other comprehensive income.

Financial assets at fair value through profit or loss are measured by fair value, and the gain or loss incurred from re-measurement shall be recognized under profit or loss. Refer to Note 31 for the determination method of fair value.

B. Financial assets at amortized cost

The financial assets of the Company's investment are classified as financial assets at amortized cost when the financial assets meet the following two criteria:

a. Held under certain management model and the purpose of such model aims to collect cash flow for contracts based on the financial assets held; and

b. The cash flow generated under the specific date of the contract terms, and such cash flow is completely paid for the capital and the interests for the outstanding capital amount.

When the financial assets at amortized cost (including cash, accounts receivable, notes receivable, other receivables, refundable deposit, and other financial assets) are initially recognized, they are measured at the amortized cost using the total book value determined by the effective interest method less any impairment loss. Any profit or loss from foreign currency exchange shall be recognized under profit or loss.

With the exception of the following two conditions, interest income shall be calculated by multiplying the effective interest rate with the total book value of financial assets:

a. Purchased or originated credit-impaired financial assets: Interest income is calculated after the credit adjustment and multiplying effective interest rate with financial assets at amortized cost.

b. Non-purchased or originated credit impairment but the financial assets become credit-impaired later. Starting from the next reporting period from the credit impairment, multiply the effective interest rate with the financial assets at amortized cost to calculate interest income.

Credit-impaired financial assets refer to the major financial difficulty and delinquency with the issuer or debtor, possible bankruptcy filing by debtor, or other financial restructuring, or the financial difficulty leading to the disappearance of active market for the financial assets.

C. Investments in equity instruments measured at fair value through other comprehensive income

The Company may make one irrevocable choice at initial recognition, and that is to assign the investments in equity instruments not held for trading and recognized or considered by non-corporate M&A, to measure at fair value through other comprehensive income.

Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value, and changes in fair value shall be recognized under other comprehensive income and accumulated to other equity interest. The accumulated profit/loss on the disposal of investments shall be directly transferred to retained earnings without being reclassified as profit or loss.

The dividends for investments in equity instruments measured at fair value through other comprehensive income shall be recognized under profit or loss when the Company validates the right to account receivables, unless otherwise stated that the dividend is explicitly representing the recovery of some investment costs.

(2) Impairment of financial assets

The Company evaluates the impairment loss of financial assets at amortized cost (including accounts receivable) according to the estimated credit impairment at each balance sheet date.

Accounts receivable shall be recognized as allowance for loss according to the credit impairment in duration. Other financial assets shall be evaluated for any significant increase in credit risk after the initial recognition. The allowance for loss is recognized according to the 12-month expected credit loss if there is no significant increase in credit risk; the allowance for loss is recognized based on the expected credit loss in duration if there is any significant increase in credit risk.

Expected credit loss refers to the weighted average credit loss from the risk of delinquency incident. The 12-month expected credit loss refers to the expected credit loss generated by the possible delinquencies occurring with the financial instruments in 12 months after the report day. The expected credit loss in duration suggests that there is expected credit loss with the financial instruments due to possible delinquencies in the estimated duration.

The impairment loss of all financial assets lowers the book value from the allowance accounts. However, the allowance for loss for investments in debt instruments at fair value through other comprehensive income shall be recognized under other comprehensive income, which does not reduce the book value.

(3) De-recognition of financial assets

The Company shall de-recognize the financial assets when the contractual rights from the cash flow of financial assets become invalid or the financial assets have been transferred while nearly all risks and remunerations of the asset ownership have been transferred to other enterprises.

When the financial assets at amortized cost are completely derecognized, the difference between the book value and proceeds collected shall be recognized under profit or loss. When the investments in debt instruments at fair value through other comprehensive income are completely derecognized, the book value and proceeds collected plus the difference of the sum between any accumulated profit/loss already recognized under other comprehensive income shall be recognized under profit or loss. When the investments in equity instruments at fair value through other comprehensive income are completely derecognized, the accumulated profit/loss will be directly transferred to retained earnings and will not be reclassified as profit or loss.

2. Equity instruments

The debt and equity instruments issued by the Company are classified as financial liabilities or equity according to the definition of the substantial and financial liabilities and equity instruments in the agreement.

The equity instrument issued by the Company is recognized according to the acquired cost less the amount of direct issuing cost.

The equity instruments of the Company re-acquired is recognized and deducted under equity. The purchase, sale, issue, or cancellation of the equity instruments of the Company are recognized under profit or loss.

3. Financial liabilities

(1) Subsequent measurement

Except for the financial liabilities at fair value through profit or loss, all financial liabilities are measured by amortized cost using the effective interest method.

(2) De-recognition of financial liabilities

When derecognizing financial liabilities, the difference between the book value and proceeds paid (including any non-cash asset transferred or liability born) shall be recognized under profit or loss.

(13) Provisions

The amount recognized as provisions take into consideration of the obligation risk and uncertainty make the best estimation required for expense in obligation repayment on the balance sheet date. Provisions are measured through the depreciation of estimated cash flow for repayment of obligations.

(14) Revenue recognition

The Company shall amortize transaction price to all performance obligations after the clients have signed the contract to identify the performance obligations, in addition to recognizing the performance obligations under revenue.

1. Sales revenue

Sales revenue comes from selling chemical products. Since clients already own the right to use such a product upon delivery, in addition to undertaking the risk of obsolete products, the Company shall recognize the revenue and accounts receivable. The prepayment for the products shall be recognized as contract liabilities prior to delivery of products.

2. Service revenue

Service revenue comes from product rework and shall only be recognized upon providing services.

(15) Lease

The Company shall evaluate if the contract is attributable (or includes) lease on the date of contract establishment date.

1. The Company as the lessor

The lease clauses transfer nearly all risks and remuneration associated with the asset to the lessee and shall be classified as a finance lease. All other leases shall be classified as operating leases.

The lease payments of operating leases are recognized as proceeds during relevant duration according to the straight-line basis. The original direct cost generated from operating lease shall be added to the book value of the asset and recognized as expenses in duration according to the straight-line basis.

2. The Company as the lessee

Except for underlying assets of low value and the lease payment for short-term leases applicable for recognition exemption according to the straight-line basis that is recognized as expanses, all other leases shall be recognized under right-of-use assets and lease liabilities starting from the date of lease.

Right-of-use asset is measured by the initial cost (including the initial measurement amount of lease liabilities, the payment for lease payment less the collected lease incentive prior to the date of lease, estimated cost from the initial direct cost and recovered asset), and subsequently measured by the amount of costs less accumulated depreciation and accumulated impairment loss. The re-measurement of lease liabilities is adjusted. The right-of-use asset is separately expressed in the parent company only balance sheet.

Right-of-use asset adopts a straight-line basis and depreciates from the date of lease to the expiration of useful life or upon expiration of lease period, whichever is earlier.

Lease liabilities refer to the measurement of current value for lease payment. If the lease implicitly includes interest rates that can be easily verified, the lease payment shall adopt the interest rate for depreciation. However, if the interest rate is not easy to identify, use the lessee's incremental borrowing rate of interest.

Subsequently, the lease liabilities shall adopt effective interest method to measure the basis of amortized cost, while the interest expense is amortized during lease period. In case of any changes in lease period, the Company shall re-measure the lease liabilities and adjust the relative right-of-use asset. Nonetheless, if the book value of the right-of-use asset has been reduced to zero, the remaining re-measurement amount shall be recognized under profit or loss. For lease modifications that are not treated as separate leases, the lease liabilities due to a reduction in the scope of the lease are remeasured by reducing right-of-use assets, and the gain or loss on the partial or full termination of the lease is recognized; the lease liabilities due to other modifications are remeasured by adjusting right-of-use assets. Lease liabilities shall be expressed separately in the parent company only balance sheet.

(16) Borrowing costs

Borrowing costs refer to the directly attributable cost in acquiring, building or producing the asset in conformity with the criteria, which shall be regarded as part of the asset cost, until the asset has reached the pre-defined use or completed nearly all necessary activities for sale.

If the specific borrowing conforms to the investment revenue earned from the temporary investment prior to the expenditure of capital, the specific borrowing shall be deducted from the borrowing costs conforming to the capital criteria.

Except for the aforementioned, all other borrowing costs shall be recognized as profit or loss at the current period of occurrence.

(17) Employee benefits

1. Short-term employee benefits

   The reliabilities related to short-term employee benefit refers to the measurement of non-depreciated cash amount in exchange for employee service under the estimated payment.

2. Post-employment benefits

   The pension funds of defined contribution for retirement plan refers to the recognition of pension funds to be contributed during the period the employees provide services under expenses.

   The defined benefit cost of defined benefit for retirement plan (including service cost, net interest and re-measurement) adopts project unit credit method based actuarial. The service cost (including current service cost) and the net interest of net defined benefit liability (asset) shall be recognized as employee benefit expenses during occurrence. The re-measurement (including actuarial gains and losses and the plan asset remuneration less interests) shall be recognized under other comprehensive income at occurrence and concurrently recognized under retained earnings, which will not be reclassified as profit or loss later.

   The net defined benefit liability (asset) refers to the contribution deficit (surplus) of a defined benefit pension plan. The net defined benefit asset may not exceed the current value of contribution refunded from the plan or less the future contribution.

(18) Income tax

The tax expense refers to the sum of current income tax and deferred income tax.

1. Current income tax

The Company determines the current income by law and calculates the payable income tax.

The unappropriated retained earnings calculated in accordance with the Income Tax Act of the Republic of China shall be levied income tax, which shall be recognized upon the resolution by the shareholder's meeting.

The adjustment for coping with income tax from previous years shall be recognized under current income tax.

2. Deferred income tax

Deferred income tax is a temporary difference calculation generated from the book value of assets and liabilities on the statements and the taxation basis for calculating taxable income.

The initial recognition of assets and liabilities recognized without influence on taxable income nor accounting profits, which temporary difference generated shall not be recognized as deferred income tax assets and liabilities.

Deferred income tax liabilities in general are recognized based on the temporary difference of all due taxes. However, deferred income tax assets could be taxed for income and can less the recognition of income tax credit generated from the temporary difference expenditure.

The taxable temporary difference related to the investment in the subsidiary, associates and joint agreement shall be recognized under deferred income tax liabilities. Nonetheless, the Company may control the timing for temporary difference reversal while such temporary difference may not reverse in the foreseeable future. The deductible temporary difference related to such investment may only realize the temporary difference due to the likely sufficient taxable income, which will reverse within the scope of the foreseeable future, and thus be recognized under deferred income tax assets.

The book value of deferred income tax assets is given secondary review on the balance sheet date. The assets with unlikely sufficient taxable income, in all or part, with adjustment to reduce the book value. The deferred income tax assets not recognized previously shall be re-reviewed on each balance sheet date, in addition to increase the book value for assets likely to be taxed, which shall be recovered in part or whole.

Deferred income tax assets and liabilities are measured through the estimated liability repayment or asset realized current tax bracket. Such tax bracket is based on the legislative or substantially legislative tax bracket on the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax effect on the Company through the estimated recovery or repayment of the book value of assets and liabilities on the date of balance sheet.

3. Current and deferred income tax

Current and deferred income tax shall be recognized under profit or loss; however, the current and deferred income tax recognized under other comprehensive income or directly recognized under equity-related items shall be separately recognized under other comprehensive income or directly recognized under equity.

5. <u>Significant Accounting Judgments, Estimations, and Assumptions of Key Sources of Uncertainty</u>

For the information that could not have been acquired from other sources in the adoption of accounting policies, the Company management must make the judgment, estimations, and assumptions based on past experience and other related factors. The actual results may somewhat deviate from estimations.

The Company takes account of the economic influence caused by the COVID-19 pandemic into significant estimations, including cash flows, growth rate, discount rate, and profitability. The Company will continue the review on estimations and basic assumptions. If the revision of estimations merely affects the current period, such revision shall be recognized in the current period. However, if the revision of accounting estimations concurrently affects the current and future periods, such revision shall be recognized in the current and future periods.

6. Cash

	December 31, 2021	December 31, 2020
Cash in hand and revolving funds	$ 125	$ 525
Bank checks and demand deposits	501,551	743,303
	$ 501,676	$ 743,828

The market rate of interest interval for bank deposits on the balance sheet date is described below:

	December 31, 2021	December 31, 2020
Bank deposits	0.001%~0.05%	0.005%~0.26%

7. Financial Assets at Fair Value through Profit or Loss

	December 31, 2021	December 31, 2020
Financial assets — current		
Mandatory at fair value through profit or loss		
Non-derivative financial assets		
— Domestic unlisted stocks	$ 53,261	$ -
—Beneficiary certificates	7,251	-
	$ 60,512	$ -

8. Financial Assets at Fair Value through Other Comprehensive Income

	December 31, 2021	December 31, 2020
Non-current		
Domestic investments		
Unlisted stocks		
J & V Energy Technology Co., Ltd. – ordinary shares	$ 209,077	$ 112,722
Overseas investments		
Unlisted stocks		
Kenwell Industrial Pte Ltd – ordinary	111,684	94,826

shares		
Anonymous investment portfolios		
Daiwa Green Energy No.7 GK	36,109	81,177
Subtotal	147,793	176,003
	$ 356,870	$ 288,725

The Company invests in stocks from J&V Energy Technology Co., Ltd., Kenwell Industrial Pte Ltd, and Daiwa Green Energy No.7 GK according to its intermediate to long-term strategic goals, and the Company intends to profit from the long-term investment. The Company management believes that the recognition of the short-term fluctuation at fair value of the investments will be inconsistent with the aforementioned long-term investment plan. Hence, the Company chooses to assign such investment measurement at the fair value through other comprehensive income.

In August 2021, Daiwa Green Energy No.7 GK refunded NT$37,785,000 thousand of share capital. The unrealized loss from financial assets measured at fair value through other comprehensive income (under other equity interest), NT$(8,521) thousand was transferred to retained earnings.

The fair value of unlisted stocks of financial assets at fair value through other comprehensive income is based on the valuation conducted by independent auditors at the end of December in 2021 and 2020. The valuation takes into consideration of management scale, product category, and comparison with similar peers of the assessed company. The valuation gain, NT$105,930 thousand, and the valuation loss, NT$(19,752) thousand, are adjusted to unrealized gains (losses) from financial assets measured at fair value through other comprehensive income (under other equity interest).

9. Financial Assets at amortized Cost

	December 31, 2021	December 31, 2020
Non-current		
Domestic investments		
Time deposits with original maturity more than 1 year	$ 40,000	$ -

As of December 31, 2021, the interest rate range for time deposits with original maturity more than 1 year was 0.82%~1.07% per annum.

