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興農股份有限公司

SINON CORPORATION

2021 Annual Report



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- **Headquarter**

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- **Division**

- (1) Crop Protection Division

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- (3) Plastics Division

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Deloitte & Touche Accounting Firm

Auditors: Su, Ting-Chien, Tseng, Done-Yuin

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Overseas Securities Exchange: None.

Corporate Website: www.sinon.com.tw



SINO CORPORATION

Business Concept, Mission & Vision

Business Concept

Delivering Integrity and Equity, Bringing Prosperity and Growth.

Mission

Building solid strengths for our employees and shareholders practicing sincere and honest business values to be returned to the society.

Vision

Establish a balanced and happy work environment.

Ensure that every member can focus on assignment, and provide a promising career path surpassing the peer.

Contribute to strengthen Taiwan for the global arena.

Note :

If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language version shall prevail.

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I. Letter to Shareholders

Dear Shareholders,

Looking back to the last year, as the effects derived from the coronavirus pandemic that is still impacting the global economy, a stable supply chain has become the most important issue for enterprises in the last year. In Taiwan, the country has experienced severe drought in the first half-year, where people's livelihood, agriculture, and industry have all faced a serious problem with the water shortage. Among these, agriculture has borne the brunt of the drought and has lost an accumulated amount reaching NTD 1.65 trillion. In addition to the shortage in water, the unscheduled outage has forced enterprises to implement a holistic investigation and carefully evaluate their competency in reacting to different risks.

Though it was facing challenges from the global economy and the severe climate issues, with the best efforts of all the management team and employees, the annual revenue and profit after tax of the Group have both reached a record high. Our 2021 consolidated revenue reached NTD 18.6 trillion, a 6.6% year-over-year growth, and the profit after tax was NTD 920 million, increased 28.7% year-over-year, and EPS was NTD 2.19; It has been ranked in the top 5% of the listed companies in the Corporate Governance Evaluation conducted by Taiwan Stock Exchange for the two consecutive years, and also awarded the top 10% of listed companies in the category of non-financial and non-electronics industry with a market value above NTD 10 Billion. This fruitful result fully represents the Group's involvement over the years in the development and expansion of its core business scopes of crop protection, chemical synthesis, distribution, food safety, and consumer products and active engagement in corporate governance; the ability to actively respond to and integrate resources when facing various challenges and crisis enabled us to seize business opportunities.

In the domestic market, we devoting for Taiwan's leading brand of agricultural resources. As a response to the impact of drought and extreme climate on agriculture in the first half-year, the Company has collaborated with the government's eco-friendly development policy, developed stress-resistant managing products, and held eco-friendly farming programs, helping farmers to overcome issues in cultivation, and continue to

cooperate with major agriculture companies in the world to introduce new products. We provide farmers with complete crop protection and nutritional cultivation solutions that take the cultivation cost and profit into account, to ensure the domestic agrochemicals brand advantages and market share. In terms of the overseas market, we continue to adopt a global deployment strategy, to effectively reduce any risk derived from climate change. In the meantime, with different demand cycles for crop protection products in the northern and southern hemispheres, there is no obvious off-peak for capacity allocation which enables stable and average shipments throughout the year. Also, the wide registration of non-selective herbicides in Europe has begun to pay off and generate gains in Poland, Romania, and Germany as well.

For the supply of raw materials, as the global pandemic continues and production tightened, the supply of raw materials for agrochemical products is short of demand, resulting in rising costs. However, through the establishment of a global procurement platform and strategic cooperation with key suppliers, raw material demand has been consolidated to ensure stable market supply. In general, with years of efforts on the supply side, maintenance of agrochemicals license, and devotion to product research and development, we have continued to maintain profitability in the crop protection sector and expand our market presence.

For the subsidiaries, the lifestyle of quarantine and preventive measures carried out by the pandemic has raised the demand for daily necessities, which led to an active supply chain of staple merchandise, and has changed consumers living styles drastically, speeding up the development of the stay-at-home economy.

Whereas Taiwan Fresh Supermarket Co., Ltd. (Funcom Supermarket) consolidates the resources of the Sinon supply centers and farmers in Taiwan, establishes comprehensive control and oversight system throughout the production and sales process of vegetables and fruits, and strictly controls the management of the date of the freshness of commodities, and pesticide residues, actively delivering the value of the brand as the gatekeeper of food safety to the consumers. Attributed to the stay-at-home economy, we have put greater efforts into the integration of online and offline technology innovations such as group-buying, live streaming, and delivery platforms, and have sped up digitalization to support operation. Funcom is continuing to expand its store footprint,

especially in Taichung-Changhua-Nantou, and areas in the north of Taiwan.

Yumei Biotech Corporation which provides food and household goods has kept a stable business growth, with an active attempt to reach out to new clients, the sales and distribution of agricultural products business have entered various large-scale stores, supermarkets, and franchise catering industries, with expanded collaboration on supply, distribution, and brand promotion; whereas household goods are enhancing with increasing added-value through development in the eco-friendly, natural and organic market.

Moving forward, we will keep researching and developing new technologies, utilize the products and technologies to strengthen our competitiveness, overcome challenges, and create excellent business results.

The impact of the Company's external competitive environment, regulatory, and overall operating environment on the 2021 business performance, 2022 business plan, and future development strategies are summarized respectively as follows:

Operating Performance in 2021

1. Outcome of business plan

(1) Consolidated operating revenue: NTD 18,646 million

It includes:

Crop protection: NTD 10,937 million, accounts for 59%.

Supermarket: NTD 4,825 million, accounts for 26%.

Houseware and catering services: NTD 2,049 million, accounts for 11%.

Others: NTD 835 million, accounts for 4%.

(2) Consolidated gross profit: NTD 5,215 million, accounts for 28% of the revenue.

(3) Consolidated net profit: NTD 1,145 million, accounts for 6% of the revenue.

(4) Consolidated net profit after taxes: NTD 921 million, accounts for 5% of the revenue.

(5) Standalone revenue: NTD 9,318 million

2. Budget implementation

The Company does not publicly prepare financial forecasts, hence no execution of budget implementation.

3. Financial receipts and expenditures and profitability analysis

Item		2021	2020	Increase (Decrease) %
Net cash generated from operating activities		NTD 588 million	NTD 2,243 million	(74)
Net cash used in investing activities		NTD (430) million	NTD (13) million	3208
Net cash used in financing activities		NTD (386) million	NTD(1,615) million	(76)
Return on assets (%)		6	5	20
Return on equity (%)		13	10	30
Ratio to paid-in capital (%)	Operating profit	27	23	17
	Net profit before taxes	27	20	35
Profit margin (%)		5	4	25
Earnings per share		NTD 2.19	NTD 1.7	29

4. Research and development status

(1) The Company has completed the trial runs of two kinds of products and introduced in factories.

(2) The Company has submitted samples of eleven kinds of products. All samples have been registered for fulfilling the customers' requirements.

(3) The Company has completed the process development for six items and improved the manufacturing process for eighteen items to increase the product competitiveness.

(4) The Company has completed source verification of new suppliers for fourteen items of materials to ensure stable supply for materials and reduce the costs.

Summary of Business Plan of this Year

1. Operating guidelines

(1) In response to the government's eco-friendly agricultural policies, the company continues to engage in collaborative technology transfers between industry, government and academia and the development of our own brand of biological

control materials and microbial fertilizers as well as registration-exempt crop protection materials. We also promote Sinon's agricultural cultivation methods to meet expectations for agricultural product safety.

- (2) The company continuously collaborates with various global manufacturers to obtain new safe pesticide products featuring low toxicity and to establish complete pest and disease solutions and integrated field management for each crop group.
- (3) In response to the government's call to promote rational fertilization, to cooperate with the real-name fertilizer purchase policy of the Agriculture and Food Agency, to help farmers use chemical fertilizers correctly, and to promote the development of eco-friendly agriculture, the Company actively introduces slow-release fertilizers, uses microbial fertilizer products, to establish Sinon's time- and labor-saving fertilizing and cultivation techniques, and alleviates the problem of labor shortage in rural areas.
- (4) Continue to expand the registration of the microbicides overseas. We have been granted our first certification in Ukraine and are in the process of registration in the EU, Brazil, and Japan. We hope to maintain our bio-product development at the same level as international manufacturers.

2. Sales forecast and the bases

The Company does not publicly disclose prepared financial forecasts, so there is no forecasted sales volume. We will continue to conduct research and develop new products and technologies, strengthen Company's competitiveness, and aim for stable revenue growth and profit improvement to continue to create value for our shareholders.

3. Critical production and marketing policies

- (1) Establish a pesticide sales certificate issuance system and a real-name purchase policy. Provide solutions with a complete product line to meet the requirements of farmers, supplemented by various business activities to increase market share.
- (2) To cooperate with the eco-friendly cultivation policy of the Agriculture and Food Agency, the Company increases its biological pesticides products, helps farmers to apply for government subsidies to lower the production cost, and strives for the markets of Agricultural Production and Marketing Group and large farms.
- (3) Research, develop and produce intermediate products of high value-added key

specialty chemicals and agricultural chemicals, integrate productivity to produce competitive products, so as to satisfy the high-quality and low cost requirements of multinational companies, and service local customers directly by overseas subsidiaries to enhance business performance.

(4) Plastics business:

- A. In response to the environmental trend of plastic reduction in various countries, the Company has been developing bio-based packaging materials together with its customers to develop new markets by combining eco-friendly recycled plastics.
- B. Passed the ISO 22000 - Food safety management certificate that increased the market competitiveness.

Future Development Strategies of the Company

1. We are committed to caring for Taiwan's land and creating sustainable agriculture, and consider the establishment of safe agriculture and assured agricultural products as our social responsibility. We use our expertise as a botanist to serve farmers by providing crop protection and nutritional cultivation solutions, and assisting farmers with time- and labor-saving cultivation methods to improve the efficiency of agricultural operations. We expect ourselves to become the most trustworthy crop protection science company in Taiwan.
2. We expanded the service targets by combining the direct sales and distribution channels of Syngenta Taiwan to increase the overall market share.
3. We focused on the development and registration of new types of crop protection products, such as microbial products; strategically cooperated with quality customers, international manufacturers, and suppliers to apply for the registration of new products in the global market by sharing R&D resources and market information, and further develop new customers to increase our market share abroad.
4. Through subsidiaries and regional partners, promote the Company's brand name, towards the mission of providing high-quality products and services for farmers and customers all over the world.
5. In addition to collaborate with international manufacturers to increase the product line, the Company will also expand the existing registration for product usage scope

to meet farmers' agrochemicals and fertilizers requirements and thereby improve the crop qualities and increase the farmers' income.

6. Develop non-patent agrochemicals and maintain and explore new OEM customers.
7. Develop mass production technology and provide the factory with stable, safe and environmentally sound processing technology. Shorten product development cycles to maintain the Company's reputation and customer confidence with reasonable production cost and quality.
8. Based on agriculture, Sinon Group, in the development of new technologies in the global agricultural economy, aims at sustainable land and environment management, with the concept of innovative biotechnology and green marketing, and guided by chemical synthesis, crop protection, biological fermentation and food safety. From production to sales, the Group provides excellent agricultural ingredients to consumers, and continues to pass on.

Impacts by External Competitive Environment, Regulatory Environment and General Operating Environment

1. Crop protection business

- (1) In response to the aging population and labor shortage in rural areas, we are developing the market with drone technology to achieve precise pesticide and fertilizer applications based on the consideration of saving time and labor. We will continue to develop related services and products.
- (2) In line with the government's eco-friendly farming policy, the Company increased a number of new and innovative products such as plant protection materials that are exempt from registration and microbials in the direction of product development and sales; in response to the policy of the real-name system for pesticides, the Company set up a certificate issuing system to implement compliance.
- (3) As the COVID-19 pandemic still continues and raw material production tightened, the supply of raw materials for agrochemical products is short of demand, resulting in rising costs.
- (4) Governments of various countries are getting stricter on the environmental protection and agrochemicals regulations and the inspection for licenses. Thus, the

cost of obtaining licenses is also getting higher. At the same time, many countries are imposing more and more restrictions on the usage of agrochemicals.

- (5) Strengthen the understanding of laws and regulations and political and economic situations of various countries, in prevention of the loss of the Company due to uneasy situations or changes in laws and regulations; Timely update and research the environmental protection regulations, agriculture development and the usage of agrochemicals of various countries, and even cooperates with peer companies to comply with the increasingly strict registration management regulations of countries.
- (6) Due to global climate change, which directly affects the sales of crop protection products, it is difficult to predict and judge the raw materials stocking and market demand with past experience. The Company will mitigate the effect of climate change by accelerating the pace of global deployment.

2. Plastic business

- (1) For external competitive environment, the Company will develop towards high value-added products in the future.
- (2) The Company will continue to develop lightweight and compostable packaging materials that meet the requirements of environmental protection and FDA regulations, to ensure consumer safety and fulfill social responsibilities for energy conservation and carbon reduction.

Chairman
Horng, Po-Yen



II. Company Profile

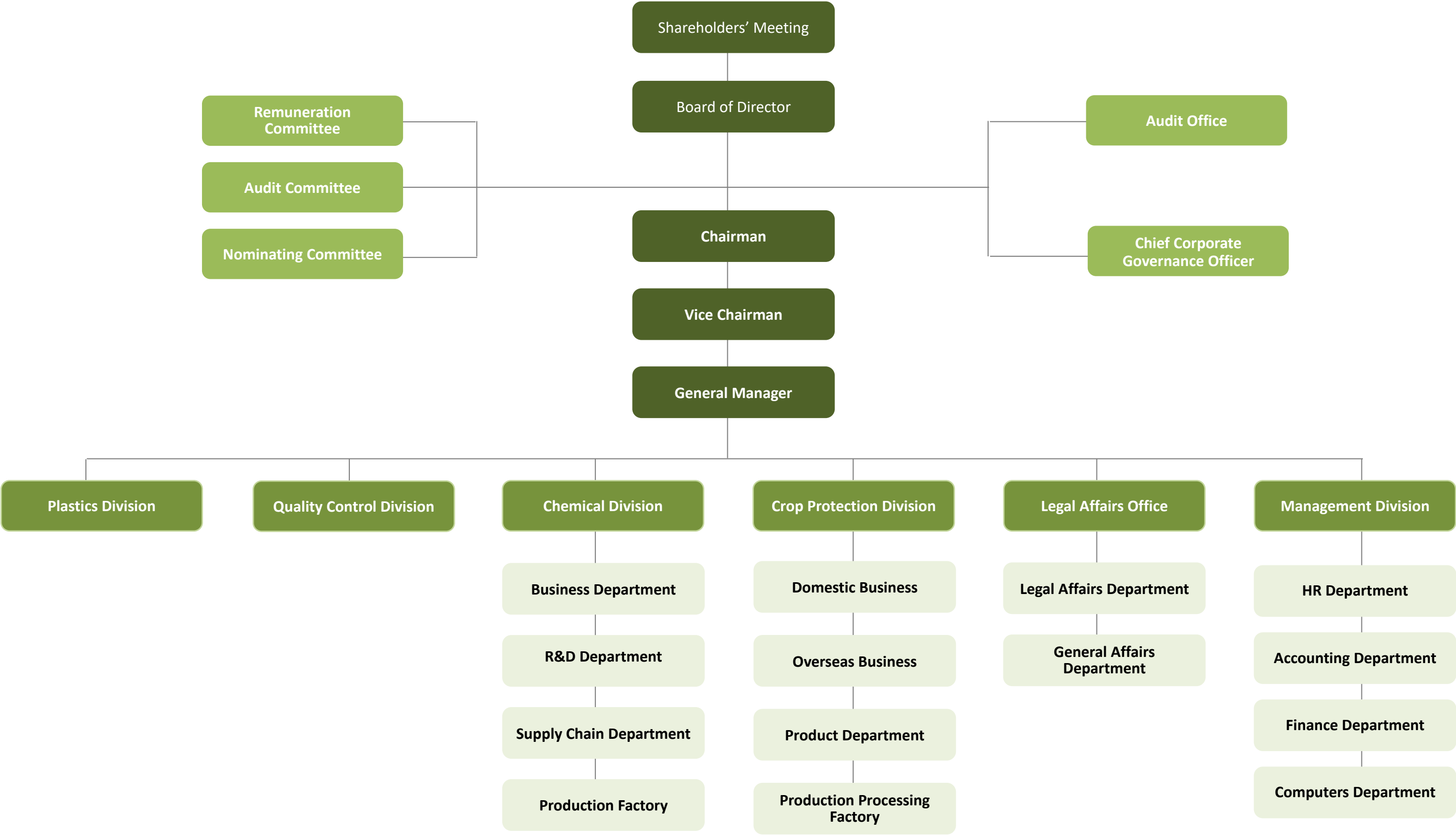
Year	Milestones
Started	1955 Sinon Chemical Factory incorporated
	1959 Sinon Chemical Factory was renamed Sinon Chemical Co., Ltd.
	1960 Sinon Trading Co., Ltd. incorporated
	1962 Established “powder factory”
	1963 Sinon Chemical Co., Ltd. was renamed Sinon Chemical Industry Co., Ltd. (Date of establishment: November 20, 1963)
	1965 Minfeng Chemical Factory Co. Ltd. incorporated
	1966 Established "technical material factory", "bio-research laboratory", "chemical research laboratory"
Expansion	1967 Established “granule factory”, “hydrochloric acid factory”
	1970 Dayuan Industrial Co., Ltd. incorporated
	1971 Fengmei Industrial Co., Ltd incorporated
	1972 Minfeng Chemical Factory Co. Ltd. incorporated
	1974 Production of “Baygon” environmental agents
Growth	1976 Feng Nien Development Co., Ltd. incorporated
	1978 Relocated Headquarters to Sinon Building
	1979 “Sinon Chemical Factory”, “Minfeng Chemical Factory”, “Fengmei Industrial” and “Feng Nien Development” merged into “Sinon Corporation”. Established “plastics factory”
	1981 Established “ food factory ”
	1982 Established Sinon Supply Centers, which allow the farmers to be the direct beneficiaries of the price difference.
	1983 Established Knowledge and Service Information Company.
	1988 Set up the first supermarket in Caotun Town, Nantou County.
Transformation	1989 Mr. Yang, Wen-Ben succeeded as chairman. Established “ household product division” Sinon Corporation was listed in the TWSE (Taiwan Stock Exchange).
	1990 Syntai Concrete Co., Ltd. incorporated
	1992 Tong Chia Corporate incorporated

Year	Milestones
Transformation	1993 Established Sinon Life Insurance Co., Ltd. and Hsing Wei Corporation
	1995 Purchased the Sinon Bulls Professional Baseball Team.
	1996 Syntai Pharmaceuticals Ltd. incorporated
	1997 Syntai Pharmaceuticals Ltd. was renamed as Syntai Chemicals and Pharmaceuticals Ltd.
Worldwide territories	1998 “Dayuan Industrial” was renamed Feng Nien Corporation Co., Ltd.
	2000 Established Sinon Do Brazil Ltda.
	2001 Established Sinon Chemical (Shanghai) Co., Ltd.
	2002 Established Sinon (Thailand) Co., Ltd.
	2003 Established Sinon USA Inc.
	2004 Established Pt Sinon Indonesia and Sinon Eu GmbH.
Agricultural Technology	2005 Established Sinon Australia Pty Limited.
	2008 Established a supermarket business division as an independent subsidiary, Funcom Supermarket
	2009 Established Synjia Corporation. Established “daily products chemical factory”
	2010 Sinon Chemical (Shanghai) Co., Ltd was renamed as Sinon Chemical (China) Co., Ltd
	2011 Established Zhongshan Synjia Daily Products Co., Ltd.
	2012 Established Sinon Chemical (Nantong) Co., Ltd. and YMY Biotech Co., Ltd.
	2013 Issued the domestic unsecured convertible corporate bonds. Established Yumei Yen Inspection Technology Co., Ltd and Yu Ting Plastic Co., Ltd.
	2015 60th anniversary of Sinon Corporation Sinon's commodities business was divested and transferred to Yumei Yen Co., Ltd.
	2016 Mr. Horng, Po-Yen succeeded as chairman. Syntai Chemicals and Pharmaceuticals Ltd. was renamed as Syntai Chemicals Ltd.
	2020 Yumei Yen Co., Ltd. was renamed as Yumei Biotec Corporation.

III. Corporate Governance Report

3.1 Organization

3.1.1 Organization Chart



3.1.2 Major Corporate Functions

Department	Functions
Management Division	Including departments of finance, accounting, human resources, computers and others, responsible for resource integration and implementation of planning and management systems, business performance evaluation, information system development and security control of the Group.
Legal Affairs Office	Including departments of legal affairs and general affairs, responsible for various legal affairs processing, trademark patents, contract review and asset management of the Group.
Crop Protection Division	Including departments of production processing, product, and sales. Domestic business is mainly based on the supply centers around Taiwan. Through direct sales, specialty stores, cash transactions and professional management, promote and sell the products such as pesticides, fertilizers, seeds and seedlings, agricultural machinery and materials to farmers. Overseas business is responsible for the sale of pesticides, fertilizers and specialty chemicals in the international markets.
Chemical Division	Including departments of production factories, supply chain and R&D. The Company utilizes its excellent R&D team to develop production processes for new products such as competitive specialty chemicals and key intermediates, and to enhance OEM or ODM process acceptance and R&D capabilities to assist factories improve process conditions and control costs. In addition, it is also responsible for businesses such as industrial safety, environmental engineering and construction, including the establishment of new factories, compliance with environmental regulations, maintenance of factory operations, proper environmental protection, industrial safety, and labor protection. The supply chain department is responsible for integrating the parallel transmission of information among suppliers, manufacturers, and customers in the upstream and downstream of the supply chain, in order to save logistics time, raw material costs, and improve and shorten the delivery time, to minimize the overall cost. For the development of agrochemicals, the Company integrates existing equipment and manpower for effective integration. It implements special process technology capabilities through the inheritance of professional talents and the accumulation of core technologies, to effectively integrate and utilize production resources.
Quality Control Division	The Company has Taiwan's first laboratory set up in accordance with the Good Laboratory Practice (GLP) of the Economic Cooperation Development Organization (OECD), and builds a strong quality assurance team to check the quality, so as to make the products comply with regulations and customer satisfaction, and continue to maintain the completeness of ISO, enhance the image of international quality certification, and strengthen the registrations in the international markets.
Plastics Division	It is responsible for production of plastic packaging materials and provides printing, labeling, hot stamping, etc. It provides practical, high-quality and creative packaging materials to meet customer needs and develop green products.

3.2 Directors, General Managers, Vice General Managers, Assistant vice General Managers and Managers of Each Department and Subsidiary.

3.2.1 Directors

April.26, 2022

Title	Nationality/ Place of Incorporation	Name	Gender	Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement	
								Shares	%	Shares	%	Shares	%	Shares	%
Chairman	R.O.C	Horng, Po-Yen	Male	Over 76	June 23, 2020	3	May 11, 1974	7,119,235	1.69%	8,805,235	2.09%	5,038,857	1.20%	—	—
Vice chairman	R.O.C	Chiawen Investment Ltd.	—	—	June 23, 2020	3	June 15, 2004	5,444,443	1.29%	6,000,443	1.43%	—	—	—	—
Vice chairman Representative	R.O.C	Liao, Lien-Heng	Male	66- 75	June 23, 2020	3	June 15, 2004	306,919	0.07%	306,919	0.07%	634,932	0.15%	—	—
Director	R.O.C	Hungshun Investment Co., Ltd	—	—	June 23, 2020	3	June 23, 2020	3,026,544	0.72%	3,026,544	0.72%	—	—	—	—
Director Representative	R.O.C	Kuo, Tzu-Kuan	Male	45- 55	June 23, 2020	3	June 23, 2020	1,046,165	0.25%	1,046,165	0.25%	—	—	—	—
Director	R.O.C	Yu, Tse-Jen (Note)	Male	66 -75	June 23, 2020	3	June 28, 2007	98,288	0.02%	98,288	0.02%	—	—	—	—
Director	R.O.C	Yang, Jen-Yo	Male	45- 55	June 23, 2020	3	Oct. 9, 2014	2,100,892	0.50%	2,100,892	0.50%	—	—	—	—
Director	R.O.C	Yunsung Investment Ltd.	—	—	June 23, 2020	3	June 16, 2017	32,788,000	7.80%	39,158,000	9.31%	—	—	—	—
Director Representative	R.O.C	Liu, Yun-Sung	Male	56- 65	June 23, 2020	3	June 16, 2017	503,189	0.12%	507,000	0.12%	11,000	0.00%	-	-
Independent Director	R.O.C	Uang, Biing-Jiun	Male	66- 75	June 23, 2020	3	June 18, 2015	—	—	—	—	—	—	—	—
Independent Director	R.O.C	Huang, Shen-Yi	Male	56- 65	June 23, 2020	3	June 23, 2020	—	—	—	—	—	—	—	—
Independent Director	R.O.C	Chen, Chiun Mang	Female	56- 65	June 23, 2020	3	June 23, 2020	—	—	—	—	—	—	—	—

Note: Directorship was discontinued from Oct 9, 2014 to June 15, 2017 due to the re-election of the shareholders general meeting.

Title	Name	Current Positions at the Company or Other Companies	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
			Title	Name	Relation
Chairman	Horng, Po-Yen	Chairman / Taiwan Fresh Supermarket Co., Ltd. Chairman / Syntai Chemicals Ltd. Chairman / Hsing Wei Corporation Chairman / Yumei Biotec Corporation Chairman / Sinon Trading Co., Ltd. Director / Knowledge & Service Information Co., Ltd. Director / Zhongshan Sinon Daily Products Co., Ltd. Director /Sinon Cayman Corporation Director / Sinon Australia Pty Limited Director / Sinon (Thailand) Co., Ltd Director / Sinon Eu GmbH Legal representative / Sinon Hong Kong Co., Ltd. Legal representative / Sinon Chemical (China) Co., Ltd. Legal representative / Sinon Chemical (Nantong) Co., Ltd.	—	—	—
Vice chairman	Chiawen Investment Ltd.	Vice chairman / Sinon Corporation	—	—	—
Vice chairman Representative	Liao, Lien-Heng	Director / Taiwan Fresh Supermarket Co., Ltd. Director/ Yumei Biotec Corporation Director/ Sinon Trading Co., Ltd. Director/ Elon Electronics Corp. Independent Director / Sweeten Real Estate Development Co., Ltd	—	—	—
Director	Hungshun Investment Co., Ltd	Director / Sinon Corporation	—	—	—
Director Representative	Kuo, Tzu-Kuan	Chairman / Cingjing Travel CO., LTD. Director / Taiwan Fresh Supermarket Co., Ltd. Director / Yumei Biotec Corporation Director / Nantou Bus Transportation CO., LTD. Director / Pingtung Bus Transportation CO., LTD. Director / South Taiwan Bus Transportation CO., LTD.	—	—	—
Director	Yu, Tse-Jen	Director / Taiwan Fresh Supermarket Co., Ltd. Director/ Yumei Biotec Corporation Director / Sinon Chemical (China) Co., Ltd. Director/ Sinon Chemical (Nantong) Co., Ltd.	—	—	—

Title	Name	Current Positions at the Company or Other Companies	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
			Title	Title	Title
Director	Yang, Jen-Yo	Director / Taiwan Fresh Supermarket Co., Ltd. Director / Yumei Biotech Corporation Director / Taichung Golf & Country Club	—	—	—
Director	Yunsung Investment Ltd.	Director / Sinon Corporation	—	—	—
Director Representative	Liu, Yun-Sung	Director / Taiwan Fresh Supermarket Co., Ltd. Director / yumei Biotech Corporation	—	—	—
Independent Director	Uang, Biing-Jiun	Emeritus Professor / National Tsing Hua University	—	—	—
Independent Director	Huang, Shen-Yi	Partnership Account / CROWE(TW) CPAs Independent Director / Nien Made Enterprise, CO., LTD. Member of Remuneration Committee / Shian Yih Electronic Industry CO., LTD.	—	—	—
Independent Director	Chen, Chiun Mang	CPA / Tsuan Jih Accounting Firm	—	—	—

Note: Please refer to page 11 to page 13 for directors' professional qualifications and major career (academic) achievements.

Major Shareholders of the Institutional Shareholders

Name of Institutional Shareholders	Major shareholders of institutional shareholders
ChiaWen Investment Ltd.	Liao, Lien-Heng (43%)
Hungshun Investment Co., Ltd	Kuo, Tzu-Kuan (26.4%), Guo Wu, Zhun-Zhen (24.8%), Kuo, Tzu-Yi (26.4%), Kuo, Hsien-Sheng (22.4%)
YunSung Investment Ltd.	Liu, Yun-Sung (10%)

Directors' Professional Qualifications and Independence

Criteria Name	Professional Qualification and Experience	Independence (Note)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chairman Horng, Po-Yen	Chairman Horng, Po-Yen graduated from the Department of Chemistry, Chung Yuan Christian College of Science and Engineering (Chung Yuan Christian University), he has been serving the Company since 1965, where his career started as a junior staff, followed by experiences as a grass-root manager, mid-level management, department head, and finally promoted to be the general manager; he has also been rotated to serve in different business sectors within the Group, therefore, has a deep understanding of the Company and its associates' sectors of internal management, human resource, production technology, and distributing business, etc. He was elected as a director since 1974 and has held various positions as vice chairman, and chairman, headed up the Group's operation, and supervised each operating system, with rich and in-depth practical experiences in business management, he has acquired the core capability of operating management, decision leadership, industry knowledge, and international market view as required by a board of directors. Chairman Horng, Po-Yen concurrently serves as the Company's convener of Nominating Committee. Does not meet any descriptions stated in Article 30 of the Company Act.	Does not meet any descriptions stated in Paragraph 3 and Paragraph 4, Article 26-3 of "Securities and Exchange Act", has no relationship as a spouse or relative within the 2nd-degree kinship with current directors, and does not concurrently serve as a managerial officer of the Company.	—
Vice chairman ChiaWen Investment Ltd. Representative :Liao, Lien-Heng	Vice-chairman Liao, Lien-Heng graduated from the Department of International Business, Feng Chia University, and has been serving the Company since 1972, where his career started as a junior staff, followed by experiences as a grass-root manager, mid-level management, department head, and finally promoted to be the general manager of the business division; who has also been rotated to serve in different division within the Group, therefore, has a deep understanding of the Company and its associates' sectors of production technology, distributing business, and internal management, etc. He has served as the Chairman of the Taiwan Crop Protection Industry Association and is still dedicated to the development of the crop protection industry. He was elected as a director since 2004 and participated in operational strategic planning, with experiences needed for corporate business, he has acquired core capability of business management, decision leadership, industry knowledge, and international market view as required by a board of directors. Vice-chairman Liao, Lien-Heng concurrently serves as the Company's committee member of Nominating Committee. Does not meet any descriptions stated in Article 30 of the Company Act.		1

Director Hungshun Investment Co., Ltd Representative: Kuo, Tzu-Kuan	Director Kuo, Tzu-Kuan received his master’s degree in Business Administration from Loyola Marymount University in California, USA. He is now the Chairman of Cingjing travel Co., Ltd., and the Director of Nantou Bus Transportation Co., Ltd, Pingtung Bus Transportation Co., Ltd., and South Taiwan Bus Transportation CO., LTD. He has lectured at the Central Taiwan University of Science and Technology, and concurrently served as the general manager of Radiant Biotechnology Co., Ltd., has the practical experience in corporate business, and core capability of business management, financial accounting, decision leadership, and industry knowledge as required by a board of directors. Does not meet any descriptions stated in Article 30 of the Company Act.		—
Director Yu, Tse-Jen	Director Yu, Tse-Jen received an associated degree in Pesticide Chemistry from the Taiwan Provincial Institute of Agriculture (now National Pingtung University of Science and Technology). He has been serving in the Company since 1975, where his career started as a junior staff, followed by experiences as a grass-root manager, mid-level management, department head, and finally promoted to be the general manager; he has also been rotated to serve in different business division within the Group, therefore, has the practical experience in corporate business, and core capability of business management, decision leadership, industry knowledge, and international market view as required by a board of directors. Does not meet any descriptions stated in Article 30 of the Company Act.		—
Director Yang, Jen-Yo	Director Yang, Jen-Yo received his master’s degree in Business Administration from West Coast University, USA, and has been serving the Company since 1997, where his career started as a junior staff, followed by experiences as a grass-root manager, mid-level management, and manager; he has also been rotated to serve in different business division within the Group, therefore, has the practical experience in corporate business, and core capability of business management, decision leadership, industry knowledge, and international market view as required by a board of directors. Does not meet any descriptions stated in Article 30 of the Company Act.		—
Director YunSung Investment Ltd. Representative :Liu, Yun-Sung	Director Liu, Yun-Sung has been serving the Company since 1986, where his career started as a junior staff, followed by experiences as a grass-root manager, and district supervisor of business, and is still leading the department of crop protection to serve farmers from different regions. He is now taking an EMBA program at the National Kaohsiung University of Science and Technology, continuing to enhance his professional expertise, he has the practical experience in corporate business, and core capability of business management, decision leadership, industry knowledge, and international market view as required by a board of directors. Does not meet any descriptions stated in Article 30 of the Company Act.		—

Independent Director Uang, Biing-Jiun	Independent Director Uang, Biing-Jiun is the Emeritus Distinguished Professor of the Department of Chemistry, National Tsing Hua University. He received a Ph.D. in Chemistry from the Yale University, USA, where his major research areas were the study of asymmetric synthesis of organic, natural products, and drugs. He has been teaching at Tsing Hua University since 1985, where he started to serve as an associate professor, followed by the professor, director of the department, and has also taken charge of the convener of the chemistry study section, the National Science Council. He has been teaching chemistry in academics and conducting research work for over 30 years. With practical experiences and the professional qualification as a college professor teaching needed for corporate business, he has the core capability of industry knowledge and international market view as required by a board of directors. Independent Director Uang, Biing-Jiun concurrently serves as a committee member of the Audit Committee, Remuneration Committee, and Nominating Committee. Does not meet any descriptions stated in Article 30 of the Company Act.	Conform to the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” during the two years prior to be elected or during the term of office.	—
Independent Director Huang, Shen-Yi	Independent Director Huang, Shen-Yi is the partnership account and chief human resources officer of the CROWE (TW) CPAs. He received his master’s degree in Management Sciences from Tamkang University and used to work for Pan-China (TW) CPAs, and KPMG in Taiwan. He has also taught at the Department of Accounting of National Taichung Institute of Technology (now National Taichung University of Science and Technology) and at Department of Accounting and Information Systems of Asia University. With almost 30 years of working experience in CPA firms, he has practical experiences and professional and technical qualifications that required certification for a national accountant qualification examination, and core capability of business management, and financial accounting as required by a board of directors. Independent Director Huang, Shen-Yi concurrently serves as convener of the Company’s Audit Committee and Remuneration Committee, as well as a committee member of the Nominating Committee. Does not meet any descriptions stated in Article 30 of the Company Act.	• The individual (or under others’ name), the person’s spouse, and minor children hold no share of the company’s stock. • The individual, the person’s spouse, and relative of 2nd-degree kinship are not an employee of the company or any affiliate; not having a marital relationship or relative within the 2nd-degree kinship to any other directors or supervisors of any affiliate. • Dose not receive compensation from the company or any affiliate for providing business, legal, financial, accounting, and other related services in the past two years.	1
Independent Director Chen, Chiun Mang	Independent Director Chen, Chiun Mang is the CPA of Tsuna Jih Accounting Firm. She received a master’s degree in Accounting from the University of North Texas, has been serving KPMG in Taiwan since 1988, and used to teach in the Department of Accounting at Tunghai University. With almost 30 years of working experience in CPA firms, she has practical experiences and professional and technical qualifications that required certification for a national accountant qualification examination, and core capability of financial accounting, decision leadership, and industry knowledge as required by a board of directors. Independent Director Chen, Chiun Mang concurrently serves as a committee member of the Company’s Audit Committee, Remuneration Committee, as well as Nominating Committee. Does not meet any descriptions stated in Article 30 of the Company Act.		—

(1) Diversity and independency of the board of directors

The composition of our board members, in addition to considering the Company's operation and development requirements, has also formulated the diversity policy of the board members in accordance with the Corporate Governance Best-Practice Principles, which includes gender, age, professional background, and industrial experience, etc. These are all items for evaluating the diversity of the board of directors. Current board of directors consists of 9 directors. Each director possesses academic and professional experiences that cover various fields, including financial accounting, chemical engineering, management administration; they also have industry knowledge, international market perspective and the ability to perform the duties of a director. Among the board members, two members are between the ages of 45 and 55, three members are between the ages of 56 and 65, and four members are over the age of 66. The board of directors spans a wide range of ages and should be able to provide diverse and constructive input to the management team.

(2) Objectives of the diversity of directors

1. At least one female director.
2. The number of directors who are also managers of the Company shall not exceed 1/3 of the total number of directors.
3. No more than two directors shall be related to each other as spouses or relatives within two degrees.
4. At least two independent directors shall be appointed for a term not exceeding three consecutive terms.

Among the current board members, there is one female director and three independent directors; the number of independent director seats accounts for 1/3 of the board seats. None of the directors serves as a managerial officer concurrently; none of the directors is related to each other as spouse or relative within second degree of kinship; and none of the three independent directors has been re-elected for more than three terms. The Company has reached its objectives of the diversity of directors and has fully realized its concepts of independence and diversity.

December 31, 2021

Title/Name	Basic composition								Core capability/ Professional background				
	Nationality	Gender	Concurrent employee of the Company	Ages				Term/ year of independent director	Operation Management	Finance Account	Leadership Decision	Industry Knowledge	International Market view
				45-55	56-65	66-75	Over 76						
Chairman Horng, Po-Yen	R.O.C	Male					✓		✓		✓	✓	✓
Vice Chairman ChiaWen Investment Ltd. Representative: Liao, Lien-Heng	R.O.C	Male				✓			✓		✓	✓	✓
Director Hungshun Investment Co., Ltd Representative: Kuo, Tzu-Kuan	R.O.C	Male		✓					✓	✓	✓	✓	
Director Yu, Tse-Jen	R.O.C	Male				✓			✓		✓	✓	✓
Director Yang, Jen-Yo	R.O.C	Male	✓	✓					✓		✓	✓	✓
Director YunSung Investment Ltd. Representative: Liu, Yun-Sung	R.O.C	Male	✓		✓				✓		✓	✓	✓

Title/Name	Basic composition							Core capability/ Professional background					
	Nationality	Gender	Concurrent employee of the Company	Ages				Term/ year of independent director	Operation Management	Finance Account	Leadership Decision	Industry Knowledge	International Market view
				45-55	56-65	66-75	Over 76						
Independent director Uang, Biing-Jiun	R.O.C	Male				✓		3rd term, 6.5 years				✓	✓
Independent director Huang, Shen-Yi	R.O.C	Male			✓			1st term, 1.5 years	✓	✓			
Independent director Chen, Chiun Mang	R.O.C	Female			✓			1st term, 1.5 years		✓	✓	✓	

Note: Article 30 of Company Act

A person who is under any of the following circumstances shall not act as a managerial personnel of a company. If he has been appointed as such, he shall certainly be discharged:

1. Having committed an offence as specified in the Statute for Prevention of Organizational Crimes and subsequently convicted of a crime, and has not started serving the sentence, has not completed serving the sentence, or five years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;
2. Having committed the offence in terms of fraud, breach of trust or misappropriation and subsequently convicted with imprisonment for a term of more than one year, and has not started serving the sentence, has not completed serving the sentence, or two years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;
3. Having committed the offense as specified in the Anti-corruption Act and subsequently convicted of a crime, and has not started serving the sentence, has not completed serving the sentence, or two years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;
4. Having been adjudicated bankrupt or adjudicated of the commencement of liquidation process by a court, and having not been reinstated to his rights and privileges;
5. Having been dishonored for unlawful use of credit instruments, and the term of such sanction has not expired yet; or
6. Having no or only limited disposing capacity.
7. Having been adjudicated of the commencement of assistantship and such assistantship having not been revoked yet.

Note: Article 3 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Company

Within the scope of execution of business, an independent director of a public company shall maintain independence, and may not have any direct or indirect interest relationship with the company. During the two years before being elected or during the term of office, an independent director of a public company may not have been or be any of the following:

1. An employee of the company or any of its affiliates.
2. A director or supervisor of the company or any of its affiliates.
3. A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
4. A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
5. A director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.
6. If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company.
7. If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.
8. A director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.
9. A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NTD 500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

3.2.2 General Managers, Vice General Managers, Assistant General Managers and Managers of Each Department and Subsidiary

April.26, 2022

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Primary Experience (Education)	Current Positions at the Company or Other Companies	Managers who are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
General Manager	R.O.C	Yen, Tsu-Fang	Male	July 1, 2018	195,247	0.05%	185,859	0.04%	—	—	Bachelor's Degree	Supervisor/ Taiwan Fresh Supermarket Co., Ltd. Supervisor/ Yumei Biotec Corporation Director / Sinon Chemical (China) Co., Ltd. Director / Sinon Chemical (Nantong) Co., Ltd. Director / Sinon USA, Inc.	—	—	—
Vice General Manager	R.O.C	Yu, Kuei-Ju	Male	July 1, 2018	198,000	0.05%	—	—	—	—	Master's Degree	Supervisor/ Taiwan Fresh Supermarket Co., Ltd. Supervisor/ Yumei Biotec Corporation Director / Knowledge & Service Information Co., Ltd.	—	—	—
Senior Assistant General Manager	R.O.C	Lin, Chin-Shan	Male	Jan. 1, 2021	176,463	0.04%	628	0.00%	—	—	Master's Degree	—	—	—	—
Senior Assistant General Manager	R.O.C	Li, Chien-Min	Male	Jan. 1, 2018	123,419	0.03%	—	—	—	—	Master's Degree	Legal representative/ Poise Packing Co., LTD. Legal representative/ Zhongshan Sinon Daily Products Co., Ltd.	—	—	—
Senior Assistant General Manager	R.O.C	Wang, Chi-Chou	Male	Jan. 1, 2015	99,000	0.02%	—	—	—	—	Associate degree	—	—	—	—
Assistant General Manager	R.O.C	Tsai, Chih-Yung	Male	Jan. 1, 2018	100,000	0.02%	—	—	—	—	Bachelor's Degree	—	—	—	—
Assistant General Manager	R.O.C	Shih, Neng-Chun	Male	Jan. 1, 2019	50,000	0.01%	108,000	0.02%	—	—	Master's Degree	—	—	—	—
Assistant General Manager	R.O.C	Chen, Chien-Hsing	Male	Jan. 1, 2020	—	—	—	—	—	—	Ph.D.	—	—	—	—
Assistant General Manager	R.O.C	Feng, Tao-An	Male	Jan. 1, 2020	—	—	—	—	—	—	Bachelor's Degree	—	—	—	—

3.2.3 Remuneration Paid to Directors, General Managers, and Vice General Managers in the Latest Fiscal Year

Remuneration of Directors

December 31, 2021/ Unit: NTD thousands

Title	Name	Remuneration								Sum of A, B, C and D as percentage of Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Sum of A, B, C, D, E, F and G as percentage of Net Income (%)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary
		Base Compensation (A)		Severance Pay (B)		Directors Compensation (C)		Service Expense (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)						
		The company	From All Consolidated Entities	The company	From All Consolidated Entities	The company	From All Consolidated Entities	The company	From All Consolidated Entities	The company	From All Consolidated Entities	The company	From All Consolidated Entities	The company	From All Consolidated Entities	The company		From All Consolidated Entities		The company	From All Consolidated Entities	
Cash	Stock															Cash	Stock					
chairman	Horng, Po-Yen	2,160	2,160	—	—	30,199	30,199	3,810	3,810	36,169 (3.93%)	36,169 (3.93%)	3,047	3,047	141	141	—	—	—	—	39,357 (4.27%)	39,357 (4.27%)	95
Vice chairman	ChiaWen Investment Ltd. Representative: Liao, Lien-Heng																					
Director	Hungshun Investment Co., Ltd Representative: Kuo, Tzu-Kuan																					
Director	Yu, Tse-Jen																					
Director	Yang, Jen-Yo																					
Director	YunSung Investment Ltd. Representative: Liu, Yun-Sung	720	720	—	—	3,000	3,000	176	176	3,896 (0.42%)	3,896 (0.42%)	—	—	—	—	—	—	—	—	3,896 (0.42%)	3,896 (0.42%)	—
Independent Director	Uang, Biing-Jiun																					
Independent Director	Huang, Shen-Yi																					
Independent Director	Chen, Chiun Mang																					
1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration: In addition to reference to the performance evaluation of the board of directors and functional committees, the remuneration policy, standards, and packages of the independent directors are reviewed by the Remuneration Committee, based on their business involvement, contribution and peer levels, and determined by the Board of Directors,. 2. In addition to the above table, remuneration received by directors for providing services (such as consultancy service without the title of an employee to parent company, any companies included in the Consolidated Financial Statements, or reinvested companies) in the last year: None.																						

Note: The Company's standalone net profit after taxes in 2021 is around NTD 920,914 thousand.

