Stock Code: 1722

Printed on May 31, 2022

Website for declaration of information:
https://mops.twse.com.tw

Website for disclosure of annual report of the company:
https://www.taifer.com.tw

培元・固本・創新・永續

台肥

2021
Annual Report

台灣肥料股份有限公司
TAIWAN FERTILIZER CO.,LTD.

FTSE4Good
TIP Taiwan ESG Index

TIP
Taiwan Index Plus

I. Spokespersons of the Company

	Spokesperson	**Acting Spokesperson**
Name	Peng, Shen Long	Huang, Mei Ling
Title	Deputy General Manager	Chief, Finance Division
Contact No.	(02) 2542-2231, ext 706	(02) 2542-2231, ext 628
E-mail	peng@taifer.com.tw	marilyn@taifer.com.tw

II. Addresses and Telephone Numbers of Headquarter and Facotries

Headquarter:
Address: 6F., No.88, Sec. 2, Nanjing E. Rd., Zhongshan Dist., Taipei City 104, Taiwan
Tel: (02) 2542-2231 Fax: (02) 2563-4597

Keelung Factory:
Address: No. 171, Zhonghua Rd, Zhongshan District, Keelung City 203, Taiwan
Tel: (02) 2420-1053

Hualien Factory
Address: No.15, Huadong, Hualien City, Hualien County 970, Taiwan
Tel: (03) 822-3181 Fax: (03) 822-1854

Miaoli Factory
Address: No.210, Fuxing, Miaoli City, Miaoli County 360, Taiwan
Tel: (037) 260-601 Fax: (037) 267-170

Taichung Factory
Address: No.100, Sec. 2, Nanti Rd., Wuqi Dist., Taichung City 435, Taiwan
Tel: (04) 2521-8588 Fax: (04) 2630-5618

III. Share Transfer Agency:

Name: Stock Affair Team, TFC Website: http://www.taifer.com.tw/
Address: 6F., No.88, Sec. 2, Nanjing E. Rd., Zhongshan Dist., Taipei City 104, Taiwan
Tel: (02) 2542-2231 Fax: (02) 2531-7679

IV. CPAs audited the annual financial report for the most recent fiscal year

Name of CPAs: Tseng, Kuo-Yang, and Lin, Heng-Sheng
Name of Accounting Firm: KPMG Taiwan
Address: 68F, No. 7, Xinyi Rd., Sec. 5, Taipei City 110, Taiwan
Tel.: (02) 8101-6666 Fax: (02) 8101-6667
Website: https://home.kpmg.com/tw/zh/home.html

V. Name of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities: None

VI. Website of the Company: http://www.taifer.com.tw

2021 Annual Report
Table of Content

One. Report to Shareholders

Overview of 2021 Business:

In 2021, Taiwan was still under the impact of COVID-19 pandemic. As the Company fully implemented the pandemic-containment measures, the normal operations and productions were secured, and continuously provided sufficient and high quality products to farmers and other clients. Although the short-term prices of fertilizer materials, but with the reinvestment gains, production synergies, and sustainable goods established one by one, the overall operating profit is retained. In the future, we will keep on closely monitoring the evolving operating environment, to create better rewards for the Company’s shareholders.

For the C2 development project in Nangang District, the overall development progress reached 83% (as of December 2021). Of which, the office building obtained the use permits for certain parts in October 2021, and the leasing procedures are being conducted. For the C4 development project in Nangang District, the overall development progress reached 45% (as of December 2021), and the construction progress in on schedule. For the development projects of the Scientific Park Area of Hsinchu City, of which the TFC ONE office building has been fully leased out, and currently, the development projects of new office building (construction permit is under application) and residence (architecture design in progress) are in progress. The land of the old production factory in Kaohsiung participates the re-zoning of urban land sponsored by the government. The best development planning will be made based on the market conditions and actual progress of the re-zoning. For the fertilizer products, the niche fertilizers are still under development. The newly launched “#43 "King Won" Potassium sulfate nitrophosphate organic compound fertilizer” has demonstrated excellent fertilizing effects for onions, garlics, grapes, and asparagus, among other crops.

The Company has been selected as the component of the “Taiwan Sustainability Index,” reflecting the recognition by a third-party appraising institution in the regards of governance, corporate social responsibility and operating performance. Taifer Foundation continuously implement the scholarship and subsidy program, to encourage students major in chemistry, horticulture, agriculture economy and other related disciplines to study hard, as a contribution as cultivating talents for related domestic industries.

The Company's actual output of fertilizer products totaled 629,266 tons in 2021, increasing by 14.31% from 2020. The output of chemical engineering products totaled 204,477 tons, increasing by 5.77% from 2020. The actual sales of fertilizer products totaled 736,529 tons, decreasing by 15.99% from 2020, and that of chemical engineering products totaled 222,304 tons, increasing by 14.43% from 2020.

In the regards of revenue and profit, based on the consolidated financial statements, the operating revenue was NT$13,659,406 thousand in 2021, increased by 34.31% from NT$10,169,742 thousand in 2020. The net operating profit, NT$507,324 thousand, decreased by 59.34% from 2020 The net non-operating profit was NT$3,284,350 thousand, increasing by 91.21% from 2020. The current net profit was NT$3,034,616 thousand, increasing by 23.72% from 2020.

For the financial structure, based on the consolidated financial statements, the Company had solid financial structure. Until December 31, 2021, the Company has had the assets totaled NT$79,343,199 thousand, and liabilities totaled NT$26,715,339 thousand. The liability ratio was 33.67%. The equity amounted to NT$52,627,860 thousand, and net worth per share is NT$53.7.

Summary of 2022 Business Plan:

The international economic conditions are affected by the geopolitics and COVID-19 pandemic, so there are uncertainties for the global economic conditions.

As for our main business of fertilizer chemical engineering, TFC will continue to increase the production and sales volume of niche products and develop friendly agricultural concepts in pursuit of improving our main business. The renewable energy system installation and cooling water improvement completed in Taichung Factory may enhance the overall production energy consuming efficiency. We will continue the development plans for bio-technologies and organic agriculture materials, launch new fertilizer products, and enhance the level of fertilizer manufacturing technologies

Regarding TFC’s real estate business, with the principles of stable profit and sustainable business, TFC has selected to develop office buildings, hotels, and residences according to the condition of land with self-construct-self-manage, co-construct, and leasing methods. Currently, TFC is carrying out development projects such as the C2 and C4 hotel and office building construction project in the Nangang District, Taipei, the commercial and residence development planning project in the Scientific Park Area of Hsinchu City, and the overall land development designing project in the special trade zone of Kaohsiung City.

Summary of future business development strategies:

Looking into the future, facing rapid changes in domestic and international industrial and economic environmental circumstances, TFC will continue to uphold the business concepts of development, consolidation, innovation, and sustainability to carry out transformation and upgrade. With profit growth, competition improvement, and sustainable business as our consistent strategic goal, TFC will focus on the two main businesses of “fertilizer chemical engineering” and “real estate investment” to achieve TFC’s goals and achieve sustainable business and development.

Wish you all the best and prosper

Chairman, Huang, Yao Hsing

Two. Company Profile

I. Establishment date

May 1st, 1946

II. Organization and operations

Originally a state-owned enterprise (SOE), the Company has been established for 76 years. During the SOE period, to cope with the government's agriculture policies, the Company was responsible for the production and supply of domestic fertilizer products. Through the business development for more than 70 years, it has became the largest modernized fertilizer production business in Taiwan, and enabled sufficient supply of the fertilizer needed for various stages of agricultural development in Taiwan without interruption; this is a great contribution to advance the development of Taiwanese agriculture. Under the SOE privatization policy actively promoted by the government, the Company was privatized on September 1, 1999, and became a listed private corporation.

The Company is the largest fertilizer manufacturer in Taiwan, supplying more than 600,000 tons to the domestic market annually, accounting for about 70% of the total domestic demand. The main self-produced fertilizer products include single nutrient fertilizers, King Won" Potassium sulfate nitrophosphate organic compound fertilizer series, "Hey Won" nitrophosphate organic compound fertilizer series, Biotec Organic compound fertilizer series, Organic Fertilizer series, Instant Water Soluble Fertilizer series, Biopower Stimulants series, Microbial fertilizer, and acidic soil conditioner. In addition, it also manufactures and imports chemical products and electronic grade chemicals for domestic and foreign markets. After the privatization, in response to changes in the internal and external environment, the Company has actively developed into deep seawater, real estate development, biotechnology, health care products and other businesses.

Looking forward to 2022, to deal with the rapid changes in domestic and foreign industrial and economic environmental conditions, the Company will keep upholding the management philosophy focusing on solidity, reinforcement, innovation and business sustainability, transform and upgrade the Company's constitution, and continue to adopt the profit growth, optimization of competition and sustainable development as its strategic objectives to construct the development blueprint for the two major business units, "fertilizer chemical business" and "real estate and investment business", and also hopes to achieve the objectives of sustainability and business development pursued by the Company by exploitation of diversified business development and strategy of diversification.

Key milestones since the establishment are summarized as the following:

May 1946	Established by the previous Resources Commission and Taiwan Provincial Government.
Dec. 1979	As the representative of the government, TFC entered a joint venture agreement with Saudi Arabia to establish Al-Jubail Fertilizer Company in the Al-Jubail Industrial Zone in Saudi Arabia.
May 1989	The land of the Company's Nangang Factory was zoned as the land for the "Nangang Software Park" as instructed.
March 1995	The privatization proposal was approved by the Executive Yuan.
March 1998	The first share offering after the privatization by public drawing placement for 24.93% held by the government; the IPO was successfully completed.
July 1998	To cope with the government's overall planning and development of the Nangang Software Park, the Nangang Factory was officially shutdown.
Sep. 1999	Officially and fully privatized.

Feb. 2002	Coping with the planning and development of “Special Zone Program for New Central Business District in Hsinchu” by the Hsinchu City Government through the land of Hsinchu Factory.
Nov. 2004	Approved the feasibility research report of transforming the Huanlien Factory to a deep seawater technology park, and the first-phase investment plan.
Jan. 2005	The Ministry of Economic Affairs released 200 million shares of TFC through the auction after market close; the shareholding percentage was reduced to 24.07%.
March 2005	The shares held by the government were managed by the Ministry of Finance.
May 2005	The shares held by the government were managed by the Council of Agriculture.
Oct. 2005	The “Plan to Relocate All the TFC Factories to Taichung Harbor” was approved.
Dec. 2005	Pursuant to the Taipei City Government’s regulations related to the urban renewal business, the R13 land had joined with the adjacent lands to build the collective housing with joint investment.
May 2006	The C6/C7/C8/C9 lands in the Nangang Software Park were offered for development with the surface right of 50 years; after the public tendering, CTBC was awarded the tender.
Sep. 2006	TFC entered into a joint venture with “Young Energy Source Co., Ltd” to establish “Taiwan Yes Deep Ocean Water Co., Ltd.,” for treatment of deep seawater, production and sales of packaged drinking water and beverages in partnership.
May 2007	The piping operation for intaking deep seawater has been completed, with the depth of -662 meters.
May 2007	The fish collagen peptide factory was officially commissioned.
Nov. 2007	Taiwan Fertilizer Foundation was established officially.
June 2009	To fulfill the corporate social responsibility, the Board of Directors approved USD50 million donation to sponsor the Agriculture Ministry of Saudi Arabia for establishing an agriculture center.
Sep. 2009	The Chairman and the chief in charge of fertilizer department, Saudi Basic Industries Corporation, Mr. Al-Sheaibi jointly signed the shareholders’ resolution of Al-Jubail Fertilizer to amend the Articles of Incorporation of Al-Jubail Fertilizer; the survival period of Al-Jubail Fertilizer was extended from 33 years to 53 years.
May 2010	Invested NT$1.41 billion for the Phase 1 development of Hsinchu Science and Commerce Park at the land of TFC’s Hsinchu Factory.
Jan. 2011	“TR Electronic Chemical (Kunshan) Co., Ltd.” was established in Kunshan, China.
Nov. 2011	Invested NT$100 million to established the 100% Taifer Biotech Product Marketing.
Dec. 2011	The Remuneration Committee was established.
Dec. 2012	Acquired all 50% of stake at “Taiwan Yes Deep Ocean Water Co., Ltd.” from Young Energy Source Co., Ltd.
July 2013	The Taichung Factory was officially commissioned.
Dec. 2013	Through the “Tourism Hotel Tenant Recruitment for C2 of Nangang Software Park Project,” the “Collaborative Planning Agreement” was entered with the tender winner, “Grand Hi-Lai Hotel Co., Ltd,” and “Caesar Park Hotels Ltd.”
Feb. 2015	Approved the tender winner of the tenant recruitment for C2 office building.
Feb. 2015	The Company invested in Cambodia to establish Taifer (Cambodia) Co., Ltd.
April 2015	“Ocean Mine 1400” produced by the re-investee, “Taiwan Yes Deep Ocean Water Co., Ltd.” was certified as the health food by the Ministry of Health and Welfare.
June 2015	The addition of two seats of independent directors was approved by 2015 AGM.
Aug. 2015	The Nangang C3 surface right tender was awarded to CTBC Life and China Life Insurance Co., Ltd. jointly.
Sep. 2015	The Nangang C3 surface right agreement was entered with CTBC Life and China Life Insurance Co., Ltd.
Dec. 2015	The construction commence ceremony of Nangang C2 office building and tourism hotel was held.
Dec. 2015	The first Corporate Social Responsibility Report (2014) was released.
Jan. 2016	The beam installation ceremony for D7-A office building in Hsinchu was held.
Feb. 2016	The new product, “#43 "HeyWon" Nitrophosphate Organic Compound Fertilizer” was launched.
May 2016	Completed the GHG inventory for each factory.
Aug. 2016	The re-investee, TR Electronic Chemical (Kunshan) Co., Ltd. proceeded to the dissolution.
Aug. 2016	The subsidiary, Taifer Biotech Product Marketing is renamed to “Mitagri Co. Ltd.”.

Oct. 2016	The Board of Directors approved the proposal of factory construction at No. 10 West Pier of Taichung Harbor, with total investment of NT$2.367 billion.
Nov. 2016	The Board of Directors approved to invest “Mitagri Co. Ltd.” for total NT$80 million.
Nov. 2016	The new product, “#4 "HeyWon" Nitrophosphate Organic Compound Fertilizer” was launched.
Nov. 2016	The Company won the “Rookie Award” of 2016 TCSA (Taiwan Corporate Sustainability Awards)
Dec. 2016	“#1 HeyWon” and “#4 HeyWon” compound fertilizers were imported to Malaysia for promotion and sales.
March 2017	“#43 HeyWon” compound fertilizer was imported to Malaysia for demonstrative farm and trial sales.
May 2017	The Company launched the new product “#42 Biotec Organic Compound Fertilizer,” to replace the market of #142 and #1 Biotec Organic Compound Fertilizer.
May 2017	To promote the organic nutrients and fertilizers, the Company and West Lake Greenview Compound Farm Park in Maoli jointly established the organic model farm.
May 2017	The Company established Peifeng Technology Co. , Ltd for the investment in No. 10 West Pier of Taichung Harbor.
June 2017	The first supply center was established in Hualien.
June 2017	In coordination with government policies, the fertilizers of TFC achieved the goal of comprehensive “Biotec-lization”.
Aug. 2017	The commercial office building in Hsinchu, TFC ONE, was completed.
Aug. 2017	To improvement the problem of PM2.5 generated from burning rice straw, the Company launched “#10 Biotec Organic Fertilizer” and “#12 Biotec Organic Fertilizer”.
Oct. 2017	The Board of Directors approved the land development of Nangang C4.
Nov. 2017	The Company won the “TOP 50 Enterprise Sustainability Report: Golden Award for Conventional Manufacturing” and “Social Co-fusion Award in the 2017 TCSA.
Dec. 2017	Premier Lai Ching-te inspected Hualien Deep Sea Water Park and instructed Three “100%” policy goals.
Dec. 2017	TFC announced the ”Nongyo Biotech 10 Organic Fertilizer series” and “Nongyo Biotech 12 Organic Fertilizer series”.
Feb. 2018	TFC’s micro-movie won the “Best Original Script Award” at the 2018 Taipei Golden Eagle Micro-movie Festival.
July 2018	The 1st Audit Commission of TFC was founded.
Aug. 2018	TFC signed an agreement with National Chengong University on the industry-academic cooperation project of Hualien Deep Sea Water Park.
Oct. 2018	President Tsai Ing-wen visited Hualien Deep Sea Water Park and planned assisting the central government in founding the National Marine Resource Museum.
Nov. 2018	TFC won the “Platinum Award for Top 50 Corporate Sustainability Report”.
Dec. 2018	TFC was selected as FTSE4Good.
Dec. 2018	The Board of Directors approved to invest “Taiwan Agricultural Investment and Development Co., Ltd” for total NT$60 million.
Feb. 2019	The market value of TFC once again became one of the top 100 enterprises of Taiwan.
July 2019	Awarded with the 2019 “National Brand Yushan Award: Best Product Category”.
Dec. 2019	TFC’s fertilizers were recognized by Tottori Flower Gallery in Japan, and signed the Letter of Intention for Collaboration.
Dec. 2019	The Company won the “Golden Award of Corporate Sustainability Report”.
Dec. 2019	Beam Installation Ceremony for the Nangang C2 Project.
Jan. 2020	TFC was selected as FTSE4Good for 2019 to 2020 consecutively.
April 2020	President Tsai, Ing-Wen visited the Taichung Plant.
April 2020	The Company was awarded with the Top Ten Excellent Enterprises Award of the “Golden Peak Award: Large Enterprise”.
June 2020	Selected as one of constituents for the Taiwan Sustainability Index for 2020, as the third year in a row.
July 2020	The subsidiary, “Peifeng Technology & Fertilizer Co., Ltd.” officially commenced the production in its nitrophosphate compound fertilizer plant.
Aug. 2020	To accommodate the real-name system 2.0 for buying fertilizer imposed by the Council of

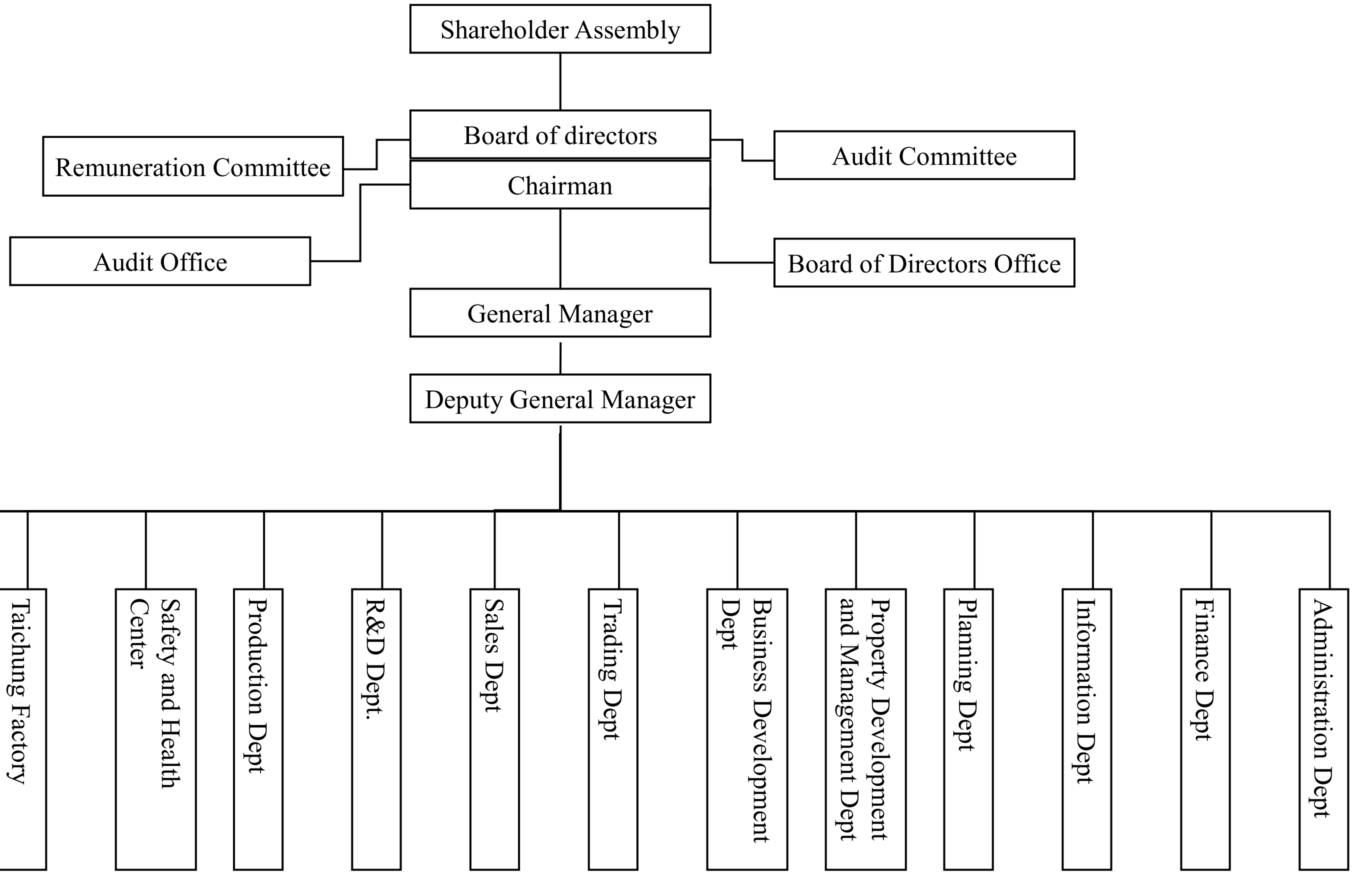
Agriculture, the Company established the on-line fertilizer order platform.

Sep. 2020	The Company was awarded with the 17th version of the “National Brand Yushan Award”.
Nov. 2020	Silver Award of Corporate Sustainability Report from the 13th Taiwan Sustainability Award.
Dec. 2020	Selected as one of constituents for the Taiwan Sustainability Index for the first half of 2021, as the third and half year in a row.
Dec. 2021	Selected as one of constituents for the Taiwan Sustainability Index for the first half of 2022, as the fourth and half year in a row.
Dec. 2021	Commencement Ceremony for X Base of Hsinchu Science Park, located at the Company’s Land D6 in Hsinchu.

Three. Corporate Governance Report

I. Organization System

(I) Corporation Organization



(II) Affairs in charge for each major department

Unit Name	Duties
R&D Dept.	1. Evaluation and introduction of new products and new technology.
	2. R&D of new products and technology and related business.
	3. Improvement of existing products and technology.
	4. Intellectual property management.
	5. Other relevant R&D and related business.
Trading Dept.	1. Purchase and supply of the domestic and foreign raw materials.
	2. Dispatching and inventory control of raw materials.
	3. Storage and transportation management of products and materials and treatment of dull and waste materials.
	4. Planning and execution of unloading and storage services.
	5. Constructions and services outsourcing.
	6. Import & export and marketing and planning management of the bio-tech chemical products.
	7. Other relevant purchase and marketing of bio-tech chemical products.
Sales Dept.	1. To market, import, export, plan and manage various fertilizers.
	2. To handle customer complaints regarding fertilizer products and bio-tech chemical products.
	3. To compile information regarding business conditions in fertilizer and bio-tech chemical products markets.
	4. To demonstrate and promote ideas of safe agriculture and fertilizer domestically and overseas.
	5. Other business about the promotions of fertilizers and bio-tech chemical products.
Business Development Dept.	1. To seek for, assess, select and study investment opportunities.
	2. To research and execute domestic and overseas investment, cooperation, share participation, merger, venture capital, etc.
	3. To research and execute the technology introduction or cooperation and technical investment.
	4. To research and execute the investment business and its feasibility.
	5. To trace and review investment and reinvestment performance.
	6. To deal with other investment related businesses.
Property Development and Management Dept.	1. Land development business.
	2. Project design and budget preparation.
	3. Handling of works such as project outsourcing, construction supervision, and acceptance.
	4. Merchant recruitment, maintenance management and occupation treatment of real estate assets.
	5. Purchase and sale of real estate assets.
	6. Handling of other business related real estate assets.
Planning Dept.	1. To research and execute operation policy, operation strategy, mid-term and long-term project plan and annual operation plan.
	2. To plan and carry forward operation and management systems; manage and evaluate operation performance.
	3. To trace and evaluate operation meeting minutes, resolutions and project affairs.
	4. To deal with authorization by levels and compile rules and regulations.
	5. To deal with other matters in relation to enterprise planning.
Information Dept.	1. To deal with the business of information system.
	2. To deal with information network.
	3. To deal with the other relevant business.

Unit Name	Duties
Finance Dept.	1. To develop service plan, and to dispatch and control funds.
	2. To research and develop financial strategies and conduct financial analysis and prediction.
	3. To plan and execute financial and wealth management matters.
	4. To research and develop accounting system.
	5. To conduct budget and final settlement and control cost and expense.
	6. Business related to investor relationship (IR).
	7. To deal with other matters in relation to finance, accounting and statistics.
Administration Dept.	1. To plan and execute the HR system, plan and execute organization and HR matters.
	2. To deal with employee-employer relationship.
	3. To manage instruments and transact general affairs.
	4. To distribute and keep cash, securities, notes and deeds.
	5. External public relation.
	6. To deal with other matters out of the duties of the other departments and offices.
Board of Directors Office	1. Matters related to the board and functional committees.
	2. Preparation of annual report and the minutes of shareholders' meeting.
	3. Compilation of ESG reports and publications.
	4. Promotion of corporate social responsibility as well as integrity policies.
	5. To deal with stock matters.
Audit Office	To master and manage internal control and internal audit matters.
Production Dept.	1. Planning, integrating and managing production plans.
	2. Managing production technology, quality and efficiency, and promoting the maintenance system of production equipment.
	3. Planning, integrating and managing construction plans and capital expenses.
	4. Managing fixed and idle assets other than land.
	5. Evaluating and introducing production technology.
	6. Improving production efficiency for saving energy.
	7. Managing intellectual property rights related to production technology.
	8. Other related business regarding the production management and technology development.
Safety and Health Center	1. Drawing up safety and health policies, goals, and rules and regulations.
	2. Implementing and supervising safety and health related laws and regulations.
	3. Promoting and implementing safety and health plans.
	4. Auditing and assisting the safety and health business of each plant and subsidiary.
	5. Investigating, analyzing, improving and handling occupational safety events.
	6. Managing and promoting health of employees; safety health education and training for employees.
	7. Counseling and providing information of safety health related business.
	8. Other business related to environment, safety and health.
Production Factories	Manufacturing and production management.

II. Information on Directors, Supervisors, President, Vice Presidents, and Management Team

(I) Director information

Director information (I)

May 1, 2022

Title	Nationality	Name	Gender/ Age	Election (Accession) Date	Term	Date First Elected	Shareholding When Elected		Current shareholding		Shareholding by Spouse and Children of Minor Age		Shareholding by Nominee Arrangement		Experience (Education)	Other executives or directors who are related as spouses or within the second degree of consanguinity	Executives ir Directors Who are Spouses or within Two Degrees of Kinship			Remarks
							Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)			Title	Name	Relationship	
Chairman	Republic of China	COA		July 28, 2021	Three years	May 20, 2005	235,886,376	24.07	235,886,376	24.07	0	0	0	0	-	-	-	-	-	-
	Republic of China	Representative: Huang, Yao Hsing	Male/ 51-60	July 28, 2021	Three years	February 12, 2020	0	0	0	0	0	0	0	0	PhD, Department of Materials Science, National Sun Yat-sen University Assistant Vice President at Taiwan Fertilizer Co. Vice President at Taiwan Fertilizer Co. Vice President at Taiwan Fertilizer Co.	President of Taiwan Fertilizer Co. Chairman and President of Taiwan Fertilizer (Cambodia) Co., Ltd. Chairman of Taichuang Asset Management Co., Ltd.	-	-	-	Note 1
Director	Republic of China	COA		July 28, 2021	Three years	May 20, 2005	235,886,376	24.07	235,886,376	24.07	0	0	0	0	-	-	-	-	-	-
	Republic of China	Representative: Hu, Jong I	Male/ 61-70	July 28, 2021	Three years	February 22,2021	0	0	0	0	0	0	0	0	PhD, Agricultural Economics, The University of Tokyo Chief Secretary, Council of Agriculture, Executive Yuan	Director General, Agriculture and Food Agency, Council of Agriculture, Executive Yuan Director, Agricultural Credit Guarantee Fund	-	-	-	-
Director	Republic of China	COA		July 28, 2021	Three years	May 20,2005	235,886,376	24.07	235,886,376	24.07	0	0	0	0	-	-	-	-	-	-
	Republic of China	Representative: Fan, Mei Ling	Female/ 51-60	July 28, 2021	Three years	March 8,2021	0	0	0	0	0	0	0	0	PhD, Natural Resources Administration, National Dong Hwa University Hualien District	Chief Secretary, Council of Agriculture, Executive Yuan Managing Director,	-	-	-	-

															Agricultural Research and Extension Station, Council of Agriculture, Executive Yuan	Agricultural Bank of Taiwan				
Director	Republic of China	COA		July 28, 2021	Three years	2005.5.20	235,886,376	24.07	235,886,376	24.07	0	0	0	0	-	-	-	-	-	-
	Republic of China	Representative: Tai, Ko Yuan	Male/ 31-40	July 28, 2021	Three years	July 28, 2021	0	0	0	0	0	0	0	0	Master, Department of Aquaculture, National Pingtung University of Science and Technology Vice Chairman, Young Farmer Union, Chiayi County	Manager, Xin Mei Florist	-	-	-	-
Director	Republic of China	COA		July 28, 2021	Three years	May 20,2005	235,886,376	24.07	235,886,376	24.07	0	0	0	0			-	-	-	-
	Republic of China	Representative: Hsu, Min Lin	Female/ 51-60	July 28, 2021	Three years	July 28, 2021	5,000	0	5,000	0	0	0	0	0	Department of Tourism, Chinese Culture University General Director, Employee Welfare Committee, TFC Member, Occupational Health and Safety Committee, TFC	Senior Associate, Business Development Dept, TFC	-	-	-	-
Director	Republic of China	Tsao, Chi Hung	Male/ 71-80	July 28, 2021	Three years	July 28, 2021	0	0	2,000	0	0	0	0	0	Completed, Institute of Education, National Kaohsiung Normal University Minister, Council of Agriculture, Executive Yuan Pingtung County Magistrate Members of the Legislative Yuan, 4th and 4th Term	Chairman, Dawu Mountain Foundation	-	-	-	-
Independent Director	Republic of China	Lin, Su Ming	Male/ 61-70	July 28, 2021	Three years	July 28, 2021	0	0	0	0	0	0	0	0	PhD of Accounting, Arizona State University Dean, Department and Institute of	Professor, Department of Accounting, National Taiwan University	-	-	-	-

															Accounting, National Taiwan University Independent Director, Nanshan Life Insurance Co., Ltd. Independent Director, Ruentex Industries Limited Independent Director, China Airline Co., Ltd.					
Independent Director	Republic of China	Weng, Ming Jang	Male/ 51-60	July 28, 2021	Three years	July 28, 2021	0	0	0	0	0	0	0	0	PhD of Economics, Texas A&M University Director, EMBA Center, National Kaohsiung University Independent Director, Sheh Fung Screws Co., Ltd. Independent Director, Perfect Medical Industry Co., Ltd.	Associate Professor, Department of Applied Economics, National Kaohsiung University	-	-	-	-
Independent Director	Republic of China	Ho, Yen Sheng	Male/ 41-50	July 28, 2021	Three years	July 28, 2021	0	0	0	0	0	0	0	0	PhD, Institute of Real Estate and Built Environment, National Taipei University Member, Legal Affair Committee, Council of Agriculture, Executive Yuan Member, Urban Renewal and Dispute Settlement Deliberation Council, Taipei City Member, Urban Renewal and Dispute Settlement Deliberation Council, Taichung City	Associate Professor, Department of Land Management, Feng Chia University	-	-	-	-

Note 1: The Company's Chairman takes a concurrent position of the General Manager. Chairman Huang, Yao Hsing started from an entry-level position and has worked for years for the Company. He is experienced in various business areas and his professional competence has been well recognized by those inside or outside the Company. He has the expertise in governance needed as the President, which can help the Company in its sustainability and development. The Company is making efforts toward the ob of outstanding corporate governance; it is possible to plan the related measure in order to be in line with laws and regulations.

Table 1: Key Shareholders of Institutional Shareholders

May 1, 2022

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholder
Council of Agriculture, Executive Yuan (ownership: 24.07%)	N/A

Form 2: Key Shareholders as Corporations: None

Director information (II)

1. Information disclosure of directors' professional qualifications and independence of independent directors:

May 1, 2022

Qualification / Name	Professional qualification and experience	Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Huang, Yao Hsing (Chairman)	Currently serving as the Chairman and General Manager of TFC. PhD, Department of Materials Science, National Sun Yat-sen University. Used to serve as Assistant Deputy General Manager and Deputy General Manager. Possessing professional qualification in fertilizer, chemical engineering, and business administration. ※Not having any of the circumstances in Article 30 of the Company Act.	-	0
Hu, Jong I	Currently serving as Director General, Agriculture and Food Agency, Council of Agriculture, Executive Yuan. PhD, Agricultural Economics, The University of Tokyo. Possessing professional qualification in agricultural economics and agriculture promotions. ※Not having any of the circumstances in Article 30 of the Company Act.	-	0
Fan, Mei Ling	Chief Secretary, Council of Agriculture, Executive Yuan. PhD, Natural Resources Administration, National Dong Hwa University. Possessing professional qualification in agriculture policy and public administration. ※Not having any of the circumstances in Article 30 of the Company Act.	-	0
Tai, Ko Yuan	Current serving as Manager, Xin Mei Florist and representative of young farmers of Chiayi County; Master, Department of Aquaculture, National Pingtung University of Science and Technology. Possessing professional qualification and experience in aquaculture and flower planting. ※Not having any of the circumstances in Article 30 of the Company Act.	-	0
Hsu, Min Lin	Currently serving as Senior Associate, Business Development Dept, TFC. Graduated from Department of Tourism, Chinese Culture University. Also serving Labor Director, General Director, Employee Welfare Committee, and Member of Occupational Health and Safety Committee of the Company. Possessing professional qualification and experience in investment management and labor rights. ※Not having any of the circumstances in Article 30 of the Company Act.	-	0
Tsao, Chi Hung	Currently serving as Chairman, Dawu Mountain Foundation. Completed, Institute of Education, National Kaohsiung Normal University. Used to serve as Minister, Council of Agriculture, Executive Yuan, Pingtung County Magistrate, and two terms of Members of the Legislative Yuan. Possessing professional qualification and experience in agriculture policy and public administration. ※Not having any of the circumstances in Article 30 of the Company Act.	-	0

Lin, Su Ming (Independent Director)	Currently serving as Professor, Department of Accounting, National Taiwan University; PhD of Accounting, Arizona State University. Also serving as the Chair of the Company's Audit Committee. Used to serve as Independent Director of Nanshan Life Insurance, Ruentex Industries, and China Airlines. Possessing professional qualification and experience in accounting and taxation, and finance. ※Not having any of the circumstances in Article 30 of the Company Act.	Independent director him/herself, the spouses and relatives within the second degree of kinship not serving as the director, supervisor, or employee of the company or any of its affiliates, or the companies having special relationship with the Company; him/herself, the spouses and relatives within the second degree of kinship (or in other's name) holding the Company's shares; not the director, supervisor, or employee of the company or any of its affiliates, or the companies having special relationship with the Company; amount of compensation received by providing commercial, legal, financial, accounting or related services to the company or any affiliate of the company: 0.	1
Weng, Ming Jang (Independent Director)	Currently serving as Associate Professor, Department of Applied Economics, National Kaohsiung University; PhD of Economics, Texas A&M University. Also serving as the member of the Company's Audit Committee and Chair of the Remuneration Committee. Possessing professional qualification and experience in business administration, finance, applied economics. ※Not having any of the circumstances in Article 30 of the Company Act.	Independent director him/herself, the spouses and relatives within the second degree of kinship not serving as the director, supervisor, or employee of the company or any of its affiliates, or the companies having special relationship with the Company; him/herself, the spouses and relatives within the second degree of kinship (or in other's name) holding the Company's shares; not the director, supervisor, or employee of the company or any of its affiliates, or the companies having special relationship with the Company; amount of compensation received by providing commercial, legal, financial, accounting or related services to the company or any affiliate of the company: 0.	2
Ho, Yen Sheng (Independent Director)	Currently serving as Associate Professor, Department of Land Management, Feng Chia University; PhD, Institute of Real Estate and Built Environment, National Taipei University. Also serving as the member of the Company's Audit Committee and the Remuneration Committee. Possessing professional qualification and experience in real estate, urban renewal dispute settlement . ※Not having any of the circumstances in Article 30 of the Company Act.	Independent director him/herself, the spouses and relatives within the second degree of kinship not serving as the director, supervisor, or employee of the company or any of its affiliates, or the companies having special relationship with the Company; him/herself, the spouses and relatives within the second degree of kinship (or in other's name) holding the Company's shares; not the director, supervisor, or employee of the company or any of its affiliates, or the companies having special relationship with the Company; amount of compensation received by providing commercial, legal, financial, accounting or related services to the company or any affiliate of the company: 0.	0

2. Diversity and independence of the board of directors:

(1) **Diversity of the board of directors**: A healthy, diversified, and professional board of directors is an integral part of the corporate governance, also the key foundation for seeking sustainable development. To enhance the corporate governance and promote the health development of the board of directors' composition and structures, the election of the board members shall be diversity and cross-industry oriented. The 35th term of board of director consists of nine directors (thee independent directors and one labor directors included); all of them are Taiwanese. The Company also emphasizes the gender equality. The board members of this term include two female directors, accounting 22%. In the future, the Company will be committed to increase the proportion of female directors to one third, as the goal. Age distribution of directors: one director is aged 31-40 years old; one for 41-50 years old, four for 51-60 years old, two for 61-70 years old, and one for 71-80 years old.

Pursuant to Article 20 of the Company's Corporate Governance Best Practice Principles, as a whole, the board of directors shall possess the following abilities: I. Ability to make operational judgments. II. Ability to perform accounting and financial analyst.

III. Ability to conduct management administration. IV. Ability to conduct crisis management. V. Knowledge of the industry. VI. An international market perspective. VII. Ability to lead. VIII. Ability to make decision decisions. The majority of board members have worked as key positions in governmental agencies, or taught in colleges. They have abundant experience in fertilizer, chemical engineering, agricultural economics and promotion, finance, accounting and taxation, investment, aquaculture, flower plants, land management, real estate, and urban renewal dispute settlement, for the better operating decision-making of the board of directors. The election of the board members implemented the diversity policy, and their capabilities are cross-industrial and complementary to each other. In the future, the diversity policy will be amended and added timely depending on the operating demands and operation format, to ensure the board members possess the professional knowledges and skills required to perform their duties.

(2) **Independence of the Board:** The 35th term of board of director includes thee independent directors, weighting one-third of all members. To be aligned with the spirit of corporate governance, and enhance the supervisory mechanism of independent directors; in the future, it is committed to increase the weight of independent directors to a half of the board, as the goal. None of the board member is a spouse or relative within second degree of kinship to any other director, nor any circumstance set forth in Paragraph 3 and 4 of Article 26-3 of the Securities and Exchange Act. The Company's "Rules Governing the Scope of Powers of Independent Directors" specifies that "when an independent director objects to or expresses reservations about any of the matters, it shall be recorded in the board meeting minutes;" and "the Company may not obstruct, refuse, or evade the actions of independent directors in the performance of their duties. As they deem necessary to performing those duties, independent directors may request the board to appoint relevant personnel or to hire professionals for assistance;" to enable the independent directors to fulfill their responsibility, supervise the board of directors' operation, and enhance the Company's operation performance.

(II) Information on the President, Vice Presidents and Management Team

May 1, 2022

Title	Nationality	Name	Gender	Election (Accession) Date	No. of shared held		Shareholding by Spouse and Children of Minor Age		Shareholding by Nominee Arrangement		Experience (Education)	Currently holding the position of other companies	Executives or directors who are spouses or relatives within 2nd degree of kinship			Remarks
					Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)			Title	Name	Relation	
General Manager	Republic of China	Huang, Yao Hsing	Male	September 1,2016	0	0	0	0	0	0	PhD, Department of Materials Science, National Sun Yat-sen University Assistant Vice President at Taiwan Fertilizer Co. Vice President at Taiwan Fertilizer Co. Vice President at Taiwan Fertilizer Co.	Chairman and President of Taiwan Fertilizer (Cambodia) Co., Ltd. Chairman of Taichuang Asset Management Co., Ltd.	-	-	-	Note 1
Deputy General Manager	Republic of China	Chang, Chang Lang	Male	October 1,2015	0	0	0	0	0	0	NTU Graduate Institute of Building and Planning Assistant VP, Taiwan Fertilizer Co., Ltd., Assistant Vice President at Taiwan Fertilizer Co. Vice President at Taiwan Fertilizer Co.	Director and President, Taichuang Asset Management Co., Ltd. Representative of Institutional Director, Taiwan Fertilizer (Samoa) CO., LTD. President, Mongolia Taichuang Limited Chairman, Taiwan Agricultural Investment Co., Ltd.	-	-	-	-
Deputy General Manager	Republic of China	Lin, Chin Sheng	Male	March 1,2020	0	0	0	0	0	0	Department of Mechanical Engineering, Cheng Shiu Junior College of Engineering Deputy plant director of Taichung plant, Taiwan fertilizer CO., LTD.	Chairman and President, Peifeng Technology Co., Ltd Factory Chief, Taichung Factory, Taiwan Fertilizer Co., Ltd	-	-	-	-
Deputy General Manager	Republic of China	Peng, Shen Long	Male	October 5,2021	266	0	0	0	0	0	Institute of Chemistry, National Tsing Hua University Factory Chief, Hualien Factory, Taiwan Fertilizer Co., Ltd	Chief, Administration Division, Taiwan Fertilizer Spokespersons of Taiwan Fertilizer	-	-	-	-
Finance Dept Chief	Republic of China	Huang, Mei Ling	Female	May 1, 2017	0	0	0	0	0	0	EMBA, Soochow University Chief Auditor, Taiwan Fertilizer Co., Ltd	Supervisor, Peifeng Technology Co., Ltd Acting Spokespersons of Taiwan Fertilizer	-	-	-	-
Taichung Factory Factory Chief	Republic of China	Lin, Chin Sheng	Male	January 1,2018	0	0	0	0	0	0	Department of Mechanical Engineering, Cheng Shiu Junior College of Engineering Deputy plant director of Taichung plant, Taiwan fertilizer CO., LTD.	Chairman and President, Peifeng Technology Co., Ltd	-	-	-	-
Keelung Factory Factory Chief	Republic of China	Sung, Chyuan Hsu	Male	June 15, 2021	0	0	0	0	0	0	Institute of Chemical Engineering, National Tsing Hua University Factory Chief, Hualien Factory, Taiwan Fertilizer Co., Ltd		-	-	-	-
Hualien Factory Factory Chief	Republic of China	Huang, Yeong Dar	Male	June 15, 2021	31,000	0	0	0	0	0	Department of Electronic Engineering, National Taiwan Institute of Technology Chief, Industrial Health and	Director and President, Taiwan Yes Deep Ocean Water Co., Ltd	-	-	-	-

											Safety Division, Taiwan Fertilizer					
Miaoli Factory Factory Chief	Republic of China	Hsu, Tsang Hsien	Male	November.1, 2019	0	0	0	0	0	0	Master of Computer Engineering, Northrop University, US Team leader, Electrification Production Group, Miaoli Factory, Taiwan Fertilizer	Director, Al-Jubail Fertilizer Company	-	-	-	-

Note 1: The Company's Chairman takes a concurrent position of the General Manager. Chairman Huang Yao-Hsing started from an entry-level position and has worked for years for the Company. He is experienced in various business areas and his professional competence has been well recognized by those inside or outside the Company. He has the expertise in governance needed as the President, which can help the Company in its sustainability and development. The Company is making efforts toward the ob of outstanding corporate governance; it is possible to plan the related measure in order to be in line with laws and regulations.

III. Remuneration paid to directors, supervisors, president and vice presidents for the recent

(I) Remuneration for directors of the board (including independent directors) (Summary of ways for coordinative disclosure of names)

May 1, 2022
NT$ thousand

Title	Name	Directors' remuneration								Ratio of Total Remuneration (A+B+C+D) to After-tax Net Income		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation(A+B+C+D+E+F+G) to Net Income		Compensation Paid from an Invested Company Other than the Company's Subsidiary or the Parent Company
		Salary (A)		Severance Pay and Pen (B)		Remuneration to Director (C)		Business Execution Expense (D)				Salary, Bonus & Allowance etc. (E)		everance Pay and Pension		Remuneration to employee (G)						
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
																Cash Amount	Share Amount	Cash Amount	Share Amount			
COA																						
Chairman	Representative: Huang, Yao Hsing	7,105	7,105	0	0	10,434	10,434	1,905	1,905	0.64%	0.64%	-	-	-	-	-	-	-	-	0.64%	0.64%	-
Director	Representative: Hu, Jong I	-	-	-	-	52,168	52,168	3,388	3,388	1.83%	1.83%	1,814	1,814	-	-	202	-	202	-	1.90%	1.90%	-
Director	Representative: Fan, Mei Ling																					
Director	Representative: Tai, Ko Yuan																					
Director	Representative: Hsu, Min Lin																					
Director	Representative: Chen, Jun Jih (Dismissed on March 7, 2021)																					
Director	Representative: Lin, Shih Chi (Dismissed on February 21, 2021)																					
Director	Representative: Li, Chao Feng (Dismissed on July 27, 2021)																					
Director	Representative: Sun, Wang Hsiang (dismissed on July 27, 2021)																					
Natural Person																						
Director	Tsao, Chi Hung																					
Director	Chen, Yao Kuang (Dismissed on July 27, 2021)																					
Independent Director	Lin, Su Ming																					
Independent Director	Weng, Ming Jang																					
Independent Director	Ho, Yen Sheng																					

Independent Director	Lin, Horng Chang (Dismissed on July 27, 2021)																					
Independent Director	Lee, Ming Shiuan (Dismissed on July 27, 2021)																					
Independent Director	Hsiao, Chao Chin (Dismissed on July 27, 2021)																					

1. The Company's policy, system, standards and structure of remuneration payments to independent directors, and describe the relationship between the responsibility, risk, time committed to the organization and other factors and the amount of remuneration to them:
   According to the resolution of the 5th meeting of the state-owned enterprises supervision team of the Executive Yuan on August 6, 2010, the remunerations to independent directors of state-owned enterprises supervised by various ministries and departments of the central government are specified as follows: The monthly remuneration to general independent directors shall be capped at two times the independent directors of state-owned enterprises (currently at NT$60,000). It is a type of directors' remuneration which is paid on a monthly basis, and does not pay the surplus distribution.
2. In addition to the disclosure shown in the above table, the remuneration received by the directors for their service provided to all companies listed in the financial reports in the most recent fiscal year: None.