10. Notes Receivable, Accounts Receivable, and Other Receivables

	December 31, 2021	December 31, 2020
Notes receivable		
Measurement at amortized cost		
Total book value — related parties	$ 502	$ 367
Accounts receivable		
Measurement at amortized cost		
Total book value — non-related parties	$ 727,895	$ 555,596
Total book value — related parties	38,623	110,325
	$ 766,518	$ 665,921
Other receivables		
Non-related parties	$ 30,146	$ 18,877
Related parties	1,395	41,449
	$ 31,541	$ 60,326

The Company offers a credit period of approximately 1~5 months to clients. The evaluation for impairment of account receivable is analyzed according to the individual evaluation, account receivable age analysis, experience, and current financial situations of clients, in order to estimate the non-recoverable amount.

Prior to accepting new clients, the Company shall visit a client in-field and survey the client based on the basic information of the client. The Company will compile and evaluate the information collected before determining the line of credit.

The Company recognizes the allowance for loss of accounts receivable according to the expected credit loss in duration. The expected credit loss in duration adopts the provision matrix for calculation, which takes into consideration of client's past violation records and current financial situations, and the economic situations of the industry. The credit loss history experience of the Company reveals that there is no significant difference between the types of loss in different client groups. Hence, the provision matrix does not further distinguish client groups but merely defines the expected credit loss rate according to the days of delinquencies for accounts receivable.

If evidence shows that the transacting party faces severe financial distress and the Company could not reasonably expect the recoverable amount, the Company will directly write off the relevant accounts receivable but continue to recourse, since the recoverable amount through resource will be recognized under profit or loss.

The Company measures the allowance for loss of notes receivable and accounts receivable (including accounts receivable due from related parties) in accordance with the provision matrix, as described below:

December 31, 2021	Un-delinquent
Expected credit loss rate	-%
Total book value	$ 767,020
Allowance for loss (expected credit loss in duration)	-
Amortized cost	$ 767,020

December 31, 2020	Un-delinquent
Expected credit loss rate	-%
Total book value	$ 666,288
Allowance for loss (expected credit loss in duration)	-
Amortized cost	$ 666,288

11. Current Inventories

	December 31, 2021	December 31, 2020
Raw materials	$ 837,385	$ 639,235
Supplies	255,225	310,519
Work in process	31,046	18,052
Finished goods	1,034,734	515,636
	$ 2,158,390	$ 1,483,442

The property of cost of goods sold in relation to inventories is described below:

	2021	2020
Cost of goods sold	$ 4,425,767	$ 4,451,566
Loss (gain) on inventory valuation	3,660	(26,198)
	$ 4,429,427	$ 4,425,368

The gain on inventories at net realizable value is a result of rising product prices driven by an increase in crude oil prices.

12. Investments Accounted for Using Equity Method

	December 31, 2021	December 31, 2020
Investments in subsidiaries	$ 3,154,745	$ 3,286,972
Investments in associates	91,363	63,221
Investments in joint ventures	704,489	662,544
	$ 3,950,597	$ 4,012,737

(1) Investments in subsidiaries

	December 31, 2021	December 31, 2020
United Performance Materials Corporation (UPM)	$ 988,997	$ 960,529
Hershey Environmental Technology Co., Ltd. (Hershey Environmental Tech)	590,352	608,170
Fusugar Industry Corp. (Fusugar Industry)	601,499	789,737
Great Victory Chemical Industry Co., Ltd. (Great Victory Chemical)	943,800	896,731
Defia Co., Ltd. (Defia)	-	-
Tanques Del Pacificoco, S.A. (Tanques Del Pacifico)	30,097	31,805
	$ 3,154,745	$ 3,286,972

	Percentages for ownership equity and voting rights	
Name of Subsidiary	December 31, 2021	December 31, 2020
UPM (Note 1)	80.25%	80.25%
Hershey Environmental Tech (Note 2)	100.00%	100.00%
Fusugar Industry (Note 3)	85.34%	82.28%
Great Victory Chemical	100.00%	100.00%
Defia (Note 4)	-%	-%
Tanques Del Pacifico	100.00%	100.00%

Note 1: The Company purchased a total of 318 thousand shares of UPM stocks in April 2020, and its shareholding ratio climbed to 78.53%. Additionally, UPM repurchased a total of 1,967 thousand outstanding shares from other shareholders in December 2020, and its shareholding ratio after buyback surged to 80.25%.

Note 2: Hershey Environmental Tech (previously known as HERSHEY ENG. and was renamed and registered under Hershey Environmental Technology Co., Ltd. in November 2020).

Note 3: Fusugar Industry (previously known as FUSUGAR Enterprise and was renamed and registered to Fusugar Industry Corp. in February 2020) participated in cash capital increase in March 2020 and May 2021 respectively. The Company subscribed 19,208 thousand shares and 20,000 thousand shares and valued at NT$192,082 thousand and NT$200,000 thousand respectively. The shareholding ratio after the subscription was 82.28% and 85.34% respectively.

Note 4: Defia participated in cash capital increase in October 2020. The Company did not participate in the subscription, while the shareholding ratio after the capital increase was lowered to 20%, which caused the Company to lose control power over Defia. Defia become the associate of the Company. Refer to Note 28 for more information on the disposal of Defia.

(2) Investments in associates

	December 31, 2021	December 31, 2020
Individual non-material associates	$ 91,363	$ 63,221

Summary of Individual Non-material Associates

	2021	2020
Shares entitled to the Company		
Profit and total comprehensive income	$ 9,715	$ 4,044

(3) Investments in joint ventures

	December 31, 2021	December 31, 2020
Individual non-material joint ventures	$ 704,489	$ 662,544

Summary of Individual Non-material Joint Ventures

	2021	2020
Shares entitled to the Company		
Profit and total comprehensive income	$ 48,732	$ 9,823

For the business property, primary business venue, and the national information where the company registered of the aforesaid subsidiaries, associates, and joint ventures, refer to Table 6 "Reinvestments" and Table 7 "Investment in Mainland China."

13. Property, Plant and Equipment

	December 31, 2021	December 31, 2020
Self-use	$ 1,228,416	$ 1,282,273

	Land	Buildings	Machinery and equipment	Transportation equipment	Other equipment	Construction in progress and equipment under installation	Total
Cost							
Balance, January 1, 2020	$ 572,411	$ 141,747	$ 3,137,837	$ 53,325	$ 124,055	$ 105	$ 4,029,480
Addition	-	-	14,622	-	502	559	15,683
Disposal	-	-	(5,845)	(1,267)	(844)	-	(7,956)
Reclassification (Note 1)	-	-	9,359	-	377	(604)	9,132
Balance, December 31, 2020	$ 572,411	$ 141,747	$ 3,155,973	$ 52,058	$ 124,090	$ 60	$ 4,046,339
Accumulated depreciation							
Balance, January 1, 2020	$ -	$ 100,236	$ 2,435,495	$ 50,925	$ 105,507	$ -	$ 2,692,163
Depreciation expense	-	2,435	72,266	632	4,356	-	79,689
Disposal	-	-	(5,709)	(1,260)	(817)	-	(7,786)
Balance, December 31, 2020	$ -	$ 102,671	$ 2,502,052	$ 50,297	$ 109,046	$ -	$ 2,764,066
Net, December 31, 2020	$ 572,411	$ 39,076	$ 653,921	$ 1,761	$ 15,044	$ 60	$ 1,282,273
Cost							
Balance, January 1, 2021	$ 572,411	$ 141,747	$ 3,155,973	$ 52,058	$ 124,090	$ 60	$ 4,046,339
Addition	-	-	8,275	-	482	-	8,757
Disposal	-	-	(2,225)	(1,267)	(67)	-	(3,559)
Reclassification (Note 2)	-	-	6,029	765	250	-	7,044
Balance, December 31, 2021	$ 572,411	$ 141,747	$ 3,168,052	$ 51,556	$ 124,755	$ 60	$ 4,058,581
Accumulated depreciation							
Balance, January 1, 2021	$ -	$ 102,671	$ 2,502,052	$ 50,297	$ 109,046	$ -	$ 2,764,066
Depreciation expense	-	2,216	63,366	338	3,626	-	69,546
Disposal	-	-	(2,138)	(1,259)	(50)	-	(3,447)
Balance, December 31, 2021	$ -	$ 104,887	$ 2,563,280	$ 49,376	$ 112,622	$ -	$ 2,830,165
Net, December 31, 2021	$ 572,411	$ 36,860	$ 604,772	$ 2,180	$ 12,133	$ 60	$ 1,228,416

Note 1: The inflow of NT$9,132 thousand to supplies.

Note 2: The inflow of NT$6,279 thousand to supplies and NT$765 thousand to prepayments for business facilities.

Depreciation expenses are calculated using a straight-line basis according to the following useful life:

Buildings	
Main plant buildings	3~60 years

Pipeline equipment	25 years
Partitions and fences	10~15 years
Machinery and equipment	3~30 years
Transportation equipment	2~6 years
Other equipment	2~12 years

For the amount of property, plant and equipment collateralized for borrowing guarantee, refer to Note 33.

14. Lease Agreement

(1) Right-of-use assets

	December 31, 2021	December 31, 2020
Book value		
Land	$ 40	$ 109
Buildings	358	178
Machinery and equipment	26,280	53,405
Transportation equipment	2,024	3,000
	$ 28,702	$ 56,692

	2021	2020
Addition	$ 31,963	$ 56,486
Depreciation expense		
Land	$ 69	$ 69
Buildings	178	178
Machinery and equipment	33,105	38,404
Transportation equipment	2,687	3,574
	$ 36,039	$ 42,225

(2) Lease liabilities

	December 31, 2021	December 31, 2020
Book value		
Current	$ 28,101	$ 55,955
Non-current	$ 624	$ 787

The discount rate brackets for lease liabilities are shown below:

	December 31, 2021	December 31, 2020
Land	0.90%	0.90%
Buildings	0.67%	0.90%
Machinery and equipment	0.67%~0.99%	0.88%~0.99%
Transportation equipment	0.67%~0.90%	0.88%~0.99%

(3) Other lease information

	2021	2020
Short-term lease expense	$ 155	$ 253
Low-value asset lease	$ 105	$ 108

	2021	2020
expense		
Change in lease payments excluded from lease liabilities	$ 18,851	$ 17,147
Total amount of cash outflow for lease	($ 79,393)	($ 89,088)

The Company chooses exemption of applicable recognition for assets conforming to short-term lease and asset lease for low-value assets lease and does not recognize the relevant right-of-use assets and lease liabilities for such lease.

15. Investment Property

	Land	Buildings	Total
Cost			
Balance, January 1, 2020	$ 124,859	$ 39,826	$ 164,685
Balance, December 31, 2020	$ 124,859	$ 39,826	$ 164,685
Accumulated depreciation			
Balance, January 1, 2020	$ -	$ 19,976	$ 19,976
Depreciation expense	-	1,400	1,400
Balance, December 31, 2020	$ -	$ 21,376	$ 21,376
Net, December 31, 2020	$ 124,859	$ 18,450	$ 143,309
Cost			
Balance, January 1, 2021	$ 124,859	$ 39,826	$ 164,685
Balance, December 31, 2021	$ 124,859	$ 39,826	$ 164,685
Accumulated depreciation			
Balance, January 1, 2021	$ -	$ 21,376	$ 21,376
Depreciation expense	-	1,400	1,400
Balance, December 31, 2021	$ -	$ 22,776	$ 22,776
Net, December 31, 2021	$ 124,859	$ 17,050	$ 141,909

Investment property is depreciated over the following useful life according to the straight-line basis:

Buildings	
Main plant buildings	27~32 years

The total amount of lease to be collected for the investment property leased through operating lease:

	December 31, 2021	December 31, 2020
1st year	$ 12,558	$ 12,564
2nd year	12,397	12,100
3rd year	12,100	12,100
4th year	-	12,100
	$ 37,055	$ 48,864

The Company took into consideration of the adjacent market quotation of the investment property at fair value on December 31, 2021 and 2020. The fair value is described below:

	December 31, 2021	December 31, 2020
Land and buildings	$ 1,006,004	$ 1,098,351

The investment property owned by the Company is equity capital.

For the amount of investment property collateralized for borrowing guarantee, refer to Note 33.

16. Intangible Assets

	Computer Software
Cost	
Balance, January 1, 2020	$ 4,479
Separate acquisition	299
Disposal	(4,017)
Balance, December 31, 2020	$ 761
Accumulated amortization	
Balance, January 1, 2020	$ 4,150
Amortization expense	422
Disposal	(4,017)
Balance, December 31, 2020	$ 555
Net, December 31, 2020	$ 206
Cost	
Balance, January 1, 2021	$ 761
Separate acquisition	1,683
Disposal	(560)
Balance, December 31, 2021	$ 1,884
Accumulated amortization	
Balance, January 1, 2021	$ 555
Amortization expense	367
Disposal	(560)
Balance, December 31, 2021	$ 362

Net, December 31, 2021	$ 1,522

Amortization expenses are calculated for 2~5 year of useful life according to a straight-line basis.

17. Other Assets

	December 31, 2021	December 31, 2020
Current		
Temporary payments	$ 1,503	$ 2,676
Non-current		
Prepayments for business facilities	$ 8,149	$ 2,820
Refundable deposits	1,548	2,073
Time deposit pledge (Note 33)	20,000	60,000
	$ 29,697	$ 64,893

18. Current Borrowings

	December 31, 2021	December 31, 2020
Unsecured loans		
Bank loans	$ 637,617	$ 867,747

The interest rate for revolving loans from the bank for December 31, 2021 and 2020 were 0.51%~0.96% and 0.52%~0.99% respectively.

19. Notes Payable and Accounts Payable

	December 31, 2021	December 31, 2020
Notes payable		
Arising from operations		
Non-related parties	$ 12,631	$ 11,661
Related parties	-	216
	$ 12,631	$ 11,877
Accounts payable		
Arising from operations		
Non-related parties	$ 378,349	$ 137,468
Related parties	40,286	18,304
	$ 418,635	$ 155,772

20. Other Liabilities

	December 31, 2021	December 31, 2020
Current		
Other payables		
Wages and salaries payable	$ 238,694	$ 158,741
Compensation due to directors	27,263	18,787
Employee bonus payable	26,977	18,502
Interest payable	331	500

Service fee payable	2,754	4,286
Other accrued expenses	112,562	87,432
Others	8,654	7,815
	$ 417,235	$ 296,063
Other payables to related parties	$ 2,500	$ 2,513
Other liabilities		
Contract liabilities	$ 41,082	$ 8,638
Others	347	725
	$ 41,429	$ 9,363

21. Provisions

	December 31, 2021	December 31, 2020
Employee benefits	$ 16,529	$ 12,585

The provisions are estimated for possible employee benefits according to experience, management judgment, and other known reasons, which are recognized as current profit or loss as employees are entitled to the acquired rights and shall be offset in the following actual employee leave.