Range of Remuneration

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	From All Consolidated Entities	The company	Parent company and all invested companies
Under NTD1,000,000				
NTD 1,000,000 ~ NTD 1,999,999	Uang, Biing-Jiun / Huang, Shen-Yi / Chen, Chiun Mang	Uang, Biing-Jiun / Huang, Shen-Yi / Chen, Chiun Mang	Uang, Biing-Jiun / Huang, Shen-Yi / Chen, Chiun Mang	Uang, Biing-Jiun / Huang, Shen-Yi / Chen, Chiun Mang
NTD 2,000,000 ~ NTD 3,499,999				
NTD 3,500,000 ~ NTD 4,999,999	Kuo, Tzu-Kuan / Yu, Tse-Jen / Yang, Jen-Yo /Liu, Yun-Sung	Kuo, Tzu-Kuan / Yu, Tse-Jen / Yang, Jen-Yo /Liu, Yun-Sung	Kuo, Tzu-Kuan / Yu, Tse-Jen / Liu, Yun-Sung	Kuo, Tzu-Kuan / Yu, Tse-Jen / Liu, Yun-Sung
NTD 5,000,000 ~ NTD 9,999,999	Liao, Lien-Heng	Liao, Lien-Heng	Liao, Lien-Heng / Yang, Jen-Yo	Liao, Lien-Heng / Yang, Jen-Yo
NTD 10,000,000 ~ NTD 14,999,999	Horng, Po-Yen	Horng, Po-Yen	Horng, Po-Yen	Horng, Po-Yen
NTD 15,000,000 ~ NTD 29,999,999				
NTD 30,000,000 ~ NTD 49,999,999				
NTD 50,000,000~ NTD 99,999,999				
Over NTD 100,000,000				
Total	9	9	9	9

Remuneration of the General Managers and Vice General managers

December 31, 2021 / Unit: NTD thousands

December 31, 2021 / Unit: NTD thousands

Title	Name	Salary (A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D)				Sum of A, B, C and D as percentage of Net Income (%)		Compensation Paid to the President and Vice Presidents from an Invested Company Other than the Company's Subsidiary
		The company	From All Consolidated Entities	The company	From All Consolidated Entities	The company	From All Consolidated Entities	The company		From All Consolidated Entities		The company	From All Consolidated Entities	
								Cash	Stock	Cash	Stock			
General Manager	Yen, Tsu-Fang	3,815	3,815	108	108	9,472	9,472	—	—	—	—	13,394 (1.45%)	13,394 (1.45%)	-
Vice General Manager	Yu, Kuei-Ju													

Note: The Company's standalone net profit after taxes in 2021 is around NTD 920,914 thousand.

Range of Remuneration

Range of Remuneration	Name of General Managers and Vice General Managers	
	The company	From All Consolidated Entities
Under NTD1,000,000		
NTD 1,000,000 ~ NTD 1,999,999		
NTD 2,000,000 ~ NTD 3,499,999		
NTD 3,500,000 ~ NTD 4,999,999	Yu, Kuei-Ju	Yu, Kuei-Ju
NTD 5,000,000 ~ NTD 9,999,999	Yen, Tsu-Fang	Yen, Tsu-Fang
NTD 10,000,000 ~ NTD 14,999,999		
NTD 15,000,000 ~ NTD 29,999,999		
NTD 30,000,000 ~ NTD 49,999,999		
NTD 50,000,000 ~ NTD 99,999,999		
Over NTD 100,000,000		
Total	2	2

Note 1: A company that has posted after-tax deficits in the parent company only financial statements or individual financial statements within the three most recent fiscal years shall disclose the remuneration paid to individual directors(This requirement, however, shall not apply if the company has posted net income after tax in the parent company only financial statements or individual financial statements for the most recent fiscal year and such net income after tax is sufficient to offset the accumulated deficits): Not applicable.

Note 2: A company that has had an insufficient director shareholding percentage for 3 consecutive months shall disclose the remuneration paid to individual directors: Not applicable.

Note 3: A company that has had an average ratio of share pledging by directors or supervisors in excess of 50 percent in any 3 months during the most recent fiscal year shall disclose the remuneration paid to each individual director having a ratio of pledged shares in excess of 50 percent for each such month: Not applicable.

Note 4: If the total amount of remuneration received by all of the directors in their capacity as directors of all of the companies listed in the financial statements exceeds 2% of the net income after tax, and the remuneration received by any individual director exceeds NTD 15 million, the Company shall disclose the remuneration paid to that individual director (excluding relevant remunerations received as an employee concurrently): not applicable: Not applicable.

Note 5: A company is ranked in the lowest tier in the corporate governance evaluation for the most recent fiscal year, or the Corporate Governance Evaluation Committee has resolved that the company shall be excluded from evaluation, shall disclose the remuneration paid to individual directors: Not applicable.

Note 6: A company with average annual salary of the full-time non-supervisory employees less than NTD 500,000 shall disclose remuneration paid to individual directors: Not applicable.

Employee Profit Sharing Granted to the Executive Officers

December 31, 2021

Executive Officers	Title	Name	Employee Compensation- in Stock (Fair Market Value)	Employee Compensation- in Cash	Total	Ratio of Total Amount to Net Income (%)
	General Manager	Yen, Tsu-Fang	—	—	—	—
	Vice General Manager	Yu, Kuei-Ju				
	Senior Assistant General Manager	Lin, Chin-Shan				
	Senior Assistant General Manager	Li , Chien-Min				
	Senior Assistant General Manager	Wang, Chi-Chou				
	Assistant General Manager	Tsai, Chih-Yung				
	Assistant General Manager	Shih, Neng-Chun				
	Assistant General Manager	Chen, Chien-Hsing				
	Assistant General Manager	Feng, Tao-An				
	Chief Corporate Governance Officer	Chiang, Pei-Shan				

3.2.4 Separately Compare and Describe Total Remuneration, as a Percentage of Net Income Stated in the Standalone Financial Statements, as Paid by this Company and by Each other Company Included in the Consolidated Financial Statements During the Past 2 fiscal years to Directors, General Manager, and Vice General Manager, and Analyze and Describe Remuneration Policies, Standards, and Packages, the Procedure for Determining Remuneration, and its Linkage to Operating Performance and Future Risk Exposure.

Title	2020		2021		Explanation
	Ratio of Total Compensation to Net Income (%)		Ratio of Total Compensation to Net Income (%)		
	The company	From All Consolidated Entities	The company	From All Consolidated Entities	
Directors	4.34	4.34	4.35	4.35	The total remuneration of directors increased by NTD 9,007 thousand(excluding serving as employees concurrently) and the total remuneration of the general manager and vice general manager increased by approximately NTD 127 thousand in the year 2021 compared to the year 2020
General Managers and Vice General Managers	1.85	1.85	1.45	1.45	due to the growth of profits and a 28.8% increase in the Company's net income after tax. (Note) The increase in the two mentioned remunerations both reflected the Company’s operating results. The percentage of remuneration to net income after tax has not changed significantly from prior years.

Note: The total remuneration of directors (excluding serving as employees concurrently) for 2020 is NTD 31,058 thousand, including the remuneration of the retired director; the total remuneration of the general manager and deputy general manager is NTD 13,267 thousand.

1. Directors' remuneration appropriation policy: Directors' remuneration shall be appropriated in accordance with the Company's "Remuneration Standards, Policies and Structure of Directors and Managerial Officers", and shall be reviewed by the remuneration committee regularly and performed upon approval of the board of directors. Directors' remuneration consists of compensation, directors Compensation and service expense. Compensation is a fixed amount payment and is determined by the board of directors by taking whether the director serves as a member of a functional committee, his/her involvement in operation, and his/her contribution into account. Directors Compensation, as stipulated in the Company's Articles of Association, shall be set aside no more than 3% of the Company's profit (if any); service expenses include meeting attendance fees, various allowances, etc. The overall remuneration policy for directors is based on their involvement and contributions to the Company's operations (the results of the current year's of board of directors' and individual directors' performance evaluations, as described on page 23 to page 25), as well as on industry standards (chemical industry or companies with comparable paid-in capital, revenue, and net income).

2. Managerial Officers' remuneration appropriation policy: Managerial Officers' remuneration shall be appropriated in accordance with the Company's "Remuneration Standards, Policies and Structure of Directors and Managerial Officers", and shall be reviewed by the remuneration committee regularly and performed upon approval of the board of directors. The remuneration structure of managerial officers consists of salary, allowance, rewards, benefits, employees' compensation, severance pay and retirement benefits. Salary and allowance shall be determined by the employee's academic and work experiences, professional ability, the duties he/she performs, and the Company's personnel management rules. The rewards are linked to the performance evaluation and the Company's operating results. Performance evaluation items for managerial officers include financial targets (revenue, profit and loss, earnings per share, business plan achievement, and growth) and non-financial targets (operational management ability, risk control ability, environmental safety and health management quality, talents cultivation, etc.); and the evaluation results are used to calculate the reward rate for reasonable rewards. Benefits shall be provided in a manner that takes the needs of employees and the company's retention policy into account. Employee' compensation shall be 1% of the Company's profit (if any) according to the Company's Articles of Association. Severance pay and retirement fee are conducted pursuant to labor-related laws and regulations.
3. Relations with operating performance and future risks: In order to promote the management effectiveness of the board of directors and the management team, and to lead the Company's sustainable growth, the remuneration appropriation policies for directors and managerial officers is based on the overall operating results of the Company, and is approved based on individual contributions and performance. In addition, the Company reviews annually its operating performance, market standards, industry development trends, and relevant laws and regulations, and discusses the remuneration system to ensure the competitiveness of remunerations in order to retain talent.

3.3 Corporate Governance Implementation

3.3.1 Board of Directors

A total of 5 (A) meetings of the Board of Directors were held in 2021. The attendance of directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】
Chairman	Horng, Po-Yen	5	—	100
Vice Chairman	ChiaWen Investment Ltd. Representative : Liao, Lien-Heng	5	—	100
Director	Hungshun Investment Co., Ltd Representative:Kuo, Tzu-Kuan	5	—	100
Director	Yu, Tse-Jen	5	—	100
Director	Yang, Jen-Yo	5	—	100
Director	YunSung Investment Ltd. Representative :Liu, Yun-Sung	5	—	100
Independent director	Uang, Biing-Jiun	5	—	100
Independent director	Huang, Shen-Yi	5	—	100
Independent director	Chen, Chiun Mang	5	—	100

Other Mentionable Items

- If any of the following circumstances occur, the dates of the meetings, sessions, and contents of motion, all independent directors' opinions and the company's response should be specified:
 - Matters referred to in Article 14-3 of the Securities and Exchange Act: The Company has established an Audit Committee pursuant to Article 14-5 rather than Article 14-3 of Securities and Exchange Act.
 - Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors: None.
- If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None
- The evaluation cycle, period, scope and method and content of evaluation for self-evaluation (or peer evaluation) of the board of directors:
 - Internal self-evaluation: Once a year
Evaluation period: January 1 - December 31, 2021
Scope of evaluation: Performance evaluations of board of directors, individual directors and functional committees

Evaluation items:

Scope & Method of evaluation	Evaluation items	Average score	
The performance of the board of directors (conducted by Nominating Committee)	Participation in the operation of the company	20	
	Improvement of the quality of the board of directors' decision making	29	
	Composition and structure of the board of directors	20	
	Election and continuing education of the directors	10	
	Internal control	20	
The performance of the board members (self-evaluation by individual board members)	Alignment of the goals and missions of the company & Awareness of the duties of a director	39	
	Participation in the operation of the company	39	
	The director's professionalism and continuing education	10	
	Internal control	10	
The performance of functional committees (self-evaluation by individual committee members)	Evaluation items	Remuneration Committee	Remuneration Committee
	Participation in the operation of the company	10	10
	Awareness of the duties of the functional committee	29	30
	Improvement of quality of decisions made by the functional committee	40	40
	Makeup of the functional committee and election of its members	10	10
	Internal control	10	10

Note: The Company's Nominating Committee was established on August 6, 2021, which has not yet been included in this evaluation.

(2) External evaluation: performed every three years

Evaluation period: August 1, 2020 to July 31, 2021

Evaluation unit: Taiwan Corporate Governance Association

Evaluation items: Evaluate the Company's board of directors in eight aspects, including its composition, guidance, authorization, supervision, communication, self-discipline, internal control and risk management, board meetings and support system.

Evaluation process: The Company and the association completed the self-evaluation questionnaire and the document review respectively in September 2021. On October 5, 2021, four members of the evaluation team of the Association, including executive member and convener Mr. Wang Huai, executive member Mr. Lin Chien-Chong, evaluation specialist Mr. Chen Yi-Chong, and researcher Mr. Luo Shang-Hsiu, visited the Company in person and interviewed the Chairman Mr. Horng Po-Yen, independent director Mr. Huang Shen-Yi, certain executive, chief corporate governance officer and chief auditor of the Company from eight aspects of the evaluation project, referring to the questionnaires filled out by the Company, various information provided (minutes of board meetings and functional committee meetings held during the evaluation period) and public information, etc.

Evaluation results:

- In response to the “Corporate Governance 3.0 - Sustainable Development Blueprint”, the Company established a nomination committee in 2021, which is in the charge of building and developing the organization structure of the board of directors and each functional committee, conducting the board of directors’ performance evaluation, and handling directors’ election and educational training.
- The Company’s management team compiled stakeholders’ engagement and reported it to the board of directors annually, and invited directors to attend the shareholders’ meeting every year. The attendance of all board members at the shareholders' meeting in 2021 demonstrates the importance that the board of directors attaches to stakeholder communication.
- The board of directors had formulated the “Risk Management Policies”, and each responsible unit evaluated the risks accordingly, took appropriate countermeasures, and then reported to the board, assisting the board to master the implementation status of the relevant management mechanism.
- The chairman received a report from the chief corporate governance officer on the results of the Corporate Governance Evaluation annually and highlighted the results to the board members in person at the board meeting, guiding the relevant refinement plan. In 2021, the board of directors further commissioned an independent professional organization to conduct an external evaluation of the board, demonstrating the board's proactive attitude towards corporate governance and enhancing the effectiveness of the board.

Recommendations	Improvement plan
The Company was recommended to establish a “New Elected Director Orientation System”.	The Company holds various legal education training for new elected directors, and executive will report the Company’s operations to the directors in the board meeting as well. The Company will establish an orientation system in accordance with the recommendation. In addition, it has already planned the exchange between the management and directors and the tour to visit the Group's businesses at the end of 2021, helping directors understand and participate in the Company's operation.
The Company was recommended to regularly evaluate the competency of CPAs on an annual basis	The Company's Board of Directors has approved the amendment to the “Evaluation Rules for the Independency and Competency of CPAs” to strengthen the procedures and standards of the evaluation on November 5, 2021.
The Company was recommended that the performance evaluation of the internal chief auditor should take the opinion of the independent directors in advance into account.	The performance evaluation of the internal chief auditor has to be finalized by the chairman. The chairman has, as recommended, taken the opinion of the independent directors in advance into account when finalizing the performance evaluation of the internal chief auditor for 2021.
The Company was recommended to allow anonymous reporting, as the advocacy example of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”	The Company is formulating the rules and procedures for reporting as recommended.

4. Measures taken to strengthen the functionality of the board:

- (1) The Company periodically arranges training courses for Directors to elevate their expertise and abilities and to update laws and regulations. In the year 2021, each Director had accomplished the annual training hours as advised by "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies".
- (2) The Company has continued to renew Directors' liability insurance to diversify and mitigate risks of losses to the Company and its shareholders.
- (3) The Company annually examined the adequacy of internal regulations and amends them periodically to ensure the implementation of sound management systems. The internal articles amended in year 2021 include: "Procedures for Election of Directors", "Remuneration Committee Charter", "Ethical Corporate Management Best Practice Principles", "Nominating Committee Charter", and "Evaluation Rules for the Independency and Competency of CPAs".
- (4) The Company established a non-statutory functional committee, the "Nomination Committee", to strengthen management functions in 2021.
- (5) The Company sets up a position of the chief corporate governance officer for sound corporate governance.
- (6) Since the 2nd quarter of 2021, all financial statements shall be approved by the Audit Committee, before submitting them to the board for resolution, to strengthen the Committee's supervision of financial statements.

3.3.2 Audit Committee

A total of 5 (A) Audit Committee meetings were held in 2021. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】
Independent director (Convene)	Huang, Shen-Yi	5	—	100
Independent director (Committee Member)	Uang, Biing-Jiun	5	—	100
Independent director (Committee Member)	Chen, Chiun Mang	5	—	100

This year's work focuses on reviewing financial statements, reviewing annual audit plan and supervising its implementation quarterly, evaluating the effectiveness of the internal control system, reviewing the proposals of acquiring or disposing of assets, conducting the performance evaluation of the Audit Committee, evaluate the annual performance of the chief auditor, evaluating the independency of CPAs, supervising the ethical management and risk management, reviewing the amendments of internal rules: "Ethical Corporate Management Best Practice Principles", and "Evaluation Rules for the Independency and Competency of CPAs".

Among them, starting in 2021 2nd quarter in line with the plan of "Corporate Governance 3.0 Sustainable Development Blueprint" that financial statements of listed companies shall be approved by the Audit Committee, the Company submitted its financial statements to the Audit Committee for approval prior to submitting them to the board for resolution.

Other Mentionable Items

1. If any of the following occurs during an Audit Committee meeting, the date and session of the Audit Committee meeting, the content of the proposal, any objections or reservations expressed at the meeting or material recommendations of the independent directors, the resolutions of the Company's handling of the opinions of Audit Committee shall be stated.
 - (1) Matters referred to in Article 14-5 of the Securities and Exchange Act:

Date and term of the meeting	Important proposals and resolutions	The Company's handling of the opinions of Audit Committee
The 3rd Audit Committee The 2nd meeting of 2021 (March 19,2021)	(1) Approved the Company's 2020 business report and financial statements (2) Approved the proposal of 2020 surplus earnings distribution for the Company (3) Approved the Company's 2020 evaluation of the effectiveness of internal control system and the statement of internal control system	Approved without any objections or opinions and submitted it to the board for discussion and approved by all directors presented.
The 3rd Audit Committee The 3rd meeting of 2021 (May 7,2021)	(1) Approved the review of the 2020 annual business report, financial statements and surplus earnings distribution proposal. (2) Approved the amendment to the Company's "Ethical Corporate Management Best Practice Principles" (3) Approved the proposal for investing in sustainable development financial instruments	Approved without any objections or opinions and submitted it to the board for discussion and approved by all directors presented.
The 3rd Audit Committee The 4th meeting of 2021 (August 6,2021)	(1) Approved Sinon and its subsidiaries' consolidated financial statements of the 2nd quarter of 2021. (2) Approved the proposal for purchasing seven parcels of land at South Wangtian Section, Dadu Dist., Taichung City from the National Property Administration, Ministry of Finance.	Approved without any objections or opinions and submitted it to the board for discussion and approved by all directors presented.
The 3rd Audit Committee The 5th meeting of 2021 (November 5,2021)	(1) Approved Sinon and its subsidiaries' consolidated financial statements of the 3rd quarter of 2021. (2) Approved the proposal for formulating the "Evaluation Rules for the Independency and Competency of CPAs". (3) Approved the Company's 2022 audit plan	Approved without any objections or opinions and submitted it to the board for discussion and approved by all directors presented.
The 3rd Audit Committee The 2nd meeting of 2022 (March 18,2022)	(1) Approved the Company's 2021 business report and financial statements (2) Approved the proposal of 2021 surplus earnings distribution for the Company (3) Approved the amendment to the Company's "Regulations Governing the Acquisition and Disposal of Assets" (4) Approved the Company's 2021 evaluation of the effectiveness of internal control system and the statement of internal control system (5) Approved the proposal for evaluating the independency and competency of CPAs (6) Approved the proposal for appointing the CPAs and their rewards.	Approved without any objections or opinions and submitted it to the board for discussion and approved by all directors presented.

(2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None.

2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None.

3. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the material items, methods and results of audits of corporate finance or operations, etc.)

(1) Communication with the internal chief auditor: The internal chief auditor submits the audit report and reports the audit results to the independent directors monthly; convene an Audit Committee meeting quarterly to communicate about the implementation of the audit. As well as meet individually with the chief auditor before or after the audit committee meeting to discuss audit-related issues.

(2) Communication with the CPAs: The attestation CPAs report annually to the Audit Committee of the Company on the annual audit planning. The Company also invites the CPAs to communicate with its Audit Committee at the time of the annual review of the financial statements to report on the results, recommendations, and findings of the annual audit. In addition, at least once a year, the Audit Committee will meet the CPAs additionally to communicate about the financial statements or recent laws and regulation updates.

(3) Summary of communications between Independent Directors and chief internal auditors:

Type of communication	Meeting date	Communication focus	Suggestions and results
Audit Committee	2021/01/29	Report for the execution status of the audit plan of October to December 2020	Noticed without objections.
	2021/03/19	Report the execution status of the audit plans of January and February 2021.	Noticed without objections.
		Discussions for the 2020 effectiveness review of internal control system and statement of internal control.	No objections. Submitted to Board of Directors for discussion, resolved by all presented Directors and reported to the competent authorities.
	2021/05/07	Report the execution status of the audit plans of March 2021.	Noticed without objections.
	2021/08/06	Report the execution status of the audit plans of April to June 2021.	Noticed without objections.
	2021/11/05	Report the execution status of the audit plans of July to September 2021.	Noticed without objections.
		Discussion of 2022 audit plan	No objections. Submitted to Board of Directors for discussion, resolved by all presented Directors and reported to the competent authorities.
	2022/01/19	Report the execution status of the audit plans of October to December 2021.	Noticed without objections
	2022/03/18	Report the execution status of the audit plans of January and February 2022.	Noticed without objections
		Discussions for the 2021 effectiveness review of internal control system and statement of internal control.	No objections. Submitted to Board of Directors for discussion, resolved by all presented Directors and reported to the competent authorities.
Standalone meeting	2021/03/19	Independent communications with chief internal audit officers with respect to executions of audit related affairs, including the arrangement and education of audit professionals, executions of 2020 audit affairs, and executions of 2020 self-assessments of internal control.	Noticed without objections.
	2022/03/18	Independent communications with chief internal audit officers with respect to executions of audit related affairs, including the arrangement and education of audit professionals, executions of 2021 audit affairs, and executions of 2021 self-assessments of internal control.	Noticed without objections.

(4) Summary of communications between Independent Directors and CPAs:

Type of communication	Meeting date	Communication focus	Suggestions and results
Audit Committee	2021/03/19	Reported on the key audit results of 2020 and discussed the financial statements for the year 2020.	No objections. Submitted the financial statements to Board of Directors for discussion, resolved by all presented Directors and reported to the competent authorities.
	2021/11/05	Reported on the review of the financial statements for the 3rd quarter of 2021 and the audit plan of the financial statements for the year 2021	Noticed without objections.
	2022/03/18	Reported on the audit results of 2021 and discussed the financial statements for the year 2021.	No objections. Submitted the financial statements to Board of Directors for discussion, resolved by all presented Directors and reported to the competent authorities.
Standalone meeting	2021/03/19	Independent communications with CPAs with respect to 2020 financial statements and audit matters, and recent updates in regulations.	Noticed without objections.
	2021/11/05	Reported on the review of the financial statements for the 3rd quarter of 2021 and the audit plan of the financial statements for the year 2021	Noticed without objections.
	2022/03/18	Independent communications with CPAs with respect to 2021 financial statements and audit matters, and recent updates in regulations.	Noticed without objections.

3.3.3 Corporate Governance Implementation Status and Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	✓		Formulated the Corporate Governance Best-Practice Principles with reference to the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”, and disclosed in the Company's website (www.sinon.com.tw).	No difference
2. Shareholding structure & shareholders’ rights (1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		In addition to appoint a stock agency to deal with relevant affairs, the Company also established a complete spokesperson system to handle the related questions and suggestions of shareholders.	No difference
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		Fully master and understand the structure of major shareholders through the stock agency, ensure the stability of ownership by establishing a good interactive relationship with the Board of Directors, and regularly report the changes in the shareholdings of Directors and managerial officers. The Company will get the list of ultimate controller from the companies when needed.	No difference
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	✓		The operation, business and finance of the Company and its affiliates are clearly divided and operated independently. The Company assigns personnel to participate in the business operation and provide information to the managements for decision-making; and formulates operations for supervising and managing its subsidiaries to implement the risk control mechanism for subsidiaries	No difference
(4) Does the company establish internal rules against insiders trading with undisclosed information?	✓		The Company has established the “Operating Procedures for Dealing with Internal Material Information and Management of the Prevention of Insider Trading”, and disclosed it on the Company's website, to prohibit insiders from leveraging unpublished information to buy and sell securities in the market. The Company arranges training courses for insiders every year. Explains the laws and regulations to new insiders within one week after they take office, and provides legal compliance information for insiders for reference each month.	No difference

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
3. Composition and Responsibilities of the Board of Directors (1) Does the board of directors adopt the policy of its diversity, specific management objectives, and carry them out?	✓		The Company has adopted diversity policy, specific management objectives and carried them out. Details of the professional qualification, independency, and diversity objectives please refer to page 14 to page15.	No difference
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	✓		In addition to establishing the Remuneration Committee and the Audit Committee by law, the Company has set up a Nomination Committee upon the approval of the board meeting on August 6, 2021.	No difference
(3) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?	✓		In order to strengthen corporate governance and improve the functions of the Board, the “Board of Directors Performance Evaluation Rules” was resolved by the Board. The Company will periodically evaluate performance of the Board, individual directors and functional committees every year. The performance evaluation results are not only provide for improving the operation of the Board and functional committees, but also serve as a reference for the election or nomination of directors; and use the results of individual directors' performance evaluation as a reference for determining their respective remuneration. In 2021, the Board of Directors approved an amendment to the “Board of Directors Performance Evaluation Rules” to include the provision that an external evaluation by an external professional and independent organization or a team of experts and scholars shall be appointed at least every three years for implementation. Details of the 2021 performance evaluation results for the board of directors please refer to page 23 to page 25.	No difference
(4) Does the company regularly evaluate the independence of CPAs?	✓		The Company's Audit Committee regularly evaluates the suitability and independence of CPAs, then reports the result to the Board of Directors. The most recent evaluation by the Audit Committee and approved on March 18, 2022, was then reported to the Board meeting and resolved as approved on March 18, 2022. Please refer to the evaluation on the independency and competency of CPAs for the mechanism of the	No difference

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			assessment (page 68).	
4. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?	✓		The Company has set up a Chief Corporate Governance Officer to be in charge of corporate governance affairs. The Chief Corporate Governance Officer has been in a managerial position for more than three years in a public company in handling stock affairs whose main jobs and responsibilities include: (1) Supervising and handling matters relating to Board meetings and shareholders meetings according to laws, and producing minutes of Board meetings and shareholders meetings. (2) Assisting directors' on-boarding and continuous education. (3) Providing information required for business execution by directors. (4) Assisting directors with legal compliance. (5) Other matters set out in the articles of incorporation or contracts The chief corporate governance officer has performed his/her duties according to his/her responsibilities in 2021. Among them, each director took 6 hours of continuing education, which is in compliance with the “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies”; the chief corporate governance officer took 21 hours in continuing education, which complied with the requirements for continuing education for the chief corporate governance officers (Note).	No difference
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate responsibilities?	✓		The Company sets up stakeholders section on the corporate website, providing contact window and most updated information to the stakeholders for reference. Detailed information can also be found the Company's Sustainability Report and the corporate website (www.sinon.com.tw).	No difference
6. Does the company appoint a professional shareholder service agency to deal with	✓		The Company appoints Capital Securities Corporation for dealing with shareholders meeting affairs	No difference

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
shareholder affairs?				
7. Information Disclosure				
(1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	✓		The Company set up dedicated personnel to disclose various financial standings on MPOS. The implementation of corporate governance is also disclosed on the corporate website.	No difference
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	✓		The Company implements a spokesperson system, and the spokesperson speaks in representing of the Company. So as to ensure the proper and timely disclosure of information about policies that might affect the decisions of shareholders and stakeholders. The Company also sets up Chinese and English version corporate website and appoints personnel responsible for gathering and disclosing the information. All financial and business information can be queried on the corporate website.	No difference
(3) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?		✓	The Company’s annual, first, second and third quarter financial statements and monthly operating status are all announced and declared within the regulated time limit. To continuously strengthen the integrity and timeliness of information disclosure, effective from fiscal year 2021, financial statements will be ratified by or proposed to the Board of Directors 7 days prior to the announcement period expiration date, and the Company will publicize the electric version on the same day of ratification, prepare the English version of annual and interim financial statements and disclose financial information within the designated time period.	Although the Company did not announce and declare the annual financial statements within two months after the end of the fiscal year. The annual and quarterly financial statements have been announced and declared before the regulated time limit, and the electronic files for financial statements have been announced on the day of approval.

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
8. Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	✓		The corporate spirit of the Company is “Delivering Integrity and Equity, Bringing Prosperity and Growth.” Both internally and externally, we have developed various systems and measures based on this principle, such as employee retirement system, employee insurance, education training and club activities, supplier management, environmental protection policy promotion and implementation, risk management, etc. In addition, the Company sets up a stakeholder area on its corporate website, and the communication with stakeholders is reported to the Board of Directors annually. All important information about the Company is publicly announced and reported by the laws and regulations to protect the equity of shareholders. In 2021, the Company has insured director liability insurance for all directors with insurance amount of USD 5 million and insurance period as from November 1, 2021 to November 1, 2022. There are more details of corporate governance implementation disclosed in the Company's 2021 Sustainability Report for stakeholders' review.	No difference
9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures: The 2021 Corporate Governance Evaluation ranked the Company in 5% range among the TWSE listed companies and in 10% range among the TWSE- or TPEX-listed companies in the category of non-financial and non-electronics industry with a market value above NTD 10 Billion. The major matters that require enhancement and related measures in 2021 are as follows. Going forward in 2021 the company will maintain the integrity and timeliness of information disclosure. (1) Prepare the English version of Shareholders’ Meeting Annual Report, and the annual financial statements, and released them before the statutory deadline, as to fulfill the need of foreign organizations for English information. (2) Established a non-statutory functional committee, the “Nomination Committee”, to strengthen management functions. (3) Execute the external assessment of the board of directors' performance, to enhance the operational efficiency of the board. (4) Since the 2nd quarter of 2021, all financial reports shall be approved by the Audit Committee, before submitting them to the board for resolution, to strengthen the Committee’s supervision of financial reports.				

Note: Education status of Directors and Chief Corporate Governance Officer

Title	Name	Training hours	Study period		Sponsoring Organization	Course
			From	To		
Chairman	Horng, Po-Yen	2	Feb.24 ,2021	Feb.24 ,2021	Taiwan Institute of Directors	Looking ahead to how businesses thrive in the post epidemic in 2021
		3	Nov.5 ,2021	Nov.5 ,2021	Taiwan Corporate Governance Association	Enhance the ability of self-preparation of financial statements and strengthen corporate governance
		3	Nov.5 ,2021	Nov.5 ,2021	Taiwan Corporate Governance Association	Corporate sustainable governance from the risk perspective - from corporate governance to ESG
Vice Chairman	ChiaWen Investment Ltd. Representative : Liao, Lien-Heng	3	Nov.5 ,2021	Nov.5 ,2021	Taiwan Corporate Governance Association	Enhance the ability of self-preparation of financial statements and strengthen corporate governance
		3	Nov.5 ,2021	Nov.5 ,2021	Taiwan Corporate Governance Association	Corporate sustainable governance from the risk perspective - from corporate governance to ESG
Director	Hungshun Investment Co., Ltd Representative: Kuo, Tzu-Kuan	3	Nov.5 ,2021	Nov.5 ,2021	Taiwan Corporate Governance Association	Enhance the ability of self-preparation of financial statements and strengthen corporate governance
		3	Nov.5 ,2021	Nov.5 ,2021	Taiwan Corporate Governance Association	Corporate sustainable governance from the risk perspective - from corporate governance to ESG
Director	Yu, Tse-Jen	3	Nov.5 ,2021	Nov.5 ,2021	Taiwan Corporate Governance Association	Enhance the ability of self-preparation of financial statements and strengthen corporate governance
		3	Nov.5 ,2021	Nov.5 ,2021	Taiwan Corporate Governance Association	Corporate sustainable governance from the risk perspective - from corporate governance to ESG
Director	Yang, Jen-Yo	3	Jan.22 ,2021	Jan.22 ,2021	Accounting Research and Development Foundation	Common finance and tax practices of property transactions of enterprises
		3	Mar.10 ,2021	Mar.10 ,2021	Securities and Futures Institute	Corporate governance 3.0 from the perspective of prosecution and investigation
		3	Mar.25 ,2021	Mar.25 ,2021	Securities and Futures Institute	Analysis of corporate financial information and its use for decision making
		3	Apr.16 ,2021	Apr.16 ,2021	Securities and Futures Institute	Economy outlook and industry trend in 2021
		3	Aug.2 ,2021	Aug.2 ,2021	Securities and Futures Institute	The trend of ESG/CSR and sustainable governance in 2021
		3	Sep.28 ,2021	Sep.28 ,2021	Securities and Futures Institute	Practical analysis of the CSR role model for the corporate governance evaluation
		3	Nov.5 ,2021	Nov.5 ,2021	Taiwan Corporate Governance Association	Enhance the ability of self-preparation of financial statements and strengthen corporate governance
		3	Nov.5 ,2021	Nov.5 ,2021	Taiwan Corporate Governance Association	Corporate sustainable governance from the risk perspective - from corporate governance to ESG

Title	Name	Training hours	Study period		Sponsoring Organization	Course
			From	To		
Director	YunSung Investment Ltd. Representative : Liu, Yun-Sung	3	Nov.5 ,2021	Nov.5 ,2021	Taiwan Corporate Governance Association	Enhance the ability of self-preparation of financial statements and strengthen corporate governance
		3	Nov.5 ,2021	Nov.5 ,2021	Taiwan Corporate Governance Association	Corporate sustainable governance from the risk perspective - from corporate governance to ESG
Independent director	Uang, Biing-Jiun	3	Nov.5 ,2021	Nov.5 ,2021	Taiwan Corporate Governance Association	Enhance the ability of self-preparation of financial statements and strengthen corporate governance
		3	Nov.5 ,2021	Nov.5 ,2021	Taiwan Corporate Governance Association	Corporate sustainable governance from the risk perspective - from corporate governance to ESG
Independent director	Huang, Shen-Yi	3	Sep.1 ,2021	Sep.1 ,2021	Financial Supervisory Commission	The 13th Taipei corporate governance forum
		3	Sep.15 ,2021	Sep.15 ,2021	Taiwan Corporate Governance Association	Key tax issues on the M&A of enterprises
		3	Sep.15 ,2021	Sep.15 ,2021	Taiwan Corporate Governance Association	Business secrets and non-compete restriction
		3	Nov.5 ,2021	Nov.5 ,2021	Taiwan Corporate Governance Association	Enhance the ability of self-preparation of financial statements and strengthen corporate governance
		3	Nov.5 ,2021	Nov.5 ,2021	Taiwan Corporate Governance Association	Corporate sustainable governance from the risk perspective - from corporate governance to ESG
Independent director	Chen, Chiun Mang	3	Nov.5 ,2021	Nov.5 ,2021	Taiwan Corporate Governance Association	Enhance the ability of self-preparation of financial statements and strengthen corporate governance
		3	Nov.5 ,2021	Nov.5 ,2021	Taiwan Corporate Governance Association	Corporate sustainable governance from the risk perspective - from corporate governance to ESG
Chief Corporate Governance Officer	Chiang, Pei-Shan	3	Mar.17 ,2021	Mar.17 ,2021	Securities and Futures Institute	Discussion of employee and director compensation issues
		6	Apr.22 ,2021	Apr.22 ,2021	Accounting Research and Development Foundation	The latest policy development and internal control management practices related to “self-preparation of financial statements”
		3	Jun.24 ,2021	Jun.24 ,2021	Accounting Research and Development Foundation	Analysis of the latest development of IFRS policy and compliance issues of the financial statements supervision regulations in Taiwan
		3	Oct.20 ,2021	Oct.20 ,2021	Securities and Futures Institute	Seminar of legal compliance for insider equity trading
		3	Nov.5 ,2021	Nov.5 ,2021	Taiwan Corporate Governance Association	Enhance the ability of self-preparation of financial statements and strengthen corporate governance
		3	Nov.5 ,2021	Nov.5 ,2021	Taiwan Corporate Governance Association	Corporate sustainable governance from the risk perspective - from corporate governance to ESG

3.3.4 Remuneration Committee

1. The Remuneration Committee consists of three members, all of whom are independent directors. Please refer to pages 11 to page 13 for their professional qualifications, experience, and independence.
2. The current term of the committee members: July 10, 2020 to June 22, 2023.
3. A total of **3 (A)** Remuneration Committee meetings were held in 2021. The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%) 【B/A】	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member
Independent director (Convener)	Huang, Shen-Yi	3	—	100	2
Independent director (Committee Member)	Uang, Biing-Jiun	3	—	100	0
Independent director (Committee Member)	Chen, Chiun Mang	3	—	100	0

Other Mentionable Items

1. Duties:
 - (1) Periodically reviewing the “Remuneration Committee Charter” and making recommendations for amendments.
 - (2) Prescribe and periodically review the performance review and remuneration policy, system, standards, and structure for directors and managerial officers.
 - (3) Periodically evaluate and prescribe the remuneration of directors and managerial officers.
2. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company’s response to the remuneration committee’s opinion (e.g., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.
3. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members’ opinions and the response to members’ opinion should be specified: None.
4. Remuneration Committee meeting date, term, resolution content, resolution results, and the Company's handling of Remuneration Committee's opinion.

Date and term of the meeting	Important proposals and resolutions	The Company's handling of Remuneration Committee's opinion.
The 5th Remuneration Committee The 1st meeting of 2021 (March 19,2021)	(1) Approved the Company's 2020 distribution of remunerations to employees and directors (2) Approved the amendment to the Company's “Remuneration Committee Charter”	Approved without any objections or opinions and submitted it to the board for discussion and approved by all directors presented.

Date and term of the meeting	Important proposals and resolutions	The Company's handling of Remuneration Committee's opinion.
The 5th Remuneration Committee The 2nd meeting of 2021 (August 6,2021)	(1) Approved the amendment to the Company's "Board of Directors Performance Evaluation Rules"	Approved without any objections or opinions and submitted it to the board for discussion and approved by all directors presented.
The 5th Remuneration Committee The 3rd meeting of 2021 (November 5,2021)	(1) (Approved the Company's 2020 bonus and remuneration to managerial officers and chief internal auditor	Approved without any objections or opinions and submitted it to the board for discussion and approved by all directors presented.
The 5th Remuneration Committee The 1st meeting of 2022 (March 18,2022)	(1) Approved the Company's 2021 distribution of remunerations to employees and directors (2) Approved the proposal for establishing performance evaluation items for the Nomination Committee	Approved without any objections or opinions and submitted it to the board for discussion and approved by all directors presented.

3.3.5 Nominating Committee

1. The Nomination Committee consists of five members, at least three of which are directors elected by the board of directors; a majority of the independent directors shall participate.
Please refer to pages 11 to page 13 for their professional qualifications, experience, and independence
2. The current term of the committee members: August 6, 2021 to June 22, 2023.
3. A total of **1 (A)** the Nominating Committee meetings were held in 2021. The attendance record of the Nominating Committee members was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%) 【B/A】
Chairman (Convene)	Horng, Po-Yen	1	—	100
Vice Chairman (Committee Member)	Liao, Lien-Heng	1	—	100
Independent director (Committee Member)	Uang, Biing-Jiun	1		100
Independent director (Committee Member)	Huang, Shen-Yi	1	—	100
Independent director (Committee Member)	Chen, Chiun Mang	1		100

Other Mentionable Items

1. Duties:

- (1) Nominate the candidates of directors of the Company and review their qualifications.
- (2) Build up and develop the organizational frameworks of the board of directors and functional committees; and evaluate the independency of the independent directors.
- (3) Plan and conduct the continuing education for the directors, the performance evaluation of the board of directors and each functional committee.
- (4) Other matters assigned by the board of directors.

2. Remuneration Committee meeting date, term, resolution content, resolution results, and the Company's handling of Remuneration Committee's opinion.

Date and term of the meeting	Important proposals and resolutions	The Company's handling of Nominating Committee's opinion.
The 1st Nominating Committee The 1st meeting of 2021 (November 5, 2021)	Approved the plan of the continuing education in the year 2022 for the directors, the performance evaluation of the board of directors and each functional committee	Approved without any objections or opinions and reported to the board for implementation

3.3.6 Status of sustainable development promotion and its differences with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons thereof

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
1. Does the Company have a governance structure for sustainability development and a dedicated (or ad-hoc) sustainable development unit with board of directors’ authorization for executive, which is supervised by the board of directors?	✓		“Delivering Integrity and Equity, Bringing Prosperity and Growth.” has long been the Company’s core philosophy. To promote economic, environmental, and social progress, achieve the goal of sustainable corporate development, and to further realize our vision, the Company has formulated a sustainable development strategy. It established a “CSR Team”, which consists of representatives appointed by each business department, and is responsible for collecting issues of concern to stakeholders as an important reference for the formulation of management strategies. The team members discussed the issues of stakeholders' concern in the regular meeting every year and formulated strategies to address them. After being reviewed by the executive, the team would communicate and collaborate with various departments to supervise the implementation progress. We hoped to further enhance the importance of stakeholders' rights and transparency of operational information through a systematic method. Executives also reported annually to the board of directors on their communication with stakeholders and annual implementation results so that the board of directors could grasp the status of corporate sustainability promotions. In 2022, the Company further expanded the “CSR Team” into a “Sustainability Committee”, which serves as an executive unit for integrating and tracking information on sustainability issues for the Group. We are also planning to extend sustainability measures to the operations of our subsidiaries in phases, in the hope of expanding the positive impact on the society. The “Sustainability Committee” is chaired by the General Manager, who is appointed by the Chairman. Under the supervision of the board of directors, the committee assigns responsible units to set sustainable development goals and carry out the action plans and improvement plans based on the three principles of environment, society, and governance; and reviews and tracks the effectiveness of implementation quarterly. In addition, the chairperson reports to the board of directors on the progress of the sustainable development plan quarterly so that the board can review the feasibility and prospect of sustainability strategies, and provide guidance or urge for adjustment timely.	No difference

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
2. Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	✓		Each responsible unit conducts risk assessments on the environmental, social, and economic and governance issues related to the Company’s operations. The boundary of the assessments is the design and production of synthetic pesticide technical, pesticide formulation and fertilizers at the WANG-TIEN FACTORY, WANG-TIEN 2nd FACTORY, and BIOLOGICAL FACTORY (hereinafter referred to as “the WANG-TIEN FACTORY”). The risks identified in 2021 were reported to the Audit Committee and the Board of Directors on November 5, 2021 to facilitate effective supervision and management by the Board of Directors. Please refer to the note “Risks Identified and Countermeasures” (page 57 to page 59).	No difference
3. Environmental issues				
(1) Does the company establish proper environmental management systems based on the characteristics of their industries?	✓		The Company has integrated the Safety and Health Committee with the Occupational Safety and Health Management System (ISO45001:2018/CNS45001:2018), Environmental Management System (ISO14001:2015), and Quality Management System (ISO9001:2015) to form an Occupational Safety and Health and SNPM Promotion Committee (for the production management activities of Sinon), which is chaired by the general manager to oversee the effectiveness of the company's safety and health, environmental, and quality management. The coverage of aforementioned three management systems includes the design and production of synthetic pesticide technical, pesticide formulation and fertilizers at the WANG-TIEN FACTORY.	No difference
(2) Is the Company committed to enhancing the energy efficiency and using recyclable materials that have low impact on the environment?	✓		The Company is committed to environmental protection, energy saving, carbon reduction and greening, and invest our resources in wastewater management, air pollution control, waste, soil and groundwater control, and energy management. We also promote a process improvement program, taking measures to save energy and reduce carbon or waste in all aspects of the procurement, manufacturing process, equipment improvement, and supply chain. We hope that by reducing energy consumption and waste generation, we can achieve the goal of carbon emission reduction and further contribute to environmental protection. 2021 implementation details are as follows, please refer to the Sustainability	No difference

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			Report of the Company in 2021 for detailed environmental management policies and results. 1. Improve resource utilization efficiency (1) Evaluate the energy consumption of each equipment and plan to add or replace energy-saving equipment: • Establish new waste steam supply pipes to reduce steam waste; generate steam pressure corresponding to the steam demand schedule proposed by each process to achieve the purpose of energy-saving. • Build up a communication group of steam demand to adjust the boiler steam supply according to the steam pressure demand of each plant. • Replace old refrigeration units; gradually replace traditional lighting fixtures with LED energy-saving fixtures, etc. • Establish a heating value database of waste in each plant and match the waste treatment according to the heating value to reduce the use of natural gas. (2) Lower the sludge moisture contentment of wastewater: : processing the waste sludge derived from waste water through pressure filtration to lower the sludge moisture rate by eliminating free moisture, and thus decreasing natural gas consumption for sludge conditioning. (3) Improve wastewater treatment efficiency: • Procure machineries for accelerated sedimentation and/or precipitation: improving the capture effectiveness of suspended solids, reducing the loading of adjacent sand filter systems and the backwashing frequency of sand filtration, and thus extending the adsorption effective period of the activated carbon filtration systems. • Organize the construction of automatic control systems for wastewater treatment: integrating operating factors and conditions from each wastewater treatment unit and importing dynamic information to automatic man-machine interface to monitor the wastewater treatment status in real time.	

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			Establishing a spilt-flow, pre-discharge, and scheduling management mechanism for the wastewater to effectively control the daily pollution load averaging of each wastewater treatment plant and to optimize the treatment efficiency of the plant. 2. Promote the installation of renewable energy In 2019, the Company built a 98.82kw solar power system in WANG-TIEN FACTORY and a 943.975kw solar power system in BIOLOGICAL FACTORY, both of which operated stably in 2021. We are planning to install solar power facilities on the roof and in the warehouse area of the WANG-TIEN FACTORY to increase the area of solar power installation and increase the solar power generation capacity. 3. Promote the circular economy (1) Recycling and use of production by-products: Recycle and use of waste acids, salts, non-hazardous organic waste liquids, or waste solvents generated during the manufacturing process, or sell them to peer companies, to reduce raw material procurement and energy consumption for waste disposal, and to reduce carbon emissions. In 2021, the average solvent recovery rate was approximately 88%; and 176 tons of solvents and 903 tons of salts were sold. (2) Establish a reuse mechanism waste pallets and waste space packs for in the plants. (3) Repeatedly use bulk chemical containers, such as steel drums, IBC drums, ISO tank, etc., all of which are reused until eliminated to reduce energy consumption for raw material procurement. (4) Bought additional garbage trolleys to manage the waste generated by various departments and to strengthen the management of garbage separation. (5) Detailed garbage separation: Re-separating the garbage to be incinerated in detail. Picking out reusable items and asking the recycler to ship them back to re-manufacture, or provided to suppliers for other companies, so as to reduce carbon emissions from garbage incineration.	