Remuneration Scale Table of 2021

Remuneration Scale Paid to Each Director	Names of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	All companies in the consolidated statements H	The Company	All companies in the consolidated statements I
Below NT$1,000,000	Independent Director: Hsiao, Chao Chin Independent Director: Lee, Ming Shiuan Independent Director: Lin, Horng Chang Independent Director: Lin, Su Ming Independent Director: Ho, Yen Sheng Independent Director: Weng, Ming Jang	Independent Director: Hsiao, Chao Chin Independent Director: Lee, Ming Shiuan Independent Director: Lin, Horng Chang Independent Director: Lin, Su Ming Independent Director: Ho, Yen Sheng Independent Director: Weng, Ming Jang	Independent Director: Hsiao, Chao Chin Independent Director: Lee, Ming Shiuan Independent Director: Lin, Horng Chang Independent Director: Lin, Su Ming Independent Director: Ho, Yen Sheng Independent Director: Weng, Ming Jang	Independent Director: Hsiao, Chao Chin Independent Director: Lee, Ming Shiuan Independent Director: Lin, Horng Chang Independent Director: Lin, Su Ming Independent Director: Ho, Yen Sheng Independent Director: Weng, Ming Jang
NT$1,000,000 (inclusive) ~ NT$2,000,000 (exclusive)	Director: Chen, Jun Jih Representative of COA Director: Lin, Shih Chi Representative of COA	Director: Chen, Jun Jih Representative of COA Director: Lin, Shih Chi Representative of COA	Director: Chen, Jun Jih Representative of COA Director: Lin, Shih Chi Representative of COA	Director: Chen, Jun Jih Representative of COA Director: Lin, Shih Chi Representative of COA
NT$2,000,000 (inclusive) ~ NT$3,500,000 (exclusive)	-	-	-	-
NT$3,500,000 (inclusive) ~ NT$5,000,000 (exclusive)	Director: Tsao, Chi Hung Director: Tai, Ko Yuan, Representative of COA Director: Hsu, Min Lin Representative of COA	Director: Tsao, Chi Hung Director: Tai, Ko Yuan Representative of COA Director: Hsu, Min Lin Representative of COA	Director: Tsao, Chi Hung Director: Tai, Ko Yuan Representative of COA	Director: Tsao, Chi Hung Director: Tai, Ko Yuan Representative of COA
NT$5,000,000 (inclusive) ~ NT$10,000,000 (exclusive)	Director: Li, Chao Feng, Representative of COA Director: Sun, Wang Hsiang Representative of COA Director: Hu, Jong I Representative of COA Director: Fan, Mei Ling Representative of COA Director: Chen, Yao Kuang	Director: Li, Chao Feng, Representative of COA Director: Sun, Wang Hsiang Representative of COA Director: Hu, Jong I Representative of COA Director: Fan, Mei Ling Representative of COA Director: Chen, Yao Kuang	Director: Li, Chao Feng, Representative of COA Director: Sun, Wang Hsiang Representative of COA Director: Hu, Jong I Representative of COA Director: Fan, Mei Ling Representative of COA Director: Chen, Yao Kuang	Director: Li, Chao Feng, Representative of COA Director: Sun, Wang Hsiang Representative of COA Director: Hu, Jong I Representative of COA Director: Fan, Mei Ling Representative of COA Director: Chen, Yao Kuang

			Director: Hsu, Min Lin Representative of COA	Director: Hsu, Min Lin Representative of COA
NT$10,000,000 (inclusive) ~ NT$15,000,000 (exclusive)	-	-	-	-
NT$15,000,000 (inclusive) ~ NT$30,000,000 (exclusive)	Chairman: Representative of COA Huang, Yao Hsing	Chairman: Representative of COA Huang, Yao Hsing	Chairman: Representative of COA Huang, Yao Hsing	Chairman: Representative of COA Huang, Yao Hsing
NT$30,000,000 (inclusive) ~ NT$50,000,000 (exclusive)	-	-	-	-
NT$50,000,000 (inclusive)~ NT$100,000,000 (exclusive)	-	-	-	-
Above NT$100,000,000	-	-	-	-
Total	17	17	17	17

Note 1: Directors: Hu, Jong I took office on February 22, 2021; Fan, Mei Ling took office on March 8, 2021; Tai, Ko Yuan took office on July 28, 2021; Hsu, Min Lin took office on July 28, 2021; Tsao, Chi Hung took office on July 28, 2021; Lin, Su Ming took office on July 28, 2021; Weng, Ming Jang took office on July 28, 2021; and Ho, Yen Sheng took office on July 28, 2021. Directors: Li, Chao Feng was dismissed on July 27, 2021; Sun, Wang Hsiang was dismissed on July 27, 2021; Chen, Yao Kuang was dismissed on July 27, 2021; Lin, Horng Chang was dismissed on July 27, 2021; Lee, Ming Shiuan was dismissed on July 27, 2021; Hsiao, Chao Chin was dismissed on July 27, 2021.

Note 2: The amount of remuneration for directors by surplus distribution is paid by the amount of allotment adopted by the Board of Directors for Surplus Distribution for 2021.

Note 3: The remuneration to representatives of institution includes the surplus distribution to be obtained by the institution and the representative directors appointed by the Council of Agriculture, previous Director, Chen, Jun Jih (dismissed on March 7, 2021); previous Director, Lin, Shi Chi (dismissed on February 21, 2021), Director, Li, Chao Feng (dismissed on July 27, 2021) and Director, Sun, Wang Hsiang (dismissed on July 27, 2021) had the remunerations collected by the Council of Agriculture and paid to the national treasury.

Note 4: The portion of non-fixed income for chairman exceeding fixed income (salary for 12 months) is paid to the treasury as specified.

Note 5: The retirement pension actually paid to directors for 2021 is NT$0, with the provision for new system retirement pension for directors accounting for NT$0, and provision for old system retirement pension for directors accounting for NT$0.

(II) Remuneration for President and Vice Presidents (Summary of ways for coordinative disclosure of names)

May 1, 2022
NT$ thousand

Title	Name	Wage (A)		Severance Pay and Pension (B)		Bonus and Special Expense (C)		Remuneration to employees (D)				Ratio of Total Remuneration (A+B+C+D) to After- tax Net Income (%)		Compensation Paid from an Invested Company Other than the Company's Subsidiary or the Parent Company
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
								Cash Amount	Share Amount	Cash Amount	Share Amount			
General Manager	Huang, Yao Hsing (Note 1)	4,680	4,680	-	-	5,173	5,173	1,025	-	1,025	-	0.36%	0.36%	60
Deputy General Manager	Chang, Chang Lang													
Deputy General Manager	Lin, Chin Sheng													
Deputy General Manager	Peng, Shen Long (Note 2)													

Note 1: The General Manager is concurrently served by the Chairman; only the chairman's remuneration is received, and the general manager's remuneration is NT$0.
Note 2: Appointed as the Deputy General Manager since October 5, 2021

Remuneration Scale Table

Remuneration Scale Paid to Each President and Vice President	Name of President and Vice President	
	The Company	All companies in the consolidated statements
Below NT$1,000,000	Peng, Shen Long (Note 1)	Peng, Shen Long (Note 1)
NT$1,000,000 (inclusive) ~ NT$2,000,000 (exclusive)	-	-
NT$2,000,000 (inclusive) ~ NT$3,500,000 (exclusive)	-	-
NT$3,500,000 (inclusive) ~ NT$5,000,000 (exclusive)	Lin, Chin Sheng	Lin, Chin Sheng
NT$5,000,000 (inclusive) ~ NT$10,000,000 (exclusive)	Chang, Chang Lang	Chang, Chang Lang
NT$10,000,000 (inclusive) ~ NT$15,000,000 (exclusive)		
NT$15,000,000 (inclusive) ~ NT$30,000,000 (exclusive)	-	-
NT$30,000,000 (inclusive) ~ NT$50,000,000 (exclusive)	-	-
NT$50,000,000 (inclusive)~ NT$100,000,000 (exclusive)	-	-
Above NT$100,000,000	-	-
Total	3	3

Note 1: Appointed as the Deputy General Manager since October 5, 2021

Note 2: The amount of remuneration for employees is paid by the amount of allotment adopted by the Board of Directors for Surplus Distribution for 2021.

Note 3:The retirement pension of General Manager and Deputy General Manager paid in 2021 was NT$0 thousand. The new-system pension payable to General Manager and Deputy General Manager was NT$108 thousand; the old-system pension payable to General Manager and Deputy General Manager was NT$225 thousand.

(III) Names of Management Team for the Allotment of Employee Remuneration, and Allotment Conditions

May 1, 2022
NT$ thousand

<table>
<tr><th></th><th>Title</th><th>Name</th><th>Remuneration in Share</th><th>Remuneration in Cash</th><th>Total</th><th>Raito of Total Amount to After-Tax Net Income (%)</th></tr>
<tr><td rowspan="6">Managerial Officers</td><td>Deputy General Manager</td><td>Chang, Chang Lang</td><td rowspan="6">-</td><td rowspan="6">2,350</td><td rowspan="6">2,350</td><td rowspan="6">0.07%</td></tr>
<tr><td>Deputy General Manager</td><td>Lin, Chin Sheng</td></tr>
<tr><td>Deputy General Manager</td><td>Peng, Shen Long (Note 1)</td></tr>
<tr><td>Assistant Deputy General Manager</td><td>Liu, Kuo Ying</td></tr>
<tr><td>Chief, Finance Dept</td><td>Huang, Mei Ling</td></tr>
<tr><td>Corporate Governance Officer</td><td>Chung, Shun Hua</td></tr>
</table>

Note 1: Appointed as the Deputy General Manager since October 5, 2021

(IV) Comparison and explanation of percentage of the total remuneration for directors, supervisors, Presidents and Vice Presidents of this Company paid over the past two years by this Company and all companies in the consolidated financial statements in the net income of individuals or individual financial reports after tax, the policy of remuneration payment, the combination of standard varieties, procedure for remuneration decision, and the relevant between operation performance and future risks:

Year	Profit after tax (NT$ thousand)	Director	Managerial Officers
2020	2,452,881	2.63%	0.77%
2021	3,034,616	2.54%	0.36%

Note 1: According to the articles of association of the Company, the salary of the chairman is 1.25 times the income of the president, and the other directors of the board and supervisors might get NT$20,000 traffic fee per month as compensation. However, the remuneration for the independent director is NT$60,000 per month, and the independent director is not allowed to participate the allocation of remuneration for directors and supervisors.

Note 2: According to the articles of association of the Company, after the provision of reserves, the after-tax net income will be put aside no more than 1.6% as the remuneration for Directors and Supervisors, and 2.4% as remuneration to employees.

IV. Operation of Corporate Governance

(I) Operation of the Board of Directors

The board of directors convened nine meetings (A) in 2021. The attendance of the directors and supervisors is described below:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Actual Attendance Rate (%) (B/A)	Remarks
Chairman	Representative of COA: Huang, Yao Hsing	9	0	100%	
Director	Representative of COA: Chen, Jun Jih	0	0	0%	Dismissed on March 7, 2021
Director	Representative of COA: Fan, Mei Ling	7	0	88%	Took office on March 8, 2021
Director	Representative of COA: Lin, Shi Chi	-	-	-	Dismissed on February 21,2021
Director	Representative of COA: Hu, Jong I	8	1	89%	Took office on February 22, 2021
Director	Representative of COA: Li, Chao Feng	2	0	50%	Dismissed on July 27, 2021
Director	Representative of COA: Tai, Ko Yuan	5	0	100%	Took office on July 28, 2021
Director	Representative of COA: Sun, Wang Hsiang	4	0	100%	Dismissed on July 27, 2021
Director	Representative of COA: Hsu, Min Lin	5	0	100%	Took office on July 28, 2021
Director	Chen, Yao Kuang	4	0	100%	Dismissed on July 27, 2021
Director	Tsao, Chi Hung	5	0	100%	Took office on July 28, 2021
Independent Director	Lin, Horng Chang	4	0	100%	Dismissed on July 27, 2021
Independent Director	Lin, Su Ming	5	0	100%	Took office on July 28, 2021
Independent Director	Lee, Ming Shiuan	4	0	100%	Dismissed on July 27, 2021

Independent Director	Weng, Ming Jang	5	0	100%	Took office on July 28, 2021
Independent Director	Hsiao, Chao Chin	3	1	75%	Dismissed on July 27, 2021
Independent Director	Ho, Yen Sheng	5	0	100%	Took office on July 28, 2021

Other matters required to be recorded.

I. **If the operation of board of directors matches one of the following conditions, it is required to specify dates, number of meetings and content of proposals of directors, opinions of all independent directors and response to the opinions of independent directors on the Company.**

(I) For matters set in the Article 14-3 of Security Exchange Act.

1. 27th Meeting, Board of Directors of 34th Term, March 25, 2021
   (1) Proposal: Disbursement of 2020 remuneration to the Company's directors and employees
   Independent directors’ opinion: no opinion.
   (2) Proposal: Distribution of 2020 remuneration to the directors.
   Independent directors’ opinion: No objection or qualified opinion .
   (3) Proposal: Deliberate the 2020 year-end bonus of Deputy General Managers and above.
   Independent directors’ opinion: No objection or qualified opinion
   (4) Proposal: Amendment to Article 11 of the “Regulations Governing Internal Control Systems.”
   Independent directors’ opinion: no opinion.
2. 28th Meeting, Board of Directors of 34th Term, May 11, 2021
   (1) Proposal: Amendment to the “Accounting System.”
   Independent directors’ opinion: No objection or qualified opinion
   (2) Proposal: Establishing the “Operational Procedures for the Process of Preparing Financial Statements, Taiwan Fertilizer Co., Ltd.”
   Independent directors’ opinion: No objection or qualified opinion
   (3) Proposal: nominating Mr. Huang Yao-Hsing as the candidate for the election of director of the 35th Term.
   Independent directors’ opinion: No objection or qualified opinion
   (4) Proposal: nominating Mr. Jong-I Hu as the candidate for the election of director of the 35th Term.
   Independent directors’ opinion: No objection or qualified opinion
   (5) Proposal: Nominating Ms. Fan, Mei Ling as the candidate for the election of director of the 35th Term.
   Independent directors’ opinion: No objection or qualified opinion
3. 2nd Meeting, Board of Directors of 35th Term, October 5, 2021
   (1) Proposal: Establishment of superficies for the Company’s land in Xizhi District.
   Independent directors’ opinion: No objection or qualified opinion
4. 3rd Meeting, Board of Directors of 35th Term, November 10, 2021
   (1) Proposal: Continuing to commissioned KPMG Taiwan for certifications in 2022.
   Independent directors’ opinion: No objection or qualified opinion
   (2) Proposal: Amendment to the “Standard Regulations of Internal Control System for Stock Affairs Unit.”

Independent directors' opinion: No objection or qualified opinion

(3) Proposal: 2022 annual audit program

Independent directors' opinion: No objection or qualified opinion

(4) Proposal: Establishment of superficies for the Company's land in Hsinchu D6.

Independent directors' opinion: no opinion.

(II) Other resolutions, except for the above-mentioned ones, in the board of directors meeting about which any independent director expresses dissent or reservation and a record or written statement is made: None

II. **As for the implementation status of recusal bearing on the interest of a director is involved, the name of the director, proposal, reasons for the recusal, and participation in the voting shall be described.**

(I) 27th Meeting, Board of Directors of 34th Term, March 25, 2021

Proposal: Deliberate the 2020 year-end bonus of Deputy General Managers and above.

Director to recuse: Chairman Huang Yao-Hsing

Reason of recusal: Chairman Yao Hsing Huang also concurrently serves as the General Manager, so he had a conflict of interest.

Participation of voting: not participated.

Proposal: Disbursement of 2020 remuneration to the Company's directors and employees

Directors shall recuse: Chairman Huang Yao-Hsing, Director Jong-I Hu, Director Fan, Mei Ling, Director Li Chao-Feng, Director Sun Wang-Hsiang, and Director Chen Yao-Kuang.

Reason of recusal: conflict of interest

Participation of voting: not participated.

Proposal: Distribution of 2020 remuneration to the directors.

Directors shall recuse: Chairman Huang Yao-Hsing, Director Jong-I Hu, Director Fan, Mei Ling, Director Li Chao-Feng, Director Sun Wang-Hsiang, and Director Chen Yao-Kuang.

Reason of recusal: conflict of interest

Participation of voting: not participated.

(II) 28th Meeting, Board of Directors of 34th Term, May 11, 2021

Proposal: nominating Mr. Huang Yao-Hsing as the candidate for the election of director of the 35th Term.

Director to recuse: Chairman Huang Yao-Hsing

Reason of recusal: conflict of interest

Participation of voting: not participated.

Proposal: nominating Mr. Jong-I Hu as the candidate for the election of director of the 35th Term.

Director to recuse: Director, Jong-I Hu

Reason of recusal: conflict of interest

Participation of voting: not participated.

Proposal: Nominating Ms. Fan, Mei Ling as the candidate for the election of director of the 35th Term.

Director to recuse: Director, Fan, Mei Ling.

Reason of recusal: conflict of interest

Participation of voting: not participated.

(III) 1st Special Meeting, Board of Directors of 35th Term, July 28, 2021

Proposal: Appointment of General Manager

Director to recuse: Chairman Huang Yao-Hsing

Reason of recusal: Chairman Yao Hsing Huang also concurrently serves as the General Manager, so he had a conflict of interest.

Participation of voting: not participated.

Proposal: Appointing the Independent Director Lin, Su Ming, Independent Director Weng, Ming Jang, and Independent Director Ho, Yen Sheng as the members of the Audit Committee of the 2nd Term.

Directors to recuse: Independent Director: Lin, Su Ming, Weng, Ming Jang, and Ho, Yen Sheng

Reason of recusal: conflict of interest

Participation of voting: not participated.

Proposal: Appointing the Independent Director Weng, Ming Jang, Independent Director Ho, Yen Sheng, and Professor Ma, Cheng-Ji as the members of the Remuneration Committee of the 5th Term.

Directors to recuse: Independent DirectorWeng, Ming Jang and Independent Director Ho, Yen Sheng

Reason of recusal: conflict of interest

Participation of voting: not participated.

Proposal: Determine the attendance fee for the functional committees of the Company.

Directors to recuse: Independent Director: Lin, Shi-Ming, Weng, Ming-Chang, and Yen-Sheng Ho.

Reason of recusal: three independent directors are the members of functional committees, so they had a conflict of interest.

Participation of voting: not participated.

Proposal: entrance of industrial-academic collaboration and academic feedback mechanism contracts with National University of Kaohsiung.

Directors to recuse: Independent Director: Weng, Ming-Chang.

Reason of recusal: Independent Director, Weng, Ming-Chang, is an associate professor in National University of Kaohsiung, so he had a conflict of interest.

Participation of voting: not participated.

Proposal: entrance of industrial-academic collaboration and academic feedback mechanism contracts with National Taiwan University.

Directors to recuse: Independent Director: Lin, Shi-Ming.

Reason of recusal: Independent Director, Lin, Shi-Ming, is a professor in National Taiwan University, so he had a conflict of interest.

Participation of voting: not participated.

(IV) 3rd Meeting, Board of Directors of 35th Term, November 10, 2021

Proposal: Sponsoring the election and celebration program for 2021 National Agricultural Science Award.

Directors shall recuse: Chairman Huang Yao-Hsing, Director Jong-I Hu, Fan, Mei-Ling, Dai, Ke-Yuan and Hsu Ming-Ling

Reason of recusal: the National Agricultural Science Award was organized by COA, Executive Yuan, and the five directors appointed by COA had a conflict of interest.

Participation of voting: not participated.

III. **The status of the board's self-evaluation:** Please refer to the official website for the result of 2021 performance evaluation

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation methods	Evaluation contents
Once a year.	July 28 to December 31, 2021	Performance appraisal of the board, individual board members and functional committees.	Internal self-evaluation by the board, self-evaluation by board member, appointment of external specialized institutions and experts.	(1) Board performance appraisal: The participation in the operation of the Company, improvement of the quality of the board of directors' decision making, composition and structure of the board of directors, election and continuing education of the directors and internal control. (2) Individual board member performance appraisal: The alignment of the goals and missions of the Company, awareness of the duties of a director, participation in the operation of the Company, management of internal relationship and communication, the director's professionalism and continuing education and internal control. (3) Functional committee performance

				appraisal: The participation in the operation of the Company, awareness of the duties of the functional committee, improvement of quality of decisions made by the functional committee, makeup of the functional committee and election of its members and internal control.

IV. **IV. Goal for enhancement of board functions in the respective year and the most recent year and assessment of implementation conditions:**

(I) In the 27th Meeting, Board of Directors of 34th Term, March 25, 2021, the Company approved the appointment of Chung, Shun Hua, Chief of Board of Directors Office as the corporate governance officer, to reinforce corporate governance and authority of the board.

(II) In the 28th Meeting, Board of Directors of 34th Term, May 11, 2021, the amendment to partial provisions of “Procedures for Election of Directors and Independent Directors” was approved.

(III) In the 28th Meeting, Board of Directors of 34th Term, May 11, 2021, the amendment to partial provisions of “Standard Operational Protocol for Responding to Requests from Directors” was approved.

(IV) In the 5th Meeting, Board of Directors of 35th Term, March 22, 2022, the amendment to partial provisions of “Rules of Procedure for Shareholders Meetings” was approved.

(V) The Company has completed the 2021 performance evaluations of the Board of directors and functional committees in 2022 Q1, and disclosed the results on the official website and MOPS .

(VI) In 2021, the directors spent total 70 hours in continuing education; or 7.7 hours as the average. The session include the 2021 promotional seminar for preventing insider trading; the information security value in the post-pandemic era and under the China-US trade war; principles for directors to perform duties and management judgement; common case of corporate stake structure and heritage; discussion of human resources during M&A and M&A integration issues; 2021 promotional seminar for compliance regarding insider equity trading; practical seminar for directors, supervisors (independent directors included) and corporate governance officers; AML and CFT education and training for directors and executives; ESC risk management trend forum; “Changes of earning formats and performance evaluation under IFRS17;” “Effects on the insurers’ strategic planning from IFRS17;” advanced practical seminar for directors, supervisors (independent directors included) and corporate governance officers - observing corporate governance from the view of latest amendment to the Company

	Act; effects of the internal control and responsibility of directors and supervisors; and advanced practical seminar for directors, supervisors (independent directors included) and corporate governance officers - the regulations for the competitions during fight for company's control and case study.

(II) Operation of the Audit Committee

The Company's Audit Committee is composed of three members. Current tenure: July 28, 2021–July 27, 2024. The Audit Committee convened seven meetings (A) in 2021. The attendance of the directors and supervisors is described below:

Title	Name	Attendance in Person (B)	Actual Attendance Rate (%) (B/A)	Remarks
Independent Director	Lin, Su Ming	4	100%	Convener Took office on July 28, 2021
Independent Director	Weng, Ming Jang	4	100%	Took office on July 28, 2021
Independent Director	Ho, Yen Sheng	4	100%	Took office on July 28, 2021
Independent Director	Lin, Horng Chang	3	100%	Convener Dismissed on July 27, 2021
Independent Director	Lee, Ming Shiuan	3	100%	Dismissed on July 27, 2021
Independent Director	Hsiao, Chao Chin	3	100%	Dismissed on July 27, 2021

Other matters required to be recorded:

I. Audit Committee composition and responsibilities:

(I) Communication with employees and shareholders.

1. A meeting was held in accordance with Article 6 Authority of the Audit Committee Charter, and managerial departments attended the meeting to provide explanation.
2. The independent directors attended the 2021 annual general meeting.

(II) Communication with internal auditing officers and CPAs.

1. **Communication between the Audit Committee and CPAs**

Meeting Date	Communication Point
March 25, 2021	1. CPAs provide a detailed description of financial and profit/loss conditions in 2020 and education on newly amended accounting principles and laws 2. CPAs discuss and convey their opinions on issues raised by meeting participants
May 11, 2021	1. CPAs provide a detailed description of financial and profit/loss conditions in the first quarter of 2021 and education on newly amended accounting principles and laws 2. CPAs discuss and convey their opinions on issues raised by meeting participants
August 10, 2021	1. CPAs provide a detailed description of financial and profit/loss conditions in the second quarter of 2021 and education on newly amended accounting principles and laws 2. CPAs discuss and convey their opinions on issues raised by meeting participants

November 10, 2021	1. CPAs provide a detailed description of financial and profit/loss conditions in the third quarter of 2021 and education on newly amended accounting principles and laws 2. CPAs discuss and convey their opinions on issues raised by meeting participants

2. **Communication between the Audit Committee and internal auditing officers**

Meeting Date	Communication Point
March 25, 2021	1. Evaluation of the effectiveness of the Company's 2020 internal control protocols. 2. Discussed the amendment to Article 11 of the Regulations Governing International Control System; and the “Detailed Table of Leveled Authorization.” 3. Communicate the audit operation.
May 11, 2021	Discussed and communicated about the 2021 March and April audit reports.
June 30, 2021	Communicate the audit operation.
August 10, 2021	1. Reported and discussed the audit reports from May to July 2021. 2. Discussed the tracking of the amendment to the internal control system (special regulation), including the matters completed and in progress in the year. 3. Discussed the current emphasis of the competent authority on the internal control system: “Matters related to Evaluation of Financial Report Preparation Capability of Public Companies.”
October 5, 2021	Discussion and communication about the September 2021 audit reports.
November 10, 2021	1. Communicate the audit operation 2. 2022 annual audit program.
December 23, 2021	1. Communicate the audit operation. 2. Discussed the amendment to the “Detailed Table of Leveled Authorization” and partial provisions of the “Board of Directors and Managerial Officers’ Power Division Table.”

II. Compilation of the 2021 audit committee work highlights:

1. Establish or amend the internal control protocols.
2. Assess the effectiveness of the internal control protocols.
3. Review quarterly and annual financial reports.
4. Deliberate the related internal regulations.
5. Commissioned the certification operations to the certifying CPAs.
6. Appointment of CPAs.

III. Resolutions of the 2021 audit committee work highlights and the Company's handling of the audit committee's opinions.

Meeting date	Content of important proposals	Resolutions	Company's treatment of audit committee's opinions
March 25, 2021 18th meeting of the Audit Committee, the 1st Term	1. 2020 consolidated and parent-only financial statements. 2. 2020 business report 3. 2020 earnings allocation 4. Evaluation of the effectiveness of the Company's 2020 internal control protocols. 5. Amendment to Article 11 of the Regulations Governing Internal Control Systems.	1. Unanimous vote by all attending committee members to approve the proposal and submit it to the board for consideration. 2. Unanimous vote by all attending committee members to approve the proposal and submit it to the board for consideration. 3. Unanimous vote by all attending committee members to approve the proposal and submit it to the board for consideration. 4. Unanimous vote by all attending committee members to approve the proposal and submit it to the board for consideration. 5. Unanimous vote by all attending committee members to approve the proposal and submit it to the board for consideration.	Submitted to the board of directors for deliberation, and approved as proposed.
May 11, 2021 19th meeting of the Audit Committee, the 1st Term	1. 2021 Q1 consolidated financial statements of the Company and subsidiaries 2. Amendment to the “Accounting System.” 3. Establishing the “Operational Procedures for the Process of Preparing Financial Statements, Taiwan Fertilizer Co., Ltd”	1. Unanimous vote by all attending committee members to approve the proposal and submit it to the board for consideration. 2. Unanimous vote by all attending committee members to approve the proposal and submit it to the board for consideration. 3. Unanimous vote by all attending committee members to approve the	Submitted to the board of directors for deliberation, and proceeded as advised by the independent directors.

		proposal after amendment and submit it to the board for consideration.	
July 15, 2021 1st special meeting of the Audit Committee, the 1st Term	Receipt of a legal confirmation letter regarding the leasing of Office Building B at Nangang C2 from "Dongcheng Investment Consulting Co. Ltd."	The lawyer, Mr. Huang has been asked to reply the letter, and would send the reply after confirmed by the independent directors.	The Company proceeded as resolved.
August 10, 2021 1st meeting of the Audit Committee, the 2nd Term	2021 Q2 consolidated financial statements of the Company and subsidiaries	Unanimous vote by all attending committee members to approve the proposal and submit it to the board for consideration.	Submitted to the board of directors for deliberation, and approved as proposed.
October 5, 2021 2nd meeting of the Audit Committee, the 2nd Term	Proposal of establishment of superficies for the Company's land in Xizhi District.	Unanimous vote by all attending committee members to approve the proposal and submit it to the board for consideration.	Submitted to the board of directors for deliberation, and approved as proposed.
November 10, 2021 3rd meeting of the Audit Committee, the 2nd Term	1. 2021 Q3 consolidated financial statements of the Company and subsidiaries 2. 2021 assessment of the independence and suitability of CPAs. 3. Commission KPMG Taiwan to audit and certify the 2022 financial reports and income tax return and the reporting of the 2022 undistributed surplus. 4. 2022 annual audit program. 5. Amendment to the "Detailed Table of Leveled Authorization" 6. Amendment to the "Standard Regulations of Internal Control System for Stock Affairs Unit." 7. Proposal of establishment of superficies for the Company's land in Hsinchu D6.	1. Unanimous vote by all attending committee members to approve the proposal and submit it to the board for consideration. 2. Unanimous vote by all attending committee members to approve the proposal and submit it to the board for consideration. 3. Unanimous vote by all attending committee members to approve the proposal and submit it to the board for consideration. 4. Unanimous vote by all attending committee members to approve the proposal and submit it to the board for consideration. 5. Unanimous vote by all attending committee members to approve the proposal and submit it to the board for consideration. 6. Unanimous vote by all attending	Submitted to the board of directors for deliberation, and approved as proposed.

		committee members to approve the proposal and submit it to the board for consideration. 7. Unanimous vote by all attending committee members to approve the proposal and submit it to the board for consideration.	
December 23, 2021 4th meeting of the Audit Committee, the 2nd Term	Proposal of amendment to the “Detailed Table of Leveled Authorization” and partial provisions of the “Board of Directors and Managerial Officers’ Power Division Table”	Unanimous vote by all attending committee members to approve the proposal and submit it to the board for consideration.	Submitted to the board of directors for deliberation, and approved as proposed.

(III) Corporate Governance Status, Differences with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons

Items assessed	Operation			Deviations from "the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
I. Does the company follow the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and has the company established and disclosed its own Corporate Governance Best Practice Principles?	V		The Company has established and disclosed the Corporate Governance Best-Practice Principles pursuant to the "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies."	No deviation.
II. Shareholding structure and shareholders' rights of the Company				
(I) Does the company stipulate internal operating procedures to deal with shareholders' suggestions, doubts, disputes and litigation matters, and implement them according to procedures?	V		The Company has established the "Management Procedures for Stock Affair Operation" and the dedicated stock affair unit, to handle shareholders' suggestions or related issues.	No deviation.
(II) Does the Company grasp the main shareholders that control the Company and the name list of final controllers of the main shareholders?	V		The Company established a stock affair team under the Board of Directors Office to manage the major shareholders that actually control the Company and name list of the persons who ultimately control the major shareholders. The team is also responsible for reporting the change of information in accordance with the regulations.	No deviation.
(III) Does the Company establish and perform the risk control and firewall mechanism with the affiliates?	V		The Company shall also prepare the Operation Procedure of Capital Loan and the Endorsement Guarantee in order to establish the proper risk control mechanism and firewall with the affiliates. The business contact between the Company and all of the affiliates should be handled after the signature of the contract and submission to the board of directors for deliberation.	No deviation.
(IV) Does the Company prepare the internal regulations to prevent its personnel from trading the securities in virtue of the information that is not open to the public?	V		The Operation Procedure on the Treatment of Major Information inside Taiwan Fertilizer Co., Ltd. has been drafted to regulate the directors, supervisors, managers, employees and the personnel who are in other identities, occupations or controlling relationship but acquire the major internal information of the Company. Those who are prohibited to do any inside trades.	No deviation.

III. Composition and duties of the board of directors				
(I) Does the board of directors establish the diversity policy, concrete management targets, and implement such?	V		To create good and thorough corporate governance system, the Company has established the Practice Principles for Taiwan Fertilizer Co., Ltd. Article 20 of the Principles clearly states the diverse policies of the board of directors. The formation of the board of directors shall take into account the organizational culture, business model and long-term development, including but not limited to genders, age, nationality and culture. The directors shall have good education, experience and knowledge in the industry and professional background to put the diverse policies of the board of directors into practice and complete its organization. The current board of director of TFC consists of nine directors (thee independent directors included); they have expertise in fertilizer, chemical engineering, agricultural economics and promotion, public administration, accounting and finance management; two female directors, accounting 22%. In the future, the Company will be committed to increase the proportion of female directors to one third, as the goal. Their ages are between 31-79 years old, and formed a diverse and professional composition with both knowledges and experience, and they are complementary to each other, for the more complete and visionary decision-making. In the future, the diversity policy will be amended and added timely depending on the operating demands and operation format, to ensure the board members possess the professional knowledges and skills required to perform their duties. The professional specialty of each director is detailed in Note 1.	No deviation.
(II) Does the company voluntarily set up other functional committees in addition to the Remuneration committee and the Audit Committee?		V	This Company has established an Audit and Remuneration Committee pursuant to relevant laws. The spirit of corporate culture and governance has been incorporated in existing regulatory frameworks governing administrative management, education & training, and auditing. Other functional committees have therefore not been established.	There is a deviation. The Company has not established functional committees other than Audit and Remuneration Committees.
(III) Does the company stipulate the performance appraisal methods of the board of directors and their assessment methods, and conduct performance evaluations every year and regularly?		V	At the 16th meeting of the 34th term of the board on December 24, 2019, the board approved the "Taiwan Fertilizer Co., Ltd. Evaluation Procedures for the Board of Directors Performance". The internal performance appraisal of the board is conducted once a year, and the evaluation period starts from January 1 and ends on December 31. (To cope with the term of office of the board of the 35th Term, the performance evaluation period was July 28, 2021 to December 31, 2021). The performance appraisal of the board is conducted once every three years by external independent specialized institution or teams of external experts and scholars. The results of both the internal and external performance appraisal of the board are to be completed and announced before the end of the first quarter of the next fiscal year. The latest results of performance evaluation have been completed by Q1 2022 and disclosed on the official website and MOPS.	There is a deviation. The results of performance evaluation have not yet linked to the remunerations and nomination of individual directors.
(IV) Does the company regularly assess the	V		This Company assesses auditor independence on a regular basis. Assessment of CPA independence was approved in the 3rd meeting of the 35th board on November	No deviation.

<table>
<tr><td></td><td>independence of the certifying CPAs?</td><td></td><td></td><td>10, 2021. The Company has therefore compiled a CPA Independence Assessment Form (note 2) with reference to Article 47 of the Certified Public Accountant Act and Code of Ethics for Professional Accountants Statement No.10. In addition to a comprehensive assessment of various impacts on CPA independence, CPAs must issue a Declaration of Independence.</td><td></td></tr>
<tr><td>IV.</td><td>Whether the listing company has set up a corporate governance or personnel responsible for corporate governance related matters (including but not limited to providing information required by directors and supervisors to conduct business, and handling matters related to meetings of the board of directors and shareholders meeting in accordance with the law, handling company registration and change registration, making board of directors and shareholders meeting, etc.)?</td><td>V</td><td></td><td>The Company appoints the board office as its dedicated corporate governance unit. This office is responsible for corporate governance related affairs. Chung, Shun Hua, Chief of Board of Directors Office was appointed as the corporate governance officer, to implement the corporate governance operation, including:
1. Handling matters related to board of directors and shareholders meeting
2. Taking minutes of the board of directors and shareholding meeting
3. Assist directors onboard and continuing education
4. Providing data as required by directors conducting business
5. Assist director for compliance
6. Follow the matters specified in the Articles of Incorporation and contracts
7. Assist the board of directors and each functional committees for their self-evaluation, and the external performance evaluation every three years
8. Supervising and improving the implementation of corporate governance.
9. Advancing the achievement of corporate governance indicator, and reviewing the key elements to get scores in f every corporate governance evaluation indicators
10. Purchasing liability insurance for directors and managerial officers
The continuing education of the Corporate Governance Officer is as following:
<table>
<tr><th>Date</th><th>Topic</th><th>Hour</th><th>Sponsor</th></tr>
<tr><td>August 31, 2021</td><td>Thematic seminar of corporate governance for directors, supervisors (independent directors included) and the corporate governance officers (Session 10, 2021) - Information management framework - connect everything of information security with stories</td><td>Three hours</td><td>Taiwan Insurance Institute</td></tr>
<tr><td>September 14, 2021</td><td>Advanced practice seminar of corporate governance for directors, supervisors (independent directors included) and the corporate governance officers - analysis of model practical case study of the corporate social responsibility (CSR and ESG) in the corporate governance evaluation</td><td>Three hours</td><td>Securities and Futures Institute</td></tr>
</table>
</td><td>No deviation.</td></tr>
</table>

<table>
<tr>
<td></td>
<td></td>
<td></td>
<td>
<table>
<tr><td>September 24, 2021</td><td>Advanced practice seminar of corporate governance for directors, supervisors (independent directors included) and the corporate governance officers - analysis of directors and supervisors’ irregular trading and case study</td><td>Three hours</td><td>Securities and Futures Institute</td></tr>
<tr><td>October 5, 2021</td><td>Commssioned by TFC - Advanced practice seminar of corporate governance for directors, supervisors (independent directors included) and the corporate governance officers - the information security value in the post-pandemic era, and under the U.S.-China trade war</td><td>Three hours</td><td>Securities and Futures Institute</td></tr>
<tr><td>November 23, 2021</td><td>From the view of foreign investor and voting behavior, how issuers to fully implement ESG</td><td>Three hours</td><td>Taiwan Corporate Governance Association</td></tr>
<tr><td>December 14, 2021</td><td>Advanced practice seminar of corporate governance for directors, supervisors (independent directors included) and the corporate governance officers - Effect of the new Labor Incident Act on the corporate risks, and countermeasures</td><td>Three hours</td><td>Securities and Futures Institute</td></tr>
</table>
</td>
<td></td>
</tr>
<tr>
<td>V. Does the company establish communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers), set up stakeholder areas on the company's website, and respond appropriately to important corporate societies of concern to stakeholders, and responsibility issues?</td>
<td>V</td>
<td></td>
<td>The Company has a spokesman. If required by the stakeholders, they can communicate with its spokesman or its business unit(s) at any time. The communication channel is smooth. The special zone for the stakeholders is set in the website of the Company to respond the issues concerned by the stakeholders properly.</td>
<td>No deviation.</td>
</tr>
<tr>
<td>VI. Does the Company entrust a professional stock agency?</td>
<td></td>
<td>V</td>
<td>Pursuant to the Regulations Governing the Administration of Shareholder Services of Public Companies and the internal control system, the Company handle the stock affair on its own.</td>
<td>There is a deviation. The Company handle the stock affair on its own.</td>
</tr>
<tr>
<td colspan="5">VII. Information disclosure</td>
</tr>
<tr>
<td>(I) Has the company set up a website to disclose</td>
<td>V</td>
<td></td>
<td>The Company has set the special column for serving the investors in its website in</td>
<td>No deviation.</td>
</tr>
</table>

	financial and corporate governance information?			both Chinese and English versions, disclosing the information about finance and governance of Company and providing it to the investors for reference on a regular basis.	
(II)	Does the company adopt other information disclosure methods (such as setting up an English website, appointing a dedicated person responsible for the collection and disclosure of company information, implementing the spokesman system, and posting the company's corporate briefing process on the website, etc.)?	V		1. The Company provides its English version of the critical news such as the annual reports, a handbook for shareholders' meeting, and a notice of shareholders' meeting, which the Company's operation information is fully disclosed in its website. The Company has appointed the spokespersons to issue the Company news externally, and dedicated staff to collect and contact all of media information. The information of investor conferences is uploaded to the official website simultaneously, and dedicated staff are assigned to issue material information on MOPS. 2. The information of investor conferences is uploaded to the official website simultaneously, and dedicated staff are assigned to issue material information on MOPS.	No deviation.
(III)	Does the Company publicly announce and file the annual financial reports within two months after the accounting year-end, and publicly announce and file the first, second and third quarterly financial reports and monthly operating status reports before the stipulated deadlines?		V	The Company has completed the publishing and reporting of its first, second and third quarter financial reports and the operating status for each month on the Market Observation Post System within 45 days before the quarter ends, before March of the following year and before the 10th of the following month in accordance with the relevant regulations of the Securities and Exchange Act.	There is a deviation. The annual financial reports were not published and reported before the end of February of the following year.
VIII.	Does the Company have any other important information (including but not limited to employees' rights, employee care, investor relations, supplier relationship, rights and interests of stakeholders, training for directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, the Company's purchase of liability insurance for directors and supervisors, etc.)?	V		(I) Rights and interests of employees as well as employee care: Adhering to the principle that Taiwan Fertilizer is a family, the Company has established the Welfare Committee of Employees to provide employees excellent and considerate welfare activities and caring projects. (II) Investor relation: The Company aims at ensuring the rights and interests of the shareholders and treats all of them equally. According to the relevant provisions of the competent securities authority, the Company issues the major news such as the finance, business and change of the shareholders at Observation Website for News Disclosure. (III) Relations with suppliers: The Company reviews the supplier's quality capacity, delivery capacity, service team capacity, etc. on a regular basis according to supplier management methods of the Company, to stabilize material quality and to ensure material source safety. In regard to suppliers, the Company not only emphasizes the supplier's quality, price, delivery time, etc. but also concerns human rights, labor welfare, workplace safety, etc., so as to establish a sustainable supply chain system that develops stably. Now, supplier CSR management is gradually introduced. First, the Company promotes supplier self-assessment to know the supplier operating risks, providing the basis for promotion of supplier CSR management and leading suppliers to develop a production and sales model, while prioritize human	No deviation.

			rights, labor welfare, occupational safety higher. (IV) Rights of the stakeholders: The Company always abides by the principle of ethical in maintaining and safeguarding the rights of the stakeholders. The Company also provides a smooth communication channel for different kinds of stakeholders to express their opinions any time. (V) Further study of directors and supervisors: The Company follows the provisions of Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies, please refer to MOPS or the official website for the directors' continuing education. (VI) Implementation of risk management policies and risk balance standard: Subject to the Criteria on the Treatment of Internal Control System of the Company, the risk management policy and the risk evaluation standard of the Company are prepared according to the suitability of the Company objective and the units at different levels of the Company. The goals and the result of risk evaluation are set to help the Company to design, modify and implement the control required on a timely basis. (VII) Implementation of client policies: The Company has prepared Details on the Management of Customer Relationship. Its business departments have set up the customer service center to communicate with customers. (VIII) Purchase of insurance for directors: We have bought the liability insurance for directors and managerial officers from Shinkong Insurance according to relevant regulations.Please refer to MOPS - Corporate Governance - Information of Directors and Supervisors - Liability Insurance Coverage of Directors and Supervisors	

IX. Please state the improvements made to the items in the corporate governance evaluation results issued by the Corporate Governance Center of the Taiwan Stock Exchange Co., Ltd. of the latest year (2022, and indicate the enhancement and improvement measures for the items not yet improved.

The Company ranked in the 51%~65% range of the listed companies for the 8th Term of Corporate Governance Evaluation; the items to be improved as the first priority are described below:

1. The material information are disclosed simultaneously in Chinese and English in 2022.
2. The corporate governance officer has been appointed in April 2021, to take charge of corporate governance related affairs, and describe his/her power extent and continuing education on the official website and in the annual report.
3. The investor conferences may be increased depending on the needs during the year.