22. Post-employment Benefit Plans

(1) Defined contribution plan

In accordance with the "Labor Pension Act," the Company has established a defined contribution plan applicable to employees of Taiwanese nationality. The pension plan under the "Labor Pension Act" is the defined contribution plan for retirement under government management, by contributing 6% of an employee's monthly salary to the special account of the Bureau of Labor Insurance.

(2) Defined benefit plan

The Company has designed the pension plan according to Taiwan's "Labor Standards Act," under the defined benefit plan for the retirement of government management. The payment of employee pension funds is calculated according to the service seniority and by the average wages of 6 months before the approval for retirement. The Company appropriates 2%~15% of each employee's monthly salary as pension funds to the Supervisory Committee of Business Entities' Labor Retirement Reserve and deposits the funds under the name of the Committee into the special account of Taiwan Bank. Before the end of the year, if the balance of the special account is estimated as insufficient to pay for the labor that can meet the retirement criteria within one year. The difference shall be appropriated in one lump sum before the end of March next year. The special account is entrusted to the Bureau of Labor Funds, Ministry of Labor for management and the Company does not have the right to affect the strategies of investment management.

The amount of the defined benefit plan included in the parent company only balance sheet is shown below:

	December 31, 2021	December 31, 2020
Current value of defined benefit obligations	$ 51,955	$ 179,733
Fair value of plan assets	(22,646)	(108,555)
Net defined benefit liability	$ 29,309	$ 71,178

Changes of net defined benefit liability are described below:

	Current value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance, January 1, 2020	$ 198,364	($ 134,461)	$ 63,903
Service cost			
Current service cost	1,802	-	1,802
Interest expense (revenue)	1,226	(819)	407
Recognition under profit/loss	3,028	(819)	2,209
Re-measurement			
Remuneration of plan asset (except for the amount included in net interest)	-	(4,239)	(4,239)
Actuarial gains and losses–changes in financial assumptions	5,106	-	5,106
Actuarial gains and losses －experience adjustment	8,145	-	8,145
Recognition under other comprehensive income	13,251	(4,239)	9,012
Employer contribution	-	(5,488)	(5,488)
Benefit payment	(10,787)	10,787	-
Repayment	(24,123)	25,665	1,542
Balance, December 31, 2020	179,733	(108,555)	71,178
Service cost			
Current service cost	1,378	-	1,378
Interest expense (revenue)	510	(301)	209
Recognition under profit/loss	1,888	(301)	1,587

	Current value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Re-measurement			
Remuneration of plan asset (except for the amount included in net interest)	$ -	($ 1,463)	($ 1,463)
Actuarial gains and losses —demographics	379	-	379
Actuarial gains and losses– changes in financial assumptions	(5,007)	-	(5,007)
Actuarial gains and losses —experience adjustment	(181)	-	(181)
Recognition under other comprehensive income	(4,809)	(1,463)	(6,272)
Employer contribution	-	(1,791)	(1,791)
Benefit payment	(17,215)	17,215	-
Repayment	(107,642)	72,249	(35,393)
Balance, December 31, 2021	$ 51,955	($ 22,646)	$ 29,309

The Company's pension fund system is exposed to the following risks due to the "Labor Standards Act":

1. Investment risk: The Bureau of Labor Funds, Ministry of Labor invests labor pension funds in domestic (foreign) equity securities, debt securities, and bank deposits through self-use and entrusted management. Nonetheless, the amount of distribution from the Company's plan assets are proceeds calculated based on the interest rate for the 2-year time deposits or higher from the local banks.
2. Interest risk: The declining interest rate of government bonds will increase the current value of defined benefit obligations. However, the return on debt investment of the plan asset will also increase accordingly. The results will have the partial influence of offset effect on the net defined benefit liability.
3. Salary risk: The calculation of current value for defined benefit obligations takes consideration of the future salary of plan members. Hence, the increase in the salary of plan members will increase the current value of defined benefit obligations.

The current value of the Company's defined benefit obligations undergoes actuarial valuation conducted by a qualified actuary. Material assumptions for the date of measurement are described below:

	December 31, 2021	December 31, 2020
Discount rate	0.70%	0.30%
Expected rate of salary increase	3.00%	3.00%

If reasonable and possible changes taking place in material actuarial assumptions, with all assumptions remaining the same, the amount of current value of defined obligations will increase (decrease) as below:

	December 31, 2021	December 31, 2020
Discount rate		
Up 0.25%	($ 1,142)	($ 3,495)
Down 0.25%	$ 1,182	$ 3,610
Expected rate of salary increase		
Up 0.25%	$ 1,152	$ 3,505
Down 0.25%	($ 1,120)	($ 3,413)

Since actuarial assumptions could be related to each other and the change in simple assumption is unlikely. Hence, the aforementioned sensitivity analysis may not reflect the actual changes in the current value of defined benefit obligations.

	December 31, 2021	December 31, 2020
Expected contribution amount within one year	$ 240	$ 2,371
Average maturity of defined benefit obligation	8 years	8 years

23. Equity

(1) Ordinary share capital

	December 31, 2021	December 31, 2020
Authorized shares (thousand)	900,000	900,000
Authorized share capital	$ 9,000,000	$ 9,000,000
Shares issued and full collection of proceeds (thousand)	477,016	477,016
Share capital issued	$ 4,770,163	$ 4,770,163

(2) Capital surplus

	December 31, 2021	December 31, 2020
For loss write-off, cash distribution or appropriation to share capital (1)		
Stock issued at a premium	$ 145,488	$ 145,488
Treasury stock trading	8,625	8,625
Difference between the price from actual acquisition or disposal of subsidiary stocks and the book value	12,076	12,076
Donated assets	124	124
Only used for loss write-off		
Recognition of changes in ownership interests in subsidiaries (2)	15,402	16,252
	$ 181,715	$ 182,565

1. Such capital surplus may be written off with loss and distributed in cash or appropriated as share capital when the Company does not have any loss. Nonetheless, the appropriation to share capital shall be limited to a certain ratio of the paid-in capital each year.
2. Such capital surplus does not actually acquire or dispose of subsidiary equity, due to the equity transaction influence recognized under the changes in subsidiary equity or the adjustment to the capital surplus of the subsidiary recognized under the equity method adopted by the Company.

(3) Retained earnings and dividend policy

Pursuant to the provisions governing the surplus distribution policy stipulated in the Articles of Incorporation, any remaining surplus from the annual settlement shall be taxed according to the law, write off losses, and appropriate 10% as legal reserve. The remaining surplus shall be appropriated by law or reversed to special reserve. The remaining balance shall accumulate to the unappropriated retained earnings for the Board of Directors to propose surplus distribution and submit to the shareholders' meeting for distribution of dividends to shareholders. For policies regarding the distribution of employee and director remuneration, as stipulated in the Articles of Incorporation, refer to the employee remuneration and director remuneration in Note 25-7.

Additionally, in compliance with the Articles of Incorporation, the Company may allocate 40% to 60% of stock dividends to reserve the capital needed, according to the overall capital budget planning. The remaining amount shall be allocated in cash dividends. If there is higher capital budget planning for the current year and if operating capital needs to be expanded, all can be distributed in cash dividend. In other words, if the Company needs massive funds for expanding plants, it may distribute all in stock dividends.

Legal reserve shall be appropriated until the balance meets the total amount of the Company's paid-in capital. Legal reserve may be used to write off losses. In the absence of losses, the part of legal reserve exceeding 25% of the total amount of paid-in capital shall be appropriated to share capital and distributed in cash.

In the initial adoption of IFRSs, unrealized revaluation gains and accumulated translation adjustments (benefits) under shareholders' equity are transferred to retained earnings due to the application of IFRS 1 "First-time Adoption of International Financial Reporting Standards," so the same amount of special reserve is set aside separately; when the relevant assets are used, disposed of or reclassified subsequently, the earnings distributed may be reversed based on the proportion originally set aside as special reserve. In the distribution of distributable earnings, for the difference between the net deduction of other equity interest incurred in the current period and the balance of special reserve referred to in the preceding paragraph, special reserve shall be set aside from current profit/loss and unappropriated retained earnings of the previous period; for the net deduction of other equity interest accumulated in the previous period, special reserve shall not be distributed from unappropriated retained earnings of the previous period. When the net deduction of other equity interest is reversed subsequently, earnings may be distributed by reversing special reserve.

The Company resolved to pass the proposals for 2020 and 2019 earnings distribution at the general shareholder's meeting held on July 22, 2021, and June 11, 2020 respectively:

	2020	2019
Legal reserve	$ 54,945	$ 21,526
Cash dividends	$572,420	$238,508
Cash dividend per share (NTD)	$ 1.20	$ 0.50

The Company proposed 2021 earnings distribution at the board of directors meeting held on March 18, 2022, as shown below:

	2021
Legal reserve	$ 94,447
Cash dividends	$715,524
Cash dividend per share (NTD)	$ 1.50

In addition, the board of directors decided to distribute cash dividends of NT$95,403 thousand from capital surplus in 2021.

The proposal for 2021 earnings distribution shall be resolved at the shareholder's meeting to be held on June 17, 2022.

(4) Other equity interest

1. Exchange differences on translation of foreign financial statements

	2021	2020
Beginning balance	($ 37,805)	($ 38,790)
Occurrence in current year		
Exchange differences on translation of foreign financial statements	(5,977)	1,318
Share of subsidiaries, associates, and joint ventures accounted for using equity method	(37)	(70)
Income tax effect	1,196	(263)
Other comprehensive income	(4,818)	985
Ending balance	($ 42,623)	($ 37,805)

2. Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income

	2021	2020
Beginning balance	$ 181,126	$ 198,655
Occurrence in current year		
Unrealized gains and losses on equity instruments	105,930	(19,752)
Share of subsidiaries,	(13,075)	(1,822)

	2021	2020
associates, and joint ventures accounted for using equity method		
Income tax effect	(24,057)	3,951
Other comprehensive income	68,798	(17,623)
Accumulated gains and losses on subsidiary disposal of equity instruments transferred to retained earnings	-	94
Accumulated gains and losses on disposal of equity instruments transferred to retained earnings	8,521	-
	8,521	94
Ending balance	$ 258,445	$ 181,126

24. Revenue

	2021	2020
Revenue from contracts with customers		
Revenue from sale of goods	$ 6,177,621	$ 5,598,846
Revenue from provision of services	425,014	435,720
	$ 6,602,635	$ 6,034,566

(1) Contract balance

	December 31, 2021	December 31, 2020	January 1, 2020
Notes receivable due from related parties (Note 10)	$ 502	$ 367	$ 76
Accounts receivable (Note 10)	$ 727,895	$ 555,596	$ 496,972
Accounts receivable due from related parties (Note 10)	$ 38,623	$ 110,325	$ 100,515
Contract liabilities (Note 20)			
Sale of goods	$ 41,082	$ 8,638	$ 23,255

(2) Details of revenue from contracts with customers

2021

	Reportable segments		
	Alkylation manufacturing	Hydrocarbon resin manufacturing	Total
Type of goods or services			
Sale of goods	$ 6,177,621	$ -	$ 6,177,621
Provision of services	-	425,014	425,014
	$ 6,177,621	$ 425,014	$ 6,602,635

2020

	Reportable segments		
	Alkylation manufacturing	Hydrocarbon resin manufacturing	Total
Type of goods or services			
Sale of goods	$ 5,598,846	$ -	$ 5,598,846
Provision of services	-	435,720	435,720
	$ 5,598,846	$ 435,720	$ 6,034,566

25. Profit

(1) Interest income

	2021	2020
Bank deposits	$ 745	$ 739
Others	5,097	1,504
	$ 5,842	$ 2,243

(2) Other income

	2021	2020
Rental income		
Operating lease		
－Investment property	$ 12,564	$ 12,564
－Others	1,380	1,097
Dividend income		
Investments in equity instruments at fair value through other comprehensive income	9,974	6,817
Others	21,070	16,739
	$ 44,988	$ 37,217

(3) Other gains and losses

	2021	2020
Gain on financial assets		
Financial assets at fair value through profit or loss, mandatorily measured at fair value	$ 19,112	$ 145
Gain (loss) on disposal of property, plant and equipment	74	(56)
Net foreign exchange loss	(7,038)	(1,273)
Others	(10)	(766)
	$ 12,138	($ 1,950)

(4) Finance costs

	2021	2020
Interest expense		
Bank loans	$ 5,118	$ 7,766
Lease liabilities	302	420
	$ 5,420	$ 8,186

(5) Depreciation and amortization

	2021	2020
Summary of depreciation expense by function		
Operating costs	$ 77,803	$ 87,019
Operating expenses	29,182	36,295
	$ 106,985	$ 123,314
Summary of amortization expense by function		
Operating costs	$ 169	$ 33
Operating expenses	198	389
	$ 367	$ 422

(6) Employee benefit expenses

	2021	2020
Post-employment benefits		
Defined contribution plan	$ 10,082	$ 9,205
Defined benefit plan (Note 22)	(11,998)	3,752
Other employee benefits	546,484	419,399
Total	$ 544,568	$ 432,356

	2021	2020
Summary by function		

Operating costs	$ 344,863	$ 271,564
Operating expenses	199,705	160,792
	$ 544,568	$ 432,356

(7) Employee remuneration and director remuneration

The Company contributes employee remuneration and director remuneration by deducting 2.5% and less than 2.5% of income before tax for the current year according to the Articles of Incorporation. The 2021 and 2020 employee remuneration and director remuneration resolved by the board of directors meeting on March 18, 2022 and March 19, 2021, respectively, are as follows:

Percentage

	2021	2020
Employee remuneration	2.50%	2.50%
Director remuneration	2.50%	2.50%

Amount

	2021	2020
	Cash	Cash
Employee remuneration	$ 26,953	$ 18,479
Director remuneration	26,953	18,479

Any change in the amount after the promulgation date and adoption of the parent company only financial statements shall be processed according to the changes in accounting estimations, which shall be adjusted for recognition in the following year.

There is no discretion between the real distribution amount of 2020 and 2019 employee remuneration and director remuneration and the amount recognized in the 2020 and 2019 parent company only financial statements.

For information on the employee remuneration and director remuneration resolved by the board of directors, refer to the Market Observation Post System of Taiwan Stock Exchange.