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	✓		1. The Company identifies the risks, opportunities and potential financial impacts of climate change on the Company by referring to the structure of the "Task Force on Climate-related Financial Disclosures" issued by the Financial Stability Board (FSB). For details, please refer to the Company's 2021 Sustainability Report. 2. In the short to medium term, in response to the global trend of zero-emission; the legal and policy risks such as GHG reduction and emissions reporting obligations, or carbon tax, carbon fee policies; and the use of renewable energy; the Company shall accelerate the promotion of sustainable measures and resource integration. In order to effectively improve vertical management and lateral communication, the Company has established a Sustainability Committee and has launched various sustainable action plan and cultivated sustainable talents under the supervision of the board of directors. In the long term, in order to adapt to the pressure of low carbon economy and the increasing cost of agriculture operation due from climate change, coupled with the public emphasis on environment and food safety, the Company plans to invest in relevant environmental protection equipment and new technologies to reduce energy consumption and GHG emission, and develop eco-friendly crop protection products and emerging crop management models to meet any needs of crop cultivation under future climate conditions.	No difference

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?	✓		1. The Company continuously promotes comprehensive production management activities which adopts various energy saving, carbon reduction or waste reduction measures in procurement, process, equipment and supply chain, including carbon reduction measures such as using of low pollution materials, improving process equipment, establishing of energy management system, greening of plants, and reducing the electricity consumption through inspection and tracking. 2. The total amount of GHG emissions, water consumption, and waste for the past two years are listed below, covering the design and production of synthetic pesticide technical, pesticide formulation and fertilizers at the WANG-TIEN FACTORY. The data has not been verified by a third-party yet. (1) GHG management policy: In the face of worsening global warming, the Company is aware of the importance of GHG management. Starting in 2014, it voluntarily reports GHG emissions, mastering the sources and characteristics of GHG, to optimize the self-management of energy conservation and carbon reduction. In 2021, the GHG emissions was 26,232.38 Mt CO₂e in total, among which the scope 1 (direct emission) accounted for 24% of the GHG emission, while scope 2 (indirect emission) accounted for 76%. Total greenhouse gas emissions from the WANG-TIEN FACTORY in 2021 increased by approximately 11% compared to 2020, due to the increase in production capacity, which resulted in higher steam, gas, and electricity usage for related equipment. However, the Company still strives to take various action plans, such as enhancing the energy efficiency, promoting the installation of renewable energy, and promoting circular economy, to slower the increase of GHG emissions as much as possible. (2) Water consumption management policy: The Company’s water resource management policy is the measurement, reduction, and reuse. The Company has installed meters in each department to monitor the water consumption at any time and regularly reviewed the energy consumption per unit of production. In addition, the Company also checks the source of leakage through regular plant inspection and deals with it	No difference

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			immediately, improves the process, increases the times of process water usage, and reduces the discharging. To lower the impact of using underground water, the Company planned its rainwater recycling system for the plant since 2020, and in 2021, selected and prepared the 1000-ton tank for rainwater recycling which was expected to save 1 million liters of water consumption every year from 2022. Besides, the Company is aiming at reducing water consumption by 20% by 2025, with 2020 as the base year, so we will adopt various water conservation measures. (3) The waste management policy: The Company is deeply involved in the recycling of waste materials. For the sorting, collecting and treatment of waste, in addition to establishing internal control mechanisms according to relevant laws and regulations to properly dispose of waste, it also strives to optimize the efficiency of resource use. Through reduction, recycling and reuse, we try our best to turn waste into resources and reduce the burden of waste to the environment. In 2021, the Company carried out the concept of circular economy in waste management. We actively raised the proportion of recycling of resource waste, including the process of recycling of production by-products, the establishment of a management mechanism for reusing waste pallets and waste space packs in the plant, and the re-separation of waste for incineration to increase the proportion of recycling. The total amount of waste in 2021 was reduced by 27% compared to 2020, and the recycling rate of general business waste reached over 50% in both years. Besides, the heat generated by the incineration process is also recycled into steam for reuse. About 7,391 tons of steam was recycled from the waste heat in 2021, which reduced the fuel consumption by 844 KM³.	

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons																																				
	Yes	No	Abstract Explanation																																					
			Annual volume <table><thead><tr><th>Item</th><th>2020</th><th>2021</th></tr></thead><tbody><tr><td>A. Greenhouse gas (CO₂)</td><td>23,598.45 Mt CO₂e</td><td>26,232.38 Mt CO₂e</td></tr><tr><td> Scope 1: Direct emission</td><td>5,977.45 Mt CO₂e</td><td>6,354.38 Mt CO₂e</td></tr><tr><td> Scope 2: Indirect emissions associated with the purchase of energy</td><td>17,621.00 Mt CO₂e</td><td>19,878.00 Mt CO₂e</td></tr><tr><td>B. Water consumption</td><td>700.0 million liters</td><td>718.6 million liters</td></tr><tr><td>C. Waste</td><td>2,417.12 tons</td><td>1,775.30 tons</td></tr><tr><td> Non-hazardous waste</td><td>2415.16 tons</td><td>1,773.53 tons</td></tr><tr><td> Hazardous waste</td><td>1.96 tons</td><td>1.77 tons</td></tr></tbody></table> Intensity (Unit/NTD millions of sales) <table><thead><tr><th>Item</th><th>2020</th><th>2021</th></tr></thead><tbody><tr><td>A. Greenhouse gas (metric tons)</td><td>2.33</td><td>2.39</td></tr><tr><td>B. Water consumption (million liters)</td><td>0.07</td><td>0.07</td></tr><tr><td>C. Waste (tons)</td><td>0.24</td><td>0.16</td></tr></tbody></table> Note1: The sales volume of crop protection products was NTD 10,123 million in 2020 and NTD 10,937 million in 2021. Note2: Other GHG indirect emission (scope 3) is not included.	Item	2020	2021	A. Greenhouse gas (CO ₂)	23,598.45 Mt CO ₂ e	26,232.38 Mt CO ₂ e	Scope 1: Direct emission	5,977.45 Mt CO ₂ e	6,354.38 Mt CO ₂ e	Scope 2: Indirect emissions associated with the purchase of energy	17,621.00 Mt CO ₂ e	19,878.00 Mt CO ₂ e	B. Water consumption	700.0 million liters	718.6 million liters	C. Waste	2,417.12 tons	1,775.30 tons	Non-hazardous waste	2415.16 tons	1,773.53 tons	Hazardous waste	1.96 tons	1.77 tons	Item	2020	2021	A. Greenhouse gas (metric tons)	2.33	2.39	B. Water consumption (million liters)	0.07	0.07	C. Waste (tons)	0.24	0.16	
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4. Social issues																																								
(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		The Company has formulated its human rights policy with reference to relevant regulations and international human rights conventions. It also evaluates and reviews the effectiveness of internal processes and management measures annually in accordance with the five guidelines of the human rights policy to help mitigate risks related to human rights issues. Overall, there was not any significant event that was harmful to human rights in 2021. For the evaluation results and details please refer to the Company’s 2021 Sustainability Report.	No difference																																				

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			《Human Rights Policy》 • <u>Labor rights and interests</u> Provide reasonable remuneration, working hours, training and promotion system with reference to the market salary standard and in accordance with regulations. Respect employees’ willingness and prohibit any types of forced labor. • <u>No child labor</u> Employment standards shall comply with the minimum age limit prescribed by law. • <u>Anti-discrimination</u> Strictly prohibit any type of discrimination and harassment. Clearly stipulate that there should not be different treatments by gender, race, age, marriage, religion, political stance and family status, carry out the equality of remuneration, employment requirements, trainings and promotion opportunities. • <u>Create good labor-management relationship</u> Provide smooth communication channel, devote to promote harmonious labor-management relationship. • <u>Healthy and safe working environment</u> Implement various damage preventive measures to provide employees with a safe and healthy working environment.	
(2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	✓		1. The Company complies with relevant laws and regulations such as the Labor Standards Act, Act of Gender Equality in Employment, Employment Service Act, Sexual Harassment Prevention and Appeals, etc., and sets the salary, evaluation, promotion and bonuses in the Company’s management regulations. In addition to participate in labor insurance and national health insurance by regulations, employees also participate in group insurance and travel insurance for business trips. In terms of vacation, in addition to various leave rights such as annual paid leave, menstrual leave, family care, maternity/paternity leave, etc., when an employee encounters a situation such as child-rearing, injury or illness, he/she can apply for unpaid leaves and then for reinstatement after the expiry of the period. For other benefits, the Company holds	No difference

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			domestic/overseas tours regularly, provides travel subsidy, meals subsidy, employee dormitory, sport resource, expense subsidies, etc. In addition, the Company arranges employee health examinations yearly, as well as having resident physicians and medical staff to promote various health promotion activities and medical consultation to assist employees in self-health management. For details of the employee rights protection measures and benefits, please refer to the Company’s 2021 Sustainability Report. 2. Due to the nature of chemical industry, our workforce is composed mostly of male employees. In 2021, male employees accounted for about 60% of the whole staff. Female managers accounted for about 18% of the management positions. Besides, by the end of 2021, the Company hired 17 employees with disabilities and assigned them to appropriate duties according to their qualifications. This was beyond the statutory requirement of hiring at least 13 people with disabilities. The Company upholds the principle of equality and treats each employee fairly, without any differences in labor rights or working conditions based on gender, religion, race, nationality, or other factors. 3. The Company sets up reasonable salary remuneration based on the labor market, determines the amount according to factors such as rank and personal academic experience, professional technology, seniority, ability, workload, work performance and other factors, and provides a stable salary adjustment policy without gender differences. To pursue a stable human resource, the Company plans the overall staff salary adjustment policy and reviews salary structure and staff promotion plan according to the organizational development, operational performance, and market salary standards every year, and establishes the motivating performance bonus and year-end bonus system to share the operational achievements with employees. Employee’ compensation shall be 1% of the Company’s profit (if any) according to the Company’s Articles of Association	

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons																
	Yes	No	Abstract Explanation																	
			4. In order to fully evaluate the performance and potential of each employee, our performance evaluation system includes growth performance indicators and work goals formulated depend on the job position. Each employee needs to set themselves a series of goals by discussing with department's supervisor and appraise their own performance quarterly; then the department's supervisor will assess whether the achievement status is met or not. The assessment results are completely linked with bonus program and also serve as the important basis of human development for raise, promotion and ability of employees etc. Good performance is encouraged with increases in salary and bonuses to encourage employees. For employees needing performance improvement, supervisors will give them feedback and necessary assistance to improve their work efficiency. 5. In 2021, the Company continued to review its remuneration policy, whether it is the employees' salary standards, allowance payment, annual salary adjustment, or bonus calculation, according to the market standards to ensure the competitiveness of salary. The average raise level of management and non-management positions of the Company was 3.2% in 2021, with entry-level employee received an adjustment reached 5% and some out-performing employees received an adjustment of more than 10% ; the average employee bonus reached 5.6 months. Overall, the Company's average salary cost for 2021 was NTD 781 thousand, a 7% increase from NTD 731 thousand in 2020; total, average and median salaries for non-management employees increased compared to 2020. Based on the Company's prospects for continued growth, we believe that providing a quality remuneration system will drive the Company to continue to achieve operational success. Salary information of non-management employees Unit: NTD thousands <table><tr><th>Item</th><th>2020</th><th>2021</th><th>Change in %</th></tr><tr><td>Total salary</td><td>970,403</td><td>981,841</td><td>1.2%</td></tr><tr><td>Average Salary</td><td>716</td><td>732</td><td>2.2%</td></tr><tr><td>Median Salary</td><td>645</td><td>654</td><td>1.4%</td></tr></table>	Item	2020	2021	Change in %	Total salary	970,403	981,841	1.2%	Average Salary	716	732	2.2%	Median Salary	645	654	1.4%	
Item	2020	2021	Change in %																	
Total salary	970,403	981,841	1.2%																	
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Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	✓		1. The Company has integrated the Safety and Health Committee with the Occupational Safety and Health Management System (ISO45001:2018/CNS45001:2018), Environmental Management System (ISO14001:2015), and Quality Management System (ISO9001:2015) to form an Occupational Safety and Health and SNPM Promotion Committee (for the production management activities of Sinon), which is chaired by the general manager to oversee the effectiveness of the company's safety and health, environmental, and quality management. The coverage of aforementioned three ISO management systems includes the design and production of synthetic pesticide technical, pesticide formulation and fertilizers at the WANG-TIEN FACTORY. Leading by executives, employees of the WANG-TIEN FACTORY participate daily, weekly, monthly and quarterly in various type of auto inspection, group review meetings, diagnostic audits, occupational safety and health committee, and SNPM promotion committee, etc. By combining SNPM activities with the ISO management system, the Company is able to continuously improve through the cycle of “Plan, Do, Check and Act” and strengthens internal management based on 6S and QC practices. Through this process, the Company also ensures to well deliver its safety and health information and policy to each employee and contractor to enhance the employees’ safety awareness, control risks effectively, and build up corporate safety culture. 2. Measures taken for employee safety and health are as follow. For details, please refer to the Company’s 2021 Sustainability Report. (1) Implement total quality management activities. Department heads and senior managements conduct monthly safety inspections, and lists and tracks the deficiencies and suggestion found during the inspections. (2) Near-miss events handling and statistical analysis, and improvement proposal. There were 420 near-misses reporting in 2021. (3) Check the mechanical equipment before the operation, and conduct regular inspections every month or every year. For dangerous machinery and equipment, a comprehensive safety inspection is done annually. Carry out safety assessment	No difference

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			before work and regularly conduct safety observation on employees; For the working environment in the factory, in addition to the self-inspection, the Company also outsources the working environment inspection regularly to ensure the safety of the working environment. (4) Arrange occupational safety and health training and working skill improvement for employees every year, such as CPR and AED training, general training in the marking of hazardous and harmful substances, 4RKY dangerous prediction training. Assign personnel to participate the contingency plan training and hold comprehensive drill at least once per year. Irregularly hold non-warning contingency plan tests in the factory and carry out two fire drills from time to time, and also cooperate with fire departments to hold fire drills to cultivate colleagues' contingency response and safety management capabilities and awareness. In 2021, the Company conducted 256 training sessions for 4RKY hazard awareness training activities and held employee safety education training for a total of 4,179 trainees. (5) In addition to conducting employee health examinations and health seminars every year, the Company also formulates and implements relevant policies for maternal health protection, the prevention of musculoskeletal diseases caused by repetitive work, the prevention of illegal violations in the workplace, and the prevention of diseases caused by abnormal workload. Promote the physical and mental health of employees. In 2021, 1,290 people participated in health promotion activities. (6) Set up nursing room, gym, health center, AED first aids equipment, etc. 3. Occupational safety and health performance in 2021: To implement safety and health management, the Company established both proactive and passive performance indicators to grasp the effectiveness of the safety and health measures. Proactive performance indicators include increasing training of safety awareness for the employees (4RKY) and enhancing the reporting rate of false alarms, which can encourage employees to participate in each safety and health activities actively and propose improvements to achieve the purpose of hazard prevention; passive	

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons								
	Yes	No	Abstract Explanation									
			performance indicators are combining the Frequency-Severity Indicator (FSI), Frequency Rate (FR), and Severity Rate (SR) as the reference for performance comparison. In 2021, there were 2 cases of incapacitating injuries to employees in the WANG-TIEN FACTORY, with 2 persons involved (0.37% of the total number of employees in WANG-TIEN FACTORY at the end of 2021), and the type of incapacitating injuries was falls. No fatalities or occupational diseases occurred. Both of the two disabling injuries were falls in the workplace and resulted in ankle sprains. After a review, the Company has revised the relevant operation standards and conducted staff educational training to prevent the recurrence of the same incidents. In 2021, all performances on occupational safety and health met the objectives in WANG-TIEN FACTORY. Among them, the FSI of 0.19 was equivalent to the requirements of the Ministry of Labor Occupational Safety and Health Administration's “Total Injury Index for All Industries during 2019-2021” announcement for the pesticide and environmental drug manufacturing industry (FSI=0.19). <table><tr><th>Item</th><th>2021</th></tr><tr><td>Disabling Injury Frequency Rate (FR)</td><td>1.90</td></tr><tr><td>Disabling Injury Severity Rate (SR)</td><td>20</td></tr><tr><td>Frequency-Severity Indicator (FSI)</td><td>0.19</td></tr></table>	Item	2021	Disabling Injury Frequency Rate (FR)	1.90	Disabling Injury Severity Rate (SR)	20	Frequency-Severity Indicator (FSI)	0.19	
Item	2021											
Disabling Injury Frequency Rate (FR)	1.90											
Disabling Injury Severity Rate (SR)	20											
Frequency-Severity Indicator (FSI)	0.19											
(4) Does the company provide its employees with career development and training sessions?	✓		The Company provides complete and continuous on-the-job training. We plan the complete functional training for all levels of managers and employees, including new-hired orientation, professional training, management leadership training, etc. We also establish an education and training program that provides a variety of learning channels and resources to facilitate self-development and learning for our employees. In addition to cultivate knowledge-based training, we also take advantage of the Group's business unit rotation system to familiarize our staff with the organizational structure and to develop comprehensive problem-solving and decision-making skills. In term of	No difference								

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			educational training system, the Company follows the connotation of the Workforce Development Agency to prepare Talent Quality-management System (TTQS), to ensure the reliability and accuracy of the training process. In conjunction with the performance evaluation system, each employee sets up the individual learning and growth performance indicators to promote the improvement of work performance and employee independent learning by setting up self-goals. In 2021, the Company invested about NTD 2.18 million in employee educational training, with 12,534 training visits, annual per capita training costs of approximately NTD 1,603, and annual per capita training hours of approximately 13.4 hours.	
(5) For issues of customer health and safety, customer privacy, marketing and labeling of products and services, whether the Company comply with relevant laws and international standards, and formulates the relevant consumer or customer protection policies and appeal procedures.	✓		The Company takes full responsibility for the quality of our products and pays attention to customer feedback and opinions. The Company's R&D, production, procurement, and quality inspection procedures are all governed by operating rules, which are implemented in the operations to ensure consistency and reproducibility of product quality and to protect the rights of the customers. In addition, the Company also establishes customer feedback mechanism to record and improve customer feedback on products, packaging, quantity, quality, and delivery time, so as to understand customers’ problems and opinions and to achieve a win-win result. All the marketing and labeling of products and services are in accordance with the Agro-pesticides Management Act and related regulations and international standards. As the government requested the policy of a real-name system for pesticide and fertilizer purchases in recent years, the Company has set up a digital sales management system for implementation and regularly report relevant information to achieve the goal of traceability management. Besides, according the Agro-pesticides Management Act, in order to strengthen the management of pesticide labeling and align with the Globally Harmonized System (GHS), pesticide labels should be converted by August 5, 2022, and all commercially available products should be replaced with GHS-compliant pesticide labels by February 5, 2023, to make farmers and consumers easy to identify and use them. The Company has planned to	No difference

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			change product labeling and will complete the change within the statutory schedule to meet legal requirements.	
(6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	✓		1. Supplier management policy and relevant rules The Company formulates suppliers’ codes of conduct and sustainable procurement policy, and establishes relevant rules for vendor assessment and evaluation. Combined with the Company’s QHSE policy, the Company evaluates new suppliers’ capabilities of environmental management, safety and health management and quality management and provided with relevant written supporting information. Only those who passed the appraisal can be the Company vendors. Details of the appraisal are as follows: (1) Environmental management: Establish ISO14001 or other environmental management system, reuse packaging materials, dispose of waste legally, and establish an environmental management handbook. (2) Safety and health: Establish ISO45001 or other occupational safety and health management system, prohibit child labor, investigate occupational accidents, adopt labor insurance and health examinations, and establish a safety and health management handbook. (3) Quality management: Establish ISO9001 or other quality management system, regular calibration of inspection or test equipment, educational training procedures, appraisal of qualified suppliers, product inspection and documentation, and establish a quality management handbook. In addition, the Company conducts supplier assessment annually, and those who are evaluated as unqualified will be ceased trading and removed from the list of qualified vendors. If a supplier is involved in violation of its sustainability policy and has a significant impact on the environment and society, the terms of termination or cancellation of the contract at any time shall be stipulated in the contract. 2. Supplier management evaluation In 2021, no supplier was identified as having a negative impact on quality, environment, labor practices and human rights. If a substantial impact is found under	No difference

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			the assessment, the Company will either assist the supplier to improve or terminate cooperation depending on the circumstances. At the same time, the Company has invited 60 key raw material suppliers to sign its “Supplier Code of Conduct” pledge in 2021, with about 66% of the pledge recovered. Going forward, the Company will continue to drive suppliers to grow together, ensuring to minimize the impact of production processes on safety, health, environment, and quality. For detailed supplier management policies and results, please refer to the Company's 2021 Sustainability Report.	
5. Does the Company refer to international reporting rules or guidelines to publish Sustainability Report to disclose non-financial information of the Company? Has the said Report acquired third party verification or statement of assurance?	✓		The Company prepares Sustainability Report every year in accordance with the GRI Standards issued by the Global Reporting Initiative (GRI) and the “Rules of Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies”, and entrusts a third-party verification unit to verify. Deloitte Taiwan has issued a limited assurance report on the Company's 2021 Sustainability Report in accordance with Statement of Assurance Standards No. 1, “Assurance Cases not Attributable to an Audit or Review of Historical Financial Information”, issued by the Accounting Research and Development Foundation.	No difference
6. If the Company has established the sustainability principles based on “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the Principles and their implementation: No difference.				
7. Other information useful to the understanding of sustainable practice: The promotion of sustainable development in 2021 are as follow, it can also be referenced to the Company’s 2021 Sustainability Report: (1) Promote the improvement of Taiwan's agricultural cultivation technology - Conduct field trials across the country: use crops and climates in counties and cities to find the most suitable crop protection formulations and cultivation management methods. A total number of 81 field trials and 121 greenhouse trials were conducted to understand the effectiveness of crop protection product, so that farmers can obtain best harvest with lowest cost and investment. - Conduct soil and crops health examination through practical field management demonstration: according to each farmers’ soil condition, with proper fertilizer management, to improve the soil condition. In addition, through the diagnosis of pests and diseases, assist farmers to confirm pests and diseases. Combined with education on the proper use of pesticides, crop solutions are provided, which not only reduces farmers' production costs but also improves the quality of agricultural products. 407 field demonstrations were held.				

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
- During the cultivation of crops, explain the precautions for crop cultivation: promote correct and precise application of pesticides to farmers to ensure the safety of agricultural products. Use low-toxic, safe and effective prevention materials, and integrate pest prevention strategies to provide a complete solution. Conducted evening seminars in cope with farmers' daily schedules. Through the actual data such as the improvement of the quality and quantity of agricultural products promoted by farmers after using products, and the reduction of environmental impact, to jointly create a high-quality living environment and agricultural food safety. - Taiwan suffered an unrelenting drought over the first half-year in 2021. The company assisted farmers in installing drip irrigation system to alleviate the problem of water scarcity and maintain the harvest (2) Participate in social welfare activities - Participated in the medical social welfare activities around central Taiwan. The Company holds blood donation activities every year in cope with the Taichung Blood Donation Station. In 2021, a total of 2 times were held, with a total of 84 participants. - Keep conducting road sweeping activities on the roads around the company every month. Mobilize the employees to assist in environmental cleanup after typhoon. And regularly carry out tree greening, proper fertilization and pruning to jointly maintain the community clean and tidy. - Participated in the Arbor Day event and donated 800 fertilizer products to Participants. Placed an order for a total of 1,400 gift boxes made by charitable organizations and donated for charitable groups and association for rare disorder.				

Note: Risk identification and countermeasures

Risk Type	Potential Risk	Risk Countermeasure
Governance/ Economy	Social, economic, and legal compliance	- We formulate internal rules to specify operational regulations, carry out internal control, and establish a whistle-blowing mechanism to ensure that operations and employees comply with laws and regulations. - We keep up to date with legal changes. We assign staff from time to time to participate in advocating meetings and courses held by government agencies, and conduct educational training and regulatory identification to ensure compliance with legal requirements.
	Information security	- The Company introduces ISO27001 information security management system, to integrate and strengthen information security mechanism. - We carry out information security trainings and drills, to enhance information security awareness and contingency capability
	Raw material price fluctuations and supply chain risk	- The Company establishes a global sourcing platform to integrate the demand for raw materials; searches for substitute raw materials and suppliers to stabilize the source of supply. - We review and control the safety stock level, monitor the market changes, and enhance bargaining power for raw materials and products to respond to product production demand flexibly. - We expand overseas market to diversify product sales risk.

Risk Type	Potential Risk	Risk Countermeasure
	Exchange rate risk	- The finance department closely pays attention to the exchange rate fluctuations at any time and adjusts the foreign currency positions according to the actual capital requirements and exchange rate trends. - We develop hedging strategies and hedge through hedging instruments such as forward rates. - We adjust product structure and marketing strategies to maximize revenue
	Market trends in environmental and food safety	- Through the cooperation of industry, government, and academia in technology transfer and research and development of our own brand of biological pesticides, microbial or registration-free plant protection, and other eco-friendly agricultural products, the Company meets market demands and enhances product competitiveness. - We continuously enhance the talent training plan to maintain the skill and knowledge level of all R&D and sales personnel, making them experts on crops. - Through technology advice for Sinon's agricultural cultivation methods, and various promotion and demonstration events, we provide farmers with complete crop protection solutions. - We continue to develop and promote overseas new plant protection products such as microbial products to seize the sales advantage at an early stage.
Human Resources	Human rights protection	- The Company formulates its "Human Right Policy" and develops internal human resource management rules per labor laws and regulations to clearly regulate the appointment/removal, promotion, salary, and benefits of employees. - We set up a complaint channel to maintain smooth communication between employers and employees and to promptly understand and deal with any human rights violations.
	Infectious disease epidemics	- The Company strengthens various measures to prevent infectious diseases, including plant access controls, abnormal handlings, plant disinfection, employee health examination and self-health management, epidemic notification mechanism and medical care delivery mechanism, and inspection and stockpiling of epidemic prevention materials. - We establish and implement an acting mechanism and continue to train personnel at all levels to ensure adequate manpower for key technologies and backups. - The company has nurses and doctors stationed in the plant to promote health promotion activities and health management, and to enhance the health education concept of employees.
Environmental Safety and Health	Contingency plans	- The Company formulates various contingency plans that clearly defined the person in charge and the division of responsibilities. We also conduct regular disaster drills every year to reduce the impact of disasters. - We are a member of the "Taiwan Responsible Care Association", and we regularly conduct blind drills or fire drills every year, and we have signed a nationwide joint prevention organization to help each other improve the contingency capabilities.
	Environment pollution	The Company introduces ISO14001 Environmental Management System and ISO45001 Occupational Safety and Health Management System, combining with SNPM activities, to set up dedicated units that carry out process optimization, energy resource management and various energy saving and carbon reduction measures from environmental perspectives to echo the
	Occupational incidents	

Risk Type	Potential Risk	Risk Countermeasure
Climate Change	Energy resource management	concept of circular economy and to fully and effectively utilize resources and energy; and, from occupational safety perspectives, implement various hazard prevention measures, and enhance the safety awareness, physical, and mental health of all employees to reduce disasters. • The executive leads an Occupational Safety and Health Committee and SNPM Promotion Committee to hold the audit findings improvement and energy saving and waste reduction meeting weekly to review the effectiveness of the management mechanism and the response to special situations. • We interact with domestic and foreign companies, large factories and government agencies to improve environmental safety and health technology and equipment. • We hold various professional and common sense training, to improve employees' environmental safety and health awareness and ensure the professional qualification of each operations and certification. • We establish a cloud backup mechanism for databases to enhance the integrity and availability of data backup. • We perform GHG inventory voluntarily and set up carbon reduction objectives to improve the effectiveness, as well as keep an eye on domestic and international carbon emission laws and regulations to adjust operating strategies timely. • We continue to strengthen supply chain management to ensure the Company operates sustainably.
	Carbon emission management	

3.3.7 Fulfillment of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs (1) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?	✓		The Company’s business concept of “Delivering Integrity and Equity, Bringing Prosperity and Growth” is implemented in internal management and external business activities. It has formulated various management regulations such as “Ethical Corporate Management Best Practice Principles”, “Codes of Ethical Conduct”, “Whistle-blowing System” and “Internal Audit System”. It has established a good corporate governance and risk control mechanism, prevent the occurrence of unethical conducts by the completed rules and regulations, and organizes various activities and seminars from time to time to reach team consensus and implement the concept of Ethical Corporate Management. The Board of Directors adopted the "Ethical Corporate Management Commitment", which was signed by each directors and managerial officers. The relevant policies and regulations are placed on the company's internal website to promote and strengthen the value of employee ethical management.	No difference
(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?	✓		The Company conducts the risk assessment of unethical conducts in accordance with “Risk Management Policies”, and complies with “Ethical Corporate Management Best Practice Principles”. No illegal political contributions and donations have been provided, nor have any external improper benefits been accepted, for preventing from unethical conducts, the Company declared to the vendors that it prohibited the acceptance of gifts and entertainment, and formulated a "Code of Ethical Conducts" for directors and managerial officers to comply with.	No difference

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?	✓		The Company handles in accordance with “Ethical Corporate Management Best Practice Principles”, “Code of Ethical Conducts”, “Whistle-blowing System” and “Reward and Punishment Principles”. When an unethical conduct occurs, the Company provides independent whistleblower channels on the corporate website, with the chief auditor and legal head as the dedicated unit to handle the whistleblower cases in secret and takes appropriate protective measures to ensure the whistleblower's privacy and protects him/her from unfair treatment or retaliation. If the reported case is verified, it will be submitted to the Chairman and the whistleblower will be given appropriate rewards. Those who violate the regulations will be punished according to the Company’s “Reward and Punishment Principles.” If it is a major incident or illegal case, it will be reported to the competent authority or transferred to the judicial organ for investigation if necessary. As of now, there was not any violation of ethical corporate management occurred in 2021.	No difference
2. Fulfill operations integrity policy				
(1) Does the company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?	✓		The Company conducts credit checking and evaluation for basic information of vendors and counterparties. If any unethical conduct is involved and validated to be true, the contract may be terminated or rescinded at any time. Directors and managerial officers also comply with “Code of Ethical Conduct” to demonstrate the Company’s position in ethical corporate management.	No difference
(2) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	✓		The enforcement of ethical corporate management is supervised by Corporate Governance Officers and promoted by the corporate governance unit, and the implementation status is periodically reported to the Board of Directors every year. 1. Laws and regulations. The Company established various management regulations, including “Corporate Governance Best Best-Practice Principles”, “Ethical Corporate Management Best Practice Principles”, “Code of Ethical Conduct”, “Whistle-blowing System”, “Internal Audit System”, and “Operating Procedures for Dealing with Internal Material	No difference

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			Information and Management of the Prevention of Insider Trading” etc., integrated periodic internal audit and education to preclude malpractices in order that the Company can avoid information leakage, ensure the consistency and accuracy of all announcements and declarations, and enhance the prevention of insider trading to initiate effective corporate governance and risk control mechanisms. Besides, the Board of Directors established “Ethical Corporate Management Commitment” signed by each director and managerial officers, required senior management to set up principles by taking legal compliance as the basic prerequisite for implementing integrity management. All colleagues, including director and managerial officers, employees and business partners, should ensure compliance with laws and company regulations in any business activities and strictly abide by the principles of avoidance of interests and anti-corruption and intellectual property rights and fair transactions should be respected. When internal and external personnel suspect or discover violations of laws or regulations or dishonesty, they must report through the reporting channels. In 2021, the Company adopted the “Intellectual Property Rights Management Rules” and amended the “Ethical Corporate Management Best Practice Principles” to continuously strengthen intellectual property management and prevent from accepting improper benefits. 2. Ethical management trainings (1) Directors and managers' awareness of insider trading prevention: The Company educates all directors and managers on matters related to insider equity trading and laws and regulations by e-mail every month regarding the “Procedures for Management of Material Information and Prevention of Insider Trading”, securities laws and regulations, and cases, etc. The promotion topics of this year include “The Formation of Insider Trading”, “Confidential Operation of Material Information”, “Insider Shareholding Reporting Requirements”, and “Relevant Laws and	

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			Regulations and Case Analysis of the Right to Include Short-Swing Trading Profit”. In addition, the chief corporate governance officer conducted a 2.5-hour training session for six managers on the “Online Brief of Insider Shareholding” held by the Taiwan Stock Exchange, with a 100% completion rate. It helped the managers to better understand the relevant regulations and responsibilities of insider equity trading. (2) Educational training on ethical management issues: We planned educational training for ethical management relevant issues for employees. The training topics of this year include risks of contract signing, international trade practices, use of the trademark, introduction to money laundering prevention, introduction to Personal Data Protection Act, product liability related laws and regulations, new laws and regulations accounting, and accounting rules. In 2021, the total number of trainees was 232; in addition, the general manager gave 48 sessions of lectures to employees in 2021 on various ethical management issues to convey the value of ethical corporate management.	
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	✓		The Company has an internal audit system, various management policies or guidelines, which regulate external business activities and monetary transactions, avoid conflicts of interest, and manage confidential information, and provide appropriate statement channels on the internal websites.	No difference
(4) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	✓		The Company has established internal control system, accounting system and management policies, and exercised accordingly. Meanwhile, the auditors were responsible for inspecting the business activities of various departments of the Company, and regularly report the audit results to the audit committee and the board of directors.	No difference
(5) Does the company regularly hold internal and external educational trainings on operational integrity?	✓		The Company meets with external parties from time to time or participates in discussion and exchange of opinions, and senior managements also occasionally declare the Company's policies and concepts of ethical management in internal business meetings, to prevent from unethical business conducts.	No difference

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
3. Operation of the integrity channel (1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	✓		The Company established the “Whistle-blowing System”. Complaint and report of internal personnel regarding violation of ethical management can be made in form of telephone, mail or directly reported to audit unit or legal affairs office. If verified to be true, it will be punished according to the Company’s regulations. The accepting unit is obliged to keep the whistle-blower confidential and must not disclose it at will.	No difference
(2) Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation (3) Does the company provide proper whistleblower protection?	✓		The Company has set up a system for accepting complaints, all of which are handled by designated personnel in confidential, and appropriate protective measures are taken to ensure the privacy of stakeholders.	No difference
4. Strengthening information disclosure Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?	✓		The Company has its own website (www.sinon.com.tw), and assigns dedicated personnel to disclose the financial, business, and corporate governance related information, and also disclose the Ethical Corporate Management Best Practice Principles.	No difference
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: No difference				
6. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., reviews and amends its policies):None				

3.3.8 Corporate Governance Guidelines and Regulations: Please refer to the Company’s website at www.sinon.com.tw

3.3.9 Other Important Information Regarding Corporate Governance: None.

3.3.10 Internal Control Systems

Statement of Internal Control

SINON CORPORATION **Statement of Internal Control System**

Date: March, 18 2022

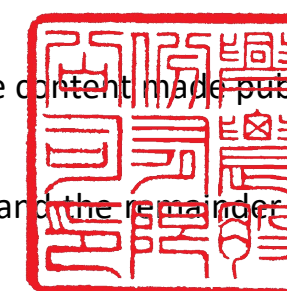
Based on the findings of a self-assessment, the Company states the following with regard to its internal control system during the year 2021:

- I. The Company is aware that the establishment, implementation and maintenance of the internal control system is the responsibility of the Board and managerial officers, and the Company has set up such system. The internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, the Company's internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
- III. The Company evaluates the design and execution effectiveness of its internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control according to the management control process: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each criterion includes several items. For the aforementioned items, please refer to the Regulations.
- IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
- V. Based on the findings of such evaluation, the Company believes that, on December 31, 2021, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
- VI. This Statement is an integral part of the Company's annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
- VII. This statement was passed by the board of directors meeting held on March 18, 2022, with none of the 9 attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

SINON CORPORATION

Chairman: Horng, Po-Yen

General Manager: Yen, Tsu-Fang



Audit Report of a Special Audit of Internal Control System Conducted by CPA: None.

3.3.11 Regulatory Authorities’ Legal Penalties to the Company or Its Employees, and the Company’s Resulting Punishment on its Employees for Violations of Internal Control System Provisions, Principal Deficiencies, and the State of Any Efforts to Make Improvements in Last Year and as of the Print Date of the Annual Report: None.

3.3.12 Major Resolutions of Shareholders’ Meeting and Board Meetings

Major Resolutions of 2021 Shareholders’ Meeting (August 26, 2021)

Item	Major resolutions	Implementation status
1	Adopted the Company's 2020 business report and financial statements	(1) A total of 284,392,827 shares in favor, accounting for 95.84% of the voting power of shareholders presented (2) It has been published on the MOPS.
2	Approved the amendment to the Company’s “Procedures for Election of Directors”.	(1) A total of 285,609,566 shares in favor, accounting for 96.25% of the voting power of shareholders presented (2) It has been published on the MOPS and the Company’s website

Major Resolutions of the Board of Directors Meetings of 2021 and as of the Print Date of the Annual Report

Meeting number	Date	Major resolutions
The 1st meeting of 2021	January 29, 2021	(1) Approved the Company's 2021 business plan
The 2nd meeting of 2021	March 19, 2021	(1) Approved the Company’s 2020 business report and financial statements (2) Approved the proposal of 2020 surplus earnings distribution for the Company (3) Approved the Company's 2020 distribution of remunerations to employees and directors. (4) Approved the amendment to the Company's “Procedures for Election of Directors”. (5) Approved the proposal of convening the Company's 2021 annual shareholders’ meeting (6) Approved the Company's 2020 evaluation of the effectiveness of internal control system and the statement of internal control system (7) Approved the amendment to the Company’s “Remuneration Committee Charter”
The 3rd meeting of 2021	May 7, 2021	(1) Approved the amendment to the Company's “Ethical Corporate Management Best Practice Principles” (2) Approved the investment in sustainable financial products
The 4th meeting of 2021	August 6, 2021	(1) Approved Sinon and its subsidiaries’ consolidated financial statements of the 2nd quarter of 2021 (2) Approved the proposal for rescheduling the date, venue and manner of 2021 shareholders’ meeting (3) Approved the amendment of the “Board of Directors Performance Evaluation Rules” (4) Approved the proposal for setting up a Nomination Committee and electing the first term members (5) Approved the purchase of seven parcels of land from the National Property Administration, Ministry of Finance, including Lot 519 at South Wangtian Section of Taichung City
The 5th meeting of 2021	November 5, 2021	(1) Approved Sinon and its subsidiaries’ consolidated financial statements of the 3rd quarter of 2021 (2) Approved the proposal for formulating the “Evaluation Rules for the Independency and Competency of CPAs”

Meeting number	Date	Major resolutions
		(3) Approved the Company's 2022 audit plan (4) Approved the Company's 2021 bonus and remuneration to managerial officers and chief internal auditor
The 1st meeting of 2022	January 19, 2022	(1) Approved the Company's 2022 business plan
The 2nd meeting of 2022	March 18, 2022	(1) Approved the Company's 2021 business report and financial statements (2) Approved the proposal of 2021 surplus earnings distribution for the Company (3) Approved the Company's 2021 distribution of remunerations to employees and directors. (4) Approved the amendment to the Company's "Articles of Association". (5) Approved the amendment to the Company's "Procedures for the Acquisition or Disposal of Assets". (6) Approved the amendment to the Company's "Rules of Procedures for Shareholders' Meetings". (7) Approved the proposal of convening the Company's 2022 annual shareholders' meeting (8) Approved the Company's 2021 evaluation of the effectiveness of internal control system and the statement of internal control system (9) Approved the proposal for evaluating the independency and competency of CPAs (10) Approved the proposal for appointing the CPAs and their rewards (11) Approved the proposal for establishing performance evaluation items for the Nomination Committee

3.3.13 Major Issues of Record or Written Statements Made by Any Director Dissenting to Important Resolutions Passed by the Board of Directors: None.

3.3.14 Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit, Chief Corporate Governance Officer and R&D: None.

3.4 CPA audit fee information

Unit: NTD thousands

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee	Total	Remarks
Deloitte & Touche	Su, Ting-Chien , Tseng, Done-Yuin	Jan.1 ~ Dec.31 2021	4,005	853	4,858	
Note: Non-audit services include business registration, transfer pricing reports, group master file reports, direct deduction reports, payroll information checklists, etc.						

Note 1: When the Company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: Not applicable.

Note 2: When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 15 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: Not applicable.

3.5 Replacement of CPA

3.5.1 Regarding the Former CPA

Replacement Date	Not applicable		
Replacement reasons and explanations	There was a job rotation in Deloitte & Touche		
Describe whether the Company terminated or the CPA did not accept the appointment	Status \ Parties	CPA	The Company
	Termination of appointment	Not applicable	
	No longer accepted (continued) appointment		
Other issues (except for unqualified issues) in the audit reports within the last two years	Not applicable		
Differences with the company	Yes		Accounting principles or practices
			Disclosure of Financial Statements
			Audit scope or steps
			Others
	None	✓	
	specify details	Not applicable	
Other Revealed Matters	None		

3.5.2 Regarding the Successor CPA

Name of accounting firm	Deloitte & Touche
Name of CPA	Su, Ting-Chien & Tseng, Done-Yuin
Date of appointment	Not applicable
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial statements that the CPA might issue prior to the engagement.	None
Succeeding CPA's written opinion of disagreement toward the former CPA	None

3.5.3 Former CPA's Reply Letter in accordance with Article 10, Paragraph 6, Subparagraph A, B and C of Regulations Governing Information to be Published in Annual Reports of Public Companies: Not applicable.

3.6 Company's Chairman, General Manager, or any Managerial Officer in charge of Finance or Accounting Matters Has in the Most Recent Year Held a Position at the Accounting Firm of its Certified Public Accountant or at an Affiliated Enterprise: None.

3.7 Evaluation of the independency and competency of CPAs

The Company's Audit Committee evaluates yearly the suitability and independence of CPAs, in accordance with the following criteria, then reports the result to the Board of Directors:

1. Statement of Independence.
2. None of the same CPA ever served as the Company's auditor for more than 7 consecutive years.
3. The Company evaluates each year, the independence and suitability of CPAs regarding their financial interests, commercial relations, employment relations, etc., and compiles the result of the accountant's independence and suitability.

3.8 Changes in Shareholding of Directors, Managerial Officers and Major Shareholders

3.8.1 Change in Shareholding of Directors, Managerial Officers, and Major Shareholders

Unit: Shares

Title	Name	2021		As of April 26, 2022	
		Holding Increase(Decrease)	Pledged Holding Increase(Decrease)	Holding Increase(Decrease)	Pledged Holding Increase(Decrease)
Chairman	Horng, Po-Yen	1,686,000	—	—	—
Vice Chairman Representative	Chia-Wen Investment Ltd.	422,000	—	—	—
	Liao, Lien-Heng	—	—	—	—
Director Representative	Hungshun Investment Co., Ltd	—	—	—	—
	Kuo, Tzu-Kuan	—	—	—	—
Director	Yu, Tse-Jen	—	—	—	—
Director	Yang, Jen-Yo	—	—	—	—
Director Representative	Yun-Sung Investment Ltd.	2,559,000	—	1,591,000	—
	Liu, Yun-Sung	2,000	—	—	—
Independent director	Uang, Biing-Jiun	—	—	—	—
Independent director	Huang, Shen-Yi	—	—	—	—
Independent director	Chen, Chiun Mang	—	—	—	—
General Manager	Yen, Tsu-Fang	—	—	—	—
Vice General Manager	Yu, Kuei-Ju	—	—	—	—
Senior Assistant General Manager	Lin, Chin-Shan	—	—	—	—
Senior Assistant General Manager	Li, Chien-Min	—	—	—	—
Senior Assistant General Manager	Wang, Chi-Chou	404	—	—	—
Assistant General Manager	Tsai, Chih-Yung	—	—	—	—
Assistant General Manager	Shih, Neng-Chun	—	—	—	—
Assistant General Manager	Chen, Chien-Hsing	—	—	—	—
Assistant General Manager	Feng, Tao-An	—	—	—	—
Chief Corporate Governance Officer	Chiang, Pei-Shan	—	—	—	—

3.8.2 Shares Trading with Related Parties: None.

3.8.3 Shares Pledge with Related Parties: None.

3.9 Relationship among the Top Ten Shareholders

April 26, 2022

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
YunSung Investment Ltd. Representative: Liu, Yun-Sung	39,158,000	9.31%	—	—	—	—	—	—	
	507,000	0.12%	11,000	0.00%	—	—	—	—	
Horng , Po-Yen	8,805,235	2.09%	5,038,857	1.20%	—	—	Ho, Hsiu-Mei Horng , Chia-Ying	Spouses Relatives Within Two Degrees	
Chiawen Investment Ltd. Representative : Liao, Lien-Heng	6,000,443	1.43%	—	—	—	—	—	—	
	306,919	0.07%	634,932	0.15%	—	—	—	—	
Ho, Hsiu-Mei	5,038,857	1.20%	8,805,235	2.09%	—	—	Horng, Po-Yen Horng , Chia-Ying	Spouses Relatives Within Two Degrees	
Lin, Chun-Yao	4,864,000	1.16%	—	—	1,370,000	0.32%	—	—	
Chaoyang University of Technology Representative: Yang , Tien-Sheng	4,020,000	0.96%	—	—	—	—	—	—	
	—	—	—	—	—	—	—	—	
Wu Cheng, Su-Chen	3,898,495	0.93%	—	—	—	—	—	—	
Horng , Chia-Ying	3,312,109	0.79%	—	—	—	—	Horng, Po-Yen Ho, Hsiu-Mei	Relatives Within Two Degrees	
Citi in custody for Berkeley Capital SBI./PB investment account	3,230,000	0.77%	—	—	—	—	—	—	
Wang, Ya-Li	3,150,000	0.75%	Information not available						

Note 1: All top ten shareholders should be enumerated in full. In case of juristic (corporate) person shareholders, the names of all such juristic (corporate) person shareholders and their representatives should be enumerated respectively.