Note 1: Diversification among the members of the board of directors

Title	Name	Gender	Profession specialty and ability							
			Operational Judgment	Accounting and Financial	Management and Administration	Risk Management	Knowledge of Industry	International Market Perspective	Leadership	Decision making
Chairman	Huang, Yao Hsing	Male	✓	✓	✓	✓	✓	✓	✓	✓
Director	Hu, Jong I	Male	✓	✓	✓	✓	✓	✓	✓	✓
	Fan, Mei Ling	Female	✓	✓	✓	✓	✓	✓	✓	✓
	Tai, Ko Yuan	Male	✓	✓	✓	✓	✓	✓	✓	✓
	Hsu, Min Lin	Female	✓	✓	✓	✓	✓	✓	✓	✓
	Tsao, Chi Hung	Male	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	Lin, Su Ming	Male	✓	✓	✓	✓	✓	✓	✓	✓
	Weng, Ming Jang	Male	✓	✓	✓	✓	✓	✓	✓	✓
	Ho, Yen Sheng	Male	✓	✓	✓	✓	✓	✓	✓	✓

Note 2: The CPA independence evaluation chart of Taiwan Fertilizer Co., Ltd (2021)

Items assessed	Violation of Independence
1. Having a direct or material indirect financial interest in the Company (holding the equity securities, loans or other debt instrument of the Company, including the rights thereof and derived rights)	No
2. Having financing or guaranteed conduct with the Company and the directors	No
3. Members of the audit service team have significant close business relationships with the Company or any director or managerial officers of the Company.	No
4. The audit service team has potential employment negotiations with the Company (confirming to be serving as the Company’s director or managerial officer, or position having a significant influence on the audit case in the future)	No
5. Entering into a contingent fee arrangement relating to the audit engagement.	No
6. Any audit service team members have been serving as directors, managerial officers or positions that have a significant impact on the audit case in the Company within the last two years.	No
7. The non-audit service that was performed by the accounting firm is provided.	No
8. A member of the audit service team is a relative to a director, supervisor, or managerial officer of the Company or an employee of the Company who is in a position to exert significant influence over the subject matter of the audit engagement.	No
9. A member of the audit service team receives valuable gifts from the Company or its directors or managerial officers	No
10. The Company not request the audit service team to accept improper options made by management in accounting policies or improper disclosures in financial statements?	No
11. The Company has put pressure on CPAs to reduce professional service fees and thus prompt them to improperly reduce the audit tasks that should be performed	No
12. Whether the same CPAs have not provided the Company's audit service for seven consecutive years	No

(IV) Composition, function, and operation circumstances of the Remuneration Committee

1. Information of compensation committee members

Status	Qualification / Name	Professional qualification and experience	Independence	No. of other listed companies serving as remuneration committee member concurrently
Independent Director (Convener)	Weng, Ming Jang	Currently serving as Associate Professor, Department of Applied Economics, National Kaohsiung University; PhD of Economics, Texas A&M University. Also serving as the member of the Company's Audit Committee. Possessing professional qualification and experience in business administration, finance, applied economics.	Independent director him/herself, the spouses and relatives within the second degree of kinship not serving as the director, supervisor, or employee of the company or any of its affiliates, or the companies having special relationship with the Company; him/herself, the spouses and relatives within the second degree of kinship (or in other's name) holding None of the Company's shares; amount of compensation received by providing commercial, legal, financial, accounting or related services to the company or any affiliate of the company is 0.	1
Independent Director	Ho, Yen Sheng	Currently serving as Associate Professor, Department of Land Management, Feng Chia University; PhD, Institute of Real Estate and Built Environment, National Taipei University. Also serving as the member of the Company's Audit Committee. Possessing professional qualification and experience in real estate, urban renewal dispute settlement.	Independent director him/herself, the spouses and relatives within the second degree of kinship not serving as the director, supervisor, or employee of the company or any of its affiliates, or the companies having special relationship with the Company; him/herself, the spouses and relatives within the second degree of kinship (or in other's name) holding None of the Company's shares; amount of compensation received by providing commercial, legal, financial, accounting or related services to the company or any affiliate of the company is 0.	0
Others	Ma, Chen Chi	Currently serving as Chair Professor, Department of Chemical Engineering, National Tsing Hua University. PhD, Chemical Engineering, North Carolina State University; used to serve as senior engineer, Monsanto Company, Advisor, MOEA S&T Advisors Office and Technology Office, and Advisor, MOE S&T Advisors Office.	Independent director him/herself, the spouses and relatives within the second degree of kinship not serving as the director, supervisor, or employee of the company or any of its affiliates, or the companies having special relationship with the Company; him/herself, the spouses and relatives within the second degree of kinship (or in other's name) holding None of the Company's shares; amount of compensation received by providing commercial, legal, financial, accounting or related services to the company or any affiliate of the company is 0.	3

Note : Scope of duties and powers of the Remuneration Committee:

(1) Regular review of the organizational charter of the Remuneration Committee and proposal of amendments.

(2) Formulation and regular review of director and manager performance appraisal standards, annual and long-term performance goals as well as remuneration policies, systems, standards, and structures. Performance appraisal standards are disclosed in annual reports.

(3) Regular assessment of director and manager performance target achievement; individual remuneration contents and amounts in accordance with appraisal results based on the aforementioned standards; individual performance appraisal results, remuneration contents and amounts, and relevance and reasonableness of appraisal results for directors and managers are disclosed in annual reports and reported to shareholders' meetings.

2. Remuneration Committee Operation Status
   (1) The Company's Remuneration Committee is composed of three members.
   (2) Current tenure: July 28, 2021–July 27, 2024. In the most recent year, the compensation committee held three meetings (A). Members' qualification and attendance are listed below:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Actual Attendance Rate (%) (B/A)	Remarks
Convener	Weng, Ming Jang	2	0	100%	Took office on July 28, 2021
Member	Ho, Yen Sheng	2	0	100%	Took office on July 28, 2021
Member	Ma, Chen Chi	2	0	100%	Took office on July 28, 2021
Convener	Lee, Ming Shiuan	1	0	100%	Dismissed on July 27, 2021
Member	Lin, Horng Chang	1	0	100%	Dismissed on July 27, 2021
Member	Cheng, Yu	1	0	100%	Dismissed on July 27, 2021

Other matters required to be recorded.

I. If the board of directors does not accept or modify the suggestions from the Remuneration Committee, the date and the number of times of the meeting, contents of the proposal, the board of directors' resolution, and the response of the Company to the suggestions shall be stated. (If the remuneration approved by the board of directors is higher than the Remuneration Committee suggests, the difference and the reason shall be stated.) : N/A.

II. If there is a discussed matter in the Remuneration Committee opposed by the members, or a matter the members hold qualified opinions on, which had record or statement in writing, the date and the number of times of the meeting, contents of the proposal, opinions of all members and the response to the opinions shall be stated: N/A

III. The 2021 meeting date and the content and results of resolutions of the remuneration committee, as well as the Company's treatment of the remuneration committee's opinions.

Meeting date	Content of proposal	Resolutions	Company's treatment of the remuneration committee's opinions.
March 25, 2021 9th meeting of the Remuneration Committee, the 4th Term	1. Report on 2020 Board Performance Evaluation 2. Proposal to the requirements for the maximum personal salaries to Assistant Deputy General Manager and Deputy General Manager 3. Distribution of 2020 remuneration to the directors. 4. Proposal: Deliberate the 2020 year-end bonus of Chief of Finance Dept,	1. Noted. 2. Unanimous vote by all attending committee members to approve the proposal and submit it to the board for consideration. 3. Unanimous vote by all attending committee members to approve the proposal after amendment and submit it to the board for consideration. 4. Unanimous vote by all	Submitted to the board of directors for deliberation, and approved as proposed.

	Assistant Deputy General Managers and above.	attending committee members to approve the proposal after amendment and submit it to the board for consideration.	
August 10, 2021 1st meeting of the Remuneration Committee, the 5th Term	Deliberate the 2020 employees' remuneration of Chief of Finance Dept, Assistant Deputy General Managers and above.	Unanimous vote by all attending committee members to approve	Proceeded as resolved
December 23, 2021 2nd meeting of the Remuneration Committee, the 5th Term	Proposal to adjust the employees' salaries for 3%, and the Chief of Board's Office (Corporate Governance Officer) the Chief of Finance Dept and other staff as deputy general manager or above are also included.	Unanimous vote by all attending committee members to approve the proposal and submit it to the board for consideration.	Submitted to the board of directors for deliberation, and approved as proposed.

(V) Fulfillment of Sustainable Development and Differences with Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and reasons

Item	Implementation			Deviations from "the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
I. Did the company have established the governance framework for promoting sustainable development a designated unit in charge of promoting sustainable development, and the senior management is authorized by the board of directors for handling, as well as the status of board of directors' oversight?	V		1. The Company has established the "Sustainability Promotion Committee" serves as the highest ranked unit of the company in the field of sustainability promotion. The CSR Secretariat, which is a dedicated unit directly subordinate to the board, assists the Sustainability Promotion Committee in the implementation of various tasks associated with sustainability promotion policies approved by the board. The Chairman serves as supervising member of the Sustainability Promotion Committee. The President and Vice President serve as the chairperson and deputy chairperson of the committee which is comprised of AVPs, division heads, and factory managers. Four subunits (Corporate Governance Promotion Task Force, Sustainability Promotion Task Force, Green Commitment Task Force, and Social Engagement Task Force) have been established. These task forces convene meetings or initiate projects for different issues periodically. Sustainability Promotion results and implementation conditions are reported to the board at least annually. 2. Functions and responsibilities of the Sustainability Promotion Committee: （1）Development and determination of ESG policy directions. （2）Collection and compilation of stakeholder opinions and identification and management of ESG related impacts, risks, and opportunities. （3）Formulation of KPIs and management approaches and regular inspection of ESG performance and goal achievement. （4）Annual reporting of ESG performance and future strategic goals to the board. （5）Regular organization of ESG training. 3. Compilation of sustainability reports and submission to the chairman for review and release.	No deviation.
II. Does the company assess the risk of the environment, society, and issue of management of the company and set up a policy or strategy of risk management, according to principle of importance?	V		The Company has established operating standards related to environmental, social and governance issues and various risk factors, and abided by the standards to conduct risk management to achieve goals such as improving the Company's reputation and risk awareness and providing recommendations for strategic management and decision-making.	No deviation.
III. Environmental Issue				
(I) Does the company set up an appropriate environmental management system,	V		Our plants in Taichung and Miaoli have completed the establishment of ISO 14001 environmental management system and regularly conducted internal	No deviation.

according to the feature of the industry?			audits to ensure the continuous adoption of the practices.	
(II) Does the company dedicate in promoting resource utilization efficiency, and use renewable materials that have low impact to the environment.	V		The Company has introduced its integration policy for production value chain and established the most efficient production and energy process design at the Taichung pant (fertilizer chemicals production base) to fully recycle energy and greatly improve energy efficiency. Taiwan Fertilizer uses recycled materials which have less negative impact to the environment to develop a circular economy. For example, waste fish scales are used to extract collagen peptide powder, and wine lees, decomposed wood chips, biogas digestate and rice straw are made into biotech organic fertilizers.	No deviation.
(III) Does the company assess the risks and chances that the climate change makes to the present and the future of the company, and adapt measures against the climate issue?	V		We understand the significant economic and environmental impacts of climate change caused by operating activities. We have introduced the SIO 14064-1 greenhouse gases accounting system and regularly conducted the GHG inventory to establish target benchmark for reduction and offer energy-saving, carbon-reduction and GHG reduction solutions and improvement measures	No deviation.
(IV) Does the company calculate the emission of green house gas, water consumption, and the amount of waste, and set up a managerial policy of energy saving and carbon reduction, reducing green house gas, reducing using water, or other waste.	V		We have disclosed the GHG emissions, amount of water used and volume of business waste disposal the past two years in our Sustainability report, and gradually reinforced our in-house management with more stringent measures compared with the environmental protection standards to continue promoting energy conservation and waste reduction actions.	No deviation.
IV. Social Issues				
(I) Does the Company establish policies and procedures in compliance with regulations and internationally recognized human rights principles?	V		The Company has notified employees of the international human rights instruments and the domestic Labor Standards Act, the Labor Pension Act and other internal regulations, and published the information in the internal website for employees to examine and follow.	No deviation.
(II) Has the Company established and implemented reasonable employee welfare measures (including remuneration, vacation and other benefits) and appropriately reflected the business performance or results in the employee remuneration policy?	V		We provide our employees with the most comprehensive welfare system, which covers vacations, birthday gifts, social activities and making of work uniforms, and establish an employee welfare committee to offer a variety of subsidies to all employees. We submit proposals to the board to distribute year-end bonuses based on the operating performance. Individual performance bonuses and year-end bonuses are issued based on the appraisal results of individual work responsibilities and contributions.	No deviation.
(III) Has the Company provided employees with a safe and healthy working environment and regularly conducted safety and health training?	V		The plants in Taichung and Miaoli have obtained the ISO 45001 and CNS 45001 occupational health and safety management system certification. In addition, the Company offers health promotion program and holds a variety of health activities and health education seminars to build a healthy and safe workplace for employees.	No deviation.
(IV) Has the Company established an effective career development training program for	V		The Company establish effective career capacity development training programs for employees in accordance with organizational strategies, personal	No deviation.

employees?			performance development and functional enhancement needs, to enable employees to fully realize their potential and improve work quality and performance; In 2021, the trainings conducted include professional functions (labor regulations, real estate regulations, asset management, internal audit and control, building database system), management functions (Chung-Hua Financial and Economic Forum and Chung-Hua Leadership Elite Class), core functions (promotion of preventing workplace sexual harassment, analysis of financial statements, application of office software, self-improvement, promotion of information security, ethical management and philosophy) , employee physical and mental health (interpersonal communication, workplace pressure relief), union training subsidies and other training courses for different functions and aspects.	
(V) Has the Company complied with the relevant regulations and international standards and formulated policies for consumer or customer rights and grievance procedures with respect to consumer health and safety, customer privacy, marketing and labeling of products and services?	V		Article 24 of the Company's Corporate Social Responsibility Best Practice Principles discloses that the practices adopted by the Company for the marketing and labeling or products and services in accordance with regulations and international standards include: 1. Labels of packaging bags and promotional materials for fertilizers are in compliance with the domestic regulations on fertilizer management. 2. The Company's real estate development is designed, constructed and managed in accordance with domestic construction regulations. Marketing and product information labeling of properties for sales or for rent honestly disclose information to consumers and have not violated any relevant regulations and international standards. 3. In order to protect the health and safety of customers, we continue to improve our "Fertilizer Traceability System" and have introduced the ISO 22000 food safety system, conducted internal audits twice a year and external audit once a year and recorded the results on the traceability system of the Ministry of Health and Welfare. 4. In order to reinforce customer privacy and business information protection, we have established a Personal Information Protection Management Committee to formulate protection policies and systems for personal information, and rigorously adhered to the Confidentiality Implementation Measures and the Personal Information Protection Act to protect the Company's trade secrets.	No deviation.
(VI) Has the Company established supplier management policies which require suppliers to comply with regulations on environmental protection, occupational safety and health or labor rights, and reported the implementation?	V		The Company has added the CSR self-assessment or evaluation clauses to the Supplier Management Measures and CSR clauses to supplier contracts, and required that suppliers ensure human rights and pay attention to labor rights. The Company also conducts on-site surveys of main suppliers to understand the status of their evaluation in the environmental and social aspects.	No deviation.

V. Has the Company referred to international reporting standards or guidelines in its preparation of sustainability reports and other reports which disclose the Company's non-financial information? Have the abovementioned reports obtained the verification or assurance opinions from third-party certification organizations?	V		The Company prepares its sustainability report in accordance with the GRI Standards Core Option published by the Global Reporting Initiative (GRI). The BSI Group, an independent and credible standards body, is entrusted with the report, which adopts the AA1000AS (2008) Type 1 intermediate assurance level, and guarantees the authenticity of the information disclosed in the report to ensure the accuracy of the information disclosure.	No deviation.
VI. If the company has its own sustainable development code in accordance with the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies, please describe the difference between its operation and the prescribed code: The Company has established the “Sustainable Development Best Practice Principles,” as the basis for fulfillment of corporate social responsibilities. The Company has constructed three major aspects including governance, environment and society, shaped policies, promoted plans and executed management guidelines. The Company also demonstrates and reports the annual ESG implementation situation to all stakeholders by preparing and publishing sustainability reports.				
VII. Other important information to help understand the operation of sustainable development: 1. In 2020, Taichung Plant implemented three energy saving programs, including “Project to alter the open-style grey cooling tower to close-style in Nitrophosphate (I) plant,” “Altering the cooling water supply pipeline to nitric acid plant as independent proprietary pipeline,” and “replacement of inert gas emission equipment in the liquid ammonia area,” as the promotion of green production in Taichung Plant. 2. For years, TFC has been committed to promote the rationalized fertilizing education, and the model farms for fertilizing. Expenses and human resources have been invested every year, and results are obtained. According to the statistics, in the recent three years, there were 4,484 participants in the promotional events, and more than 35,000 attended farmers. The expenses invested was NT$13,648,928, with total 772 seminars of rationalized fertilizing and model farms, a very fruitful outcome. 3. Since the official establishment in 2007, Taiwan Fertilizer Foundation has insisted the aims to promote the sustainable agriculture development, and advance the living quality of all citizens, with the goals of taking care of farmers and underprivileged groups, and fulfill the corporate social responsibility. In the future, the foundation will keep on working with TFC to make contributions to the agriculture development and education. 4. TFC Foundation has been established to care for agriculture and those who are underprivileged and in need of social welfare, and fulfills the corporate responsibilities, and feeds back to the society in terms of public welfare. Since the establishment of a scholarship and grant program in 2017, a total of 194 students have been awarded, as the talent incubation of the future Taiwanese agriculture, and cultivate the youth power for agriculture villages. Also it seeks to encourage the young students to think about the challenges faced in Taiwanese agriculture operation from all aspects, and be determined to challenge the future.				

(VI) Implementation of Ethical Corporate Management and Differences with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons

Items assessed	Operation			Deviations with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
I. Setting ethical management policies and programs				
(I) Does the company establish ethical management policies approved by the board and have bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures and the commitment regarding the implementation of such policy from the board and the executive management team?	V		The Company specifies its policies and actions of integrity operation in the rules and external documents as follows: 1. We disclose our core value, ethics, in the company profile, three-year business management strategies, and our official website. We established the "Ethical Corporate Management Best Practice Principles" to create a corporate culture of ethical management, build a good risk control mechanism, and sturdily ensure sustainable management and development for the enterprise. 2. The Company prepares sustainability report each year to explain its integrity operation commitment and execution performance.	No deviation.
(II) Has the Company established a risk assessment mechanism against unethical conduct, analyzed and assessed on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and established prevention programs accordingly which at least cover the prevention measures against the conducts listed in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?	V		We have established the Ethical Corporate Management Best Practice Principles which serves as the guidelines at the highest standard and code of conduct for operating activities of Taiwan Fertilizer, its subsidiaries and other investees over which Taiwan Fertilizer has the controlling interest. In order to fully implement the ethical management policy, Taiwan Fertilizer has also introduced the Ethical Corporate Management Best Practice Principles and Code of Ethical Conduct for Directors and Top Executives, the Taiwan Fertilizer Staff Working Rules and the Taiwan Fertilizer Staff Evaluation Measures as solutions for preventing unethical behaviors of personnel at various levels. We have also established the Internal and External Personnel Grievances Procedures which details methods for filing grievances, investigation procedures, protection of whistleblowers and others, and adhered to these policies.	No deviation.
(III) Has the Company defined operating procedures, conduct guidelines, disciplinary penalties and grievance process in the program preventing unethical conduct and put them in practice, and regularly reviewed and amended the program?	V			No deviation.
II. Implementation of ethical management				
(I) Does the Company evaluate the integrity records of the transaction object and conclude the terms regarding the integrity behavior in the agreement	V		Prior to the purchase, the Company evaluates the integrity records of the transaction object and specifies in the purchase agreement, trading agreement, etc. that the object shall, prior to the execution of the	No deviation.

signed with them?			agreement or during the terms of this agreement, never give present to Party A's employee in any form. Should Party B go against the regulations, Party A can terminate this agreement immediately as long as it is discovered and cancels Party B's rights of trading with Party A or contracting Party A's projects. 」	
(II) Has the Company established a specialized unit under the board responsible for the promotion of corporate ethics management, which regularly (at least once a year) reports policies on ethical operations, programs on prevention of unethical conduct and the status of supervision to the board?	V		The board office under the board, the audit office, administration divison of the management department are jointly responsible for promoting corporate ethics management policies and related implementation measures.	No deviation.
(III) Does the Company prepare the policies against interest conflict and provide and implement the proper statement channel?	V		The Company clearly stipulates in its Ethical Corporate Management Best Practice Principles and Code of Ethical Conduct for Directors and Top Executives that the company's directors, independent directors, and top executives shall prevent conflicts of interest involving personal interests or the overall interests of the company. Where it is detected that conduct of employees involves conflicts of interest, such conduct shall be reported to the Audit Committee, managers, internal auditing officers, or other relevant personnel and handled in a confidential manner.	No deviation.
(IV) Has the Company established an effective accounting and internal control system to put ethical operations management into practice and arranged for the internal audit unit to formulate audit plans based on the risk assessment of unethical conduct and audit the compliance to prevent unethical conduct, or commissioned independent auditors to conduct the audit?	V		The Company shall establish its accounting system according to laws and the internal control system pursuant to the "Regulations Governing Establishment of Internal Control Systems by Public Companies." The audit office prepares the annual audit plan for check, and the internal audit shall be reported in written at each board meeting.	No deviation.
(V) Does the Company hold regular internal and external education trainings on ethical management regularly?	V		The Company regularly conducts education and training sessions on ethical management. In December 2021, the lawyers, Lu, Wei-Ming, Li, Yu-Ting, and Huang, Li-Ting from Lexcel Partners Attorneys at Law were invited to give lectures about ethical corporate management and shared the copyright practices; total 96 employees attended.	No deviation.
III. Operation of the Company's whistle-blowing system				
(I) Does the Company prepare the specific whistle-blowing and award & punishment system, establish the convenient whistle-blowing channel	V		The Company has established its Internal and External Personnel Grievances Procedures and accessible channels for filing grievances. Whistleblowers can submit their cases through written letters or emails	No deviation.

and designate a person to deal with the accused?			to a specified address or email box. The audit office is the responsible unit handling the cases. Whistleblowers or those with meritorious performance in handling the cases are rewarded appropriately in accordance with Article 10 of the Internal and External Personnel Grievances Procedures	
(II) Does the Company establish standard operating procedures for investigating the complaints received, follow-up measures to be adopted and the related confidentiality measures after investigation?	V		Article 6 of the Internal and External Personnel Grievances Procedures have stipulated detailed standard investigation procedures and the confidentiality measures.	No deviation.
(III) Does the Company take measures for protecting the whistle-blower from being punished improperly?	V		The whistleblower protection policy is specified in Article 9 of the "Internal and External Personnel Grievances Procedures". It protects the whistleblower from any inappropriate treatment due to whistleblowing.	No deviation.
IV. Strengthening of information disclosure				
Does the company disclose the contents of its Ethical Corporate Management Best Practice Principles and the effectiveness on its website and MOPS?	V		This Company discloses relevant norms and regulations set forth in its Ethical Corporate Management Best Practice Principles as well as educational information and implementation results on its official website. These principles and the Code of Ethical Conduct for Directors and Top Executives are also disclosed on the Market Observation Post System and relevant training courses are organized. Ethical corporate management implementation records are disclosed in annually released sustainability reports.	No deviation.
V. If the company has its own Ethical Corporate Management Best Practice Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please describe the difference between them: The Company prepared Ethical Corporate Management Best Practice Principles as the basis to put integrity operation into practice. Prior to these principles, the Company still abided by the spirit of integrity operation in promoting all of its businesses. The Company will implement the integrity operation in terms of operation and corporate governance by abiding by the items stated herein in order to realize sustainable development.				
VI. Other important information that helps to understand the company's ethical management operation: The operation situation and effectiveness of ethical management of the Company are documented in the annual sustainability report issued each year, available for public reference.				

(VII) Disclosure of Inquiry Ways in Case of any Formulation of Corporate Governance Rules and Relevant Regulations by the Company

1. For more information about the “Corporate Governance Best Practice Principles of Taiwan Fertilizer Co., Ltd.” And” TFC Ethical Corporate Management Best Practice Principles”, please visit our official website:
   https://www.taifer.com.tw/FileUploadCategoryListC005110.aspx?CategoryID=31dadb88-2653-4cc2-834a-0d449891f654

(VIII) Other Important Information Enough to Enhance the Understanding of the Operation of Corporate Governance

1. Pleaser refer to the official site for the CSR (sustainability) reports from 2014 to 2021, available in Chinese and English.
2. The Company approved the amendment to the “Regulations Governing International Control System, TFC” “Detailed Table of Leveled Authorization, TFC” in the 27th meeting, the board of directors of 34th Term on March 25, 2021.
3. The Company has amended the “Key Points of Information Security Management, TFC” on May 3, 2021.
4. In the 28th Meeting, Board of Directors of 34th Term, May 11, 2021, the amendment to partial provisions of “Standard Operational Protocol for Responding to Requests from Directors, TFC” was approved.
5. The Company approved to amend the “Rules of Procedure for Shareholders Meetings, TFC” and the “Procedures for Election of Directors and Independent Directors, TFC” in the shareholders’ meeting on July 28, 2021.
6. The Company approved the amendment to the “Detailed Table of Leveled Authorization, TFC,” the “Board of Directors and Managerial Officers’ Power Division Table, TFC,” and the “Headquarter and Plants’ Power Division Table, TFC” by the resolution adopted in the 3rd meeting, board of directors of 35th Term on November 10, 2021.

(IX) Status of the Execution of the Internal Control System

1. Declaration for Internal Control System of Public Listed Company

Declaration for Internal Control System of Public Listed Company
Showing the effectiveness in design and implementation

(The part following rules and regulations in the Declaration is applicable when all of the rules and regulations are adopted)

TAIWAN FERTILIZER CO., LTD.

Declaration for Internal Control System

Date: March 22, 2022

With respect to the internal control system for 2021, based on the self inspection result, we hereby represent as follows:

I. The Company acknowledges that it is the responsibility of the Board of Directors and the managers of the Company to establish implement and maintain the internal control system, and the Company has established the system for the purpose of providing reasonable assurance of the achievement of such targets as the operating result and efficiency (including profits, performance and safeguarding assets safety, etc.), the financial report reliability and the compliance with relevant statues.

II. The internal control system has its congenital limitation; notwithstanding a perfect design, the effective internal control system can only provide reasonable assurance of the achievement of the above three targets; furthermore, the internal control system effectiveness may vary according to the change of the environment and conditions, provided that internal control system of this Company is equipped with the self supervision mechanism and the Company can take any corrective action in case of any deficiency identified.

III. The Company shall judge the design of the internal control system and the effectiveness of the implementation thereof based on the judgment items of the effectiveness of the internal control system as provided in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as "the Regulations"). The internal control system judgment adopted in the Regulations refers to the management based control process and divides the internal control system into five elements: 1. control environment; 2. risk evaluation; 3. Control job; 4. information and communication; and 5.supervision. Each element contains a number of items. For the above items, refer to the Regulations.

IV. The Company has adopted the above-mentioned internal control system judgment items to examine the design of the internal control system and the effectiveness of the implementation thereof.

V. Based on the preceding examination result, the Company deems that, the internal control system of the Company on December 31, 2021 (including the supervision and management of its subsidiary), including knowing about the operating result and the achievement of the efficiency and targets, financial whistle-blowing reliability and the design of and the implementation effectiveness of the internal control system regarding the compliance with relevant statues, is effective, and it can reasonably ensure the achievement of the above targets.

VI. This Declaration shall be the main content of the annual report and prospectus of the Company and be disclosed to the public. In case of any false or hidden illegal matters, the above content disclosed shall involve the legal responsibilities in Article 20, Article 32, Article 171 and Article 174 in the Securities and Exchange Act.

VII. We state herein that the Statement was approved by the board of directors on March 22, 2022. None of the nine directors present at the meeting expressed any objection, and all of them agreed on the contents of the Statement.

TAIWAN FERTILIZER CO., LTD.

Chairman and General Manager: Huang, Yao Hsing

2. If a CPA is appointed to review the internal control system, the CPA's audit report shall be disclosed: N/A

(X) Punishment to the Company and its Personnel by Law and Punishment to its Personnel in Breach of Internal Control Systems by the Company as well as Major Shortcomings and Improvements over the Recent Years and up to the Date of Publication of Annual Reports: N/A

(XI) Important resolutions at the shareholders' and board of directors meetings in the most recent year and as of the date on which the annual report was printed.

1. Key resolution and implementation of 2021 shareholders meeting (July 28, 2021)

Item	Content	Implementation
1	The financial statements and recognition of final statements of the Company in 2020 were approved. No shareholders proposed disagreement after the inquiry of the chairman.	All shareholders have been mailed to for review.
2	The 2020 Earnings Distribution Plan was approved after no attending shareholder voiced an objection following an inquiry by the chair.	1. Notification has been sent out to shareholders regarding shareholder bonuses and director, and employee remuneration. 2. On August 10, 2021, in the 1st meeting, Board of directors of 35th, the 2020 cash dividends of NT$ 2.3 per share distributable to shareholders; the distribution base date was determined as September 5, 2021.
3	The amendment of certain provisions set forth in the "Rules of Procedure for Shareholders Meetings" was approved after no attending shareholder voiced an objection following an inquiry by the chair.	Announce has been made on the Company's website and the amended regulations are adopted.
4	The amendment of certain provisions set forth in the "Procedures for Election of Directors and Independent Directors" was approved after no attending shareholder voiced an objection following an inquiry by the chair.	Announce has been made on the Company's website and the amended regulations are adopted.
5	Election of the Company's 35th Board of Directors (including independent directors)	The list of elected candidates has been announced and followed up.
6	The proposal to release the corporate shareholder of the 35th Term, Council of Agriculture, Executive Yuan, from the non-compete restriction, was passed with the favorable votes from the attending shareholders and electronic votes.	Proceeded as resolved
7	The proposal to release the director candidate of the 35th Term, Tsao, Chi Hung, from the non-compete restriction, was passed with the favorable votes from the attending shareholders and electronic votes.	Proceeded as resolved
8	The proposal to release the director candidate of	Proceeded as resolved

Item	Content	Implementation
	the 35th Term , Lin, Su Ming, from the non-compete restriction, was passed with the favorable votes from the attending shareholders and electronic votes.	
9	The proposal to release the director candidate of the 35th Term , Weng, Ming Jang, from the non-compete restriction, was passed with the favorable votes from the attending shareholders and electronic votes.	Proceeded as resolved

2. Important resolutions at the board of directors meeting

Month/Year	Content
Feb 2021	I. Approved the convening of 2020 annual general meeting at Armed Forces Officers Club (No. 142, Yanping South Road, Zhongzheng District, Taipei City) at 9 am on Tuesday, June 29, 2021. II. Approved to the operation to accept proposals from the shareholders holding 1% or more stake. III. Approved the nomination period, seats to be elected, and information shall be furnished by nominating shareholder, and the venue of acceptance for the candidates of directors (independent directors included) IV. Approval of the amendments to provisions of the Shareholder Meeting Rules of Procedures.
March 2021	I. Approved the 2020 consolidated and parent-only financial statements. II. Approved the 2020 business report. III. Approved the 2020 earnings allocation IV. Approved the 2020 Declaration for Internal Control System V. Approved the 2020 remuneration disbursed to the Company's directors and employees VI. Approved the Distribution of 2020 remuneration to the directors. VII. Approved the appointment of Chung, Shun Hua, Chief of Board of Directors Office as the corporate governance officer, taking effect on April 1, 2021
May 2021	I. Approved to nominate Mr. Huang Yao-Hsing as the candidate for the election of director of the 35th Term. II. Approved to nominate Mr. Jong-I Hu as the candidate for the election of director of the 35th Term. III. Approved to nominate Ms. Fan, Mei Ling as the candidate for the election of director of the 35th Term. IV. Approved to nominate Mr. Tai, Ko Yuan as the candidate for the election of director of the 35th Term. V. Approved to nominate Ms. Hsu, Min Lin as the candidate for the election of director of the 35th Term. VI. Approved to nominate Mr. Tsao, Chi Hung as the candidate for the election of director of the 35th Term. VII. Approved to nominate Mr. Lin, Su Ming as the candidate for the election of director of the 35th Term. VIII. Approved to nominate Mr. Weng, Ming Jang as the candidate for the election

Month/Year	Content
	of director of the 35th Term. IX. Approved to nominate Mr. Ho, Yen Sheng as the candidate for the election of director of the 35th Term.
July 7, 2021	I. Approved to delay the shareholders' meeting scheduled on June 29, 2021, to July 28.
July 7, 2021	I. Approved to appoint the Chairman, Huang, Yao-Hsing, to be the genera manager concurrently. II. Approved the appointment of the independent directors, Lin, Su Ming, Weng, Ming Jang, and Ho, Yen Sheng as the members of the Audit Committee of the 2nd Term. III. Approved the appointment of the independent directors, Weng, Ming Jang, Ho, Yen Sheng, and Professor Ma, Chen-Chi as the members of the Remuneration Committee of the 5th Term.
August 2021	I. Approved the 2020 cash dividends of NT$ 2.3 per share distributable to shareholders; the distribution base date was determined as September 5, 2021.
October 2021	I. Peng, Shen-Long was promoted to Deputy General Manager and Chief, Administration Division.
November, 2021	I. Revised approval of the 2022 business plan and budget II. Approved the 2022 annual audit program. III. Approved 2021 assessment of the independence and suitability of CPAs. IV. Commission KPMG Taiwan to audit and certify the 2022 financial reports and income tax return and the reporting of the 2021 undistributed surplus. V. Approve the land of D6 block in Hsinchu owned by the Company, would be handle via the establishment of superficies at Hsinchu Science Park Bureau, MOST
March 2022	I. Approved the 2021 consolidated and parent-only financial reports. II. Approved the 2021 business report. III. Approved the 2021 earnings allocation IV. Approved the 2021 Declaration for Internal Control System V. Approved the 2021 remuneration disbursed to the Company's directors and employees VI. Approved the Distribution of 2021 remuneration to the directors.

(XII) Major Contents of Different Opinions of Directors or Supervisors on Important Resolutions with Records or Written Statements as Adopted by the Board of Directors over the Recent Years and up to the Date of the Publication of Annual Reports: None

(XIII) In most recent year and as of the end of this annual report is printed out, the resignation summary of the company's chairman, president, accounting, financial, internal audit, management officers and R&D executives: None

V. Professional Service Fees of CPAs

(I) Professional Service Fees of Certifying CPAs

NT$ thousand

Name of the accounting firm	Name of CPAs	Duration of Audit	Audit fee	Non-audit fee	Total	Remarks
KPMG Taiwan	Tseng, Kuo Yang	2021.1.1~2021.12.31	4,400	950	5,350	
	Lin, Heng Sheng					

Note: non-audit fees: service fee of advising system amendment.

(II) **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:** N/A

(III) **When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed:** N/A

VI. Information on replacement of certified public accountant: None

VII. Where the company's chairperson, 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 of such accounting firm: None

VIII. Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report) by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report.

(I) Information on transfer of shares:

Title	Name	2021		Current year up to May 1, 2022	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	COA	0	0	0	0
	Representative: Huang, Yao Hsing	0	0	0	0
Director	COA	0	0	0	0
	Representative: Hu, Jong I	0	0	0	0
Director	COA	0	0	0	0
	Representative: Fan, Mei Ling	0	0	0	0
Director	COA	0	0	0	0
	Representative: Tai, Ko Yuan	0	0	0	0
Director	COA	0	0	0	0
	Representative: Hsu, Min Lin	0	0	0	0
Director	Tsao, Chi Hung	2,000	0	0	0
Independent Director	Lin, Su Ming	0	0	0	0
Independent Director	Weng, Ming Jang	0	0	0	0
Independent Director	Ho, Yen Sheng	0	0	0	0
President	Huang, Yao Hsing	0	0	0	0
Deputy General Manager	Chang, Chang Lang	0	0	0	0
Deputy General Manager	Lin, Chin Sheng	0	0	0	0
Deputy General Manager	Peng, Shen Long	0	0	0	0
Chief, Finance Dept	Huang, Mei Ling	0	0	0	0
Corporate Governance Officer	Chung, Shun Hua	0	0	0	0

(II) Information on pledge of equity interests:

The counterparty in any such transfer or pledge of equity interests is a related party: None

IX. Information on top ten shareholders and their mutual relationship as spouse or blood relative within the second degree:

Name	Shareholding one self		Shareholding by Spouse and Children of Minor Age		Shareholding by nominee arrangement		Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another as stated in No. 6 of SFAS		Remarks
	Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)	Name	Relation	
Council of Agriculture, Executive Yuan	235,886,376	24.07	0	0	0	0	None	None	
Representative: Huang, Yao Hsing	0	0	0	0	0	0	None	None	
Representative: Hu, Jong I	0	0	0	0	0	0	None	None	
Representative: Fan, Mei Ling	0	0	0	0	0	0	None	None	
Representative: Tai, Ko Yuan	0	0	0	0	0	0	None	None	
Representative: Hsu, Min Lin	5,000	0	0	0	0	0	None	None	
Taiwan Cooperative Bank Co., Ltd.	39,200,000	4.00	0	0	0	0	None	None	
Representative: Lei, Chung Da	0	0	0	0	0	0	None	None	
Chunghwa Post Co., Ltd.	20,258,000	2.07	0	0	0	0	None	None	
Representative: Wu, Hong Mou	0	0	0	0	0	0	None	None	
China Life Insurance Co., Ltd	15,128,000	1.54	0	0	0	0	None	None	
Representative: Saloon Tham	0	0	0	0	0	0	None	None	
Paolyta Co., Ltd	13,146,000	1.34	0	0	0	0	Bao Cang Da Investment Co., Ltd. Wei Chang Investment Co., Ltd.	The same Chairman	
Representative: Lu, Bai Tsang	0	0	0	0	0	0			
Bao Cang Da Investment Co., Ltd.	13,075,000	1.33	0	0	0	0	Paolyta Co., Ltd Wei Chang Investment Co., Ltd.	The same Chairman	
Representative: Lu, Bai Tsang	0	0	0	0	0	0			
Hai Yang Investment Co., Ltd.	12,509,000	1.28	0	0	0	0	Paolyta Co., Ltd	The representative is the director of Paolyta Co., Ltd.	
Representative: Wang, Yun Er	0	0	0	0	0	0			

Name	Shareholding one self		Shareholding by Spouse and Children of Minor Age		Shareholding by nominee arrangement		Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another as stated in No. 6 of SFAS		Remarks
	Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)	Name	Relation	
Financial Department, General Administration Division, Mega International Commercial Bank Co., Ltd.	12,348,000	1.26	0	0	0	0	None	None	
Representative: Koh, Li Wen	0	0	0	0	0	0	None	None	
Wei Chang Investment Co., Ltd.	11,344,000	1.16	0	0	0	0	Paolyta Co., Ltd Bao Cang Da Investment Co., Ltd.	The same Chairman	
Representative: Lu, Bai Tsang	0	0	0	0	0	0			
Nanshan Life Insurance Co., Ltd.	11,101,000	1.13	0	0	0	0	None	None	
Representative: Tu, Ying Tsung	0	0	0	0	0	0	None	None	

X. Percentage number of shares and consolidate percentage of the company, directors, supervisor, managers and the businesses that are controlled by the company directly or indirectly on the invested company

March 31, 2022
Unit: share (NT$); %

Reinvested entities (Note)	Investment by the Company		Investments by directors, supervisors, managerial officers and directly or indirectly controlled enterprises		Total investment	
	Shares (contribution)	Shareholding (capital paid) ratio	Shares (contribution)	Shareholding (capital paid) ratio	Shares (contribution)	Shareholding (capital paid) ratio
TAIWAN YES DEEP OCEAN WATER CO., LTD.	25,763,200 shares	100.00	0	0.00	25,763,200 shares	100.00
PEIFENG TECHNOLOGY CO., LTD.	240,000,000 shares	100.00	0	0.00	240,000,000 shares	100.00
TAIZHUANG ASSETS MANAGEMENT & DEVELOPMENT CO., LTD.	5,500,000 shares	100.00	0	0.00	5,500,000 shares	100.00
TAIFER INTERNATIONAL (SAMOA) GROUP CO., LTD.	0	0.00	1,414,989 shares	100.00	1,414,989 shares	100.00
TAIFER CHEMICAL INTERNATIONAL CO., LTD.	0	0.00	US$ 1,333,494	100.00	US$ 1,333,494	100.00
TAIFER (CAYMAN) INTERNATIONAL GROUP CO., LTD.	1 share	100.00	0	0.00	1 share	100.00
TR ELECTRONIC CHEMICAL CO., LTD.	0	0.00	10,965,000 shares	51.00	10,965,000 shares	51.00
TAIFER (CAMBODIA) CO., LTD.	US$1,254,557	100.00	0	0.00	US$1,254,557	100.00
Al-Jubail Fertilizer Company	6,715 shares	50.00	0	0.00	6,715 shares	50.00
Mitagri Co., Ltd	8,000,000 shares	33.33	0	0.00	8,000,000 shares	33.33
Taiwan Agricultural Investment Co., Ltd.	6,000,000 shares	31.58	0	0.00	6,000,000 shares	31.58

Note:Long-term investments with the equity method.

Four. Capital Raising Activities

I. Capital and Shares

(I) Source of share capital

Month/Year	Issuance price	Approved share capital		Paid-in share capital		Remarks		
		Shares (thousand shares)	Amount (NT$ thousand)	Shares (thousand shares)	Amount (NT$ thousand)	Source of share capital	Property other than cash provided as capital contributions	Others
Aug. 2000	NT$10	980,000	9,800,000	980,000	9,800,000	Capital reserve transferred to capital increase NT$2.8 billion (Note)	None	None

Note: Approved with the Letter (89) Tai-Cai-Zheng (1)No.60387 dated July 12, 2000, issued by Securities and Futures Commission.

Share type	Approved share capital			Remarks
	Outstanding shares (thousand shares)	Unissued shares (thousand shares)	Total	
Ordinary share	980,000	0	980,000	Public listed

Shelf-registration system: N/A

(II) Shareholder structure

May 1, 2022

Shareholder structure / Quantity	Governmental agencies	Financial institution	Other institution	Individual	Foreign Institutions and foreigners	Total
Number of shareholders	7	31	382	70,550	355	71,325
Number of shares held	253,976,490	144,371,747	138,496,651	306,144,215	137,010,897	980,000,000
Shareholding ratio	25.92%	14.73%	14.13%	31.24%	13.98%	100%

(III) Share ownership distribution

1. Ordinary share

May 1, 2022

Classification of shareholding	Number of shareholders	Number of shares held	Shareholding ratio
1 to 999	31,400	1,310,463	0.13%
1,000 to 5,000	31,340	62,191,063	6.33%
5,001 to 10,000	3,938	32,073,699	3.27%
10,001 to 15,000	1,156	15,115,102	1.54%
15,001 to 20,000	898	16,833,273	1.72%
20,001 to 30,000	760	19,810,801	2.02%
30,001 to 40,000	385	13,867,415	1.42%
40,001 to 50,000	270	12,599,901	1.29%
50,001 to 100,000	512	37,628,865	3.84%
100,001 to 200,000	352	50,255,067	5.13%
200,001 to 400,000	133	36,916,936	3.77%
400,001 to 600,000	54	25,834,340	2.64%
600,001 to 800,000	29	20,085,880	2.05%
800,001 to 1,000,000	18	16,337,012	1.67%
More than 1,000,001	80	619,140,183	63.18%
Total	71,325	980,000,000	100.00%

2. Preference share: None

(IV) List of Major Shareholders

May 1, 2022

Shares / Name of major shareholder	Number of shares held	Shareholding ratio
Council of Agriculture, Executive Yuan	235,886,376	24.07%
Taiwan Cooperative Bank Co., Ltd.	39,200,000	4.00%
Chunghwa Post Co., Ltd.	20,258,000	2.07%
China Life Insurance Co., Ltd	15,128,000	1.54%
Paolyta Co., Ltd	13,146,000	1.34%
Bao Cang Da Investment Co., Ltd.	13,075,000	1.33%
Hai Yang Investment Co., Ltd.	12,509,000	1.28%
Financial Department, General Administration Division, Mega International Commercial Bank Co., Ltd.	12,348,000	1.26%
Wei Chang Investment Co., Ltd.	11,344,000	1.16%
Nanshan Life Insurance Co., Ltd.	11,101,000	1.13%

(V) Market share price, net worth, earnings, dividend and relevant information for the most recent two years

Item		Year	2021	2020	Current year up to March 31, 2022 (Note 5)
Market price per share (Note 1)	Highest		NT$ 73.2	NT$ 59.8	NT$ 80.5
	Lowest		NT$ 49.95	NT$ 39.75	NT$ 65
	Average		NT$ 61.48	NT$ 50.91	NT$ 73.22
Net value per share	Before distribution		NT$ 53.7	NT$ 52.36	NT$ 54.79
	After distribution		Not distribured	NT$ 50.06	Not distribured
Earnings per Share	Weighted-average shares (thousand shares)		980,000	980,000	980,000
	Earnings per Share		NT$ 3.10	NT$ 2.50	NT$ 0.79
Dividends per share	Cash dividends		Not distribured	NT$ 2.30	Not distribured
	Bonus share	Shares from earnings	—	—	—
		Shares from capital reserves	—	—	—
	Cumulative unpaid dividends		—	—	—
Analysis of return on investment	Price to earnings ratio (Note 2)		19.83	20.36	—
	Price to dividend ratio (Note 3)		—	22.13	—
	Cash dividend yield (%) (Note 4)		—	4.52	—

Note 1: Setting forth the highest and lowest market price per share of common stock for each fiscal year. And calculating each fiscal year's average market price based upon each fiscal year's actual transaction prices and volume.

Note 2: Price to earnings ratio= Average closing price per share of the year/ EPS

Note 3: Price to dividend ratio= Average closing price per share of the year/ cash dividend per share

Note 4: Cash dividend yield= Cash dividend per share/average closing price per share of the year

Note 5: The market price per share for 2022 is up to March 31, 2022; the net value and earnings per share are the data from the Q1 consolidated financial statements reviewed by the CPAs.

Note 6: The net value and earnings per share are the data of 2020 and 2021 are the figures audited by the CPAs.