(8) Foreign exchange gains and losses

	2021	2020
Total foreign exchange gain	$ 47,616	$ 52,553
Total foreign exchange loss	(54,654)	(53,826)
Net loss	($ 7,038)	($ 1,273)

26. Income Tax

(1) Income tax recognized under profit or loss

The main compositions of tax expense are shown below:

	2021	2020
Current year income tax		
Generated this year	$ 126,463	$ 159,652
Adjustment to previous years	2,247	597
Investment tax credits	(3,586)	(3,800)
	125,124	156,449
Deferred income tax		
Generated this year	(48,512)	(8,059)
Adjustment to previous years	-	(966)
	(48,512)	(9,025)
Tax expense under profit or loss	$ 76,612	$ 147,424

Adjustments to accounting income and tax expense are described below:

	2021	2020
Profit (loss) before tax	$ 1,024,199	$ 702,214
Tax expense on profit (loss) before tax calculated at the statutory tax rate	$ 204,840	$ 140,443
Tax-free income	(5,528)	(29)
Share accounted for using equity method	(121,420)	11,095
Irreducible expense loss for tax	59	84
Investment tax credits	(3,586)	(3,800)
Adjustment to current tax expense of previous years	2,247	(369)
Tax expense under profit or loss	$ 76,612	$ 147,424

(2) Income tax recognized under other comprehensive income

	2021	2020
Deferred income tax		
Generated this year		
－Re-measurement of defined benefit plan	$ 1,255	($ 1,803)
－Unrealized gains or losses on financial assets at fair value through other comprehensive income	24,057	(3,951)
－Translation of foreign financial statements	(1,196)	263
Income tax recognized under other comprehensive income	$ 24,116	($ 5,491)

(3) Current tax liabilities

	December 31, 2021	December 31, 2020
Current tax liabilities		
Income tax payable	$ 41,605	$ 128,177

(4) Deferred tax assets and liabilities

Changes in deferred tax assets and liabilities are shown below:

2021

	Beginning balance	Recognized under profit or loss	Recognized under other comprehensive income	Ending balance
Deferred tax assets				
Temporary difference				
Sales revenue recognized before filing tax	$ 28,775	($ 2,369)	$ -	$ 26,406
Unrealized exchange loss	657	(58)	-	599
Unrealized cost of goods sold	12,847	(6,929)	-	5,918
Unrealized inventory valuation losses	1,211	733	-	1,944
Unrealized annual leave pay	2,517	789	-	3,306
Loss on investments accounted for using equity method	29,247	54,562	-	83,809
Gain on disposal of overseas investments	5,027	-	-	5,027
Unrealized gross profit	403	(151)	-	252
Defined benefit plan	36,062	-	(1,255)	34,807
Unrealized valuation loss on financial assets at fair value through other comprehensive income	-	-	2,657	2,657
Loss on exchange differences on translation of foreign financial statements	12,816	-	1,196	14,012
	$ 129,562	$ 46,577	$ 2,598	$ 178,737
Deferred tax liabilities				
Temporary difference				
Sales revenue recognized before	$ 19,434	($ 482)	$ -	$ 18,952

filing tax				
Unrealized exchange gain	1,368	(981)	-	387
Gain on investments accounted for using equity method	14,799	(472)	-	14,327
Unrealized valuation gain on financial assets at fair value through other comprehensive income	3,356	-	26,714	30,070
Land revaluation surplus	172,429	-	-	172,429
	$ 211,386	($ 1,935)	$ 26,714	$ 236,165

2020

	Beginning balance	Recognized under profit or loss	Recognized under other comprehensive income	Ending balance
Deferred tax assets				
Temporary difference				
Sales revenue recognized before filing tax	$ 12,717	$ 16,058	$ -	$ 28,775
Unrealized exchange loss	1,071	(414)	-	657
Unrealized cost of goods sold	3,713	9,134	-	12,847
Unrealized inventory valuation losses	6,451	(5,240)	-	1,211
Unrealized annual leave pay	2,423	94	-	2,517
Loss on investments accounted for using equity method	31,212	(1,965)	-	29,247
Gain on disposal of overseas investments	5,027	-	-	5,027
Unrealized gross profit	-	403	-	403
Defined benefit liability	34,259	-	1,803	36,062
Loss on exchange differences on translation of foreign financial statements	13,079	-	(263)	12,816
	$ 109,952	$ 18,070	$ 1,540	$ 129,562
Deferred tax liabilities				
Temporary difference				
Sales revenue recognized before filing tax	$ 10,886	$ 8,548	$ -	$ 19,434
Unrealized exchange gain	438	930	-	1,368
Gain on investments accounted for using equity method	15,219	(420)	-	14,799
Unrealized valuation gain on financial assets at fair value through other comprehensive income	7,307	-	(3,951)	3,356
Land revaluation surplus	172,429	-	-	172,429
Right-of-use assets	13	(13)	-	-
	$ 206,292	$ 9,045	($ 3,951)	$ 211,386

(5) Income tax review

The tax returns filed by the Company as of 2019 have been approved by tax collection agencies.

27. Earnings per share

Unit: NTD per share

	2021	2020
Basic earnings per share	$ 1.99	$ 1.16
Diluted earnings per share	$ 1.98	$ 1.16

The average weighted shares for calculating the earnings per share of ordinary shares are described below:

Profit

	2021	2020
Profit	$ 947,587	$ 554,790

Shares

Unit: Thousand shares

	2021	2020
Weighted average shares for calculating the ordinary shares of basic earnings per share	477,016	477,016
Influential ordinary shares with diluted and potential function:		
Employee remuneration	1,423	1,327
Weighted average shares for calculating the ordinary shares of diluted earnings per share	478,439	478,343

If the Company chooses to distribute employee remuneration with stock or cash, the diluted earnings per share are calculated. If the employee remuneration is distributed in stock the weighted average outstanding shares are added to the potential ordinary shares to calculate the diluted earnings per share. The calculation of diluted earnings per share before distributing shares as employee remuneration, as resolved in the following year, shall continue to take into consideration of the dilution effect of such potential ordinary shares.

28. Disposal of Investments in Subsidiaries－ Loss of Control

The Company did not participate in the cash capital increase of Defia in October 2020, which led to the loss of control over Defia. For the disposal of DEFIA, refer to Note 30 of the Company’s 2021 consolidated financial statements.

29. Partial Acquisition or Disposal of Investments in Subsidiaries－No influence over Control

The Company did not subscribe for Fusugar Industry’s equity in March and May 2020 in proportion to its shareholding, causing its shareholding ratio to increase from 80.32% to 82.28% and to 85.34%.

The Company acquired UPM's equity in April 2020 and its shareholding ratio rose from 78.19% to 78.53%. Additionally, UPM repurchased a total of 1,967 thousand outstanding shares from other shareholders on December 19, 2020. The Company's shareholding ratio after the buyback went up to 80.25%.

The aforementioned transactions did not change the Company's control over the subsidiary and were thus treated as an equity transaction.

30. Capital Risk Management

Under the premise that the Company conducts capital management for assurance of ongoing management, the Company designs the operating funds and dividend expenditures needed for the future according to the current industry properties and future corporate development. The design will guarantee sustainable management for the Company, the pursuit of shareholder long-term benefits, and stable management, thereby maximizing shareholder returns.

31. Financial Instruments

(1) Fair value information – Financial instruments at fair value through a redundant basis

1. Fair value level

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Domestic unlisted stocks	$ -	$ 53,261	$ -	$ 53,261
Beneficiary certificates	7,251	-	-	7,251
Total	$ 7,251	$ 53,261	$ -	$ 60,512
Financial assets at fair value through other comprehensive income				
Investments in equity instruments				
－Domestic unlisted stocks	$ -	$ 209,077	$ -	$ 209,077
－Foreign unlisted stocks	-	-	111,684	111,684
－Anonymous investment portfolio	-	36,109	-	36,109
Total	$ -	$ 245,186	$ 111,684	$ 356,870

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Investments in equity instruments				
－Domestic unlisted stocks	$ -	$ 112,722	$ -	$ 112,722
－Foreign unlisted stocks	-	-	94,826	94,826
－Anonymous investment portfolio	-	81,177	-	81,177
Total	$ -	$ 193,899	$ 94,826	$ 288,725

There were no fair value measurement transfers between Level 1 and Level 2 in 2021 and 2020.

2. Valuation technology and input of Level 2 fair value measurement

The fair value of domestic unlisted stocks and anonymous investment portfolios is evaluated by the market approach.

3. Adjustment to financial instruments using Level 3 fair value measurement

2021

Financial assets	Financial assets at fair value through other comprehensive income Equity instruments
Beginning balance	$ 94,826
Recognized under other comprehensive income (unrealized gains (losses) from financial assets measured at fair value through other comprehensive income)	16,858
Ending balance	$ 111,684

2020

Financial assets	Financial assets at fair value through other comprehensive income Equity instruments
Beginning balance	$ 88,875
Recognized under other comprehensive	5,951

income (unrealized gains (losses) from financial assets measured at fair value through other comprehensive income)	
Ending balance	$ 94,826

4. Valuation technology and input of Level 3 fair value measurement

The fair value of financial assets at fair value through other comprehensive income－Investments in foreign unlisted stocks is estimated using discounted cash flows; material and unobservable inputs used are the long-term revenue growth rate, weighted average cost of capital, and discount for lack of marketability. The increase in weighted average capital costs will lead to a reduction in the fair value of such investments.

	December 31, 2021	December 31, 2020
Long-term revenue growth rate	2.00%	2.00%
Weighted average cost of capital	9.97%	11.54%
Discount for lack of marketability	25.00%	25.00%

If the following inputs are changed to reflect the reasonable and possible alternative assumption, with all other inputs remaining the same, the amount of investment fair value will increase (decrease) as follows:

	December 31, 2021	December 31, 2020
Long-term revenue growth rate		
Up 1%	$ 1,913	$ 6,822
Down 1%	($ 1,486)	($ 5,527)
Weighted average cost of capital		
Up 1%	($ 1,727)	($ 5,527)
Down 1%	$ 2,219	$ 6,822
Discount for lack of marketability		
Up 1%	($ 343)	($ 1,264)
Down 1%	$ 343	$ 1,264

(2) Types of financial instruments

	December 31, 2021	December 31, 2020
Financial assets		
At fair value through profit or loss		
Mandatory at fair value through profit or loss	$ 60,512	$ -
At amortized cost (Note 1)	1,361,785	1,532,515
At fair value through other comprehensive income		
Investments in equity instruments	356,870	288,725
Financial liabilities		
At amortized cost (Note 2)	1,488,618	1,333,972

Note 1: The balance includes cash, financial assets at amortized cost, notes receivable due from related parties, accounts receivable, accounts receivable due from related parties, other receivables, other receivables due from related parties, refundable deposits, and other financial assets at amortized cost.

Note 2: The balance includes current borrowings, notes payable, notes payable to related parties, accounts payable, accounts payable to related parties, other payables, other payables to related parties, and other financial liabilities at amortized cost.

(3) Purpose and policy of financial risk management

The main financial instruments of the Company include cash, investments in equity instruments, accounts receivable, accounts payable, borrowing, and lease liabilities. The Finance Department of the Company aims to provide services to all business units, collectively coordinating the operations in domestic and international financial markets, and monitoring and managing the financial risks related to the corporate operations in accordance with the internal risk report of exposure to risk level and extent analysis. Such risks also include market risk (e.g., exchange rate risk, interest rate risk, and other price risk), credit risk, and liquidity risk.

1. Market risk

The operating activities lead the Company to undertake main financial risks including variable risks of foreign currency exchange rate (refer to the following (1)) and the variable risk of interest rate (refer to the following (2)).

The Company does not change the exposure and the management and measurement method of such exposure to the market risks of financial instruments.

(1) Exchange rate risk

The Company manages exchanges for hedging purposes and does not conduct transactions of financial instruments based on speculation. The management strategies for exchange rate risks involve the regular review of the net segments of assets and liabilities in various currencies, in addition to conducting risk management on the net positions.

For the book value of the Company's monetary assets and monetary liabilities denominated in non-functional currencies on the balance sheet date, refer to Note 37.

Sensitivity analysis

The Company is mainly subject to the impact of fluctuations in the exchange rates of the US dollar, Euro, and Japanese currency.

The exchange rate risk of the Company's monetary items is mainly due to foreign currency exchange gains and losses arising from the translation of foreign currency-denominated bank deposits, accounts receivable, other receivables, and bank loans that are still outstanding on the balance sheet date and have not undergone cash flow hedging. 1% refers to the sensitivity ratio used inside the Company when reporting the exchange rate risk to the management, which also represents the evaluation of the reasonable and possible variation range of the exchange rate of foreign currency given by the management. When the New Taiwan dollar appreciates by 1% against foreign currencies in 2021 and 2020, with all other factors remaining unchanged, profit (loss) before tax or equity will decrease by NT$1,092 thousand and increase by NT$742 thousand, respectively. Conversely, when the New Taiwan dollar depreciates by 1% against foreign currencies, its impact on profit (loss) before tax or equity will be the negative number of the same amount. The same basis was used in the analysis for both periods.

The management believes that sensitivity analysis cannot represent the inherent risk of the exchange rate as foreign currency exposure on the balance sheet date cannot reflect the mid-term exposure.

(2) Interest rate risk

The funds are borrowed by the Company concurrently in fixed and floating interest rates, which leads to an interest rate risk.

The book value of the Company's financial assets and financial liabilities subject to an interest rate risk on the balance sheet date is as follows:

	December 31, 2021	December 31, 2020
Interest rate risk at fair value		
－Financial assets	$ 60,000	$ 60,000
－Financial liabilities	310,882	56,742
Cash-flow interest rate risk		
－Financial assets	486,117	728,846
－Financial liabilities	355,460	867,747

Sensitivity analysis

The following sensitivity analysis refers to the interest rate risk determined by the non-derivatives on the balance sheet date. For floating interest rate assets and liabilities, the analysis method assumes all outstanding asset and liability amounts on the balance sheet date are still outstanding during the reporting period. The internal variable rate used by the Company in the report to the management is to increase or decrease 100 base points of the interest rate. This may also represent the management evaluation on the reasonable and possible range of variation for the interest rate.

If the interest rate is up 100 base points, with all other variables remaining the same, the 2021 and 2020 profit before income tax will increase by NT$1,307 thousand and decrease by NT$1,389 thousand, respectively. On the contrary, if the interest rate is down 100 basis points, the impact on the 2021 and 2020 profit before income tax will be the negative number of the same amount. This is mainly due to the Company's net position of floating rate deposits and floating rate borrowings.

(3) Other price risks

The Company's investments in equity security place the Company in equity price exposure. Such investments in equity security are not held for the transaction but rather a strategic investment. The Company does not trade in such investment actively but assigns relevant personnel to monitor the price risk in addition to evaluating when to add the hedge positions.

Sensitivity analysis

The following sensitivity analysis is implemented by the equity price exposure on the balance sheet date.

If the equity price increases/decrease by 1%, profit/loss before tax in 2021 will go up/down by NT$605 thousand due to an increase/decrease in the fair value of financial assets at fair value through profit or loss, and other comprehensive income before tax in 2021 and 2020 will go up/down by NT$3,569 thousand and NT$2,887 thousand respectively due to an increase/decrease in the fair value of financial assets at fair value through other comprehensive income.