Note 2: The shareholding ratios should be calculated based on the own names, names of spouses, minor children respectively.

Note 3: On the aforementioned shareholders, including juristic (corporate) persons and natural persons (individuals), the relationship among them should be disclosed based on the rules for financial statements of the issuers.

3.10 The Total Number of Shares and Total Equity Stake Held in any Single Enterprise by the Company, Its Directors, Managerial Officers, and Any Companies Controlled Either Directly or Indirectly by the Company: None.

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Source of Capital

Issued Shares

Unit : NTD

Year/ Month	Par Value	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NTD thousands)	Shares	Amount (NTD thousands)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
1994/10	10	250,000,000	2,500,000,000	230,525,320	2,305,253,200	Cash capital increase 250,000,000 Capitalization of capital reserve 132,882,750 Capitalization of retained earnings 150,600,450		Note 1
1995/08	10	280,000,000	2,800,000,000	258,188,359	2,581,883,590	Capitalization of capital reserve 276,630,390		Note 2
1996/10	10	280,000,000	2,800,000,000	278,843,428	2,788,434,280	Capitalization of capital reserve 206,550,690		Note 3
1997/09	10	330,000,000	3,300,000,000	301,150,902	3,011,509,020	Capitalization of capital reserve 167,306,055 Capitalization of retained earnings 55,768,685		Note 4
1998/08	10	330,000,000	3,300,000,000	325,242,974	3,252,429,740	Capitalization of capital reserve 240,920,720		Note 5
1999/08	10	370,000,000	3,700,000,000	344,757,553	3,447,575,530	Capitalization of capital reserve 97,572,900 Capitalization of retained earnings 97,572,890		Note 6
2001/03	10	370,000,000	3,700,000,000	340,475,553	3,404,755,530	De-capitalization due to cancellation of treasury stocks 42,820,000		
2001/04	10	370,000,000	3,700,000,000	337,105,553	3,371,055,530	De-capitalization due to cancellation of treasury stocks 33,700,000		
2001/08	10	390,000,000	3,900,000,000	357,331,887	3,573,318,870	Capitalization of capital reserve 202,263,340		Note 7
2001/11	10	390,000,000	3,900,000,000	357,272,887	3,572,728,870	De-capitalization due to cancellation of treasury stocks 590,000		
2004/08	10	390,000,000	3,900,000,000	364,418,345	3,644,183,450	Capitalization of retained earnings 71,454,580		Note 8
2005/05~2007/05	10	390,000,000	3,900,000,000	364,418,345	3,644,183,450			No change
2008/04	10	390,000,000	3,900,000,000	350,232,345	3,502,323,450	De-capitalization due to cancellation of treasury stocks 141,860,000		Note 9
2008/06	10	390,000,000	3,900,000,000	349,269,345	3,492,693,450	De-capitalization due to cancellation of treasury stocks 9,630,000		Note 10
2009/07	10	390,000,000	3,900,000,000	352,692,039	3,526,920,390	Capitalization of retained earnings 34,226,940		Note 11
2011/05	10	390,000,000	3,900,000,000	352,692,039	3,526,920,390			No change
2012/01	10	390,000,000	3,900,000,000	333,692,039	3,336,920,390	De-capitalization due to cancellation of treasury stocks 19,000,000		Note 12
2013/05	10	390,000,000	3,900,000,000	333,692,039	3,336,920,390			No change
2014/01	10	390,000,000	3,900,000,000	333,723,289	3,337,232,890	Corporate bond conversion 31,250 shares		Note 13
2014/08	10	390,000,000	3,900,000,000	335,929,667	3,359,296,670	Corporate bond conversion 2,206,378 shares		Note 14

Year/ Month	Par Value	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NTD thousands)	Shares	Amount (NTD thousands)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
2014/12	10	390,000,000	3,900,000,000	337,894,413	3,378,944,130	Corporate bond conversion 1,964,746 shares		Note 15
2015/05	10	390,000,000	3,900,000,000	343,690,731	3,436,907,310	Corporate bond conversion 5,796,318 shares		Note 16
2015/08	10	390,000,000	3,900,000,000	344,408,739	3,444,087,390	Corporate bond conversion 718,008 shares		Note 17
2015/11	10	390,000,000	3,900,000,000	344,803,202	3,448,032,020	Corporate bond conversion 394,463 shares		Note 18
2016/11	10	390,000,000	3,900,000,000	347,001,299	3,470,012,990	Corporate bond conversion 2,198,097 shares		Note 19
2017/04	10	390,000,000	3,900,000,000	356,516,774	3,565,167,740	Corporate bond conversion 9,515,475 shares		Note 20
2017/06	10	390,000,000	3,900,000,000	370,327,270	3,703,272,700	Corporate bond conversion 13,810,496 shares		Note 21
2017/08	10	390,000,000	3,900,000,000	384,347,453	3,843,474,530	Corporate bond conversion 14,020,183 shares		Note 22
2017/11	10	500,000,000	5,000,000,000	405,162,473	4,051,624,730	Corporate bond conversion 20,815,020 shares		Note 23
2018/04	10	500,000,000	5,000,000,000	414,993,411	4,149,934,110	Corporate bond conversion 9,830,938 shares		Note 24
2018/05	10	500,000,000	5,000,000,000	417,259,123	4,172,591,230	Corporate bond conversion 2,265,712 shares		Note 25
2018/08	10	500,000,000	5,000,000,000	420,492,585	4,204,925,850	Corporate bond conversion 3,233,462 shares		Note 26
2018/09~2021/12	10	500,000,000	5,000,000,000	420,492,585	4,204,925,850			No change

Note 1: 24 June 1994 (1994) Letter No. Taiwan-Finance-Securities-I-28405

Note 2: 10 June 1995 (1995) Letter No. Taiwan-Finance-Securities-I-33814

Note 3: 9 July 1996 (1996) Letter No. Taiwan-Finance-Securities-I-40319

Note 4: 24 June 1997 (1997) Letter No. Taiwan-Finance-Securities-I-49977

Note 5: 19 June 1998 (1998) Letter No. Taiwan-Finance-Securities-I-53517

Note 6: 17 June 1999 (1999) Letter No. Taiwan-Finance-Securities-I-55821-1

Note 7: 27 June 2001 (2001) Letter No. Taiwan-Finance-Securities-I-140862

Note 9: 05 July 2004 Securities-Futures-I-0930129488

Note 9: 10 March 2008 Letter No. Financial-Supervisory-Securities-III-0970009614

Note 10: 17 June 2008 Letter No. Financial-Supervisory-Securities-III-0970031534

Note 11: 08 July 2009 Letter No. Financial-Supervisory-Securities-Corporate-0980033833

Note 12: 22 December 2011 Letter No. Financial-Supervisory-Securities-Trading-1000062665

Note 13: 29 January 2014 Public Announcement No. Taiwan-Stock-Listing-I-1030002062

Note 14: 28 August 2014 Public Announcement No. Taiwan-Stock-Listing-I-1030017467

Note 15: 16 December 2014 Public Announcement No. Taiwan-Stock-Listing-I-1030026074

Note 16: 01 June 2015 Public Announcement No. Taiwan-Stock-Listing-I-10400106601

Note 17: 27 August 2015 Public Announcement No. Taiwan-Stock-Listing-I-10400174121

Note 18: 30 November 2015 Public Announcement No. Taiwan-Stock-Listing-I-10400243491

Note 19: 17 November 2016 Letter No. MOEA-Authorize-Commerce-10501267160

Note 20: 17 April 2017 Letter No. MOEA-Authorize-Commerce-10601044970

Note 21: 01 June 2017 Letter No. MOEA-Authorize-Commerce-10601064350

Note 22: 25 August 2017 Letter No. MOEA-Authorize-Commerce-10601118060

Note 23: 20 November 2017 Letter No. MOEA-Authorize-Commerce-10601158010

Note 24: 27 April 2018 Letter No. MOEA-Authorize-Commerce-10701038960

Note 25: 24 May 2018 Letter No. MOEA-Authorize-Commerce-10701053370

Note 26: 20 August 2018 Letter No. MOEA-Authorize-Commerce-10701103900

Type of Stock

April 26, 2022

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Nominal common stock	420,492,585	79,507,415	500,000,000	Unit: share

If Approval Has Been Granted to Offer and Issue Securities by Shelf Registration, Additionally Disclose the Approved Amount and Information Regarding Securities to be Issued or Already Issued: Not applicable.

4.1.2 Status of Shareholders

April 26, 2022

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Foreign Institutions & Natural Persons	Domestic Natural Persons	Total
Number of Shareholders	2	2	268	173	74,424	74,869
Shareholding (shares)	73	477,000	83,690,873	40,188,863	296,135,776	420,492,585
Percentage	0.00%	0.11%	19.90%	9.56%	70.43%	100%

4.1.3 Shareholding Distribution Status

April 26, 2022

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 - 999	42,048	3,402,537	0.81%
1,005 - 5,000	25,212	50,507,795	12.01%
5,001 - 10,000	3,780	30,188,755	7.18%
10,001 - 15,000	1,228	15,372,116	3.66%
15,001 - 20,000	738	13,757,352	3.27%
20,001 - 30,000	640	16,331,890	3.88%
30,001 - 40,000	285	10,100,730	2.40%
40,001 - 50,000	210	9,752,654	2.32%
50,001 - 100,000	350	25,554,173	6.08%
100,001 - 200,000	171	24,227,448	5.76%
200,001 - 400,000	90	25,641,593	6.10%
400,001 - 600,000	34	16,693,715	3.97%
600,001 - 800,000	14	9,341,998	2.22%
800,001 - 1,000,000	15	13,224,041	3.15%
1,000,001 or over	54	156,395,788	37.19%
Total	74,869	420,492,585	100%

4.1.4 List of Major Shareholders: Shareholders with a Stake of 5 Percent or Greater, or Shareholders Who Rank in the Top 10 in Shareholding Percentage

April 26, 2022

Shareholder's Name	Shareholding	
	Shares	Percentage
Yun-Sung Investment Ltd.	39,158,000	9.31%
Horng , Po-Yen	8,805,235	2.09%
Chiawen Investment Ltd.	6,000,443	1.43%
Ho, Hsiu-Mei	5,038,857	1.20%
Lin, Chun-Yao	4,864,000	1.16%
Chaoyang University of Technology	4,020,000	0.96%
Wu Cheng, Su-Chen	3,898,495	0.93%
Horng , Chia-Ying	3,312,109	0.79%
Citi in custody for Berkeley Capital SBI./PB investment account	3,230,000	0.77%
Wang, Ya-Li	3,150,000	0.75%

4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share in the Last two Years

Items	2020	2021	As of March 31, 2022 (Note 7)
(1) Market Price Per Share (Note 1)			
Highest Market Price	22.80	28.95	37.00
Lowest Market Price	15.60	20.25	27.60
Average Market Price	19.40	23.25	31.35
(2) Net Worth Per Share (Note 2)			
Before Distribution	16.79	17.72	—
After Distribution	15.49	15.92	—
(3) Earnings Per Share			
Weighted Average Shares (thousand shares)	420,492	420,492	—
Earnings Per Share	1.7	2.19	—
(4) Dividends Per Share (Note 3)			
Cash Dividends	1.3	1.8	—
Stock Dividends			
• Dividends from Retained Earnings	—	—	—
• Dividends from Capital Surplus	—	—	—
Accumulated Undistributed Dividends	—	—	—
(5) Return on Investment			
Price / Earnings Ratio (Note 4)	11.41	10.62	—
Price / Dividend Ratio (Note 5)	14.92	12.92	—
Cash Dividend Yield Rate (Note 6)	6.7%	7.7%	—

Note 1: Data sourced from Taiwan Stock Exchange (TWSE).

Note 2: Fill out the distribution of cash dividends resolved by the board of directors in the following year based on the number of shares outstanding at the end of the year.

Note 3: Fill in dividend per share based current earnings and will be distributed in next year.

Note 4: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 5: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note 6: Cash Dividend Yield Rate = Cash Dividends Per Share / Average Market Price

Note 7: NAVPS and EPS shall be based on the data of the most recent quarter audited (reviewed) by CPAs as of the printing date of the annual report; the remaining columns shall be based on the data of the current year as of the printing date of the annual report.

4.1.6 Dividend Policy and Implementation Status

Dividend Policy

The business of the company has been promoted well, for pursuit of sustainable operation and continuous growth, at the present, Residual Dividend Policy is adopted. That is to reserve the surplus in order to deal with the necessary capital, and transfer the said capital as allocation of funds to the shareholders, and then the remained surplus shall be distributed to them in the way of cash dividend. The cash dividend shall be annually distributed not less than 30% of the total dividend in the current year, however, it is not limited that the distribution amount of cash dividend is less than New Taiwan Dollars one hundred million.

Distribution of Dividend

SINON CORPORATION The proposed surplus earnings distribution table of 2021

Unit: NTD	
Items	Total amount
Undistributed surplus earnings in the beginning of the year	979,669,444
Plus: Net income after taxes in 2021	920,914,782
Plus: Other Comprehensive Income in 2021 - remeasurements of the net defined benefit plan	18,994,625
After-tax net income for the period and the amount of other profit (or loss) items adjusted to the current year's undistributed earnings	939,909,407
Minus: Legal reserves set aside in accordance with the Company Act	(93,990,941)
Minus: Special Reserve set aside in accordance with the Securities and Exchange Act	(11,508,941)
Surplus earnings to be distributed in 2021	1,814,078,969
Distribution items (note)	
Common stock dividends: NTD 1.8 per share (outstanding shares: 420,492,585)	(756,886,653)
Undistributed surplus earnings at the end of the year	1,057,192,316

Note: Common stock dividend is implemented in accordance with the resolution of the Company's Board of Directors and is an item to be reported at the shareholders' meeting.

The Amendment to Dividend Policy of Articles of Association

The Board of Directors approved the amendment to Article 28-3 of the Articles of Association of the Company on March 18, 2022 and submitted the proposal to the shareholders' meeting on June 24, 2022 for a resolution.

Articles of Association Comparison Table for the Amendments:

Revised Article	Current Article
The Company is currently in the growth stage. To continuously expand the scale and increase profitability, the Company shall, in alignment with the Company's long-term financial plan and relevant laws and regulations, set aside no less than 50% of the year's net income after tax as dividends in principle, of which cash dividends shall not be less than 30% of the total dividends distributed in the year.	The business of the company has been promoted well, for pursuit of sustainable operation and continuous growth, at the present, Residual Dividend Policy is adopted. That is to reserve the surplus in order to deal with the necessary capital, and transfer the said capital as allocation of funds to the shareholders, and then the remained surplus shall be distributed to them in the way of cash dividend. The cash dividend shall be annually distributed not less than 30% of the total dividend in the current year; however, it is not limited that the distribution amount of cash dividend is less than NTD 100 million.

4.1.7 Effect upon Business Performance and Earnings per Share of Any Stock Dividend Distribution Proposed or Adopted at the Most Recent Shareholders' Meeting:

Not applicable.

4.1.8 Compensation of Employees and Directors

1. Information Relating to Compensation of Employees and Directors in the Articles of Association

If there is a net profit at the end of each fiscal year, 1% of the profit shall be allocated as employees' compensation, which may be distributed in the form of shares or in cash by a resolution of the meeting of board of directors and issued include the employees of the subsidiaries of the Company meeting certain specific requirements; and may be allocated 3% or less for the remuneration to directors by a resolution of the meeting of board directors. The assigned proposal for the employees' compensation and remuneration to directors shall be reported to the shareholders' meeting.

The Company shall retain any profit to cover the losses while having accumulated losses. Then, the employees' compensation and remuneration to directors may be payable in proportion based on the ratio mentioned.

2. The basis for estimating the amount of employee and director compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period: None.

3. Distribution of Compensation of Employees and Directors for 2021 Approved in the Board of Directors Meeting

- (1) The amount of any employee compensation distributed in cash or stocks and remuneration for directors. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed: Employee's compensation was NTD 11,066,191; remuneration for directors was NTD 33,198,571, both are distributed in cash, and there was not any discrepancy between the amount and the estimated figure.
- (2) The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial statements or individual financial statements for the current period and total employee compensation: Not applicable.

4. The actual distribution of compensation of employee and directors for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director compensation, additionally the discrepancy, cause, and how it is treated:

Total amount of NTD 33,234,185 are distributed in cash (Employees' compensation was NTD 8,308,547; remuneration for directors was NTD 24,925,638). There were not any discrepancies between the amount and the estimated figure.

4.1.9 Status of Repurchasing the Company's Own Shares in the Last Year and as of the Print Date of the Annual Report: None

4.2 Issuance of Corporate Bonds

4.2.1 Issuance of Corporate Bonds

Type of corporate bond (note 2)		1st Domestic unsecured convertible bond (Note 5)
Issuing date		August 15, 2013
Denomination		NTD 100 thousand
Listing (note 3)		Taipei Exchange
Offering price		Par
Total amount		NTD 1.2 billion
Coupon rate		Coupon rate 0%
Tenor		5 years Maturity: August 15, 2018
Guarantor		None
Trustee		Department of trust, Bank SinoPac Co., Ltd.
Underwriter		SinoPac Securities Co., Ltd.
Legal counsel		Handsome Attorneys-at-law Attorney Chiu, Ya-wen
Attesting CPA		Deloitte & Touche CPA Cheng, De-ren and Chiang, Shu-jing
Redemption method		Bullet repayment
Outstanding principle (As of the maturity date on August 15, 2018)		NTD 9,500 thousand
Redemption or early repayment clause		Refer to issuance and conversion methods
Covenants (note 4)		Not applicable
Credit rating agency, rating date, corporate bond Credit rating		None
Other Rights of Bondholders	The amount of converted common stock (exchange or warrants), global depository receipts or other securities as of August 15, 2018	NTD 1,190,500 thousand
	Issuance and conversion (exchange or subscription) method	Refer to issuance and conversion methods
Issuance and conversion, exchange or warrant method. Dilution effect and other adverse effects on existing shareholders		According to the evaluation report provided by the underwriter, under the circumstance that all bondholders of this convertible bond ask for converting to common shares, maximum dilution effect on existing shareholders is 18.35%, which is not a material adverse impact on existing shareholders.
Custodian		Not applicable

Note 1: Section “issuance of corporate bonds” includes public offering and private placement of corporate bond which are under handling. Public offering of corporate bond under handling refers to FSC effective (approved) case; private placement of corporate bond under handling refers to the Board resolved and passed cases.

Note 2: The number of fields depends on the actual number of issuances.

Note 3: Applicable to overseas corporate bond.

Note 4: Such as restrict to cash dividend, foreign investment or require a certain proportion of assets to be maintained.

Note 5: Private placement shall be marked in a notable way.

Note 6: For convertible bond, exchangeable bond, shelf registration bond, and bond with warrants, it should be presented by its nature and according to the table format, and then disclose the information of convertible bond, exchangeable bond, shelf registration bond, and bond with warrants.

4.2.2 Convertible Bonds

Corporate bond type (Note 1)		1st Domestic unsecured convertible bond	
Year		2017	As of August 15 ,2018 (Note 4)
Market price of the convertible bond(Note 2)	Highest	142.10	134.25
	Lowest	110.00	118.00
	Average	118.85	129.75
Convertible Price		July 29, 2017 Adjusted from NTD 13.83 to NTD 13.02.	August 15, 2018 Adjusted from NTD 13.02 to NTD 12.26.
Issue date and conversion price at issuance		Issue Date: August 15 ,2013 Conversion price at issuance: NTD 16	
Conversion methods (Note 3)		58,476,637 Shares converted and delivered by issuing new shares	5,499,174 Shares converted and delivered by issuing new shares

Note 1: The number of fields depends on the actual number of issuance.

Note 2: If overseas corporate bonds are listed in multiple exchanges, specify by listing exchanges.

Note 3: Deliver outstanding shares or issue new shares.

Note 4: Matured on August 15, 2018 and stopped trading at TPEX.

4.2.3 Shelf Registration Bond: Not applicable.

4.2.4 Bond with Warrants: Not applicable.

4.3 Status of Preferred shares: None.

4.4 Status of Global Depository Receipts: None.

4.5 Status of Employee share Subscription Warrants and New Restricted Employee Shares: None.

4.6 Status of New Shares Issuance in Connection with Mergers and Acquisitions: None.

4.7 Status of Financing Plans and Implementation: None.

V. Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

1. Main business activities: Pesticides, fertilizers, microbial pesticides, microbial fertilizers, chemicals, etc.
2. 2021 consolidated business proportion:

Content	Business proportion
Crop protection	59%
Supermarket	26%
Household supplies and catering services	11%
Others	4%

3. Current products:

Pesticides, Fertilizers

Microbiological pesticides, Microbiological fertilizers,

Agricultural materials

Technical grade pesticide

Biological control materials

Fine chemicals and intermediate products

Plastic products

4. New products planned to be developed:

New pesticide formulation types

Efficient compound fertilizer

Biological control materials

New fine chemicals and intermediate products

5.1.2 Industry Overview

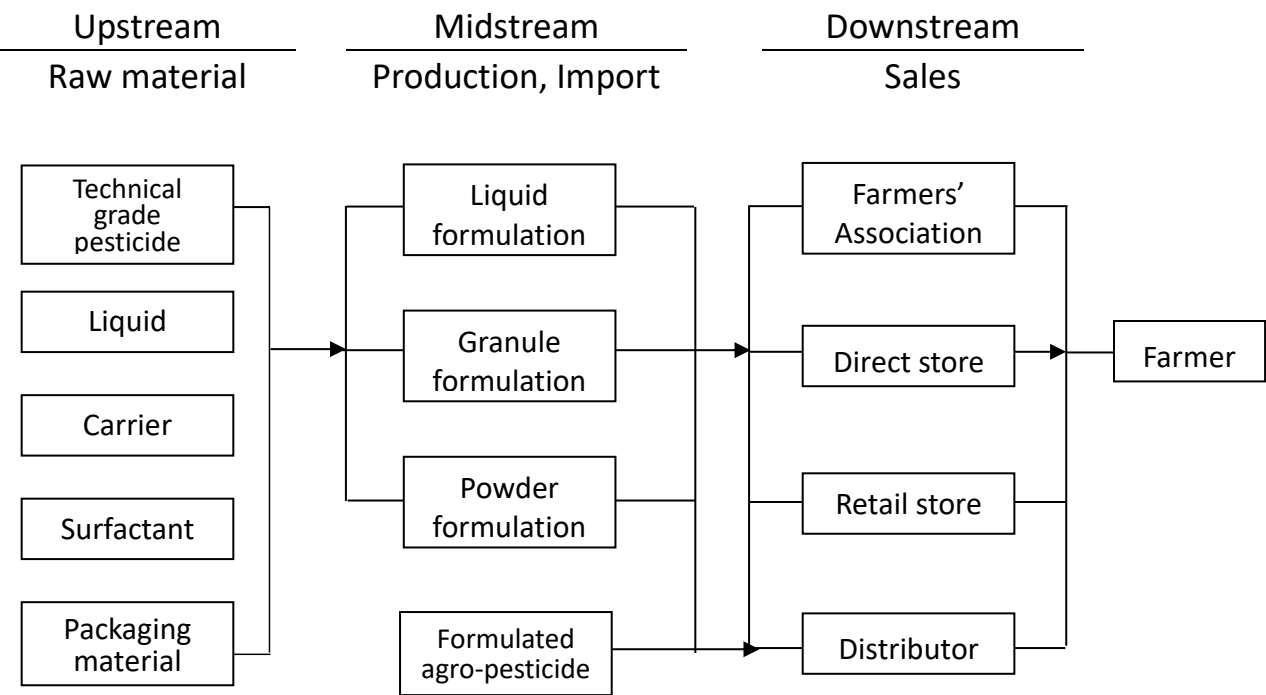
1. Current status and development of the industry

The domestic crop protection market is becoming increasingly stringent due to the government's “half the pesticide in ten years” policy and the need to re-register products that have been registered for 15 years, as well as the bans on the use of highly toxic pesticide products year by year, resulting in a reduction in product items and a shortage of newly registered products to fill the gap, resulting in an increase in biological control materials and registration-free materials, with the use rate increasing year by year. Due to the Agriculture and Food Agency continuously promoting eco-friendly farming and rational fertilization, as well as changes in the costs, the sales of chemical fertilizers are in a downward trend.

Secondly, countries around the world are paying more attention to the regulation of pesticides, with stricter requirements for environmental regulations, pesticide regulations, the establishment of pesticide plants, and pesticide registration. The development of biocontrol materials and bio-stimulant products will be the main market trend in the future.

2. Relevance of upstream, midstream and downstream industries

Crop protection market in Taiwan:



3. Various development trends and competition status of products

(1) Product development trends

- The development goal of pesticides is to develop low-toxicity, low environmental impact, easy to operate, safe and effective formulations. The developments of fertilizers tend to be soil-friendly and environment-friendly, improve nutrient absorption efficiency and are easy to use.
- Due to the aging farmer and labor shortage issues, we develop slow-release and microbial fertilizers with the use of drones to achieve the purpose of saving labor and time.
- Build a complete product line, supplemented by microbial formulations, sex pheromones 、bio-stimulant and organic cultivation products to create a friendly cultivation environment and produce safe agricultural products.

(2) Product competitions

The Company has spared no effort to develop various safe formulations. It invests in the equipment and manpower required for various formulations, including laboratory test instruments, pilot equipment and automated robotic arm production equipment, thereby is a technical leader in the industry. Also, Supplemented with perfect sales channels to provide farmers with the safest and most effective world-class quality.

5.1.3 Research and Development

1. Research and development expenditures and results in the last two years

Year	R&D expenditure (NTD thousands)	Result
2020	184,264	(1) The Company has completed the trail runs of 2 kinds of products. It will be introduced in factories in the future. (2) The Company has submitted samples of 11 kinds of products. All samples have been registered for fulfilling the customers’ requirements. (3) The Company has completed the process development for 9 items and improved the manufacturing process

Year	R&D expenditure (NTD thousands)	Result
		for 12 items to increase the product competitiveness. (4) The Company has completed source verification of new suppliers for 13 items of materials to ensure stable supply for materials and reduce the costs.
2021	184,750	(1) The Company has completed the trial runs of 2 kinds of products and introduced in factories. (2) The Company has submitted samples of 11 kinds of products. All samples have been registered for fulfilling the customers' requirements. (3) The Company has completed the process development for 6 items and improved the manufacturing process for 18 items to increase the product competitiveness. (4) The Company has completed source verification of new suppliers for 14 items of materials to ensure stable supply for materials and reduce the costs.

2. 2022 Research and Development Projects

- (1) Carried out 10 process development and improvement projects to optimize the process, reduce costs and enhance product competitiveness.
- (2) Carried out 6 new products trial runs and introduce them into mass production in the future to expand the product scope.
- (3) Developed 13 microbial and fertilizer product formulations and processes to increase product line completeness.
- (4) Completed more than 20 product samples for registration and developed more than 10 pesticide formulations for registration and customer test needs to develop new customers.
- (5) Improved more than 8 pesticide formulations to enhance product quality and lower the cost.
- (6) Conducted more than 30 tests on pesticide raw materials and packaging materials to stabilize supply sources.

5.1.4 Long-term and Short-term Development

1. Short-term Development

- (1) We will strengthen our branding and provide a full range of technical services based on Sinon's fertilizing and cultivation management as well as the pharmaceutical combinations. We will assist farmers in crop management through crop groups and demonstrations; we will combine the distribution channels of Syngenta Taiwan and our existing direct channel management resources to expand the professional service channel, so as to increase the overall market share and shorten the registration time for new product development.
- (2) Utilize the advantages of the Company's own GLP laboratory to accelerate the preparation of registration information. Keep strategically cooperating with foreign manufacturers to exert the synergy of procurement and sales. We will cooperate with local customers in India to develop niche products.
- (3) Own branding sales markets: for Europe, Brazil, Mainland China, Thailand and Australia, continue to grow steadily and expand local sales channels; in Europe, India, Vietnam, South American, Mexico and North Africa, continue to add new products and new customers.

2. Long-term Development

- (1) Development of the agricultural fertilizer market in Taiwan: Actively develop microorganisms, environmentally friendly materials and bio-stimulant products, which are utilized in combination with existing products to achieve the goals of saving time and labor for farmers, effective management of diseases and insect pests, and ensuring the safety of agricultural products.
- (2) Development in international crop protection markets: explore global channels and provide professional crop protection solutions. Become a major partner of multinational life science companies and provide high-quality services and products to farmers worldwide. Sustainable agricultural development; Develop key competitive products, carefully select strategic partners and actively develop the Company's own channels to increase profits; establish a global procurement platform to integrate the needs of raw materials and enhance bargaining power.

5.2 Market and Sales Overview

5.2.1 Market Analysis

1. Main products sales markets

Sales (offering) area of main products (services): Taiwan, Mainland China, Europe, Japan, America, Thailand Australia and other Southeast Asia countries. Major developments are as flows:

Countries	Major developments
Europe	- Sinon's biocides were certified in Ukraine, the first time that our biological products were certified overseas. Registration with the European Union is in progress. - Sinon's corporate character of value the commitment has given it an advantage in that it has been able to obtain priority support from suppliers in times of global shortages and has had relative volume and price competitiveness. On the other hand, we discuss with our clients in a fair and mutually beneficial manner to ensure a win-win situation. - We have added major customers in Romania and Germany.
Japan	Japan is one of the most difficult countries for pesticides registration. Results of Company's efforts are: - Cooperate with local companies in Japan, OEM their patent products, and endeavor to lower the cost and improve process, so as to stabilize orders. - Existing market is still dominated by selective herbicides for rice. Due to the resistance of the weeds, various manufacturers have endeavored to develop new herbicides. The Company will continue to win new OEM products opportunity, by leveraging the OEM experience and production process development capability. - Registration of microbicides is in progress.
America	- Increase products and channels through strategic partners. - Strengthen the main sales area and take the crop as the main product line. - Develop cooperative sales and product registration and planning

Countries	Major developments
	with new customers.
Australia	- Strengthen customer relationship and sales management. - Strengthen supply chain and effect the inventory and product management, to reduce the impact from market price volatility. - Diversify the products, sell niche products, and control expenses reasonably to create profit.
Thailand	Initiated the registration of microbicides.
Other Southeast Asia countries	- Initiated the registration of microbicides in Vietnam and Philippine. - Initiated registration of new pesticide products in India to strengthen product portfolio.

2. Market share

The Company's 2021 fertilizer accounted for about 11% market share in Taiwan. Retail sales of pesticides (excluding raw materials sold in the same industry) accounted for about 17% of the Taiwan market, coupled with the distribution channels, the market share can be increased to more than 20%, ranking the leading position in Taiwan pesticide market.

3. Future market demand and supply, and growth

In 2022, global sales of agrochemicals are estimated at USD 73.8 billion, with Asia accounting for 32%, South America 23%, Europe 21%, North America 19%, and others 5%. Among them, herbicides account for 45%, fungicides for 27%, insecticides for 25%, and others 3%. Large multinational companies will have many patent-off products, and non-patent agrochemicals will increase year by year as the proportion of patents expires. Many countries will take an encouraging and accelerated stance on the registration of biologic products. Generally speaking, agrochemicals market will grow slowly in the long term.

4. Competitive niches

Through comprehensive and sound crop protection sales channels experience and years of production and improvement of technical materials in Taiwan, the Company can technically cooperate with international companies to win more OEM

opportunities; In the meantime, produce Company's mature products and actively invest in Mainland China market by leveraging its own technology, to enhance the competitive niches and value of Sinon. With core technology and excellent formulations, accelerate the expansion of sales in Brazil, Thailand, mainland China and Australia. Build up a management team to deepen local market and develop own brand to enter the international market. Lead sales by technology, strengthen service by action.

5. Advantages and disadvantages of development prospects and countermeasures

(1) Advantages

The factory has high mobility and coordination, and can be transformed into a professional foundry by taking the opportunity of OEM for large manufacturers; through automated production and process optimization, to achieve competitive costs, and actively research and develop products with patent going to be expired to increase product lines, win market opportunities, and thereby increase the number of new customers and market share. Coupled with the R & D technology of the complete R & D team, such as process R & D, formulation R & D, analysis method research, registration data research, and the use of GLP laboratory's superior functions, which help register in various countries to reduce costs.

(2) Disadvantages

The current international situation is unstable, with regional competition, national epidemic policies, and inflationary pressures directly affecting the global supply chain of raw materials, and can cause imbalances in supply and demand or labor and transportation difficulties in a short period, making the supply and cost of raw materials and shipping more unstable. Moreover, due to the rapid and unpredictable climate change, the crop planting season and product application timing must be adjusted immediately when it occurs, making raw material preparation and market demand harder to balance. Since the situation is changing rapidly, we can no longer predict and judge with our usual experience.

(3) Countermeasures

We will integrate the supply chain and improve the bargaining power on raw materials and products to ensure product quality and price competitiveness. We will also develop core competitive products, cooperate with international

manufacturers to research and develop new products and obtain pesticide licenses, and establish strategic alliances with overseas partners (OEM finished products, sales, raw material procurement, and development); we will continuously strengthen our own channels to improve the profit. We will grasp market trends, coordinate resources, meet customer needs, maintain the Company's goodwill, expand our business territory, and take care of both revenue and profit.

5.2.2 Critical Usages and Production Processes of Main Products

Including processing and manufacturing of agricultural pesticides, fungicides, herbicides, fertilizers and other agrochemicals, as well as OEM and ODM productions of fine chemicals. The production process is mainly to self-synthesize or purchase the technical materials from external manufacturer, and then through the processes of processing, mixing, grinding, adsorption, and finally fill in to packages.

5.2.3 Supply of Main Raw Materials

In addition to self-synthesizing, the technical materials are also provided by international renowned manufacturers, coupled with domestic materials to produce best quality and safe agrochemicals.

5.2.4 A List of any Vendors and Clients Accounting for Ten Percent or More of the Company's Total Procurement (Sales) Amount in Either of the Two Most Recent Fiscal Years

1. Information of major vendors in the most recent 2 years

Unit: NTD thousands

Item	2020				2021			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	Sinon China	698,358	18%	Investee	Sinon China	863,401	21%	Investee
	Others	3,149,594	82%		Others	3,271,944	79%	
	Net Total Supplies	3,847,952	100%		Net Total Supplies	4,135,345	100%	

2. Information of major customers in the most recent 2 years: None.

3. Reason for Increase or Decrease: Structural adjustment of products

5.2.5 An Indication of the Production Volume for the Two Most Recent Fiscal Years

Unit: NTD millions

Production volume Major Products	Year	2020			2021		
		Capacity	Quantity	Amount	Capacity	Quantity	Amount
Crop Protection		—	—	\$4,645	—	—	\$4,860

Note: Capacity and Quantity are not aggregated due to the varying calculations of major products.

5.2.6 An Indication of the Volume of Units Sold for the Two Most Recent Fiscal Years

Unit: NTD millions

Sales Volume Major Products (or by departments)	Year	2020				2021			
		Local		Export		Local		Export	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Crop protection		—	\$3,280	—	\$6,843	—	\$3,450	—	\$7,487
Supermarket		—	\$4,549	—	—	—	\$4,825	—	—
Household supplies and catering service		—	\$1,862	—	\$142	—	\$1,934	—	\$115
Others		—	\$808	—	—	—	\$835	—	—
Total		—	\$10,499	—	\$6,985	—	\$11,044	—	\$7,602

Note: The aggregation of sales volume cannot be obtained, due to the units used by each main products (or departments) are different.

5.3 The Number of Employees employed for the two Most Recent Fiscal Years, and during the Current Fiscal Year up to the Print Date of the Annual report, their Average Years of Service, Average Age, and Percentage of Employees at each Education Levels

Year		2020	2021	As of April 30, 2022
Number of Employee	Staff	502	515	525
	Clerk	670	672	665
	Operator	199	178	178
	Total	1,371	1,365	1,368
Average Age		43.5	44.1	44.2
Average Years of Service		10.1	10.6	10.6
Education	Ph.D.	0.1%	0.1%	0.1%
	Master's Degree	10.4%	10.6%	10.6%
	Bachelor's Degree	40.0%	40.8%	41.2%
	Senior High School	43.7%	43.2%	42.9%
	Below Senior High School	5.8%	5.3%	5.2%

5.4 Expenditure for Environmental Protection

Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents, and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken.

Year	Losses caused by polluting the environment (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions)
2021	(1) Date of disposition: August 2, 2021 (2) Disposition reference numbers: 40-110-080033 (3) Violated laws: Article 31, Paragraph 1, Subparagraph 2, Waste Disposal Act (only procedural violations without the actual pollution state) (4) Compensation object or disposal agency: Environmental Protection Bureau, Taichung City Government (5) Amount of compensation or content of the disposition: NTD 6,000 fine and 1 hour of environmental education for the person in charge of environmental protection (6) Other losses: none
As of April 30, 2022	None
Estimated current and probable future amounts: none Countermeasures: Continuous improvement measures planned to be taken Improvement plan 1. Improve the production process to reduce the exhaust gas emission in the production process, so as to improve the environmental protection quality and corporate image. 2. Design and modify to enhance the safety quality of equipment operations. 3. Continue to educate and train dedicate environmental protection personnel to improve their professional skills and technical levels.	

Planned environmental protection disbursement in the coming three years:

Item Year	Planned purchase of pollution prevention equipment or expenditure content	Expected improvement	Amount (NTD thousands)
2022	- Wastewater treatment facility upgrade improvement - Air pollution prevention equipment	- Improve wastewater disposal capacity - Enhance and improve air quality	36,500
2023	Wastewater disposal facility design and modification	Enhance the equipment operation process	30,000
2024	Wastewater treatment facility improvement	Improve wastewater disposal capacity	30,000

(3) Impact after improvement

Impact on net profit: meet environmental protection requirements and improve the product competitiveness.

5.5 Labor Relations

5.5.1 Implementation of Employee Benefit Plans, Continuing Education, Training, Retirement Systems

1. Employee rights and benefits

- (1) Set reasonable salary and remuneration according to the labor market standards, provide stable salary adjustment policies, and give employees due leaves according to law.
- (2) Implement employee labor insurance, employment insurance and national health insurance, as well as employee group insurance, travel insurance for business trips, and related employee integrity insurances. When an employee dies from non-occupational disasters, pensions will be paid according to the policies.
- (3) Establish Employees' Welfare Committee. Welfare funds will be allocated according to a fixed proportion every month, including wedding and funeral gifts, children's education scholarship, maternity, hospitalization subsidies for employees and dependents, emergency payment, welfare products (vouchers) for three traditional holidays, etc.
- (4) Hold various leisure activities from time to time, such as concerts, family days, domestic and overseas tours and various associations' activities, and set up a gym for employees' leisure use.
- (5) Provide flexible working hours, staff dining room, nursing room, medical room, medical consultation, health examination, etc.
- (6) Encourage employees to create innovative proposals, discover work abnormalities or cost saving tips, and propose improvement plans. After adopted by the Company, reward will be given depending on the results.
- (7) Allocate 10% of cash capital increase for employee stock warrants.

2. Continuous education and training development

In order to provide employees with the correct knowledge, concepts and skills required for their work, the Company provides new employee training, professional technical training, management capability training, self-inspiration training, quality management training, safety and health training, etc. Provide employees with complete professional skills development and inspire their self-growth, so as to improve their work efficiency.

3. Retirement system

Implement Employee Retirement Management Policies in accordance with Labor Standards Act and Labor Pension Act. Allocate fixed amount to retirement pension monthly for employees, and award gold commemorative coins and medals to retired employees. There are also occasional reunion dinners for retired employees.

Retirement pension appropriation in accordance with Labor Standards Act (old system):

- (1) Allocate 2% of employee's monthly salary to retirement pension and deposit to a special account with Bank of Taiwan in the name of Supervision Committee of Labor Retirement Reserve. By end of the year, if the estimated special account balance is insufficient to pay the employees who are expected to meet the retirement conditions within one year, the difference will be allocated once before March of the following year.

- (2) Retirement eligibility and pension payment: when an employee meets one of the following conditions, he or she can apply for retirement voluntarily.

Pension of employees shall be calculated according to their years of service and the average salary for the six months before the retirement approved.

A. Those who have worked for more than 15 years and reached the age of 55

B. Those who have worked for more than 10 years and reached the age of 60

C. Those who have worked for more than 25 years

Retirement pension appropriation in accordance with Labor Pension Act (new system):

Allocate 6% of each employee's monthly salary to retirement pension and deposit to a personal account with Bureau of Labor Insurance every month. Employees can apply for retirement pension payment to the Bureau of Labor Insurance when reach the age of 60.

5.5.2 Employee Training Hours Statistics in 2021

Position /Gender		Male	Female	Total
Overall Employees	Number of people trained	9,965	2,569	12,534
	Number of training hours	13,570	4,742	18,312
	Average training hours	16.41	8.81	13.42
Executives	Average training hours	18.21	32.07	20.74
Mid-level Managers		27.17	30.08	27.85
Grass-root Managers		28.39	29.50	28.50
Non-management Staffs		14.23	7.24	11.18

5.5.3 any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes ,and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken.

Year	Violation of the Labor Standards Act (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions)
2021	(1) Date of disposition: August 27, 2021 (2) Disposition reference numbers: Taichung City Gov. Labor No. 1100217906 (3) Violated laws: Article 24 and Article 32, Paragraph 2 of the Labor Standards Act (a) Failure to pay overtime wages as required (b) Extension of working hours exceeding the legal limit (4) Compensation object or disposal agency: Labor Affairs Bureau, Taichung City Government (5) Amount of compensation or content of the disposition: NTD 100,000 fine (6) Other losses: None
As of April 40, 2022	None
Estimated current and probable future amounts: None Countermeasures: We have already enhanced the working hour check mechanism of our scheduling system to prevent labor law violations due to human scheduling errors.	

5.6 Cyber security management

5.6.1 The cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.

The Company establishes an Information Security Management System (ISMS) that in compliance with international standards and has passed the validation of ISO 27001:2013 Information Security Management System, valid through December 16, 2022.

In the face of various information security threats, the company's Vice General Manager serves as the Chief Information Security Officer and forms the Information Security Management Committee to coordinate and develop annual information security plans, policies, objectives, processes, and resources. It convenes a management review meeting yearly and an information security meeting quarterly to review the performance of each quarter. In addition, in 2022, we have set up one dedicated information security executive and personnel each, and applied for membership in the Taiwan Computer Emergency Response Team / Coordination Center to keep abreast of important information on information security and to facilitate the development of relevant countermeasures. In the meantime, we review and strengthen deficiencies through regular audits by an impartial third party.

Countermeasures of various information security risks adopted by the Company in 2021:

- (1) We replaced the core routers in 2021 and upgraded to a high availability framework to effectively reduce the chance of network service outages.
- (2) We have established internal and external network firewalls to block known threats, reduce the risk and threat of network attacks on network devices and terminals, shorten the window period of response to information security incidents, and reduce losses.
- (3) We hold the Disaster Recovery Drill at least twice a year to strengthen the relevant personnel to effectively implement SOPs when facing various disaster events and to shorten the impact time.
- (4) For protecting the Company's core information, beside of regularly backup

and remote backup, we also perform data recovery tests regularly to ensure the availability and integrity of the backup data. Two data recovery tests have been performed in 2021.

- (5) In response to the epidemic, the Company established a digital learning platform, assigned all the employees in the WANG-TIEN FACTORY to take the information security training, and conduct social media drills from time to time to effectively enhance the employee's awareness of information security.
- (6) Authenticate and record the behavior of computers in the WANG-TIEN FACTORY with the network behavior management equipment.
- (7) All PCs used by employees are installed with anti-virus software and endpoint detection and response software. In addition to regularly updating virus code and scanning, we also protect against threats like malware, high-risk websites, and ransomware, as well as set up a whitelist for the plant to block unpermitted software from being installed.

The Company follows the PDCA management cycle to ensure the confidentiality, integrity, and availability of data, and continuously reviews the effectiveness of the implementation of the information security systems, implements various information security measures, and strengthens the protection of customer data and sensitive operational data.

5.6.2 Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: No major information security incidents occurred in 2021.

5.7 Important Contracts: None.

VI. Financial Information

6.1 Five-Year Financial Summary

6.1.1 Condensed Balance Sheet and Statement of Comprehensive Income

Condensed Balance Sheet- IFRS (Consolidated)

Unit: NTD thousands

Year		Financial Summary for The Last Five Years				
		2017	2018	2019	2020	2021
Current assets		7,013,792	7,062,342	6,804,285	6,972,035	8,199,507
Property, plant and equipment		7,527,676	7,147,298	6,839,083	6,453,231	6,291,006
Intangible assets		—	—	—	—	—
Other assets		702,688	740,330	1,621,491	1,530,715	1,521,567
Total assets		15,244,156	14,949,970	15,264,859	14,955,981	16,012,080
Current liabilities	Before distribution	5,183,143	5,236,120	5,460,722	5,400,690	6,371,686
	After distribution	5,604,365	5,782,760	6,007,362	5,947,330	7,128,573 (Note)
Non-current liabilities		3,378,303	2,661,746	2,727,442	2,447,862	2,134,309
Total liabilities	Before distribution	8,561,446	7,897,866	8,188,164	7,848,552	8,505,995
	After distribution	8,982,668	8,444,506	8,734,804	8,395,192	9,262,882 (Note)
Total equity attributable to owners of the Company		6,637,770	7,001,074	7,029,429	7,059,128	7,452,776
Capital stock		4,149,934	4,204,926	4,204,926	4,204,926	4,204,926
Capital surplus		433,832	450,275	450,289	450,304	462,192
Retained earning	Before distribution	2,302,577	2,637,845	2,709,386	2,693,697	3,086,965
	After distribution	1,881,355	2,091,205	2,162,746	2,147,057	2,330,078 (Note)
Other equity interest		(248,573)	(291,972)	(335,172)	(289,799)	(301,307)
Treasury stock		—	—	—	—	—
Non-controlling interest		44,940	51,030	47,266	48,301	53,309
Total equity	Before distribution	6,682,710	7,052,104	7,076,695	7,107,429	7,506,085
	After distribution	6,261,488	6,505,464	6,530,055	6,560,789	6,749,198 (Note)

Note: This amount has been resolved by the board of directors on March 18, 2022.