(VI) Dividend Policy and Implementation

1. Dividend policy:
   (1) The dividend policy specified in the Articles of Incorporation is as the following:
   Paragraph 3 and 4 of Article 25
   In case where the Company have surplus profit after settling the annual accounts, when allocating its surplus profits after having paid all taxes and dues, shall first set aside ten percent of said profits as legal reserve, and appropriate or reverse the special reserves as required by laws. The sum of such balance with the accumulated undistributed earnings from the previous year is deemed the distributable earnings. However, the special reserves may be reserved or appropriated as the operation requires, and the Board of Directors will propose the earnings distribution to the AGM to distributing bonus to shareholders.
   The Company's shareholder dividends should consider the characteristics of the diversified business, and the changes in the economy, while taking the future capital needs during the life cycle of each product or service, and business development and shareholder rights into account. Unless there are major investment plans, material changes in financial conditions, major operational changes and capacity expansion or other major capital expenditures, the shareholders' cash dividend distribution ratio shall not be lower than 10% of the total dividends for the year, and shall be reported to shareholders' meeting for approval and enforcement.
   (2) The major considerations for distribution of shareholders' dividends include the future funds of the Company, while taking into account of stable dividends and transformation needs of the Company. After deducting the legal reserve and special reserve, at least 50% of the distributable net profit will be distributed principally.
2. The dividend distribution to be proposed to the shareholders' meeting:
   Based on the 2021 earnings distribution proposal by the Board of Directors, the cash dividend is NT$2.8 per share, for total NT$2,744,000,000.
3. Expected significant changes to dividend policy: None.

(VII) Impact of Proposed Bonus Shares on Operating Performance and EPS: N/A

(VIII) Remunerations to employees and directors

1. Employees' and directors' remuneration percentage or range as stated in the Articles of Incorporation:
   Paragraph 1 and 2 of Article 25 of the Articles of Incorporation.
   If the Company records a profit in a year, it shall appropriate two point four percent of the profit as remuneration to employees and not more than one point six percent of the profit as remuneration to directors. However, the amount to offset the Company's accumulated losses shall be set aside in advance.
   The employees and directors' remuneration in the preceding paragraph, shall be resolved by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, and report to the shareholders' meeting.
2. The basis for the estimation of the amount of remuneration of employees and directors in the current period, and the accounting treatment if there is a difference between the estimated amount and the actual bonus paid in shares or cash:

The estimated employees' remuneration, NT$93,903 thousand and directors' remuneration, NT$62,602 thousand, are both estimated on the basis as 2.4% and 1.6% of 2021 profit, respectively, pursuant to Article 25 of the Articles of Incorporation; no remuneration is distributed in shares. In case the actual amount of distribution is different from the estimation, it it s deemed change in accounting estimate, and recorded as the income/loss of 2022.

3. Remuneration distribution as decided by the Board of Directors' meeting:
   (1) Amount of distributed employees and directors' remunerations, in cash or share
   The proposed amount of distribution approved by the Board of Directors (as the following table), are both estimated on the basis as 2.4% and 1.6% of 2021 profit, respectively, pursuant to Article 25 of the Articles of Incorporation; in case the actual amount of distribution is different from the estimation, it it s deemed change in accounting estimate, and adjusted in 2022.

Unit: NT$ thousand

Item	Proposed amount of distribution approved by the Board of Directors
Employees' remuneration in cash	93,903
Employees' remuneration in shares	None
Directors' remuneration	62,602

   (2) Employee remuneration paid in shares as a percentage of the total amount of the current net profit after tax reported in the consolidated or parent company-only financial statements and the total employee remuneration: N/A

4. Actual distribution of employees and directors' remuneration (including distributed cash, shares, and share prices) in the prior year, and the accounting disclosures, treatments and explanations if a discrepancy exists:
   The employees and directors' remunerations distributed for the previous year (2020) were recorded in the expense of the previous year (2020); the actual distributed employees and directors' remunerations are identical to the proposed amount of distribution approved by the Board of Directors

Unit: NT$ thousand

Item	Proposed amount of distribution approved by the Board of Directors	Actual distributed amount
Employees'muneration	74,105	74,105
Directors' remuneration	49,403	49,403

(IX) Implementation of Share Buyback Program

During 2021 and 2022 as of the publication date of the annual report, the Company has not bought back any share of the Company.

II. Issuance of corporate bonds: None

III. Preferred shares: None

IV. Global depository receipts: None

V. Employee share subscription warrants: None

VI. New restricted employee shares: None

VII. Financial Plans and Implementation: N/A

Five.Operation Highlights

I. Business Content

(I) Scope of Business

Taiwan Fertilizer Co., Ltd. has been developing mainly under two major business groups, namely “fertilizer chemical” and “real estate development and investment”. Meanwhile, the internal supporting management of the Company has been structured into five sections according to functions. Descriptions are as follows:

1. Fertilizer and chemical business:

   (1) Fertilizers products:

   Considering industry development trend and government’s policy of promotion friendly agricultural environment, in addition to the original fertilizer, we constantly expand the green agricultural industry towards the organic development of fertilizers as well as develop biotech agricultural products and promote niche fertilizer products. The Company uses the advantages including fertilizers expert experiences and Know-You’s brand value to progressively explore overseas markets; meanwhile, we assess the appropriate collaborative opportunities or investment plans in seeking for new opportunities for the development of fertilizer industry.

   (2) Chemical products:

   Based on the original business in chemical and electrochemical products, the sales, market, and business in chemical products have been expanded by way of integration of upstream and downstream products as well as upgrade to electrochemical products. In the oversea market, the focus has been on the investment in electrochemical products and the penetration of international electrochemical market, both in production and in sales, so that the technology, knowhow, and market shares of our electrochemical products can be enhanced.

   (3) Trading logistics:

   Incorporating the existing procurement business in raw materials, taking advantage of the edge of the special piers at Taichung Harbor along with the planning of free trade zone therein, the Company has constructed a number of chemical storage tanks to further expand the business of import procurement, unloading warehousing, transit trade, while actively transforming into the role of a provider for product integration services and a supplier for relevant raw materials.

2. Real estate development and investment business:

   (1) Development of residential buildings:

   Due to regional environmental changes, the industrial lands of the old factories have been changed to non-industrial lands by the local government, and with city development, the lands have become premium areas. Among them, the land of the Nangang Software Park is the most valuable, while the land of the Hsinchu Science and Commercial Park and the special trade area of Kaohsiung are the second best. Land in these parks can be changed to high-value commercial land use for hotels, shopping malls, offices, etc.

   Currently, the “C2 Hotel and Office Development Project” in Nangang Software Park is under construction. The office part of Building B has obtained the partial usage permit in October 2021 and started leasing; Nangang Software Park C4 Commercial and Office Development Project has started to construct, and TFC ONE Office in Hsinchu Science and Commercial Park is fully leased and in operation.

(2) Business Investments:

Due to the continuous contagion of COVID-19 since the end of 2019, the Company's investment strategy in 2021 focused on strengthening the management of the existing reinvestees while improving the benefits of the existing reinvestments. For instance, the compound fertilizer capacity increased by establishing Peifeng Technology and Fertilizer, greatly helped to regulate the domestic supply-demand of fertilizer. In addition, the Hualien Deep Ocean Water Park not only produces existing deep ocean water related products, but also develops seaweed products. At the end of 2021, a commercial operation model has been successfully built, and gradually expanding the territory of the deep ocean water industry.

(II) Industry Overview

1. Macro Economic Environment

(1) International Economy

With the penetration of vaccination, the international economy has been recovering. However, due to the spread of the new virus variants , the growth momentum has weakened. Based on the latest forecast of IHS Markit in this February (2022), the global economy will grow by 4.06% this year, lower than 5.68% in last year (2021). For next year (2023), it is estimated to grow 3.38%.

The International Monetary Fund (IMF) released an update report of the World Economic Outlook on January 25, 2022, pointing out that due to the spread of a new virus variants and rising inflation, the global economic recovery faces the headwind; meanwhile, the growth of the two major economies, the U.S. and China, both are lower than expected; consequently, the IMF revised down the global economic growth for this year to 4.4%, 0.5 percentage point from the forecast in last October. Developed economies grow by 3.9% this year, while emerging market and developing economies grow by 4.8% this year. In addition, commodity price pressure continues to expand, the current supply chain disruption and energy price hikes will prolong; it is expected the to last longer than the previous forecast. The average inflation in the developed economies is forecasted 3.9%; in emerging market and developing economies is 5.9% for the year.

The current international economy still faces many risks and uncertainties which deserve attention, including the development of the global pandemic, development of the Russia-Ukraine war, rising prices of international crude oil and bulk commodities; heightened inflation, the increased financial vulnerability due to higher global government bonds, geopolitics, and climate changes; all these influence the international economic outlook.

(2) Domestic Economy

The impact of the pandemic on the global economy has gradually eased, strength of the overseas demands expands robustly, as well as the domestic semiconductor manufacturers are expanding the advanced manufacturing processes, Taiwanese companies are returning, and green energy facilities are built continuously; all these continue the investment momentum. Additionally, the basic wages and the salaries of soldiers, public servants, and teachers are raised, with the solid enterprises' profits, the domestic consumptions have been recovering According to the Directorate-General of Budget, Accounting and Statistics, Executive Yuan, the economic growth rate is 6.45% in 2021 and expected to growth by 4.42% in 2022.

In terms of economic indicators, industrial production increased by 10.0% in this January; sales of wholesale, retail, and food and beverage services increased by 11.9%, 6.4% and 8.7%, respectively. The export orders amounted to US$58.87 billion, an increase of 11.7%; the export value was USD39.98 billion, an increase of 16.7%, and the imports value USD35.07 billion, an increase of 24.5%. The trade surplus was USD4.92 billion; the wholesale price index (WPI) increased by 10.83%, and the consumer price index (CPI) rose 2.84%; unemployment rate was 3.61 %.

In January this year, the comprehensive judgment score of the economic countermeasure signal was 36 points, a decrease of 2 points from the revised value of 38 points in the previous month, and the light changed from red to yellow and red; the leading indicator fell slightly, but at the same time, the indicator continued to rise, indicating that the domestic prosperity is still in Steady growth.

2. Recent Status and Development of the Industry

(1) Overview, Development Tendency and Race Condition of Fertilizer Industry:

A. The fertilizer industry, a mature and essential industry with a long history, is closely related to people's livelihood. Recently, the government has implemented the organic fertilizer policy towards the promotion of developing friendly agricultural environment. In the second quarter of 2017, we mainly subsidized major fertilizer compound prepared for organic substance. In the future, the compound organic fertilizer will gradually replace the traditional compound fertilizer.

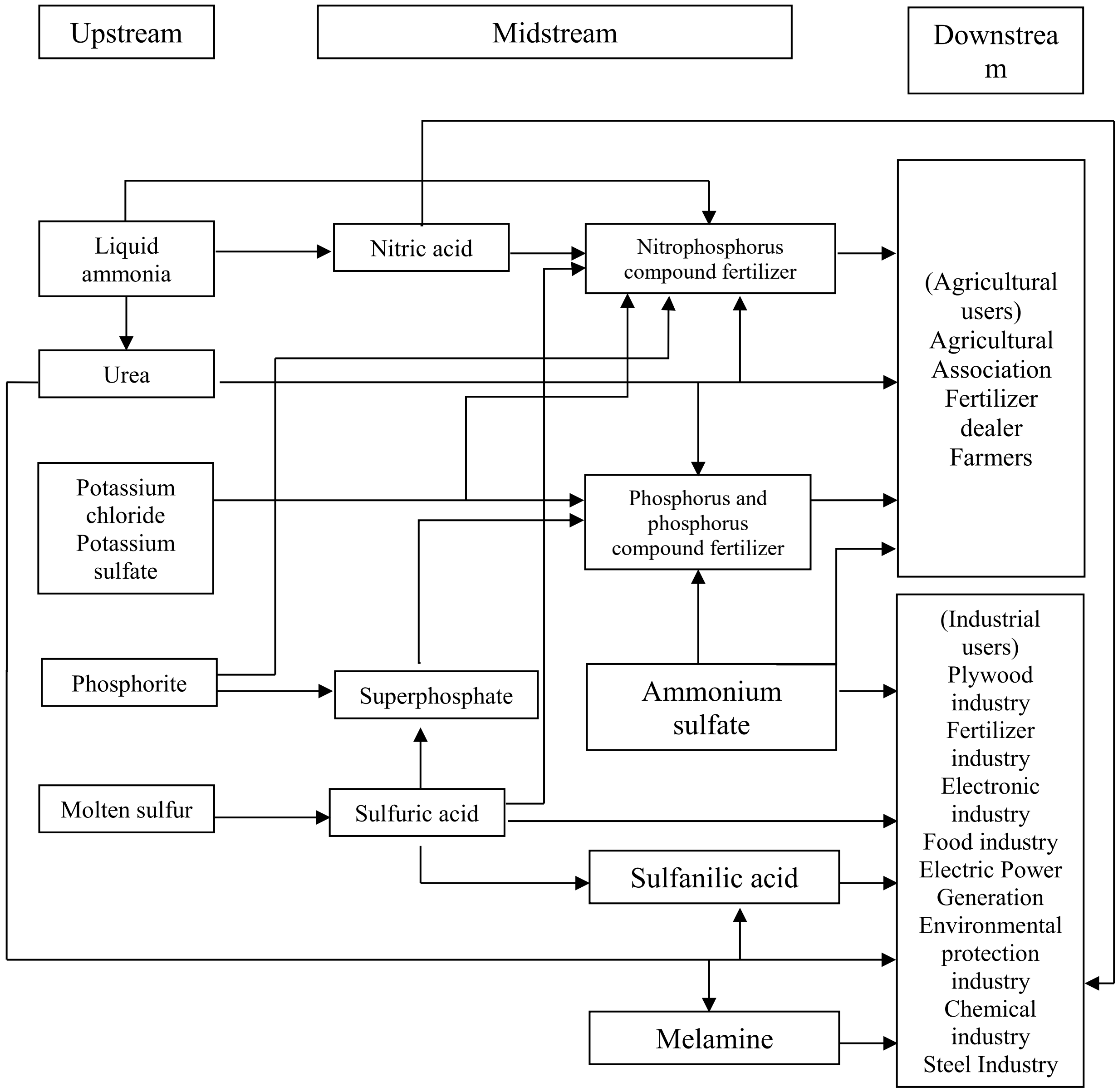
B. There is a lack of raw material for producing fertilizer in our nation, almost all of which are imported. Because the production costs are influenced by the prices of international fertilizer raw materials, we can only be in line with the government's policy of caring for famers. As a result, the prices of domestic fertilizer have been constrained by the government for a long time.

C. Due to the lack of rural labor and rising wages, mechanized farming has gradually replaced manpower, resulting in the demand for compound fertilizers to grow every year, while the demand for single nutrient fertilizers is shrinking year by year. All fertilizer manufacturers are actively fight for the domestic compound fertilizer market, which is also the most competitive product in the market. Furthermore, in recent years, the key development projects in the developed countries have been developed for controlled release fertilizers, biological fertilizers, organic compound fertilizers, and functional fertilizer. New type fertilizers that improve crop quality and fertilizer absorption efficiency of crops have become the focus of R&D.

(2) Overview, Development Tendency and Race Condition of Chemical Industry:

In recent years, Taiwan has been witnessing an outflow and brain drain in chemical industry as a result of scarcity of natural resources and lack of competitiveness therein. At present, all products of the company, except for nitric acid, sulphanilic acid and fuming sulfuric acid, which are subject to transportation and storage restricts on them or their by-products, are still produced in Taiwan. Imported goods have outgrown as the dominant sources for items such as liquid ammonia, industrial urea, etc.; products in downstream market are all supplied to Taiwan to meet internal demand, except for sulphanilic acid that is sold to Europe and America. In the relatively mature and saturated market, it is saturated yet relatively stable.

The fertilizer chemical industry up/mid/downstream relationship diagram



(3) Overview, Development Tendency and Race Condition of Electric-grade Chemical Industry:

Electric-grade chemicals are generally referred to various chemicals that can be used in the process of electronics industry or facility end, the product items include single organic solvents of simple substance, alkaline acid solution of simple substance to formulas of different proportions. At present, the products are used in the processes such as yellow developer, peeling, itching, polishing and cleaning in semiconductor, panel, solar energy and LED industries.

In 2021, the value of output of domestic semiconductor industry has broken through NT$3 trillion and more than 200,000 people are employed by this industry. The value-added rate of this industry has exceeded 50% and it contributes more than 15% GDP of Taiwan. Although the pandemic has caused the global economy to shrink, the IC industry has been benefited from the booming development of 5G, AI, electric vehicles and the at-home economy. The overall semiconductor industry is expected to gradually grow by about 10%. Meanwhile, the "Nation Safeguard," i.e. TSMC, continues to increase capital expenditures, it is expected to drive the upward growth of related supply chains and chemical demands. The panel industry is in supply shortage due to the impact of the pandemic and the order shifting effect of the US-China trade war. The two leading domestic manufacturers, AUO and Innolux, will focus on the existing capacities to continuously adjust the product mixes for obtaining the maximum operating profit; therefore, it will inevitably lead to an upward increase in the demands for related chemicals, consumables and key components. The LED industry market demand is not as expected, and the average prices of chips and packages have fallen sharply. Looking forward to the future, the compound annual growth rate of the LED industry will not be able to achieve the growth of more than 10% as easily as in the past, but there is still room for growth. Taiwan's solar power industry will reduce the capacity of domestic capacity of solar cells, and will vertically integrate their OEM partnerss in the third locations, such as China, Thailand, Vietnam, and Malaysia, taking the development of back-end modules, solar power plants and provisions of overall solutions to customers as the future direction of operations. In nutshell, the demanded volume of the electronic grade chemical products will tend to positve growth trend due to the innovative applications and capacity expansions of various industries; therefore, it is seen that the electronic chemical market still has room to develop.

The electronic grade chemicals are the examples of perfect competition. In addition to our commitments to achieving the quality requirements of different industries and different clients, accordingly, our company needs to deepen product production control, quality assurance, technical support and assistance, and comprehensive after-sale customer service. Besides the existing clients in panel industry, we will upgrade relevant technical capabilities to develop products required by the semiconductor industry and make downward proliferation in seeking solar energy as well as the niche products in LED industry. It is hoped to combine the current self-produced ammonia by Miaoli Plant with the products such as nitric and organic solvents with the capabilities of distillation, formulation, separation and waste liquid recycle, to expand our product range for offering the comprehensive one-stop shopping service.

(4) General Situation and Development Trend of the DOW Aquatic Industry:

Oceans contain abundant resources and energies, particularly deep ocean water (DOW) located more than 200 meters deep. Featured in low-temperature, clean, rich minerals, and nutritious salt applications, the applications of DOW in Taiwan have crossed fishery and agriculture, manufacturing and services, and have been upgraded to the levels of multiphase cold energy utilization, healthy physiotherapy integrating tourism services.

The government has invested the resources in researching the applications of DOW, improved the links between technologies and DOW, enhanced the pilot R&D in the industry and established the DOW technology R&D platform. The Company's Hualien D-Park and the subsidiary, Taiwan Yes Depp Ocean Water Co., Ltd. are the key development enterprises in the Taiwanese DOW industry. Not only constructing a multi-stage algae growing aquaculture of algae and shrimps in-house, The Company also actively invites upstream and downstream industry peers to conduct joint development. It has also established a DOW industry platform to expand the applications and value chain to co-create more value to the industry.

(5) Overview, Development Tendency and Race Condition of Land Development

Industry:

According to the analysis of the Cathay Pacific Real Estate Index quarterly report in Q4 2021, the market of new launched projects in 2021 full year showed a pattern of rising price and stable volume. Comparing to the previous quarter, the prices rose and volume shrank in the real estate market in Q1, but the prices rose and volume was stable year-on-year. In Q2, the real estate market had the stable prices and shrunken volume, and the prices and volume were both stable comparing to the same quarter last year. The rising trend of construction costs was the focus of observation. In Q3, the real estate market recovered as the pandemic eased. In addition, the Central Bank maintained a low interest rate and the market had ample funds, being supportive to the real estate prices. Comparing to the previous quarter, the prices and volume both increased, and both stable in terms of year-on-year comparison. In Q4, the transaction prices of the real estate market rose across the board, while the transaction volume generally remained stable or decreased. The reason was the reluctance to sell construction projects, the difficulties in controlling construction costs, or the higher base for comparison. The performance of the national real estate market was still relatively active.

In nutshell, looking back on the whole year of 2021, the pandemic outbreak in Q2 caused the real estate market volume and momentum to volatile, but the overall volume and momentum remained stable, demonstrating rising price and stable volume.

Commercial building market in Taipei: According to the report of Xinyi Global Assets Commercial Real Estate and Cathay Real Estate Index for Q4 2021, some enterprises faced the pressure to upgrade to new types of working, and bigger office spaces were required, and thus moved to Neihu, Nangagn, or newer office spaces. For the plant-office market in Neihu Science Park, the enterprises with demands for large space have actively moved in to the plant-office in Neihu Science Park, and even fought for the pre-leasing market. The average rent rose slightly to NT$1,206, and the average selling price remained at NT$535,000. Although the vacancy rate of the overall commercial offices in Taipei City remained under 2%, only slightly increased to 1.95%, the rents in various CBDs remained relatively stable, with an average rent of NT$2,351 per $3.3m^2$. The average selling price was driven by the benchmark A-grade offices of each CBD, rising slightly to NT$863,000 per $3.3m^2$. Looking to the future, the development of commercial offices in 2022, while facing a great supply pressing possibly due to the new supply of Nangang, with the insufficient A-grade office, enterprises will be driven to relocate. Whether moving to Nangang from downtown, or filling up the vacancies in downtown offices left by relocated enter prices, the waves of buying, selling and leasing shall be boosted.

Commercial real estate market in Hsinchu City, since 2019, under the influence of the dual uncertainties of the US-China trade war and the COVID-19 pandemic, Taiwanese businessmen returned, and the topic of industrial parks heightened. Many industrial chains have returned to Taiwan to position, and thus chose to expand their factories in Taiwan, which has also indirectly driven the regional job opportunities and employed population.

In the recent years, the global reliance on Taiwanese chip products, also indirectly results in the hugh fund inflows to the commercial real estate market in Hinshu. Hsinchu is a major economic hub for high-tech industries in Taiwan, with an annual output value of trillion NTD to solidify its position in the global economy. The vigorous development of the Science Park not only promotes the continuous increase in demand to lands for high-tech industry, but also drives the development of related upstream, mid- and downstream industries to form complete industrial chains. The corridors on both sides of Gongdaowu Road in Hsinchu City are adjacent to the Hsinchu Science Park and the extent affected by its spillover influence. In recent years, clusters of science and technology factories and offices here have formed a technological innovation industry corridor. In addition, the Hsinchu City Government proposed the “Zhuke X Project-Innovation Industrial Park” project, which obtained the support from the Executive Yuan in July 2020, its industrial strategy of "One Zone, Two Belts, and Three Arrows," combining with the CPC oil depot and the Company's land to be developed, to form a science and technology corridor with the current Hsinchu Science Park, assisting in the upgrading of technology industries in Hsinchu, and deploying the public facilities to improve the environmental quality and increase the incentives for the industries to stay in Hsinchu. The Company has entered the agreement with Hsinchu Science Park Bureau, MOST in December 2021, to provide a development base for high-tech office buildings; the D7-B developed project will be launched soon, to supply the commercial real estate market in Hsinchu City.

(III) Technology and R&D overview

1. R&D expenditure

Item \ Year	2020	2021	Q1 2022
R&D expenditure (NT$ thousand)	66,584	58,695	9,991
Proportion in business volume (%)	0.65%	0.43%	0.24%

2. Achievements in recent 2 years

The Company strengthens cooperation with foreign research institutions, introduces new technology and shortens the R&D period by following the innovative strategies and transformation of scientific technology to enter the high-tech market. We will keep improving our microbiologic fermentation technology, establish enzyme hydrolysis extraction technology, DOW highly economic aquaculture technology, inorganic and organic fertilizer formula, and development of core technologies such as process technology and purification technology for electrochemical products, etc.

(1) Development of biotech fertilizer:

A. Application of agricultural microbial strain - development of biotech fertilizer

The Company, to cope with the government's agricultural circular economy policy, actively invests in the development of organic materials and circular agricultural materials. Since 2020, it has worked with the Far East University, by using rapid fermentation technology, to convert biogas residues into reusable organic materials. In 2021, an industry-academic cooperation project was entered, to develop the technology of rapid conversion of agricultural organic residual materials into organic materials. During the period, the biogas residue after biogas power generation and livestock manure were tested, and by adding various adjustment materials (bagasse, coffee grounds, mushroom bag sawdust, etc.) for rapid fermentation, the odor is significantly reduced, and materials can be reused in organic fertilizer products.

In addition, the Company evaluated the feasibility of applying biochar to fertilizers, or developing new products by integrating microorganisms. In 2021, the industry-academic cooperation project of agricultural technology, "developing microbial fertilizer products applying biochar as carrier" have been proposed with "Kaohsiung District Agricultural Research and Extension Station." The project plans to apply biochar as carrier for microbial agent for its porous feature that provide shields for microbial, to improve the number of bacteria in microbial agents, number of bacteria after applied in fields, and the maintenance of microbiota, for the purpose of ensuring the effects of microbial agents, and developing new type of microbial fertilizer agents. In 2022, the project will conduct field trials to verify the manuring effect of the products, and evaluate the upstream and downstream integration mode of the products, the raw material supply chain, as well as the operation planning and channel layout

In order to improve the functionality and competitiveness of organic fertilizers, the Company commissioned National Chung Hsing University to develop a multifunctional organic fertilizer for controlling Meloidogyne spp. in March 2019, completed the trial of manufacturing the compost inducing actinomycetes groups, confirmed the best composition formula and additive proportions of the usable materials, and screened out the strain number h73 and 20 had the capability to inhibit the incubation of Meloidogyne spp. After two years, it has been confirmed that both strains have phosphorus-dissolving activity. Under the optimum culture conditions, the bacterial count of the fermentation broth may reach more than 10^{10} CFU/ml. The field test of the application of trial product from the compost mass production on the soil planted with tomatoes for two month was conducted. The investigation results showed that in terms of the number of J2 Meloidogyne spp., the fieds treated with inoculum strains No. 20 (16.7 worms/100 g soil) and h73 (10.8 worms/100 g soil) have fewer worms than the field only applied with the trial compost from mass-production (36.0 worms/100 g soil) and the farmers' common treatment (33.9 worms/100g soil), indicating that both strains could reduce the number of J2 Meloidogyne spp. in the soil. Currently, the strain h73 is selected, for the pulmonary acute toxicity and pathogenicity test, commissioned to Agricultural Technology Research Institute, as well as the oral acute toxicity and pathogenicity test.

B. Field validation and demonstration promotion of biotech fertilizer materials

The Company values the deep cultivation and emergence of organic agriculture in Taiwan. In light of improving the development of green capabilities, it actively develops organic materials and fertilizers. In order to provide farmers with high-quality and user-friendly organic agricultural materials, the "Taiwan Fertilizer Organic Demonstration Farm" has been established since 2014. Currently, it has obtained the organic agricultural product verification certificate (1-014-026411) of "NCKU-Agama International Verification Co., Ltd.) After years of using the "Known You Taifer Biopower phosphate-solubilizing bacteria biofertilizer" recommended by the organic agricultural commercial materials and the "Taifei Biotech Organic Fertilizer" series of products, with the organic cultivation experiments of seasonal vegetables and fruit crops (no application chemical fertilizers and chemical pesticides) have been carried out on this farm. The biological control methods are also used jointly to manage pests and diseases, and to confirm the efficacy of the products. At present, 36 kinds of crops have been verified and established for matching fertilization technology with organic cultivation suitable materials.

The Company upholds the active integration of farmers' field practical experience, and has continued to conduct cooperative trials and demonstrations with organic farmers. It has signed a cooperation contract with "Green View Garden" and "Yongchang Organic Farm" as "Taiwan Fertilizer Organic Demonstration Cooperative Farm;" of which, Yongchang Strawberry Farm is a demonstration base for organic strawberry fertilizer cultivation and management. It seeks that through the external cooperative organic demonstration farm as an interaction base, it will expand the promotion of organic and friendly agriculture, and enhance the diversified contribution of agricultural production to the ecological environment.

n order to avoid the impact of compound fertilizer products on the market on chloride-sensitive crops, the Company newly developed "Known You #43 "King Won" Potassium sulfate nitrophosphate organic compound fertilizer" in 2019. The product contains "sulfur" element, effectively improving the quality of produces, while reducing the impact of chloride ions on the soil, and mitigating the degree of soil acidification. In 2020, the fertilizer has been added microorganism, improving the utilization of phosphate fertilizers and promote crop growth. It has been upgraded and developed into "Known-You King Won #43 phosphate-solubilizing bacteria fertilizer." The new product "Baulijia," the potassium sulfate fertilizer with high potassium content to meet the demand of increase quality during the fruit enlarging period for the fruit trees.

To enable farmers to have a deeper understanding of new fertilizers, in the recent two years, the farmers are led to understand and use new products via the demonstration in the collaborated field trials, the trial crops include: fruit trees: wax apples, grapes, Wendan, avocados, persimmons, honeydew melon, honey tangerines, and barrel tangerines, Indian jujube, and guava; vegetables and fruits include garlics, green onions, onions, small tomatoes, cucumbers, sweet potatoes, asparagus, melons, honeydew melons, and carrots, and special crops include teas and sesames. The trial results shows that by using King Won series fertilizer along or with "Baulijia," it promotes color-turning for fruits, sweetening, increasing yield, increasing the yield of green onions with more upright and stiff tubes, early harvest of onions, the color, maturity, and volume of the sesame seeds become better, larger root tubers of sweet potatoes with early harvest, and better tastes of teas.

Other than the aforesaid products, the Company also developed the microbial fertilizer products, "Known-You TFC Biotech soluble #1 bacillus safensis fertilizer" and "Known-You TFC Biotech soluble #43 bacillus safensis fertilizer" by combining bacillus safensis in soluble compound fertilizer in 2021. Both products are listed in the "Recommendation List of Microbial Fertilizer Brand Produced Locally," providing subsidies to the farmers who purchase the products.

(2) Development of biological pesticides

In response to the rise of safe and organic agriculture, the Company is committed to the development of environmentally friendly, non-toxic, and safe agricultural microbial agents. In 2013, the transfer of "bacillus amyloliquefaciens Ba-BPD1" patented strains and technology from the "Taiwan Agricultural Chemicals and Toxic Substances Research Institute, Council of Agriculture, Executive Yuan" successfully developed "Taiwan Fertilizer Nongzhonghe", a new agricultural pesticide product. In August of 2018, it was certified by the review and assessment and acquired the agricultural pesticide permit (NonyaoZhi Zi No. 06345) The product has the effective ingredient (the number of spores) over 1×10^9

CFU/m, and meets the requirement of a water suspending agent. It can be used to prevent gray mold on strawberries, vegetables, flowers, and other crops, and features the advantages of high safety, non-toxic, free residue tolerance, and is applicable during harvest. It not only reduces the occurrence of resistance, but also reduces the use of chemical pesticides and residual risk and help to ensure the safety of agricultural products. Furthermore, in order to expand products' scope of use, the Company commissioned the Agricultural Technology Research Institute to conduct assessment and experiments of "Taiwan Fertilizer Nongzhonghe"preventing the bacterial wilt of tomato in June 2020. The trial results showed that by infusing Nongzhonghe to the targeted the infected tomato cultivar Known You 301, with the pathogenic germ concentration 10^7cfu/g in higher than continuous cropping field in the medium, the development of bacterial wilt might be delayed for one week or more. Currently, the field efficacy is proposed to the “Agricultural Chemicals and Toxic Substances Research Institute,” and the trial will be conducted upon the completion of field trial design review.

(3) R&D of functional amino acid probiotic materials

In order to expand and develop the Company’s agents of fertilizer and pest management, we take the high value crops, strawberry, in Miaoli area, developing the supporting application of fertilizer agent and the safe agricultural cultivation techniques without using pesticides during the whole process. Since 2017, we have used the strawberry production techniques from Japan's Miura Farm and conducted an industry-academia collaboration project, "Trial plantation of Japanese style safe strawberry cultivation management method", with Yuanpei University of Medical Technology to verify the possibility of producing healthy and safe strawberries in Taiwan. The trial is implemented on elevated strawberries on the farm using the Company's Biopower Stimulants series, and the performance results have been good. The collaborative experiments with Japan's Miura Farm found the effects of amino acid, and we applied this experience on the probiotic amino acid compound fertilizers for vegetable and fruit crops to be developed with Miaoli District Agricultural Research and Extension Station in 2019. Beside amino acids, the product contains beneficial bacteria with the characteristics of biological fertilizers displays broad-effect resistance to bacteria. Based on the data provided by Miaoli District Agricultural Research and Extension Station, the compound formula of "amino acid + bacteria + fertilizer" has improved the weights of cucumbers, tomatoes, and green peppers, and sugar content of small tomatoes, and significantly different from he formula of "bacteria + fertilizer." In 2021, he Miaoli District Agricultural Research and Extension Station has completed the scale-up mass production test of the target strain Bacillus velezensis MLBV19-3 in a five-ton fermentation tank. The freeze-drying process produces bacterial powder with a bacterial count of 5×10^9 CFU/ml, which can be used as the reference to the conditions of the mass production of bacterial powder in the future. Moreover, the microbial MLBV19-3 strain has passed the animal toxicology test of GLP oral and pulmonary respiratory toxicity, proved to be a safe strain. The premilinary position of the product application is for continuous crop harvesting, quality improvement, nutrient supply and disease prevention.

(4) Deep seawater for aquaculture application development:

The Company has also applied the three major DOW features, low temperature, cleanliness, and rich in nutrient salts to establish the outdoor large algae production module for the mass breeding technology of different edible algae with nutrient sources in Taiwan, such as sea lettuce, sarcodia montagneana, Ulva

Prolifera and others. The Company conducted an industry-academia collaboration project on "Ulva prolifera seedling and lifecycle control research program" National Taiwan Ocean University in 2019. The ulva prolifera seedling, conservation, and molecular sequencing analysis and identification technologies are established, with the completion of basic cross-breeding seedling SOP for ulva prolifera. Later, the Company has been improving the installation of ulva prolifera seedling, production, and processing process, and condition tests. In 2021, the estimated annual production volume of processed dried algae would be more than 1.5 tons in 2021, with high quality algae powder. In the future, the optimization of farming conditions for ulva prolifera, ulva polysaccharides, and sarcodia ceylanica will be improved with the expansion of mass-production scales. In addition, new species of algae - codium algae and halymenia ceylanica have also been collected in the wild; currently, the development of farming conditions and species conservation are in progress.

For the shrimp farming, in 2019, Fisheries Research Institute’s "SPF shrimp seedling cultivation technology" had the technology transfer; the Company has been stationed in the Fisheries Research Institute to learn selection of seed shrimp , maturation, shrimp seedling cultivation, microalgae culture and virus detection technology. In 2020 in the Hualien Factory, the existing plant has been altered to the SPF seed shrimp and shrimp breeding center. The shrimp breeding pond, the nursery pond, the microalgae cultivation area and the bait biological cultivation area have been installed. For the Shrimp cultivation (Thailand CP strain and Donggang Fishery Research Institute KB strain) the eyestalk-cutting ripening test has been conducted. The current technology has succeeded in oogenesis. However, mating of seed shrimps has been poor; after numerous tests, the breeding of seed shrimps has not yet exceed the breeding goal.

In 2020, the Company cooperated with Sun Yat-Sen University to conduct the intelligent breeding system applied to shrimp farming test. The automatic feeding machine and water quality monitoring equipment are installed. The current water quality monitoring record is generally stable, the pH is maintained between 7.3-9.1, and the ORP is maintained at approximately between 200 -350, and dissolved oxygen is maintained at 3.2-6 ppm. In 2021, the underwater aquaculture monitoring system was applied to collect data on white shrimp farms, including water quality, feed identification, shrimp identification, shrimp length and weight, and pond-bottom videos. Thousands of data were collected, and the growth process of white shrimp was completely recorded, from digestive tract images, data are collected for easier identification of the relationship between feeding volume and method, and eating behaviors and the health of white shrimp. The multi-period feeding and residual monitoring are beneficial to grasp the parameter setting of the best automatic feeding, while avoiding excessive feeding resulting in deterioration of water quality, and streamlining feeds to increase FCR.

(5) Algae Polysaccharide Extraction Technology Research and Development:

The Company commissioned National Taiwan Ocean University to develop "Extraction of algal polysaccharides from large Ulva lactuca nurtured by deep ocean water" in October 2018. The technical transfer of "Ulva Polysaccharide Extraction Technology" was done in 2020, to collaborated with the Hualien plant for adjusting the procedures for deep-sea aquaculture of ulva polysaccharides, for the stably supply of fresh ulva polysaccharides raw materials for extracting ulva polysaccharides. Several batches of trial mass production have been conducted, and the polysaccharide extraction analysis includes total bacterial count, escherichia coli, salmonella , staphylococcus aureus, moisture, and electrical conductivity. The samples were sent to National Taiwan Ocean University, Super Laboratory, and SGS Taiwan for relevant inspection, in order to prescribe the certificate of analysis (COA) of ulva polysaccharide, and the production process will be optimized later, targeting meeting domestic demand.

(6) Development of purification technology for electrochemical products

A. Research of EBR (PGMEA) phase splitting and esterification technologies

EBR (Edge Bead Removal) is a chemical mixture composed of propylene dimethyl ether acetate (PGMEA) and propylene glycol methyl ether (PGME). It is an excellent organic solvent in the semiconductor industry. Based on the trend of waste recycling, and in recent years, the Company's Miaoli Factory has made breakthroughs in chemical purification technology research, while the quality of recycled products being recognized by customers. Therefore it plans to recycle, purify and reuse EBR waste liquid. In 2020, the Company collaborated with the ITRI for "EBR Purification Technology Development." The goal was to separate and purify PGMEA and PGME. The PGMEA purification technology has been established in labs, successfully purifying the PGMEA waste liquid to the semiconductor solvent grade (purity ≥99.5%, moisture ≤0.03%, chromaticity ≤ 10, and the metal content (20 metals such as Na, Ca, Fe, etc.)≤500 ppt), passed the third-party COA verification, and completed the semiconductor factory introduction verification approval. During September 2021 to 2022, the Miaoli Factory conducted the installation and development of the production lines related to the technology. T-9 Plant is planned as the factory esterifying and producing PGEMA. The ITRI will assist by participating the related construction, design, and production commissioning.

B. Development of technology to purify industrial-grade hydrochloric acid to electronic-grade.

In order to enhance the diversification and competitiveness of the electrochemical products of the Company's Miaoli Factory, and achieve profitability goals, the Company has planned to implement the "technical development for purification of industrial-grade hydrochloric acid into IC-grade hydrochloric acid." The contract was signed with ITRI in 2020, by using 32% industrial grade hydrochloric acid as the raw material, the hydrochloric acid gas over 99% is generated through the azeotropic process, and then absorbed by ultrapure water to produce 36% IC grade hydrochloric acid products. The basic design data, including P&ID drawing of electronic-grade hydrochloric acid purification process, material balance table, and equipment list are completed.

C. Development of the technology to distill and purify crude MDI to pure MDI:

Methylene diphenyl diisocyanate (MDI) is the main raw material for producing polyurethane (PU), and widely applied industrially. MDI may be divided as poly MDI and pure MDI, and the latter has higher economic benefits. The Company worked with the ITRI for the development of the technology to distill and purify crude MDI to pure MDI and poly MDI since November 2020. Based on the lab distillation test results, the basic design drawings, including PFD, PID, material balance and layout, will be completed.

(7) Operational evaluation of deep ocean water ultrafiltration systems

The turbidity of deep ocean water at the Company's Hualien Factory was affected by typhoons, earthquakes, among other factors, and thus the existing filtration and treatment equipment became unable to supply water for algae and white shrimp aquaculture. Consequently, since 2020, the ITRI was commissioned to evaluate the engineering planning and design service for treating highly turbid deep ocean water. Not only analyzing water quality, the commission also includes conducting ultrafiltration function tests, by comparing the treatment efficiency of three ultrafiltration membrane materials in different turbidity feeds, to screen the most suitable membrane materials, for the 30-day continuous ultrafiltration test, to evaluate the water quality and flux stability of the produced water. At the end of 2021, the basic design of the ultrafiltration system was completed. The results of this project will serve as a reference for the future application plan for the Hualien Factory to improve the turbidity of deep ocean water.

(IV) Development plan of medium and long-term and short-term business

Category	Short-term business	Medium and Long-term business
Fertilizer industry	(1) To stabilize the existing industry, strength after-sales service, continuously improve fertilizer quality so as to satisfy quality requirements of customers. (2) To separate the market, develop and introduce niche products and keep promoting fertilizers with high additive values so as to increase sales income. (3) To improve packaging quality, strengthen advocacy of new fertilizers, establish test, demonstration and explanation sessions in highly economic crops area of entire province in order to increase the additive value of products. (4) In line with the Southward Policy of the Government along with the global deployment through the construction of ten Plants in the West, work has been undertaken to integrate the industry need of the domestic market, as well as to redirect the excess of fertilizer capacity from domestic market outwards via exporting so as to lay out a foundation for the target oversea markets.	(1)To continuously develop high-technology organic fertilizers in coordination with development of organic agriculture. (2)To refine the agriculture development in order to promote high-component and high-quality fertilizers.
Chemical industry	(1)Anhydrous Ammonia: the downstream demands for supply source shall be stabilized based on the advantages of storage tank. (2)Industry urea: Packing and delivery shall be finished in Taichung Plant to reduce secondary transportation risks on the way to Miaoli Plant and market share shall be expanded flexibly.	(1)Anhydrous Ammonia: A complete supply chain has been established at Taichung Factory to satisfy customers' needs. (2)Nitric Acid: Taichung plant has the capacity to stabilize the supply to meet domestic clients' demands. We expect to expand our 68% thickening program in the

Category	Short-term business	Medium and Long-term business
	(3)Nitric acid: the output of nitric acid is increased after operation of Taichung Plant, which can help expand domestic and overseas markets. (4)Melamine: the delivery-to-shop service shall be promoted to solidify the market share with quality and service. (5)Sulfamic Acid: the quality and service shall be improved to stabilize supply and delivery time and increase the market share in Europe and American market. (6)Sulfuric acid and Oleum: the marketing shall be promoted based on competitive price and acid recovery capability in coordination with the remaining capacity of fertilizer. *As the domestic sulfuric acid is oversupplied with collapsed market price, it is deemed that there is no room for the Company to enter, and thus the sales of sulfuric acid is suspended since 2021.	second half year of 2018 as soon as the thickening plan is completed for expanding our market scale. (3)Sulfa Acid: We adopted the outsourcing mode to reduce the production cost. And, we will continue maintaining the close contacts with clients and progressively explore the southern European markets (Spain/ France/ the UK). (4)Fuming sulfuric acid: Currently outsourced to reduce the production costs. The sales and profits can both be stable when the economic conditions are normal. (5)Melamine, industrial urea: It shall be moved to Taichung Plant in coordination with warehousing to improve product quality, quantity and concentration, and continues to serve its customers, so as to expand the market.
Electronic grade chemical products	With the aim to take full advantage of the maximum synergy of Miaoli Plant, semiconductor industry will be entered proactively to expand sales of electric-grade chemicals in addition to activating existing production equipment, developing solvent product recovery and regeneration and purification business and increasing capacity utilization.	With 3 acids and 1 alkali as the development focus, number of self-produced items will be increased and processing quality assurance ability will be improved; R&D technology class will be strengthened and after-sales service and customer relation management will be deepened; technical capacity will be improved upwards to serve IC industry customer base and product scope will be spread downwards to solar and LED industries; and competitive niche products will be produced, in order to enhance the overall profitability.
Deep ocean water industry	The Company's phased and partition development of the Hualien Deep Ocean Water Park Area with self-built breeding aquatic products and process industry has actively introduced external resources for leasing and industry-university collaboration. Moreover, the re-investee, Taiwan Yes Deep Ocean Water Co., Ltd, continuously researches and develops deep ocean mineral applications and the	Continue to cooperate with the government to promote the Hualien Deep Ocean Water Industry Corridor Planning, to use the relevant land and industrial resources of the Hualien Deep Ocean Water Park as the extended hinterland of the National Marine Resources Museum, to fully exert the synergies of “store at the front, plant at the back,” and achieve

Category	Short-term business	Medium and Long-term business
	establishment of a marketing network both nationwide and worldwide.	the development for co-prosperity of the DOW industry.
Land development	(1) The Development Project of TFC ONE in the Hsinchu Science and Commercial Park: the commercial and office building has been 100% leased. (2) The first phase of the rezoning of Hsinchu City: it is expected to be approved in 2022 to dissolve the rezoning committee. (3) The second phase of the rezoning of Hsinchu City: the land allocation, post-rezoning land registration and other operations have been completed. It is expected to complete the acceptance of re-zoning constructions, take-over, and financial settlement in 2022. (4) D7 development Project for Hsinchu Science and Commercial Park: the D7-B development project has been started to accommodate the overall land planning of the Science and Commercial Park. (5) The C2 Development Project at Nangang Software Park: the partial usage permit of Building B and basement is completed; the merchant recruiting operation is in progress, and continuing to actively construct Building A and C (6) Nangang Software Park C4 Development Project: to cope with the passenger bridge and the addition of the rewarded floor area, the first change to the construction permit has been completed; the construction will resumed.	(1) Kaohsiung Special Trade 7C Land Development Project: The Kaohsiung City Government has started the rezoning of the city, and the development can be carried out after the rezoning is completed. (2) Hualien Land: Continue to develop toward the deep sea water park, and plan to introduce related industries as the main development axis to increase the land utilization rate of the park to increase revenue. (3) The C2 Development Project at Nangang Software Park: the buildings are expected to obtain all the usage permit in 2022; afterwards, the decoration of the hotel at Building A and C will be completed, and commenced for operation, and full leasing of the office building are expected to be completed as well for the sustainable operation. (4) The C4 Office Building Development Project at Nangang Software Park: the construction of one office building has been completed, and the full completion is expected no later than 2025 for fully leasing of the office building and sustainable operation.