2. Credit risk

Credit risk refers to the arrears in contractual obligations by the transacting counterparty that results in the risk of the

Company's financial loss. As of the balance sheet date, the maximum exposure to credit risk faced by the Company possibly due to the transacting counterparty's failure to perform obligations mostly comes from the book value of financial assets recognized in the parent company only balance sheet.

The objects of accounts receivable cover many clients distributed in different industries and geological regions. The Company will continue to evaluate the financial situations of the clients of accounts receivable.

Additionally, the transacting counterparty for current assets and derivative financial instruments are financial institutions and corporate organizations with excellent credit ratings; hence, credit risk is limited.

3. Liquidity risk

The Company supports operations and reduces the impact on fluctuations in cash flow through management and maintenance of sufficient cash. The Company management supervises the use of a financing line from the bank to assure the compliance of clauses in the loan agreement.

Bank loans are an important source of liquidity for the Company. Refer to the explanation on (2) Credit line for the credit limit which the Company has not drawn as of December 31, 2021 and 2020.

(1) Table of liquidity and interest rate risk for non-derivative financial liabilities

The following table explains in detail the Company's maturity analysis of remaining contracts of non-derivative financial liabilities in the agreed repayment period, the earliest repayment date required, and the preparation of undiscounted cash flow for financial liabilities, including the interest rate and the cash flow of principal.

The Company may be required to repay the bank loans immediately, in the earliest date in the following table, without taking into consideration of the probability of the bank exercising the rights immediately. The analysis of maturity for other non-derivative financial liabilities shall be prepared according to the agreed repayment date.

For the cash flow with interest paid in floating interest rate, the amount of undiscounted interest shall be derived from the yield curve on the balance sheet date.

December 31, 2021

	Instant repayment or shorter than 1 year	1~2 years	2~5 years	5 years or longer
Non-derivative financial liabilities				
Non-interest-bearing liabilities	$ 851,001	$ -	$ -	$ -
Lease liabilities	28,205	626	-	-
Floating rate instruments	356,607	-	-	-
Fixed rate instruments	282,723	-	-	-
	$ 1,518,536	$ 626	$ -	$ -

December 31, 2020

	Instant repayment or shorter than 1 year	1~2 years	2~5 years	5 years or longer
Non-derivative financial liabilities				
Non-interest-bearing liabilities	$ 466,225	$ -	$ -	$ -
Lease liabilities	56,229	762	29	-
Floating rate instruments	868,920	-	-	-
	$ 1,391,374	$ 762	$ 29	$ -

(2) Credit line

	December 31, 2021	December 31, 2020
Unsecured bank credit line		
－Amount drawn	$ 637,617	$ 867,747
－Amount undrawn	2,292,383	1,742,253
	$ 2,930,000	$ 2,610,000

32. Related Party Transactions

Except for those disclosed in other notes, the transactions between the Company and related parties are listed below:

(1) Name of related party and relation with the Company

Name of related party	Relation with the Company
UPM	Subsidiary
Hershey Environmental Tech	Subsidiary
Yongyao Energy Co., Ltd. (Yongyao Energy)	Subsidiary
Yongji Energy Co., Ltd. (Yongji Energy)	Subsidiary
Fusugar Industry	Subsidiary
Great Victory Chemical	Subsidiary
Yung Sheng Green Power Co., Ltd. (Yung Sheng Green Power)	Subsidiary
Tanques Del Pacifico	Subsidiary
Defia	Associate (Subsidiary prior to November 2020)
Soft Chemical Corp.(SCC)	Associate
Chang Chun Formosan Union Fine Chemical (Changshu) Co., Ltd. (Chang Chun Group)	Joint venture
Soft Industry Corp.(SIC)	Joint venture

(2) Operating revenue

Account	Category/Name of related party	2021	2020
Sales revenue	Subsidiary	$ 73,769	$ 11,744
	Associate	-	494
	Joint venture	290,003	203,999
		$ 363,772	$ 216,237
Rework revenue	Subsidiary/UPM	$ 425,014	$ 435,720

The sales between the Company and related parties are processed in accordance with the sales price and conditions.

The Company reworks for subsidiaries by adding 100% rework cost and 50% of the profits for selling reworked products as the rework revenue. The period of payment collection is approximately 1 month.

(3) Purchase

Account	Category of related party	2021	2020
Purchase	Subsidiary	$ 139,786	$ 46,589
	Joint venture	93,167	-
		$ 232,953	$ 46,589

The Company purchases from a related party in accordance with the general purchase condition (market price). The payment collection period is approximately 1 month.

(4) Receivables due from related parties (excluding loans to related parties)

Account	Category/Name of related party	December 31, 2021	December 31, 2020
Notes receivable due from related parties	Subsidiary/Great Victory Chemical	$ 502	$ 367
Accounts receivable due from related parties	Subsidiary/UPM	$ 38,623	$ 35,957
	Joint venture/Chang Chun Group	-	74,368
		$ 38,623	$ 110,325
Other receivables due from related parties	Subsidiary	$ 133	$ 45
	Subsidiary/Fusugar Industry	549	558
	Associate/Defia	713	522
		$ 1,395	$ 1,125

No guarantees have been collected for outstanding receivables due from related parties. No allowance for loss on receivables due from related parties was recognized as at the end of 2021 and 2020.

(5) Accounts payable to related parties (excluding loans to related parties)

Account	Category/Name of related party	December 31, 2021	December 31, 2020
Notes payable to related parties	Subsidiary/Hershey Environmental Tech	$ -	$ 216
Accounts payable to related parties	Subsidiary/UPM	$ 4,662	$ 3,858
	Subsidiary/Hershey Environmental Tech	23,316	14,446
	Joint venture/Chang Chun Group	12,308	-
		$ 40,286	$ 18,304

Other payables to related parties	Subsidiary/Hershey Environmental Tech	$ 2,281	$ 2,382
	Subsidiary	111	61
	Associate	108	70
		$ 2,500	$ 2,513

(6) Acquisition of property, plant and equipment

	Acquisition proceeds	
Category of related party	2021	2020
Associate	$ 125	$ -

(7) Disposal of property, plant and equipment

	Disposal proceeds		Disposal (Loss) gain	
Category of related party	2021	2020	2021	2020
Subsidiary	$ 78	$ -	$ -	$ -

(8) Lease agreement (the Company as the lessee)

Category/Name of related party	2021	2020
Acquisition of right-of-use assets		
Subsidiary/Hershey Environmental Tech	$ 330	$ 3,979
Subsidiary/Tanques Del Pacifico	9,846	14,471
	$ 10,176	$ 18,450

Account	Category/Name of related party	December 31, 2021	December 31, 2020
Current lease liabilities	Subsidiary/Hershey Environmental Tech	$ 330	$ 3,979
	Subsidiary/Tanques Del Pacifico	9,846	8,565
		$ 10,176	$ 12,544

Category/Name of related party	2021	2020
Interest expense		
Subsidiary/Hershey Environmental Tech	$ 21	$ 24
Subsidiary/Tanques Del Pacifico	46	25
	$ 67	$ 49
Lease expense		
Subsidiary/Hershey Environmental Tech	$ 14,789	$ 12,216

Subsidiary/Tanques Del Pacifico	-	717
	$ 14,789	$ 12,933

(9) Lease agreement (the Company as the lessor)

Operating lease

The Company leases the right to use the land and houses located in Pingnan Industrial Park through an operating lease to the subsidiary, Hershey Environmental Tech, with a duration of 3 years, and also leases the Taipei Office and parking lot to subsidiaries and associates through an operating lease. The duration of the lease is 2~4 years.

The total lease payment to be collected in the future are summarized below:

Category/Name of related party	December 31, 2021	December 31, 2020
Subsidiary/Hershey Environmental Tech	$ 36,408	$ 48,580
Subsidiary	552	891
Associate	-	146
	$ 36,960	$ 49,617

Lease revenue is summarized below:

Category/Name of related party	2021	2020
Subsidiary/Hershey Environmental Tech	$ 12,208	$ 12,160
Subsidiary	853	1,019
Associate	116	18
	$ 13,177	$ 13,197

(10) Manufacturing expenses

Account	Category/Name of related party	2021	2020
Manufacturing expenses－Rework expenses	Subsidiary/Hershey Environmental Tech	$ 165,416	$ 208,236
Manufacturing expenses－Other expenses	Subsidiary	$ 4,772	$ -

(11) Operating expenses

Account	Category of related party	2021	2020
Administrative expenses－Other expenses	Subsidiary	$ 40	$ 40

(12) Other income

Account	Category of related party	2021	2020
Other income	Subsidiary	$ 8,461	$ 7,340
	Associate	38	6
		$ 8,499	$ 7,346

(13) Loans to related parties

Category/Name of related party	December 31, 2021	December 31, 2020
Subsidiary/Fusugar Industry	$ -	$ 40,324

Interest income

Category/Name of related party	2021	2020
Subsidiary/Hershey Environmental Tech	$ 5,045	$ -
Subsidiary/Fusugar Industry	40	1,469
	$ 5,085	$ 1,469

The Company loans to Hershey Environmental Tech and Fusugar Industry, with an interest rate similar to the market interest rate. As of December 31, 2020, other receivables due from related parties mentioned above include interest receivable of NT$324 thousand.

(14) Endorsements and guarantees

Refer to Note 34-(2).

(15) Remuneration for Main Management Level

	2021	2020
Shirt-term Employee benefits	$ 99,053	$ 86,671
Post-employment benefits	1,748	2,354
	$ 100,801	$ 89,025

The remuneration for directors and other main management levels is determined according to the personal performance and market trends.

33. Collateral Assets

The following assets of the Company are provided as a tender bond of purchase and the collateral for financing and borrowing:

	December 31, 2021	December 31, 2020
Property, plant and equipment (including investment property)		
Land	$ 666,141	$ 666,141
Buildings	36,066	38,816
Machinery and equipment	454,965	477,339
Other non-current assets — Time deposits	20,000	60,000
	$ 1,177,172	$ 1,242,296

34. Material Contingent Liabilities and Unrecognized Contractual Commitments

The Company's material commitments and contingencies on the balance sheet date are as follows:

(1) As of December 31, 2021 and 2020, the letter of credit issued by the Company for purchases still had an amount of NT$212,000 thousand and NT$53,000 thousand outstanding, respectively.

(2) Check endorsements and guarantees:

1. As of December 31, 2021 and 2020, the amount of the check of endorsement and guarantee issued by the Company for Fusugar Industry was NT$313,046 thousand each, which was approved by the Company's board of directors. The amount drawn was NT$313,046 thousand.
2. As of December 31, 2021 and 2020, the amount of the check of endorsement and guarantee issued by the Company for Hershey Environmental Tech was NT$3,950 thousand, which was approved by the Hershey Environmental Tech's board of directors. The amount drawn was NT$3,950 thousand.

35. Other Matters

None.

36. Material Post-period Matters

None.

37. Information on Assets and Liabilities in Foreign Currency with Material Impact

The following information is aggregated and expressed in foreign currencies other than the Company's functional currency, and the exchange rates disclosed refer to the exchange rates at which these foreign currencies are converted to the functional currency. Significant foreign currency assets and liabilities are as follows:

December 31, 2021

	Foreign currency	Exchange rate	Book value
Assets in foreign currency			
Monetary items			
USD	$ 22,401	27.6300 (USD: NTD)	$ 618,943
EUR	740	31.1200 (EUR: NTD)	23,044
JPY	67,407	0.2385 (JPY: NTD)	16,076
			$ 658,063
Non-monetary items			
Current financial assets at fair value through profit or loss			
JPY	30,401	0.2385 (JPY: NTD)	$ 7,251
Non-current financial assets at fair value through other comprehensive income			
RMB	25,710	4.3440 (RMB: NTD)	$ 111,684
JPY	150,140	0.2405 (JPY: NTD)	36,109
			$ 147,793

	Foreign currency	Exchange rate	Book value
Subsidiaries, associates, and joint ventures using equity method			
USD	$ 1,087	27.6800 (USD: NTD)	$ 30,097
VND	130,002,704	0.0012 (VND: NTD)	157,655

RMB	141,093	4.3415 (RMB: NTD)	612,556
			$ 800,308
Liabilities in foreign Currency			
Monetary items			
USD	19,561	27.7300 (USD: NTD)	$ 542,427
EUR	205	31.5200 (EUR: NTD)	6,449
			$ 548,876

December 31, 2020

	Foreign currency	Exchange rate	Book value
Assets in foreign currency			
Monetary items			
USD	$ 19,179	28.4300 (USD: NTD)	$ 545,267
Non-monetary items			
Non-current financial assets at fair value through other comprehensive income			
RMB	21,665	4.3770 (RMB: NTD)	$ 94,826
JPY	293,800	0.2763 (JPY: NTD)	81,177
			$ 176,003
Subsidiaries, associates, and joint ventures using equity method			
USD	1,117	28.4800 (USD: NTD)	$ 31,805
VND	118,246,409	0.0012 (VND: NTD)	146,039
RMB	131,839	4.3648 (RMB: NTD)	575,454
			$ 753,298
Liabilities in foreign Currency			

Monetary items			
USD	21,713	28.5300 (USD: NTD)	$ 619,474

The Company mainly assumes the risk of foreign exchange rates in New Taiwan dollars. The following information is aggregated and expressed in the functional currency of an entity holding the foreign currency, and the exchange rate disclosed refers to the exchange rate at which the functional currency is converted to the expression currency. Significant foreign exchange gains and losses (realized and unrealized) are as follows:

	2021		2020	
Functional currency	Functional currency vs. presentation currency	Net exchange loss	Functional currency vs. presentation currency	Net exchange loss
NTD	1(NTD: NTD)	($ 7,038)	1(NTD: NTD)	($ 1,273)

38. Notes to Disclosure

(1) Material Transactions:

1. Loaning funds to others: Table 1.
2. Endorsements and guarantees for others: Table 2.
3. Marketable securities held at the end of the year (excluding investments in subsidiaries, associates, and joint ventures): Table 3.
4. Cumulative purchases or sales of the same securities amounting to NT$300 million or more than 20% of the paid-in capital: Table 4.
5. Real estate acquired amounting to NT$300 million or more than 20% of the paid-in capital: None.
6. Real estate disposed of amounting to NT$300 million or more than 20% of the paid-in capital: None.
7. Purchases and sales with related parties amounting to NT$100 million or more than 20% of the paid-in capital: Table 5.
8. Receivables due from related parties amounting to NT$100 million or more than 20% of the paid-in capital: None.
9. Derivatives trading: None.

(2) Reinvestments: Table 6.