Condensed Statement of Comprehensive Income- IFRS (Consolidated)

Unit: NTD thousands

Unit: NTD thousands

Item \ Year	Financial Summary for The Last Five Years				
	2017	2018	2019	2020	2021
Operating revenue	17,284,376	18,134,087	17,081,389	17,484,401	18,645,875
Gross profit	4,714,366	4,905,458	4,540,541	4,704,307	5,214,887
Profit from operations	890,040	940,405	885,263	977,812	1,145,254
Non-operating income and expenses	(131,520)	(47,523)	(39,571)	(126,694)	9,436
Profit before income tax	758,520	892,882	845,692	851,118	1,154,690
Profit from continuing operations	579,814	733,837	680,717	721,519	929,572
Net profit for the year	579,814	733,837	680,717	721,519	929,572
Other comprehensive income(loss) for the year, net of income tax	(88,393)	(18,929)	(49,884)	(139,816)	8,724
Total comprehensive income for the year	491,421	714,908	630,833	581,703	938,296
Net profit attributable to owners of the company	578,041	726,957	674,855	715,593	920,914
Net profit attributable to non-controlling interest	1,773	6,880	5,862	5,926	8,658
Total comprehensive income attributable to owners of the company	490,895	707,370	624,913	576,324	928,400
Total comprehensive income attributable to non-controlling interest	526	7,538	5,920	5,379	9,896
Earnings per share (NTD)	1.50	1.74	1.60	1.70	2.19

Condensed Balance Sheet- IFRS (Standalone)

Unit: NTD thousands

Year Item		Financial Summary for The Last Five Years				
		2017	2018	2019	2020	2021
Current assets		3,763,921	4,202,569	3,904,028	3,552,017	4,454,801
Property, plant and equipment		5,034,738	4,769,221	4,566,295	4,328,030	4,243,027
Intangible assets		—	—	—	—	—
Other assets		3,813,796	3,416,717	3,432,655	3,543,605	3,574,476
Total assets		12,612,455	12,388,507	11,902,978	11,423,652	12,272,304
Current liabilities	Before distribution	2,968,586	2,999,037	3,077,650	2,931,911	3,674,230
	After distribution	3,389,808	3,545,677	3,624,290	3,478,551	4,431,117 (Note)
Non-current liabilities		3,006,099	2,388,396	1,795,899	1,432,613	1,145,298
Total liabilities	Before distribution	5,974,685	5,387,433	4,873,549	4,364,524	4,819,528
	After distribution	6,395,907	5,934,073	5,420,189	4,911,164	5,576,415 (Note)
Total equity attributable to owners of the Company		—	—	—	—	—
Capital stock		4,149,934	4,204,926	4,204,926	4,204,926	4,204,926
Capital surplus		433,832	450,275	450,289	450,304	462,192
Retained earning	Before distribution	2,302,577	2,637,845	2,709,386	2,693,697	3,086,965
	After distribution	1,881,355	2,091,205	2,162,746	2,147,057	2,330,078 (Note)
Other equity interest		(248,573)	(291,972)	(335,172)	(289,799)	(301,307)
Treasury stock		—	—	—	—	—
Non-controlling interest		—	—	—	—	—
Total equity	Before distribution	6,637,770	7,001,074	7,029,429	7,059,128	7,452,776
	After distribution	6,216,548	6,454,434	6,482,789	6,512,488	6,695,889 (Note)

Note: This amount has been resolved by the board of directors on March 18, 2022.

Condensed Statement of Comprehensive Income- IFRS (Standalone)

Unit: NTD thousands

Year Item		Financial Summary for The Last Five Years				
		2017	2018	2019	2020	2021
Operating revenue		8,610,013	9,091,555	8,216,128	8,625,036	9,318,215
Gross profit		2,130,721	2,097,008	1,940,387	2,063,674	2,342,286
Profit from operations		658,331	642,428	706,837	730,008	690,593
Non-operating income and expenses		50,762	206,922	84,425	67,612	371,761
Profit before income tax		709,093	849,350	791,262	797,620	1,062,354
Net profit for the year		578,041	726,957	674,855	715,593	920,914
Other comprehensive income (loss) for the year, net of income tax		(87,146)	(19,587)	(49,942)	(139,269)	7,486
Total comprehensive income for the year		490,895	707,370	624,913	576,324	928,400
Earnings per share(NTD)		1.50	1.74	1.60	1.70	2.19

6.1.2 Independent Auditor's Names and Opinions for Recent Five Years

Year	CPA	Audit Opinion
2021	Su, Ting-Chien Tseng, Done-Yuin	Unmodified Opinion
2020	Su, Ting-Chien Tseng, Done-Yuin	Unmodified Opinion
2019	Su, Ting-Chien Tseng, Done-Yuin	Unmodified Opinion
2018	Su, Ting-Chien Tseng, Done-Yuin	Unmodified Opinion
2017	Chiang, Shu-Jing Tseng, Done-Yuin	Unmodified Opinion

6.2 Five-Year Financial Analysis

Financial Analysis- IFRS (Consolidated)

Item \ Year		Financial Analysis for the Last Five Years				
		2017	2018	2019	2020	2021
Financial structure	Debt Ratio (%)	56.2	52.8	53.6	52.5	53.1
	Ratio of long-term capital to property, plant and equipment (%)	133.7	135.3	142.9	148.1	153.2
Solvency	Current ratio (%)	135.3	134.9	124.0	129.1	128.7
	Quick ratio (%)	70.9	69.8	65.8	69.8	66.4
	Interest earned ratio (times)	9.6	13.5	12.4	14.9	27.5
Operating performance	Accounts receivable turnover (times)	8.3	8.2	7.9	9.3	9.1
	Average collection period	44	45	46	39	40
	Inventory turnover (times)	4.0	4.5	4.4	4.6	4.5
	Accounts payable turnover (times)	7.1	7.1	6.8	7.1	7.2
	Average days in sales	92	81	83	79	82
	Property, plant and equipment turnover (times)	2.3	2.5	2.4	2.6	2.9
	Total assets turnover (times)	1.1	1.2	1.1	1.2	1.2
Profitability	Return on total assets (%)	4.2	5.2	4.9	5.1	6.2
	Return on stockholders' equity (%)	9.3	10.7	9.6	10.2	12.7
	Pre-tax income to paid-in capital (%)	18.3	21.2	20.1	20.2	27.5
	Profit ratio (%)	3.4	4.0	4.0	4.1	5.0
	Earnings per share (NTD)	1.50	1.74	1.6	1.7	2.19
Cash flow	Cash flow ratio (%)	42.0	24.2	31.7	41.2	9.2
	Cash flow adequacy ratio (%)	69.8	95.0	138.3	174.7	154.1
	Cash reinvestment ratio (%)	12.1	8.5	7.8	11.0	0.3
Leverage	Operating leverage	1.7	1.7	2.0	1.9	1.7
	Financial leverage	1.1	1.1	1.1	1.1	1.0

Note: The calculation formula is listed in Page 90

Financial Analysis- IFRS (Standalone)

Item \ Year		Financial Analysis for the Last Five Years				
		2017	2018	2019	2020	2021
Financial structure)	Debt Ratio (%)	47.4	43.2	40.9	38.2	39.3
	Ratio of long-term capital to property, plant and equipment (%)	191.6	195.3	193.3	196.2	202.6
Solvency	Current ratio (%)	126.8	140.1	126.9	121.2	121.2
	Quick ratio (%)	82.6	91.2	80.8	75.5	72.9
	Interest earned ratio (times)	10.2	16.1	19.3	24.7	50.7
Operating performance	Accounts receivable turnover (times)	4.1	4.1	3.8	5.1	4.9
	Average collection period	88.3	88.1	96.0	71.4	74.3
	Inventory turnover (times)	5.5	5.6	4.9	5.4	5.7
	Accounts payable turnover (times)	9.1	8.7	8.3	8.9	9.4
	Average days in sales	66.5	65.0	74.8	67.4	64.2
	Property, plant and equipment turnover (times)	1.7	1.9	1.8	1.9	2.2
	Total assets turnover (times)	0.7	0.7	0.7	0.7	0.8
Profitability	Return on total assets (%)	5.0	6.2	5.9	6.4	7.9
	Return on stockholders' equity (%)	9.3	10.7	9.6	10.2	12.7
	Pre-tax income to paid-in capital (%)	17.1	20.2	18.8	19.0	25.3
	Profit ratio (%)	6.7	8.0	8.2	8.3	9.9
	Earnings per share (NTD)	1.50	1.74	1.6	1.70	2.19
Cash flow	Cash flow ratio (%)	58.6	26.5	42.5	38.8	-3.7
	Cash flow adequacy ratio (%)	96.2	106.8	148.3	164.2	135.2
	Cash reinvestment ratio (%)	6.6	1.9	3.9	3.0	-3.5
Leverage	Operating leverage	1.7	1.7	1.5	1.5	1.7
	Financial leverage	1.1	1.1	1.1	1.1	1.0

Note: The calculation formula is listed in Page 90

A. Financial Structure

- (1) Debts to Assets Ratio = Total Liabilities / Total Assets
- (2) Ratio of Long-term Capital to Property, Plants and Equipment = (Total Equity + Noncurrent Liabilities) / Net of Properties, Plants and Equipment

B. Liquidity Analysis

- (1) Current Ratio = Current Assets / Current Liabilities
- (2) Quick Ratio = (Current Assets - Inventory - Prepaid Expense) / Current Liabilities
- (3) Interest Earned Ratio = (Net Income before Income Tax and Interest Expenses) / Interest Expense

C. Operating Performance

- (1) Account Receivable Turnover = Net Sales / Average Accounts Receivable (including Accounts Receivable and Notes Receivable originated from operation)
- (2) Average Collection Days = 365 / Accounts Receivable Turnover
- (3) Inventory Turnover = Costs of Good Sold / Average Inventory
- (4) Accounts Payable Turnover = Costs of Good Sold / Average Accounts Payable (including Accounts Payable and Notes Payable originated from operation)
- (5) Average Days in Sales = 365 / Inventory Turnover
- (6) Property, Plants and Equipment Turnover = Net Sales / Average of Net Properties, Plants and Equipment
- (7) Total Assets Turnover = Net Sales / Average of Total Assets

D. Profitability

- (1) Return on Assets = (Net Income + Interest Expense (1-Tax Rate)) / Average Total Assets
- (2) Return on Equity = Net Income / Average Equity
- (3) Pre-tax income to paid-in capital = Pre-tax income / Paid-in capital
- (4) Net Income Ratio = Net Income / Net Sales
- (5) Earnings per Share = (Net Income Attributable to Stockholders of the Parent - Preferred Stock Dividend) / Weighted Average Number of Outstanding Shares

E. Cash Flow

- (1) Cash Flow Ratio = Cash Flows from Operating Activities / Current Liabilities
- (2) Cash Flow Adequacy Ratio = Net Cash Flow from Operating Activities for the most recent 5 years / (Capital Expenditure + Increase in Inventory + Cash Dividends) for the most recent 5 years
- (3) Cash Reinvestment Ratio = (Net Cash Flow from Operating Activities - Cash Dividends) / (Gross Properties, Plants and Equipment + Long-term Investment + Gross Concession + Other Noncurrent Assets + Working Capital)

F. Leverage

- (1) Operating Leverage = (Net Sales - Variable Operating Costs and Expenses) / Operating Income
- (2) Financial Leverage = Operating Income / (Operating Income - Interest Expenses)

6.3 2021 Audit Committee's Review Report

SINON CORPORATION

Audit Committee's Review Report

To shareholders in annual shareholders' meeting 2022

The board of directors has prepared the Company's 2021 business report, financial statements (including consolidated financial statements), and proposal for allocation of profits. The financial statements (including consolidated financial statements) have been audited and certified by certified public accountants, Su, Ting-Chien and Tseng, Done-Yuin, at the CPA firm of Deloitte & Touche, and the review report was issued accordingly.

The above business report, financial statements (including consolidated financial statements) and proposal for allocation of profits have been reviewed and determined to be accurate by the audit committee. In accordance with relevant requirements of the Securities and Exchange Act and the Company Act, we hereby submit this report; please make an approval for it. Convener of Audit of Committee

Convener of Audit of Committee



Huang, Shen-Yi
March 18, 2022

6.4 Consolidated Financial Statements for the Years Ended December 31, 2021 and 2020, and Independent Auditors' Report:

Please refer to page 103 to page 166, Appendix.

6.5 Standalone Financial Statements for the Years Ended December 31, 2021 and 2020, and Independent Auditors' Report:

Please refer to page 167 to page 239, Appendix.

6.6 Occurrence of Financial Distress on the Company and Affiliates for the Most Recent Year and up to the print Date of the Annual Report: None.

VII. Review of Financial Conditions, Financial Performance, and Risk Management

7.1 Financial Status

7.1.1 Analysis of Financial Status

Unit: NTD thousands

item \ Year	2021	2020	Difference	
			Amount	%
Current Assets	8,199,507	6,972,035	1,227,472	18
Property, plant and equipment	6,291,006	6,637,124	(346,118)	(5)
Other non-current assets	1,521,567	1,346,822	174,745	13
Total Assets	16,012,080	14,955,981	1,056,099	7
Current Liabilities	6,371,686	5,400,690	970,996	18
Non-current liabilities	2,134,309	2,447,862	(313,553)	(13)
Total Liabilities	8,505,995	7,848,552	657,443	8
Capital stock	4,204,926	4,204,926	0	—
Capital surplus	462,192	450,304	11,888	3
Retained Earnings	3,086,965	2,693,697	393,268	15
Total Equity	7,506,085	7,107,429	398,656	6
Analysis of changes in financial ratios:				
1. Increase in current assets: It was mainly due to an increase in accounts receivable of NTD 580 million, an increase in inventory of NTD 480 million, and an increase in prepayments of NTD 290 million.				
2. Increase in current liabilities: It was mainly due to the increase in bank borrowings of NTD 1.03 billion.				

7.2 Financial Performance

7.2.1 Analysis of Financial Performance

Unit: NTD thousands

Year Item	2021	2020	Variance Amount	Variance (%)
Operating Revenue	18,645,875	17,484,401	1,161,474	7
Operating Cost	13,430,988	12,780,094	650,894	5
Gross Profit	5,214,887	4,704,307	510,580	11
Operating Expenses	4,069,633	3,726,495	343,138	9
Profit from Operations	1,145,254	977,812	167,442	17
Total non-operating income and expenses	9,436	(126,694)	136,130	107
Income Before Tax	1,154,690	851,118	303,572	36
Tax Benefit (Expense)	225,118	129,599	95,519	74
Net Profit for the Year	929,572	721,519	208,053	29
Other Comprehensive Income(Loss)	8,724	(139,816)	148,540	106
Total Comprehensive Income for the Year	938,296	581,703	356,593	61
Net Profit Attributable to Owners of the Company	920,914	715,593	205,321	29
Total Comprehensive Income Attributable to Owners of the Company	928,400	576,324	352,076	61
Analysis of changes in financial ratios: Non-operating income/expenses: It was mainly due the decrease in foreign exchange losses of NTD 210 million.				

7.2.1 Analysis of Financial Performance: Not applicable.

7.3 Cash Flow

7.3.1 Analysis of Consolidated Cash Flows for the most recent 2 years

Year Item	2021	2020	Variance (+/-) Amount	Variance (+/-) %
Cash & Cash Equivalents, Beginning of the Year	1,894,835	1,494,351	400,484	27
Net Cash Provided by Operating Activities	587,557	2,242,900	(1,655,343)	(74)
Net Cash Used in Investing Activities	(429,814)	(12,559)	(417,255)	3,322
Net Cash Used in Financing Activities	(386,194)	(1,615,138)	1,228,944	(76)
Effect of Exchange Rate on Cash and Cash Equivalents	5,180	(214,719)	219,899	(102)
Cash & Cash Equivalents, End of the Year	1,671,564	1,894,835	(223,271)	(12)
Analysis for Cash flow change: - Net Cash Provided by Operating Activities decreased by 74%: mainly for the increase in receivables, and the growth in material inventories. - Net cash used in investing activities increased by 3,322%: primarily for the income from disposal of assets and the Investment increase from Financial Bond in this period. - Net cash used in financing activities decreased by 76%: primarily for the increase in raw material prices and the bank loan before the accounts receivable collected. - Effect of exchange rate on cash and cash equivalents decreased by 102%: mainly for the fluctuation for exchange rate of foreign currency assets of subsidiaries.				

7.3.2 Cash Flow Analysis for the Current Year

Unit: NTD millions

Cash and Cash Equivalents, Beginning of Year ①	Net Cash Flow from Operating Activities ②	Cash Outflow ③	Cash Surplus (Deficit) ① + ② - ③	Leverage of Cash Deficit	
				Investment Plans	Financing Plans
1,671	1,500	(1,300)	1,871	—	—
1.Cash flow change analysis for next year: (1) Business activities: It is expected that business activities will generate net cash inflows in 2022, mainly due to the occurrence of net profit after tax and depreciation and amortization expenses. (2) Investments: It is expected that investments in 2022 will generate net cash flow outflows, mainly due to plant and equipment maintenance, and new product investments. (3) Financing activities: It is expected that financing activities will generate net cash flow outflows in 2022, mainly due to disbursements of cash dividends and loan repayments. 2. Remedial actions for projected cash shortfalls and liquidity analysis: There is not any expected liquidity shortfalls.					

7.4 Major Capital Expenditure Items

7.3.1 Major Capital Expenditure Items and Source of Capital

Unit: NTD millions

Project	Actual or Planned Source of Capital	Actual or Planned Date of Completion	Total Capital	Actual or Expected Capital Expenditure					
				2020	2021	2022	2023	2024	2025
Plant and equipment investments	Cash flow generated from operations	December, 2022	\$114	\$52	\$32	\$29	\$0	\$0	\$0
New product investments	Cash flow generated from operations	December, 2023	\$699	\$54	\$43	\$152	\$150	\$150	\$150

7.3.2 Expected Benefits

Estimated Increase in Production, Sales, and Gross Profits

Unit: NTD millions

Item	Year	Quantity of Production (tons)	Quantity of Sales (tons)	Amount of Sales	Gross Profit
Plant and equipment investments	2022	95	95	87	24
	2023	95	95	87	24
	2024	95	95	87	24
	2025	95	95	87	24
	2026	95	95	87	24
New product investments	2022	235	267	217	61
	2023	575	620	487	136
	2024	747	821	590	165
	2025	1,147	1,654	956	267
	2026	1,318	2,335	1,024	286

Other Benefits:

In addition to improve global supply efficiency and reduce shipping costs, expanding production and sales bases can also increase overall customer satisfaction.

7.5 Reinvestment Policies, Reasons for Gains or Losses, Improvement Plans in Recent Years, and Investment Plans in the Coming Year

7.5.1 Investment Policies in Recent Years and Their Profits

The Company's reinvestment policy focuses on investing in related industries. Research and develop core competitive products and purchase new equipment to enhance product quality and price competitiveness. Apply for registration of new products in the global market and establish own brands and channels to increase the market share in overseas chemical product markets.

In 2021, the Company's investment income recognized under the equity method was NTD 315,466 thousand, which was an increase of NTD 350,986 thousand from the investment loss recognized in 2020 of NTD 35,520 thousand.

7.5.2. Investment Plan in Next Year

The Company will take into account the global economic situation and business requirements for future investment, and make prudent assessments to reduce risks and ensure investment efficiency.

7.5.3 Reinvestment Analysis: Not applicable.

7.6 Risk Analysis and Assessment

7.6.1 The Effect upon the Company's Profits (Losses) of Interest and Exchange Rate Fluctuations and Changes in the Inflation Rate, and Countermeasures to Be Taken in the Future.

1. The currency and amount of the company's import and export transactions are equivalent, and the foreign currency positions are mostly mutual offset, thus the net foreign currency positions are not large. In addition, the finance department collects information about exchange rate changes at any time, and adjusts the foreign currency positions held according to the actual capital requirements and exchange rate fluctuations, so we adopt the hedging strategies by buying a forward exchange rate and other hedging instruments.

2. The Company's financial liability is not large, and the export price of agrochemicals with a longer collection term can be adjusted according to the trend of market interest rates.

7.6.2 Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions.

The Company's loans to other parties, endorsements and guarantees are all conducted in accordance with the "Procedures for Loaning of Funds to others" and "Procedures for Making of Endorsement and Guarantee", and there are not significant profits and losses generated. In addition, the Company engages in derivatives to hedge for exchange rate fluctuations of foreign currency assets and liabilities, and there are not any high-risk or highly-leveraged operations or investments.

7.6.3 Future Research & Development Projects and Corresponding Budget.

The 2022 Research and Development Plan is as shown on page 79, and the cumulative estimated R&D cost is around NTD 118,701 thousand.

7.6.4 Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales: None.

7.6.5 Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales.

Cyber security management is as shown on page 86.

7.6.6 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures: None

7.6.7 Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans: Not applicable

7.6.8 Expected Benefits from, Risks Relating to and Response to Factory Expansion

Plans: None

7.6.9 Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration.

The Company does not have any consolidation of sales or purchasing operations.

7.6.10 Effects of Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%: None.

7.6.11 Effects of Risks Relating to and Response to the Changes in Management Rights: Not applicable.

7.6.12 Litigation or Non-litigation Matters: None.

7.6.13 Other Major Risks: please refer to page 57 to page 59.

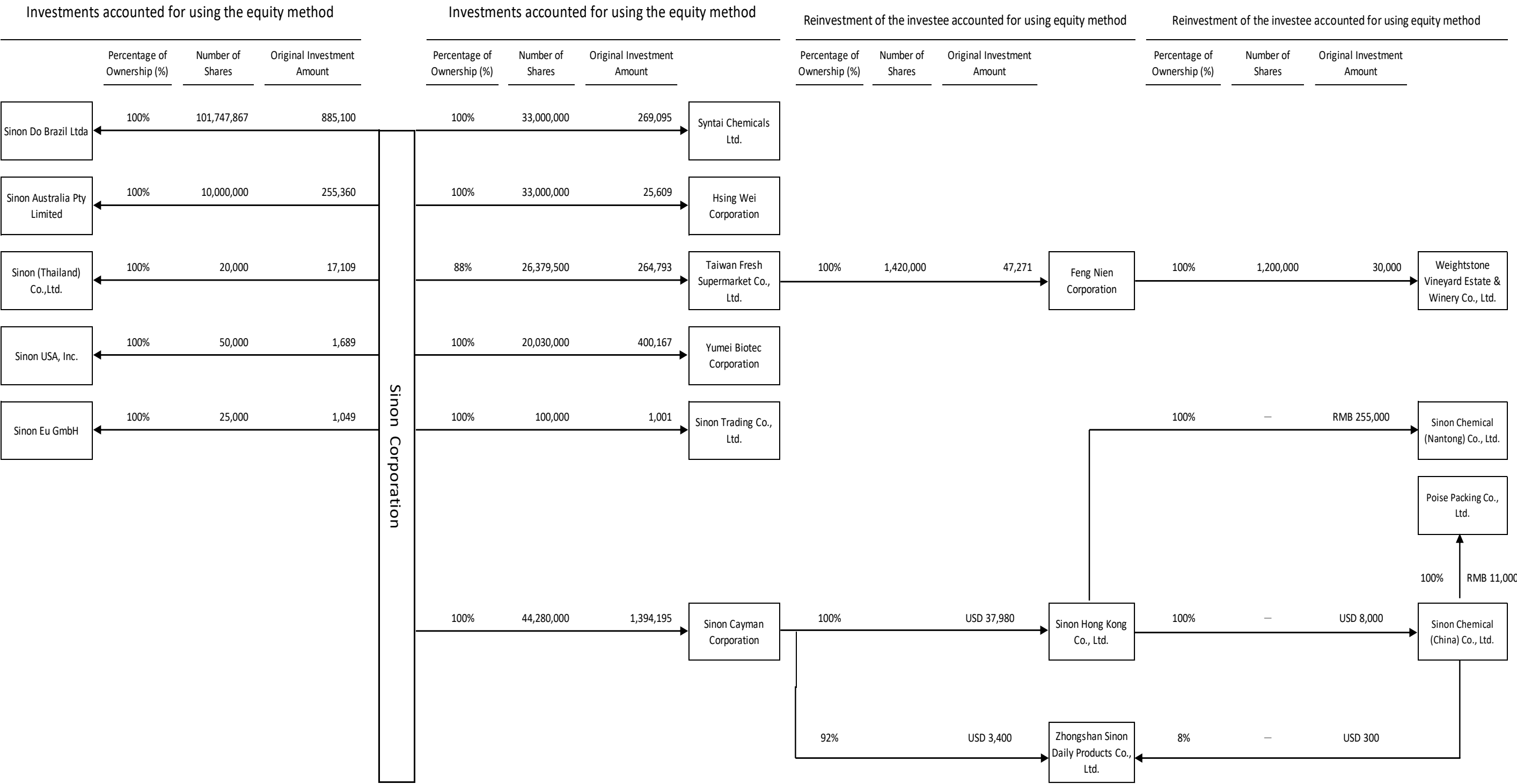
7.7 Other Important Matters: None.

VIII. Special Disclosure

8.1 Information Related to the Affiliates

Organization Structure

December 31, 2021 Unit: NT\$ thousands ; Share



8.2 Basic Information of Affiliates

Unit: in each currency

Company	Date of Incorporation	Address	Paid-in Capital (amount \$)	Main Businesses and Products
Taiwan Fresh Supermarket Co., Ltd.	2008/04/23	1F., No. 183, Fuxing Rd., Xitun Dist., Taichung City 407, Taiwan (R.O.C.)	NTD 300,000,000	Supermarket
Feng Nien Corporation	1967/03/02	1F., No. 59, Nanrong Rd., Dadu Dist., Taichung City 432, Taiwan (R.O.C.)	NTD 14,200,000	Supermarket
Weightstone Vineyard Estate & Winery Co., Ltd.	1955/05/02	1F., No. 59, Nanrong Rd., Dadu Dist., Taichung City 432, Taiwan (R.O.C.)	NTD 12,000,000	Food and special crops; Retail sale of tobacco and alcoholic drinks
Syntai Chemicals Ltd.	1990/11/08	No. 107, Nanrong Rd., Dadu Dist., Taichung City 432, Taiwan (R.O.C.)	NTD 330,000,000	Pharmaceuticals
Hsing Wei Corporation	1993/04/01	No. 56, Gongyequ 21st Rd., Nantun Dist., Taichung City 408, Taiwan (R.O.C.)	NTD 330,000,000	Manufacture and sale of cement
Sinon Trading Co., Ltd.	1978/01/19	1F., No. 101, Nanrong Rd., Dadu Dist., Taichung City 432, Taiwan (R.O.C.)	NTD 1,000,000	Trading
Yumei Biotec Corporation	2012/06/29	No. 50, Gongyequ 21st Rd., Nantun Dist., Taichung City 408, Taiwan (R.O.C.)	NTD 200,300,000	Houseware, catering services and retail of agricultural products
Sinon Cayman Corporation	1998/11/24	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands	USD 44,280,000	Holding company
Sinon Hong Kong Co., Ltd.	2010/02/23	Room 2702-03, CC Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong	—	Holding company
Sinon Chemical (China) Co., Ltd.	2001/05/11	28 Beicun Road, Zhelin Town, Fengxian District, Shanghai (201416)	USD 8,000,000	Manufacture and sale of various chemicals
Sinon Chemical (Nantong) Co., Ltd.	2012/05/23	28, Haibin 4th Rd., Rudong Coastal Economic Development Zone, Jiangsu Province.	RMB 255,000,000	Manufacture and sale of various chemicals
Poise Packing Co., Ltd.	2013/02/06	Building 16, No. 28, Beicun Road, Zhelin Town, Fengxian District, Shanghai	RMB 11,000,000	Import and export of plastic products
Zhongshan Sinon Daily Products Co., Ltd.	1999/01/04	No. 36, Longxing Fifth Street, West District, Zhongshan City, Guangdong Province.	USD 3,700,000	Product and sales of plastic products such as cling food wraps, food storage bags, and cling food wrap safe cutters; and the household aluminum foil products, rubber products, household cleaning products, and household kitchen products.

Company	Date of Incorporation	Address	Paid-in Capital (around \$)	Main Businesses and Products
Sinon Do Brazil Ltda.	1999/09/14	Av. Carlos Gomes, 1340 Conj. 1001 CEP90480-001-Porto Alegre - RS-Brazil	BRL 101,750,000	Manufacture and import and export of medical and chemical products
Sinon Australia Pty Limited	2002/11/06	'LEVEL 7, 60 YORK STREET, SYDNEY NSW 2000, Australia	AUD 10,000,000	Import and export of chemical products
Sinon (Thailand) Co.,Ltd.	2003/11/19	26/56 TPI Tower F1.20, Chantatmai Road, Thungmahamek, Sathorn, Bangkok 10120, Thailand	THB 10,000,000	Import and export of chemical products
Sinon USA, Inc.	2003/06/02	1080 Carol Lane, Suite 264 Lafayette, CA 94549 USA	USD 50,000	Import and export of chemical products
Sinon Eu GmbH	2003/12/22	Im Alten Dorfe 37 (Volksdorf) D-22359 Hamburg/Germany	EUR 25,000	Import and export of chemical products

8.3 Affiliates with Deemed Control and Subordination according to Article 369-3 of the Company Act: Please refer to the previous paragraph.

8.4 Business scope of All Affiliates: Please refer to the previous paragraph.

8.5 Rosters of Directors, Supervisors, and General Manager of the Affiliates

Dec. 31 2021/ Unit: Share, %

Company	Title	Name or Representative	Shareholding (Note 1)	
			Shares	%
Taiwan Fresh Supermarket Co., Ltd	Director	Sinon Corporation	26,379,500	87.9%
	(Representative)	Horng, Po-Yen	0	—
	(Representative)	Liao, Lien-Heng	0	—
	(Representative)	Yu, Tse-Jen	0	—
	(Representative)	Yang, Chung-Hsin	0	—
	(Representative)	Yang, Jen-Yo	0	—
	(Representative)	Liu, Yun-Sung	0	—
	(Representative)	Kuo, Tzu-Kuan	0	—
	Supervisor	Yen, Tsu-Fang	0	—
	Supervisor	Yu, Kuei-Ju	0	—
	General Manager	Yang, Chung-Hsin	100,000	0.33%
Feng Nien Corporation (Note2)	Director	Taiwan Fresh Supermarket Co., Ltd	1,420	100%
	(Representative)	Yang, Chung-Hsin	0	—

Company	Title	Name or Representative	Shareholding (Note 1)	
			Shares	%
Weightstone Vineyard Estate & Winery Co., Ltd.	Director (Representative)	Feng Nien Corporation Yang, Chung-Hsin	1,200,000 0	100% —
Syntai Chemicals Ltd.	Director (Representative)	Sinon Corporation Horng, Po-Yen	33,000,000 0	100% —
Hsing Wei Corporation	Director (Representative)	Sinon Corporation Horng, Po-Yen	33,000,000 0	100% —
Sinon Trading Co., Ltd.	Director (Representative)	Sinon Corporation Horng, Po-Yen	100,000 0	100% —
	(Representative)	Liao, Lien-Heng	0	—
Yumei Biotec Corporation	Director (Representative)	Sinon Corporation Horng, Po-Yen	20,030,000 0	100% —
	(Representative)	Liao, Lien-Heng	0	—
	(Representative)	Yu, Tse-Jen	0	—
	(Representative)	Yang , Chung-Hsin	0	—
	(Representative)	Yang, Jen-Yo	0	—
	(Representative)	Liu, Yun-Sung	0	—
	(Representative)	Kuo, Tzu-Kuan	0	—
	Supervisor	Sinon Corporation	20,030,000	100%
	(Representative)	Yen, Tsu-Fang	0	—
	(Representative)	Yu, Kuei-Ju	0	—
Sinon Cayman Corporation	Director	Horng, Po-Yen	0	—
Sinon Hong Kong Co., Ltd	Legal representative	Horng, Po-Yen	0	—
Sinon Chemical (China) Co., Ltd.	Legal representative	Horng, Po-Yen	0	—
	Director	Yu, Tse-Jen	0	—
	Director	Yen, Tsu-Fang	0	—
Sinon Chemical (Nantong) Co., Ltd.	Legal representativer	Horng, Po-Yen	0	—
	Director	Yu, Tse-Jen	0	—
	Director	Yen, Tsu-Fang	0	—
Poise Packing Co., Ltd.	Legal representative / Executive Director	Li, Chien-Min	0	—

Company	Title	Name or Representative	Shareholding (Note 1)	
			Shares	%
Zhongshan Sinon Daily Products Co., Ltd	Legal representativer	Li, Chien-Min	0	—
	Director	Horng, Po-Yen	0	—
	Director	Yao, Chung-Ming	0	—
Sinon Do Brazil Ltda.	Legal representative	David Huang	0	—
		William Lin	0	—
		Tsung Tai Ho	0	—
Sinon Australia Pty Limited	Director	Kevin Douglas	0	—
	Director	Horng, Po-Yen	0	—
	Director	Chang, Min-Chih	0	—
Sinon (Thailand) Co.,Ltd.	Director	Horng, Po-Yen	100	0.5%
	Director	Nongluk Kanjanakriengkri	4,800	24.0%
Sinon USA, Inc.	Director	Yen, Tsu-Fang	0	—
Sinon Eu GmbH	Director	Horng, Po-Yen	0	—
	Director	Shih, Neng-Chun		
	Director	Hans Brandt		

Note 1: If the investee is a joint stock limited company, it shall be filled with the number of shares hold and the shareholding percentage; otherwise, the amount and proportion of investment shall be indicated.

Note 2: Feng Nien Corporation denomination of NTD 10,000 per share.

8.6 Overview of the Operations of the Affiliates

Unit: NTD millions

Company	Capital stock	Assets	Liabilities	Net worth	Operating revenue	Profit (Loss) from operations	Net Profit for the Year
Taiwan Fresh Supermarket Co., Ltd	300	2,344	1,902	442	4,778	90	72
Yumei Biotech Corporation	200	995	443	552	2,014	142	125
Hsing Wei Corporation	330	678	184	494	835	98	78
Sinon Chemical (China) Co., Ltd.	271	1,981	1,322	659	2,406	53	93
Sinon Do Brazil Ltda.	885	1,240	1,104	136	1,080	54	35
Sinon (Thailand) Co.,Ltd.	8	61	55	6	172	15	8
Sinon Australia Pty Limited	255	39	33	6	66	(2)	(2)

Note: Only major operating companies are listed.

8.7 Consolidated Financial Statements, Declaration of Consolidated of Financial Statements of Affiliates:

Please refer to page 104, Appendix.

8.8 Private Placement Securities in the Most Recent Year and up to the Print Date of the Annual Report: None.

8.9 The Company's Shares Held or Disposed by Subsidiaries in the Most Recent Year and up to the Print Date of the Annual Report: None.

8.10 Other Supplementary Information: None

IX Other Supplementary Information

In the most recent year and as of the date of the annual report, any matter which has had a significant impact on shareholders rights or the price for the securities that is defined by Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act: None.

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Sinon Corporation and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2021 and 2020 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the consolidated financial statements of affiliates of Sinon Corporation as of and for the year ended December 31, 2021 under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 “Consolidated Financial Statements”. Relevant information required to be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Consequently, Sinon Corporation and its subsidiaries did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Sinon Corporation

By:



Po Yen Horng
President

March 18, 2022

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sinon Corporation

Opinion

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

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2021 is stated as follows:

Recognition of Revenue

The Group's operating revenue mainly comes from the production and sales of crop protection agents, in which export sales revenue from customers throughout Europe, America and Asia is significant to the overall operating revenue; therefore, we identified validity of the recognition of revenue as a key audit matter. For related accounting policies and detailed information on revenue recognition, refer to Notes 4 and 20.

The audit procedures that we performed in respect of revenue recognition included the following:

1. We understood and assessed the appropriateness of the design and implementation of relevant internal controls over revenue recognition.
2. We performed substantive analytical procedures by sample testing the export sales revenue in subsidiary ledger, and checked the sales receipts and shipping documents to confirm the validity of sales revenue.

Other Matter

We have also audited the parent company only financial statements of Sinon Corporation as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements 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 should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Ting-Chien Su and Done-Yuin Tseng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 18, 2022

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

SINON CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021		2020	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,671,564	10	\$ 1,894,835	13
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 25)	19,401	-	8,738	-
Financial assets at amortized cost - current (Notes 4, 8 and 27)	93,762	1	45,112	-
Notes receivable (Notes 4 and 9)	157,864	1	123,830	1
Trade receivables (Notes 4, 5, 9, 16, 25 and 27)	2,189,878	14	1,610,617	11
Trade receivables from related parties (Note 26)	-	-	381	-
Other receivables (Note 26)	72,942	-	56,405	-
Current tax assets (Notes 4 and 22)	53	-	668	-
Inventories (Notes 4 and 10)	3,258,371	20	2,781,993	19
Prepayments (Note 26)	716,626	5	428,204	3
Other current assets	19,046	-	21,252	-
Total current assets	8,199,507	51	6,972,035	47
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 8)	100,000	1	-	-
Investments accounted for using the equity method (Notes 4 and 13)	45,691	-	40,534	-
Property, plant and equipment (Notes 4, 14 and 26)	6,291,006	39	6,637,124	44
Right-of-use assets (Notes 4 and 15)	1,006,813	6	1,002,880	7
Deferred tax assets (Notes 4 and 22)	163,509	1	161,192	1
Prepayments for equipment	89,576	1	28,262	-
Refundable deposits (Note 27)	100,411	1	97,360	1
Other non-current assets (Note 4 and 18)	15,567	-	16,594	-
Total non-current assets	7,812,573	49	7,983,946	53
TOTAL	\$ 16,012,080	100	\$ 14,955,981	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 16, 25 and 27)	\$ 1,794,956	11	\$ 768,572	5
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 25)	388	-	8,859	-
Contract liabilities - current (Notes 4 and 20)	561,047	4	522,925	3
Notes payable	236,045	2	94,956	1
Trade payables (Note 26)	1,642,319	10	1,766,798	12
Other payables (Note 17)	1,355,973	9	1,156,660	8
Current tax liabilities (Notes 4 and 22)	209,367	1	114,720	1
Lease liabilities - current (Notes 4 and 15)	230,970	1	235,852	2
Current portion of long-term borrowings (Note 16)	310,000	2	660,000	4
Other current liabilities	30,621	-	71,348	-
Total current liabilities	6,371,686	40	5,400,690	36
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 16)	375,000	2	655,000	4
Deferred tax liabilities (Notes 4 and 22)	209,126	1	214,290	1
Lease liabilities - non-current (Notes 4 and 15)	725,334	5	721,142	5
Net defined benefit liabilities - non-current (Notes 4 and 18)	651,037	4	694,601	5
Guarantee deposits	134,154	1	132,564	1
Other non-current liabilities	39,658	-	30,265	-
Total non-current liabilities	2,134,309	13	2,447,862	16
Total liabilities	8,505,995	53	7,848,552	52
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Ordinary shares	4,204,926	26	4,204,926	28
Capital surplus	462,192	3	450,304	3
Retained earnings				
Legal reserve	877,587	6	824,492	6
Special reserve	289,799	2	335,172	2
Unappropriated earnings	1,919,579	12	1,534,033	10
Other equity	(301,307)	(2)	(289,799)	(2)
Total equity attributable to owners of the Company	7,452,776	47	7,059,128	47
NON-CONTROLLING INTERESTS	53,309	-	48,301	1
Total equity	7,506,085	47	7,107,429	48
TOTAL	\$ 16,012,080	100	\$ 14,955,981	100

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

SINON CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 20 and 26)	\$ 18,645,875	100	\$ 17,484,401	100
OPERATING COSTS (Notes 10, 21 and 26)	<u>13,430,988</u>	<u>72</u>	<u>12,780,094</u>	<u>73</u>
GROSS PROFIT	<u>5,214,887</u>	<u>28</u>	<u>4,704,307</u>	<u>27</u>
OPERATING EXPENSES (Notes 21 and 26)				
Selling and marketing expenses	3,648,704	20	3,316,629	19
General and administrative expenses	236,179	1	225,602	1
Research and development expenses	<u>184,750</u>	<u>1</u>	<u>184,264</u>	<u>1</u>
Total operating expenses	<u>4,069,633</u>	<u>22</u>	<u>3,726,495</u>	<u>21</u>
PROFIT FROM OPERATIONS	<u>1,145,254</u>	<u>6</u>	<u>977,812</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 21 and 26)	60,171	-	88,266	-
Other gains and losses (Note 21)	60,113	-	123,234	1
Finance costs (Note 21)	(43,599)	-	(61,175)	-
Share of profit of associates (Notes 4 and 13)	3,764	-	5,506	-
Interest Income	8,018	-	10,170	-
Foreign exchange loss, net (Note 4)	<u>(79,031)</u>	<u>-</u>	<u>(292,695)</u>	<u>(2)</u>
Total non-operating expenses	<u>9,436</u>	<u>-</u>	<u>(126,694)</u>	<u>(1)</u>
PROFIT BEFORE INCOME TAX	1,154,690	6	851,118	5
INCOME TAX EXPENSE (Notes 4 and 22)	<u>225,118</u>	<u>1</u>	<u>129,599</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>929,572</u>	<u>5</u>	<u>721,519</u>	<u>4</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 18)	24,408	-	(230,921)	(1)
Share of other comprehensive income of associates accounted for using the equity method (Note 13)	6,109	-	1,412	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 22)	(4,882)	-	46,184	-

(Continued)

SINON CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	\$ (16,911)	-	\$ 43,509	-
Other comprehensive income (loss) for the year, net of income tax	8,724	-	(139,816)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 938,296</u>	<u>5</u>	<u>\$ 581,703</u>	<u>3</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 920,914	5	\$ 715,593	4
Non-controlling interests	<u>8,658</u>	<u>-</u>	<u>5,926</u>	<u>-</u>
	<u>\$ 929,572</u>	<u>5</u>	<u>\$ 721,519</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 928,400	5	\$ 576,324	3
Non-controlling interests	<u>9,896</u>	<u>-</u>	<u>5,379</u>	<u>-</u>
	<u>\$ 938,296</u>	<u>5</u>	<u>\$ 581,703</u>	<u>3</u>
EARNINGS PER SHARE (Note 23)				
Basic	\$ 2.19		\$ 1.70	
Diluted	<u>\$ 2.19</u>		<u>\$ 1.70</u>	

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

(Concluded)

SINON CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company									
	Equity Attributable to Owners of the Company					Other Equity		Total	Non-controlling Interests	Total Equity
						Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income			
	Share Capital (Note 19)	Capital Surplus (Note 19)	Retained Earnings (Note 19)							
			Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2020	\$ 4,204,926	\$ 450,289	\$ 762,674	\$ 291,972	\$ 1,654,740	\$ (341,441)	\$ 6,269	\$ 7,029,429	\$ 47,266	\$ 7,076,695
Appropriation of 2019 earnings										
Legal reserve	-	-	61,818	-	(61,818)	-	-	-	-	-
Special reserve	-	-	-	43,200	(43,200)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(546,640)	-	-	(546,640)	-	(546,640)
Other changes in capital surplus	-	15	-	-	-	-	-	15	-	15
Net profit for the year ended December 31, 2020	-	-	-	-	715,593	-	-	715,593	5,926	721,519
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(184,642)	43,509	1,864	(139,269)	(547)	(139,816)
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	530,951	43,509	1,864	576,324	5,379	581,703
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	(4,344)	(4,344)
BALANCE AT DECEMBER 31, 2020	4,204,926	450,304	824,492	335,172	1,534,033	(297,932)	8,133	7,059,128	48,301	7,107,429
Appropriation of 2020 earnings										
Legal reserve	-	-	53,095	-	(53,095)	-	-	-	-	-
Special reserve	-	-	-	(45,373)	45,373	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(546,640)	-	-	(546,640)	-	(546,640)
Other changes in capital surplus	-	11,888	-	-	-	-	-	11,888	-	11,888
Net profit for the year ended December 31, 2021	-	-	-	-	920,914	-	-	920,914	8,658	929,572
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	18,994	(16,911)	5,403	7,486	1,238	8,724
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	939,908	(16,911)	5,403	928,400	9,896	938,296
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	(4,888)	(4,888)
BALANCE AT DECEMBER 31, 2021	\$ 4,204,926	\$ 462,192	\$ 877,587	\$ 289,799	\$ 1,919,579	\$ (314,843)	\$ 13,536	\$ 7,452,776	\$ 53,309	\$ 7,506,085

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

SINON CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,154,690	\$ 851,118
Adjustments for:		
Depreciation expenses	847,017	866,923
Expected credit loss recognized (reversed) on trade receivables	(2,102)	6,397
Net loss (gain) on fair value changes of financial assets and liabilities at fair value through profit or loss	(18,044)	8,512
Financial costs	43,599	61,175
Interest income	(8,018)	(10,170)
Dividend income	-	(581)
Share of profit of associates	(3,764)	(5,506)
Loss on disposal of property, plant and equipment	825	5,099
Gain on disposal of non-current assets held for sale	(51,382)	-
Gain on disposal of investments	-	(156,658)
Impairment loss (gain on reversal of impairment loss) recognized on non-financial assets	(1,295)	37,431
Net loss on unrealized foreign currency exchange	26,952	13,989
Net gains on modification of leasing arrangement	(211)	(386)
Changes in operating assets and liabilities		
Notes receivable	(35,795)	8,140
Trade receivables	(650,729)	603,226
Other receivables	(17,108)	20,926
Inventories	(542,465)	(161,276)
Prepayments	(297,441)	(6,946)
Other current assets	15,387	1,045
Contract liabilities	54,257	127,006
Notes payable	144,163	6,398
Trade payables	(54,078)	134,429
Other payables	206,559	23,359
Other current liabilities	(30,798)	34,688
Net defined benefit liabilities	(19,156)	(28,821)
Cash generated from operations	761,063	2,439,517
Interest received	8,018	10,170
Dividends received	4,587	4,368
Interest paid	(43,885)	(64,986)
Income tax paid	(142,226)	(146,169)
Net cash generated from operating activities	587,557	2,242,900
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for financial assets at amortized cost	(233,374)	(46,196)
Proceeds from disposal of financial assets at amortized cost	84,658	-
Payments for financial assets and liabilities at fair value through profit or loss	(60,167)	(9,062)
Proceeds from disposal of financial assets and liabilities at fair value through profit or loss	58,571	182,958

(Continued)

SINON CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
Proceeds from disposal of non-current assets held for sale	\$ 123,498	\$ -
Payments for property, plant and equipment	(300,239)	(223,237)
Proceeds from disposal of property, plant and equipment	7,474	138,051
Increase in refundable deposits	(3,075)	(3,726)
Increase in prepayments for equipment	<u>(107,160)</u>	<u>(51,347)</u>
Net cash used in investing activities	<u>(429,814)</u>	<u>(12,559)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	1,035,834	(319,821)
Decrease in short-term bills payable	-	(20,000)
Proceeds from long-term borrowings	150,000	460,000
Repayments of long-term borrowings	(780,000)	(892,203)
Increase (decrease) in guarantee deposits received	1,590	(7,722)
Repayment of the principal portion of lease liabilities	(253,978)	(284,423)
Dividends paid to owners of the Company	(546,625)	(546,625)
Dividends paid to non-controlling interests	(4,888)	(4,344)
Unclaimed dividends	<u>11,873</u>	<u>-</u>
Net cash used in financing activities	<u>(386,194)</u>	<u>(1,615,138)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>5,180</u>	<u>(214,719)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(223,271)	400,484
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,894,835</u>	<u>1,494,351</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,671,564</u>	<u>\$ 1,894,835</u>

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

(Concluded)

SINON CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Sinon Corporation (the “Company”) was incorporated in November 1963. It mainly manufactures and sells various chemicals and fertilizer.