II. Overview of market and production & sales

(I) Market analysis

1. Sales area

Category	Product name	Sales area
Fertilizer products	Ammonium sulfate, Urea, Potassium chloride Calcium superphosphate, Compound fertilizer, and Organic fertilizer	Taiwan
Chemical product	Industrial urea	Taiwan
	Liquid ammonia	Taiwan
	Nitric acid	Taiwan and Southeast Asia area, Mainland China
	Melamine	Taiwan, India
	Sulfanilic acid	European and the US areas
	Sulfuric Acid and Fuming sulfuric acid	Taiwan
Electronic grade chemical products	Ablution, etchants, organic solution, inorganic acid solution	Taiwan and Southeast Asia area, China
Land development	Real property development	Taipei, Hsinchu, Kaohsiung, Keelung, Hualien and etc.

2. Market share, future supply and demand and growth

(1) Fertilizer products

Regarding fertilizers required in the domestic market, apart from urea and potassium chloride which are totally reliant on imports from abroad as None is produced here at home, the rest of the fertilizers can all be produced here at home by domestic fertilizer manufacturers once raw materials from are imported from abroad. The Company has the rich experience, largest output and most complete production equipment of fertilizer in Taiwan with the quality of all products is better than others, making our products more competitive.

(2) Chemical product

A. Industrial urea: Since the discontinue of the production of urea, the existing key accounts of the Company then started to imported the products for their own use or resale, becoming the main competitors against the Company. In recent years, as the downstream industries are outflowing abroad, the demand in the domestic market has gradually been shrinking where agricultural urea has become a substitute; hence, selling Industrial-grade urea is becoming increasingly difficult and challenging.

B. Liquid ammonia: the three major importers of liquid ammonia in Taiwan are TFC, Sinopec, and Formosa Plastics. However, Sinopec is not equipped with its own storage tank (New storage tanks will start operation in 2023.); Formosa Plastics is unable to sell domestically due to its location at the Mailiao Industrial Harbor. Hence, the Company has become the exclusive supplier of liquid ammonia in Taiwan, and the sales and market has been relatively stable. The electronics industry constituted the largest business dealing in the current downstream pipelines. If the global economy continues to develop stably, there shall be more room for growth. Noticeably, some downstream industries are facing competition against China, it is seen that production is unstable or may tend to be migrated elsewhere.

C. Nitric acid: 61% of the total nitric acid produced by our company is a converted to the compound fertilizer. The fertilizer production requires about 100 thousand tons of nitric acid, and about 65 thousand tons of nitric acid can be sold to the market. In recent years, the competition between the imported and the domestic competitors, we are facing a fierce market competition. Also, the 68% thickening program was completed in the second half year of 2018, and the exporting volume in the past two year has been increasing.

D. Melamine: After the Company stopped producing melamine, our existing large clients have imported it by themselves as well as sold it, so they've become the Company's main competitors in the perfectly competitive market. Additionally, coupled with the decreased demand as a result of gradual migration of downstream industries and toxic substance control, the Company's domestic sales of melamine have been impacted subsequently.

E. Sulfamic Acid: The major export market is Europe and America with annual sales volume of about 12,000mt. The production of sulfuric acid worldwide is about 190,000 tons, and demand on it is about 150,000 tons. The production is obviously exceeding the demand. The competition has been seen among Taiwanese, Chinese, and Indonesian manufacturers which are not slow on trading at competitive prices and squeezing their profit margins.

F. Sulfuric acid and Oleum: The products supplied by the company face the competitions from other domestic manufacturers and the market competition is fierce.

(3) Electronic grade chemical products

So far, the Company has low market share in electric grade chemicals. With regard to future strategy, products relevant to ammonia and the core industries, acid-alkaline series, will be focused on. In addition to mastering raw material advantages and enhancing competitiveness and serving as an upstream supplier, the Company will also integrate its existing resources, improve its equipment utilization ratio, reduce production cost and strengthen its R&D ability and produce products of niche formulas. At the same time, it will compete with peers in order to supply customers directly and thus achieve higher profits.

3. Expected sales quantity

The estimated sales of fertilizer products in 2022 is 685 thousand tons; 150 thousand tons of chemical products; 150 thousand charge-offs of Al-Jubail Fertilizer Company Urea; 17 thousand tons of electronic grade chemicals.

4. Niche for competition

(1) Fertilizer products

A. As the largest fertilizer manufacturer and supplier, it has a long history and owns the leading brand in market.

B. The quality is reliable, which has passed CNS Mark and ISO 9001 certification, and the products are trusted by farmers.

C. Product differentiation: We have Taiwan’s one production equipment producing nitrophosphate organic compound fertilizer, and we have also successfully developed the technology of adding peat, and its patent has been applied in many countries. The product quality and the effect are superior to the product produced by domestic competitors.

D. With completed, various products, it can meet clients’ demand for one stop shopping by self-producing or importing.

E. The after-sales service network is available through Taiwan, we have business centers, north, central and south. Our service agents are available for every country nationwide and they provide comprehensive and real-time after-sales service. We also have numerous delivery centers.

F. The business conditions are mastered exactly and purchase conditions for raw materials are superior to those in same industry.

G. The teams for R&D, advertising progressively can provide high-tech products creatively, continuously and deal with tests for fertilizer efficiency and explanation session for new products all over this province so that the capacity of product development, advertising is superior to that in same industry.

(2) Chemical product

A. Nitric acid: our 61% nitric acid has large production capacity but low lower cost; the domestic market channel of which is stable.

B. Liquid ammonia: A dedicated storage tank is available through the Company which is the only supplier of this kind in the domestic market.

C. Sulfamic Acid: With certain popularities and stable market share, the Company has operated chancels of European and American markets for a long time.

D. Melamine: With stable supply and good quality, the Company owns basic domestic clients.

E. Industrial urea: As the sole manufacturer previously, the Company has established good brand reputation and keeps favorable interactive relationship with upstream clients and downstream clients. At present, the imported products can supply domestic markets with sufficient supply of goods, which can meet clients' demand for goods without stock-out.

F. Sulfuric acid and Oleum: The supply of goods in our company is stable and the quality is reliable.

(3) Electronic grade chemical products

A. Based on core of the Company and relevant products in this industry (such as ammonia, 3-acid 1-alkali, etc.), the Company can reinforce competitive force by using, mastering niche of raw materials and reducing costs of production.

B. Equipped with the distillation, blending, and split charging OEM capacity of solvent products, and various technical capability and permits to recover and reuse waste liquids.

5. Favorable, unfavorable factors and countermeasures for development:

Category		Favorable factors	Unfavorable factors	Countermeasures
Fertilizer products		(1)The domestic fertilizer market was freed from January 2003 and all owners compete for competitive conditions. The Company is more excellent that those in same industry at the aspect of quality, costs of production, marketing channels, advertising and after-sales service. (2)With improvement of knowledge, the farmers require creation and change, especially in great demand of new fertilizers with special functions and the advanced R&D teams in our company can promote new products in order to meet farmers' demand appropriately (3)Since the 2nd quarter of 2017, the government has been subsidizing the compound fertilizer added with organic agents and this is beneficial to the quality upgrading of our company's traditional compound fertilizer and the development of completely organic compound fertilizer.	(1)Since the domestic fertilizers are scarce and all raw materials depend on importation, the costs of production are quite high and easily affected by international price and fluctuation of ocean freight so that the costs of fertilizers cannot be reflected without allowance of government. (2)In order to keep the supply and demand of domestic chemical fertilizers, the government noticed that export sales of fertilizers should be approved by Council of Agriculture previously from May 2008 to restrict exportation of fertilizers. (3)Our company in line with government's policy of taking care of farmers, the fertilizer prices have been constrained for a long time.	(1) Adjust combination of products, improve sales profits, continuously improve quality of products, reduce costs of production and increase competitive power of products. (2)Develop basic, multifunctional and excellent products, such as including beneficial microbial fertilizer, organic compound fertilizer, etc., to keep difference of products, improve added value and meet clients' demand. (3)Promote excellent organic fertilizers to meet strong demand of consumers for organic agricultural products. (4)Improve service for clients, including demonstrational popularization, field trial, result review and emulation, initiation and education for fertilizers, rapid treatment for clients' complaints, explanation session for new products, sample presentation for trial, plant visit, etc.
Chemical product	Industrial urea	(1) As the unique domestic manufacturer, the Company has established good brand reputation and leading position. (2)The supply of goods is sufficient, which can meet clients' demand and	(1) Since the Company stopped producing urea and the government approved free importation, some bigger clients of the Company started to import freely for self-use and sales and	(1) Master international urea market for cheap, excellent and sufficient goods. (2) Regulate favorable price, compete for clients or provide differentiated service by delivering goods to

		get rid of anxiety for stock-out.	competed for urea market. Besides, they owns equipment for self-storage and packages to reduce costs, which is quite unfavorable to the Company. (2) Many Taiwan's manufacturers have relocated to the Mainland China - resulting in the reduced demand on the industrial urea in the domestic market. (3) Since the urea is approved to import freely, the quality and price compete strongly or "agricultural" urea may be used for replacing "industrial" urea, the market order is affected.	stores. (3) Compete for large, medium or small manufacturers which use raw materials.
	Liquid ammonia	(1)Though Liquid Ammonia is allowed to import freely, yet specialized wharf, large capacity storage tank and unloading, storage equipment is needed specially for importing Anhydrous Ammonia. At present, only the Company and Formosa Plastics Sixth Naphtha Cracking Plant own the equipment. Because the Mai-liao Harbor of Formosa Plastics is an industrial port where liquid ammonia cannot be sold, downstream users usually purchase products from the Company. (2)Since Liquid Ammonia belongs to high dangerous chemicals and experienced professionals are required for unloading, storage	(1)Since the Miaoli Plant of our Company stops production, Liquid Ammonia required domestically largely depends on export and the selling price is affected by international price. The cost structure controlled by the Company is reduced relatively, and its price is unstable. (2)Sinopec will present itself as a competitor once it finishes its construction of storage tanks in 2023, and our domestic sales will be affected.	(1)Master business condition exactly and purchase low price, spot Liquid Ammonia appropriately. (2)Consider the competitive power of downstream clients, make price flexibly and appropriately in order to stimulate demand.

		working, only the Company and Formosa Plastics have relevant technologies at present.		
	Nitric acid	(1)The Company can deal with self-importation of Liquid Ammonia which can be used for producing nitric acid as raw materials. Besides, the unloading, storage equipment for importing Liquid Ammonia are set in Taichung Plant and the Company keeps leading position for mastering costs of raw materials, so the cost of production is lower. But the competitive power is high. (2)The equipment for production in Taichung Plant is new, of which the yield is large and the cost of production is lower.	In the second half of 2018, the Company's Taichung Plant completed 68% thickening program and actively promoted exports. However, as a result of the Korean-made products that have been used by our clients for a long time, it's not easy to enter the market.	Step-by-step promotion is adopted to make the clients accept the 61% nitric acid as well as to be effective incentives in the transition. In the second half of 2018, the concentration plan was completed, and so was the promotion of exports. The initial price will be based on the strategic guide to create marginal contribution, and it will be adjusted according to the changes in the market.
	Melamine	(1)As the unique domestic manufacturer previously, the Company owns basic clients and good market reputation. (2)To import products of high quality and stability for high degree of customer satisfaction. (3)Import largely and build safe retail inventory so that clients can pick up goods smoothly, without anxiety for stock-out. Import good-quality, stable products so the acceptability of clients is high.	Additionally, after the control of toxic substances, the Company cannot change the package, which has made the advantage of paper packaging no longer exist and impacted the Company's sales of melamine in the domestic market.	Ensure quality of products, master quotations in international market and import price and adjust selling price flexibly to keep competitive advantages.
	Sulfanilic	(1)The quality is stable and the	(1)Our Sulfamic Acid products are	(1)Ensure stable quality and safety,

	acid	Company can cooperate with ammonium sulfate plants in order to make the best use of recycled and avoid environmental protection problems. (2)With certain popularities and stable market share, the Company has operated chancels of European and American markets for a long time.	sold totally, the selling price of which is affected by internationally market deeply (2)Since Indonesia and Mainland China have put into production and cause supply is greater than demand, all manufacturers compete for prices in out-sales market in order to keep market shares (3)The isomorphism type of Sulfamic Acid products is quite high and technologies of production are low. Besides, they can be replaced by developing countries with sufficient raw materials easily.	quickness during transportation. (2)Make quotation differently based on different competitive conditions of out-sales market.
	Sulfuric acid	The self-storage and imported smelt sulfuric acid own equipment advantages for sales, which can adjust retail inventory and gain profits.	(1)Since the opponents are of great quantity, the isomorphism type is high and recycled acid can flow easily. (2)The storage tank is located in Taichung which is far away from the sulfuric acid market, mostly likely losing its competitiveness.	(1)Keep the costs of purchased materials stable in order to pursuit appropriate profits. (2)Keep current channels smooth and clients' loyalty and ensure market shares.
	Oleum	On account of producing calcium superphosphate, the Company has capacity to assist clients to recycle byproduct acid and clients' dependency is quite high.	Since the downstream client is only one, sales conditions are affected by industrial environment and starting time greatly. With addition of lacking self-production capacity, the profits are compressed.	Accelerate to demolish or construct calcium superphosphate factory in Taichung Plant and improve capacity of recycling acid.
Electronic grade chemical products		(1)Electronics related industry is still the key industry in Taiwan. Despite the impact of the red supply chain in recent years that led to shrinking	(1)As the Company enters into this industry quite late, the market is occupied by favorable brands, the supply chain in market is quite	(1)comprehensive supply and it is quite difficult for the products toenter current market. (2)Improve quality assurance capacity

	the industrial growth, these semiconductor industry will still be expanding. Also, the panel, solar energy and LED industry still keepin a certain scale, so the prosperity of the market is still expectable. (2)The production and quality control technologies of our electronic products are from a Japanese company, HPC, which is the brand accepted in domestic TFT-LCD industry. In the future,the technical layer should be improved and the products and service should be provided for relevant industries, such as,semiconductor, solar energy and LED industry positively. (3)For our electric grade chemicals in future, Miaoli Plant will be the center for production and supply, which is the center of Taoyuan County, Hsinchu County, Miaoli County and Taichung County in concentrated area of domestic electronic industries and can provide Just in Time Service needed by this industry urgently. (4)Integrating our company's core industry of three acids and one alkali, we have the competitive advantage in obtaining advantage raw materials to reduce the production cost. And, our self-	stable and the certification for quality of materials in photo-electricity industries, it is quite hard to develop market. (2)Since the business cycle of electronic industries is quite short,manufacturers reduce costs or raw materials and chemicals and control price of electric grade chemicals, which can affect space of profits. (3)In order to occupy product share rapidly, some new suppliers consider reducing price as the core of strategies and clients used to choosing supply chain by prices.Thus, the prices are slumped. (4)As the variation of self-made products is not diversified enough,it cannot assist customers' comprehensive supply and it isquite difficult for the products to enter current market.	of processing, reinforce R&D technology grade, build complete logistics system, improve after-sales service of products and management capacity for customer relationship and manufacture products with good profitability formula in order to improve profitability. (3)Reinforce sales team's technical service capacity and improve brand reputation and customer trust. (4)Reinforce the response capacity of manufacturers for production mode of a few diversified products in order to improve chances to get orders.

	produced products will get into the niche market. (5)As a large domestic acid user, the Company can recycle electronic spent acid solution from clients to transform them into industrial products and to solve clients' anxieties for treatment of spent solution.		
Land development	**Commercial Real Estate of Taipei Leasing market:** (1) As the key development in Taipei City have been moving from west to east, lands of old plants have been continuously released for commercial development, and industrial clusters have become more mature, transportation and other infrastructure have been put in place one after another, and the surrounding development of Nangang Software Park has taken shape. Under the development vision of "Taipei East District Gateway Program" that contains five centers and eight major concepts, it has transformed into another rising star in the capital life circle. (2) According to the 2021 office leasing market report, the development of Nangang is getting mature. The Nangang Software office-plant building and CTBC	**Commercial Real Estate of Taipei Leasing market:** (1) According to statistics from Xinyi Global Assets, Nangang will release 1.32 million square meters of office space in the next eight years, including the "Pearl of the World" office expected to be completed in 2024 with a scale of approximately 462,812 square meters; Cathay Pacific Construction's "Liberty Commercial Building" expected to be completed in 2023 with a scale of approximately 495,870 square meters; and Ruentex Development's "Nangang Heart" complex development project expected to be completed in 2026, with about 165,290 square meters. Currently, the development projects in Nangang area with a known schedule possess more than 924,000 sqm of office space to be completed in five years. Although	**Commercial Real Estate of Taipei Leasing market:** (1) Taking advantage of the opportunity of providing office floors early, the leasing of the offices in Building B of Nangang C2 project is accelerated, and the sales of the office will be completed by the end of 2023. **Commercial Real Estate Hsinchu Leasing market:** (1) The market of commercial real estate in Hsinchu is affected by Hsinchu Science Park seriously. According to science industry and demand for industrial updating of industries promoted by the government, the complete office functions should be provided and life convenience or other completed planning, which creates an office park abreast of time. (2) The Company's TFCONE Building has a successful investment promotion experience,

	headquarter have been completed and opened for many years, becoming a hub for technology, software and biotechnology companies. In the future, dozens of commercial development projects will start successively. The scale of office supply is comparable to that of the Xinyi CBD buildings, and the rental price is about NT$1,900 to 2,200 per 3.3m^2. Comparing to buildings in downtown, the rental cost is reduced by nearly one-third, the companies with needs to set up headquarters, or being cost-oriented, will be attacted to move to the Nangang Software Park. The Company has C2 and C4 projects in progress in the Nangang Software Park, which will be completed in 2022. (3) In the future, Nangang will continue to introduce large construction projects. In addition to the C3 development project of Taiwan Life Insurance and Mitsui Lalaport Mall, there are development projects including North Pop Music Center, Nangang Exhibition Hall No. 2, Lands of Nangang Depot Joint Development Base promoting the East Gateway Project, and Taipower Nangang Maintenance Office, and it is	the vacancy may still be maintained at a low level within three years, upon the completion of the new buildings one by one, the large-scale office space will be released at the same time. If the companies with demand cannot not digest such supply in time, it will not only result in short-term pressure to recruit merchants and tenants, but also accelerate the reshuffle of the commercial office market in Taipei City, and the rent may show a temporary slow growth. **Commercial Real Estate Hsinchu Leasing market:** (1) Tai Yuen Hi-Tech Industrial Park near Hsinchu Science & Commerce Park has formed IC design industrial group, and the eight stages of development should be completed continuously. In addition, many office buildings near Gongdaowu Road; therefore, the software technology buildings built in D6 block by Hsinchu Science Park, and the previous CPC oil storage base, will be powerful potential competitors in Hsinchu Science and Commercial Park, resulting in regional competition and cooperation. (2) Restricted by the urban planning	and actually contacted with companies to obtain the first-hand market response. Such responses have been utilized in the development of D5 and D7 Blocks, and the design is close to the market demand, which will enable the Company to gain the advantage as a pioneer in the local market. (3) This area is located in the technology corridor of Gongdaowu Road planned by the Hsinchu City Government. This area is also planned as “Hsinchu Science Park X.” The policy will actively shape the technology image of this area and the Hsinchu Science Park Bureau will invest in the development of the D6 Block; the development, planning and design shall be adapted, while companies qualified for the science and commercial parks will be actively recruited, to form an industrial clustering effect, shaping the image of the high-tech software industry in the area. (4) Continue striving for the relaxation of the provisions of the land use control for urban planning to facilitate the introduction of the complex commercial development areas

	expected more inflows of population and industries will be attracted to here. **Hsinchu Commercial Real Estate Leasing market:** (1) Hsinchu is a hub for Taiwan's high-tech industries, with Hsinchu Science Park as the development core. The city is rich in academic resources. The main industries are integrated circuits, computers and peripherals, communications, optoelectronics, precision machinery and biotechnology. (2) The Hsinchu City Government introduced the Hsinchu Science Park X Plan along the Gongdaowu Road route. It is expected that the area will become an emerging software park. A total of 36 hectares of land from us, CPC and other public facilities nearby will make the area a technology industry cluster. (3) The "Hsinchu Science Park X" at D6 Block set up by the Ministry of Science and Technology, Executive Yuan set up at D6 Block of the Company in Hsinchu, has commenced the first software technology office building in December 2021, to introduce industries related to the software design, information software and	of the science and commercial parks, land lots along Gongdaowu Road can only be used for office buildings. This approach does not reflect the needs of investors, and does not match with the trends in which large-scale land lots have complex commercial development. (3) Gongdaowu Road can be congested during rush hour. The station and route of Hsinchu light rail in the area are expected to be completed after 2028, causing traffic concerns now in the area.	that are suitable for regional development. (5) By requesting for lifting restrictions on land use, the area may become a place which meets the needs of talents working locally in the technology field. The reduction in number of trips can reduce the traffic problems. Propose to the government of Hsinchu to assess garage parking and routes for buses to conduct traffic diversion.

	services, integration of soft- and hardware, and smart applications. The first phase is expected to complete in 2024, which likely drives the industry clusters and development of real properties in D4 to D7 Blocks of the Company. (4) Hsinchu has a rich talent pool and high concentration of industries. The supply of A-level office buildings is still scarce, so there is market demand for office buildings. (5) Many offices at the downtown Hsinchu City are old and statuary, with the full use of lands in Hsinchu Science Park, there is a urgent demand for lands from the companies in Hsinchu Science Park for their own uses. In 2021, the life insurers and real-estate companies significantly increase the investment in commercial properties in Hsinchu. This park meets the expansion needs for the technological plants.		

(II) Important use and manufacture process of main products

1. Usage of main products

(1) Fertilizer products

Name of fertilizers	Nitrogen- phosphoric anhydride- potassium oxide	Usage
Ammonium sulfate	21-0-0	Base fertilizers and top dressing of all plants
Urea	46-0-0	Base fertilizers and top dressing of all plants
Potassium chloride	0-0-60	Base fertilizers and top dressing of all plants
Superphosphate	0-18-0	Base fertilizers
Compound fertilizers	Multiple formula	Base fertilizers and top dressing of all plants
Organic Fertilizer series	Multiple formula	Base fertilizers

(2) Chemical product

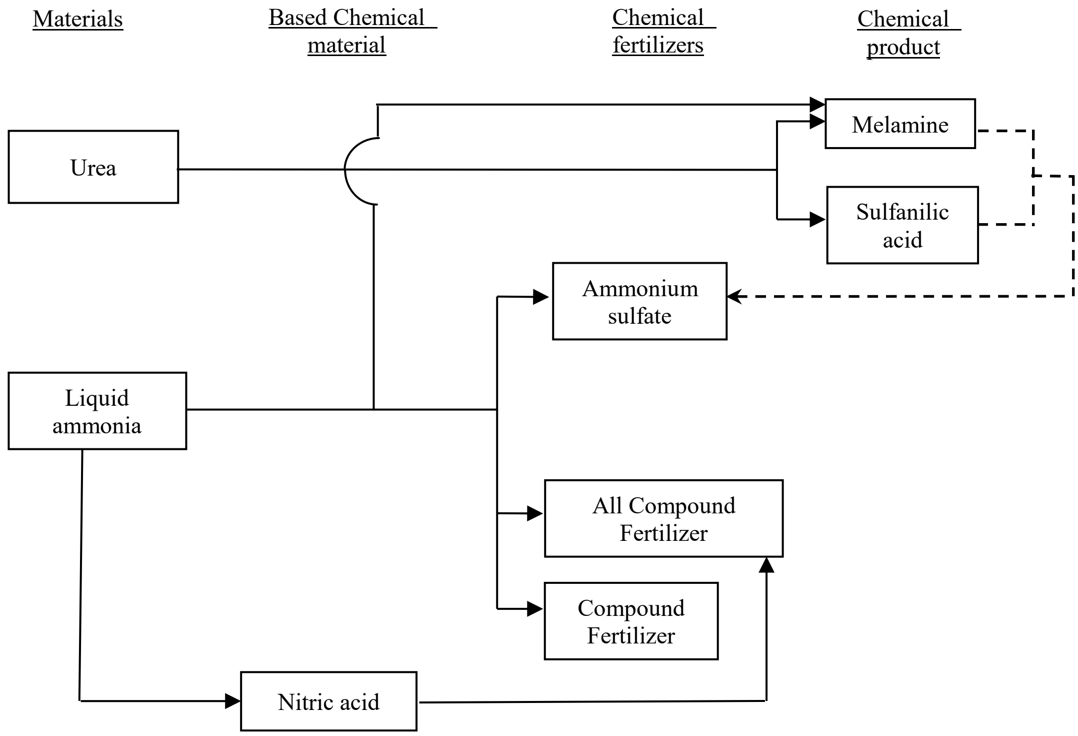
Product Name	Specification	Usage
Industrial urea	Including 46% of nitrogen	Resin, melamine, dyeing and finishing, composites plate, dyeing and finishing, green algae, chemicals, environmental protection.
Liquid ammonia	99.50% purity	Monosodium glutamate, refrigeration, electronics, steel, chemicals, etc.
Nitric acid	61~68% concentration	Mental treatment, electroplate, pigment, chemicals, common industrial usage, etc.
Melamine	99.8% purity	Resign, molding powder, composites plate, dyeing, finishing, etc.
Sulfanilic acid	99.8% purity	Flame retardant, softener, metal detergent, pigment, saccharin, food additives, analytical reagent, etc.
Sulfuric acid	98% purity	Mental treatment, electroplate, chemicals, reagent, detergent and common industrial usage.
Oleum	Including 25% SO_3	Common industrial usage.

(3) Electronic grade chemical products

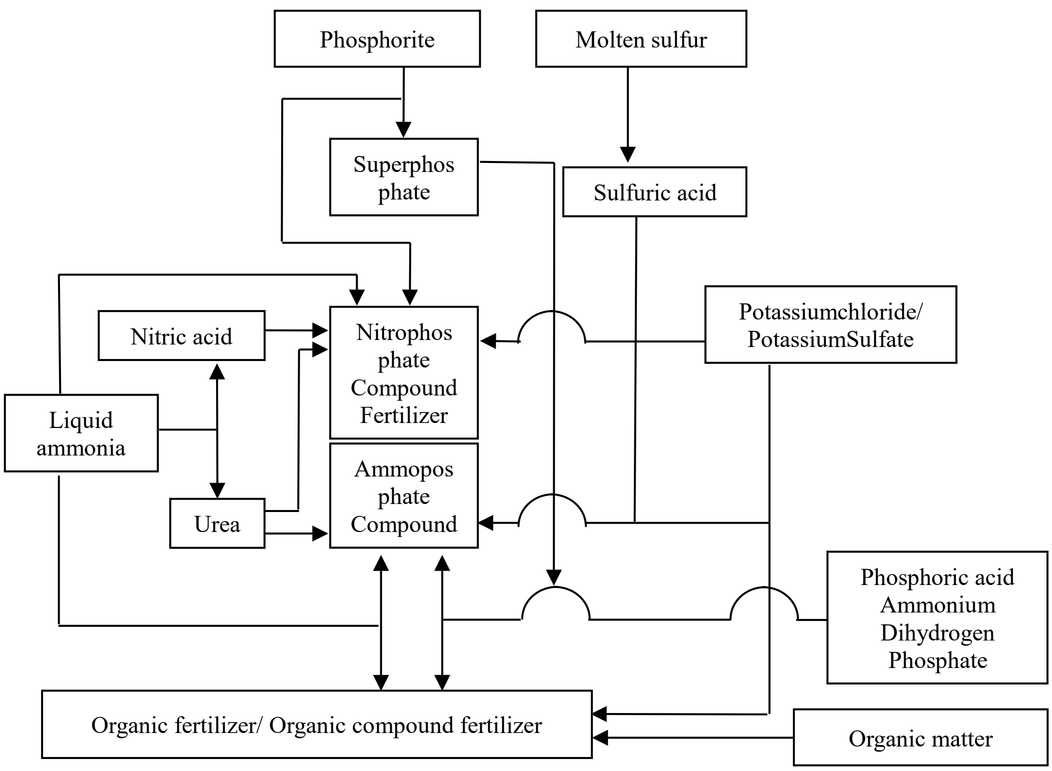
Product Name	Specification	Usage
Ablution	Electronic grade	Wafer, Clean the faceplate after photoresist is stripped.
Etchants	Electronic grade	Wires of faceplate are etched.
Organic Solution	Electronic grade	Clean and re-clean all sections of processing substrates.
Inorganic acids and alkali	Electronic grade	Etched developing of semiconductor, panel, solar energy and LED etching, development, and cleaning.

2. Manufacturing process of main products

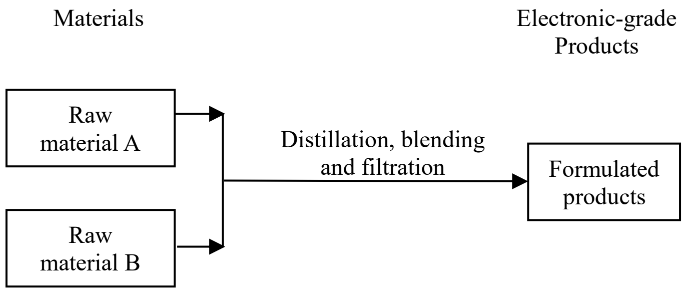
(1) Association graph of Liquid Ammonia and downstream products



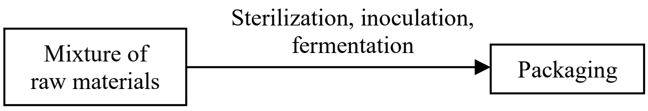
(2) Compound Fertilizer Raw Material Association Diagram



(3) Manufacturing process of electronic grade chemicals



(4) Process of manufacturing of Microbial fertilizer



(III) Supply conditions of main raw materials

Materials	Supply Condition
Urea	It is mainly purchased outside, most of which is from Mainland China. Besides, the Company gains urea from transferred-investment company-Al-Jubail Fertilizer Company by buy-back.
Liquid ammonia	It is mainly purchased from Sabic Asia Pacific Pte. Ltd and Mitsubishi Corporation by yearly agreements.
Sulfuric acid	It is mainly purchased from Japan through long term agreement, the supply of which is stable.
Phosphorite	The main sources of supply are Jordan and Morocco.
Potassium chloride	Most of it is imported from Canada, Jordan, Israel and Russia.
Molten sulfur	It is purchased by ordering contracts with CPC Corporation.

(IV) In the following table, the names of clients whose purchase (selling) amount is 10% or more than 10% of total amount in either year of last two years, list of main purchase or selling clients and purchase (selling) amount, proportion are listed. Besides, the reason for increase or decrease is illustrated.

1. List of main suppliers:

	2020				2021				Up to Q1, 2022			
Item	Name	Amount (NT$ thousand)	Proportion of net purchases for the whole year (%)	Relationship with the issuer	Name	Amount (NT$ thousand)	Proportion of net purchases for the whole year (%)	Relationship with the issuer	Name	Amount (NT$ thousand)	Proportion of net purchases for 2022 up to Q1 (%)	Relationship with the issuer
1	Sabic Asia Co. Ltd.	529,503	10%	Supplier of Liquid Ammonia	Sabic Asia Co. Ltd.	1,217,659	15%	Supplier of Liquid Ammonia	Sabic Asia Co. Ltd.	539,793	18%	Supplier of Liquid Ammonia
2.	Al-Jubail Fertilizer Company	266,136	5%	The Company's re-invested enterprises with 50% of stake, and delivers urea according to agreements.	Al-Jubail Fertilizer Company	1,830,706	22%	The Company's re-invested enterprises with 50% of stake, and delivers urea according to agreements.	Al-Jubail Fertilizer Company	0	0%	The Company's re-invested enterprises with 50% of stake, and delivers urea according to agreements.
3	Mitsubishi	605,477	11%	Supplier of potassium chloride and liquid ammonia	Mitsubishi	976,012	12%	Supplier of potassium chloride and liquid ammonia	Mitsubishi	255,539	8%	Supplier of potassium chloride and liquid ammonia
4	ICL	92,040	2%	Supplier of potassium chloride	ICL	208,905	3%	Supplier of potassium chloride	ICL	563,303	18%	Supplier of potassium chloride
5	K+S	0	0%	Supplier of potassium chloride	K+S	0	0%	Supplier of potassium chloride	K+S	559,106	18%	Supplier of potassium chloride
6	Others	3,794,827	72%	-	Others	3,989,363	48%	-	Others	1,161,103	38%	-
	Net purchases	5,287,983	100%	-	Net purchases	8,222,645	100%	-	Net purchases	3,078,844	100%	-

2. List of main customers:
   (1) Fertilizer products

2020	Name of customer:	Amount	Proportion for this year (%)
2020/01~2020/12	Taifeng Agricultural Resources and Material	NT$332,901 thousand	6.69

2021	Name of customer:	Amount	Proportion for this year (%)
2021/01~2021/12	Taifeng Agricultural Resources and Material	NT$480,472 thousand	8.95

(V) Production volume and value in the last two years

Unit: Ton/NT$ thousand

Year / Production volume and value / Main product	2021			2020		
	Capacity	Production volume	Production value	Capacity	Production volume	Production value
Ammonium sulfate	150,000	107,350	624,422	150,000	96,900	505,602
Superphosphate	120,000	33,450	104,605	120,000	41,350	127,998
Compound fertilizers	443,500	484,315	4,334,654	485,100	465,614	4,103,190
Nitric acid	165,000	168,853	2,951,934	165,000	159,549	2,485,582
Bio-Organic Fertilizer	6,000	2,793	27,854	6,500	3,385	33,754
Recycled Phosphoric Acid	5,500	5,697	139,249	5,500	3,535	89,085
NMP	3,600	2,836	212,409	3,600	1,610	108,182
CPN	600	282	31,406	600	237	26,187
Ammonium Hydroxide Electronic Grade	7,200	3,495	57,750	7,200	3,535	57,490
Nitric Acid Electronic Grade	7,200	4,960	71,125	7,200	3,153	45,244
Total	908,600	814,031	8,555,408	950,700	778,868	7,582,314

(VI) Sales volume and value in the last two years

Unit: Ton/NT$ thousand

Year / Sales volume and value / Main product	2021				2020			
	Domestic sales		Export		Domestic sales		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Ammonium sulfate	53,332	302,152	24,908	157,346	57,995	323,606	16,474	56,828
Superphosphate	3,074	9,613	0	0	9,799	30,304	-	-
Compound fertilizers	471,021	4,118,652	21,557	264,563	453,371	3,983,766	5,122	53,968
Agricultural urea	30,746	302,754	0	0	31,785	312,917	-	-
Potassium chloride	14,447	130,390	0	0	17,581	158,963	-	-
Resell Urea from Al- Jubail	0	0	113,528	1,581,375	-	-	39,300	264,938
Melamine	1,090	65,460	0	0	1,089	39,503	1	69
Sulfanilic acid	389	9,566	13,421	364,752	472	9,387	12,802	219,293
Nitric acid	18,688	351,369	22,074	192,216	20,718	322,765	19,544	131,176
Industrial urea	4,255	80,279	0	0	2,550	30,529	-	-
Liquid ammonia	89,253	2,626,462	0	0	81,035	1,868,472	-	-
Recycled Phosphoric Acid	5,648	138,062	0	0	2,858	72,015	-	-
Sulfuric acid	11,808	14,754	0	0	-	-	-	-
Oleum	8,887	26,627	0	0	5,934	14,202	-	-
Other products	7,724	394,654	0	0	7,731	68,529	42	1,032
Electronic grade chemical products	12,984	393,921	0	0	8,459	319,404	-	-
Real properties			-	-	-	-	-	-
Leasing revenue	0	1,704,818	0	0	-	1,580,480	-	-
Other operating income	140,487	429,621	0	0	144,834	307,596	-	-
Total	-	11,099,154	-	2,560,252	-	9,442,438	-	727,304

III. Employees

(I) Data of employees for last two years till latest annual press

March 31, 2022

Year		2020	2021	2022 As of March 31
Number of employees		702	644	640
Average age		42.45	42.99	43.24
Average years of service		12.27	12.60	12.77
Education distribution	PhD	0.57%	0.62%	0.62%
	Master	24.64%	25.93%	25.78%
	College	52.29%	52.33%	52.50%
	Senior high school	22.36%	20.96%	20.94%
	Under senior high school	0.14%	0.16%	0.16%

Note: The number of TFC's employees here refers to the sum of permanent staff and contractors.

(II) Productivity of employees

Unit: NT$
March 31, 2022

Year	2020	2021	2022 As of March 31
Annual revenue	9,931,129	13,074,793	3,899,645
Revenue per person	14,147	20,303	6,093
Annual operating profit	1,188,302	381,832	(183,440)
Annual operating profit per person	1,693	593	(287)

IV. Distributed information of environmental protection

(I) 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

Disposition dates / disposition reference numbers	Articles of law violated/content of the violated article	Content of the dispositions
2021-04-27/Reference No.: 20-110-040031	Taichung City Environmental Protection Bureau inspected the other phosphate fertilizer manufacturing processes (M03) in the Company's Taichung Plant with the Stationary Pollution Source Operating Permit, issued by the Bureau (permit number: Zhong-Shi-Fu-Huan-Kong-Cao-Zheng-Zhi No.1152-02). The Bureau, on January 12, 2021 inspect onsite with the Central Branch of Bureau of Environmental Inspection, BEI, Environmental Protection Administration, Executive Yuan, went to the inspection. During the inspection, the flow rates of the on-site control equipment scrubber (A301) and ionization scrubber (A305) were 300 L/min and 568.3 L/min respectively. Both were exceeding the tolerable deviance of permitted tolerances of 500-1200 L/min (A301) 500-1200 L/min and (A305) 880-1935 L/min for more than 10%, respectively. Such violated Paragraph 2 and 4, Article 24 of the Air Pollution Control Act, and Article 23 of the Stationary Pollution Source Installation, Operating and Fuel Use Permit Management Regulations.	Penalty: fined NT$100,000.
2021-05-05/Reference No.: 20-110-050005	Taichung City Environmental Protection Bureau, together with the Central Branch of Bureau of Environmental Inspection, BEI, Environmental Protection Administration, Executive Yuan, inspected the other phosphate fertilizer manufacturing processes (M03) in the Company's Taichung Plant, and found the following deficiency: (I) The source of pollution, ammonification reaction tank R206 (E302) had a rusted, corroded and broken wall, and white acid fog leaked, without proper waste gas collection. (II) The drainage pipeline from the control equipment, ionization scrubber T406 (A306) to the scrubber (A318) was rusted, corroded and broken, without proper waste gas collection, where the waste gas was obviously leaked. As a conclusion, the aforesaid circumstance has violated Paragraph 1, Article 23 of the Air Pollution Control Act.	Penalty: fined NT$450,000.
2021-05-17/Reference No.: 20-110-050001	.Taichung City Environmental Protection Bureau appointed personnel to handle the supervision and inspection for the environmental impact assessment to the development project, “Environmental Impact Statement for Taiwan Fertilizer’s Relocation to Taichung Harbor for Operation and Investment	Penalty: fined NT$300,000.

	Plan." It was found that there were circumstances where the contents in the environmental impact documents and the review conclusions were not implemented according, and thus violated Article 17 of Environmental Impact Assessment Act. The onsite inspection results: pursuant to page 3-48 of the "Fifth Environmental Impact Deviance Analysis Report for Taiwan Fertilizer's Relocation to Taichung Harbor for Operation and Investment Plan," summarized as "(VI) the partial plants and lands for future warehouse will be adjusted, by adding approximately 1,100 square meters of plants ..." and Figure 3.6-6, Schematic diagram of the changed plant layout, the north side of the gate should be a green area with plants; provided, the current situation is that the same area has been developed as a parking lot; there is no dividing road in the green area with plants on the north side of the first finished product warehouse, but there is a road in the middle of the current green area with plants.	

(II) Countermeasures and potential expenditure in the future

1. Expected environmental capital expenditure in the next two years:

Year / Item	2022	2023
Description of the equipment intended to purchase for preventing pollution or the expenditure	(1)Air pollution prevention facility (2) Improve equipment of wastewater treatment. (3)Clean, treat and recycle wastes (4)Improve the manufacturing process to prevent pollution in main production plants.	(1)Air pollution prevention facility (2) Improve equipment of wastewater treatment. (3)Clean, treat and recycle wastes (4)Improve the manufacturing process to prevent pollution in main production plants.
Expected improvement	(1)Improve and reduce pollutant discharge to ensure air pollutants, water discharge, the treatment of air pollutants, and waste disposal comply with environmental protection laws so as to avoid pollution incidents. (2)The plants fulfill the commitments set for in the environmental impact assessments.	(1)Improve and reduce pollutant discharge to ensure air pollutants, water discharge, the treatment of air pollutants, and waste disposal comply with environmental protection laws so as to avoid pollution incidents. (2)The plants fulfill the commitments set for in the environmental impact assessments.
Amount	NT$87,000 thousand	NT$86,000 thousand

2. Influence after improvement:
   (1) Improve and reduce discharge of pollutants, make sure that treatment for discharged water, air pollutants and wastes can meet regulations relevant to environmental protection in order to reduce influence on ecological environment.
   (2) The operation of plants should meet the requirements in environmental impact assessments and prevent from polluting environment effectively.
   (3) Reduce environmental impact on the public living in the communities near the plants and improve enterprise image.

V. Labor Relations

(I) Key employee-employer agreements.

1. Condition of employee-employer agreements

   The Company has formulated "Key Points of Implementing Labor Relation Symposium," and holds labor relation symposium regularly each year. The symposium is hosted by the General Manager or the Deputy General Manager specified by General Manager, who leads HR and first-level staffs to discuss with labor representatives and representatives of all labor unions of TFC o unblock communication channels, publicize business principles of the Company and enhance the interaction between labor and management. In addition, suggestions and advices of workers can happen by means of the Membership Representative Conference, Meetings of Board of Directors and Supervisors and Joint Meeting of Team Leaders regularly held by the Enterprise Union of TFC. The Company will reply employees' suggestions and advices in writing officially and improve accordingly.

Communication method	Frequency
Labor Relations Symposium	Once/year
Employee-employer meeting	Once/quarter
Trade Union Congress	Once/year
Meeting of governors and supervisors of the union	Once/quarter
Joint meeting of team leaders of union	Once/quarter

2. Measures for employees welfares

   (1) The welfare funds are appropriated as required; the "Employee Welfare Committee" was established to manage all the matters regarding employee's welfare, such as tours and a variety of contests.

   (2) Setting up a breastfeeding room provides female employees a place for breastfeeding.

   (3) Setting up a medical office to manage all employee's medical matters and regularly holding the health examinations.

   (4) There are 13 clubs in the company with diverse type and operated vigorously. The clubs are set for cultivate employee's interest and self-cultivation.

   (5) Our retired employee will be gifted a commemorative present and get a retirement certificate.

   (6) Marriage and funeral subsidies are available for employees.

   (7) If an employee dies, depending on the cause of death and subject to our company's guidelines of pension fund, the descendants will be given death benefit, compensation for death and funeral expenses.

   (8) We insure employees against Labor Insurance, National Health Insurance, group life accident insurance and hospitalization insurance.

   (9) We issue annual bonus to our employees. Also, depending our company's annual operating interests and the rate of surplus, we will give our employees year-end bonuses and employee remuneration.

   (10) Maternity allowance is available for employees.

   (11) Travel subsidy is available for employees.

3. Retirementsystem

   The Company has a “Taiwan Fertilizer Company’s Employees Retirement, Pension and Severance Regulations”, which is in accordance with the Labor Standard Act and the Labor Pension Act, for new employees and the selection of senior employees who are applicable to the newly-established pension ordinance, the company should pay monthly 6% of their insured salary to the personal account of Labor Insurance Bureau and the 0~6% of his or her insured salary. Selected senior employees who are applicable as the former labor standards, the company should pay monthly 9% to the retirement reserve account, and at the end of March, in accordance of the 56th law of Labor Standard Act providing for the actuarial replenishment of the difference and periodically convenes the Labor Pension Supervision Committee on a quarterly basis. Employees may apply for retirement per Article 5 of the Company's retirement, pension and severance regulations, and those aged 65 should be eligible for compulsory retirement. The said retired employees shall be given pension under the Labor Standards Act and the Labor Pension Act.

(II) Employees’ conducts or moral principles

In accordance with the provisions of the Labor Standard Act, the Company has made the “Taiwan Fertilizer Co., Ltd. Code of Practice for Employees”. In addition to sending a notification letter to the employees, it should be announced on the Company's internal website for employees to look up and follow. There is also the “Taiwan Fertilizer Co., Ltd. Code of Ethical Conduct for Directors, Supervisors, and Level I Managerial Supervisors”, which was submitted to the Company's 2009 Annual Shareholders General Meeting, its revision was approved in the 21st Meeting of the 34th Committee of the Board of Directors held on June 30, 2020, and will be reported in the Company's 2021 Annual Shareholders General Meeting. The guidelines were also announced in conjunction on the Company's internal website, to enable the Company's directors as well as the Level I managerial supervisors (including the general manager, deputy general Manager, and Level I managerial supervisors of each unit) to follow as their code of conduct and moral principles whenever engaging in the Company's business activities. In addition, the Company's stakeholders can understand the Company's ethical norms.