(3) Investments in Mainland China:

1. Name of invested company in mainland China, main business lines, paid-in capital, investment methods, funds transferred in and out, shareholding ratio, investment gain and loss, the book value of the investment at the end of the year, investment gain/loss transferred back and limited line for investment in mainland China: Table 7.
2. The following material transactions occurring directly or indirectly via third place with the invested company in mainland China, as well as the price, payment terms, and unrealized gains or losses (Table 5):
   (1) Ending balance and percentage for the purchase amount and percentage corresponding to relevant accounts payable.
   (2) Ending balance and percentage for the sales amount and percentage corresponding to relevant accounts receivable.
   (3) Amount of property transaction and profit/loss arising therefrom.
   (4) Ending balance and purpose of check endorsements and guarantees or collateral.
   (5) The maximum balance of financing, year-end balance, interest rate range, and total interest for the current year.
   (6) Other transactions that have a significant impact on the profit or loss or financial position of the current year, such as the provision or receipt of labor services, etc.

(4) Major Shareholders (name, share, and shareholding ratio of shareholders holding a 5% stake or more): Table 8.

Formosan Union Chemical Corporation and Subsidiaries

Loaning Funds to Others

From January 1 to December 31, 2021

Table 1

Unit: In thousands of New Taiwan dollars

No.	Lender	Borrower	Accounting Title	Related party	Highest balance of current period	Ending balance	Amount drawn	Interest rate interval	Property of fund loaning	Amount of business transaction	Reasons for short-term financing	Amount of allowance for bad debt	Collateral		Limitation for fund loaning to individual borrower	Total limitation for fund loaning	Remark
													Item	Price			
0	Company	Hershey Environmental Tech	Other receivables	Yes	$ 350,000	$ -	$ -	2.616%	Necessary for short-term financing	$ -	Business revolving funds	$ -	-	$ -	10% of the Company's equity net worth in the latest financial statements (namely NT$762,215 thousand)	20% of the Company's equity net worth in the latest financial statements (namely NT$1,524,429 thousand)	
1	UPM	Fusugar Industry	Other receivables	Yes	100,000	100,000	-	2.366%	Necessary for short-term financing	-	Business revolving funds	-	-	-	10% of UPM's equity net worth in the latest financial statements (namely NT$113,132 thousand)	20% of UPM's equity net worth in the latest financial statements (namely NT$226,263 thousand)	
2	Great Victory Chemical	Fusugar Industry	Other receivables	Yes	80,000	80,000	-	2.366%	Necessary for short-term financing	-	Business revolving funds	-	-	-	10% of Great Victory Chemical's equity net worth in the latest financial statements (namely NT$94,380 thousand)	20% of Great Victory Chemical's equity net worth in the latest financial statements (namely NT$188,760 thousand)	
2	Great Victory Chemical	Hershey Environmental Tech	Other receivables	Yes	80,000	80,000	-	2.366%	Necessary for short-term financing	-	Business revolving funds	-	-	-	10% of Great Victory Chemical's equity net worth in the latest financial statements (namely NT$94,380 thousand)	20% of Great Victory Chemical's equity net worth in the latest financial statements (namely NT$188,760 thousand)	
3	Hershey Environmental Tech	Fusugar Industry	Other receivables	Yes	40,000	40,000	-	2.366%	Necessary for short-term financing	-	Business revolving funds	-	-	-	10% of Hershey Environmental Tech's equity net worth in the latest financial statements (namely NT$56,546 thousand)	20% of Hershey Environmental Tech's equity net worth in the latest financial statements (namely NT$113,092 thousand)	

Formosan Union Chemical Corporation and Subsidiaries

Endorsements and Guarantees for Others

From January 1 to December 31, 2021

Table 2

Unit: In thousands of New Taiwan dollars

No.	Name of endorsement/guarantee provider	Object of endorsement/guarantee		Limit of endorsement/guarantee for single company	Highest endorsement/guarantee balance this year	Ending balance for endorsement/guarantee	Amount drawn	Amount of property collateral for endorsement/guarantee	Accumulated endorsement/guarantee amount as percentage of net worth in the latest financial statements (%)	Maximum limit for endorsement/guarantee	Endorsement/guarantee from parent to subsidiary	Endorsement/guarantee from subsidiary to parent	Endorsement/guarantee for mainland China	Remark
		Name of company	Relationship (Note 1)											
0	Company	Fusugar Industry	2	$ 1,524,429 (Note 2)	$ 313,046	$ 313,046	$ 313,046	$ -	4.11%	$ 3,811,073 (Note 3)	Yes	No	No	
1	Hershey Environmental Tech	Company	3	113,092 (Note 4)	3,950	3,950	3,950	3,950	0.70%	282,730 (Note 5)	No	Yes	No	

Note 1: The relationship between endorsement/guarantee provider and object includes the following 7 types (mark the type):

(1) Companies with business transactions.

(2) Companies which the Company owns 50% of their shares with direct and indirect voting rights.

(3) Companies owning over 50% of the Company's shares with direct and indirect voting rights.

(4) Companies owning over 90% of another company's shares with direct and indirect voting rights.

(5) Companies providing guarantees for each other according to the contract agreement, on the basis of peers or joint builders for contracting the projects.

(6) Companies that are endorsed and guaranteed by all the contributing shareholders according to their shareholding ratios, based on a joint investment relation.

(7) Performance bond and joint and several guarantees between peers in the engagement of housing sales contract, according to Consumer Protection Act.

Note 2: The amount of endorsement/guarantee for single company shall not exceed 20% of the Company's net worth, namely NT$7,622,146 thousand×20%＝NT$1,524,429 thousand.

Note 3: The total amount of endorsement/guarantee shall not exceed 50% of the Company's net worth, namely NT$7,622,146 thousand×50%＝NT$3,811,073 thousand.

Note 4: The amount of endorsement/guarantee for single company shall not exceed 20% of Hershey Environmental Tech's net worth, namely NT$565,460 thousand×20%＝NT$113,092 thousand.

Note 5: The total amount of endorsement/guarantee shall not exceed 50% of Hershey Environmental Tech's net worth, namely NT$565,460 thousand×50%＝NT$282,730 thousand.

Formosan Union Chemical Corporation and Subsidiaries

Marketable Securities Held at the End of the Year

December 31, 2021

Table 3

Unit: In thousands of New Taiwan dollars, unless otherwise stated

Holding company	Type and name of marketable securities	Relationship with issuer	Accounting title	End of year				Remark
				Shares	Book value	Shareholding ratio (%)	Market price	
Company	Kenwell Industrial Pte Ltd/Stock	—	Non-current financial assets at fair value through other comprehensive income	4,927,717.00	$ 111,684	19.74%	$ 111,684	
Company	Daiwa Green Energy No.7 GK/Anonymous investment portfolio	—	Non-current financial assets at fair value through other comprehensive income	-	36,109	-	36,109	
Company	J & V Energy Technology Co., Ltd./Stock	—	Non-current financial assets at fair value through other comprehensive income	8,393,318.00	209,077	7.45%	209,077	
Company	Forte Chemical Co., Ltd./Stock	—	Non-current financial assets at fair value through other comprehensive income	1,400,000.00	-	3.14%	-	
Company	Kolyn Technology Corporation/Stock	—	Non-current financial assets at fair value through other comprehensive income	70,000.00	-	1.06%	-	
Company	J & V Energy Technology Co., Ltd./Stock	—	Current financial assets at fair value through profit or loss	2,098,000.00	52,261	1.86%	52,261	
Company	Uspace Tech Co., Ltd./Stock	—	Current financial assets at fair value through profit or loss	25,000.00	1,000	0.21%	1,000	
Company	BlackRock Global Funds - Japan Flexible Equity Fund/Beneficiary certificate	—	Current financial assets at fair value through profit or loss	14,836.80	7,251	-	7,251	Note 1
Yongyao Energy	TCB Money Market Fund/Beneficiary certificate	—	Current financial assets at fair value through profit or loss	537,216.61	5,509	-	5,509	Note 1
Fusugar Industry	TCB Money Market Fund/Beneficiary certificate	—	Current financial assets at fair value through profit or loss	2,148,484.85	22,033	-	22,033	Note 1
Great Victory Chemical	Sino-Japan Chemical Co., Ltd./Stock	—	Non-current financial assets at fair value through other comprehensive income	88,345.00	199,925	6.10%	199,925	
Great Victory Chemical	Capital Money Market Fund/Beneficiary certificate	—	Current financial assets at fair value through profit or loss	8,356,777.70	136,191	-	136,191	Note 1

Note 1: The market price of beneficiary certificates is estimated based on the net asset value of funds on December 31, 2021.

Note 2: For more information on investments in subsidiaries, associates, and joint ventures, refer to Table 6 and Table 7.

Formosan Union Chemical Corporation and Subsidiaries

Cumulative Purchases or Sales of the Same Securities Amounting to NT$300 Million or More than 20% of the Paid-in Capital

From January 1 to December 31, 2021

Table 4

Unit: In thousands of New Taiwan dollars

Buying/selling company	Type and name of marketable securities	Accounting title	Counterparty	Relationship	Beginning of year		Buying		Selling				End of year	
					Shares	Amount	Shares	Amount	Shares	Selling price	Book value	Disposal gain/loss	Shares	Amount
Company	TCB Money Market Fund/ Beneficiary certificate	Financial assets at fair value through profit or loss	—	—	-	$ -	68,349,756.15	$ 700,000	68,349,756.15	$ 700,337	$ 700,000	$ 337	-	$ -

Formosan Union Chemical Corporation and Subsidiaries

Purchases and Sales with Related Parties Amounting to NT$100 Million or More than 20% of the Paid-in Capital

From January 1 to December 31, 2021

Table 5

Unit: In thousands of New Taiwan dollars

Buying (selling) company	Counterparty	Relationship	Transaction				Circumstances and reasons for discretion between transaction criteria and general transactions		Notes and accounts receivable (payable)		Remark
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit period	Unit price	Credit period	Balance	Percentage of total notes and accounts receivable (payable)	
Company	UPM	Subsidiary	Sales	$ 436,965 (Note 1)	6.62%	1~2 months	Contract price/compatible to the criteria of general transactions	1~2 months	$ 38,623	5.04%	
UPM	Company	Parent	Purchases	436,965 (Note 2)	25.72%	1~2 months	Contract price/ compatible to the criteria of general transactions	1~2 months	(38,623)	40.26%	
Company	Hershey Environmental Tech	Subsidiary	Purchases	257,401 (Note 3)	5.33%	1~2 months	Contract price/ compatible to the criteria of general transactions	1~2 months	(23,316)	5.41%	
Hershey Environmental Tech	Company	Parent	Sales	257,401 (Note 4)	27.25%	1~2 months	Contract price/ compatible to the criteria of general transactions	1~2 months	23,316	80.40%	
Company	Chang Chun Group	Joint venture	Sales	290,003	4.39%	1 month	Compatible to the criteria of general transactions	1 month	-	-	

Note 1: Including rework revenue of NT$425,014 thousand and sales revenue of NT$11,951 thousand.

Note 2: Including rework revenue of NT$425,014 thousand and purchases of NT$11,951 thousand.

Note 3: Including rework revenue of NT$165,416 thousand and purchases of NT$91,985 thousand.

Note 4: Including rework revenue of NT$165,416 thousand and sales revenue of NT$91,985 thousand.

Formosan Union Chemical Corporation and Subsidiaries

Reinvestments

From January 1 to December 31, 2021

Table 6

Unit: In thousands of New Taiwan dollars

Name of investing company	Name of investee company	Location	Main business lines	Original investment amount		Holding at end of year			Investee company's current profit (loss)	Investment profit (loss) recognized this year	Remark
				End of this year	End of last year	Shares	Percentage (%)	Book value			
Company	UPM	Taipei City	Manufacturing, rework, and buying/selling of hydrocarbon resin, polyester polyol, Melamine resin, resin clay, Urea resin, alkyd resin, acetate resin, butyric acid resin, and aromatics solvent oil	$ 603,812	$ 603,812	72,202,200	80.25%	$ 988,997	$ 52,334	$ 42,116	Note 1
Company	Hershey Environmental Tech	Taipei City	Petrochemical engineering planning and design, machinery and equipment installation and buying/selling, home LPG sale, and cylinder maintenance and inspection	510,211	510,211	50,000,000	100.00%	590,352	(6,994)	12,169	Note 1
Company	Fusugar Industry	Taichung City	Manufacturing and wholesale of petrochemical raw materials, synthetic resin, rubber and plastic, and other chemicals and manufacturing of sugar	1,516,555	1,316,555	98,993,285	85.34%	601,499	(454,908)	(386,708)	Note 1
Company	Great Victory Chemical	Taipei City	Manufacturing and sale of pesticides	401,364	401,364	19,800,000	100.00%	943,800	83,680	83,680	Note 1
Company	Tanques Del Pacifico	Guatemala	Warehouse leasing	28,513	28,513	900	100.00%	30,097	360	(1,590)	Note 2
Company	Defia	Taipei City	Food buying/selling and bakery	3,000	3,000	300,000	20.00%	5,673	9,260	1,851	Note 2
Company	Sheng Hua Develop Co., Ltd.	Taoyuan City	Buying/selling and holding of residential and commercial real estate and land development	20,000	-	20,000	10.00%	19,968	(325)	(32)	Notes 2 & 3
Company	Chang Chun Group	Changshu	Production, rework, and selling of nonylphenol, dinonylphenol, and olefin fuel oil, provision of self-produced product technology and consulting services, wholesale, warehousing, commission-based agency (except for auction) of general chemical substances, and import/export business	689,513	689,513	-	50.00%	612,556	78,881	39,441	Note 1
Company	SIC	Vietnam	Manufacturing, rework, and buying/selling of alkyl benzene and sulfonic acid	97,779	97,779	-	50.00%	91,933	18,583	9,291	Note 1
Company	SCC	Vietnam	Manufacturing, rework, and buying/selling of alkyl benzene and sulfonic acid	43,707	43,707	-	42.03%	65,722	18,788	7,896	Note 1
UPM	Fusugar Industry	Taichung City	Manufacturing and wholesale of petrochemical raw materials, synthetic resin, rubber and plastic, and other chemicals and manufacturing of sugar	29,913	29,913	1,794,787	1.55%	10,905	(454,908)	(7,199)	Note 1
Hershey Environmental Tech	UPM	Taipei City	Manufacturing, rework, and buying/selling of hydrocarbon resin, polyester polyo1, Melamine resin, resin clay, Urea resin, alkyd resin, acetate resin, butyric acid resin, and aromatics solvent oil	23,858	23,858	1,216,088	1.35%	20,407	52,334	713	Note 1
Hershey Environmental Tech	Yongyao Energy	Taipei City	Manufacturing of batteries, electronic components, power generation, transmission, and distributing machines and selling/buying of electric materials (energy technical services)	85,500	85,500	8,550,000	100.00%	91,051	3,861	3,861	Note 1
Hershey Environmental Tech	Yongji Energy	Taipei City	Thermal supply, wholesale of cleaning supplies, and installation and wholesale of electronic appliances and machines	3,878	3,878	387,840	50.00%	6,685	854	427	Note 2

Name of investing company	Name of investee company	Location	Main business lines	Original investment amount		Holding at end of year			Investee company's current profit (loss)	Investment profit (loss) recognized this year	Remark
				End of this year	End of last year	Shares	Percentage (%)	Book value			
Great Victory Chemical	UPM	Taipei City	Manufacturing, rework, and buying/selling of hydrocarbon resin, polyester polyo1, Melamine resin, resin clay, Urea resin, alkyd resin, acetate resin, butyric acid resin, and aromatics solvent oil	$ 8,472	$ 8,472	436,800	0.49%	$ 5,492	$ 52,334	$ 255	Note 1
Great Victory Chemical	Fusugar Industry	Taichung City	Manufacturing and wholesale of petrochemical raw materials, synthetic resin, rubber and plastic, and other chemicals and manufacturing of sugar	94,287	94,287	5,657,220	4.88%	34,374	(454,908)	(22,692)	Note 1
Great Victory Chemical	Yung Sheng Green Power	Taipei City	Manufacturing of batteries, electronic components, power generation, transmission, and distributing machines and selling/buying of electric materials (energy technical services)	3,100	3,100	310,000	50.00%	5,349	(12)	(6)	Note 2
Great Victory Chemical	TCDG	Guatemala	Buying/selling of pesticides	9,043	9,043	2,360	73.75%	1,604	-	-	Note 2

Note 1: Calculated according to the investee companies' financial statements audited by the CPAs in the same period and the Company's shareholding percentage, with the amortization of discounts and premiums, the difference in investment profit/loss between new and old equity interests in subsidiaries before capital increase, unrealized gain/loss on inter-company transactions, and the effect of gain/loss on right-of-use assets taken into account.