The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since December 14, 1989.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 18, 2022.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the accounting policies of the Company and its subsidiaries (collectively, the “Group”).

- b. New IFRSs endorsed into effect in 2022 by the FSC

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	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 amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by 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 by IASB
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
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 stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. 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 and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 12, Table 6 and Table 7 for the detailed information of subsidiaries (including the percentage of ownership and main business).

e. Foreign currencies

In preparing the financial statements of each individual entity in the Group, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

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 from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting the consolidated financial statements, the functional currencies of the Company and its foreign operations (including subsidiaries, associates in other countries or those that use currencies different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

f. Inventories

Inventories consist of raw materials, work in progress, finished goods, merchandise and inventories in transit and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

g. Investment in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associates. The Group also recognizes the changes in the Group's share of the equity of associates.

The entire carrying amount of the investment 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.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

When an entity in the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent that interests in the associate are not related to the Group.

h. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If the lease term is shorter than the useful lives, assets are depreciated over the lease term. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Impairment of property, plant and equipment and right-of-use assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Such assets classified as held for sale are not depreciated.

k. Financial instruments

Financial assets and financial liabilities are recognized when an entity in the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

Financial assets

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

1) Measurement categories

Financial assets are classified into the following categories: financial assets at FVTPL and financial assets at amortized cost.

a) Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 25.

b) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes and trade receivables, other receivables, and refundable deposits at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and
- ii. Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i. Significant financial difficulty of the issuer or the borrower;
- ii. Breach of contract, such as a default;
- iii. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv. The disappearance of an active market for that financial asset because of financial difficulties.

2) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime Expected Credit Loss (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

- a) Internal or external information show that the debtor is unlikely to pay its creditors.
- b) When a financial asset is more than 180 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

3) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities

1) Subsequent measurement

Except for the financial liabilities classified as at FVTPL, all the financial liabilities are measured at amortized cost using the effective interest method.

The financial liabilities classified as at FVTPL are held for trading, with any gain or loss arising on remeasurement recognized in profit or loss.

2) Derecognition of financial liabilities

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

Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

l. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

m. Revenue recognition

The Group identifies contracts with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

For contract where the period between the date the Group transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

The Group recognizes revenue when performance obligations are satisfied. The performance obligations are satisfied when customers obtain control of the promised goods, such as when the goods are delivered to the customers' specified locations.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

n. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

o. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized as a reduction of the related costs on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

q. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty - Estimated Impairment of Financial Assets

The provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	2020
Cash on hand	\$ 68,317	\$ 60,833
Checking accounts and demand deposits	1,050,541	1,440,113
Cash equivalents		
Commercial paper	348,752	292,817
Time deposits	<u>203,954</u>	<u>101,072</u>
	<u>\$ 1,671,564</u>	<u>\$ 1,894,835</u>

7. FINANCIAL INSTRUMENTS AT FVTPL

	December 31	
	2021	2020
<u>Financial assets - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial instruments (not under hedge accounting)		
Foreign exchange forward contracts	\$ 19,401	\$ -
Hybrid financial assets		
Structured deposits	<u>-</u>	<u>8,738</u>
	<u>\$ 19,401</u>	<u>\$ 8,738</u>
<u>Financial liabilities - current</u>		
Financial liabilities held for trading		
Derivative financial instruments (not under hedge accounting)		
Foreign exchange forward contracts	<u>\$ 388</u>	<u>\$ 8,859</u>

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

Outstanding foreign exchange forward contracts were as follows:

	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2021</u>		
Sell BRL/Buy USD	January 2022 to June 2022	BRL101,217/USD18,180
Sell JPY/Buy NTD	January 2022	JPY48,329/NTD11,869
Sell USD/Buy NTD	January 2022 to February 2022	USD259/NTD7,201
<u>December 31, 2020</u>		
Sell BRL/Buy USD	April 2021 to June 2021	BRL47,670/USD8,782

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2021	2020
<u>Current</u>		
Time deposits with original maturities of more than 3 months	\$ 55,269	\$ 41,449
Pledged demand deposits	<u>38,493</u>	<u>3,663</u>
	<u>\$ 93,762</u>	<u>\$ 45,112</u>
<u>Non-current</u>		
Bank debentures	<u>\$ 100,000</u>	<u>\$ -</u>

(Continued)

	December 31	
	2021	2020
Maturity date	July 2024 to September 2026	-
Interest (%)	0.35-0.40	- (Concluded)

Refer to Note 27 for information relating to investments in financial assets at amortized cost pledged as security.

9. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2021	2020
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 157,864	\$ 123,830
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 157,864</u>	<u>\$ 123,830</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 2,260,675	\$ 1,695,596
Less: Allowance for impairment loss	<u>(70,797)</u>	<u>(84,979)</u>
	<u>\$ 2,189,878</u>	<u>\$ 1,610,617</u>

a. Notes receivable

In determining the recoverability of the notes receivable, the Group considered any change in the credit quality of the notes receivable from the date credit was initially granted to the end of the reporting period. The Group continuously monitors and analyzes the financial position of its counterparties to assess if credit risk has increased since initial recognition.

Aging analysis of notes receivable

	December 31	
	2021	2020
Not past due	\$ 157,864	\$ 123,830
Past due	<u>-</u>	<u>-</u>
Total	<u>\$ 157,864</u>	<u>\$ 123,830</u>

b. Trade receivables

The Group determines the credit period of sales of goods based on the counterparty's credit rating, location and transaction terms. No interest was charged on trade receivables. When determining the recoverability of trade receivables, the Group considers any change in the credit quality of the receivables from the original credit date to the balance sheet date. Allowance for impairment loss was recognized against trade receivables based on the estimated irrecoverable amounts determined by reference to the past default records of the counterparties and an analysis of their current financial position.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses (ECLs). The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default records of the customer, the customer's current financial position, economic condition of the industry in which the customer operates. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

	Not Past Due	1 to 90 Days	91 to 180 Days	Over 180 Days	Total
<u>December 31, 2021</u>					
Expected credit loss rate	0%-1%	0%-12%	0%-47%	100%	
Gross carrying amount	\$ 2,106,604	\$ 89,105	\$ 4,816	\$ 60,150	\$ 2,260,675
Loss allowance (Lifetime ECLs)	<u>(7,247)</u>	<u>(1,913)</u>	<u>(1,487)</u>	<u>(60,150)</u>	<u>(70,797)</u>
Amortized cost	<u>\$ 2,099,357</u>	<u>\$ 87,192</u>	<u>\$ 3,329</u>	<u>\$ -</u>	<u>\$ 2,189,878</u>
<u>December 31, 2020</u>					
Expected credit loss rate	0%-1%	0%-12%	0%-47%	100%	
Gross carrying amount	\$ 1,555,496	\$ 68,175	\$ 2,386	\$ 69,539	\$ 1,695,596
Loss allowance (Lifetime ECLs)	<u>(11,596)</u>	<u>(3,098)</u>	<u>(746)</u>	<u>(69,539)</u>	<u>(84,979)</u>
Amortized cost	<u>\$ 1,543,900</u>	<u>\$ 65,077</u>	<u>\$ 1,640</u>	<u>\$ -</u>	<u>\$ 1,610,617</u>

The movements of the allowance for doubtful trade receivables were as follows:

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 84,979	\$ 109,447
Impairment losses recognized (reversed) on receivables	(2,102)	2,611
Amounts written off	(1,871)	(2,807)
Foreign exchange gains and losses	<u>(10,209)</u>	<u>(24,272)</u>
Balance at December 31	<u>\$ 70,797</u>	<u>\$ 84,979</u>

Refer to Notes 16, 25 and 27 for details of the factoring agreements for trade receivables.

10. INVENTORIES

	December 31	
	2021	2020
Merchandise	\$ 741,335	\$ 730,435
Finished goods	1,215,560	808,132
Work in progress	260,693	389,547
Raw materials and supplies	1,028,569	851,275
Inventory in transit	<u>12,214</u>	<u>2,604</u>
	<u>\$ 3,258,371</u>	<u>\$ 2,781,993</u>

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2021	2020
Cost of inventories sold	\$ 13,432,283	\$ 12,754,643
Inventory write-downs (reversed)	<u>(1,295)</u>	<u>25,451</u>
	<u>\$ 13,430,988</u>	<u>\$ 12,780,094</u>

Reversal of inventory write-downs were due to increased selling prices in certain markets.

11. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

In September 2021, the Company entered into an agreement to dispose of the land and building located at Fengyuan District, Taichung City; the total contract price was \$1232,498 thousand and the relevant disposal procedures have been completed in December 2021. The Company has recognized disposal benefits of \$51,382 thousand in 2021.

12. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements are as follows:

Investor	Investee	% of Ownership	
		December 31, 2021	December 31, 2020
Sinon Corporation	Syntai Chemicals Ltd. (“Syntai Chemicals”)	100	100
	Hsing Wei Corporation (“Hsing Wei”)	100	100
	Taiwan Fresh Supermarket Co., Ltd. (“TFS”)	88	88
	Yumei Biotech Co., Ltd. (“Yumei Biotech”)	100	100
	Sinon Trading Co., Ltd. (“Sinon Trading”)	100	100
	Sinon Cayman Corporation (“Sinon Cayman”)	100	100
	Sinon Do Brazil Ltda. (“Sinon Brazil”) (Note 1)	100	100
	Sinon Australia Pty Limited (“Sinon Australia”) (Note 1)	100	100
Sinon Corporation	Sinon (Thailand) Co., Ltd. (“Sinon Thailand”) (Note 2)	100	100
	Sinon USA, Inc. (“Sinon USA”)	100	100
	Sinon Eu GmbH (“Sinon Germany”)	100	100
TFS	Feng Nien Corporation (“Feng Nien”)	100	100
Feng Nien	Weightstone Vineyard Estate & Winery Co., Ltd. (“Weightstone”)	100	100
Sinon Cayman	Zhongshan Sinon Daily Products Co., Ltd. (“Sinon Zhongshan”)	92	92
	Sinon Hong Kong Co., Ltd. (“Sinon Hong Kong”)	100	100
Sinon Hong Kong	Sinon Chemical (China) Co., Ltd. (“Sinon China”)	100	100
	Sinon Chemical (Nantong) Co., Ltd. (“Sinon Nantong”)	100	100
Sinon China	Sinon Zhongshan	8	8
	Poise Packing Co., Ltd. (“Poise Packing”)	100	100

(Concluded)

Note 1: The Company’s board of directors approved the capital increase of Sinon Brazil and Sinon Australia by the transfer of accounts receivable totaling \$374,721 thousand and \$80,812 thousand, respectively, in November 2020.

Note 2: The Company holds 49% of Sinon Thailand, and the remaining 51% investments held by entrusting others due to local laws and regulations. The investments has security measures, and the Company still has 100% control.

See Table 6 and 7 for the nature of activities, principal place of business and country of incorporation of the subsidiaries.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2021	2020
Knowledge & Service Information Co., Ltd. (“K&S”)	\$ 45,691	\$ 40,534
	Proportion of Ownership and Voting Rights	
	December 31	
	2021	2020
K&S	49%	49%

The summarized financial information in respect of the Group's associates is set out below:

	For the Year Ended December 31	
	2021	2020
The Group's share of:		
Net profit for the year	\$ 3,764	\$ 5,506
Other comprehensive income	<u>5,980</u>	<u>1,326</u>
Total comprehensive income	<u>\$ 9,744</u>	<u>\$ 6,832</u>

Investments accounted for using the equity method and the share of profit or loss and other comprehensive income (loss) of those investments were calculated based on the financial statements that have been audited.

See Table 6 for the nature of activities of the associates.

14. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2021	2020
Assets used by the Group	\$ 6,132,051	\$ 6,519,859
Assets leased under operating leases	<u>158,955</u>	<u>117,265</u>
	<u>\$ 6,291,006</u>	<u>\$ 6,637,124</u>

Part of the land, which is restricted to agricultural use, is registered in the name of another person. However, the Company retains control over the land. As of December 31, 2021 and 2020, the land held in the name of the other person was \$131,327 thousand and \$132,709 thousand, respectively.

a. Assets used by the Group

	For the Year Ended December 31, 2021					
	Beginning Balance	Additions	Disposals	Reclassified Amount	Effect of Foreign Currency Exchange Differences	Ending Balance
<u>Cost</u>						
Land	\$ 3,381,273	\$ -	\$ (6,417)	\$ (89,964)	\$ -	\$ 3,284,892
Buildings	2,147,803	5,834	(2,708)	(76,590)	(1,800)	2,072,539
Machinery and equipment	2,978,964	30,332	(21,070)	39,741	(724)	3,027,243
Transportation equipment	120,133	4,581	(5,447)	-	(40)	119,227
Leasehold improvements	835,854	8,342	-	-	-	844,196
Other equipment	2,593,572	169,051	(158,475)	27,710	(1,818)	2,630,040
Property under construction	<u>118,994</u>	<u>82,099</u>	<u>-</u>	<u>(39,667)</u>	<u>-</u>	<u>161,426</u>
	<u>12,176,593</u>	<u>\$ 300,239</u>	<u>\$ (194,117)</u>	<u>\$ (138,770)</u>	<u>\$ (4,382)</u>	<u>12,139,563</u>
<u>Accumulated depreciation</u>						
Buildings	737,758	\$ 90,251	\$ (2,104)	\$ (54,801)	\$ (186)	770,918
Machinery and equipment	2,259,903	217,408	(19,791)	-	(219)	2,457,301
Transportation equipment	96,537	6,980	(4,640)	-	(29)	98,848
Leasehold improvements	687,896	25,069	-	-	-	712,965
Other equipment	<u>1,872,040</u>	<u>253,661</u>	<u>(156,683)</u>	<u>(436)</u>	<u>(1,102)</u>	<u>1,967,480</u>
	<u>5,654,134</u>	<u>\$ 593,369</u>	<u>\$ (183,218)</u>	<u>\$ (55,237)</u>	<u>\$ (1,536)</u>	<u>6,007,512</u>
<u>Accumulated impairment</u>						
Buildings	<u>2,600</u>	<u>\$ -</u>	<u>\$ (2,600)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
	<u>\$ 6,519,859</u>					<u>\$ 6,132,051</u>

For the Year Ended December 31, 2020

	Beginning Balance	Additions	Disposals	Reclassified Amount	Effect of Foreign Currency Exchange Differences	Ending Balance
<u>Cost</u>						
Land	\$ 3,521,826	\$ -	\$ (136,450)	\$ (4,103)	\$ -	\$ 3,381,273
Buildings	2,108,972	15,458	(7,540)	22,881	8,032	2,147,803
Machinery and equipment	2,936,454	34,303	(59,155)	64,141	3,221	2,978,964
Transportation equipment	119,145	3,351	(2,521)	-	158	120,133
Leasehold improvements	927,177	5,352	(96,675)	-	-	835,854
Other equipment	2,793,092	120,916	(342,862)	23,464	(1,038)	2,593,572
Property under construction	160,460	43,857	-	(85,323)	-	118,994
	<u>12,567,126</u>	<u>\$ 223,237</u>	<u>\$ (645,203)</u>	<u>\$ 21,060</u>	<u>\$ 10,373</u>	<u>12,176,593</u>
<u>Accumulated depreciation</u>						
Buildings	652,023	\$ 89,346	\$ (5,322)	\$ -	\$ 1,711	737,758
Machinery and equipment	2,079,691	233,807	(55,098)	-	1,503	2,259,903
Transportation equipment	91,414	7,371	(2,367)	-	119	96,537
Leasehold improvements	751,053	26,411	(89,568)	-	-	687,896
Other equipment	1,950,925	261,809	(340,119)	-	(575)	1,872,040
	<u>5,525,106</u>	<u>\$ 618,744</u>	<u>\$ (492,474)</u>	<u>\$ -</u>	<u>\$ 2,758</u>	<u>5,654,134</u>
<u>Accumulated impairment</u>						
Buildings	2,600	\$ -	\$ -	\$ -	\$ -	2,600
Leasehold improvements	-	7,106	(7,106)	-	-	-
Other equipment	-	2,473	(2,473)	-	-	-
	<u>2,600</u>	<u>\$ 9,579</u>	<u>\$ (9,579)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>2,600</u>
	<u>\$ 7,039,420</u>					<u>\$ 6,519,859</u>

The decision of the land lease litigation case between Shen Geng Industrial Co., Ltd. and TAIWAN SUGAR Co., Ltd. was announced and resulted in the closure of TFS's Zhongke store. The estimated future cash flows expected to arise from the related equipment and prepayments decreased. TFS assessed the related equipment and determined that its carrying amount exceeded the recoverable amount. The impairment loss of \$11,980 thousand was recognized in 2020.

The above items of property, plant and equipment used by the Group are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	4-61 years
Mechanical and electrical facilities	8-21 years
Others	4-31 years
Machinery and equipment	3-25 years
Transportation equipment	4-21 years
Leasehold improvements	2-30 years
Other equipment	2-30 years

b. Assets leased under operating leases

For the Year Ended December 31, 2021

	Beginning Balance	Additions	Disposals	Reclassification	Ending Balance
<u>Cost</u>					
Land	\$ 47,117	\$ -	\$ -	\$ 45,976	\$ 93,093
Buildings	110,277	-	-	-	110,277
Machinery and equipment	10,300	-	-	-	10,300
Other equipment	9,437	-	(21)	-	9,416
	<u>177,131</u>	<u>\$ -</u>	<u>\$ (21)</u>	<u>\$ 45,976</u>	<u>223,086</u>

(Continued)

For the Year Ended December 31, 2021					
	Beginning Balance	Additions	Disposals	Reclassification	Ending Balance
<u>Accumulated depreciation</u>					
Buildings	\$ 46,194	\$ 2,967	\$ -	\$ -	\$ 49,161
Machinery and equipment	6,732	697	-	-	7,429
Other equipment	6,940	622	(21)	-	7,541
	<u>59,866</u>	<u>4,286</u>	<u>(21)</u>	<u>-</u>	<u>64,131</u>
	<u>\$ 117,265</u>				<u>\$ 158,955</u>
					(Concluded)

For the Year Ended December 31, 2020					
	Beginning Balance	Additions	Disposals	Reclassification	Ending Balance
<u>Cost</u>					
Land	\$ 40,164	\$ -	\$ -	\$ 6,953	\$ 47,117
Buildings	110,277	-	-	-	110,277
Machinery and equipment	10,300	-	-	-	10,300
Other equipment	9,752	-	(315)	-	9,437
	<u>170,493</u>	<u>-</u>	<u>(315)</u>	<u>6,953</u>	<u>177,131</u>
<u>Accumulated depreciation</u>					
Buildings	43,227	\$ 2,967	\$ -	\$ -	46,194
Machinery and equipment	5,965	767	-	-	6,732
Other equipment	6,633	622	(315)	-	6,940
	<u>55,825</u>	<u>4,356</u>	<u>(315)</u>	<u>-</u>	<u>59,866</u>
	<u>\$ 114,668</u>				<u>\$ 117,265</u>

Operating leases relate to the lease of land and other equipment with lease terms between 2019 and 2026. All operating lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating lease payments was as follows:

	December 31	
	2021	2020
Year 1	\$ 7,487	\$ 6,978
Year 2	284	5,173
Year 3	260	-
Year 4	260	-
Year 5	<u>260</u>	<u>-</u>
	<u>\$ 8,551</u>	<u>\$ 12,151</u>

The above items of property, plant and equipment used by the Group are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	11-56 years
Machinery and equipment	3-16 years
Other equipment	3-16 years

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
<u>Carrying amounts</u>		
Land	\$ 207,499	\$ 161,133
Buildings	786,485	824,785
Transportation equipment	<u>12,829</u>	<u>16,962</u>
	<u>\$ 1,006,813</u>	<u>\$ 1,002,880</u>
	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	<u>\$ 277,670</u>	<u>\$ 287,030</u>
Depreciation charge for right-of-use assets		
Land	\$ 35,845	\$ 35,375
Buildings	203,765	198,325
Transportation equipment	<u>9,752</u>	<u>10,123</u>
	<u>\$ 249,362</u>	<u>\$ 243,823</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2021 and 2020.

b. Lease liabilities

	December 31	
	2021	2020
<u>Carrying amounts</u>		
Current	<u>\$ 230,970</u>	<u>\$ 235,852</u>
Non-current	<u>\$ 725,334</u>	<u>\$ 721,142</u>

Range of discount rate (%) for lease liabilities was as follows:

	December 31	
	2021	2020
Land	1.43-3.85	1.43-3.85
Buildings	1.43-3.85	1.43-3.85
Transportation equipment	1.32-3.30	0.90-3.30

c. Material lease-in activities and terms

The Group leases land and buildings for the use of plants, offices and retail stores with lease terms of 2 to 20 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

The Company has the right to land use rights, income transfer rights, lease rights and mortgage rights for assets which are located in mainland China. All acquired lots are used for building factories and office buildings. The period of the land use rights is 50 years. The rights were acquired by Sinon China in 2001 and Sinon Nantong in 2013. Before the end of the lease period, the Group may renew the contract, unless it has to be withdrawn due to violation of regulations or due to national public interest.

d. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	\$ 16,984	\$ 17,351
Expenses relating to low-value asset leases	\$ -	\$ 129
Expenses relating to variable lease payments not included in measurement of lease liabilities	\$ 15,139	\$ 16,507
Total cash outflow for leases	\$ (302,366)	\$ (335,655)

The Group's leases of certain buildings and transportation equipment qualify as short-term leases and leases of certain other equipment qualify as low-value asset leases. The Group has elected to apply the recognition exemption and, thus, did not recognize right-of-use assets and lease liabilities for these leases.

16. BORROWINGS

a. Short-term borrowings

	December 31	
	2021	2020
Unsecured borrowings	\$ 1,219,787	\$ 671,108
Transferred receivables	289,451	14,128
Loans for purchasing raw material	<u>285,718</u>	<u>83,336</u>
	<u>\$ 1,794,956</u>	<u>\$ 768,572</u>

Interest (%)

Unsecured borrowings	0.40-3.85	0.49-4.15
Transferred receivables	0.77-4.60	1.25-4.80
Loans for purchasing raw material	0.75-0.99	0.79-1.11

Refer to Notes 9, 25 and 27 for information relating to factoring receivables secured by the Company's accounts receivable.

b. Long-term borrowings

	December 31	
	2021	2020
Unsecured borrowings	\$ 685,000	\$ 1,315,000
Less: Current portions	<u>(310,000)</u>	<u>(660,000)</u>
Long-term borrowings	<u>\$ 375,000</u>	<u>\$ 655,000</u>
Interest rate (%)	0.93-1.14	0.93-1.15

17. OTHER PAYABLES

	December 31	
	2021	2020
Accrued salary and bonus	\$ 600,619	\$ 505,650
Bonus for employees and remuneration of directors and supervisors	47,934	35,901
Others	<u>707,420</u>	<u>615,109</u>
	<u>\$ 1,355,973</u>	<u>\$ 1,156,660</u>

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company and its domestic subsidiaries of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiaries in China are members of a state-managed retirement benefit plan operated by the government of China. The subsidiaries are required to contribute amounts at a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

Sinon Brazil, Sinon Thailand and Sinon Australia contribute certain percentages of salaries for medication and retirement benefits.

Sinon USA and Sinon Germany have no pension plans.

b. Defined benefit plans

The defined benefit plan adopted by the Company and its domestic subsidiaries in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. Pension contributions are deposited in the Bank of Taiwan in the committee's name.

The Company, Yumei Biotec and TFS make monthly contributions equal to 2% of salaries to a pension fund. The funds are administered by pension fund monitoring committees and deposited in the committees' name in the Bank of Taiwan. Pension costs and contributions of other companies in the Group are calculated at amounts equal to certain percentage of salaries. The percentage rates are: Syntai Chemicals and Hsing Wei contribution 3%.

Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2021	2020
Present value of defined benefit obligation	\$ 1,192,007	\$ 1,213,590
Fair value of plan assets	<u>(541,428)</u>	<u>(518,989)</u>
Contribution deficit	650,579	694,601
Recognized in other non-current assets	<u>458</u>	<u>-</u>
Net defined benefit liabilities	<u>\$ 651,037</u>	<u>\$ 694,601</u>

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2020	<u>\$ 1,013,088</u>	<u>\$ (520,587)</u>	<u>\$ 492,501</u>
Service cost			
Current service cost	9,756	-	9,756
Net interest expense (income)	<u>7,488</u>	<u>(3,828)</u>	<u>3,660</u>
Recognized in profit or loss	<u>17,244</u>	<u>(3,828)</u>	<u>13,416</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(17,399)	(17,399)
Actuarial loss			
- Changes in demographic assumptions	372	-	372
- Changes in financial assumptions	50,979	-	50,979
- Experience adjustments	<u>196,969</u>	<u>-</u>	<u>196,969</u>
Recognized in other comprehensive income	<u>248,320</u>	<u>(17,399)</u>	<u>230,921</u>
Contributions from the employer	-	(40,324)	(40,324)
Benefits paid	<u>(65,062)</u>	<u>63,149</u>	<u>(1,913)</u>
Balance at December 31, 2020	<u>1,213,590</u>	<u>(518,989)</u>	<u>694,601</u>
Service cost			
Current service cost	12,912	-	12,912
Net interest expense (income)	<u>4,177</u>	<u>(1,762)</u>	<u>2,415</u>
Recognized in profit or loss	<u>17,089</u>	<u>(1,762)</u>	<u>15,327</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(7,810)	(7,810)
Actuarial loss (gain)			
- Changes in demographic assumptions	3,317	-	3,317
- Changes in financial assumptions	(43,318)	-	(43,318)
- Experience adjustments	<u>23,403</u>	<u>-</u>	<u>23,403</u>
Recognized in other comprehensive income	<u>(16,598)</u>	<u>(7,810)</u>	<u>(24,408)</u>
Contributions from the employer	-	(31,195)	(31,195)
Benefits paid	<u>(22,074)</u>	<u>18,328</u>	<u>(3,746)</u>
Balance at December 31, 2021	<u>\$ 1,192,007</u>	<u>\$ (541,428)</u>	<u>\$ 650,579</u>

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2021	2020
Discount rate	0.7%	0.35%
Expected rate of salary increase	3%	3%
Turnover rate	0.33%	0.44%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2021	2020
Discount rate		
0.25% increase	\$ (30,021)	\$ (32,231)
0.25% decrease	\$ 31,113	\$ 33,458
Expected rate of salary increase/decrease		
0.25% increase	\$ 30,331	\$ 32,501
0.25% decrease	\$ (29,433)	\$ (31,492)
Turnover rate		
10% increase	\$ (108)	\$ (157)
10% decrease	\$ 108	\$ 157

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2021	2020
Expected contributions to the plan for the next year	\$ 9,633	\$ 9,322
Average duration of the defined benefit obligation	9 to 11 years	9 to 12 years

19. EQUITY

a. Ordinary shares

	December 31	
	2021	2020
Number of shares authorized (in thousands)	500,000	500,000
Shares authorized	\$ 5,000,000	\$ 5,000,000
Number of shares issued and fully paid (in thousands)	420,492	420,492
Shares issued	\$ 4,204,926	\$ 4,204,926

b. Capital surplus

	December 31	
	2021	2020
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>		
Arising from conversion of bonds	\$ 394,097	\$ 394,097
Arising from treasury share transactions	51,819	51,819
Arising from the difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	3,430	3,430
<u>May only be used to offset a deficit</u>		
Others	12,846	958
	<u>\$ 462,192</u>	<u>\$ 450,304</u>

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended articles of incorporation (the "Articles"), where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

The dividends and bonuses, capital surplus, or legal reserve can be distributed in the whole or in part by cash after a resolution has been adopted by a majority of directors present at a meeting of the board of directors attended by two-thirds of the total number of directors; in addition, a report of such distribution shall be submitted to the shareholder's meeting.

The Articles also provide that, in line with the Company's continuing growth, cash dividends payable may not be lower than 30% of the total dividends distributed. If total dividends to be distributed are under NT\$100,000 thousand, the limitation can be waived.

The legal reserve may be used to offset a deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1090150022 issued by the FSC and the directive titled “Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs” should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2020 and 2019 were as follows:

	For the Year Ended December 31	
	2020	2019
Legal reserve	\$ 53,095	\$ 61,818
Special reserve	(45,373)	43,200
Cash dividends	546,640	546,640
Cash dividends per share (NT\$)	1.3	1.3

The above appropriation of earnings as cash dividends had been resolved by the Company’s board of directors in March 2021 and 2020, respectively; the other proposed appropriations had been resolved by the shareholders in their meetings in August 2021 and June 2020, respectively.

The appropriations of earnings and dividends per share for 2021 were proposed by the Company’s board of directors in March 2022. The appropriation and dividends per share were as follows:

	Appropriation of Earnings
Legal reserve	\$ 93,992
Reverse special reserve	11,509
Cash dividends	756,887
Cash dividends per share (NT\$)	1.8

The appropriation of earnings for 2021 is subject to resolution of the shareholders in their meeting to be held in June 2022.

20. REVENUE

	For the Year Ended December 31	
	2021	2020
Revenue from contracts with customers		
Revenue from sale of goods	<u>\$ 18,645,875</u>	<u>\$ 17,484,401</u>
a. Contract balances		
	December 31, 2021	December 31, 2020
Notes receivable and trade receivables	<u>\$ 2,347,742</u>	<u>\$ 1,734,828</u>
Contract liabilities - current		January 1, 2020
Sale of goods	<u>\$ 561,047</u>	<u>\$ 419,919</u>

The changes in the contract liability balances primarily resulted from the timing differences between the Group’s satisfaction of performance obligations and the customer’s payment. Revenue recognized from contract liabilities at the beginning of the year in 2021 and 2020 was \$500,465 thousand and \$419,919 thousand, respectively.

b. Disaggregation of revenue

Refer to Note 31 for information about disaggregation of revenue.

21. COMPREHENSIVE INCOME FOR THE YEAR

a. Other income

	For the Year Ended December 31	
	2021	2020
Rental income	\$ 7,698	\$ 7,174
Others	<u>52,473</u>	<u>81,092</u>
	<u>\$ 60,171</u>	<u>\$ 88,266</u>

b. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Gain on disposal of non-current assets held for sale (Note 11)	\$ 51,382	\$ -
Net gain (loss) on financial assets and liabilities at fair value through profit or loss	18,044	(8,512)
Loss on disposal of property, plant and equipment	(825)	(5,099)
Gain on disposal of investments	-	156,658
Impairment loss (Note 14)	-	(15,766)
Others	<u>(8,488)</u>	<u>(4,047)</u>
	<u>\$ 60,113</u>	<u>\$ 123,234</u>

c. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on bank loans	\$ 26,564	\$ 42,974
Interest on lease liabilities	16,265	17,245
Other finance costs	<u>2,368</u>	<u>2,822</u>
	45,197	63,041
Less: Amounts included in the cost of qualifying assets	<u>(1,598)</u>	<u>(1,866)</u>
	<u>\$ 43,599</u>	<u>\$ 61,175</u>

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2021	2020
Capitalized interest amount	\$ 1,598	\$ 1,866
Capitalization rate (%)	1.07	1.42

d. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
An analysis of depreciation by function		
Operating costs	\$ 389,638	\$ 409,014
Operating expenses	<u>457,379</u>	<u>457,909</u>
	<u>\$ 847,017</u>	<u>\$ 866,923</u>

e. Employee benefits expense

	Operating Costs	Operating Expenses	Total
<u>For the year ended December 31, 2021</u>			
Salary and wages	\$ 533,694	\$ 1,764,831	\$ 2,298,525
Labor and health insurance costs	92,874	199,462	292,336
Post-employment benefits			
Defined contribution plan	18,897	59,869	78,766
Defined benefit plans	2,955	12,372	15,327
Other employee benefits	24,365	66,947	91,312
<u>For the year ended December 31, 2020</u>			
Salary and wages	503,748	1,669,084	2,172,832
Labor and health insurance costs	84,134	182,967	267,101
Post-employment benefits			
Defined contribution plan	18,321	59,166	77,487
Defined benefit plans	3,356	10,060	13,416
Other employee benefits	32,914	61,488	94,402

f. Compensation of employees and remuneration of directors

The amendments explicitly stipulate that the Company accrued employees' compensation and remuneration of directors at rates of no less than 1% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2021 and 2020, which have been approved by the Company's board of directors in March 2022 and 2021, respectively, were as follows:

	For the Year Ended December 31			
	2021		2020	
	Accrual Rate	Amount	Accrual Rate	Amount
Employees' compensation	1%	\$ 11,066	1%	\$ 8,309
Remuneration of directors	3%	33,199	3%	24,925

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

22. INCOME TAXES

a. Major components of income tax expense recognized in profit or loss

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	\$ 239,173	\$ 196,456
Adjustments for prior years	<u>(1,692)</u>	<u>(31,140)</u>
	<u>237,481</u>	<u>165,316</u>
Deferred tax		
In respect of the current year	(12,740)	(1,917)
Adjustments for prior years	<u>377</u>	<u>(33,800)</u>
	<u>(12,363)</u>	<u>(35,717)</u>
Income tax expense recognized in profit or loss	<u>\$ 225,118</u>	<u>\$ 129,599</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2021	2020
Profit before tax from continuing operations	<u>\$ 1,154,690</u>	<u>\$ 851,118</u>
Income tax expense calculated at the statutory rate	\$ 297,676	\$ 217,487
Nondeductible expenses in determining taxable income	290	1,503
Tax-exempt income	(65,915)	(77,008)
Investment tax credits/loss carryforwards	(4,700)	(3,257)
Land value incremental tax	5,107	5,190
Unrecognized loss deductible temporary differences	(6,025)	50,624
Adjustments for prior years' tax	<u>(1,315)</u>	<u>(64,940)</u>
Income tax expense recognized in profit or loss	<u>\$ 225,118</u>	<u>\$ 129,599</u>

b. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2021				
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit obligation	\$ 124,380	\$ (10,885)	\$ (4,882)	\$ 108,613
Unrealized gross profit	4,004	17,077	-	21,081
Provisions for inventory write-downs	18,982	1,570	-	20,552
Tax losses	6,552	(2,631)	-	3,921
Others	<u>7,274</u>	<u>2,068</u>	<u>-</u>	<u>9,342</u>
	<u>\$ 161,192</u>	<u>\$ 7,199</u>	<u>\$ (4,882)</u>	<u>\$ 163,509</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Land appreciation tax	\$ 170,048	\$ (7,554)	\$ -	\$ 162,494
Foreign investment income	44,242	(1,504)	-	42,738
Others	<u>-</u>	<u>3,894</u>	<u>-</u>	<u>3,894</u>
	<u>\$ 214,290</u>	<u>\$ (5,164)</u>	<u>\$ -</u>	<u>\$ 209,126</u>
For the year ended December 31, 2020				
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit obligation	\$ 76,997	\$ 1,199	\$ 46,184	\$ 124,380
Provisions for inventory write-downs	14,197	4,785	-	18,982
Tax losses	8,821	(2,269)	-	6,552
Unrealized gross profit	3,263	741	-	4,004
Others	<u>10,176</u>	<u>(2,902)</u>	<u>-</u>	<u>7,274</u>
	<u>\$ 113,454</u>	<u>\$ 1,554</u>	<u>\$ 46,184</u>	<u>\$ 161,192</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Land appreciation tax	\$ 203,497	\$ (33,449)	\$ -	\$ 170,048
Foreign investment income	44,319	(77)	-	44,242
Others	<u>637</u>	<u>(637)</u>	<u>-</u>	<u>-</u>
	<u>\$ 248,453</u>	<u>\$ (34,163)</u>	<u>\$ -</u>	<u>\$ 214,290</u>

- c. Deductible temporary differences which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2021	2020
Deductible temporary differences	<u>\$ 190,091</u>	<u>\$ 220,070</u>

- d. Income tax assessments

Income tax returns through 2019 of the Company, TFS, Yumei Biotech, Hsing Wei, Syntai Chemicals, and Feng Nien of the Group's subsidiaries located in Taiwan have been assessed by the tax authorities.

23. EARNINGS PER SHARE

	Amount (Numerator)	Number of Shares Denominator (In Thousands)	EPS (NT\$)
<u>For the year ended December 31, 2021</u>			
Basic EPS			
Net income available to ordinary shareholders of the parent	\$ 920,914	420,492	<u>\$ 2.19</u>
Effect of potentially dilutive ordinary shares			
Employees' compensation	<u>-</u>	<u>471</u>	
Diluted EPS			
Net income available to ordinary shareholders of the parent (including effect of potentially dilutive ordinary shares)	<u>\$ 920,914</u>	<u>420,963</u>	<u>\$ 2.19</u>
<u>For the year ended December 31, 2020</u>			
Basic EPS			
Net income available to ordinary shareholders of the parent	\$ 715,593	420,492	<u>\$ 1.70</u>
Effect of potentially dilutive ordinary shares			
Employees' compensation	<u>-</u>	<u>504</u>	
Diluted EPS			
Net income available to ordinary shareholders of the parent (including effect of potentially dilutive ordinary shares)	<u>\$ 715,593</u>	<u>420,996</u>	<u>\$ 1.70</u>

Since the Group offered to settle compensation paid to employees in cash or shares, the Group assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

24. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising share capital, capital surplus, retained earnings and other equity).

Key management personnel of the Group review the capital structure on a quarterly basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and the amount of new debt issued or existing debt redeemed.

25. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments measured at fair value on recurring basis

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>December 31, 2021</u>				
Financial assets at FVTPL				
Foreign exchange forward contracts	\$ -	\$ 19,401	\$ -	\$ 19,401
Financial liabilities at FVTPL				
Foreign exchange forward contracts	\$ -	\$ 388	\$ -	\$ 388
<u>December 31, 2020</u>				
Financial assets at FVTPL				
Structured deposits	\$ -	\$ 8,738	\$ -	\$ 8,738
Financial liabilities at FVTPL				
Foreign exchange forward contracts	\$ -	\$ 8,859	\$ -	\$ 8,859

There were no transfers between Level 1 and Level 2 in 2021 and 2020.

2) Reconciliation of Level 3 fair value measurements of financial instruments

Financial Assets	Equity Instruments	
	Financial Assets at FVTPL	
	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ -	\$ 23,253
Recognized in profit or loss	-	159,705
Disposal	-	(182,958)
Balance at December 31	<u>\$ -</u>	<u>\$ -</u>

3) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Structured deposits	Future cash flows are estimated based on contract forwards rates, discounted at a rate that reflects the credit risk.
Derivatives - foreign exchange forward contracts	Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

4) Reconciliation of Level 3 fair value measurements of financial instruments

The fair values of unlisted equity securities in the ROC were determined using the income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees.

b. Fair value of financial instruments not measured at fair value

Owing to the future value of cash and cash equivalents, financial assets at amortized cost, notes receivable and payable, trade receivables and payables, and other receivables and payables are close to their book values. The fair values have been estimated based on the book value on the balance sheet date.

c. Categories of financial instruments

	December 31	
	2021	2020
<u>Financial assets</u>		
Amortized cost (1)	\$ 4,391,152	\$ 3,833,773
Financial assets at FVTPL	19,401	8,738
<u>Financial liabilities</u>		
Amortized cost (2)	5,848,447	5,234,550
Financial liabilities at FVTPL	388	8,859

- 1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables (including related parties), other receivables and refundable deposits.

- 2) The balances include financial liabilities at amortized cost, which comprise short-term and long-term borrowings, notes payable, trade payables (include related parties), other payables and guarantee deposits received.

d. Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, trade payables, lease liabilities and borrowings. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the Company's board of directors. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

Several subsidiaries of the Company had foreign currency sales and purchases, which expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are listed in Note 29.

Sensitivity analysis

The Group is mainly exposed to the USD and the BRL.

The following table details the Group's sensitivity to a 1% increase and decrease in the USD and the BRL against the relevant foreign currencies. A positive (negative) number below indicates an increase (decrease) in pre-tax profit associated with the USD and the BRL strengthening (weakening) 1% against the relevant currency.

Functional Currency	For the Year Ended December 31	
	2021	2020
USD Impact		
NTD	\$ (2,034)	\$ 7,459
BRL	-	(4,870)
RMB	1,445	1,670
BRL Impact		
NTD	10,451	-

This was mainly attributable to the exposure of outstanding receivables and payables denominated in the USD and the BRL, which were not hedged at the end of the reporting period. The above table details the Group's sensitivity to a 1% increase and decrease in the USD and the BRL against the relevant functional currencies. The sensitivity rate of 1% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

In management's opinion, the sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group deposit and borrow funds at both fixed and floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2021	2020
Fair value interest rate risk		
Financial assets	\$ 391,318	\$ 393,889
Financial liabilities	1,787,392	1,564,939
Cash flow interest rate risk		
Financial assets	1,206,878	1,393,837
Financial liabilities	1,648,868	1,475,627

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period.

A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been changed and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by \$1,105 thousand and \$204 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

3) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities and continuously monitoring forecasted and actual cash flows as well as matching the maturity profiles of financial assets and liabilities. As of December 31, 2021 and 2020, the Group had available unutilized short-term bank loan facilities in the amounts of \$4,865,432 thousand and \$5,655,891 thousand, respectively.

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table was drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

Non-derivative Financial Liabilities	Less Than 3 Months	3 Months to 1 Year	1 Year to 5 Years	5 Years to 10 Years	10+Years
<u>December 31, 2021</u>					
Non-interest bearing liabilities	\$ 3,234,337	\$ -	\$ -	\$ -	\$ -
Lease liabilities	67,902	177,092	527,875	221,144	17,948
Variable interest rate liabilities	791,214	482,654	375,000	-	-
Fixed interest rate liabilities	<u>357,346</u>	<u>473,742</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,450,799</u>	<u>\$ 1,133,488</u>	<u>\$ 902,875</u>	<u>\$ 221,144</u>	<u>\$ 17,948</u>
<u>December 31, 2020</u>					
Non-interest bearing liabilities	\$ 3,018,414	\$ -	\$ -	\$ -	\$ -
Lease liabilities	78,422	216,046	583,554	169,368	25,027
Variable interest rate liabilities	294,941	825,686	355,000	-	-
Fixed interest rate liabilities	<u>108,000</u>	<u>199,945</u>	<u>300,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,499,777</u>	<u>\$ 1,241,677</u>	<u>\$ 1,238,554</u>	<u>\$ 169,368</u>	<u>\$ 25,027</u>

e. Transfers of financial assets

As of December 31, 2021 and 2020, the Group signed a contract for trade receivables factoring in the amount of \$382,497 thousand and \$16,920 thousand (other receivables from subsidiaries in the amount of \$359,313 thousand and \$13,958 thousand have been eliminated) and charged a price of \$289,451 thousand and \$14,128 thousand, respectively. The contract stipulates that if the trade receivables cannot be collected, the assignee has the right to request the Group to pay the outstanding balance. Thus, the Group did not transfer the significant risks and rewards of the trade receivables and continues to recognize the collateral of borrowings, please refer to Notes 16 and 27.