(III) Employees’ further education and training

Year	2020	2021	Current year up to March 31, 2022
Number of classes for training	316	330	64
Person-time for training	2,096	2,373	340
Man-hour for training	10,497	10,669	1,643
Per capita training hours	14.91	16.49	2.57
Costs for training (NT$)	2,448,825	3,111,236	698,434
Per capita costs for training (NT$)	3,478	4,809	1,091

(IV) Losses suffered due to labor disputes (including any violations of the Labor Standards Act found in labor inspection): None

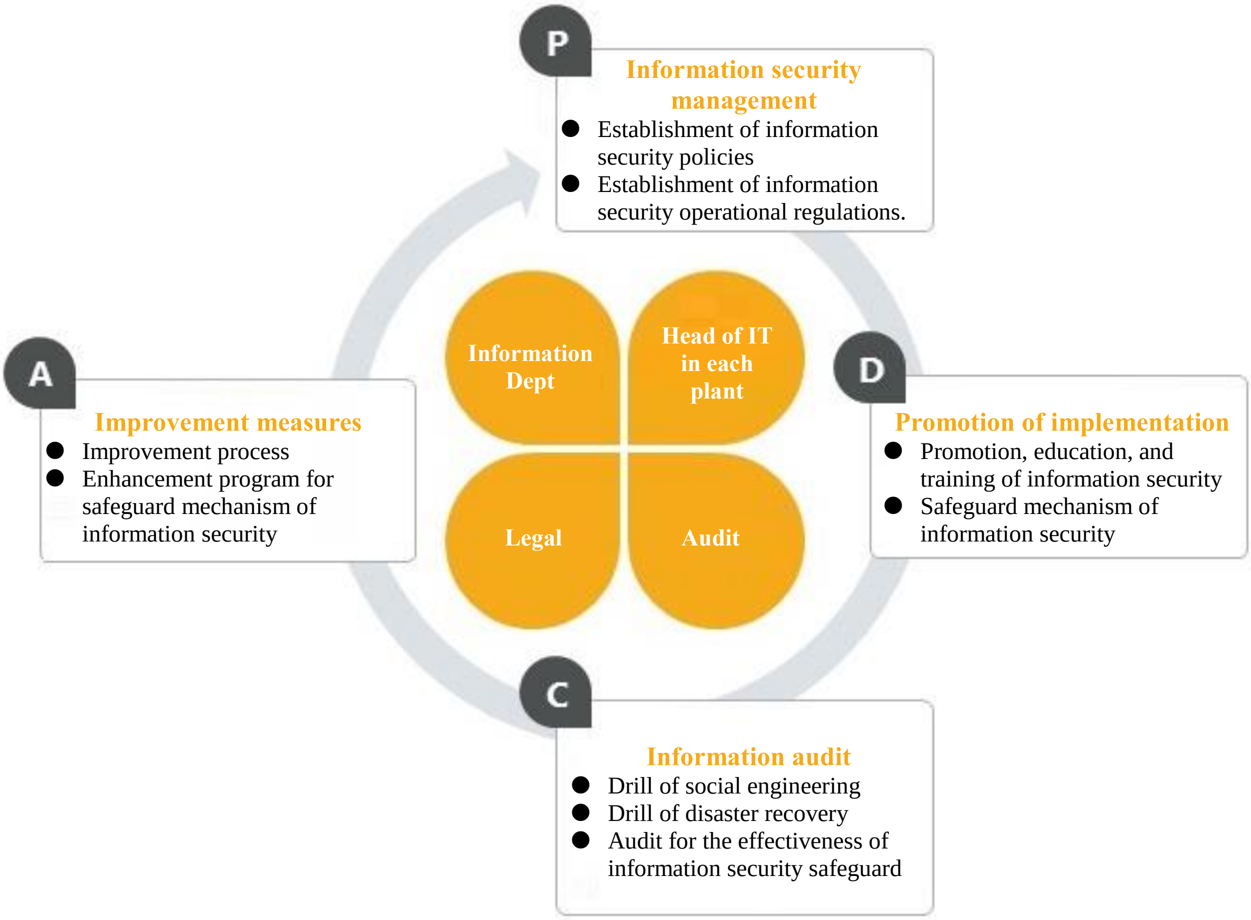
VI. Cyber security management

(I) Cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.

1. Cyber security risk management framework

In 2019, the Company established the Information Security Management Committee, chaired by the deputy general manager serving as Head of IT. The Committee members are the Head of Information Dept and heads of IT in each factory, legal affairs personnel and auditors.

The Information Security Committee is mainly responsible for formulating information security management policies and systems, formulating the promotion and training plans for the Company's internal information security awareness, deliberating and assessing the legality and suitability of the information security management system, and verifying effectiveness of the Company's information security management operations.



2. Cyber security policy

Cyber security policy target

In order to maintain the confidentiality, integrity and availability of the Company's information assets, all employees will work together to achieve the following goals:

(1) To protect the information of the Company's business-related activities, safeguard the Company's confidential and personal information from unauthorized access or alteration, and ensure their accuracy and integrity.

(2) Respect intellectual property rights and protect the company information.

(3) Comply with the requirements of relevant laws or regulations, and maintain the business continuity of the Company.

Responsibility:

(1) All employees should actively participate in and support various information security management measures, and implement the policy through appropriate key points and operational procedures.

(2) All personnel, organizations, service providers, outsourced vendors and visitors related to business operations must abide by this policy.

(3) All employees and outsourced service providers are responsible for reporting information security incidents or vulnerabilities through appropriate reporting mechanisms.

(4) Any conduct that endangers information security will be held civil and criminal liability depending on materiality of the circumstances, and the disciplinary actions will be taken pursuant to the relevant regulations of the Company.

3. Concrete management programs

(1) The Company has established numerous information security key points internally, to regulate the operation and conducts of the employees. Every year, the information security policies and key points are reviewed, to check whether they align with the changes in the external environment, and adjustments may be made according to legality and expediency.

(2) Information security is the common responsibility of all employees. All employees of the Company should observe laws and regulations and information security objectives. Managers at each level should supervise the implementation of information security and reinforce the employees' awareness of information security and the concept of compliance.

(3) In daily operations, the “Personal Data Protection Act” and Copyright Act” and other laws and regulations related to information security shall be fully complied with, to protect the Company's business activity information, prevent unauthorized access and alterations, and ensure its accuracy and integrity.

(4) The software with legal copyright bought by the Company shall be used, and avoid downloading software from unknown sources online.

(5) After receiving the user account, the personal password shall be setup immediately. The passwords for the personal computer, mainframe or network device must be changed regularly. Any user shall not provide his/her user account and password for others’ uses.

(6) The endpoint protection software should be installed on all personal computers. If it is found that the endpoint protection software has been removed, the virus cannot be deleted, or information security risks are found, the Information Dept or the IT personnel of each Plant should be notified so that personnel can be dispatched to assist the treatment.

(7) The sent and received e-mails in the email system are all monitored and analyzed by anti-virus and anti-hack software. However, there is still the risk of misjudgment or overlooking. Where any employee finds irregular mails when sending and receiving emails, he/she should take the initiative to notify the Information Dept.

(8) To respond to various internal and external information security threats, the Company has deployed various information security protection equipment at all aspects, to build a multi-layer information security protection mechanism for enhancing the security of the overall information environment.

(9) The Company's information assets should be installed with the endpoint protection software and asset management software; the relevant usage and operation tracks will be recorded.

(10) The Company regularly conducts social engineering drills and information security trainings every year to enhance the information security awareness of internal personnel.

The concrete management programs are as following:

Type	Remarks	Relevant operation
Access management	Management measures for personnel accounts and accesses	Modification operations for the information requesting process, and employee's account and e-mail applications Modification operations for the employee's account and e-mail applications
Access controls	Controlling measures for employees' accesses to the internal and external system, and data transmission channels	Management operations for network accesses Management operations for internet bandwidth Management operations for software assets
Internal and external threats	External network attacks Internal vulnerability safeguard Antivirus and safeguard measures	Information security incident operation Antivirus system administration tasks
Availability	Handling measures when the system availability and services are interrupted.	Troubleshooting workflow for information equipment Operational process for handling irregularities of information equipment in data centers. Regular disaster recovery drills

4. Investments of resources for cyber security management

The corporate information security measures promotion and implementation results for 2021:

(1) During the year, one Information Security Committee meeting was held to review the implementation of the information security policies of each unit.

(2) During the year, two information security trainings were held, namely "Approaches to Respond the Information Security" for three hours, and "Information Security Promotion - New Life in the Intellectual Era: Email Social Engineering and Internet Transaction Security: for three hours, with a total of 366 attendees.

(3) During the year, two off-site remote backup drills and two social engineering drills were conducted to enhance employees' response and vigilance against information security risks.

5. Information technology security risks and management measures

Taiwan Fertilizer has established the comprehensive network and computer-related information security protection measures, but no guarantee may be given that the computer system controlling or maintaining important company functions such as the manufacturing, operations and accounting, may be completely free from network attacks from any third-party paralyzing system. These network attacks illegally invaded the internal network system of Taiwan Fertilizer Company, and carried out activities such as sabotaging the company's operations and damaging the company's goodwill. Where a serious cyber attack is suffered, the system of the

Taiwan Fertilizer may lose key company data, and the production lines may be shut down as a result. Taiwan Fertilizer continuously reviews and evaluates its information security regulations and procedures, to ensure their appropriateness and effectiveness, but no guarantee is given that the Company will be free from the impacts of emerging risks and attacks amid the evolving information security threats. Cyber attacks may also attempt to steal the Company’s trade secrets and other confidential information, such as proprietary information of customers or other stakeholders, and personal information of Taiwan Fertilizer employees.

Malicious hackers may introduce computer virus, destructive software or ransomware into the Company’s network system, to interrupt the Company’s operation, blackmail or request ransom from the Taiwan Fertilizer, obtain the control over the Company’s system, or peep the confidential information. These attacks may result in the Company’s compensation to customers due to delayed or interrupted orders, or sustain huge amount of expenses for remedies or improvements to enhance the Company’s cyber security system, or may cause the Company to sustain significant legal liability due to involvement in legal cases or supervisory investigation resulted from leaking of employees, customers, or third parities’ information to which the Company is held liable for the confidentiality.

Although Taiwan Fertilizer has not been attacked in the past due to purchasing and installing equipment containing malware, it may face similar attacks in the future. In order to prevent and reduce the damage caused by such attacks, Taiwan Fertilizer has implemented relevant improvement measures and continued to update them, for instance, building endpoint defense mechanisms to prevent malicious software from entering the Company; strengthening network firewalls and network control to prevent computer viruses from spreading; building endpoint anti-virus measures by computer type; introduce advanced solutions to detect and handle malware; introducing new technologies to enhance data protection; enhancing phishing email detection and conducting regular employee vigilance tests. Although Taiwan Fertilizer continues to strengthen its information security protection measures, no guarantee may be given that the Company will be free from malicious software and hacker attacks.

In addition, although Taiwan Fertilizer requires thir-party service providers to comply with confidentiality and network security regulations in the service contracts entered with them, no guarantee may be given that every third-party service provider will strictly comply with these obligations. The internal network systems and external cloud computing networks (such as servers) maintained by the aforesaid service providers and their contractors are also at risk of cyber attacks. If Taiwan Fertilizer or its service providers are unable to solve technical problems resulted from these cyber attacks in a timely manner, or to ensure the integrity and availability of Taiwan Fertilizer (and its customers or other third parties) data, or to control the computer systems of the Company or its service providers, Taiwan Fertilizer's commitment to customers and other stakeholders may be seriously harmed, and the Company's operating results, financial positions, outook and reputation may also be materially and adversely affected.

(II) **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:** None

VII. Important Contracts

(I) Supply and sales contracts

Counterpart	Beginning and end of contract	Main contents	Restrictive terms
Sabic Asia Pacific Pte.Ltd.	2022.01.01~2022.12.31	Supply contract for liquid ammonia	None
Taiwan Sugar Corp.	2021.01.01~2021.12.31	Sales contracts	None
Sinon Corporation	2021.01.01~2021.12.31	Procurement contract for fertilizers	None
Tai Feng Hsing Industrial Limited	2021.01.01~2021.12.31	Service contract	None
Xiyuan Agriculture Resources and Material Company	2021.01.01~2021.12.31	Service contract	None
Advanced Green Biotechnology Inc.	2021.01.01~2021.12.31	Procurement contract for fertilizers	None
Jin Feng Tian Limited	2021.01.01~2021.12.31	Service contract	None
Hongcheng Biotechnology Co., Ltd.	2021.01.01~2021.12.31	Procurement contract for fertilizers	None

(II) Cooperative contract

Counterpart	Beginning and end of contract	Main contents
Saudi Basic Industries Corp.	1980.02.08~2031.07.12	Cooperate to invest in Al-Jubail Fertilizer Company, and each party holds 50% equities.
Industrial Technology Research Institute	2020.11.01~2022.06.30	Technical service working contract for “development of the technology to distill and purify crude MDI to pure MDI”
Industrial Technology Research Institute	2020.09.17~2021.12.16	“Technical Service for Operational evaluation, engineering planning and design contract for deep ocean water ultrafiltration system”
Industrial Technology Research Institute	2019.12.31~2021.6.30	“Technical Service for Development of technology to purify industrial-grade hydrochloric acid to electronic-grade”
Agricultural Medicine and Toxicological Laboratory of the Council of Agriculture, Executive Yuan	2021.05.02~2026.05.01	License Renewal of "Mass production and application of Bacillus amyloliquefaciens strain Ba-BPD1 for microbial fertilizer and biopesticide”.
Taichung District Agricultural Research and Extension Station, Council of Agriculture, Executive Yuan	2017.07.01~2022.06.30	Technical license of “Production and application technology of rice straw decomposing germ complex preparation”
Taichung District Agricultural Research and Extension Station, Council	2017.07.20~2022.07.19	Technical license of “Production technology and the application method of Complex farm livestock manure

Counterpart	Beginning and end of contract	Main contents
of Agriculture, Executive Yuan		composting fermentation”
Miaoli District Agricultural Research and Extension Station, Council of Agriculture, Executive Yuan	2018.06.08~2026.06.07	Non-exclusive license of to the mass production techniques of Bio-Phosphorus Solubilization Fertilizer of the Miaoli Living Bacteria No. 1
Yufeng Produce and Specialty Company	2018.07.24~2023.07.23	Strategic alliance between TFC and Yufeng Produce and Specialty Company
National Chung Hsing University	2020.05.01~2022.04.30	Renewal of industry-academic cooperation project “Preliminary development of multifunctional biotechnology products for the prevention and treatment of Meloidogyne spp., and the appraisal of the quality and field test effect of mass-produced compost trial products for the prevention and treatment of Meloidogyne spp”
Green View Garden	2021.03.16~2023.03.15	Renewal of Agreement for Taiwan Fertilizer Organic Demo Cooperative Farm
Kaohsiung District Agricultural Research and Extension Station, Council of Agriculture, Executive Yuan	2019.03.27~2024.03.26	Non-exclusive license of "New minerals secondary trace element fertilizer formula"
Fisheries Research Institute, Council of Agriculture, Executive Yuan	2019.05.01~2022.04.30	Non-exclusive license of "Establishment of SPF white shrimp breeding technology and selection of excellent species"
Tottori Prefecture Tourism Business Group	2021.01.01~2021.12.31	Renewal of MOU signed by TFC and Tottori Prefecture Tourism Business Group
Agricultural Medicine and Toxicological Laboratory of the Council of Agriculture, Executive Yuan	2020.01.01~2025.01.01	Non-exclusive license of the “new liquefied bacillus thermoamylovorans strain Ba-BPD1 and application for microbial fertilizer” (including a patent of R.O.C, certificate No. I373523)
Agricultural Medicine and Toxicological Laboratory of the Council of Agriculture, Executive Yuan	2020.01.01~2028.01.01	Non-exclusive license of the “new liquefied bacillus thermoamylovorans strain Ba-BPD1 and application for biological pesticides” (including a patent of R.O.C, certificate No. I373523)
Institute for Biotechnology and Medicine Industry	2021.01.01~2021.12.31	License to use national quality label for the materials of “fish scale collagen peptides”
National Taiwan Ocean University	2020.01.13~2025.01.13	Non-exclusive license of “production technology of Ulva polysaccharides”
Industrial Technology	2020.01.01~2022.04.30	Development of technology to purify

Counterpart	Beginning and end of contract	Main contents
Research Institute		industrial-grade hydrochloric acid to electronic-grade.
Industrial Technology Research Institute	2020.05.01~2022.12.31	Working contract for research of EBR (PGMEA) phase splitting and esterification technologies
Yongchang Organic Farm	2020.05.02~2022.05.01	Renewal of Agreement for Taiwan Fertilizer Organic Strawberry Cooperative Farm
Agricultural Technology Research Institute	2020.06.01~2021.05.31	Green house efficacy test of "Nongzhonghe *Bacillus amyloliquefaciens* Ba-BPD1 1×10^9 cfu/ml" agains bacterial wilt for tomatoes
China Medical University	2020.07.01~2021.07.31	Study on the Effect of Fertilizer Types on Volatile Components of Allium Plants
Yuanpei University of Medical Technology	2020.08.01~2021.03.31	Preliminary Test and Non-Disclosure Agreement for "Strawberry Amino Acid Fertilizer Formula" Technology Transfer
Industrial Technology Research Institute	2020.09.17~2021.12.16	Operational evaluation, engineering planning and design contract for deep ocean water ultrafiltration system
Industrial Technology Research Institute	2020.11.01~2022.06.30	Technical service working contract for "development of the technology to distill and purify crude MDI to pure MDI"
Kaohsiung District Agricultural Research and Extension Station, Council of Agriculture, Executive Yuan	2021.01.01~2022.12.31	Industry-academic cooperation project of agricultural technology "Developing microbial fertilizer products applying biochar as carrier"
Far East University	2021.02.01~2022.03.31	Industry-academic cooperation project "Study on rapid transformation of organic residual materials to organic fertilizer and filler"

(III) Construction and other contracts

Counterpart	Beginning and end of contract	Main contents	Restrictive terms
Jung Sheng Mechanical Engineering	2021.01.04~ongoing	Replacement of tube bundles of absorption chillers A and C at the ammonium sulfate factory	None
He-Ping Engineering Limited	2021.05.25~2021.06.02	Construction of acid collection and vessel loading pipelines in the sulfuric acid tank zone in Taichung Factory	None
Ching Ye Co., Ltd.	2021.05.10~ongoing	Design, manufacturing, and	None

Counterpart	Beginning and end of contract	Main contents	Restrictive terms
		installation of modification of natural gas and explosion-proof area for the combustion furnace of the Nitrophosphate (I) plant of the Taichung Factory	
Precision Chemtech Co., Ltd.	2021.06.24~ongoing	Design and construction of new CCB for Ammonium Hydroxide Electronic Grade plant	None
Lin Charn Engineering Co., Ltd.	2021.11.12~ongoing	Replace burners for No.1 boiler and construction of peripheral facilities	None
Unikem Chemteche Inc.	2021.12.22~ongoing	Procurement of glass lining for esterification system of T plant in Miaoli Factory	None
Taiyun Construction Company	2020.06.30~2021.06.30	“Replacement of coated corrugated sheets for the roof of warehouse for finished compound fertilizer products in bags, Keelung Factory, and the structure reinforcement work”	None
HCCH & Associates Architects Planners & Engineers	Effective from the date of contract (2013.02.01) until the completion of final acceptance in conjunction with no matters required to be resolved.	Hsinchu Science and Commercial Park D7 Architectural Design and Supervision Technical Service Work	None
Wei-Da Construction Co., Ltd.	Effective from the date of contract (2020.11.02) until the completion of final acceptance in conjunction with no matters required to be resolved.	The rezoning project of the Hsinchu City Technology and Commerical Park’s self-sponsored city rezoning area (land of D5/D6 blocks in Hsinchu City)	None
HCCH & Associates Architects Planners & Engineers	Effective from the day of contract (2011.10.31) until one year after the use permit is acquired.	Technical service work of “Construction design and supervising of the 1st stage C2 and the overall regulation of C2C3C4 Nangang Software Park”	None
HCCH & Associates Architects Planners & Engineers	Effective from the date of contract (107.4.20) until the use permit is acquired in conjunction with the completion of final acceptance.	Increase the grouping of supervisors, and supervision and technical service work for Taiwan Fertilizer's new construction project of Nangang C2 hotel and office building	None

Counterpart	Beginning and end of contract	Main contents	Restrictive terms
Yuanyang Consturction Engineering Co., Ltd.	Effective from the day of contract (107.02.05) until the completion of final acceptance in conjunction with no matters required to be resolved.	Taiwan Fertilizer's new Nangang C2 hotel and office building construction project.	None
HCCH & Associates Architects Planners & Engineers	Effective from the day of contract (107.06.01) until one year after the use permit is acquired.	Technical service work of "Construction design and supervising of the C4 Nangang Software Park"	None
Yuanyang Consturction Engineering Co., Ltd.	Effective from the date of contract (109.09.30) until the completion of final acceptance in conjunction with no matters required to be resolved.	Taiwan Fertilizer's new Nangang C4 office building construction project.	None

(IV) Contract for Land Development

Counterpart	Beginning and end of contract	Main contents	Restrictive terms
Shinera Construction Co., Ltd.	On June 10, 2015, a urban revitalization collaboration contract was signed. The first supplementary clause was signed on November 5, 2019. This project should be commenced before September 30, 2023, and the entire project will have the property rights registered and delivered before April 30, 2028.	Urban renewal business of 4 lands of Plot 607, Section 1, Taipei City owned by TFC should be included in the urban renewal business of 25 lands in the same section. The co-construction agreement signed is on the sales of superior residential buildings to be constructed.	The implementer contained in "Urban Renewal Rules" of the agreement is Shinera, who should handle urban renewal procedures. TFC should provide co-construction land as the building land, and Shinera is responsible for integrating the adjacent lands with the co-constructing land, providing all capital needed to execute this project and implementing construction.

Six. Financial Profile

I. Condensed Balance Sheet, Consolidated Income Statement and Audit Opinion of CPAs in the Past Five Years

(I) Condensed Balance Sheet and Comprehensive Income Statement

1. Condensed Balance Sheet (Consolidated)

Unit: NT$ thousand

Item \ Year		Financial Information in the Past Five Years					Financial Information of the Current Year up to March 31, 2022 (Note 1)
		2021	2020	2019	2018	2017	
Current asset		7,835,686	9,526,919	11,954,934	13,749,184	14,192,823	12,669,384
Property, Plant and Equipment		14,167,791	14,758,989	14,280,801	13,823,376	13,744,278	13,991,318
Intangible asset		124,595	122,639	126,933	146,486	234,595	122,759
Other assets		57,215,127	51,937,580	49,294,128	48,680,671	46,985,195	56,649,735
Total assets		79,343,199	76,346,127	75,656,796	76,399,717	75,156,891	83,433,196
Current liabilities	Before distribution	3,927,560	2,232,969	2,042,946	1,980,296	2,231,866	4,195,993
	After distribution	Not distributed	4,486,969	4,198,946	4,136,296	4,289,866	Not distributed
non-current liabilities		22,787,779	22,804,447	22,888,797	23,636,475	23,832,573	25,544,060
Total liability	Before distribution	26,715,339	25,037,416	24,931,743	25,616,771	26,064,439	29,740,053
	After distribution	Not distributed	27,291,416	27,087,743	27,772,771	28,122,439	Not distributed
Equity attributable to owners of the parent company		52,627,860	51,308,711	50,725,053	50,782,946	49,092,452	53,693,143
Share capital		9,800,000	9,800,000	9,800,000	9,800,000	9,800,000	9,800,000
Additional paid-in capital		2,244,652	2,244,652	2,244,073	2,243,635	2,232,791	2,245,164
Retained earnings	Before distribution	38,367,298	37,612,891	37,333,830	37,426,654	37,094,340	39,146,531
	After distribution	Not distributed	35,358,891	35,177,830	35,270,654	35,036,340	Not distributed
Other equities		2,215,910	1,651,168	1,347,150	1,312,657	(34,679)	2,501,448
Treasury shares		—	—	—	—	—	—
Non-controlling interests		—	—	—	—	—	—
Total Equity	Before distribution	52,627,860	51,308,711	50,725,053	50,782,946	49,092,452	53,693,143
	After distribution	Not distributed	49,054,711	48,569,053	48,626,946	47,034,452	Not distributed

Note 1: The consolidated financial information of 2022 up to March 31 has been reviewed by the CPAs.

Note 2: The financial statements of 2017 to 2019 corrected or supplemented including:

1. For the Company's previous corrected or supplemented the information of the re-investment, Al-Jubail Fertilizer, the IFRS effect was adopted first-time in 2017.
2. Pursuant to the Letter Jin-Guan-Zheng-Shen-Zhi No.1090330422, issued by Financial Supervisory Commission on March 11, 2020, and by referring to the common practice in the construction industry that

the clients may pay considerations in installments for one to five years, the Company corrected (supplemented) the presentation and disclosure of the receivables generated from the sales in the manner of 10-year and 20-year installments.

Note 3: The aforesaid figures after distribution, are filled in with the figures resolved by the AGM in the next year; but the figures in 2021 and 2022 are not yet resolved.

2. Condense Statement of Comprehensive Income (Consolidated)

Unit: NT$ thousand

Item \ Year	Financial Information in the Past Five Years					Financial Information of the Current Year up to March 31, 2022 (Note 1)
	2021	2020	2019	2018	2017	
Operating revenue	13,659,406	10,169,742	12,890,565	12,215,092	11,658,986	4,083,843
Gross profit from operations	2,138,975	2,589,109	3,031,311	2,752,349	2,601,225	286,399
Non-operating income and expenses	507,324	1,247,689	1,626,011	1,286,502	1,227,938	(144,607)
Non-operating income and expense	3,284,350	1,717,686	838,256	1,663,118	606,115	1,116,290
Net income (loss) before tax	3,791,674	2,965,375	2,464,267	2,949,620	1,834,053	971,683
Net income of continuing operations	3,034,616	2,452,881	2,063,955	2,281,319	1,619,126	778,905
Loss of discontinuing operation	—	—	—	—	—	—
Net income (loss) of the period	3,034,616	2,452,881	2,063,955	2,281,319	1,619,126	778,905
Other comprehensive income of the current year (net amount after-tax)	538,533	286,198	33,714	517,626	(655,952)	285,866
Total comprehensive income in the current period	3,573,149	2,739,079	2,097,669	2,798,945	963,174	1,064,771
Net income attributable to owners of the parent company	3,034,616	2,452,881	2,063,955	2,281,319	1,619,126	778,905
Net income attributable to non-controlling interest	—	—	—	—	—	—
Total comprehensive income attributable to owners of the parent company	3,573,149	2,739,079	2,097,669	2,798,945	963,174	1,064,771
Total comprehensive income attributable to non-controlling interest	—	—	—	—	—	—
Earnings (losses) per share	3.10	2.50	2.11	2.33	1.65	0.79

Note 1: The consolidated financial information of 2022 up to March 31 has been reviewed by the CPAs.

Note 2: The financial statements of 2017 to 2019 corrected or supplemented including:

1. For the Company's previous corrected or supplemented the information of the re-investment, Al-Jubail Fertilizer, the IFRS effect was adopted first-time in 2017.
2. Pursuant to the Letter Jin-Guan-Zheng-Shen-Zhi No.1090330422, issued by Financial Supervisory Commission on March 11, 2020, and by referring to the common practice in the construction industry that the clients may pay considerations in installments for one to five years, the Company corrected (supplemented) the presentation and disclosure of the receivables generated from the sales in the manner of ten-year and 20-year installments.

Note 3: The loss of discontinuing operation is listed as the amount net of income tax.

3. Condensed Balance Sheet (Parent Company-Only)

Unit: NT$ thousand

Item \ Year		Financial Information in the Past Five Years 2021	2020	2019	2018	2017	Financial Information of the Current Year up to March 31, 2022 (Note 1)
Current asset		6,928,306	8,676,018	10,948,211	11,977,268	13,612,812	–
Property, Plant and Equipment		11,928,382	12,421,858	13,013,485	13,419,677	13,640,123	–
Intangible asset		13,680	11,724	16,018	22,679	28,922	–
Other assets		59,986,427	54,658,771	51,464,749	50,909,738	47,807,025	–
Total assets		78,856,795	75,768,371	75,442,463	76,329,362	75,088,882	–
Current liabilities	Before distribution	3,725,718	1,955,626	1,864,243	1,915,349	2,163,017	–
	After distribution	Not distributed	4,209,626	4.020,243	4,071,349	4,221,017	–
non-current liabilities		22,503,217	22,504,034	22,853,167	23,631,067	23,833,413	–
Total liability	Before distribution	26,228,935	24,459,660	24,717,410	25,546,416	25,996,430	–
	After distribution	Not distributed	26,713,660	26,873,410	27,702,416	28,054,430	–
Equity attributable to owners of the parent company		–	–	–	–	–	–
Share capital		9,800,000	9,800,000	9,800,000	9,800,000	9,800,000	–
Additional paid-in capital		2,244,652	2,244,652	2,244,073	2,243,635	2,232,791	–
Retained earnings	Before distribution	38,367,298	37,612,891	37,333,830	37,426,654	37,094,340	–
	After distribution	Not distributed	35,358,891	35,177,830	35,270,654	35,036,340	–
Other equities		2,215,910	1,651,168	1,347,150	1,312,657	(34,679)	–
Treasury shares		–	–	–	–	–	–
Non-controlling interests		–	–	–	–	–	–
Total Equity	Before distribution	52,627,860	51,308,711	50,725,053	50,782,946	49,092,452	–
	After distribution	Not distributed	49,054,711	48,569,053	48,626,946	47,034,452	–

Note 1: No parent company-only financial information of 2022 up to March 31 has been reviewed by the CPAs.

Note 2: The financial statements of 2017 to 2019 corrected or supplemented including:

1. For the Company's previous corrected or supplemented the information of the re-investment, Al-Jubail Fertilizer, the IFRS effect was adopted first-time in 2017.
2. Pursuant to the Letter Jin-Guan-Zheng-Shen-Zhi No.1090330422, issued by Financial Supervisory Commission on March 11, 2020, and by referring to the common practice in the construction industry that the clients may pay considerations in installments for one to five years, the Company corrected (supplemented) the presentation and disclosure of the receivables generated from the sales in the manner of ten-year and 20-year installments.

Note 3: The aforesaid figures after distribution, are filled in with the figures resolved by the AGM in the next year; but the figures in 2021 are not yet resolved.

4. Condense Statement of Comprehensive Income (Parent Company-Only)

Unit: NT$ thousand

Item \ Year	Financial Information in the Past Five Years					Financial Information of the Current Year up to March 31, 2022 (Note 1)
	2021	2020	2019	2018	2017	
Operating revenue	13,074,793	9,931,129	12,624,716	11,928,000	11,346,419	–
Gross profit from operations	1,853,188	2,472,640	2,984,206	2,701,844	2,544,133	–
Non-operating income and expenses	381,832	1,188,302	1,628,666	1,292,341	1,275,875	–
Non-operating income and expense	3,374,275	1,775,881	834,541	1,656,253	543,075	–
Net income (loss) before tax	3,756,107	2,964,183	2,463,207	2,948,594	1,818,950	–
Net income of continuing operations	3,034,616	2,452,881	2,063,955	2,281,319	1,619,126	–
Loss of discontinuing operation	–	–	–	–	–	–
Net income (loss) of the period	3,034,616	2,452,881	2,063,955	2,281,319	1,619,126	–
Other comprehensive income of the current year (net amount after-tax)	538,533	286,198	33,714	517,626	(655,952)	–
Total comprehensive income in the current period	3,573,149	2,739,079	2,097,669	2,798,945	963,174	–
Net income attributable to owners of the parent company	–	–	–	–	–	–
Net income attributable to non-controlling interest	–	–	–	–	–	–
Total comprehensive income attributable to owners of the parent company	–	–	–	–	–	–
Total comprehensive income attributable to non-controlling interest	–	–	–	–	–	–
Earnings (losses) per share	3.10	2.50	2.11	2.33	1.65	–

Note 1: No parent company-only financial information of 2022 up to March 31 has been reviewed by the CPAs.

Note 2: The financial statements of 2017 to 2019 corrected or supplemented including:

1. For the Company's previous corrected or supplemented the information of the re-investment, Al-Jubail Fertilizer, the IFRS effect was adopted first-time in 2017.
2. Pursuant to the Letter Jin-Guan-Zheng-Shen-Zhi No.1090330422, issued by Financial Supervisory Commission on March 11, 2020, and by referring to the common practice in the construction industry that the clients may pay considerations in installments for one to five years, the Company corrected (supplemented) the presentation and disclosure of the receivables generated from the sales in the manner of ten-year and 20-year installments.

Note 3: The loss of discontinuing operation is listed as the amount net of income tax.

(II) Auditing CPAs and audit opinions

Year	Name of the accounting firm	Names of CPAs	Audit Opinion
2017	KPMG Taiwan	Tseng, Kuo-Yang; Lin, Heng-Sheng	Unqualified opinion
2018	KPMG Taiwan	Tseng, Kuo-Yang; Lin, Heng-Sheng	Unqualified opinion
2019	KPMG Taiwan	Tseng, Kuo-Yang; Lin, Heng-Sheng	Unqualified opinion
2020	KPMG Taiwan	Tseng, Kuo-Yang; Lin, Heng-Sheng	Unqualified opinion
2021	KPMG Taiwan	Tseng, Kuo-Yang; Lin, Heng-Sheng	Unqualified opinion

II. Financial Analysis in the Past Five Years

(I) Financial Analysis (Consolidated)

Analysis Item (Note 3) \ Year		Financial Analysis in the Past Five Years					Current year up to March 31, 2022 (Note 1)
		2021	2020	2019	2018	2017	
Financial structure (%)	Debt to asset ratio	33.67	32.79	32.95	33.52	34.68	35.64
	Long term capital to property, plant and equipment ratio	532.30	502.15	515.47	538.35	530.58	566.33
Solvency (%)	Current ratio	199.51	426.64	585.18	694.29	635.91	301.94
	Quick ratio	125.20	283.94	457.49	524.9	537.18	218.00
	Interest protection multiples	89,758.88	65,115.89	47,344.38	707,442.92	330,560.00	87,717.94
Operating capacity	Receivable turnover rate (times)	10.07	11.87	11.94	8.56	7.20	4.93
	Average cash recovery day	36	31	31	43	51	18
	Inventory turnover rate (times)	4.16	2.87	3.74	4.06	4.97	1.39
	Payable turnover rate (times)	8.25	13.56	13.87	9.47	8.53	3.40
	Days sales outstanding	88	127	97	90	73	64
	Property, plant and equipment turnover rate (times)	0.94	0.70	0.91	0.88	0.57	0.29
	Total asset turnover rate (times)	0.18	0.13	0.16	0.16	0.15	0.05
Profitability	Return on Assets (%)	3.90	3.23	2.72	3.01	2.13	0.95
	Return on Equity (%)	5.84	4.80	4.06	4.56	3.26	1.46
	Pre-tax net profit to paid-in capital ratio (%)	38.69	30.25	25.14	30.09	18.71	9.91
	Net profit margin (%)	22.22	24.11	16.01	18.67	13.88	19.07
	EPS (dollar)	3.10	2.50	2.11	2.33	1.65	0.79
Cash flows	Cash flow ratio (%)	79.23	59.29	181.99	94.89	116.46	63.37
	Cash flow adequacy ratio (%)	50.59	46.58	134.68	122.01	142.29	157.69
	Cash reinvestment ratio (%)	1.04	-1.05	1.98	-0.22	0.7	3.07
Leverage	Operating leverage	8.66	3.76	3.56	3.52	3.76	-10.60
	Financial leverage	1	1	1	1	1	1

Please explain the reasons of the financial ratio changes in the past two years.

1. Current ratio decreased, mainly because the current assets of 2021 decreased.
2. Quick ratio decreased, mainly because the liquid assets of 2021 decreased.
3. Interest protection multiples increased, mainly because the net profit before tax of 2021 increased.
4. Inventory turnover increased, mainly because the operating cost of 2021 increased.
5. Payable turnover decreased, mainly because the payable cost of 2021 increased.
6. Days sales outstanding decreased, mainly because the inventory turnover of 2021 increased.
7. Property, plant and equipment turnover increased, mainly because the operating revenue of 2021 increased.
8. Total property turnover increased, mainly because the operating revenue of 2021 increased.
9. Return on assets increased, mainly because the net profit after tax of 2021 increased.
10. Return on equity increased, mainly because the net profit after tax of 2021 increased.
11. Pre-tax net profit to paid-in capital increased, mainly because the pre-tax net profit of 2021 increased.
12. Earnings per share increased, mainly because the net profit after tax of 2021 increased.
13. The cash flow ratio increased, mainly because the cash inflow from operating activities increased in 2021.
14. The cash reinvestment ratio increased, mainly because the cash inflow from operating activities increased in 2021.
15. Operating leverage increased, mainly because the operating revenue of 2021 increased.

(II) Financial Analysis (Parent Company-Only)

Analysis Item (Note 3) / Year		Financial Analysis in the Past Five Years 2021	2020	2019	2018	2017	Current year up to March 31, 2022 (Note 1)
Financial structure (%)	Debt to asset ratio	33.26	32.28	32.76	33.46	34.62	–
	Long term capital to property, plant and equipment ratio	629.85	594.21	565.39	554.51	534.64	–
Solvency (%)	Current ratio (%)	185.95	443.64	587.27	625.33	629.34	–
	Quick ratio (%)	110.68	287.22	452.71	453.39	529.83	–
	Interest protection multiples	124,063.92	82,875.28	60,339.83	No interest expense	45,473,850.00	–
Operating capacity	Receivable turnover rate (times)	9.72	11.72	11.79	8.43	7.05	–
	Average cash recovery day	37	31	31	43	52	–
	Inventory turnover rate (times)	4.12	2.88	3.73	4.05	5	–
	Payable turnover rate (times)	8.16	13.67	13.84	9.36	8.41	–
	Days sales outstanding	88	127	98	90	73	–
	Property, plant and equipment turnover rate (times)	1.07	0.78	0.95	0.88	0.56	–
	Total asset turnover rate (times)	0.16	0.13	0.16	0.15	0.15	–
Profitability	Return on Assets (%)	3.92	3.24	2.72	3.01	2.14	–
	Return on Equity (%)	5.83	4.80	4.06	4.56	3.26	–
	Pre-tax net profit to paid-in capital ratio (%)	38.32	30.24	25.13	30.08	18.56	–
	Net profit margin (%)	23.20	24.69	16.34	19.12	14.26	–
	EPS (dollar)	3.10	2.50	2.11	2.33	1.65	–
Cash flows	Cash flow ratio (%)	75.11	66.67	198.78	100.46	119.16	–
	Cash flow adequacy ratio (%)	53.38	52.39	141.96	124.9	142.19	–
	Cash reinvestment ratio (%)	0.66	-0.01	1.98	-0.17	0.68	–
Leverage	Operating leverage	9.97	3.75	3.39	3.28	3.38	–
	Financial leverage	1	1	1	1	1	–

Please explain the reasons of the financial ratio changes in the past two years.
1. Current ratio decreased, mainly because the current assets of 2021 decreased.
2. Quick ratio decreased, mainly because the liquid assets of 2021 decreased.
3. Interest protection multiples increased, mainly because the net profit before tax of 2021 increased.
4. Inventory turnover increased, mainly because the operating cost of 2021 increased.
5. Payable turnover decreased, mainly because the payable of 2021 increased.
6. Days sales outstanding decreased, mainly because the inventory turnover of 2021 increased.
7. Property, plant and equipment turnover increased, mainly because the operating revenue of 2021 increased.
8. Total property turnover increased, mainly because the operating revenue of 2021 increased.
9. Return on assets increased, mainly because the net profit after tax of 2021 increased.
10. Return on equity increased, mainly because the net profit after tax of 2021 increased.
11. Pre-tax net profit to paid-in capital increased, mainly because the pre-tax net profit of 2021 increased.
12. Earnings per share increased, mainly because the net profit after tax of 2021 increased.
13. The cash reinvestment ratio increased, mainly because the cash inflow from operating activities increased in 2021.
14. Operating leverage increased, mainly because the operating revenue of 2021 increased.

Note 1: The consolidated financial information of 2022 up to March 31 has been reviewed by the CPAs, but no parent company-only financial information of 2021 up to March 31 has been reviewed by the CPAs.

Note 2: The financial information from 2017 to 2021 has been reviewed by the CPAs.

Note 3: Formula of financial analysis calculation

1. Financial structure
   (1) Debt to asset ratio =total liabilities / total assets
   (2) Long term capital to property, plant and equipment ratio = (total equity + non-current liabilities) / net property, plant and equipment
2. Solvency
   (1) Current ratio = current assets / current liabilities
   (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities (Inventories include the inventories and real properties in progress)
   (3) Interest protection multiples = net profit before income tax and interest expense / interest expense in the current period
3. Operating capacity
   (1) Receivable (including accounts receivable and notes receivable due to business) turnover rate = net sales / average receivables for each period (including accounts receivable and notes receivable due to business)
   (2) Average cash recovery date = 365 / receivables turnover rate
   (3) Inventory turnover rate = sales cost / average inventory
   (4) Payable (including accounts payable and notes payable due to business) turnover rate = cost of sales / average balance payable on each period (including accounts payable and notes payable due to business)
   (5) Days sales outstanding = 365 / inventory turnover rate
   (6) Property, plant and equipment turnover rate = net sales/net average property, plant and equipment value
   (7) Total asset turnover rate = net sales / average total assets
4. Profitability
   (1) Return on assets = [after tax profit and loss + interest expense × (1 - tax rate)] / average total assets
   (2) Return on equity = after tax profit and loss / average equity
   (3) Net profit margin = after tax profit and loss / net sales
   (4) Earnings per share = (profit or loss attributable to parent company owner - special dividend) / weighted average number of issued shares
5. Cash flows
   (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
   (2) Cash flow adequacy ratio = net cash flow from operating activities in the last five years / (capital expenditure + inventory increase + cash dividend) in the last five years
   (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long term investment + other non-current assets + working capital)
6. Leverage
   (1) Operating leverage = (net operating income - changing operating costs and expenses) / operating profit
   (2) Financial leverage = operating profit / (operating profit - interest expense)

III. Audit Report of the Audit Committee

Audit Committee's Report of Taiwan Fertilizer Co., Ltd.

The Company's 2021 business report, financial statements and statement of earnings distribution were submitted by the Company's Board of Directors. The financial statements were already audited by Kuo-Yang Tseng, CPA and Heng-Sheng Lin of KPMG, who also issued the auditor report accordingly.

The Audit Committee, after completing the audit of said business report, financial statements and statement of earnings distribution, believes that they are free of material misstatement, and thus produces this report according to Article 219 of the Company Act.

Please review accordingly.

To:

2022 General Shareholders' Meeting of the Company

TAIWAN FERTILIZER CO., LTD.

Convener of Audit Committee: Lin, Su Ming

林世銘

March 22, 2022

IV. Consolidated financial statements

Stock Code:1722

TAIWAN FERTILIZER CO., LTD.
AND SUBSIDIARIES

Consolidated Financial Statements

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

Address: 6F, No.88, Nanjing E. Rd., Sec 2, Taipei City 10457, Taiwan
Telephone: (02)2542-2231

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

Representation Letter

The entities that are required to be included in the combined financial statements of TAIWAN FERTILIZER CO., LTD. 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 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, TAIWAN FERTILIZER CO., LTD. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: TAIWAN FERTILIZER CO., LTD.
Chairman: Huang-Yao Hsing
Date: March 22, 2022

安侯建業聯合會計師事務所
KPMG
台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)
Telephone 電話 + 886 2 8101 6666
Fax 傳真 + 886 2 8101 6667
Internet 網址 home.kpmg/tw

Independent Auditors' Report

To the Board of Directors of TAIWAN FERTILIZER CO., LTD.:

Opinion

We have audited the consolidated financial statements of TAIWAN FERTILIZER CO., LTD. and its subsidiaries ("the Group"), which comprise the consolidated Balance Sheets as of December 31, 2021 and 2020, and the consolidated statement of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed 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 Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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 matters that, in our professional judgment, should be communicated are as follows:

1. Impairment assessment of intangible assets

   For the accounting policy of impairment assessment of intangible assets, please refer to note 4 (m) "Intangible assets" of the consolidated financial statements. For the accounting estimate and uncertainty assumption of impairment assessment of intangible assets, please refer to note 5 of the consolidated financial statements. For the impairment assessment of intangible assets, please refer to 6(l) of the consolidated financial statements.

Key audit matters:

As described in Note 6(l) of the consolidated financial statements, the Group acquired control over Taiwan Yes Deep Ocean Water Co., Ltd. (“ Taiwan Yes”), which was accounted for as acquisition using the equity method (including the goodwill and trademark with indefinite useful lives). In accordance with IAS 36 “Impairment of Assets”, goodwill and intangible assets with indefinite useful lives should be tested for impairment annually; and based on the estimated future cash flows of Taiwan Yes (the cash-generating unit), the recoverable amount was evaluated in order to determine whether there is any impairment of the aforementioned investment accounted for by using the equity method (including the goodwill and intangible assets with indefinite useful lives). Since the estimated future cash flows requires management’s forecasting of the industry overview and the future operating performance of Taiwan Yes, the recoverable amount will be affected and an impairment loss will be incurred should there be any change in the situation. Therefore, the impairment assessment of equity-method investments has been identified as a key audit matter.

How the matter was addressed in our audit:

Our principal audit procedures included confirming whether the management has properly assessed the recoverability of goodwill based on the forecasted cash flows within the following 5 years, wherein the assessment has been reviewed by the competent authority; and verifying whether the management has disclosed the impairment of goodwill in the financial statements on a timely manner after identifying such circumstance. In addition, we also assessed the adequacy of the forecasting methods and the discount rate used by the management, and compared the discount rate with external information; verified the management’s assumptions with external relevant information, and evaluated the major assumptions (including the forecast revenue growth rate, discount rate and forecast margin).

Other Matter

We did not audit the consolidated financial statements as of and for the years ended December 31, 2021 and 2020 of the certain investees in equity method. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included in the corporation's financial statements for these investees, is based solely on the report of other auditors. As of December 31, 2021 and 2020, the investments in the aforementioned investees are 13.56% (NT$10,758,806 thousand) and 12.05% (NT$9,202,183 thousand) of consolidated total assets. For the years ended December 31, 2021 and 2020, the investment income on the above said investees are 81.07% (NT$3,074,009 thousand) and 20.02% (NT$593,696 thousand) of the Company's income before income tax.

TAIWAN FERTILIZER CO., LTD. has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued an unqualified 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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Kuo-Yang Tseng and Heng-Shen Lin.