Note 2: Calculated according to the investee companies' financial statements not audited by the CPAs in the same period and the Company's shareholding percentage, with the amortization of discounts and premiums and the effect of gain/loss on right-of-use assets taken into account.

Note 3: The Company is the entity director of Sheng Hua Develop Co., Ltd., accounting for one-fourth of its board and having a significant impact on its decision-making. Therefore, Sheng Hua Develop Co., Ltd. is an associate of the Company and recognized under investments accounted for using equity method.

Note 4: For more information on investee companies in mainland China, refer to Table 7.

Formosan Union Chemical Corporation and Subsidiaries

Investments in Mainland China

From January 1 to December 31, 2021

Table 7

Unit: In thousands of New Taiwan dollars, unless otherwise stated

Name of investee company in mainland China	Main business lines	Paid-in capital (Note 2)	Investment method	Accumulated investment amount from Taiwan (Note 2)	Outbound/inbound investment amount this year		Accumulated investment amount from Taiwan at end of year (Note 2)	Current year profit (loss) of investee company	The Company's shareholding ratio of direct/indirect investment	Investment profit (loss) this year	Book value of investment at end of year	Investment returns to Taiwan as of end of year	Remark
					Outbound	Inbound							
Zhangjiagang Trans-Ocean Enterprise Co., Ltd. (Zhangjiagang Trans-Ocean Enterprise)	Loading/unloading, storage, sub-packaging, transit sales, and other related businesses of chemical oil ester and other products	$ 678,714 (US$24,520 thousand)	Reinvestment in mainland China through third-area investment	$ 55,664 (US$2,011 thousand)	$ -	$ -	$ 55,664 (US$2,011 thousand)	$ 76,945 (RMB17,724 thousand)	10.86%	$ -	$ 111,684	$ 124,043	Note 3
Chang Chun Group	Production, rework, and selling of nonylphenol, dinonylphenol, and olefin fuel oil, provision of self-produced product technology and consulting services, wholesale, warehousing, commission-based agency (except for auction) of general chemical substances, and import/export business	1,245,600 (US$45,000 thousand)	Direct investment in mainland China	622,800 (US$22,500 thousand)	-	-	622,800 (US$22,500 thousand)	78,881	50.00%	39,441 (Note 1)	612,556	-	

Accumulated investment amount to mainland China at end of year	Investment amount approved by the Investment Commission, Ministry of Economic Affairs	Limited investment amount in mainland China as regulated by the Investment Commission, Ministry Of Economic Affairs
$678,464 (US$24,511 thousand)	$712,788 (US$25,751 thousand)	$4,573,288

Note 1: Calculated according to the financial statements audited by the CPAs in the same period.

Note 2: The investment profit/loss this year is calculated by the average exchange rate between January 1 and December 31, 2021; others are calculated by the spot exchange rate at the end of December, 2021.

Note 3: Zhangjiagang Trans-Ocean Enterprise is a reinvestment through Kenwell Industrial Pte Ltd; Kenwell Industrial Pte Ltd is a financial asset at fair value through other comprehensive income. Therefore, there is no share of profit/loss or other comprehensive income of associates and joint ventures accounted for using equity method.

Formosan Union Chemical Corporation

Major Shareholders

December 31, 2021

Table 8

Name of major shareholder	Shareholding	
	Shares	Percentage
Ho Tung Chemical Corp.	29,234,040	6.12%
Qidong Investment Co., Ltd.	28,775,000	6.03%
Eversoft Co., Ltd.	26,454,145	5.54%

Note 1: Major shareholders in this table refer to shareholders having 5% or more of the Company’s ordinary shares and preferred shares without physical registration (including treasury stocks) by Taiwan Depository & Clearing Corporation using the end of the quarter as the last business day. The share capital recorded in the Company’s parent company only financial statements and the number of shares delivered without physical registration may be different due to different calculation bases.

Note 2: If shareholders hand over the shares to the trust, it shall be disclosed by the shareholder's special account opened by the trustee. As for the declaration of insider equity by shareholders holding more than 10% of the shares in accordance with the Securities and Exchange Act, their shareholding includes the shares held by themselves plus the shares that they have handed over to the trust and the shares that have power to decide how to allocate the trust assets, For information on insider equity declaration, refer to the Market Observation Post System.

VI. Financial difficulties encountered by the Company and/or its affiliates in the recent year and as of the publication date of the annual report, and its impact on the Company’s financial status

N/A

VII. Review and Analysis of Financial Status and Performance and Risk Management

I. Analysis of Financial Status

(1)Analysis of Financial Status in the last two years

Unit：NT$ thousands

Year / Item	2021	2020	Discretion		Analysis Item
			Amount	%	
Current Asset	5,533,678	4,725,195	808,483	17.11	
Property, Plant and Equipment	3,897,733	4,419,613	(521,880)	(11.81)	
Other Assets	2,156,277	1,975,345	180,932	9.16	
Total Asset	11,587,688	11,120,153	467,535	4.20	
Current Liabilities	3,150,881	2,850,864	300,017	10.52	
Non-Current Liabilities	539,242	784,342	(245,100)	(31.25)	1
Total Liabilities	3,690,123	3,635,206	54,917	1.51	
Capital Stock	4,770,163	4,770,163	－	－	
Capital Surplus	181,715	182,565	(850)	(0.47)	
Retained Earnings	2,454,446	2,082,397	372,049	17.87	
Total Equities	7,897,565	7,484,947	412,618	5.51	
Explanation of the reason, impact and future response plan of the increase or decrease ratio: 1.Mainly due to the decrease in long-term loan in 2021					

Analysis basis: The rate of increase or decrease is more than 20% and the amount of change is more than NT$10 millions.

II. Analysis of Financial Performance

(1) Comparison and Analysis of Operating Results in the last two years

Unit：NT$ thousand

Item \ Year	2021	2020	Amount Increase (decrease)	Ratio (%)	Analysis Item
Operating Revenue	9,199,154	8,481,829	717,325	8.46	
Operating cost	7,061,389	6,994,508	66,881	0.96	
Unrealized sales loss (profit)	-	2,822	(2,822)	(100.00)	
Realised sales profit (loss)	750	-	750	-	
Realized operating margin	2,138,515	1,490,143	648,372	43.51	1
Operating expenses	919,819	781,300	138,519	17.73	
Operating Profit	1,218,696	708,843	509,853	71.93	1
Other income	53,871	67,508	(13,637)	(20.20)	2
Other benefits and losses	(298,873)	(49,462)	(249,411)	504.25	3
Share of profits and losses of affiliated companies and joint ventures using the equity method	58,447	13,867	44,580	321.48	4
Financial costs	22,062	27,313	(5,251)	(19.23)	
Net income before tax	1,010,079	713,443	296,636	41.58	1
Income tax expense	91,022	173,783	(82,761)	(47.62)	1
Net income (Losses)	919,057	539,660	379,397	70.30	1
Other comprehensive gains and losses	69,505	(21,372)	90,877	425.22	5
Total comprehensive income of the current period	988,562	518,288	470,274	90.74	1

Main reasons of material variations

1.Mainly the increase in product prices in 2021 was higher than the increase in raw material costs, resulting in increased profits

2.Dividend income and subsidy income both increased in 2021.

3.Mainly due to the increase in the disposal of real property, plant and equipment losses in 2021.

4.The profit of the invested company increased in 2021.

5.Mainly due to the increase in unrealized appraisal losses of equity instrument investment measured at fair value through other comprehensive gains and losses in 2021.

Analysis basis: Analysis of variations exceeding 20% and amounting exceeding NT$10 million

(2) Estimated sales volume of the coming fiscal year and the basis of estimation

Unit: Metric ton

Year	Estimated Sales Volume	Basis for Estimation	Main Reasons of the Plateau
2022	229,464 (Total sales volume of all peration department)	The estimation is mainly based on previous annual sales and market demand estimates for FY2022	The economy has not yet recovered significantly

(3) Analysis of changes in operating gross profit:

Unit：NT$ thousand

Items	Changes between the Previous and Next Periods	Reasons for the Difference			
		Difference in Price	Difference in Cost	Difference in Sales Mix	Difference in Quantity
Gross Profit	648,372	1,785,109	(1,022,482)	82,828	(197,083)
Notes	1.The difference in price is due to the increase of prices of products in 2021 because of the increase of crude oil prices, which led to an amount lower than one in 2020 and resulted in favorable differences in sales price. 2.The difference in cost is due to the increase of costs of raw materials in 2021 because of the increase of crude oil prices, which resulted in unfavorable differences in the amounts of costs. 3.The difference in sales mix is mainly due to the increase in the proportion of sales of products with higher gross profit in the current period, which resulted in favorable differences in sales mix. 4.The difference in quantity is mainly due to the decrease in sales volume in 2021and resulted in favorable differences in sales volume. 5.Overall, the increase in product prices in 2021 was higher than the one in raw material costs, which resulted in the favorable total difference for the current period.				

III. Analysis of Cash Flow

(1)Cash Flow Analysis for the Current Year: Analysis of variations exceeding 20%

Year / Item	December 31, 2021	December 31, 2020	Amount increase (decrease) ％
Cash flow ratio ％	19.35	50.64	(61.79)
Allowable cash flow ratio ％	63.93	72.58	(11.92)
Cash reinvestment ratio ％	0.28	9.53	(97.06)

Analysis and explanation of the increase and decrease ratio:

1. Cash flow ratio：It was mainly due to the increase in inventories in 2021, so the net cash inflow from operating activities decreased.
2. Cash reinvestment ratio：It was mainly due to the increase in cash dividends and the increase in inventories in 2021.

(2) Cash Flow Analysis for the Coming Year:

Unit：NT$ thousand

Balance of cash-beginning (1)	Net Cash Inflows from Operating Activities all year round (2)	Cash outflow over the year (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Remedy for Deficit in Cash	
				Investment Plan	Financing Plan
649,114	763,414	999,151	413,377	—	—

1. The analysis of cash flow variations this year:
   (1) Operating activities: It is estimated that the decrease in profit in 2022 will result in the decrease in cash inflow.
   (2) Investing activities: Mainly carry out equipment repairs and improvements.
   (3) Financing activities: Mainly for issuing cash dividends and repaying loans.
2. Improvement plan for inadequate currency: N/A

IV. The impact of major capital expenditures in the most recent fiscal year on financial operations: N/A

V. Reinvestment policies in the most recent fiscal year, the main reasons for the gains or losses, and the plans for improvement and investment plan for next fiscal year

The following table presents the reinvested affiliates whose amounts of long-term investment exceed 5% of their paid-in capital in FY2021

Unit：NT$ thousand

Notes / Items	Amount	Policies	Main Reasons for Gains or Losses	Improvement	Future Investment Plans
Hershey Environmental Technology Co., Ltd.	510,211	Steady development towards a diversified business operation to create maximum profits.	Trade volume and turnover increased, but due to the impact of the epidemic, operating costs increased and profits decreased.	In FY2022, we will continue to develop high-value processed products, improve the production of pesticide precursors, increase the sales volume of triangular trade, and continue to develop the pharmaceutical business related to the remediation of polluted soil and groundwater.	1. R&D of technical materials for pesticides. 2. R&D of high-carbon alkyl benzene sulfonic acid. 3. Additionally establish an environmental rehabilitation research center to develop soil remediation agents.
United Performance Materials Corporation	603,812	Steady business operation, implement the Process Safety Management (PSM), enhance environmental	The COVID-19 pandemic is raging around the world. Although countries have begun to unblock as vaccine development	1. Actively develop related special application products and expand the market. 2. As for existing products, we must	Continue to ensure the smooth operation of equipment, and strive to reduce production costs, so as to strengthen environmental

Items \ Notes	Amount	Policies	Main Reasons for Gains or Losses	Improvement	Future Investment Plans
		safety and health policies, improve production efficiency, continue to develop new products, and enhance product features.	matures, the epidemic has heated up due to virus variants, and cities have been put on lockdown again internationally, and market demand has continued to shrink. However, the rising crude oil prices, coupled with the high shipping price, still deeply affected the sales of our resin products. Fortunately, our colleagues have worked hard to cope with many unfavorable factors and can still maintain a profit.	also try to improve the quality and competitiveness in order to surpass the peers.	protection and industrial safety, and maintain corporate responsibility.
Great Victory Chemical Industry Co., LTD	401,364	Quality first, innovative R&D, and continuous improvement of customer satisfaction.	Increased sales of existing products to increase revenue, and profit from the sale of fixed assets.	1. Adjust the sales product mix to accelerate the progress of registration of new products. 2. Increase the distribution and sales of fertilizer products and registration-free plant protection materials to improve business performance.	1. Accelerate the development and registration of products in Southeast Asian countries. 2. Expand the export market.
Fusugar Industry Corp.	1,516,555	Product safety, and customer satisfaction.	Production costs were high and the market was overly competitive.	Evaluate the feasibility of cooperation with Taiwan Sugar Corporation.	None, for the time being.