Information about recognized related assets and liabilities is as follows:

	December 31	
	2021	2020
Secured receivables	\$ 23,184	\$ 2,962
Transferred receivables	289,451	14,128

26. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a. Related party names and categories

Related Party Name	Related Party Categories
K&S	Associate

b. Sales

	For the Year Ended December 31	
Related Party Category	2021	2020
Associates	\$ <u>568</u>	\$ <u>578</u>

There was no material difference in sales prices and terms between related and third parties. The general credit term was 30 to 60 days.

c. Receivables from related parties

	December 31	
Related Party Category	2021	2020
Associates	\$ <u>-</u>	\$ <u>381</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December, 31 2021 and 2020, no impairment losses were recognized for receivables from related parties.

d. Payables to related parties

	December 31	
Related Party Category	2021	2020
Associates	\$ <u>162</u>	\$ <u>5,002</u>

The outstanding trade payables to related parties are unsecured and settled by cash.

e. Other receivables

	December 31	
Related Party Category	2021	2020
Associates	\$ <u>189</u>	\$ <u>189</u>

f. Prepayments

Related Party Category	December 31	
	2021	2020
Associates	\$ <u>134</u>	\$ <u>134</u>

g. Acquisitions of property, plant and equipment

Related Party Category	Purchase Price For the Year Ended December 31	
	2021	2020
Associates	\$ <u>11,135</u>	\$ <u>5,032</u>

h. Others

	For the Year Ended December 31	
	2021	2020
1) Manufacturing and operating expenses		
Associates	\$ <u>10,329</u>	\$ <u>7,702</u>
2) Rental income		
Associates	\$ <u>1,680</u>	\$ <u>1,680</u>
3) Other income		
Associates	\$ <u>1,786</u>	\$ <u>1,620</u>

i. Remuneration of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	\$ 27,275	\$ 25,803
Post-employment benefits	<u>357</u>	<u>249</u>
	\$ <u>27,632</u>	\$ <u>26,052</u>

The remuneration of directors and other key management personnel was determined by the compensation committee based on the performance of individuals and market trends.

27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for commercial paper, performance guarantees, short-term borrowings, and bank acceptance bills:

	December 31	
	2021	2020
Financial assets at amortized cost	\$ 38,493	3,663
Refundable deposits	27,354	27,332
Trade receivables	<u>23,184</u>	<u>2,962</u>
	<u>\$ 89,031</u>	<u>\$ 33,957</u>

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2021 and 2020 were as follows:

a. Significant commitments

- 1) As of December 31, 2021 and 2020, unused letters of credit for purchases of raw materials and machinery and equipment amounted to \$59,502 thousand and \$38,290 thousand, respectively.
- 2) TFS issued coupons and performance guarantees to banks in the amounts of \$40,501 thousand and \$33,188 thousand as of December 31, 2021 and 2020, respectively.

b. Unrecognized commitments

	December 31	
	2021	2020
Acquisition of property, plant and equipment	<u>\$ 43,153</u>	<u>\$ 88,510</u>

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Group and the exchange rates between the foreign currencies and the respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

	December 31, 2021			December 31, 2020		
	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>						
Monetary items						
USD (USD/NTD)	\$ 41,395	27.690	\$ 1,146,228	\$ 50,941	28.508	\$ 1,452,226
USD (USD/CNY)	12,427	6.352	344,104	5,858	6.525	167,000
BRL (BRL/NTD)	210,249	4.971	1,045,149	-	-	-

(Continued)

	December 31, 2021			December 31, 2020		
	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>						
Monetary items						
USD (USD/NTD)	\$ 48,741	27.690	\$ 1,349,638	\$ 24,777	28.508	\$ 706,343
USD (USD/BRL)	-	-	-	17,084	5.186	487,031
USD (USD/CNY)	7,209	6.352	199,617	-	-	-
						(Concluded)

The Group is mainly exposed to the USD. The following information was aggregated by the functional currencies of the entities in the Group, and the exchange rates between the respective functional currencies and the presentation currency were disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2021		2020	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
NTD	1 (NTD:NTD)	\$ (57,631)	1 (NTD:NTD)	\$ (69,594)
BRL	5.201 (BRL:NTD)	(10,531)	5.74 (BRL:NTD)	(220,626)
CNY	4.342 (CNY:NTD)	(2,088)	4.29 (CNY:NTD)	(22,040)

30. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees

- 1) Financing provided to others: Table 1
- 2) Endorsements/guarantees provided: None
- 3) Marketable securities held: Table 2
- 4) Marketable securities acquired or disposed of at costs or prices at least NT\$300 million or 20% of the paid-in capital: None
- 5) Acquisitions of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
- 6) Disposals of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4
- 9) Trading in derivative instruments: Note 7
- 10) Intercompany relationships and significant intercompany transactions: Table 5

11) Information on investees: Table 6

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 7
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 3
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 3
 - c) The amount of property transactions and the amount of the resultant gains or losses: None
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None
 - e) The highest balance of the period, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 8)

31. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

Crop protection - manufacture chemicals and fertilizer

Supermarket - supermarket and general retail industry

a. Segment revenue and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segment:

	For the Year Ended December 31			
	Segment Revenue		Segment Profit	
	2021	2020	2021	2020
Crop protection	\$ 10,936,450	\$ 10,123,374	\$ 917,903	\$ 818,622
Supermarket	4,825,190	4,548,885	104,287	80,477
Others	<u>2,884,235</u>	<u>2,812,142</u>	<u>215,139</u>	<u>165,603</u>
Total from continuing operations	<u>\$ 18,645,875</u>	<u>\$ 17,484,401</u>	1,237,329	1,064,702
Remuneration of directors			(33,199)	(24,925)
Share of profit of associates			3,764	5,506
Gain on disposal of investment			-	159,705
Gain on disposal of non-current assets held for sale			51,382	-
Net gain on fair value changes of financial assets and liabilities at fair value			18,044	-
Finance costs			(43,599)	(61,175)
Exchange gains and losses			<u>(79,031)</u>	<u>(292,695)</u>
Profit before tax			<u>\$ 1,154,690</u>	<u>\$ 851,118</u>

Segment revenue reported above represents revenue generated from external customers. Intersegment sales are eliminated for the years ended December 31, 2021 and 2020.

Segment profit represented the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, share of profit of associates, foreign exchange gain or loss, net gain on fair value changes of financial assets and liabilities at fair value through profit or loss, gain on disposal of investments, gain on disposal of non-current assets held for sale, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total assets and liabilities

	December 31	
	2021	2020
<u>Segment assets</u>		
Continuing operations		
Crop protection	\$ 12,059,122	\$ 11,145,964
Supermarket	2,363,748	2,235,206
Others	<u>1,425,701</u>	<u>1,413,619</u>
Total segment assets	15,848,571	14,794,789
Unallocated assets	<u>163,509</u>	<u>161,192</u>
Consolidated total assets	<u>\$ 16,012,080</u>	<u>\$ 14,955,981</u>

(Continued)

	December 31	
	2021	2020
<u>Segment liabilities</u>		
Continuing operations		
Crop protection	\$ 5,790,698	\$ 5,237,838
Supermarket	1,945,055	1,863,666
Others	<u>561,116</u>	<u>532,758</u>
Total segment liabilities	8,296,869	7,634,262
Unallocated liabilities	<u>209,126</u>	<u>214,290</u>
Consolidated total liabilities	<u>\$ 8,505,995</u>	<u>\$ 7,848,552</u>
		(Concluded)

All assets and liabilities were allocated to reportable segments other than deferred tax assets and liabilities.

c. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services:

	For the Year Ended December 31	
	2021	2020
Crop protection	\$ 10,936,450	\$ 10,123,374
Supermarket	4,825,190	4,548,885
Household supplies and catering service	2,049,383	2,004,072
Others	<u>834,852</u>	<u>808,070</u>
	<u>\$ 18,645,875</u>	<u>\$ 17,484,401</u>

d. Information about major customers

No single customer contributed 10% or more to the Group's revenue for the years ended December 31, 2021 and 2020.

TABLE 1

SINON CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO RELATED PARTIES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars and Renminbi)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Range of Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 1)	Financing Company's Total Financing Amount Limits (Note 2)
													Item	Value		
1	Sinon China	Sinon Zhongshan	Other receivables	Yes	\$ 17,672 (RMB 4,000)	\$ 17,425 (RMB 4,000)	\$ 17,425 (RMB 4,000)	4.000	Short-term financing	\$ -	Operation	\$ -	-	\$ -	\$ 329,440 (RMB 75,574)	\$ 658,879 (RMB 151,147)
		Poise Packing	Other receivables	Yes	53,016 (RMB 12,000)	26,138 (RMB 6,000)	- (RMB -)	4.568	Short-term financing	-	Operation	-	-	-	329,440 (RMB 75,574)	658,879 (RMB 151,147)

Note 1: The financing amount of the Company should not exceed 10% of the Company’s shareholders’ equity; that of subsidiaries should not exceed 50% of the subsidiaries’ shareholders’ equity.

Note 2: The financing amount of the Company should not exceed 20% of the Company’s shareholders’ equity; that of subsidiaries should not exceed 100% of the subsidiaries’ shareholders’ equity.

SINON CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021			
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value
Sinon Corporation	<u>Bond</u>						
	Hua Nan Commercial Bank 2 nd issuance of Senior Unsecured Financial Debentures in 2021	None	Financial assets at amortized cost - non-current	-	\$ 50,000	-	\$ 50,000
	Taipei Fubon Bank 2 nd issuance of Senior Unsecured Financial Debentures in 2021	None	Financial assets at amortized cost - non-current	-	50,000	-	50,000

TABLE 3

SINON CORPORATION AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Purchaser or Seller	Related Party	Nature of the Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment/Collection Terms	Unit Price	Collection Terms	Ending Balance	% of Total	
Sinon Corporation	Sinon China	Subsidiary	Purchase	\$ 863,401	21	30-60 days after the transaction date	There is no significant difference between third parties and related parties	There is no significant difference between third parties and related parties	\$ (3,776)	(1)	
Sinon Corporation	Sinon Brazil	Subsidiary	Sale	(1,104,142)	(12)	T/T 180 to 360 days after the transaction date	There is no significant difference between third parties and related parties	Note 1	1,045,149	45	
Sinon Corporation	Sinon Thailand	Subsidiary	Sale	(117,040)	(1)	T/T 180 days after the transaction date	There is no significant difference between third parties and related parties	There is no significant difference between third parties and related parties	51,625	2	

Note 1: The collection terms of Sinon Brazil depend on operation considerations.

Note 2: Significant intercompany accounts and transactions have been eliminated.

SINON CORPORATION AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF PAID-IN CAPITAL
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Nature of the Relationship	Ending Balance	Turnover Rate (%)	Overdue		Amounts Received in Subsequent Period	Allowance for Doubtful Accounts
					Amount	Action Taken		
Sinon Corporation	Sinon Brazil	Subsidiary	\$1,045,149	1.44	\$ -	-	\$ 302,231	\$ -

Note: Significant intercompany accounts and transactions have been eliminated.

TABLE 5

SINON CORPORATION AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

No.	Company Name	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	Percentage of Consolidated Net Revenue or Total Assets (%)
0	Sinon Corporation	Sinon Brazil	1	Sales	\$ 1,104,142	T/T 180-360 days after the transaction date	6
		Sinon Brazil	1	Accounts receivable	1,045,149	T/T 180-360 days after the transaction date	7
		Sinon China	1	Purchases	863,401	30-60 days after the transaction date	5

Note 1: Relationships with counterparties: (1) parent company to subsidiary; (2) subsidiary to parent company; and (3) subsidiary to subsidiary.

Note 2: The criteria of the disclosures above are: (a) for the assets and liabilities, at least 1% of the consolidated total assets; and (b) for the income and expenses, at least 1% of the consolidated gross sales. The significant intercompany accounts and transactions have been eliminated.

TABLE 6

SINON CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars and U.S. Dollars)

Investor Company	Investee Company (Note 2)	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Note
				December 31, 2021	December 31, 2020	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Sinon Corporation	Syntai Chemicals	Taichung, ROC	Pharmaceuticals	\$ 269,095	\$ 269,095	33,000,000	100	\$ 279,837	\$ 11,973	\$ 11,973	Subsidiary
	Hsing Wei	Taichung, ROC	Manufacture and sale of cement	25,609	25,609	33,000,000	100	494,470	77,750	77,754	Subsidiary
	TFS	Taichung, ROC	Supermarket	264,793	264,793	26,379,500	88	379,355	71,736	63,167	Subsidiary
	Yumei	Taichung, ROC	Houseware, catering services and retail of agricultural products	400,167	400,167	20,030,000	100	553,143	124,602	124,742	Subsidiary
	Sinon Trading	Taichung, ROC	Trading	1,001	1,001	100,000	100	1,110	103	103	Subsidiary
	Sinon Cayman	Cayman Islands	Holding company	1,394,195	1,394,195	44,280,000	100	1,453,211	(7,202)	(7,202)	Subsidiary
	Sinon Brazil	Porto Alegre, Brazil	Manufacture and import and export of medical and chemical products	885,100	885,100	101,747,867	100	32,335	35,054	35,054	Subsidiary
	Sinon Australia	Sydney, Australia	Import and export of chemical products	255,360	255,360	10,000,000	100	5,603	(1,751)	(1,751)	Subsidiary
	Sinon Thailand	Bangkok, Thailand	Import and export of chemical products	17,109	17,109	20,000	100	4,115	8,176	8,176	Subsidiary
	Sinon USA	California, USA	Import and export of chemical products	1,689	1,689	50,000	100	350	(226)	(226)	Subsidiary
	Sinon Germany	Hamburg, Germany	Import and export of chemical products	1,049	1,049	25,000	100	950	(88)	(88)	Subsidiary
	K&S	Taichung, ROC	Design and sale of software	18,086	18,086	1,951,900	49	45,691	7,713	3,764	Investments accounted for using the equity method
TFS	Feng Nien	Taichung, ROC	Supermarket	47,271	47,271	1,420,000	100	35,273	7,779	7,779	Indirectly owned subsidiary
Feng Nien	Weightstone	Taichung, ROC	Food and special crops; Retail sale of tobacco and alcoholic drinks	30,000	30,000	1,200,000	100	33,736	1,123	1,123	Indirectly owned subsidiary
Sinon Cayman	Sinon Hong Kong	Wanchai, Hong Kong	Holding company	1,194,827	1,194,827	-	100	1,447,782	28,122	28,122	Indirectly owned subsidiary
K&S	K3 Systems Sdn Bhd	Malaysia	Software design and information security maintenance	(USD 37,980) 2,856	(USD 37,980) 2,856	337,500	45	(USD 52,274) 3,128	(USD 1,004) (103)	(USD 1,004) (46)	Investments accounted for using the equity method

Note 1: The equity-method investees' financial statements, which were used to determine the carrying amount of the Company's investments, have not been reviewed, except for Sinon Thailand, Sinon Germany, Sinon USA, Sinon Trading, Weightstone and K3 Systems sdn Bhd. However, the Company believes that had those companies' financial statements been audited, any adjustment would have no material effect on the Company's financial statements.

Note 2: Except for K&S, significant intercompany accounts and transactions have been eliminated.

TABLE 7

SINON CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021**
(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outward	Inward						
Sinon China	Manufacture and sale of various chemicals	\$ 271,113 (US\$ 8,000)	The investment was made through a subsidiary incorporated in a third area which in turn makes direct investments in companies in mainland China	\$ 271,113 (US\$ 8,000)	\$ -	\$ -	\$ 271,113 (US\$ 8,000)	\$ 92,935	100%	\$ 92,935	\$ 658,879	\$ -
Sinon Nantong	Manufacture and sale of various chemicals	1,216,938 (RMB 255,000)	The investment was made through a subsidiary incorporated in a third area which in turn makes direct investments in companies in mainland China	923,714 (US\$ 29,980)	-	-	923,714 (US\$ 29,980)	(54,682)	100%	(54,682)	775,632	-
Poise Packing	Import and export of plastic products	50,426 (RMB 11,000)	The investment was made by the subsidiary located in mainland China directly	-	-	-	-	10,467	100%	10,467	84,875	-
Sinon Zhongshan	Manufacture and sale of grocery, pesticide and plastics	113,083 (US\$ 3,700)	The investment was made through a subsidiary incorporated in a third area which in turn makes direct investments in companies in mainland China	105,354 (US\$ 3,400)	-	-	105,354 (US\$ 3,400)	(10,131)	100% (Note 2)	(10,131)	12,950	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$ 1,300,181	US\$ 41,380	No limit (Note 3)

Note 1: The Group recognized its investment gain (loss) based on the audited financial statements as of and for the year ended December 31, 2021.

Note 2: The ownership of Sinon Cayman and Sinon China was 92% and 8%, respectively.

Note 3: According to the “Regulations for Screening of Application to Engage in Technical Cooperation in Mainland China” issued by the Investment Commission of the Ministry of Economic Affairs on August 29, 2008, there is no limit on the investment in mainland China since Sinon Corporation acquired the approval from the Industrial Development Bureau the establishment of the Company’s operating headquarters in Taiwan.

Note 4: Significant intercompany accounts and transactions have been eliminated.

SINON CORPORATION**INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership
YunSung Investment Ltd.	37,563,000	8.93%

Note: The information of major shareholders is provided by the Taiwan Depository & Clearing Corporation, and based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (included treasury shares) by the Company on the last business date of current quarter. The share capital in consolidated financial report may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Sinon Corporation

**Financial Statements for the
Years Ended December 31, 2021 and 2020 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sinon Corporation

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and 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 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 of most significance in our audit of the financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Company's financial statements for the year ended December 31, 2021 is stated as follows:

Recognition of Revenue

The Company's operating revenue mainly comes from the production and sales of crop protection agents, in which export sales revenue from customers throughout Europe, America and Asia is significant to the overall operating revenue; therefore, we identified validity of the recognition of revenue as a key audit matter. For related accounting policies and detailed information on revenue recognition, refer to Notes 4 and 19.

The audit procedures that we performed in respect of revenue recognition included the following:

1. We understood and assessed the appropriateness of the design and implementation of relevant internal controls over revenue recognition.
2. We performed substantive analytical procedures by sample testing the export sales revenue in subsidiary ledger, and checked the sales receipts and shipping documents to confirm the validity of sales revenue.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our

conclusions are based on the audit evidence obtained up to the date of our 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements 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 should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Ting-Chien Su and Done-Yuin Tseng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 18, 2022

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

SINON CORPORATION

BALANCE SHEETS

DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 223,235	2	\$ 714,500	6
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	19,359	-	-	-
Notes receivable (Notes 4 and 9)	30,404	-	26,830	-
Trade receivables (Notes 4, 5 and 9)	1,170,343	10	833,047	7
Receivables from related parties (Notes 15, 24, 25 and 26)	1,144,888	9	585,714	5
Other receivables (Note 25)	73,269	1	38,423	1
Inventories (Notes 4 and 10)	1,262,595	10	1,192,296	11
Prepayments (Note 25)	512,786	4	146,424	1
Other current assets	17,922	-	14,783	-
Total current assets	4,454,801	36	3,552,017	31
NON-CURRENT ASSETS				
Financial assets at amortized cost - non-current (Note 8)	100,000	1	-	-
Investments accounted for using the equity method (Notes 4 and 12)	3,250,170	26	3,208,818	28
Property, plant and equipment (Notes 4 and 13)	4,243,027	35	4,479,903	39
Right-of-use assets (Notes 4 and 14)	32,397	-	37,539	-
Deferred tax assets (Notes 4 and 21)	112,383	1	101,475	1
Other non-current assets (Note 26)	79,526	1	43,900	1
Total non-current assets	7,817,503	64	7,871,635	69
TOTAL	\$ 12,272,304	100	\$ 11,423,652	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 15, 24 and 26)	\$ 1,656,506	14	\$ 642,851	6
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	388	-	2,353	-
Notes payable	8,232	-	7,953	-
Trade payables	672,864	5	738,631	6
Trade payables to related parties (Note 25)	16,217	-	38,176	-
Other payables (Note 16)	809,281	7	675,338	6
Current tax liabilities (Notes 4 and 21)	155,850	1	85,054	1
Lease liabilities - current (Notes 4 and 14)	13,584	-	13,282	-
Current portion of long-term borrowings (Note 15)	310,000	3	660,000	6
Other current liabilities (Note 19)	31,308	-	68,273	1
Total current liabilities	3,674,230	30	2,931,911	26
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 15)	375,000	3	655,000	6
Deferred tax liabilities (Notes 4 and 21)	209,026	2	214,290	2
Lease liabilities - non-current (Notes 4 and 14)	19,502	-	24,785	-
Net defined benefit liabilities - non-current (Notes 4 and 17)	452,967	3	457,103	4
Investments accounted for using the equity method - credit balance (Notes 4 and 12)	-	-	3,335	-
Other non-current liabilities	88,803	1	78,100	-
Total non-current liabilities	1,145,298	9	1,432,613	12
Total liabilities	4,819,528	39	4,364,524	38
EQUITY				
Ordinary shares	4,204,926	34	4,204,926	37
Capital surplus	462,192	4	450,304	4
Retained earnings				
Legal reserve	877,587	7	824,492	7
Special reserve	289,799	2	335,172	3
Unappropriated earnings	1,919,579	16	1,534,033	14
Other equity	(301,307)	(2)	(289,799)	(3)
Total equity	7,452,776	61	7,059,128	62
TOTAL	\$ 12,272,304	100	\$ 11,423,652	100

The accompanying notes are an integral part of the financial statements.

SINON CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 19 and 25)	\$ 9,318,215	100	\$ 8,625,036	100
OPERATING COSTS (Notes 10, 20 and 25)	<u>6,975,929</u>	<u>75</u>	<u>6,561,362</u>	<u>76</u>
GROSS PROFIT	2,342,286	25	2,063,674	24
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES (Note 4)	<u>(85,381)</u>	<u>(1)</u>	<u>(4,793)</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>2,256,905</u>	<u>24</u>	<u>2,058,881</u>	<u>24</u>
OPERATING EXPENSES (Notes 20 and 25)				
Selling and marketing expenses	1,308,231	14	1,078,593	13
General and administrative expenses	154,063	2	140,608	2
Research and development expenses	<u>104,018</u>	<u>1</u>	<u>109,672</u>	<u>1</u>
Total operating expenses	<u>1,566,312</u>	<u>17</u>	<u>1,328,873</u>	<u>16</u>
PROFIT FROM OPERATIONS	<u>690,593</u>	<u>7</u>	<u>730,008</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 20 and 25)	66,169	1	56,381	1
Other gains and losses (Note 20)	10,938	-	78,476	1
Finance costs (Note 20)	(21,363)	-	(33,622)	-
Share of profit or loss of subsidiaries and associates (Notes 4 and 12)	315,466	3	(35,520)	(1)
Interest income	<u>551</u>	<u>-</u>	<u>1,897</u>	<u>-</u>
Total non-operating expenses	<u>371,761</u>	<u>4</u>	<u>67,612</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	1,062,354	11	797,620	9
INCOME TAX EXPENSE (Notes 4 and 21)	<u>141,440</u>	<u>1</u>	<u>82,027</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>920,914</u>	<u>10</u>	<u>715,593</u>	<u>8</u>

(Continued)

SINON CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 10,426	-	\$ (221,901)	(3)
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	16,056	-	(5,257)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(2,085)	-	44,380	1
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	<u>(16,911)</u>	<u>-</u>	<u>43,509</u>	<u>1</u>
Other comprehensive income (loss) for the year, net of income tax	<u>7,486</u>	<u>-</u>	<u>(139,269)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 928,400</u>	<u>10</u>	<u>\$ 576,324</u>	<u>7</u>
EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 2.19</u>		<u>\$ 1.70</u>	
Diluted	<u>\$ 2.19</u>		<u>\$ 1.70</u>	

The accompanying notes are an integral part of the financial statements.

(Concluded)

SINON CORPORATION

STATEMENTS OF CHANGES IN EQUITY FOR YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	Share Capital (Note 18)	Capital Surplus (Note 18)	Retained Earnings (Note 18)			Other Equity		Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2020	\$ 4,204,926	\$ 450,289	\$ 762,674	\$ 291,972	\$ 1,654,740	\$ (341,441)	\$ 6,269	\$ 7,029,429
Appropriation of 2019 earnings								
Legal reserve	-	-	61,818	-	(61,818)	-	-	-
Special reserve	-	-	-	43,200	(43,200)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(546,640)	-	-	(546,640)
Other changes in capital surplus	-	15	-	-	-	-	-	15
Net profit for the year ended December 31, 2020	-	-	-	-	715,593	-	-	715,593
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(184,642)	43,509	1,864	(139,269)
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	530,951	43,509	1,864	576,324
BALANCE AT DECEMBER 31, 2020	4,204,926	450,304	824,492	335,172	1,534,033	(297,932)	8,133	7,059,128
Appropriation of 2020 earnings								
Legal reserve	-	-	53,095	-	(53,095)	-	-	-
Special reserve	-	-	-	(45,373)	45,373	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(546,640)	-	-	(546,640)
Other changes in capital surplus	-	11,888	-	-	-	-	-	11,888
Net profit for the year ended December 31, 2021	-	-	-	-	920,914	-	-	920,914
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	18,994	(16,911)	5,403	7,486
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	939,908	(16,911)	5,403	928,400
BALANCE AT DECEMBER 31, 2021	<u>\$ 4,204,926</u>	<u>\$ 462,192</u>	<u>\$ 877,587</u>	<u>\$ 289,799</u>	<u>\$ 1,919,579</u>	<u>\$ (314,843)</u>	<u>\$ 13,536</u>	<u>\$ 7,452,776</u>

The accompanying notes are an integral part of the financial statements.

SINON CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,062,354	\$ 797,620
Adjustments for:		
Depreciation expenses	362,855	376,399
Expected credit loss recognized on trade receivables	1,035	1,660
Net loss (gain) on fair value changes of financial assets and liabilities at fair value through profit or loss	(16,469)	2,353
Financial costs	21,363	33,622
Interest income	(551)	(1,897)
Dividend income	-	(581)
Share of profit of subsidiaries and associates	(315,466)	35,520
Gain (loss) on disposal of property, plant and equipment	(1,502)	4,419
Gain on disposal of non-current assets held for sale	(51,382)	-
Impairment loss (gain on reversal of impairment loss) recognized on non-financial assets	(1,573)	23,905
Gain on disposal of investments	-	(156,658)
Unrealized gain on transactions with subsidiaries and associates	85,381	4,793
Net loss on unrealized foreign currency exchange	26,711	13,589
Net gains on modification of leasing arrangement	(26)	(49)
Changes in operating assets and liabilities		
Notes receivable	(3,574)	(950)
Trade receivables	(931,905)	2,991
Other receivables	(34,846)	21,543
Inventories	(68,726)	15,873
Other current assets	(369,501)	28,176
Contract liabilities	(27,904)	43,300
Notes payable	279	953
Trade payables	(86,009)	96,896
Other payables	132,609	(54,431)
Other current liabilities	774	490
Net defined benefit liabilities	6,290	(18,364)
Cash generated from operations	(209,783)	1,271,172
Interest received	551	1,897
Dividends received	184,543	135,075
Interest paid	(21,627)	(36,561)
Income tax paid	(88,901)	(110,350)
Net cash generated from (used in) operating activities	(135,217)	1,261,233
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for financial assets at amortized cost	(100,000)	-
Payments for financial assets and liabilities at fair value through profit or loss	(54,842)	-
Proceeds from disposal of financial assets and liabilities at fair value through profit or loss	49,987	182,958
Proceeds from non-current assets held for sale	123,498	-

(Continued)

SINON CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
Payments for property, plant and equipment	\$ (157,249)	\$ (110,787)
Proceeds from disposal of property, plant and equipment	5,453	134,376
Decrease (increase) in refundable deposits	(1,344)	2,248
Increase in prepayments for equipment	<u>(61,603)</u>	<u>(27,801)</u>
Net cash generated from (used in) investing activities	<u>(196,100)</u>	<u>180,994</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	1,019,627	(209,877)
Decrease in short-term bills payable	-	(20,000)
Proceeds from long-term borrowings	150,000	460,000
Repayments of long-term borrowings	(780,000)	(892,203)
Increase in guarantee deposits received	868	392
Repayment of the principal portion of lease liabilities	(15,691)	(15,477)
Dividends paid to owners of the Company	(546,625)	(546,625)
Unclaimed dividends	<u>11,873</u>	<u>-</u>
Net cash used in financing activities	<u>(159,948)</u>	<u>(1,223,790)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(491,265)	218,437
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>714,500</u>	<u>496,063</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 223,235</u>	<u>\$ 714,500</u>

The accompanying notes are an integral part of the financial statements.

(Concluded)

SINON CORPORATION AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Sinon Corporation (the “Company”) was incorporated in November 1963. It mainly manufactures and sells various chemicals and fertilizer.

The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since December 14, 1989.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company’s board of directors on March 18, 2022.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies:

- b. New IFRSs endorsed into effect in 2022 by the FSC

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	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 amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of above standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by 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 by IASB
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
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 stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of above standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing the parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the company basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in these parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. 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 and liabilities that are not classified as current are classified as non-current.

d. Foreign currency

In preparing the Company's 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.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

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 from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting the financial statements, the functional currencies of the Company and its foreign operations (including subsidiaries, associates in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollars, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

Inventories consist of raw materials, work in progress, finished goods, merchandise and inventories in transit and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

f. Investments accounted for using the equity method

The Company uses the equity method to account for its investments in subsidiaries.

1) Investments in subsidiaries

A subsidiary is an entity (including a structured 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 the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries attributable to the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

Profits or losses resulting from downstream transactions are eliminated in full only in the company financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the company financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

2) Investment in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associates. The Company also recognizes the changes in the Company's share of the equity of associates.

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.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate and a joint venture. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate and the joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and the joint venture. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate and joint venture on the same basis as would be required had that associate directly disposed of the 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 Company continues to apply the equity method and does not remeasure the retained interest.

When an entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's financial statements only to the extent that interests in the associate are not related to the Company.

g. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Impairment of property, plant and equipment and right-of-use asset

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment and right-of-use assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

i. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Such assets classified as held for sale are not depreciated.

j. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

Financial assets

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

1) Measurement categories

Financial assets are classified into the following categories: financial assets at FVTPL and financial assets at amortized cost.

a) Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 24.

b) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes and trade receivables, other receivables, and refundable deposits at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and
- ii. Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i. Significant financial difficulty of the issuer or the borrower;
- ii. Breach of contract, such as a default;

- iii. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv. The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

2) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Company always recognizes lifetime Expected Credit Loss (ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

- a) Internal or external information show that the debtor is unlikely to pay its creditors.
- b) When a financial asset is more than 180 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

3) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities

1) Subsequent measurement

Except for the financial liabilities classified as at FVTPL, all the financial liabilities are measured at amortized cost using the effective interest method.

The financial liabilities classified as at FVTPL are held for trading, with any gain or loss arising on remeasurement recognized in profit or loss.

2) Derecognition of financial liabilities

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

Derivative financial instruments

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

k. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

l. Revenue recognition

The Company identifies contracts with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

For contract where the period between the date the Company transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Company does not adjust the promised amount of consideration for the effects of a significant financing component.

The Company recognizes revenue when performance obligations are satisfied. The performance obligations are satisfied when customers obtain control of the promised goods, such as when the goods are delivered to the customers' specified locations.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

m. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the company balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the company balance sheets.

n. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

o. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

p. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carry forward to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Company considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty - Estimated Impairment of Financial Assets

The provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

6. CASH

	December 31	
	2021	2020
Cash on hand	\$ 30,962	\$ 32,528
Checking accounts and demand deposits	192,273	660,159
Cash equivalents		
Time deposits	<u>-</u>	<u>21,813</u>
	<u>\$ 223,235</u>	<u>\$ 714,500</u>

7. FINANCIAL INSTRUMENTS AT FVTPL

	December 31	
	2021	2020
<u>Financial assets - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial instruments (not under hedge accounting)		
Foreign exchange forward contracts	<u>\$ 19,359</u>	<u>\$ -</u>
<u>Financial liabilities - current</u>		
Financial liabilities held for trading		
Derivative financial instruments (not under hedge accounting)		
Foreign exchange forward contracts	<u>\$ 388</u>	<u>\$ 2,353</u>

The Company entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

Outstanding foreign exchange forward contracts were as follows:

	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2021</u>		
Sell BRL/Buy USD	January 2022 to June 2022	BRL101,217/USD18,180
Sell JPY/Buy NTD	January 2022	JPY48,329/NTD11,869
<u>December 31, 2020</u>		
Sell BRL/Buy USD	May 2021 to November 2021	BRL31,617/USD5,932

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2021	2020
Bank debentures	\$ <u>100,000</u>	\$ <u>-</u>
Maturity date	July 2024 to September 2026	-
Interest (%)	0.35-0.40	-

9. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2021	2020
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 30,404	\$ 26,830
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 30,404</u>	<u>\$ 26,830</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 1,174,831	\$ 836,500
Less: Allowance for impairment loss	<u>(4,488)</u>	<u>(3,453)</u>
	<u>\$ 1,170,343</u>	<u>\$ 833,047</u>

a. Notes receivable

In determining the recoverability of the notes receivable, the Company considered any change in the credit quality of the notes receivable since the date credit was initially granted to the end of the reporting period. The Company continuously accessed and monitored the reference to past default experience of its counterparties and the analysis of their current financial position to access if credit risk has increased since initial recognition.

Aging analysis of notes receivable

	December 31	
	2021	2020
Not past due		
Past due	\$ 30,404	\$ 26,830
	<u>-</u>	<u>-</u>
Total	<u>\$ 30,404</u>	<u>\$ 26,830</u>

b. Trade receivables

The Company determines the credit period of sales of goods based on the counterparty's credit rating, location and transaction terms. No interest was charged on trade receivables. When determining the recoverability of trade receivable, the Company considers any change in the receivables from the original credit date to the credit quality of the balance sheet. Allowance for impairment loss was recognized against trade receivables based on the estimated irrecoverable amounts determined by reference to past default experience of the counterparties and an analysis of their current financial position.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses (ECLs). The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default records of the customer, the customer's current financial position, economic condition of the industry in which the customer operates. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Company's provision matrix:

	Not Past Due	1 to 90 Days	91 to 180 Days	Over 180 Days	Total
<u>December 31, 2021</u>					
Expected credit loss rate	0.02%	0.29%	12%	100%	
Gross carrying amount	\$ 1,125,186	\$ 49,645	\$ -	\$ -	\$ 1,174,831
Loss allowance (Lifetime ECLs)	<u>(4,344)</u>	<u>(144)</u>	<u>-</u>	<u>-</u>	<u>(4,488)</u>
Amortized cost	<u>\$ 1,120,842</u>	<u>\$ 49,501</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,170,343</u>
<u>December 31, 2020</u>					
Expected credit loss rate	0.02%	0.29%	12%	100%	
Gross carrying amount	\$ 821,130	\$ 15,370	\$ -	\$ -	\$ 836,500
Loss allowance (Lifetime ECLs)	<u>(3,429)</u>	<u>(24)</u>	<u>-</u>	<u>-</u>	<u>(3,453)</u>
Amortized cost	<u>\$ 817,701</u>	<u>\$ 15,346</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 833,047</u>

The movements of the loss allowance of trade receivables were as follows:

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 3,453	\$ 1,793
Net remeasurement of loss allowance	<u>1,035</u>	<u>1,660</u>
Balance at December 31	<u>\$ 4,488</u>	<u>\$ 3,453</u>

10. INVENTORIES

	December 31	
	2021	2020
Merchandise	\$ 122,219	\$ 105,642
Finished goods	263,252	263,485
Work in progress	161,127	298,021
Raw materials and supplies	706,580	522,544
Inventory in transit	<u>9,417</u>	<u>2,604</u>
	<u>\$ 1,262,595</u>	<u>\$ 1,192,296</u>

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2021	2020
Cost of inventories sold	\$ 6,977,502	\$ 6,537,457
Inventory write-downs (reversed)	<u>(1,573)</u>	<u>23,905</u>
	<u>\$ 6,975,929</u>	<u>\$ 6,561,362</u>

Reversal of inventory write-downs were due to increased selling prices in certain markets.

11. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

In September 2021, the Company entered into an agreement to dispose of the land and building located at Fengyuan District, Taichung City; the total contract price was \$1232,498 thousand and the relevant disposal procedures have been completed in December 2021. The Company has recognized disposal benefits of \$51,382 thousand in 2021.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31			
	2021		2020	
	Carrying Amount	% of Ownership	Carrying Amount	% of Ownership
<u>Investment in subsidiaries - unlisted companies</u>				
Sinon Cayman Corporation ("Sinon Cayman")	\$ 1,453,211	100	\$ 1,463,942	100
Yumei Biotec Co., Ltd. ("Yumei Biotec")	553,143	100	516,271	100
Hsing Wei Corporation ("Hsing Wei")	494,470	100	462,794	100
Taiwan Fresh Supermarket Co., Ltd. ("TFS")	379,355	88	342,783	88
Syntai Chemicals Ltd. ("Syntai Chemicals")	279,837	100	277,330	100
Sinon Do Brazil Ltda. ("Sinon Brazil") (Note 1)	32,335	100	94,484	100
Sinon Australia Pty Limited ("Sinon Australia") (Note 1)	5,603	100	7,940	100
Sinon (Thailand) Co., Ltd. ("Sinon Thailand") (Note 2 and 3)	4,115	100	(3,335)	100
Sinon Trading Co., Ltd. ("Sinon Trading") (Note 2)	1,110	100	1,007	100
Sinon Eu GmbH ("Sinon Germany") (Note 2)	950	100	1,142	100
Sinon USA, Inc. ("Sinon USA") (Note 2)	<u>350</u>	100	<u>591</u>	100
	3,204,479		3,164,949	
<u>Investment in associates - unlisted companies</u>				
Knowledge & Service Information Co., Ltd. ("K&S")	<u>45,691</u>	49	<u>40,534</u>	49
	3,250,170		3,205,483	
Add: Investments accounted for using the equity method - credit balance	<u>-</u>		<u>3,335</u>	
	<u>\$ 3,250,170</u>		<u>\$ 3,208,818</u>	

Note 1: The Company's board of directors approved to increase the capital of Sinon Brazil and Sinon Australia by the transfer of accounts receivable totaling \$374,721 thousand and \$80,812 thousand in November 2020.

Note 2: The financial statements of insignificant subsidiaries had not been audited. However, the Company believes that had those companies' financial statements been audited, any adjustments would have no material effect on the Company's financial statements.

Note 3: The Company holds 49% of Sinon Thailand, and the remaining 51% investments held by entrusting others due to local laws and regulations. The investments has security measures, and the Company still has 100% control.

The summarized financial information in respect of the Company's associates is set out below:

	For the Year Ended December 31	
	2021	2020
The Company's share of :		
Net profit for the year	\$ 3,764	\$ 5,506
Other comprehensive income	<u>5,980</u>	<u>1,326</u>
Total comprehensive income	<u>\$ 9,744</u>	<u>\$ 6,832</u>

See Table 5 and 6 for the nature of activities, principal place of business and countries of incorporation of the associates.

13. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2021	2020
Assets used by the Company	\$ 4,117,158	\$ 4,398,832
Assets leased under operating leases	<u>125,869</u>	<u>81,071</u>
	<u>\$ 4,243,027</u>	<u>\$ 4,479,903</u>

Part of the land, which is restricted to agricultural use, is registered in the name of another person. However, the Company retains control over the land. As of December 31, 2021 and 2020, the land held in the name of the other person was \$99,307 thousand and \$100,689 thousand, respectively.

a. Assets used by the Company

	For the Year Ended December 31, 2021				
	Beginning Balance	Additions	Disposals	Reclassification	Ending Balance
<u>Cost</u>					
Land	\$ 3,001,360	\$ -	\$ (6,417)	\$ (89,964)	\$ 2,904,979
Buildings	1,029,860	4,399	(1,037)	(76,590)	956,632
Machinery and equipment	2,343,187	18,354	(14,823)	36,322	2,383,040
Transportation equipment	35,813	604	(370)	-	36,047
Leasehold improvements	24,864	-	-	-	24,864
Other equipment	1,260,941	56,769	(43,451)	22,218	1,296,477
Property under construction	<u>115,837</u>	<u>77,123</u>	<u>-</u>	<u>(36,396)</u>	<u>156,564</u>
	<u>7,811,862</u>	<u>\$ 157,249</u>	<u>\$ (66,098)</u>	<u>\$ (144,410)</u>	<u>7,758,603</u>

(Continued)

For the Year Ended December 31, 2021					
	Beginning Balance	Additions	Disposals	Reclassification	Ending Balance
<u>Accumulated depreciation</u>					
Buildings	\$ 474,283	\$ 39,829	\$ (1,026)	\$ (54,801)	\$ 458,285
Machinery and equipment	1,933,619	168,255	(14,813)	-	2,087,061
Transportation equipment	31,206	1,928	(370)	-	32,764
Leasehold improvements	24,864	-	-	-	24,864
Other equipment	946,458	135,787	(43,338)	(436)	1,038,471
	<u>3,410,430</u>	<u>\$ 345,799</u>	<u>\$ (59,547)</u>	<u>\$ (55,237)</u>	<u>3,641,445</u>
<u>Accumulated impairment</u>					
Buildings	<u>2,600</u>	<u>\$ -</u>	<u>\$ (2,600)</u>	<u>\$ -</u>	<u>-</u>
	<u>\$ 4,398,832</u>				<u>\$ 4,117,158</u> (Concluded)

For the Year Ended December 31, 2020					
	Beginning Balance	Additions	Disposals	Reclassification	Ending Balance
<u>Cost</u>					
Land	\$ 3,144,763	\$ -	\$ (136,450)	\$ (6,953)	\$ 3,001,360
Buildings	1,020,518	14,769	(5,559)	132	1,029,860
Machinery and equipment	2,336,435	17,608	(49,819)	38,963	2,343,187
Transportation equipment	36,341	445	(973)	-	35,813
Leasehold improvements	24,864	-	-	-	24,864
Other equipment	1,394,695	37,478	(202,663)	31,431	1,260,941
Property under construction	126,748	40,487	-	(51,398)	115,837
	<u>8,084,364</u>	<u>\$ 110,787</u>	<u>\$ (395,464)</u>	<u>\$ 12,175</u>	<u>7,811,862</u>
<u>Accumulated depreciation</u>					
Buildings	438,557	\$ 40,238	\$ (4,512)	\$ -	474,283
Machinery and equipment	1,797,574	184,610	(48,565)	-	1,933,619
Transportation equipment	29,568	2,611	(973)	-	31,206
Leasehold improvements	24,864	-	-	-	24,864
Other equipment	1,017,217	131,860	(202,619)	-	946,458
	<u>3,307,780</u>	<u>\$ 359,319</u>	<u>\$ (256,669)</u>	<u>\$ -</u>	<u>3,410,430</u>
<u>Accumulated impairment</u>					
Buildings	<u>2,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>2,600</u>
	<u>\$ 4,773,984</u>				<u>\$ 4,398,832</u>

The above items of property, plant and equipment used by the Company are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	5-61 years
Mechanical and electrical facilities	8-21 years
Others	5-31 years
Machinery and equipment	3-18 years
Transportation equipment	4-8 years
Leasehold improvements	2-7 years
Other equipment	3-25 years

b. Assets leased under operating leases

For the Year Ended December 31, 2021				
	Beginning Balance	Additions	Reclassification	Ending Balance
<u>Cost</u>				
Land	\$ 47,117	\$ -	\$ 45,976	\$ 93,093
Buildings	<u>65,835</u>	<u>-</u>	<u>-</u>	<u>65,835</u>
	<u>112,952</u>	<u>\$ -</u>	<u>\$ 45,976</u>	<u>158,928</u>
<u>Accumulated depreciation</u>				
Buildings	<u>31,881</u>	<u>\$ 1,178</u>	<u>\$ -</u>	<u>33,059</u>
	<u>\$ 81,071</u>			<u>\$ 125,869</u>
For the Year Ended December 31, 2020				
	Beginning Balance	Additions	Reclassification	Ending Balance
<u>Cost</u>				
Land	\$ 40,164	\$ -	\$ 6,953	\$ 47,117
Buildings	<u>65,835</u>	<u>-</u>	<u>-</u>	<u>65,835</u>
	<u>105,999</u>	<u>\$ -</u>	<u>\$ 6,953</u>	<u>112,952</u>
<u>Accumulated depreciation</u>				
Buildings	<u>30,703</u>	<u>\$ 1,178</u>	<u>\$ -</u>	<u>31,881</u>
	<u>\$ 75,296</u>			<u>\$ 81,071</u>

Operating leases relate to lease of land and buildings with lease terms between 2019 and 2026. All operating lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating lease payments was as follows:

	December 31	
	2021	2020
Year 1	\$ 2,604	\$ 2,095
Year 2	284	291
Year 3	260	-
Year 4	260	-
Year 5	<u>260</u>	<u>-</u>
	<u>\$ 3,668</u>	<u>\$ 2,386</u>

The above items of property, plant and equipment used by the Company are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	11-56 years

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
<u>Carrying amounts</u>		
Land	\$ 26,528	\$ 31,440
Buildings	985	-
Transportation equipment	<u>4,884</u>	<u>6,099</u>
	<u>\$ 32,397</u>	<u>\$ 37,539</u>
	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	<u>\$ 11,480</u>	<u>\$ 38,903</u>
Depreciation charge for right-of-use assets		
Land	\$ 12,022	\$ 11,920
Buildings	246	371
Transportation equipment	<u>3,610</u>	<u>3,611</u>
	<u>\$ 15,878</u>	<u>\$ 15,902</u>

Except for the aforementioned addition and recognized depreciation, the Company did not have significant sublease or impairment of right-of-use assets during 2021 and 2020.

b. Lease liabilities

	December 31	
	2021	2020
<u>Carrying amounts</u>		
Current	<u>\$ 13,584</u>	<u>\$ 13,282</u>
Non-current	<u>\$ 19,502</u>	<u>\$ 24,785</u>

Range of discount rate (%) for lease liabilities was as follows:

	December 31	
	2021	2020
Land	3.08-3.21	3.21
Buildings	3.08	3.21
Transportation equipment	3.08-3.21	3.08-3.21

c. Material lease-in activities and terms

The Company leases land and buildings for the use of plants with lease terms of 2 to 9 years. The Company does not have bargain purchase options to acquire the leasehold land and buildings. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	\$ <u>15,046</u>	\$ <u>15,911</u>
Expenses relating to variable lease payments not included in measurement of lease liabilities	\$ <u>1,213</u>	\$ <u>1,092</u>
Total cash outflow for leases	\$ <u>(33,141)</u>	\$ <u>(33,844)</u>

The Company's leases of certain buildings qualify as short-term leases. The Company has elected to apply the recognition exemption and, thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. BORROWINGS

a. Short-term borrowings

	December 31	
	2021	2020
Unsecured borrowings	\$ 1,083,373	\$ 548,349
Transferred receivables	287,415	11,166
Loans for purchasing raw material	<u>285,718</u>	<u>83,336</u>
	<u>\$ 1,656,506</u>	<u>\$ 642,851</u>

Interest (%)

Unsecured borrowings	0.40-1.17	0.49-1.01
Transferred receivables	0.77	1.25
Loans for purchasing raw material	0.75-0.99	0.79-1.11

Refer to Notes 24, 25 and 26 for information relating to factoring receivables from related parties secured by the Company's accounts receivable.

b. Long-term borrowings

	December 31	
	2021	2020
Unsecured borrowings	\$ 685,000	\$ 1,315,000
Less: Current portion	<u>(310,000)</u>	<u>(660,000)</u>
Long-term borrowings	<u>\$ 375,000</u>	<u>\$ 655,000</u>
Interest rate (%)	0.93-1.14	0.93-1.15

16. OTHER PAYABLES

	December 31	
	2021	2020
Accrued salary and bonus	\$ 330,260	\$ 273,120
Bonus for employees and remuneration of directors and supervisors	44,265	33,234
Others	<u>434,756</u>	<u>368,984</u>
	<u>\$ 809,281</u>	<u>\$ 675,338</u>

17. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2021	2020
Present value of defined benefit obligation	\$ 771,289	\$ 779,618
Fair value of plan assets	<u>(318,322)</u>	<u>(322,515)</u>
Net defined benefit liabilities	<u>\$ 452,967</u>	<u>\$ 457,103</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2020	\$ 588,592	\$ (335,026)	\$ 253,566
Service cost			
Current service cost	6,825	-	6,825
Past service cost and loss (gain) on settlements	4,345	(2,460)	1,885
Recognized in profit or loss	11,170	(2,460)	8,710
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(11,350)	(11,350)
Actuarial loss			
- changes in demographic assumptions	219	-	219
- experience adjustments	200,783	-	200,783
- changes in financial assumptions	32,249	-	32,249
Recognized in other comprehensive income	233,251	(11,350)	221,901
Contributions from the employer	-	(25,160)	(25,160)
Benefits paid	(53,395)	51,481	(1,914)
	(53,395)	26,321	(27,074)
Balance at December 31, 2020	779,618	(322,515)	457,103
Service cost			
Current service cost	10,265	-	10,265
Past service cost and loss (gain) on settlements	2,678	(1,087)	1,591
Recognized in profit or loss	12,943	(1,087)	11,856
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,871)	(4,871)
Actuarial loss (gain)			
- changes in demographic assumptions	2,218	-	2,218
- experience adjustments	19,875	-	19,875
- changes in financial assumptions	(27,648)	-	(27,648)
Recognized in other comprehensive income	(5,555)	(4,871)	(10,426)
Contributions from the employer	-	(3,957)	(3,957)
Benefits paid	(15,717)	14,108	(1,609)
	(15,717)	10,151	(5,566)
Balance at December 31, 2021	\$ 771,289	\$ (318,322)	\$ 452,967

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2021	2020
Discount rate	0.70%	0.35%
Expected rate of salary increase	3%	3%
Turnover rates	0.33%	0.44%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2021	2020
Discount rate		
0.25% increase	\$ (19,167)	\$ (20,388)
0.25% decrease	\$ 19,862	\$ 21,158
Expected rate of salary increase		
0.25% increase	\$ 19,364	\$ 20,553
0.25% decrease	\$ (18,791)	\$ (19,920)
Turnover rate		
10% increase	\$ (82)	\$ (108)
10% decrease	\$ 82	\$ 108

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2021	2020
Expected contributions to the plan for the next year	\$ 5,559	\$ 5,366
Average duration of the defined benefit obligation	10 years	10 years

18. EQUITY

a. Ordinary shares

	December 31	
	2021	2020
Number of shares authorized (in thousands)	500,000	500,000
Shares authorized	\$ 5,000,000	\$ 5,000,000
Number of shares issued and fully paid (in thousands)	420,492	420,492
Shares issued	\$ 4,204,926	\$ 4,204,926

b. Capital surplus

	December 31	
	2021	2020
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>		
Arising from conversion of bonds	\$ 394,097	\$ 394,097
Arising from treasury share transactions	51,819	51,819
Arising from the difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	3,430	3,430
<u>May only be used to offset a deficit</u>		
Others	<u>12,846</u>	<u>958</u>
	<u>\$ 462,192</u>	<u>\$ 450,304</u>

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended articles of incorporation (the “Articles”), where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company’s board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders’ meeting for the distribution of dividends and bonuses to shareholders.