KPMG

Taipei, Taiwan (Republic of China)
March 22, 2022

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TAIWAN FERTILIZER CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current assets:				
1100	Cash and cash equivalents (notes 6(a) and (u))	$ 2,534,695	3	3,062,027	4
1110	Total current financial assets at fair value through profit or loss (notes 6(b) and (u))	60,009	-	1,300,013	2
1120	Total current financial assets at fair value through other comprehensive income (notes 6(c) and (u))	127,059	-	112,566	-
1150	Notes receivable, net (notes 6(e), (r) and (u))	191,113	-	118,885	-
1170	Accounts receivable, net (notes 6(e), (r), (u) and 7)	1,743,590	2	659,112	1
1200	Other receivables, net (notes 6(f), (u) and 7)	11,322	-	12,797	-
1220	Total current tax assets	6	-	6	-
130X	Total inventories (note 6(g))	2,711,004	4	2,822,354	4
1410	Total prepayments (note 7)	207,548	-	364,115	-
1476	Other current financial assets (notes 6(a), (u) and 8)	233,305	-	1,066,109	1
1479	Other current assets, others	16,035	-	8,935	-
		7,835,686	9	9,526,919	12
	Non-current assets:				
1517	Total non-current financial assets at fair value through other comprehensive income (notes 6(c) and (u))	3,439,803	5	2,712,178	4
1535	Non-current financial assets at amortised cost, net (notes 6(d) and (u))	-	-	28,507	-
1550	Investments accounted for using equity method, net (notes 6(h) and (u))	10,823,828	14	9,282,092	12
1600	Total property, plant and equipment (note 6(i))	14,167,791	18	14,758,989	20
1755	Right-of-use assets (note 6(j))	1,076,433	2	1,150,181	2
1760	Investment property, net (notes 6(k) and (m))	41,172,276	52	38,102,213	50
1780	Total intangible assets (note 6(l))	124,595	-	122,639	-
1840	Deferred tax assets (note 6(o))	391,924	-	325,883	-
1930	Long-term notes and accounts receivable, net (notes 6(f) and (u))	84,125	-	115,396	-
1980	Total other non-current financial assets (notes 6(a), (u) and 8)	188,373	-	193,730	-
1990	Total other non-current assets, others (note 6(u))	38,365	-	27,400	-
		71,507,513	91	66,819,208	88
	Total assets	**$ 79,343,199**	**100**	**76,346,127**	**100**

	Liabilities and Equity	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current liabilities:				
2100	Total short-term borrowings (note 6(u))	$ 20,000	-	20,000	-
2130	Current contract liabilities (note 6(r))	144,260	-	88,420	-
2150	Total notes payable (note 6(u))	1,151	-	1,071	-
2170	Total accounts payable (notes 6(u) and 7)	2,316,725	3	475,087	1
2200	Total other payables (note 6(u))	816,570	1	793,287	1
2230	Current tax liabilities	133,119	-	71,634	-
2280	Current lease liabilities (note 6(u))	38,627	-	32,473	-
2313	Unearned revenue (note 6(k))	389,525	1	389,525	1
2315	Other advance receipts	19,833	-	305,968	-
2399	Other current liabilities, others	47,750	-	55,504	-
		3,927,560	5	2,232,969	3
	Non-Current liabilities:				
2550	Total non-current provisions	455,120	1	455,120	1
2570	Total deferred tax liabilities (note 6(o))	7,449,720	9	7,104,724	10
2580	Non-current lease liabilities (note 6(u))	153,266	-	160,439	-
2630	Long-term deferred revenue (note 6(k))	14,257,410	18	14,627,720	19
2640	Net defined benefit liability, non-current (note 6(n))	136,612	-	131,319	-
2645	Guarantee deposits received (note 6(u))	335,651	-	325,125	-
		22,787,779	28	22,804,447	30
	Total liabilities	26,715,339	33	25,037,416	33
	Equity attributable to owners of parent (note 6(p)):				
3100	Total capital stock	9,800,000	12	9,800,000	13
3200	Total capital surplus	2,244,652	3	2,244,652	3
	Retained earnings:				
3310	Legal reserve	3,673,475	5	3,397,549	4
3320	Special reserve	30,743,799	39	30,823,647	41
3350	Total unappropriated retained earnings	3,950,024	5	3,391,695	4
3400	Total other equity interest	2,215,910	3	1,651,168	2
	Total equity	52,627,860	67	51,308,711	67
	Total liabilities and equity	**$ 79,343,199**	**100**	**76,346,127**	**100**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TAIWAN FERTILIZER CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

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

		2021		2020	
		Amount	%	Amount	%
4000	**Total operating revenue (notes 6(k), (m) and (r))**	$ 13,659,406	100	10,169,742	100
5000	**Total operating costs (notes 6(g), (n), 7 and 12)**	(11,520,431)	(84)	(7,580,633)	(75)
5900	**Gross profit (loss) from operations**	2,138,975	16	2,589,109	25
	Operating expenses (notes 6(e), (n), (s) and 12):				
6100	Total selling expenses	(545,061)	(4)	(299,990)	(3)
6200	Total administrative expenses	(1,025,326)	(8)	(974,846)	(9)
6300	Total research and development expenses	(58,695)	-	(66,584)	(1)
6450	Expected credit loss (gain)	(2,569)	-	-	-
	Total operating expenses	(1,631,651)	(12)	(1,341,420)	(13)
6900	**Net operating income**	507,324	4	1,247,689	12
	Non-operating income and expenses:				
7100	Total interest income (note 6(t))	18,156	-	44,080	-
7010	Total other income (note 6(t))	106,710	1	80,046	1
7020	Other gains and losses, net (notes 6(t) and 12)	104,591	1	1,019,917	10
7050	Finance costs, net (note 6(t))	(4,229)	-	(4,561)	-
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method, net	3,059,122	22	578,204	6
	Total non-operating income and expenses	3,284,350	24	1,717,686	17
	Profit from continuing operations before tax	3,791,674	28	2,965,375	29
7950	Less: Income tax expenses (note 6(o))	(757,058)	(6)	(512,494)	(5)
	Profit	3,034,616	22	2,452,881	24
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans	(3,848)	-	(35,816)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	775,903	6	715,107	7
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(11,338)	-	10,833	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(770)	-	(7,163)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	761,487	6	697,287	7
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(2,760)	-	(7,717)	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(275,477)	(2)	(504,660)	(5)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(55,283)	-	(101,288)	(1)
	Components of other comprehensive income that will be reclassified to profit or loss	(222,954)	(2)	(411,089)	(4)
8300	**Other comprehensive income**	538,533	4	286,198	3
8500	**Total comprehensive income**	$ 3,573,149	26	2,739,079	27
	Profit, attributable to:				
8610	Profit, attributable to owners of parent	$ 3,034,616	22	2,452,881	24
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	$ 3,573,149	26	2,739,079	27
	Basic earnings per share (note 6(q))				
9750	**Basic earnings per share**	$	3.10		2.50
9850	**Diluted earnings per share**	$	3.09		2.50

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TAIWAN FERTILIZER CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent									
	Share capital		Retained earnings				Total other equity interest			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity interest	Total equity
Balance at January 1, 2020	$ 9,800,000	2,244,073	3,191,153	31,147,849	2,994,828	37,333,830	(51,551)	1,398,701	1,347,150	50,725,053
Profit	-	-	-	-	2,452,881	2,452,881	-	-	-	2,452,881
Other comprehensive income	-	-	-	-	(17,820)	(17,820)	(411,089)	715,107	304,018	286,198
Total comprehensive income	-	-	-	-	2,435,061	2,435,061	(411,089)	715,107	304,018	2,739,079
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	206,396	-	(206,396)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(2,156,000)	(2,156,000)	-	-	-	(2,156,000)
Reversal of special reserve	-	-	-	(324,202)	324,202	-	-	-	-	-
Other changes in capital surplus	-	579	-	-	-	-	-	-	-	579
Balance at December 31, 2020	9,800,000	2,244,652	3,397,549	30,823,647	3,391,695	37,612,891	(462,640)	2,113,808	1,651,168	51,308,711
Profit	-	-	-	-	3,034,616	3,034,616	-	-	-	3,034,616
Other comprehensive income	-	-	-	-	(14,416)	(14,416)	(222,954)	775,903	552,949	538,533
Total comprehensive income	-	-	-	-	3,020,200	3,020,200	(222,954)	775,903	552,949	3,573,149
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	275,926	-	(275,926)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(2,254,000)	(2,254,000)	-	-	-	(2,254,000)
Reversal of special reserve	-	-	-	(79,848)	79,848	-	-	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(11,793)	(11,793)	-	11,793	11,793	-
Balance at December 31, 2021	**$ 9,800,000**	**2,244,652**	**3,673,475**	**30,743,799**	**3,950,024**	**38,367,298**	**(685,594)**	**2,901,504**	**2,215,910**	**52,627,860**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TAIWAN FERTILIZER CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31	
	2021	2020
Cash flows from (used in) operating activities:		
Profit before tax	$ 3,791,674	2,965,375
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	1,158,798	1,074,367
Amortization expense	7,078	6,524
Expected credit gain for bad debt expense	2,569	-
Net gain on financial assets or liabilities at fair value through profit or loss	(2,365)	(5,065)
Interest expense	4,229	4,561
Interest income	(18,156)	(44,080)
Dividend income	(54,585)	(41,776)
Share of profit of associates and joint ventures accounted for using equity method	(3,059,122)	(578,204)
(Gain) loss on disposal of property, plant and equipment, net	11,205	(1,025)
Gain on disposal of investment properties	(216,741)	(1,047,961)
Impairment loss on non-financial assets	29,913	-
Unrealized foreign current exchange loss (gain)	17,969	(11,245)
Donation expense	-	10,075
Comprensation	18,556	-
Total adjustments to reconcile profit (loss)	(2,100,652)	(633,829)
Changes in operating assets and liabilities:		
Decrease (increase) in notes receivable	(72,228)	75,782
Decrease (increase) in accounts receivable	(1,060,199)	80,799
Decrease (increase) in other receivable	10,397	3,591
Decrease (increase) in inventories	111,350	(377,280)
Decrease (increase) in prepayments	126,747	(200,631)
Decrease (increase) in other current assets	(7,291)	(5,472)
Total changes in operating assets	(891,224)	(423,211)
Increase (decrease) in contract liabilities	55,840	(18,436)
Increase (decrease) in notes payable	80	(8,957)
Increase (decrease) in accounts payable	1,841,638	(156,269)
Increase (decrease) in other payable	240,134	(16,595)
Increase (decrease) in receipts in advance	(312,983)	292,522
Increase (decrease) in other current liabilities	(7,754)	6,522
Increase (decrease) in net defined benefit liability	1,445	(11,983)
Increase (decrease) in deferred credits	(370,310)	(390,367)
Total changes in operating liabilities	1,448,090	(303,563)
Total changes in operating assets and liabilities	556,866	(726,774)
Total adjustments	(1,543,786)	(1,360,603)
Cash inflow (outflow) generated from operations	2,247,888	1,604,772
Interest received	18,619	45,422
Dividends received	1,209,910	234,284
Interest paid	(4,229)	(4,561)
Income taxes refund (paid)	(360,565)	(555,851)
Net cash flows from (used in) operating activities	3,111,623	1,324,066

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TAIWAN FERTILIZER CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows (CONT’D)

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31	
	2021	2020
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(150,000)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	31,920	98,000
Proceeds from disposal of financial assets at amortised cost	27,663	-
Acquisition of financial assets designated at fair value through profit or loss	(3,660,000)	(5,710,000)
Proceeds from disposal of financial assets designated at fair value through profit or loss	4,902,369	5,975,233
Acquisition of property, plant and equipment	(519,631)	(943,905)
Proceeds from disposal of property, plant and equipment	2,065	1,039
Decrease in other receivables	23,751	20,718
Acquisition of intangible assets	(9,034)	(2,230)
Acquisition of investment properties	(3,266,337)	(2,516,076)
Proceeds from disposal of investment properties	301,000	1,422,740
Decrease in other financial assets	838,161	3,118,621
Decrease (increase) in other non-current assets	(10,965)	30,535
Net cash flows from (used in) investing activities	(1,339,038)	1,344,675
Cash flows from (used in) financing activities:		
Increase in short-term loans	-	24,000
Decrease in short-term loans	-	(36,000)
Increase in guarantee deposits received	10,526	67,542
Payment of lease liabilities	(36,791)	(31,832)
Cash dividends paid	(2,254,000)	(2,156,000)
Net cash flows from (used in) financing activities	(2,280,265)	(2,132,290)
Effect of exchange rate changes on cash and cash equivalents	(19,652)	5,948
Net (decrease) increase in cash and cash equivalents	(527,332)	542,399
Cash and cash equivalents at beginning of period	3,062,027	2,519,628
Cash and cash equivalents at end of period	**$ 2,534,695**	**3,062,027**

See accompanying notes to consolidated financial statements.

(1) Company history

TAIWAN FERTILIZER CO., LTD. (the “Company”). was incorporated in May 1946. The Company’s registered office address is located at 6F, No. 88, Nanjing E. Rd., Sec.2, Taipei, 10457, Taiwan. The Company and its subsidiaries (together referred to as the “Group”) is mainly engaged in manufactures and sells inorganic and organic fertilizers and other chemical products, constructs and leases real estate services. The Group’s shares were listed on the TSEC since March 24, 1998.

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

The accompanying consolidated financial statements were authorized for issue by the Board of Directors on March 22, 2022.

(3) New standards, amendments and interpretations adopted:

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

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

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”

The Group has initially adopted the (following) new amendments, which do not have a significant impact on its consolidated financial statements, from April 1, 2021:

- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 16 “Property, Plant and Equipment－Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts－Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(Continued)

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

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

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

(4) Summary of significant accounting policies:

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C.

(b) Basis of preparation

(i) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the balance sheets：

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

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

3) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note 4(q).

(ii) Functional and presentation currency

The functional currency of each Group entities is determined based on the primary economic environment in which the entities operate. The consolidated financial statements are presented in New Taiwan Dollar, which is the Company's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

When the Group loses control over a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the former subsidiary is measured at fair value when control is lost, with the resulting gain or loss being recognized in profit or loss. The Group recognizes as gain or loss in profit or loss the difference between (i) the fair value of the consideration received as well as any investment retained in the former subsidiary at its fair value at the date when control is lost ;and (ii) the assets (including any goodwill), liabilities of the subsidiary as well as any related non-controlling interests at their carrying amounts at the date when control is lost, as gain or loss in profit or loss. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

(ii) List of subsidiaries included in the consolidated financial statements:

			Shareholding ratio		
Investor	**Subsidiary**	**Nature of business**	**December 31, 2021**	**December 31, 2020**	**Notes**
The Company	Taifer Chemicals International Inc.	International trade, wholesale of fertilizer, real estate rental or leasing and gas station	100%	100%	-
The Company	TAIFER (CAYMAN) INTERNATIONAL GROUP CO., LTD.	Investment and holding	100%	100%	-
The Company	Taiwan Yes Deep Ocean Water Co., Ltd.	Wholesale of drinks, food and grocery	100%	100%	-
The Company	TAIFER (CAMBODIA) CO., LTD.	International trade and wholesale of fertilizer	100%	100%	-

(Continued)

			Shareholding ratio		
Investor	**Subsidiary**	**Nature of business**	**December 31, 2021**	**December 31, 2020**	**Notes**
The Company	PEIFENG Technology & Fertilized Co., Ltd.	Manufacture and wholesale of fertilizer 100	100%	100%	-
Taiwan Yes Deep Ocean Water Co., Ltd.	Hasbo Biotech Co., Ltd.	Wholesale of Nonalcoholic Beverages and Cosmetics	- %	- %	Note 1
Taifer Chemicals International Inc.	TAIFER INTERNATIONAL (SAMOA) GROUP CO., LTD.	Investment and holding	100%	100%	-
TAIFER INTERNATIONAL (SAMOA) GROUP CO., LTD	TAIFER CHEMICAL INTERNATIONAL CO., LTD.	Real estate rental and leasing	100%	100%	-

Note 1: Hasbo biotech was in liquidation process in October 2017. The process has been finished in April 2020.

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currency

(i) Foreign currency transaction

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

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

1) an investment in equity securities designated as at fair value through other comprehensive income;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

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

(Continued)

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

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

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

An asset is classified as current when:

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

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

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

(iv) The asset is cash and cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(i) It is expected to be settled in the normal operating cycle;

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

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

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

All other liabilities are classified as non-current.

(f) Cash and cash equivalents

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

(Continued)

(g) Financial instruments

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

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(Continued)

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

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

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

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

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets and accounts receivable (except for those presented as accounts receivable but measured at FVTPL). On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

4) Impairment of financial assets

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

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

(Continued)

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

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

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

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

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

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

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

· significant financial difficulty of the borrower or issuer;

· a breach of contract such as a default or being more than 180 days past due;

· the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

· it is probable that the borrower will enter bankruptcy or other financial reorganization; or

· the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

(Continued)

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

5) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Treasury shares

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

4) Financial liabilities

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

(Continued)

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

5) Derecognition of financial liabilities

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

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

6) Offsetting of financial assets and liabilities

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

7) Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of: (a) the amount of the loss allowance determined in accordance with IFRS 9; and (b) the amount recognized initially less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policies set out below.

(h) Inventories

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

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

(Continued)

(i) Investment in associates

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

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

The consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases.

When changes in an associate’s equity are not recognized in profit or loss or other comprehensive income of the associate and such changes do not affect the Group’s ownership percentage of the associate, the Group recognizes the Group’s share of change in equity of the associate in capital reserves in proportion to its ownership.

Gains and losses resulting from the transactions between the Group and an associate are recognized only to the extent of unreleated Group’s interests in the associate.

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

(j) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business or for administrative purposes. Investment property is measured at cost on initial recognition. Subsequent to initial recognition, investment property is measured at initial acquisition cost less accumulated depreciation and accumulated impairment losses. The methods for depreciating and determining the useful life and residual value of investment property are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

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

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of certain items of property, plant and equipment on January 1, 2012, the Group’s date of transition to the Standards, was determined with reference to its fair value at that date.

(Continued)

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

Depreciation is calculated on the depreciable amount of an asset using the straight-line basis over its useful life. The depreciable amount of an asset is determined based on the cost less its residual value.

Land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

(1)Buildings	3～60 years
(2)Machine	3～40 years
(3)Instrument equipment	3～15 years
(4)Miscellaneous equipment	3～15 years

Item	Useful lives	Item	Useful lives
Buildings:		Machine:	
Leasehold improvements and others	3～15 years	Production equipment	3～15 years
Buildings, warehouses, storage sheds	16～60 years	Storage tanks, power transmission systems, etc.	16～40 years

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

(iv) Reclassification as investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(Continued)

(l) Leases

(i) Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

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

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

3) the customer has the right to direct the use of the asset throughout the period of use only if either:

- the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or
- the relevant decisions about how and for what purpose the asset is used are predetermined and:
  - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
  - the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

On the day after the lease is completed or when the contract is re-evaluated to include a lease, the Group allocates the consideration in the contract to individual lease components on the basis of a relatively separate price. However, when leasing land and buildings, the Group chooses not to distinguish between non-lease components but treat lease components and non-lease components as a single lease component.

(ii) As a lessee

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

(Continued)

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

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

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

- fixed payments including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

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

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change of the valuation of the underlying asset purchase option; or
- there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- there is any lease modifications

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

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

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

(Continued)

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

(iii) As a lessor

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

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

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

For operating leases, the Group recognizes the lease payments received as lease revenue during the lease period on a straight-line basis.

(m) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent Expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(Continued)

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

Computer software cost	5 years
Patent	7~8 years

The residual value, the amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least annually at each financial year-end. Any change thereof is accounted for as a change in accounting estimate.

(n) Impairment of non financial assets

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

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

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

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

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

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

(o) Provisions

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

(Continued)

(p) Revenue Recognition

(i) Derivative financial instruments and hedge accounting

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

1) Sale of goods

The Group manufactures and sells fertilizer products to market. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

2) Land development and sale of real estate

The Group develops and sells residential properties and usually sales properties in advance during construction or before construction begins. Revenue is recognized when control over the properties has been transferred to the customer. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title of a property has passed to the customer. Therefore, revenue is recognized at a point in time when the legal title has passed to the customer.

The revenue is measured at the transaction price agreed under the contract. For sale of readily available house, in most cases, the consideration is due when legal title of a property has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds twelve months. The transaction price is therefore not adjusted for the effects of a significant financing component. For pre-selling properties, the consideration is usually received by installment during the period from contract inception until the transfer of properties to the customer. If the contract includes a significant financing component, the transaction price will be adjusted for the effects of the time value of money during the period, using the specific borrowing rate of the construction project. Receipt of a prepayment from a customer is recognized as contract liability. Interest expense and contract liability are recognized when adjusting the effects of the time value of money. Accumulated amount of contract liability is recognized as revenue when control over the property has been transferred to the customer.

(Continued)

3) The Group's operating leasing business is classified into operating leases based on lease conditions and the possibility of cash receivables, and recognizes relevant operating lease income.

4) Financing components

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

(q) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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

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

(iii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

(Continued)

(iv) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(v) Short-term employee benefits

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

(r) Income Taxes

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

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

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

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

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

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

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

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

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

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

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

1) the same taxable entity; or

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

(s) Earnings per share

Disclosures are made of basic and diluted earnings per share attributable to ordinary equity holders of the Group. The basic earnings per share is calculated based on the profit attributable to the ordinary shareholders of the Group divided by weighted average number of ordinary shares outstanding. The diluted earnings per share is calculated based on the profit attributable to ordinary shareholders of the Group, divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as remuneration of employees and employee stock options.

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group’s chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

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

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

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(Continued)

Impairment of goodwill

The assessment of impairment of goodwill is based on the valuation method, material assumptions, share value, etc. The assumptions of forecast annual revenue growth rate, forecast margin, revenue on cash basis, etc. require the subjective judgments of the management, which contains estimation of uncertainty. Please refer to 6(l) for further description of the impairment of goodwill.

The process of measurement

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

The Group strives to use the market observable inputs when measuring its assets and liabilities.

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

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

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

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

Please refer to notes listed below for assumptions used in measuring fair value.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date. Please refer to Note 6(u), Financial instruments for assumptions used in measuring fair value.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand	$ 4,960	4,352
Demand deposits and checking accounts	2,528,569	922,519
Time deposits with original maturities less than 3 months	1,166	2,135,156
Cash and cash equivalents	$ 2,534,695	3,062,027

(Continued)

(i) Time deposits with original maturity of more than 3 months are recorded as other financial assets, and are classified as non-current if their maturities exceed one year, and as follow:

		December 31, 2021	December 31, 2020
Other current financial assets	$	233,305	1,066,109
Other non-current financial assets		188,373	193,730
	$	421,678	1,259,839

(ii) Refer to Note 6(u) for the fair value sensitivity analysis and interest rate risk of the financial assets and liabilities of the Group.

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

		December 31, 2021	December 31, 2020
Financial assets and liabilities at fair value through profit or loss.			
Non-derivative financial assets			
Beneficiary Certificate	$	60,009	1,300,013

Please refer to note 6(t) for the amount of remeasurement fair value through profit or loss.

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

		December 31, 2021	December 31, 2020
Equity investments at fair value through other comprehensive income			
Stock listed on domestic markets	$	127,059	112,566
Stock unlisted on domestic markets		3,439,803	2,712,178
Total	$	3,566,862	2,824,744

(i) Equity investments at fair value through other comprehensive income.

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

As a result of the investment at fair value through other comprehensive income, the amounts of the dividend revenues recognized for the years ended December 31, 2021 and 2020 were $54,585 thousand and $41,776 thousand, respectively.

The Group invested in domestic non listed (OTC) company stocks of Eminent III Venture Capital Corporation (Eminent III) through a joint venture agreement in November 2017. Thereafter, a second cash capital increase was approved during the board of directors by Eminent III in December 2019, resulting in the Group to remit the shares amounting to $150,000 thousand in January 2020.

A resolution was approved during the provisional meeting of the shareholders of Eminent II Venture Capital Corp. (Eminent II), a domestic non listed (OTC) company and one of the financial assets measured at fair value through other comprehensive income by the Group, held on June 18, 2020, for capital reduction, wherein the Group will receive the refund of $80,000 thousand.

A resolution was approved during the provisional meeting of the shareholders of Eminent Venture Capital Corporation, one of the financial assets measured at fair value through other comprehensive income by the Group, held on December 31, 2019, for capital reduction, wherein the Group will receive the refund of $18,000 thousand.

A resolution was approved during the general shareholders'meeting of TSCBio Ventures Capital Co., Ltd., one of the financial assets measured at fair value through other comprehensive income by the Group, held on Augus 9, 2021, for capital reduction, wherein the Company will receive the refund of $31,920 thousand.

A liquidation procedure was declared by Taipei District Court of Top Taiwan V Venture Capital Co., Ltd., one of the financial assets measured at fair value through other comprehensive income by the Group, held on September 22, 2021, for capital reduction, wherein the cumulative loss of the other equity were $11,793 thousand and transfered to retained earnings.

(ii) For credit risk, please refer to note 6(u).

(iii) Financial assets at fair value through other comprehensive income of the Company had not been pledged as collateral for long-term borrowings.

(d) Financial assets measured at amortized cost

	December 31, 2021	December 31, 2020
Foreign government bonds	$ -	28,507
Less : Loss allowance	-	-
Total	$ -	28,507

The Group has assessed that these financial assets are held to maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

(i) For credit risk, please refer to note 6(u).

(ii) Financial assets measured at amortized costs of the Group had not been pledged as collateral for long-term borrowings.

(e) Notes receivable, accounts receivable, long-term notes and accounts receivable

	December 31, 2021	December 31, 2020
Notes receivables – Merchandise	$ 191,113	118,885
Account receivables– Merchandise	1,744,705	660,018
Less : Loss allowance	(1,115)	(906)
	$ 1,934,703	777,997

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

	December 31, 2021		
	Gross carrying amount	Expected loss rate	Loss allowance provision
Current	$ 1,926,578	0%~0.02%	-
1 to 30 days past due	7,736	0%~1.17%	-
31 to 60 days past due	218	0%~2.02%	-
More than 60 days past due	1,286	0%~100%	(1,115)
	$ 1,935,818		(1,115)

	December 31, 2020		
	Gross carrying amount	Expected loss rate	Loss allowance provision
Current	$ 714,368	0%~0.01%	-
1 to 30 days past due	9,253	0%~0.56%	-
31 to 60 days past due	18,129	0%~0.83%	-
More than 60 days past due	37,153	0%~100%	(906)
	$ 778,903		(906)

(Continued)

The movement in the allowance for account receivables was as follows:

	For the years ended December 31		
		2021	2020
Balance on January 1	$	906	906
Impairment losses recognized		2,569	-
Amounts written off		(2,360)	-
Balance on December 31	$	1,115	906

(f) Other receivables (including the long-term receivables)

		December 31, 2021	December 31, 2020
Other receivables	$	319,467	319,294
Building and Land receivables		103,136	140,511
Unrealized interest income		(9,879)	(14,335)
Less : Loss allowance		(317,277)	(317,277)
	$	95,447	128,193

		December 31, 2021	December 31, 2020
Other receivables	$	11,322	12,797
Long-term receivable		84,125	115,396
	$	95,447	128,193

As of December 31, 2021, the total amount of receivables due to the sale of premises of the Group was $93,257 thousand. After the year 2022 and the year 2023, $9,132 and $84,125 thousand will be recovered respectively.

The above receivables of $93,257 thousand are all secured by the premises and promissory notes sold, and a mortgage is established to the Group.

The movement in the allowance for other receivables was as follows.

	For the years ended December 31		
		2021	2020
Balance on December 31 (Same as Balance on January 1)	$	317,277	317,277

Note: Ending balances in 2021 and 2020 were the same as the beginning balances in 2021 and 2020.

For the explanation of individually assessed impairment, please refers to note 7; for other credit risk information, please refers to note 6(u).

(Continued)

(g) Inventories, construction in progress, land held for sale and receipts in advance

		December 31, 2021	December 31, 2020
Inventories			
Raw materials	$	1,637,744	1,744,775
Finished goods		422,957	427,898
Merchandise		5,520	4,898
	$	2,066,221	2,177,571
Construction in progress			
Hsinchu land development project	$	644,783	644,783

The cost of inventories recognized as cost of goods sold and expense for the years ended December 31, 2021 and 2020, amounted to $10,629,975 and $6,753,471 thousand, respectively.

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

(h) Investments accounted for using equity method

The Group's financial information for equity accounted investees at the reporting date was as follows:

		December 31, 2021	December 31, 2020
Material associates			
Al-Jubail Fertilizer Company ("Al-Jubail")	$	10,758,806	9,202,183
Associates that are not individually material			
MITAGRI Co., Ltd.		29,740	32,881
Taiwan Agricultural Investment and Development Co., Ltd.		35,282	47,028
	$	10,823,828	9,282,092

Joint ventures that are not individually material

		December 31, 2021	December 31, 2020
TR Electronic Chemical Co., Ltd.	$	-	-

(i) Associates that had materiality were as follows:

Associate	Nature of relationship	Country of registration	Equity ownership December 31, 2021	Equity ownership December 31, 2020
AI-Jabail Fertilizer Company	Equity-method investee	Kingdom of Saudi Arabia	50.00%	50.00%

(Continued)

The following is a summary of financial information on the Group's significant associates. In order to reflect the adjustments for fair value in acquisition of shares and differences in accounting policies, adjustment for the amounts presented on the financial statements of associates in accordance with IFRSs has been made to such financial information.

Summary financial information on AI-Jabail Fertilizer Company

	December 31, 2021	December 31, 2020
Current assets	$ 11,802,902	6,628,334
Noncurrent assets	14,113,967	15,110,337
Current liabilities	(2,622,604)	(1,739,092)
Noncurrent liabilities	(757,033)	(840,436)
Net assets	$ 22,537,232	19,159,143
Net assets attributable to non controlling interests	$ 10,843,013	9,405,861
Net assets attributable to investee owners	11,694,219	9,753,282
	$ 22,537,232	19,159,143

	For the years ended December 31 2021	2020
Revenue	$ 14,974,992	8,857,397
Profit for the year	$ 6,960,425	1,565,731
Other comprehensive income	926	21,666
Comprehensive income	$ 6,961,351	1,587,397
Comprehensive income attributable to non controlling interests	$ 3,220,802	879,745
Comprehensive income attributable to investee owners	$ 3,740,549	707,652
Dividends declared by Associates	$ 1,507,593	211,435

(ii) Joint ventures

On March 31, 2011, under the authorization of the Investment Commission of the Ministry of Economic Affairs of the Republic of China, the Group established TR Electronic Chemical Co., Ltd. ("TREC") in the Cayman Islands through its subsidiary, Taifer (Cayman) International Group Co., Ltd. TREC then invested in TR Electronic Chemical (Kunshan) Co., Ltd. ("TREC-K"), which enabled the Group to have a 100% indirect interest in TREC-K. TREC-K manufactures and sells electronic chemicals. Later, under a joint venture agreement between the Group and Shiung-Shing Chemical International Trade Group. ("Shiung-Shing"), another TREC shareholder, Shiung- Shing assigned a manager to handle TREC's daily business and management. Thus, the Group had no control over TREC and TREC-K. In June 2015, the carrying amount of the Group's investment in TREC was zero. TREC-K declared bankruptcy, for the relevant explanation of bankruptcy and litigation, please refer to note 7.

(Continued)

(iii) Pledged

As of December 31, 2021 and 2020, the investments in the aforesaid equity-accounted investees were not pledged as collateral.

(i) Property, plant and equipment

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

	Land	Building and construction	Machinery and equipment	Transportation Equipment	Other Equipment	Construction in progress	Total
Cost or deemed cost:							
Balance on January 1, 2021	$ 3,638,943	4,898,161	11,555,023	83,283	443,342	220,015	20,838,767
Additions	-	21,097	84,309	1,952	6,338	248,674	362,370
Disposals	-	(1,401)	(33,912)	(6,667)	(4,072)	-	(46,052)
Effect of foreign currency exchanges difference	-	-	-	(2)	(4)	-	(6)
Transfer from completion	163	34,807	113,927	4,466	4,432	(160,597)	(2,802)
Balance on December 31, 2021	$ 3,639,106	4,952,664	11,719,347	83,032	450,036	308,092	21,152,277
Balance on January 1, 2020	$ 3,638,943	3,781,499	10,115,796	86,727	431,561	1,464,663	19,519,189
Additions	-	14,695	80,813	1,626	7,191	999,366	1,103,691
Disposals	-	-	(5,795)	(9,610)	(172)	-	(15,577)
Effect of foreign currency exchanges difference	-	-	-	(5)	(3)	-	(8)
Transfer from completion	-	1,101,967	1,364,209	4,545	4,765	(2,244,014)	231,472
Balance on December 31, 2020	$ 3,638,943	4,898,161	11,555,023	83,283	443,342	220,015	20,838,767
Depreciation and impairment loss:							
Balance on January 1, 2021	$ -	923,318	4,808,161	59,601	205,878	82,820	6,079,778
Depreciation for the year	-	150,271	744,398	7,635	35,190	-	937,494
Disposals	-	(1,401)	(20,950)	(6,359)	(4,072)	-	(32,782)
Effect of foreign currency exchanges difference	-	-	-	(1)	(3)	-	(4)
Balance on December 31, 2021	$ -	1,072,188	5,531,609	60,876	236,993	82,820	6,984,486
Balance on January 1, 2020	$ -	794,401	4,129,605	61,333	170,229	82,820	5,238,388
Depreciation for the year	-	128,917	684,337	7,882	35,823	-	856,959
Disposals	-	-	(5,781)	(9,610)	(172)	-	(15,563)
Effect of foreign currency exchanges difference	-	-	-	(4)	(2)	-	(6)
Balance on December 31, 2020	$ -	923,318	4,808,161	59,601	205,878	82,820	6,079,778
Carrying amounts:							
Balance on December 31, 2021	$ 3,639,106	3,880,476	6,187,738	22,156	213,043	225,272	14,167,791
Balance on January 1, 2020	$ 3,638,943	2,987,098	5,986,191	25,394	261,332	1,381,843	14,280,801
Balance on December 31, 2020	$ 3,638,943	3,974,843	6,746,862	23,682	237,464	137,195	14,758,989

As of December 31, 2021 and 2020, the property, plant and equipment were not pledged as collateral.

(Continued)

(j) Right-of-use assets

The Group leases land. Information about leases for which the Group as a lessee is presented below:

		Land
Cost:		
Balance on January 1, 2021	$	1,359,667
Additions		35,772
Balance on December 31, 2021	**$**	**1,395,439**
Balance on December 31, 2020 (Same as Balance on December 31, 2019)	**$**	**1,359,667**
Accumulated depreciation and impairment losses:		
Balance on January 1, 2021	$	209,486
Depreciation for the year		109,520
Balance on December 31, 2021	**$**	**319,006**
Balance on January 1, 2020	$	104,772
Depreciation for the year		104,714
Balance on December 31, 2020	**$**	**209,486**
Carrying amount:		
Balance on December 31, 2021	**$**	**1,076,433**
Balance on January 1, 2020	**$**	**1,254,895**
Balance on December 31, 2020	**$**	**1,150,181**

On October 31, 2006, the Company leased from the Taichung Harbor Bureau, Ministry of Transportation and Communications ("THB") a 247.298 square meter lot in a special petrochemical industry zone in Taichung to develop wharf areas called wests 8 and 9, and construct warehouse facilities and public roads. The main provisions of the lease agreement were as follows:

(i) The lease term for the land in a special industrial zone is 20 years, and the agreement is renewable until the total lease reaches 50 years.

(ii) The Group can sublease the land, and it can also develop wests 8 and 9 of the wharf area, as well as construct warehouse facilities and public roads on behalf of THB. The Group can use its capital expenses for the construction as rentals in advance. However, once the lease term ends or the agreement is early terminated, all the titles to the facilities and improvements on the leased land should be transferred to THB.

The Group used its expenditures of $1,500,481 thousand for the construction of wests 8 and 9 of Taichung Harbor as rentals until March 20, 2034. The long-term prepayments for lease should be amortized over its rent free periods.

(Continued)

(k) Investment property

Investment property comprises office buildings that are leased to third parties under operating leases, including properties that are held as right-of-use assets, as well as properties that are owned by the Group. The leases of investment properties contain an initial non-cancellable lease term of 1 to 50 years.

The Group for the movement in Investment property were as follows:

	Own asset			Right-of-use assets	
	Completed Investment Property	**Investment Property under Construction**	**Undeveloped Investment Property**	**Other**	**Total**
Costs:					
Balance on January 1, 2021	$ 11,001,413	11,226,090	16,965,148	3,778	39,196,429
Additions	171,162	3,095,175	-	-	3,266,337
Disposals	(8)	-	(84,259)	-	(84,267)
Effect of foreign currency exchanges difference	(456)	-	-	-	(456)
Balance on December 31, 2021	$ 11,172,111	14,321,265	16,880,889	3,778	42,378,043
Balance on January 1, 2020	$ 10,989,238	8,723,773	17,339,970	3,778	37,056,759
Additions	13,759	2,502,317	-	-	2,516,076
Disposals	(13)	-	(374,779)	-	(374,792)
Effect of foreign currency exchanges difference	(1,571)	-	-	-	(1,571)
Reclassification	-	-	(43)	-	(43)
Balance on December 31, 2020	$ 11,001,413	11,226,090	16,965,148	3,778	39,196,429
Amortization and Impairment Loss:					
Balance on January 1, 2021	$ 388,128	96,344	607,646	2,098	1,094,216
Depreciation	92,844	17,680	-	1,260	111,784
Disposals	(8)	-	-	-	(8)
Effect of foreign currency exchanges difference	(225)	-	-	-	(225)
Balance on December 31, 2021	$ 480,739	114,024	607,646	3,358	1,205,767
Balance on January 1, 2020	$ 296,648	77,991	607,646	-	982,285
Depreciation	93,082	18,353	-	1,259	112,694
Disposals	(13)	-	-	-	(13)
Effect of foreign currency exchanges difference	(750)	-	-	-	(750)
Reclassification	(839)	-	-	839	-
Balance on December 31, 2020	$ 388,128	96,344	607,646	2,098	1,094,216
Carrying amount:					
Balance on January 1, 2021	$ 10,613,285	11,129,746	16,357,502	1,680	38,102,213
Balance on December 31, 2021	$ 10,691,372	14,207,241	16,273,243	420	41,172,276
Balance on January 1, 2020	$ 10,692,590	8,645,782	16,732,324	3,778	36,074,474
Balance on December 31, 2020	$ 10,613,285	11,129,746	16,357,502	1,680	38,102,213
Fair value:					
Balance on December 31, 2021					$ 111,112,061
Balance on December 31, 2020					$ 104,432,231

(Continued)

Completed investment property are located in C3/C6/C7/C8/C9 in the Nangang Economic and Trade Park, and the Corporation leased land use right to others.

(i) The main provisions of the C6/C7/C8/C9 contract on the pledging of land use rights were as follows:

1) Land use rights are for 50 years from the date of registration of these rights.

2) The land use rights (accounted for as deferred income-current and noncurrent) amounted to $3,200,889 thousand, which has been treated as royalty revenue (accounted for as operating revenue) amortizable over 50 years from June 13, 2006. As of December 31, 2021 and 2020, the unamortized balances of the land used rights under above mentioned contract were $2,205,946 and $2,269,964 thousand, respectively.

3) In addition to the land use right, the annual rental payable by the lessee is 8% of the reference land price announced by the local government, with the calculation starting from the contract date. When the reference land price is adjusted, the annual rental will be revised at the percentage the same as that set on the date of the reference price adjustment. The annual rentals in 2021 and 2020 were $339,220 and $339,220 thousand , respectively.

(ii) The main provisions of the C3 contract on the pledging of land use rights were as follows:

1) Land use rights (LURs) are valid for 45 years from the date of the registration of these rights.

2) The LURs (accounted for as deferred income -current and noncurrent) amounted to $14,288,705 thousand, which has been treated as royalty revenue (under operating revenue) amortizable over 45 years from December 10, 2015. As of December 31, 2021 and 2020, the unamortized balance of the LURs were $12,365,904 and $12,683,431 thousand, respectively.

3) In addition to the LURs, the rental payable by the lessees is 0.8% of the reference land price announced by the local government, with the calculation starting from the registration date. When the reference land price is adjusted, the annual rental will be revised at the same percentage as the rate of the reference price adjustment. The lessees’ annual rental in 2021 and 2020 were $46,754 and $46,754 thousand, respectively.

4) After nine years and six months from the registration date, the lessees have within six months to extend the validity period for the land use rights to another 40 years by giving a written notice to the Corporation. With this extension, the entire validity period of the LURs will be 85 years, and the lessees should pay an additional one-time royalty of $15,000,000 thousand.

(Continued)

5) Under the contract, the lessees provided the Taiwan Government Bond A02105 and A03114 as collaterals; the fair values of these bonds were as follow:

	The Taiwan Government Bond A02105	The Taiwan Government Bond A03114
Balance on December 31, 2021	$ 1,190,636	1,686,989
Balance on December 31, 2020	$ 1,211,269	1,760,699
Balance on January 1, 2020	$ 1,173,011	1,691,012

(iii) Investment properties under construction are located in Hsinchu City and Hualien City and included land for the "C2 Tourist Hotel Project" and "Commercial Building Project" in the Nangang Economic and Trade Park. The C2 Tourist Hotel Project was won by the Grand Hi Lai Hotel Co., Ltd. and the Caesar Park Hotel Co., Ltd., who both signed a front-end agreement (FEA) on December 31, 2013, with the contract for C2 Tourist Hotel Project signed under lease agreement with the Grand Hi Lai Hotel Co., Ltd. For the development of the C2 Tourist Hotel, the Group intended to make a termination agreement with Caesar Park Hotel Co., Ltd., and the intention was approved during the board meeting of the Group held on May 28, 2019. The related termination procedures were still in progress.

The bid for the C2 Commercial Building Project was won by Dung Jeng Investment Counsel Co., Ltd. ("Dung Jeng"), in which the Group will construct a building and parking space for Dung Jeng. The lease contract was signed on January 30, 2015, with a lease period of 20 years from the completion of the building and parking space. The Group intended to make a termination agreement with the Dung Jeng Investment Co., Ltd., and the intention was approved during the board meeting of the Group held on May 28, 2019. For the related termination procedures, please refers to note 9.

The construction licenses for C2 Hotel and Commercial Building Projects have been obtained, wherein they are allowed to engage in engineering works such as steel structure and curtain wall, at a total investment amount of $3,049,071 thousand, of which, the amount of $8,179,092 thousand had been currently invested.

Investment properties under construction included the land in Taiwan, with the objective to the government's major technology industry project, named HSIP X Project. The land is located at No.23 and 26 Taifer Section in Hsinchu City, wherein the land use rights (LURs) amounting to $2,841,000 thousand were registered with the Hsinchu Science Park Bureau in 2021. The LURs are valid for 70 years starting from the date of registration.

The fair value of investment properties (as measured or disclosed in the consolidated financial statements) was based on a valuation by a qualified independent appraiser who has recent valuation experience in the location and category of the investment property being valued. The inputs of levels of fair value hierarchy in determining the fair value was classified to Level 3.

(Continued)

The fair values of investment properties were assessed as follows:

	December 31, 2021	December 31, 2020
C6／C7／C8／C9	$ 26,089,333	24,232,441
C2	$ 20,730,381	20,377,824
C3	$ 36,563,684	35,935,442
Hsinchu	$ 8,645,318	5,512,070
Kaohsiung	$ 19,083,345	18,374,454

The fair value were based on the valuation carried out at March 31, 2021 and April 20, 2020 by independent qualified professional valuer.

The fair value is measured at market value, mainly use the comparison approach and land development analysis approach to determine the value of the investment property. The weight is 50/50. The significant key assumption of the development profit margin intervals was as follows:

	For the years ended December 31	
Area	**2021**	**2020**
C6/C7/C8/C9	18%	18%
C2	18%	18%
C3	18%	18%
HsinChu	18%	16%
KaoHsiung	17%	17%

The other investment properties held by the Corporation are mainly located in different industrial zones. They have no quoted prices in an active market and there was no alternative basis for estimating their fair values. Thus, the fair values of the investment properties were not reliably determinable.

As of December 31, 2021 and 2020, investment properties were not pledged as collateral.

(l) Intangible Assets

The components of the costs of intangible assets, amortization, and impairment loss thereon for the years ended December 31, 2021 and 2020, were as follows:

	Patents	Computer Software	Trademark	Goodwill	Total
Cost:					
Balance on January 1, 2021	$ 29,910	147,959	84,900	358,487	621,256
Additions	-	9,034	-	-	9,034
Balance on December 31, 2021	$ 29,910	156,993	84,900	358,487	630,290

(Continued)

		Patents	Computer Software	Trademark	Goodwill	Total
Balance on January 1, 2020	$	29,910	145,729	84,900	358,487	619,026
Additions		-	2,230	-	-	2,230
Balance at December 31, 2020	$	**29,910**	**147,959**	**84,900**	**358,487**	**621,256**
Accumulated amortization and impairment:						
Balance on January 1, 2021	$	29,300	136,845	49,000	283,472	498,617
Amortization expense		112	6,966	-	-	7,078
Balance at December 31, 2021	$	**29,412**	**143,811**	**49,000**	**283,472**	**505,695**
Balance on January 1, 2020	$	29,187	130,434	49,000	283,472	492,093
Amortization expense		113	6,411	-	-	6,524
Balance at December 31, 2020	$	**29,300**	**136,845**	**49,000**	**283,472**	**498,617**
Fair value:						
Balance on December 31, 2021	$	**498**	**13,182**	**35,900**	**75,015**	**124,595**
Balance on January 1, 2020	$	**723**	**15,295**	**35,900**	**75,015**	**126,933**
Balance on December 31, 2020	$	**610**	**11,114**	**35,900**	**75,015**	**122,639**

(m) Operating leases

The Group leases out its investment property and some machinery. The Group has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note 6(k) sets out information about the operating leases of investment property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

		December 31, 2021	December 31, 2020
Less than one year	$	1,004,697	752,876
One to two years		929,564	723,617
Two to three years		870,898	655,718
Three to four years		858,074	604,509
Four to five years		853,401	595,069
More than five years		13,406,776	12,736,560
Total undiscounted lease payments	$	**17,923,410**	**16,068,349**

For the years ended December 31, 2021 and 2020, the property rental income was $809,469 and $746,508 thousand, respectively. There were no significant property equipment and maintenance expenses.