Note: As of the publication date of the annual report.

VI. Analysis and Assessment of Risks

(1) The impact of interest rates, changes in exchange rates, and inflation on the Company's gains and losses and future countermeasures:

a. Changes in interest rates:

i. The short-term borrowings of the Company are mostly fixed-rate debts, and the current market funds are sufficient, and hence it is assessed that the cash flow risk of changes in interest rates is not significant.

ii. The long-term borrowings of the Company are financial products with floating interest rates. Therefore, changes in market interest rates will cause the effective interest rates of debt financial products to change accordingly, which would cause fluctuation of future cash flows.

b. Changes in exchange rates:

The Company's purchases and sales are mainly denominated in U.S. dollars, and the Company's foreign currency assets are greater than the positions of foreign currency liabilities, and the foreign currency collection period is slightly longer than the payment period. Therefore, it is expected that the fluctuation of market exchange rates would cause relatively significant market risk.

c. Inflation:

Due to the impact of global oil prices and fluctuation of prices of other related resources prices of recent years, the overall economic development has shown a trend of slight inflation. However, the transaction prices between the Company and customers and suppliers are mostly adjusted by the market mechanism and are less affected by inflation. In addition, the Company always focuses on economic development and timely adopt countermeasures. The product price would still cover the cost. Therefore, the Company has not been significantly affected by inflation so far.

(2) Policies for engaging in high-risk, high-leverage investments, fund loans to other third parties, endorsements and guarantee, and derivatives transactions, the main reasons for gains or losses, and the future countermeasures:

The Company does not engage in high-risk, high-leverage investments and derivatives transactions in the most recent years. The funds are loaned and the endorsement and guarantee are all provided to affiliates or reinvested companies of the Company, none of which has encountered financial difficulties that would damage the Company's creditor's rights or required the Company to cover the debts which such affiliate or reinvested company could not repay on its own.

(3) Future plans and estimated expenses of R&D:

Unit：NT$ thousand

R&D Plans	Current Status	Required R&D Investment	Estimated Timing to Achieve Mass Production
R&D of high-value products	Pilot test to pesticide technical material production	3,000	The commercialization evaluation will be completed in 2022.
Research of DCPDC/C9 hydrogenated resin	Trial production of raw materials	3,000	The on-site trial production evaluation will be conducted in 2022.
Development of hydrogenated products	Lab testing	7,000	To be evaluated after obtaining the testing results

Factors of Influence: Source of raw materials, costs after mass production, and market acceptance.

(4) The impact of changes of domestic and foreign policies and legal amendments on the Company's financial business operation and countermeasures: None.

(5) The impact of technological and industrial changes on the Company's financial business operation and countermeasures:

With the advancement of information technology, the Company's various operations are gradually computerized, which is slightly helpful to improve efficiency and reduce operating costs.

(6) The impact of changes of the corporate image on corporate crisis management and countermeasures:

The Company has always been operating steadily and attaching importance to the corporate image. It has received ISO9001 and 14001 certifications and been recognized by financial institutions, which allows lower financing costs.

(7) Expected benefits, potential risks, and countermeasures of mergers and acquisitions: N/A.

(8) Expected benefits, potential risks, and countermeasures of expanding the plants: N/A..

(9) Risks from the consolidation of purchase or sales and countermeasures: Not applicable.

(10) The impact and risk of significant transferring of stocks by the directors, supervisors, or shareholders with a shareholding of more than 10% on the Company and countermeasures: N/A.

(11) The impact, risks, and countermeasures for the changes in the management of the Company: N/A.

(12) Litigation or non-litigious proceedings: None.

(13) Other major risks and countermeasures:

The impact of information system damage on the Company's business operation and countermeasures: In order to manage its business operations, production and sales, R&D, and accounting tasks, the Company have established a control mechanism and continuously updated the network and computer security protection system to protect the safety. In addition, for important system program data, an automatic data backup mechanism has been established to ensure that data loss can be minimized and can recover as soon as possible upon the occurrence of any particular conditions. Currently, additional hard disks and USBs are adopted for backup, and the backup media is delivered for off-site storage on a weekly basis to ensure the normal operation of important information systems and data preservation, which can reduce the risk of system disruption caused by sudden natural disasters and human error. The exercise of host recovery shall be performed at least once a year to verify whether the emergency response plan is effective and enforceable. The emergency response plan is expected to be continuously refined and updated to enhance the ability to ensure continuous business operations.

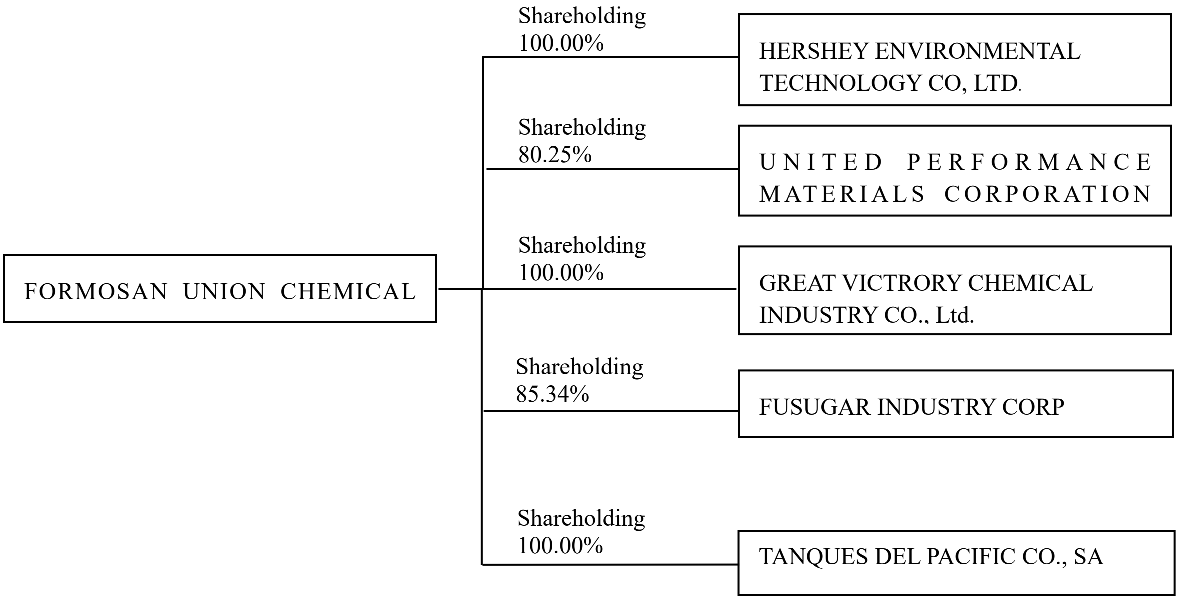
VII. Other major matters: None.

VIII. Special Disclosure

I. Affiliated Companies

(1) Affiliates Consolidated Business Report

i. Organizational chart of affiliations



ii. The basic information of affiliated companies

Unit：NT$ thousand

Name of Company	Date of incorporation	Address	Paid-in capital	Main Business Items
Hershey Environmental Technology Co., Ltd.	August 13, 1993	14th Floor, No. 206, Section 2, Nanjing East Road, Taipei City	500,000	1. Planning and design of petrochemical engineering, installation and trading of mechanical equipment, 2. Petrochemical raw materials and synthetic resin manufacturing, wholesale and retail 3. Chemical processing and fractionation business. 4. Manufacture of pesticide progenitor.
United Performance Materials Corporation	September 15, 1995	13th~5 Floor, No. 206, Section 2, Nanjing East Road, Taipei City	919,372	Manufacturing, processing and trading of petroleum resin and refined resin liquid.
Great Victory Chemical Industry Co., Ltd.	October 22, 1985	14th~1 Floor, No. 206, Section 2, Nanjing East Road, Taipei City	198,000	1. Manufacturing and import and export sales of pesticides. 2. Manufacturing and sales of fertilizers.

Name of Company	Date of incorporation	Address	Paid-in capital	Main Business Items
Fusugar Industry Corp.	April 01, 2011	No. 11, North 1st Road, Haibinli, Qingshui District, Taichung City	1,600,000	1. Sugar Manufacturing 2. Wholesale food 3. Petrochemical raw material manufacturing industry. 4. Synthetic resin and plastic manufacturing.
Tanques Del Pacific Co., SA	July 13, 2000	Guatemala	3,626	Warehouse lease

iii. Shareholders concluded as the existence of the controlling and subordinate company relation：None.

iv. Industries covered by all the affiliates: Refer to the basic information of affiliated companies.

v. The profiles of Directors, Supervisors and Chairman of affiliates.

Unit: NT$ thousand ; share; %

Name of Company	Job title	Name or Representative	Shareholding	
			Shares (Investment Amount)	Shares (Investment Amount)
Hershey Environmental Technology Co., Ltd.	Chairman	Formosan Union Chemical Corp. Representative / Chen, Qin-jun	50,000,000 0	100 0
	Director	Formosan Union Chemical Corp. Representative / Huang, Zhao-gui	50,000,000 0	100 0
	Director	Formosan Union Chemical Corp. Representative / Hong, Sheng-yang	50,000,000 0	100 0
	Supervisor	Formosan Union Chemical Corp. Representative / Hsu Li-hui	50,000,000 0	100 0
	General Manager	Hong, Sheng-yang (twofold)	0	0
United Performance Materials Corporation	Chairman	Formosan Union Chemical Corp. Representative / Liao, Jia-Guo	72,202,200 63,560	80.25 0.07
	Director	Formosan Union Chemical Corp. Representative / Lin Chun-cheng	72,202,200 0	80.25 0
	Director	Formosan Union Chemical Corp. Representative / Chen, Qin-jun	72,202,200 48,031	80.25 0.07
	Director	Cao, Zong-yi	0	0
	Director	Huang, De-Lun	173,627	0.19
	Supervisor	Huang, Zheng-cun	0	0
	General Manager	Liao, Jia-Guo(twofold)	63,560	0.07
Great Victory Chemical Industry Co., Ltd.	Chairman	Formosan Union Chemical Corp. Representative / Chang, Yu-Hsu	19,800,000 0	100 0

Name of Company	Job title	Name or Representative	Shareholding	
			Shares (Investment Amount)	Shares (Investment Amount)
	Director	Formosan Union Chemical Corp. Representative / Chang, Tsui-ling	19,800,000 0	100 0
	Director	Formosan Union Chemical Corp. Representative / Tseng, Yao-zheng	19,800,000 0	100 0
	Supervisor	Formosan Union Chemical Corp. Representative / Lee, Zhi-feng	19,800,000 0	100 0
	General Manager	Chang, Yu-Hsu (twofold))	0	0
Fusugar Industry Corp.	Chairman	Formosan Union Chemical Corp. Representative / Lin Chun-cheng	98,993,285 24,000	85.34 0.03
	Deputy Chairman	Formosan Union Chemical Corp. Representative / Chen, Qin-jun	98,993,285 180,000	85.34 0.16
	Director	Formosan Union Chemical Corp. Representative / Liao, Jia-Guo	98,993,285 33,839	85.34 0.03
	Director	Formosan Union Chemical Corp. Representative / Lee, Zhi-feng	98,993,285 19,989	85.34 0.02
	Director	Formosan Union Chemical Corp. Representative / Ke, Yen-hui	98,993,285 0	85.34 0
	Director	Formosan Union Chemical Corp. Representative / Huang, Jun-zhe	98,993,285 0	85.34 0
	Director	Chuang, Zheng-yu	1,452,000	1.25
	Director	Lee, Ming-hsu	120,000	0.10
	Director	Chen, Jian-nan	0	0
	Supervisor	Lin, Yan-fu	0	0
Tanques Del Pacific Co., SA	Director	Du, Yue-lun	3,415	100
	Director	Lin Chun-cheng	3,415	100
	Director	Hong, Sheng-yang	3,415	100

vi. Overview of affiliates FY2021 operation:

Unit: NT$ thousand

Name of Company	Paid-in Capital	Total Assets	Total Liabilities	Net value	Operating Revenue	Operating Profit	Net Income	EPS (after Tax)
Hershey Environmental Technology Co., Ltd.	500,000	1,075,904	510,444	565,460	944,690	(52,581)	(6,994)	(0.14)
United Performance Materials Corporation	919,372	1,724,492	593,177	1,131,315	1,939,702	76,697	52,334	0.58
Great Victory Chemical Industry Co., Ltd.	198,000	1,042,788	98,988	943,800	472,149	37,181	83,680	4.23
Fusugar Industry Corp.	1,160,000	1,415,572	710,738	704,834	50,463	(87,613)	(454,908)	(3.92)
Tanques Del Pacific Co., SA	3,626	8,550	880	7,670	8,395	766	360	0.4

(2) Consolidated financial statement of affiliates

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2021 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standards No. 10, "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Hereby declare

FORMOSAN UNION CHEMICAL CORP.

Chairman：Huang, Sheng-Cai

March 18,2022

(3) Affiliate Report: N/A

II. Private placement of securities over past year and up to the date of publication of the annual report: N/A

III. Status of company stock held or disposed of by subsidiaries over past year and up to the date of publication of the annual report:

Unit: NT$ thousand; share;%

Name of Company (Note 1)	Paid-in Capital	Funds Source	The company's shareholding ratio	Date of acquisition or punishment	Number and amount of shares acquired (Note 2)	Disposal of shares and amount (Note 2)	Investment gains and losses	Number and amount of shares held as of the publication date of the annual report (Note 3)	Setting the pledge situation	The company endorses the guarantee amount for the subsidiary (Note 4)	Amount of the company's loan to the subsidiary
Hershey Environmental Technology Co., Ltd.	500,000	private capital	100%	–	–	–	–	–	–	–	–
United Performance Materials Corporation	919,372	private capital	80.25%	–	–	–	–	–	–	–	–
Great Victory Chemical Industry Co., Ltd.	198,000	private capital	100%	–	–	–	–	–	–	–	–
Fusugar Industry Corp.	1,160,000	private capital	85.34%	–	–	–	–	–	–	104,348	–
Tanques Del Pacific Co., SA	3,626	private capital	100%	–	–	–	–	–	–	–	–

Note 1: Please list separately by subsidiary.
Note 2: The amount referred to the amount actually obtained or disposed of.
Note 3: The holding and disposal situation should be listed separately.
Note 4: Explain its impact on the company's financial performance and financial status.

IV. Other Supplementary Information: None

IX.Material Event Impact, pursuant to Article 36-3-2 of the Securities and Exchange Act, on Shareholders' Equity or Share Price from Last Year up to the Annual Report being Published：N/A

FORMOSAN UNION CHEMICAL CORP.

Chairman: **HUANG, SHENG-CAI**

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Notice to readers

This English version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.