The dividends and bonuses, capital surplus, or legal reserve can be distributed in the whole or in part by cash after a resolution has been adopted by a majority of directors present at a meeting of the board of directors attended by two-thirds of the total number of directors; in addition, a report of such distribution shall be submitted to the shareholder’s meeting.

The Articles also provide that, in line with the Company’s continuing growth, cash dividends payable may not be lower than 30% of the total dividends distributed. If total dividends to be distributed are under NT\$100,000 thousand, the limitation can be waived.

The legal reserve may be used to offset a deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company’s paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1090150022 issued by the FSC and the directive titled “Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs” should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2020 and 2019 were as follows:

	For the Year Ended December 31	
	2020	2019
Legal reserve	\$ 53,095	\$ 61,818
Special reserve	(45,373)	43,200
Cash dividends	546,640	546,640
Cash dividends per share (NT\$)	1.3	1.3

The above appropriation of earnings as cash dividends had been resolved by the Company's board of directors in March 2021 and 2020, respectively; the other proposed appropriations had been resolved by the shareholders in their meetings in August 2021 and June 2020, respectively.

The appropriations of earnings and dividends per share for 2021 were proposed by the Company's board of directors in March 2022. The appropriation and dividends per share were as follows:

	Appropriation of Earnings
Legal reserve	\$ 93,992
Reverse special reserve	11,509
Cash dividends	756,887
Cash dividends per share (NT\$)	1.8

The appropriation of earnings for 2021 is subject to resolution of the shareholders in their meeting to be held in June 2022.

19. REVENUE

	For the Year Ended December 31	
	2021	2020
Revenue from contracts with customers		
Revenue from sale of goods	<u>\$ 9,318,215</u>	<u>\$ 8,625,036</u>
<u>Contract balances</u>		
	December 31, 2021	December 31, 2020
Notes receivable and trade receivables	<u>\$ 2,345,635</u>	<u>\$ 1,445,591</u>
Contract liabilities - current		January 1, 2020
Sale of goods	<u>\$ 19,708</u>	<u>\$ 4,312</u>

The changes in the contract liability balances primarily resulted from the timing differences between the Company's satisfaction of performance obligations and the customer's payment. Revenue recognized from contract liabilities at the beginning of the year in 2021 and 2020 was \$40,560 thousand and \$4,312 thousand, respectively.

20. COMPREHENSIVE INCOME FOR THE YEAR

a. Other income

	For the Year Ended December 31	
	2021	2020
Rental income	\$ 40,922	\$ 40,467
Others	<u>25,247</u>	<u>15,914</u>
	<u>\$ 66,169</u>	<u>\$ 56,381</u>

b. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Net foreign exchange loss	\$ (57,631)	\$ (69,010)
Gain on disposal of non-current assets held for sale (Note 11)	51,382	-
Net gain (loss) on financial assets and liabilities at fair value through profit or loss	16,469	(2,353)
Gain (loss) on disposal of property, plant and equipment	1,502	(4,419)
Gain on disposal of investments	-	156,658
Others	<u>(784)</u>	<u>(2,400)</u>
	<u>\$ 10,938</u>	<u>\$ 78,476</u>

c. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on bank loans	\$ 20,422	\$ 32,298
Interest on lease liabilities	1,191	1,364
Other finance costs	<u>1,348</u>	<u>1,826</u>
	22,961	35,488
Less: Amounts included in the cost of qualifying assets	<u>(1,598)</u>	<u>(1,866)</u>
	<u>\$ 21,363</u>	<u>\$ 33,622</u>

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2021	2020
Capitalized interest	\$ 1,598	\$ 1,866
Capitalization rate (%)	1.07	1.42

d. Depreciation

	For the Year Ended December 31	
	2021	2020
An analysis of depreciation by function		
Operating costs	\$ 294,863	\$ 305,006
Operating expenses	<u>67,992</u>	<u>71,393</u>
	<u>\$ 362,855</u>	<u>\$ 376,399</u>

e. Employee benefits expense

	Operating Costs	Operating Expenses	Total
<u>For the year ended December 31, 2021</u>			
Salary and wages	\$ 303,553	\$ 765,496	\$ 1,069,049
Labor and health insurance costs	29,683	59,427	89,110
Post-employment benefits			
Defined contribution plans	11,777	23,291	35,068
Defined benefit plans	2,302	9,554	11,856
Remuneration of directors	-	40,065	40,065
Other employee benefits	8,218	27,184	35,402
<u>For the year ended December 31, 2020</u>			
Salary and wages	294,960	704,629	999,589
Labor and health insurance costs	27,117	56,187	83,304
Post-employment benefits			
Defined contribution plans	11,304	22,305	33,609
Defined benefit plans	2,684	6,026	8,710
Remuneration of directors	-	31,058	31,058
Other employee benefits	8,382	27,167	35,549

For the years ended December 31, 2021 and 2020, the Company had an average of 1,375 employees, which included 7 non-employee directors in both years; the calculation basis is as same as average labor cost. Average labor cost for the years ended December 31, 2021 and 2020 was \$907 thousand and \$849 thousand, respectively, while average salary and bonus was \$781 thousand and \$731 thousand, respectively. The average salary and bonus increased by 7% year over year.

The Company set up an audit committee to replace the supervisor. The Company's remuneration policies of directors and managers are mainly based on their participation in the Company's operations and contributions and are paid with reference to the level of the industry. The policy, structure and standard of remuneration have been reviewed and approved by the remuneration committee.

- 1) The payment of remuneration of directors is also based on the results of the director's performance evaluation for the year, including the degree of participation in the Company's operations, achievement of the Company's goals and tasks, and awareness of directors' responsibilities.
- 2) The payment of remuneration of managers shall be approved according to the personnel management and welfare regulations. The payment of remuneration was assessed every quarter regularly and is based on managers' contributions, such as the achievement of the business plan and the growth situation.

The Company's compensation policies of employees not only set reasonable remuneration standards based on the labor market, but also provide stability based on factors, such as rank and personal academic experience, professional skills, work performance, seniority, workload, etc. The salary adjustment policy does not involve gender differences. In addition, based on the Company's operating performance and assessment results of employees, performance bonuses will be issued to share operating results with employees.

f. Employees' compensation and remuneration of directors

The amendments explicitly stipulate that the Company accrued employees' compensation and remuneration of directors at rates of no less than 1% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2021 and 2020, which have been approved by the Company's board of directors in March 2022 and 2021, respectively, were as follows:

	For the Year Ended December 31			
	2021		2020	
	Accrual Rate	Amount	Accrual Rate	Amount
Employees' compensation	1%	\$ 11,066	1%	\$ 8,309
Remuneration of directors	3%	33,199	3%	24,925

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2020 and 2019.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

21. INCOME TAXES

a. Major components of income tax expense recognized in profit or loss

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	\$ 160,963	\$ 146,208
Adjustments for prior years	(1,266)	(24,556)
	<u>159,697</u>	<u>121,652</u>
Deferred tax		
In respect of the current year	(17,924)	(6,204)
Adjustments for prior years	(333)	(33,421)
	<u>(18,257)</u>	<u>(39,625)</u>
Income tax expense recognized in profit or loss	<u>\$ 141,440</u>	<u>\$ 82,027</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2021	2020
Income tax expense calculated at the statutory rate	\$ 212,471	\$ 159,524
Nondeductible expenses in determining taxable income	256	1,378
Tax-exempt income	(66,701)	(74,636)
Investment tax credits	(2,069)	(2,076)
Land value incremental tax	5,107	5,190
Unrecognized loss deductible temporary differences	(6,025)	50,624
Adjustments for prior years' tax	<u>(1,599)</u>	<u>(57,977)</u>
Income tax expense recognized in profit or loss	<u>\$ 141,440</u>	<u>\$ 82,027</u>

b. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

	For the Year Ended December 31, 2021			
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit obligation	\$ 76,881	\$ (5,705)	\$ (2,085)	\$ 69,091
Unrealized gross profit	4,004	17,077	-	21,081
Provisions for inventory write-downs	16,913	(315)	-	16,598
Unrealized exchange loss	2,718	2,624	-	5,342
Others	<u>959</u>	<u>(688)</u>	<u>-</u>	<u>271</u>
	<u>\$ 101,475</u>	<u>\$ 12,993</u>	<u>\$ (2,085)</u>	<u>\$ 112,383</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Land appreciation tax	\$ 170,048	\$ (7,554)	\$ -	\$ 162,494
Foreign investment income	44,242	(1,504)	-	42,738
Others	<u>-</u>	<u>3,794</u>	<u>-</u>	<u>3,794</u>
	<u>\$ 214,290</u>	<u>\$ (5,264)</u>	<u>\$ -</u>	<u>\$ 209,026</u>

For the Year Ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit obligation	\$ 29,210	\$ 3,291	\$ 44,380	\$ 76,881
Provisions for inventory write-downs	12,132	4,781	-	16,913
Unrealized gross profit	3,046	958	-	4,004
Unrealized exchange loss	5,669	(2,951)	-	2,718
Others	939	20	-	959
	<u>\$ 50,996</u>	<u>\$ 6,099</u>	<u>\$ 44,380</u>	<u>\$ 101,475</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Land appreciation tax	\$ 203,497	\$ (33,449)	\$ -	\$ 170,048
Foreign investment income	44,319	(77)	-	44,242
	<u>\$ 247,816</u>	<u>\$ (33,526)</u>	<u>\$ -</u>	<u>\$ 214,290</u>

- c. Deductible temporary differences which no deferred tax assets have been recognized in the balance sheets

	December 31
	2021 2020
Deductible temporary differences	<u>\$ 190,091 \$ 220,070</u>

- d. Income tax examinations

Income tax returns through 2019 of the Company have been assessed by the tax authorities.

22. EARNINGS PER SHARE

	Amounts (Numerator)	Number of Shares (Denominator) (In Thousands)	EPS (NT\$)
<u>For the year ended December 31, 2021</u>			
Basic EPS			
Net income available to ordinary shareholders of the parent	\$ 920,914	420,492	<u>\$ 2.19</u>
Effect of potentially dilutive ordinary shares			
Employees' compensation	<u>-</u>	<u>471</u>	
Diluted EPS			
Net income available to ordinary shareholders of the parent (including effect of potentially dilutive ordinary shares)	<u>\$ 920,914</u>	<u>420,963</u>	<u>\$ 2.19</u>
<u>For the year ended December 31, 2020</u>			
Basic EPS			
Net income available to ordinary shareholders of the parent	\$ 715,593	420,492	<u>\$ 1.70</u>
Effect of potentially dilutive ordinary shares			
Employees' compensation	<u>-</u>	<u>504</u>	
Diluted EPS			
Net income available to ordinary shareholders of the parent (including effect of potentially dilutive ordinary shares)	<u>\$ 715,593</u>	<u>420,996</u>	<u>\$ 1.70</u>

Since the Company offered to settle compensation or bonuses paid to employees in cash or shares, the Company assumed the entire amount of the compensation or bonus will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

23. CAPITAL MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Company (comprising share capital, capital surplus, retained earnings and other equity).

Key management personnel of the Company review the capital structure on a quarterly basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and the amount of new debt issued or existing debt redeemed.

24. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments measured at fair value on recurring basis

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>December 31, 2021</u>				
Financial assets at FVTPL				
Foreign exchange forward contractors	\$ -	\$ 19,359	\$ -	\$ 19,359
Financial liabilities at FVTPL				
Foreign exchange forward contractors	\$ -	\$ 388	\$ -	\$ 388
<u>December 31, 2020</u>				
Financial liabilities at FVTPL				
Foreign exchange forward contractors	\$ -	\$ 2,353	\$ -	\$ 2,353

There were no transfers between Level 1 and Level 2 in 2021 and 2020.

2) Reconciliation of Level 3 fair value measurements of financial instruments

	Equity Instruments Financial Assets at FVTPL	
	2021	2020
Balance at January 1	\$ -	\$ 23,253
Recognized in profit or loss	-	159,705
Sales	-	(182,958)
Balance at December 31	\$ -	\$ -

3) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flows. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

4) Reconciliation of Level 3 fair value measurements of financial instruments

The fair values of unlisted equity securities in the ROC were determined using the income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees.

b. Fair value of financial instruments not measured at fair value

Owing to the future value of cash and cash equivalents, financial assets at amortized cost, notes receivable and payable, trade receivables and payables, other receivables and payables, and refundable deposits are close to their book values. The fair values have been estimated based on the book value on the balance sheet date.

c. Categories of financial instruments

	December 31	
	2021	2020
<u>Financial assets</u>		
Amortized cost (1)	\$ 2,764,618	\$ 2,219,649
Financial assets at FVTPL	19,359	-
<u>Financial liabilities</u>		
Amortized cost (2)	3,923,883	3,492,864
Financial liabilities at FVTPL	388	2,353

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables and refundable deposits.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term and long-term borrowings, notes payable, trade payables, other payables and guarantee deposits received.

d. Financial risk management objectives and policies

The Company's major financial instruments include trade receivables, trade payables, borrowings and lease liabilities. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Company sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Company's policies approved by the Company's board of directors. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There had been no change to the Company's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

Several subsidiaries of the Company had foreign currency sales and purchases, which expose the Company to foreign currency risk.

The carrying amounts of the Company's foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period are listed in Note 28.

Sensitivity analysis

The Company is mainly exposed to the USD and the BRL.

The following table details the Company's sensitivity to a 1% increase and decrease in the USD and the BRL against the relevant foreign currencies. A positive (negative) number below indicates an increase (decrease) in pre-tax profit associated with the USD and the BRL strengthening (weakening) 1% against the relevant currency.

Functional Currency	For the Year Ended December 31	
	2021	2020
USD	\$ (2,971)	\$ 7,106
BRL	10,451	-

This was mainly attributable to the exposure of outstanding receivables and payables denominated in the USD and the BRL, which were not hedged at the end of the reporting period. The above table details the Company's sensitivity to a 1% increase and decrease in the USD and the BRL against the relevant functional currencies. The sensitivity rate of 1% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

In management's opinion, the sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

b) Interest rate risk

The Company is exposed to interest rate risk because the Company deposits and borrows funds at both fixed and floating interest rates.

The carrying amount of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows.

	December 31	
	2021	2020
Fair value interest rate risk		
Financial assets	\$ 100,000	\$ 21,813
Financial liabilities	725,724	532,569
Cash flow interest rate risk		
Financial assets	177,332	625,592
Financial liabilities	1,648,868	1,463,349

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the reporting period.

A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been changed and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by \$3,679 thousand and \$2,094 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure of counterparties to discharge an obligation and financial guarantees provided by the Company could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

3) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities and continuously monitoring forecasted and actual cash flows as well as matching the maturity profiles of financial assets and liabilities. As of December 31, 2021 and 2020, the Company had available unutilized short-term bank loan facilities in the amounts of \$3,273,260 thousand and \$3,889,450 thousand, respectively.

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table was drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

Non-derivative Financial Liabilities	Less Than 3 Months	3 Months to 1 Year	1 Year to 5 Years	5+Years
<u>December 31, 2021</u>				
Non-interest bearing liabilities	\$ 1,506,594	\$ -	\$ -	\$ -
Lease liabilities	3,775	10,630	20,182	644
Variable interest rate liabilities	791,214	482,654	375,000	-
Fixed interest rate liabilities	<u>245,051</u>	<u>447,587</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,546,634</u>	<u>\$ 940,871</u>	<u>\$ 395,182</u>	<u>\$ 644</u>

Non-derivative Financial Liabilities	Less Than 3 Months	3 Months to 1 Year	1 Year to 5 Years	5+Years
<u>December 31, 2020</u>				
Non-interest bearing liabilities	\$ 1,460,098	\$ -	\$ -	\$ -
Lease liabilities	4,904	9,350	25,851	616
Variable interest rate liabilities	282,663	825,686	355,000	-
Fixed interest rate liabilities	<u>40,153</u>	<u>154,349</u>	<u>300,000</u>	<u>-</u>
	<u>\$ 1,787,818</u>	<u>\$ 989,385</u>	<u>\$ 680,851</u>	<u>\$ 616</u>

e. Transfers of financial assets

As of December 31, 2021 and 2020, the Company signed a contract for trade receivables factoring in the amount of \$359,313 thousand and \$13,958 thousand and charged a price of \$287,415 thousand and \$11,166 thousand, respectively. The contract stipulates that if the accounts receivable cannot be collected, the factor has the right to request the Company to pay the outstanding balance. Thus, the Company did not transfer the significant risks and rewards of the accounts receivable and continues to recognize the collateral of borrowings; refer to Notes 15 and 26.

Information about recognized related assets and liabilities is as follows:

	December 31	
	2021	2020
Secured receivables	\$ 359,313	\$ 13,958
Transferred receivables	287,415	11,166

25. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed below.

a. Related party names and categories

Related Party Name	Related Party Categories
TFS	Subsidiary
Weightstone Vineyard Estate & Winery Co., Ltd. ("Weightstone")	Subsidiary
Syntai Chemicals	Subsidiary
Hsing Wei	Subsidiary
Sinon Trading	Subsidiary
Yumei Biotech	Subsidiary
K&S	Associate
Sinon Brazil	Subsidiary
Sinon Australia	Subsidiary
Sinon Thailand	Subsidiary
Sinon USA	Subsidiary
Feng Nien Corporation ("Feng Nien")	Subsidiary
Zhongshan Sinon Daily Products Co., Ltd. ("Sinon Zhongshan")	Subsidiary

(Continued)

<u>Related Party Name</u>	<u>Related Party Categories</u>
Sinon Chemical (China) Co., Ltd. (“Sinon China”)	Subsidiary
Poise Packing Co., Ltd. (“Poise Packing”)	Subsidiary
Sinon Chemical (Nantong) Co. Ltd. (“Sinon Nantong”)	Subsidiary
	(Concluded)

b. Sales

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Subsidiaries		
Sinon Brazil	\$ 1,104,142	\$ 532,193
Others	<u>284,994</u>	<u>236,950</u>
	<u>\$ 1,389,136</u>	<u>\$ 769,143</u>

There was no material difference in sales prices and terms between related and third parties. The general credit term was monthly 30 to 60 days and T/T 120 to 360 days.

c. Purchases of goods

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Subsidiaries		
Sinon China	\$ 863,401	\$ 698,358
Others	<u>84,723</u>	<u>107,924</u>
	<u>\$ 948,124</u>	<u>\$ 806,282</u>

There was no significant difference between related and third parties. The term on purchases of goods was 30-60 days after the transaction date.

d. Receivables from related parties (excluding loans to related parties)

<u>Related Party Category/Name</u>	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Subsidiaries		
Sinon Brazil	\$ 1,045,149	\$ 493,688
Sinon Thailand	51,625	59,245
Others	<u>48,114</u>	<u>32,781</u>
	<u>\$ 1,144,888</u>	<u>\$ 585,714</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2021 and 2020, no impairment losses were recognized for receivables from related parties. For the amount of the Company’s trade receivables factoring and the related information of collateral, refer to Notes 15, 24 and 26.

e. Payables to related parties (excluding loans from related parties)

Related Party Category	December 31	
	2021	2020
Subsidiaries	\$ 16,217	\$ 36,823
Associates	<u>-</u>	<u>1,353</u>
	<u>\$ 16,217</u>	<u>\$ 38,176</u>

The outstanding trade payables to related parties are unsecured and settled by cash.

f. Other receivables

Related Party Category	December 31	
	2021	2020
Subsidiaries	\$ 13,480	\$ 2,454
Associates	<u>189</u>	<u>189</u>
	<u>\$ 13,669</u>	<u>\$ 2,643</u>

g. Prepayments

Related Party Category	December 31	
	2021	2020
Associates	<u>\$ 360</u>	<u>\$ -</u>

h. Acquisitions of property, plant and equipment

Related Party Category	Purchase Price For the Year Ended December 31	
	2021	2020
Associates	<u>\$ 2,980</u>	<u>\$ -</u>

i. Others

	For the Year Ended December 31	
	2021	2020
1) Manufacturing and operating expenses		
Subsidiaries	\$ 76,625	\$ 103,285
Associates	<u>-</u>	<u>2,979</u>
	<u>\$ 76,625</u>	<u>\$ 106,264</u>
2) Rental income		
Subsidiaries	\$ 34,597	\$ 34,885
Associates	<u>1,680</u>	<u>1,680</u>
	<u>\$ 36,277</u>	<u>\$ 36,565</u>

	For the Year Ended December 31	
	2021	2020
3) Other income		
Subsidiaries	<u>\$ 4,905</u>	<u>\$ 1,978</u>
j. Remuneration of key management personnel		

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	\$ 27,186	\$ 19,459
Post-employment benefits	<u>357</u>	<u>249</u>
	<u>\$ 27,543</u>	<u>\$ 19,708</u>

26. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for commercial paper and bank borrowings:

	December 31	
	2021	2020
Trade receivables from related parties	\$ 359,313	\$ 13,958
Refundable deposits	<u>13,800</u>	<u>13,800</u>
	<u>\$ 373,113</u>	<u>\$ 27,758</u>

27. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. Significant commitments

As of December 31, 2021 and 2020, unused letters of credit for purchases of raw materials and machinery and equipment amounted to \$45,665 thousand and \$18,201 thousand, respectively.

b. Unrecognized commitments

	December 31	
	2021	2020
Acquisition of property, plant and equipment	<u>\$ 20,030</u>	<u>\$ 85,604</u>

28. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Company and the exchange rates between the foreign currencies and the respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

	December 31, 2021			December 31, 2020		
	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>						
Monetary items						
USD (USD/NTD)	\$ 37,972	27.690	\$ 1,051,445	\$ 49,245	28.508	\$ 1,403,876
BRL (BRL/NTD)	210,249	4.971	1,045,149	-	-	-
Non-monetary items						
Investments accounted for using the equity method						
USD (USD/NTD)	52,481	27.690	1,453,211	51,373	28.508	1,464,533
BRL (BRL/NTD)	6,505	4.971	32,335	17,185	5.498	94,484
<u>Financial liabilities</u>						
Monetary items						
USD (USD/NTD)	48,702	27.690	1,348,558	24,317	28.508	693,236

The significant realized and unrealized foreign exchange gains (losses) were as follows:

For the Year Ended December 31				
Foreign Currency	2021		2020	
	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
USD	28.010 (USD:NTD)	\$ (20,336)	29.564 (USD:NTD)	\$ (71,601)
BRL	5.201 (BRL:NTD)	(28,282)	5.736 (BRL:NTD)	-

29. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees

- 1) Financing provided to others: Table 1
- 2) Endorsements/guarantees provided: None
- 3) Marketable securities held: Table 2
- 4) Marketable securities acquired or disposed of at costs or prices at least NT\$300 million or 20% of the paid-in capital: None
- 5) Acquisitions of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
- 6) Disposals of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None

- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4
 - 9) Trading in derivative instruments: Note 7
 - 10) Information on investees: Table 5
- b. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 6
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 3
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 3
 - c) The amount of property transactions and the amount of the resultant gains or losses: None
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None
 - e) The highest balance of the period, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 7)

TABLE 1

SINON CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO RELATED PARTIES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars and Renminbi)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Range of Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 1)	Financing Company's Total Financing Amount Limits (Note 2)
													Item	Value		
1	Sinon China	Sinon Zhongshan	Other receivables	Yes	\$ 17,672 (RMB 4,000)	\$ 17,425 (RMB 4,000)	\$ 17,425 (RMB 4,000)	4.000	Short-term financing	\$ -	Operation	\$ -	-	\$ -	\$ 329,440 (RMB 75,574)	\$ 658,879 (RMB 151,147)
		Poise Packing	Other receivables	Yes	53,016 (RMB 12,000)	26,138 (RMB 6,000)	- (RMB -)	4.568	Short-term financing	-	Operation	-	-	-	329,440 (RMB 75,574)	658,879 (RMB 151,147)

Note 1: The financing amount of the Company should not exceed 10% of the Company’s shareholders’ equity; that of subsidiaries should not exceed 50% of the subsidiaries’ shareholders’ equity.

Note 2: The financing amount of the Company should not exceed 20% of the Company’s shareholders’ equity; that of subsidiaries should not exceed 100% of the subsidiaries’ shareholders’ equity.

SINON CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021			
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value
Sinon Corporation	<u>Bond</u>						
	Hua Nan Commercial Bank 2 nd issuance of Senior Unsecured Financial Debentures in 2021	None	Financial assets at amortized cost - non-current	-	\$ 50,000	-	\$ 50,000
	Taipei Fubon Bank 2 nd issuance of Senior Unsecured Financial Debentures in 2021	None	Financial assets at amortized cost - non-current	-	50,000	-	50,000

TABLE 3

SINON CORPORATION AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Purchaser or Seller	Related Party	Nature of the Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment/Collection Terms	Unit Price	Collection Terms	Ending Balance	% of Total	
Sinon Corporation	Sinon China	Subsidiary	Purchase	\$ 863,401	21	30-60 days after the transaction date	There is no significant difference between third parties and related parties	There is no significant difference between third parties and related parties	\$ (3,776)	(1)	
Sinon Corporation	Sinon Brazil	Subsidiary	Sale	(1,104,142)	(12)	T/T 180 to 360 days after the transaction date	There is no significant difference between third parties and related parties	Note	1,045,149	45	
Sinon Corporation	Sinon Thailand	Subsidiary	Sale	(117,040)	(1)	T/T 180 days after the transaction date	There is no significant difference between third parties and related parties	There is no significant difference between third parties and related parties	51,625	2	

Note: The collection terms of Sinon Brazil depend on operation considerations.

SINON CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF PAID-IN CAPITAL
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of the Relationship	Ending Balance	Turnover Rate (%)	Overdue		Amounts Received in Subsequent Period	Allowance for Doubtful Accounts
					Amount	Action Taken		
Sinon Corporation	Sinon Brazil	Subsidiary	\$1,045,149	1.44	\$ -	-	\$ 302,231	\$ -

TABLE 5

SINON CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars and U.S. Dollars)

Investor Company	Investee Company (Note 2)	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Note
				December 31, 2021	December 31, 2020	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Sinon Corporation	Syntai Chemicals	Taichung, ROC	Pharmaceuticals	\$ 269,095	\$ 269,095	33,000,000	100	\$ 279,837	\$ 11,973	\$ 11,973	Subsidiary
	Hsing Wei	Taichung, ROC	Manufacture and sale of cement	25,609	25,609	33,000,000	100	494,470	77,750	77,754	Subsidiary
	TFS	Taichung, ROC	Supermarket	264,793	264,793	26,379,500	88	379,355	71,736	63,167	Subsidiary
	Yumei	Taichung, ROC	Houseware, catering services and retail of agricultural products	400,167	400,167	20,030,000	100	553,143	124,602	124,742	Subsidiary
	Sinon Trading	Taichung, ROC	Trading	1,001	1,001	100,000	100	1,110	103	103	Subsidiary
	Sinon Cayman	Cayman Islands	Holding company	1,394,195	1,394,195	44,280,000	100	1,453,211	(7,202)	(7,202)	Subsidiary
	Sinon Brazil	Porto Alegre, Brazil	Manufacture and import and export of medical and chemical products	885,100	885,100	101,747,867	100	32,335	35,054	35,054	Subsidiary
	Sinon Australia	Sydney, Australia	Import and export of chemical products	255,360	255,360	10,000,000	100	5,603	(1,751)	(1,751)	Subsidiary
	Sinon Thailand	Bangkok, Thailand	Import and export of chemical products	17,109	17,109	20,000	100	4,115	8,176	8,176	Subsidiary
	Sinon USA	California, USA	Import and export of chemical products	1,689	1,689	50,000	100	350	(226)	(226)	Subsidiary
	Sinon Germany	Hamburg, Germany	Import and export of chemical products	1,049	1,049	25,000	100	950	(88)	(88)	Subsidiary
	K&S	Taichung, ROC	Design and sale of software	18,086	18,086	1,951,900	49	45,691	7,713	3,764	Investments accounted for using the equity method
TFS	Feng Nien	Taichung, ROC	Supermarket	47,271	47,271	1,420,000	100	35,273	7,779	7,779	Indirectly owned subsidiary
Feng Nien	Weightstone	Taichung, ROC	Food and special crops; Retail sale of tobacco and alcoholic drinks	30,000	30,000	1,200,000	100	33,736	1,123	1,123	Indirectly owned subsidiary
Sinon Cayman	Sinon Hong Kong	Wanchai, Hong Kong	Holding company	1,194,827	1,194,827	-	100	1,447,782	28,122	28,122	Indirectly owned subsidiary
K&S	K3 Systems Sdn Bhd	Malaysia	Software design and information security maintenance	(USD 37,980) 2,856	(USD 37,980) 2,856	337,500	45	(USD 52,274) 3,128	(USD 1,004) (103)	(USD 1,004) (46)	Investments accounted for using the equity method

Note: The equity-method investees' financial statements, which were used to determine the carrying amount of the Company's investments, have not been reviewed, except for Sinon Thailand, Sinon Germany, Sinon USA, Sinon Trading, Weightstone and K3 Systems sdn Bhd. However, the Company believes that had those companies' financial statements been audited, any adjustment would have no material effect on the Company's financial statements.

TABLE 6

SINON CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outward	Inward						
Sinon China	Manufacture and sale of various chemicals	\$ 271,113 (US\$ 8,000)	The investment was made through a subsidiary incorporated in a third area which in turn makes direct investments in companies in mainland China	\$ 271,113 (US\$ 8,000)	\$ -	\$ -	\$ 271,113 (US\$ 8,000)	\$ 92,935	100%	\$ 92,935	\$ 658,879	\$ -
Sinon Nantong	Manufacture and sale of various chemicals	1,216,938 (RMB 255,000)	The investment was made through a subsidiary incorporated in a third area which in turn makes direct investments in companies in mainland China	923,714 (US\$ 29,980)	-	-	923,714 (US\$ 29,980)	(54,682)	100%	(54,682)	775,632	-
Poise Packing	Import and export of plastic products	50,426 (RMB 11,000)	The investment was made by the subsidiary located in mainland China directly	-	-	-	-	10,467	100%	10,467	84,875	-
Sinon Zhongshan	Manufacture and sale of grocery, pesticide and plastics	113,083 (US\$ 3,700)	The investment was made through a subsidiary incorporated in a third area which in turn makes direct investments in companies in mainland China	105,354 (US\$ 3,400)	-	-	105,354 (US\$ 3,400)	(10,131)	100% (Note 2)	(10,131)	12,950	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$ 1,300,181	US\$ 41,380	No limit (Note 3)

Note 1: The Company recognized its investment gain (loss) based on the audited financial statements as of and for the year ended December 31, 2021.

Note 2: The ownership of Sinon Cayman and Sinon China was 92% and 8%, respectively.

Note 3: According to the “Regulations for Screening of Application to Engage in Technical Cooperation in Mainland China” issued by the Investment Commission of the Ministry of Economic Affairs on August 29, 2008, there is no limit on the investment in mainland China since Sinon Corporation acquired the approval from the Industrial Development Bureau the establishment of the Company’s operating headquarters in Taiwan.

SINON CORPORATION**INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership
YunSung Investment Ltd.	37,563,000	8.93%

Note: The information of major shareholders is provided by the Taiwan Depository & Clearing Corporation, and based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (included treasury shares) by the Company on the last business date of current quarter. The share capital in consolidated financial report may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

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SINON CORPORATION**STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Foreign Currency	Exchange Rate	Amount
Cash on hand			<u>\$ 30,962</u>
Cash in banks			
Checking accounts			14,941
Demand deposits			77,917
Foreign currency deposits			
USD	2,562	27.690	70,940
GBP	347	37.443	12,984
JPY	53,600	0.240	12,864
AUD	89	20.118	1,800
EUR	15	31.504	474
CNY	81	4.356	<u>353</u>
			<u>192,273</u>
			<u>\$ 223,235</u>

SINON CORPORATION**STATEMENT OF NOTES RECEIVABLE****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

Client Name	Amount
Non-related parties	
A Company	\$ 5,139
B Company	3,828
C Company	3,187
D Company	3,102
E Company	1,850
Others (Note)	<u>13,298</u>
	<u>\$ 30,404</u>

Note: The amount from each individual client included in others does not exceed 5% of the account balance.

SINON CORPORATION**STATEMENT OF TRADE RECEIVABLES****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

Client Name	Amount
Non-related parties	
F Company	\$ 208,958
G Company	94,262
H Company	87,177
I Company	73,805
J Company	70,535
Others (Note)	<u>640,094</u>
	1,174,831
Less: Allowance for impairment loss	<u>(4,488)</u>
	<u><u>\$ 1,170,343</u></u>

Note: The amount from each individual client included in others does not exceed 5% of the account balance.

SINON CORPORATION**STATEMENT OF INVENTORIES****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

Item	Amount	
	Cost	Market Price (Note 1)
Merchandise	\$ 122,219	\$ 163,452
Finished goods	263,252	529,862
Work in process	161,127	203,121
Raw materials and supplies	706,580	804,362
Inventory in transit	<u>9,417</u>	<u>9,417</u>
	<u>\$ 1,262,595</u>	<u>\$ 1,710,214</u>

Note 1: Net realizable value is used in the valuation of inventories.

Note 2: Inventories have not been provided as a collateral.

SINON CORPORATION

STATEMENT OF PREPAYMENTS

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Item	Amount
Prepayment for purchases	\$ 476,802
Prepaid expenses	<u>35,984</u>
	<u>\$ 512,786</u>

STATEMENT 6

SINON CORPORATION

**STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Investees	Balance, January 1, 2021			Cash Dividends	Share of Profit of Associates Accounted for Using the Equity Method	Exchange Differences on Translating the Financial Statements of Foreign Operations	Others (Note)	Realized (Unrealized) Gain on Sale	Balance, December 31, 2021			Net Assets Value
	Shares	Ownership %	Amount						Shares	Ownership %	Amount	
Investment in subsidiaries												
Sinon Cayman	44,280,000	100	\$ 1,463,942	\$ -	\$ (7,202)	\$ (3,529)	\$ -	\$ -	44,280,000	100	\$ 1,453,211	\$ 1,453,211
Yumei Biotech	20,030,000	100	516,271	(87,474)	124,742	-	(396)	-	20,030,000	100	553,143	552,352
Hsing Wei	33,000,000	100	462,794	(46,963)	77,754	-	885	-	33,000,000	100	494,470	493,777
TFS	26,379,500	88	342,783	(35,613)	63,167	-	9,018	-	26,379,500	88	379,355	388,338
Syntai Chemicals	33,000,000	100	277,330	(9,906)	11,973	-	440	-	33,000,000	100	279,837	383,098
Sinon Brazil	101,747,867	100	94,484	-	35,054	(12,389)	-	(84,814)	101,747,867	100	32,335	135,687
Sinon Australia	10,000,000	100	7,940	-	(1,751)	(586)	-	-	10,000,000	100	5,603	5,603
Sinon Thailand	20,000	100	(3,335)	-	8,176	(159)	-	(567)	20,000	100	4,115	6,166
Sinon Trading	100,000	100	1,007	-	103	-	-	-	100,000	100	1,110	1,110
Sinon Germany	25,000	100	1,142	-	(88)	(104)	-	-	25,000	100	950	950
Sinon USA	50,000	100	591	-	(226)	(15)	-	-	50,000	100	350	350
			3,164,949	(179,956)	311,702	16,782)	9,947	(85,381)			3,204,479	<u>\$ 3,420,642</u>
Investment in associates												
K&S	1,951,900	49	40,534	(4,587)	3,764	(129)	6,109	-	1,951,900	49	45,691	
			3,205,483	(184,543)	315,466	(16,911)	16,056	(85,381)			3,250,170	
Add: Investments accounted for using the equity method-credit balance			3,335	-	-	-	(3,335)	-			-	
			<u>\$ 3,208,818</u>	<u>\$ (184,543)</u>	<u>\$ 315,466</u>	<u>\$ (16,911)</u>	<u>\$ 12,721</u>	<u>\$ (85,381)</u>			<u>\$ 3,250,170</u>	

Note: The Company recognized the unrealized gain and loss on financial assets and the remeasurement of the defined benefit plans based on the share of equity of investees attributable to the Company.

SINON CORPORATION

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSET
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (In Thousands of New Taiwan Dollars)

	Beginning Balance	Additions	Disposals	Ending Balance
<u>Cost</u>				
Land	\$ 49,490	\$ 7,854	\$ (12,405)	\$ 44,939
Buildings	-	1,231	-	1,231
Machinery and equipment	<u>9,247</u>	<u>2,395</u>	<u>(1,107)</u>	<u>10,535</u>
	<u>58,737</u>	<u>\$ 11,480</u>	<u>\$ (13,512)</u>	<u>56,705</u>
<u>Accumulated depreciation</u>				
Land	18,050	\$ 12,022	\$ (11,661)	18,411
Buildings	-	246	-	246
Machinery and equipment	<u>3,148</u>	<u>3,610</u>	<u>(1,107)</u>	<u>5,651</u>
	<u>21,198</u>	<u>\$ 15,878</u>	<u>\$ (12,768)</u>	<u>24,308</u>
Net right-of-use asset	<u>\$ 37,539</u>			<u>\$ 32,397</u>

SINON CORPORATION

STATEMENT OF TRADE PAYABLES

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Non-related parties	
Others (Note)	<u>\$ 672,864</u>

Note: The amount to each individual vendor in others does not exceed 5% of the account balance.

SINON CORPORATION

STATEMENT OF LONG-TERM BORROWINGS

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Borrowing Types and Banks	Maturity Date	Repayment Method	Interest Rates (%)	Current Portion	Long-term Borrowing	Total
Mizuho Bank	2020.11-2023.08	Principal is paid in full upon maturity	(Note)	\$ -	\$ 300,000	\$ 300,000
KGI Commercial Bank	2020.10-2022.03	Principal is paid in full upon maturity	(Note)	150,000	-	150,000
Taishin International Bank	2021.04-2022.01	Principal is paid in full upon maturity	(Note)	100,000	-	100,000
Hua Nan Commercial Bank	2018.09-2023.09	Principal will be paid in equal quarterly installments	(Note)	60,000	45,000	105,000
Taipei fubon Commercial Bank	2020.06-2023.05	Principal is paid in full upon maturity	(Note)	-	30,000	30,000
				<u>\$ 310,000</u>	<u>\$ 375,000</u>	<u>\$ 685,000</u>

Note: The annual interest rate is between 0.93% and 1.14%.

SINON CORPORATION**STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Item	Amount
Crop protection	\$ 8,880,203
Others	<u>590,366</u>
Gross sales	9,470,569
Less: Sales returns	(16,576)
Sales discounts and allowances	<u>(135,778)</u>
Net sales	<u>\$ 9,318,215</u>

SINON CORPORATION
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw material and supplies, beginning of year	\$ 593,121
Raw material and supplies purchased	3,372,261
Raw material and supplies, end of year	(750,715)
Other adjustments	<u>(515,831)</u>
Raw material and supplies used	2,698,836
Direct labor	252,977
Manufacturing expenses	<u>931,086</u>
Manufacturing cost	3,882,899
Work in process, beginning of year	310,522
Work in process purchased	3,549
Work in process, end of year	(192,833)
Other adjustments	<u>2,523</u>
Cost of finished goods	4,006,660
Finished goods, beginning of year	264,885
Finished goods purchased	883
Finished goods, end of year	(270,176)
Other adjustments	<u>(23,467)</u>
Cost of finished goods	3,978,785
Merchandise, beginning of year	108,332
Merchandise purchased	758,652
Cost of triangular trade	1,764,276
Merchandise, end of year	<u>(122,855)</u>
Cost of merchandise	6,487,190
Other adjustments	<u>488,739</u>
Cost of operating costs	<u>\$ 6,975,929</u>

SINON CORPORATION**STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses
Payroll and annual bonus	\$ 688,995	\$ 27,305	\$ 49,196
Shipping expense	242,584	-	1
Insurance expense	65,323	4,369	6,910
Depreciation expense	18,158	33,824	16,010
Others	<u>293,171</u>	<u>88,565</u>	<u>31,901</u>
	<u>\$ 1,308,231</u>	<u>\$ 154,063</u>	<u>\$ 104,018</u>



SINON CORPORATION

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SINON CORPORATION

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