(Continued)

(n) Employee benefits

(i) Defined benefit plans

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

	December 31, 2021	December 31, 2020
Present value of defined benefit obligation	$ 464,419	507,524
Fair value of plan assets	(327,807)	(376,205)
	136,612	131,319
The effect of the asset ceiling	-	-
Net defined benefit liabilities	**$ 136,612**	**131,319**

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

1) Composition of plan assets

The Group set aside pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. Under these regulations, the minimum earnings from these pension funds shall not be less than the earnings from two-year time deposits with the interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to $327,807 thousand as of December 31, 2021. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(Continued)

2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31	
	2021	**2020**
Defined benefit obligation, January 1	$ 507,524	521,197
Current service costs and interest	14,878	18,210
Re-measurement of the net defined benefit liability		
－Actuarial (losses) gains arose from changes in demographic assumptions	771	-
－Actuarial gains arose from changes in financial assumption	(11,721)	12,665
－Experience adjustment	20,720	37,470
Benefits paid	(67,753)	(82,018)
Defined benefit obligation, December 31	**$ 464,419**	**507,524**

3) Movements in the fair value of plan assets

The movements in the fair value of the defined benefit plan assets for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31	
	2021	**2020**
Fair value of plan assets, January 1	$ 376,205	413,711
Interests revenue	863	2,452
Re-measurement of the net defined benefit liability		
－Experience adjustment	5,922	14,319
Contributions made	12,570	13,975
Benefits paid	(67,753)	(68,252)
Fair value of plan assets, December 31	**$ 327,807**	**376,205**

4) Movements in the fair value of plan assets : None

(Continued)

5) Expenses recognized in profit or loss

The Group's pension expenses recognized in profit or loss for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31	
	2021	**2020**
Current service cost	$ 13,707	15,115
Net interest of net liabilities for defined benefit obligations	308	643
	$ 14,015	**15,758**
Operating costs	$ 9,339	10,196
Operating expenses	4,676	5,562
	$ 14,015	**15,758**

6) Re-measurement of net defined benefit liability recognized in other comprehensive income

The Group's net defined benefit liability recognized in other comprehensive income for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31	
	2021	**2020**
Cumulative amount, January 1	$ 129,089	100,436
Recognized during the year	3,078	28,653
Cumulative amount, December 31	**$ 132,167**	**129,089**

7) Actuarial assumptions

The following were the key actuarial assumptions at the reporting date:

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

	2021.12.31	**2020.12.31**
Discount rate	0.65%	0.25%
Future salary increases	1.50%	1.50%

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is $12,480 thousand.

The weighted-average duration of the defined benefit plan is 6 year.

(Continued)

8) Sensitivity Analysis

As of December 31, 2021 and 2020, the changes in the principal actuarial assumptions will impact on the present value of defined benefit obligation as follows:

	Impact on the present value of defined benefit obligation	
	Increase by 0.25%	**Decrease by 0.25%**
December 31, 2021		
Discount rate	(7,138)	7,353
Future salary increase rate	7,273	(7,097)
December 31, 2020		
Discount rate	(7,988)	8,237
Future salary increase rate	8,114	(7,910)

The sensitivity analysis assumed all other variables remain constant during the measurement. This may not be representative of the actual change in defined benefit obligation as some of the variables may be correlated in the actual situation. The model used in the sensitivity analysis is the same as the defined benefit obligation liability.

The analysis is performed on the same basis for prior year.

(ii) Defined contribution plans

The Group contributes an amount at the rate of 6% of the employee's monthly wages to the Labor Pension personal account with the Bureau of the Labor Insurance and Council of Labor Affairs in R.O.C. in accordance with the provisions of the Labor Pension Act. The Group's contributions to the Bureau of the Labor Insurance and Social Security Bureau for the employees' pension benefits require no further payment of additional legal or constructive obligations.

As of December 31, 2021 and 2020, the expense of defined contribution plans under Labor Pension Act was as follows:

	For the years ended December 31	
	2021	**2020**
Operating costs	$ 11,900	12,930
Operating expenses	10,396	10,978
	$ 22,296	23,908

The cost of the pension contributions to the Labor Insurance Bureau for the years ended December 31, 2021 and 2020 amounted to $22,309 and $18,997 thousand, respectively.

(iii) Short-term employee benefits

	December 31, 2021	**December 31, 2020**
short term employee benefit liabilities	$ 11,444	12,033

(Continued)

(o) Income tax

(i) The components of income tax in the years 2021 and 2020 were as follows:

	For the years ended December 31	
	2021	2020
Current income tax expense		
Current period incurred	$ 363,527	291,013
10% surtax on undistributed earnings	-	322
Land value increment tax	52,892	202,496
Prior years income tax adjustment	5,631	5,491
	422,050	499,322
Deferred tax expense	335,008	13,172
Income tax expense	$ 757,058	512,494

The amount of income tax recognized in other comprehensive income for 2021 and 2020 was as follows:

	For the years ended December 31	
	2021	2020
Items that will not be reclassified to profit or loss:		
Remeasurements effects of defined benefit plans	$ (770)	(7,163)
Items that may be reclassified subsequently to profit and loss:		
Foreign currency translation differences for foreign operations	$ (55,283)	(101,288)

Reconciliation of income tax and profit tax for 2021 and 2020 is as follows:

	For the years ended December 31	
	2021	2020
Profit excluding income tax	$ 3,791,674	2,965,375
Income tax using the Compnay's domestic tax rate	758,335	593,075
Effect of tax rates in foreign jurisdiction	(1,449)	(1,967)
Non-deductible income tax	429	2,134
Tax-exempt income	(54,739)	(219,111)
Land value increment tax	33,217	133,678
Undistributed earnings additional tax	-	322
Prior years income tax adjustment	5,631	5,491
Others	15,634	(1,128)
Income tax expense	$ 757,058	512,494

(Continued)

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2021	December 31, 2020
Tax effect of deductible Temporary Differences	$ 2,213	7,192
The carryforward of unused tax losses	54,280	77,279
	$ 56,493	84,471

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

As of December 31, 2021, the information of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

Year of assessment	Unused balance	Expiry year
2014	$ 2,787	2024
2015	2,172	2025
2017	21,070	2027
2018	4,344	2028
2019	711	2029
2020	240,317	2030
	$ 271,401	

2) Recognized deferred tax assets and liabilities

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

Deferred tax liabilities:

	Land value increment tax	Investment income recognized under the equity method	Exchange difference on the translation of foreign operations	Others	Total
Balance on January 1, 2021	$ 6,294,384	711,301	72,592	26,447	7,104,724
Recognized in profit or loss	(19,676)	362,301	-	2,371	344,996
Balance on December 31, 2021	$ 6,274,708	1,073,602	72,592	28,818	7,449,720
Balance on January 1, 2020	$ 6,363,202	625,386	72,592	27,984	7,089,164
Recognized in profit or loss	(68,818)	85,915	-	(1,537)	15,560
Balance on December 31, 2020	$ 6,294,384	711,301	72,592	26,447	7,104,724

(Continued)

Deferred tax assets:

		Unamortized manufacturing costs	Tax losses	Defined benefit obligation	Impairment loss on assets	Exchange difference on the translation of foreign operations	Others	Total
Balance on January 1, 2021	$	66,159	40,312	31,400	63,456	101,667	22,889	325,883
Recognized in profit or loss		227	(4,311)	-	9,694	-	4,378	9,988
Recognized in other comprehensive income		-	-	770	-	55,283	-	56,053
Balance on December 31, 2021	$	66,386	36,001	32,170	73,150	156,950	27,267	391,924
Balance on January 1, 2020	$	55,900	40,312	24,237	63,456	379	30,760	215,044
Recognized in profit or loss		10,259	-	-	-	-	(7,871)	2,388
Recognized in other comprehensive income		-	-	7,163	-	101,288	-	108,451
Balance on December 31, 2020	$	66,159	40,312	31,400	63,456	101,667	22,889	325,883

(iii) The Company’s income tax returns through 2019 have been assessed and approved by the Tax Authority.

(p) Share capital and other interests

(i) Share capital

As of December 31, 2021 and 2020, the authorized capital of the Company amounting to $9,800,000 with par value of $10 per share. The paid in capital was $9,800,000 thousands, and the capital that rose from the shares had all been retrieved.

(ii) Capital surplus

The components of capital surplus were as follows:

		December 31, 2021	December 31, 2020
Donations	$	44,803	44,803
Treasury share transactions		2,187,988	2,187,988
Others		11,861	11,861
	$	2,244,652	2,244,652

In accordance with Amended Companies Act 2012, realized capital reserves can only be capitalized or distributed as cash dividends after offsetting against losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with Securities Offering and Issuance Guidelines, the amount of capital reserves that can be capitalized shall not exceed 10 percent of the actual share capital amount.

(Continued)

(iii) Retained earnings

Under the dividend policy as set forth in the Articles, where the Corporation made 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 Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders.

To determine dividend amounts, the Corporation should take into account the diversity of its business, cycles of the industry, and capital demand in relation to specific products and services. To balance business development and shareholders' welfare, the cash dividend should not be less than 10% of total annual dividends, unless there is any capital demand due to essential investment plan, change in financial position, business operation, extension of capacity or any other capital expenditure and should be approved in the shareholders' meetings.

1) Legal reserve

If the Company earned a profit for the year, the meeting of shareholders decides on the distribution of the statutory earnings reserve either by issuing new shares or by paying cash, and the distribution is limited to the portion of legal reserve which exceeds 25 percent of the actual share capital.

2) Special reserve

The Group implemented the optional exemptions under IFRS 1 "First-time Adoption of International Financial Reporting Standards" when adopting the International Financial Reporting Standards at first time. The increase in retained earnings resulting from the unrealized revaluation increments, cumulative translation adjustment and the revaluation increments in the transfer from fix assets to investment property was $32,114,341 thousand. In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, the same amount of the increasing earnings shall be reclassified to special earnings reserve. If a certain proportion of the asset has been disposed or reclassified, the same proportion of special earnings reserve equivalent to that of the asset, which has been disposed or reclassified, has to be transferred back to its earnings. Such special earnings reserve has to have the same amount with the one that was initially being reclassified to its special earnings reserve. The balance of such special earnings reserve amounted to $30,329,991 and $30,409,839 thousand as of December 31, 2021 and 2020, respectively.

In accordance with the aforesaid Ruling, a special reserve is set aside from the current year's net income after tax and prior year's undistributed earnings at an amount equal to the debit balance of contra accounts in shareholders' equity. When the debit balance of any of these contra accounts in shareholders' equity is reversed, the related special reserve can be reversed. The subsequent reversals of the contra accounts in shareholders' equity shall quality for additional distributions.

(Continued)

3) Earnings distribution

Earnings distribution for 2020 and 2019 was decided via the general meeting of shareholders held on 28 July 2021 and 22 June 2020, respectively. The relevant dividends distributions to shareholders were as follows:

	For the year ended December 31				
	2020			2019	
	Amount per share (dollars)		Amount	Amount per share (dollars)	Amount
Dividends distributed to ordinary shareholders:					
Cash	$	2.30	2,254,000	2.20	2,156,000

On March 22, 2021, the Company's Board of Directors resolved to appropriate the 2020 earnings. These earnings were appropriated as follows:

	For the year ended December 31		
	2021		
	Amount per share (dollars)		Amount
Dividends distributed to ordinary shareholders:			
Cash	$	2.80	2,744,000

(iv) Other equity accounts (net of tax)

	Exchange differences on translation of foreign financial statements		Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance on January 1, 2021	$	(462,640)	2,113,808	1,651,168
Exchange differences on translation of foreign financial statements		(2,572)	-	(2,572)
Exchange differences on subsidiaries accounted for using equity method		(220,382)	-	(220,382)
Unrealized gains from financial assets measured at fair value through other comprehensive income		-	775,903	775,903
Disposal of investments in equity instruments designed at fair value through other comprehensive income		-	11,793	11,793
Balance on December 31, 2021	$	(685,594)	2,901,504	2,215,910

(Continued)

		Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance on January 1, 2020	$	(51,551)	1,398,701	1,347,150
Exchange differences on translation of foreign financial statements		(7,361)	-	(7,361)
Exchange differences on subsidiaries accounted for using equity method		(403,728)	-	(403,728)
Unrealized gains from financial assets measured at fair value through other comprehensive income		-	715,107	715,107
Balance on December 31, 2020	$	(462,640)	2,113,808	1,651,168

(q) Earnings per share

The basic earnings per share and diluted earnings per share were calculated as follows:

		For the years ended December 31	
		2021	2020
Basic earnings per share			
Profit attributable to ordinary shareholders	$	3,034,616	2,452,881
Weighted average number of ordinary shares		980,000	980,000
	$	3.10	2.50
Diluted earnings per share			
Profit attributable to ordinary shareholders (diluted)	$	3,034,616	2,452,881
Weighted average number of ordinary shares		980,000	980,000
Effect of potentially dilutive ordinary shares			
Employees' compensation		1,651	1,711
Weighted average number of ordinary shares (diluted)		981,651	981,711
	$	3.09	2.50

(r) Revenue from contracts with customers

(i) Details of revenue

The details of revenue for the year ended December 31, 2021 were as follows:

		For the year ended December 31	
		2021	2020
Revenue from contracts with customers	$	11,774,848	8,461,052
Revenue from investment properties		1,704,818	1,580,480
Other operating revenue		179,740	128,210
	$	13,659,406	10,169,742

(Continued)

(ii) Disaggregation of revenue

	For the year ended December 31, 2021				
	Fertilizers and other chemical products		Real estate property and investment	Others	Total
Primary geographical markets					
Taiwan	$	8,964,715	1,699,036	429,621	11,093,372
Middle East		1,581,375	-	-	1,581,375
Others		978,877	5,782	-	984,659
	$	11,524,967	1,704,818	429,621	13,659,406
Major products/services lines					
Fertilizers and other chemical products	$	11,524,967	-	-	11,524,967
Lease		-	1,704,818	-	1,704,818
Others		-	-	429,621	429,621
	$	11,524,967	1,704,818	429,621	13,659,406

	For the year ended December 31, 2020				
	Fertilizers and other chemical products		Real estate property and investment	Others	Total
Primary geographical markets					
Taiwan	$	7,549,294	1,574,136	369,123	9,492,553
Middle East		264,938	-	-	264,938
Others		405,907	6,344	-	412,251
	$	8,220,139	1,580,480	369,123	10,169,742
Major products/services lines					
Fertilizers and other chemical products	$	8,220,139	-	-	8,220,139
Lease		-	1,580,480	-	1,580,480
Others		-	-	369,123	369,123
	$	8,220,139	1,580,480	369,123	10,169,742

(iii) Contract balances

	December 31, 2021		December 31, 2020	January 1, 2019
Accounts receivable	$	1,935,818	778,903	935,484
Less: allowance for impairment		(1,115)	(906)	(906)
Total	$	1,934,703	777,997	934,578
Contract liabilities-Chemical fertilizers product	$	144,260	88,420	106,856

(Continued)

For details on accounts receivable and allowance for impairment, please refer to note 6(e).

The amount of revenue recognized for the years ended December 31, 2021 and 2020 that was included in the contract liability balance at the beginning of the period were $80,546 thousand and $100,439 thousand.

(s) Remuneration to employees, directors and supervisors

In accordance with the articles of incorporation the Company should contribute no less than 2.4% of the current year profit as employee compensation and less than 1.6% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.

For the years ended December 31, 2021 and 2020, the Company estimated its employee remuneration amounting to $93,903 and $74,105 thousand, and directors' and supervisors' remuneration amounting to $62,602 and $49,403 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2021 and 2020. The numbers of shares to be distributed for 2021 and 2020 were calculated based on the closing price of the Company's ordinary shares, one day before the date of the meeting of Board of Directors.

If there remunerations change after the board meeting, and the impact of those changes will be based on accounting estimatesm and recognize in the following period.

There was no difference of Employee compensation and directors' remuneration between the amounts recognized on consolidated financial statements and actual distributed amount.

Information on remuneration to employees and directors resolved by the Corporation's board of directors in 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

(t) Non operating income and expenses

(i) Interest income

The details of interest income for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31	
	2021	**2020**
Interest income	$ 13,457	41,341
Others	4,699	2,739
	$ 18,156	**44,080**

(Continued)

(ii) Other income

The details of other income for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31	
	2021	**2020**
Dividends	$ 54,585	41,776
Others	52,125	38,270
	$ 106,710	80,046

(iii) Other gains and losses

The details of other gains and losses for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31	
	2021	**2020**
(Loss) gain on disposal of property, plant and equipment	$ (11,205)	1,025
Gain on disposal of investment properties	216,741	1,047,961
Net foreign exchange (loss) and gain	(30,999)	1,888
Gain on financial assets at fair value through profit or loss	2,365	5,065
Donation expenses & relevane with holding tax	-	(10,075)
Impairment loss	(29,913)	-
Compensation	(18,556)	-
Others	(23,842)	(25,947)
	$ 104,591	1,019,917

(iv) Finance costs

The details of finance costs for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31	
	2021	**2020**
Bank interest expense	$ 218	358
Lease liabilities expense	4,011	4,203
	$ 4,229	4,561

(Continued)

(u) Financial instruments

(i) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets represents the Group's maximum credit exposure.

2) Credit risk concentrations

The clients of the Group are widely spread and unrelated; thus, credit risk is limited.

3) Receivables and debt securities

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

Other financial assets at amortized cost includes other receivables, investments in government bonds, corporate bonds and time deposits

Debt investments at fair value through other comprehensive income include government bonds, listed and unlisted debt securities.

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected credit losses.

The movement in the allowance for impairment during the years ended December 31, 2021 and 2020, please refer to note note 6(e) and 6(f).

(ii) Liquidity risk

The following are the contractual maturities of financial liabilities, excluding estimated interest payment and the impact of netting agreements.

	Carrying amount	Within 1 year	1-5 years	More than 5 years
December 31, 2021				
Non-derivative financial liabilities				
Variable-rate liabilities	$ 20,091	20,091	-	-
Noninterestbearing liabilities	3,470,098	3,134,446	335,652	-
Liabilities lease	201,453	42,109	159,344	-
	$ 3,691,642	3,196,646	494,996	-
December 31, 2020				
Non-derivative financial liabilities				
Variable-rate liabilities	$ 20,109	20,109	-	-
Noninterestbearing liabilities	1,594,570	1,269,445	325,125	-
Liabilities lease	204,462	36,034	139,482	28,946
	$ 1,819,141	1,325,588	464,607	28,946

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(Continued)

(iii) Currency risk

1) Exposure to foreign currency risk

The following are the contractual maturities of financial liabilities, excluding estimated interest payment and the impact of netting agreements.

	December 31, 2021			December 31, 2020		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
Financial assets						
Monetary items						
USD：NTD	$ 44,060	27.69	1,220,021	7,011	28.51	199,866
USD：MNT	2,004	27.69	55,484	1,906	28.51	54,323
Financial liabilities						
Investments accounted for using equity						
SAR：NTD	1,457,179	7.38	10,758,806	1,210,587	7.60	9,202,183
Financial liabilities						
Monetary items						
USD：NTD	56,981	27.69	1,577,812	-	-	-

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, amortised cost of financial assets, accounts payable and other payables that are denominated in foreign currency. A 10% of appreciation of each major foreign currency against the Group's functional currency as of December 31, 2021 and 2020 would have increased or decreased the before tax net income by $(24,185) and $20,335 thousand, respectively. The analysis is performed on the same basis for both periods.

As the Group deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2021 and 2020, the foreign exchange losses, including both realized and unrealized, amounted to $(30,999) and $1,888 thousand dollars, respectively.

(iv) Interest rate analysis

The interest risk exposure from financial assets and liabilities has been disclosed in the note of liquidity risk management.

The sensitivity analysis below is based on the exposure to equity price risks at the end of the reporting period. For floating-rate liabilities, the analysis is based on the assumption that the amount of liabilities outstanding on the reporting date is circulated throughout the year.

If interest rates had been 1 basis point higher/lower and all other variables were held constant, the Corporation's pre-tax (loss) profit for the years ended December 31, 2021 and 2020 would decrease/increase by $0 due to the Group' s cash and cash equivalents balances which exceeds its loan amount.

(Continued)

(v) Other price risk

If the stock price changes at the reporting date, the changes in other comprehensive income of the Company are estimated as follows: (The analysis was made on the same basis for both periods, assuming that all other variables remain constant and any impact to forecasted sales and purchases was ignored):

	For the years ended December 31				
	2021			2020	
Equity price at the end of the reporting period		Comprehensive Income (Loss)(net of tax)	Net Income (Loss) (net of tax)	Comprehensive Income (Loss)(net of tax)	Net Income (Loss) (net of tax)
Increase 5%	$	178,343	2,400	141,237	52,001
Decrease 5%	$	(178,343)	(2,400)	(141,237)	(52,001)

(vi) Fair value of financial instruments

1) Categories and fair value of financial instruments

The fair value of financial assets and liabilities at fair value through profit or loss, and financial assets at fair value through other comprehensive income (available for sale financial assets) is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

	December 31, 2021				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	$ 60,009	60,009	-	-	60,009
Financial assets at fair value through other comprehensive income					
Domestic stocks in listed companies	$ 127,059	127,059	-	-	127,059
Unquoted equity instruments at fair value	3,439,803	-	-	3,439,803	3,439,803
Subtotal	3,566,862	127,059	-	3,439,803	3,566,862
Financial assets measured at amortized cost					
Cash and cash equivalents	2,534,695	-	-	-	-
Other financial assets (including non-current)	421,678	-	-	-	-
Notes receivable and accounts receivables	1,934,703	-	-	-	-
Other receivables (including long-term)	95,447	-	-	-	-
Refundable deposit	38,365	-	-	-	-
Subtotal	5,024,888	-	-	-	-
Total	$ 8,651,759	187,068	-	3,439,803	3,626,871

(Continued)

	December 31, 2021				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial liabilities at amortized cost					
Bank loans	$ 20,000	-	-	-	-
Notes and accounts payable	2,317,876	-	-	-	-
Other payables	816,570	-	-	-	-
Lease liabilities (including non-current)	191,893	-	-	-	-
Refundable deposit	335,651	-	-	-	-
Total	$ 3,681,990	-	-	-	-

	December 31, 2020				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	$ 1,300,013	1,300,013	-	-	1,300,013
Financial assets at fair value through other comprehensive income					
Domestic stocks in listed companies	$ 112,566	112,566	-	-	112,566
Unquoted equity instruments at fair value	2,712,178	-	-	2,712,178	2,712,178
Subtotal	2,824,744	112,566	-	2,712,178	2,824,744
Financial assets measured at amortized cost					
Government bonds	$ 28,507	-	28,214	-	28,214
Cash and cash equivalents	3,062,027	-	-	-	-
Other financial assets (including non-current)	1,259,839	-	-	-	-
Notes receivable and accounts receivables	777,997	-	-	-	-
Other receivables (including long-term)	128,193	-	-	-	-
Refundable deposit	27,400	-	-	-	-
Subtotal	5,283,963	-	28,214	-	28,214
Total	$ 9,408,720	1,412,579	28,214	2,712,178	4,152,971
Financial liabilities at amortized cost					
Bank loans	$ 20,000	-	-	-	-
Notes and accounts payable	476,158	-	-	-	-
Other payables	793,287	-	-	-	-
Lease liabilities (including non-current)	192,912	-	-	-	-
Refundable deposit	325,125	-	-	-	-
Total	$ 1,807,482	-	-	-	-

(Continued)

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

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

a) Financial assets measured at amortized cost

If the quoted prices in active markets are available, the market price is established as the fair value. However, if quoted prices in active markets are not available, the estimated valuation or prices used by competitors are adopted.

b) Financial assets and financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

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

a) Non-derivative financial instruments

When a financial instrument is regarded as quoted in an active market, the quoted prices in an active market will be the fair value. The market prices from the main exchanges and government bond exchanges are the basis of the fair value of OTC equity instruments and debt instruments which have a quoted market price in an active market.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

If the financial instruments held by the Group do not belong to active markets, the category and nature of the fair value are as follows:

- Equity investments without an active market: The fair value is assessed by market comparison approach. The main assumption is measured from the retained earnings multiplier as the basis.

(Continued)

4) Transfers between Level 1 and Level 2

There were no transfers in either direction in 2021 and 2020.

5) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income (Available-for-sale financial assets)
	Unquoted equity instruments
Opening balance, January 1, 2021	$ 2,712,178
Total gains and losses recognized:	
In other comprehensive income	773,203
Capital reduction by capital stock return	(31,920)
Disposal and liquidation	(13,658)
Ending Balance, December 31, 2021	**$ 3,439,803**
Opening balance, January 1, 2020	$ 1,962,947
Total gains and losses recognized:	
In other comprehensive income	697,231
Cash capital increase	150,000
Capital reduction by capital stock return	(98,000)
Ending Balance, December 31, 2020	**$ 2,712,178**

For the years ended December 31, 2021 and 2020, total gains and losses that were included in “other gains and losses” , “unrealized gains and losses from available-for-sale financial assets” and “unrealized gains and losses from financial assets at fair value through other comprehensive income” were as follows:

	For the years ended December 31	
	2021	**2020**
Total gains and losses recognized:		
In other comprehensive income, and presented in “unrealized gains and losses from financial assets at fair value through other comprehensive income”	$ 773,203	697,231

(Continued)

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's main financial instruments that use Level 3 inputs to measure fair value are"fair value through other comprehensive income (available-for-sale financial assets) – equity investments".

The Group most fair value is categorized to Level 3 with single significant unobservable input. The equity investments without an active market has duplicate unobservable inputs. The unobservable inputs of the equity investments without an active market are independent, so there is no correlation to others.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss- equity investments without an active market	Comparable transaction method	·The multiplier of price-to-sales ratio (As of December 31, 2021 and December 31, 2020 were 2.10~5.37 and 2.41~9.01) ·The multiplier of price-to-book ratio (As of December 31, 2021 and December 31, 2020, were 1.81 and 1.92) ·The multiplier of price-to-earning ratio (As of December 31, 2021 and December 31, 2020, were 15.2 and 23.27) ·Market illiquidity discount (As of December 31, 2021 and December 31, 2020 were 10%~33% and 10%~33%%)	The estimated fair value would increase (decrease) if: ·the multiplier were higher (lower) ·the market illiquidity discount were lower (higher).
Financial assets at fair value through other comprehensive income-equity investments without an active market	Net Asset Value Method	·Net Asset Value	N/A

7) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Group's measurement on the fair value of financial instruments is deemed reasonable despite different valuation models or assumptions may lead to different results.

(Continued)

For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income:

	Inputs	Fluctuation in inputs	Profit or loss		Other comprehensive income	
			Favour-able	Unfavour-able	Favour-able	Unfavour-able
December 31, 2021						
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Market illiquidity discount	±1%	-	-	33,164	(33,160)
December 31, 2020						
Financial assets carried at cost						
Equity investments without an active market	Market illiquidity discount	±1%	-	-	26,306	(49,694)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(v) Financial risk management

(i) Overview

The Group has exposures to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

The following discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks.

(ii) Risk management framework

The Group's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

(Continued)

(iii) Credit risk

Credit risk means the potential loss of the Group if the counterparty involved in that transaction defaults. The primary potential credit risk is from financial instruments like accounts receivable and equity securities.

1) Accounts receivables and other receivables

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

The Group has established a credit granting policy. According to the policy, the Group must analyze its credit rating individually for each new customer before granting standard payment and shipping conditions and terms.

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

2) Investment

The credit risk exposure in the bank deposits, fixed income investments and other financial instruments are measured and monitored by the Group's finance department. As the Group deals with the banks and other external parties with good credit standing and financial institutions, corporate organization and government agencies which are graded above investment level, management believes that the Group does not have compliance issues and no significant credit risk.

3) Guarantees

As of December 31, 2021 and 2020, the endorsement guarantee provided by the Group to individual entities of joint ventures, please refer to Note 7.

(iv) Liquidity risk

Liquidity risk is a risk that the Group is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as much as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

(Continued)

(v) Market risk

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

1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency. The currencies used in these transactions are denominated in USD, EUR, JPY, and RMB.

The exchange gains or losses of trade receivables in foreign currencies resulting from the changes in exchange rates are offset against the exchange losses or gains of short-term borrowings in foreign currencies; thus, the exposure to foreign currency risk is insignificant.

The interest is denominated in the same currency as borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short term imbalances.

The investments of other subsidiaries of the Group are not for hedging.

2) Interest rate risk

The Group's interest rate risk arises from short-term and long-term loans bearing floating interest rates. Future cash flow will be affected by a change in market interest rate.

3) Other market risk

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

(w) Capital management

The Group's objectives in managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, return capital to shareholders, and issue new shares or sell assets to reduce debts.

The Group manages capital by the debt to equity ratio. Such ratio is calculated as net liabilities divided by total capital. Net liabilities represent the total amount of liabilities on the balance sheet minus cash and cash equivalents. The total amount of capital represents all the equity components (share capital, capital surplus, retained earnings, and other equity) plus net liabilities.

(Continued)

The Group’s debt to equity ratios at the balance sheet date were as follows:

	December 31, 2021	December 31, 2020
Total liabilities	$ 26,715,339	25,037,416
Less: cash and cash equivalents	(2,534,695)	(3,062,027)
Net debt	24,180,644	21,975,389
Total capital	52,627,860	51,308,711
Adjusted capital	$ 76,808,504	73,284,100
Debt to equity ratio	31.48%	29.99%

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

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

	For the years ended December 31	
	2021	2020
Purchases of property, plant and equipment	$ 362,370	1,103,691
Add: opening balances of equipment and construction payables	315,440	155,654
Deduction: closing balances of equipment and construction payables	(158,179)	(315,440)
	$ 519,631	943,905

(7) Related-party transactions:

(a) Names and relationship with related parties

The following are entities that have had transactions with related parties and the Company’s subsidiaries during the periods covered in the non consolidated financial statements.

Name of related party	Relationship with the Group
AI-Jabail Fertilizer Company	Equity-method investee
TR Electronic Chemical Co.,Ltd.	The Company's jointly controlled entity
TR Electronic Chemical (Kunshan) Ltd.	The Company's jointly controlled entity’s subsidary (Note)
Council of Agriculture, Executive Court, R.O.C.	Individuals are those entities in which the Group has significant influence
TAIWAN FERTILIZER Legal Foundation	Other related parties

Note: The bankruptcy of TR Electronic Chemical (Kunshan) Ltd. was declared by the court in China in September, 2017, and the relevant statutory procedures had been completed in August, 2020.

(Continued)

(b) Significant transactions with related parties

(i) Purchase of Goods from Related Parties

The amounts of significant purchase transactions and outstanding balances between the Group and related parties were as follows:

	For the years ended December 31	
	2021	2020
AI-Jabail Fertilizer Company	$ 1,830,706	266,136

There were no significant differences between the terms and pricing of purchase transactions with related enterprises and those carried out with other normal vendors.

(ii) Receivables from Related Parties

The receivables from related parties were as follows:

Account	Relationship	December 31, 2021	December 31, 2020
Account receivable	Jointly controlled entity	$ 455	455

(iii) Payables from Related Parties

The payables from related parties were as follows:

Account	Relationship	December 31, 2021	December 31, 2020
Account payable	AI-Jabail Fertilizer Company	$ 1,592,501	-

(iv) Prepayment for Related Parties

The prepayment for related parties were as follows:

Account	Relationship	December 31, 2021	December 31, 2020
Prepayment	AI Jabail Fertilizer Company	$ -	90,026

The pricing and terms conditions of prepayment for related parties were based on their purchases.

(v) Others

1) TR Electronic Chemical Co., Ltd. (TR), a jointly controlled entity of the Corporation, had obtained a financing of US$10,000 thousand from a bank, and the Corporation and Jing Chin International Limited Corporation, a shareholder of TR, guaranteed the repayment of this financing. When TR failed to make a repayment, the bank then requested the guarantors to repay the loan partially. Because the Corporation could only provide TR-in compliance with the “Regulations Governing the Granting of Loans and Endorsements and Guarantees by Public Companies” - with a limited amount of endorsement, the Corporation’s board approved the repayment of TR’s loan, as following.

(Continued)

Due Date	Date of Repayment	Amount in USD	Amount in NTD
March 27, 2014	June 27, 2014	$ 4,570	144,641
April 26, 2015	April 24, 2015	3,300	102,610
March 27, 2016	March 31, 2016	2,147	70,026

Considering the weakening operating and repayment capability of TR, the Corporation recognized an impairment loss in 2015.

2) The bankruptcy of TR Electronic Chemical (Kunshan) Ltd., declared by the court in China in September 2017, was investigated, and the proposal of liquidated property distribution was announced publicly in mid August, 2018. In November 2018, the Kunshan Court of China reversed its decision and terminated the bankruptcy liquidation process of TR, with the approval of the Market Supervision Administrations of Kunshan in August 2020. Also, the investors of TR Electronic Chemical Co. Ltd., JIN QUN INTERNATIONAL CO., Ltd. and other six stockholders, institute the civil lawsuit with joint liquidation liability in Taipei District Court. The first instance was pronounced in December, 2018. However, the stockholders were not satisfied with the result and appealed for the second instance. The second instance was pronounced in January, 2019. However, the stockholders were not satisfied with the result and appealed for the third instance. In March 2020, the Taiwan High Court delivered the appeal to the Supreme Court. The third instance was pronounced the second instance failure in August 3, 2021, and was delivered the appeal to the Supreme Court for a new trial. The case is still in progress.

3) Hasbo Biotech Co., Ltd. commenced its liquidation process in October 2017, and the related procedures had been completed in April 2020.

(c) Compensation of key management personnel

The compensation to directors and other key management personnel were as follows:

	For the years ended December 31	
	2021	2020
Salaries and other short-term employee benefits	$ 95,235	83,670
Post-employment benefits	640	8,447
	$ 95,875	92,117

(8) Pledged assets:

The information on pledged assets carrying value as follows:

Asset	Purpose of pledge	December 31, 2021	December 31, 2020
Other financial asset current and non-current	Guarantee for provisional attachment	$ 183,725	177,638

(Continued)

(9) Commitments and contingencies:

(a) Significant commitments and contingencies

(i) Significant commitments and contingencies were as follows:

	December 31, 2021	December 31, 2020
Purchase real estate property	$ 106,579	114,881
Purchase investment property	$ 2,323,906	5,039,234

(ii) Unused standby letters of credit

	December 31, 2021	December 31, 2020
USD thousands	$ 41,130	5,638

(iii) The Corporation had guarantee notes payable for its debt as follow:

	December 31, 2021	December 31, 2020
Guarantee notes payable	$ 11,306,840	7,521,500

(b) Partial commercial Building and parking lot's area of "C2 Tourist Hotel Project" and "Commercial Building Project" in the Nangang Economic and Trade Park have unsolved lease disputes with Dung Jeng Investment Counsel Co., Ltd. ("Dung Jeng"). Therefore, the Group engaged a lawyer to settle the issue and temporarily suspend the above properties, including 6 floors, 50 parking lots and 799 parking lots in the basement to be leased out based on the order handed by the district court. The case is still in progress. The deposit of the provisional injunction of Dung Jeng Investment Counsel Co., Ltd. ("Dung Jeng") was estimated based on the process of the trial of about 4.5~5 years. The Group requested Dung Jeng to provide an advance deposit for the loss that will be incurred from the prohibition of the usage of the properties. According to the deposit ruling of the court, the provisional injunction will cause an estimated rental loss ranging from $ 80,000 thousand to $165,000 thousand. However, the actual loss of the Group may change depending on the outcome of the trial. Currently, the above loss will not have a significant impact on the financial and business operation of the Group. If the Group wins the case, it will claim for compensation for the rental loss, as well as the termination of the deposit ruling of the court.

(Continued)

(10) Losses Due to Major Disasters:None

(11) Subsequent Events:None

(12) Other:

(a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

	For the years ended December 31					
	2021			2020		
By item	Operating Cost	Operating expense	Total	Operating Cost	Operating expense	Total
Employee benefit						
Salary	$ 437,941	581,870	1,019,811	459,815	558,824	1,018,639
Health and labor insurance	37,420	27,163	64,583	37,498	26,111	63,609
Pension	21,239	15,072	36,311	23,126	16,540	39,666
Others	21,456	14,069	35,525	19,936	10,478	30,414
Depreciation	1,080,606	60,222	1,140,828	1,001,028	54,696	1,055,724
Amortization	-	7,078	7,078	-	6,524	6,524

The depreciation of non-operating income and expenses of the Group in 2021 and 2020 were $17,970 and $18,643 thousand, respectively.

(Continued)

(13) Other disclosures:

(a) Information on significant transactions:

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

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	Taiwan Fertilizer Co., Ltd. (the "Company")	Dayun Co., Ltd./City state Co., Ltd./Kuan Chu Construction Co., Ltd.	Long-term receivable	No	11,454	10,858	10,660	1.845%~2.375%		79,500	—	-	Commercial paper	15,890	2,631,393	10,525,572
0	Taiwan Fertilizer Co., Ltd. (the "Company")	○○ Lin	Long-term receivable	No	12,276	11,708	11,424	1.845%~2.375%		85,300	—	-	Commercial paper	17,030	2,631,393	10,525,572
0	Taiwan Fertilizer Co., Ltd. (the "Company")	○○ Liao	Long-term receivable	No	11,937	11,316	11,109	1.845%~2.375%		83,120	—	-	Commercial paper	16,560	2,631,393	10,525,572
0	Taiwan Fertilizer Co., Ltd. (the "Company")	○○ Yeh	Long-term receivable	No	12,175	11,542	-	1.845%~2.375%		84,500	—	-	Commercial paper	16,890	2,631,393	10,525,572
0	Taiwan Fertilizer Co., Ltd. (the "Company")	○○ Lee	Long-term receivable	No	11,577	11,376	-	1.845%~2.375%		80,600	—	-	Commercial paper	16,060	2,631,393	10,525,572
0	Taiwan Fertilizer Co., Ltd. (the "Company")	Xiangzhan Investment Development Co., Ltd.	Long-term receivable	No	11,828	11,236	11,039	1.845%~2.375%		157,880	—	-	Commercial paper	15,770	2,631,393	10,525,572
0	Taiwan Fertilizer Co., Ltd. (the "Company")	○○ Tan	Long-term receivable	No	41,110	39,281	38,334	1.845%~2.375%		78,360	—	-	Commercial paper	54,810	2,631,393	10,525,572
0	Taiwan Fertilizer Co., Ltd. (the "Company")	○○ Huang	Long-term receivable	No	6,802	5,647	5,262	1.645%~2.175%		77,000	—	-	Commercial paper	15,400	2,631,393	10,525,572
0	Taiwan Fertilizer Co., Ltd. (the "Company")	○○ Chang	Long-term receivable	No	7,017	5,826	5,429	1.645%~2.175%		79,500	—	-	Commercial paper	15,890	2,631,393	10,525,572

Note 1: (1) The total amount available for lending purpose shall not exceed twenty percent (20%) of the net worth of the Company.

(2) The accumulated capital loan and amount of the company to a single enterprise with business transactions shall be limited to 5% of net worth of the Company.

Note 2: If there is a business transaction, the contract price between the two parties shall be used as the business transaction amount.

Note3: The second order of mortgage right mentioned above is used as collateral.

Note4: In accordance with the letter of the Financial Supervision and Administration Commission of the Republic of China on March 11, 2020, No. 1090330422 and in practice, the construction industry generally gives customers a payment of one to five years in installments, and writes off 10 years and 20 years The goods are disclosed in the table above.

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement: Name	Counter-party of guarantee and endorsement: Relationship with the Company (Note 1)	Limitation on amount of guarantees and endorsements for a specific enterprise (Note 2)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 3)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
0	Taiwan Fertilizer Co., Ltd. (the "Company")	Taifer Chemicals International Inc.	Subsidiary	47,487	13,500	13,500	13,500	-	0.03%	26,313,930	Y	N	N

Note 1: (1) The company under business dealings.
(2) A subsidiary in which the Group directly or indirectly holds more than 50% of its common shares.
(3) The parent company which directly or indirectly holds more than 50% of the common shares of the Group.
(4) A subsidiary in which the Group directly or indirectly holds more than 90% of its common shares.
(5) The financial guarantee provided by the Group based on its contractor's agreement to the same trade and co-proprietor.
(6) The financial guarantee provided by the Group based on its shareholding due to joint venture relationship.
(7) The financial guarantee provided by the Group based on sales contract regulated by Consumer Protection Act for sales in advance .

Note 2: The total amount of the guarantee provided by the Corporation to any individual entity should not exceed 20% of the Corporation's net worth, or 50% of the individual net worth of Taifer.

Note 3: The total amount of guarantee should not exceed 50% of the Corporation's net worth.

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

(In Thousands of New Taiwan Dollars)

Category and name of security	Marketable Securities Type/Name and Issuer	Relationship with company	Account title	Ending balance: Shares/Units (thousands)	Ending balance: Carrying value	Ending balance: Percentage of ownership (%)	Ending balance: Fair value	Highest Percentage of ownership (%)	Note
Taiwan Fertilizer Co., Ltd. (the Company)	Mutual funds								
	Mega Diamond Money Market Fund	—	Fair value through profit or loss- current	789	10,001	- %	10,001	- %	Note 1
	Deutsche Far Eastern DWS Taiwan Money Market Fund	—	Fair value through profit or loss- current	846	10,001	- %	10,001	- %	Note 1
	Jih Sun Money Market Fund	—	Fair value through profit or loss- current	668	10,002	- %	10,002	- %	Note 1
	Prudential Financial Money Market Fund	—	Fair value through profit or loss- current	625	10,002	- %	10,002	- %	Note 1
	FSITC Money Market	—	Fair value through profit or loss- current	646	10,002	- %	10,002	- %	Note 1
	Taishin 1699 Money Market Fund	—	Fair value through profit or loss- current	731	10,001	- %	10,001	- %	Note 1
	Ordinary shares								
	Eminent Venture Capital Corporation	Our Company is legal representative director of the company	FVOCI - noncurrent	2,700	25,569	10.00%	25,569	10.00%	Note 3
	Eminent II VC Corp	〃	FVOCI - noncurrent	12,000	92,640	18.50%	92,640	18.50%	Note 3
	Eminent III VC Corp	〃	FVOCI - noncurrent	30,000	249,900	16.56%	249,900	16.56%	Note 3
	Taiwan Stock Exchange Corporation	—	FVOCI - noncurrent	16,803	3,005,243	2.00%	3,005,243	2.00%	Note 4
	Visgeneer Inc.	Our Company is legal representative director of the company	FVOCI - noncurrent	3,147	31,030	10.43%	31,030	10.43%	Note 4
	TaiAn Technologies Corporation	〃	FVOCI - noncurrent	1,667	23,217	16.67%	23,217	16.67%	Note 3
	TSCBio Ventures Capital Co.	〃	FVOCI - noncurrent	168	12,204	19.75%	12,204	19.75%	Note 3
Taiwan Fertilizer Co., Ltd.	Ding-Tang	—	FVOCI - noncurrent	1,500	-	6.71%	-	6.71%	
	Phalanx Biotech Co., Ltd.	—	FVOCI - noncurrent	125	-	0.17%	-	0.17%	
	Bion tech Inc.	Our Company is legal representative director of the company	FVOCI - noncurrent	4,167	-	15.16%	-	15.16%	
	China Petrochemical Development Corporation	—	FVOCI - noncurrent	9,662	127,059	0.29%	127,059	0.29%	Note 2

Note 1: The market value was calculated on the basis of the net asset value as of the balance sheet date.

(Continued)

Note 2: The market value was calculated on the basis of the closing price on the Taiwan Stock Exchange as of the balance sheet date.

Note 3: The market value was calculated on the basis of the audited financial statement for the same period.

Note 4: The market value was calculated on the basis of the estimated fair value per share of the expert evaluation report.

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

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
Taiwan Fertilizer Co., Ltd.	Mega DiamondMoney Market Fund	FVTPL - current	-	-	11,858	150,001	32,374	410,000	43,443	550,001	550,258	257	789	10,001
〃	Deutsche Far Eastern DWS Taiwan Money Market Fund	FVTPL - current	-	-	12,719	150,001	34,724	410,000	46,597	550,001	550,257	256	846	10,001
〃	Jih Sun Money Market Fund	FVTPL - current	-	-	12,709	190,003	32,735	490,000	44,776	670,003	670,366	363	668	10,002
〃	Yuanta De-Li Money Market Fund	FVTPL - current	-	-	9,125	150,002	18,236	300,000	27,361	450,002	450,194	192	-	-
〃	Prudential Financial Money Market Fund	FVTPL - current	-	-	9,402	150,002	25,667	410,000	34,444	550,002	550,270	268	625	10,002
〃	Taiwan Money Market Fond	FVTPL - current	-	-	10,367	160,002	27,827	430,000	37,548	580,002	580,301	299	646	10,002
〃	Taishin 1699 Money Market Fund	FVTPL - current	-	-	13,924	190,001	35,867	490,000	49,060	670,001	670,341	340	731	10,001
〃	Capital Money Market Fund	FVTPL - current	-	-	-	-	18,430	300,000	18,430	300,000	300,125	125	-	-
〃	Union Money Market Fund	FVTPL - current	-	-	12,021	160,001	24,024	320,000	36,045	480,001	480,215	214	-	-

Note: Unrealized gain and loss on financial assets were recognized.

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

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

(In Thousands of New Taiwan Dollars)

Name of company	Type of property	Transaction date	Acquisition date	Book value	Transaction amount	Amount actually receivable	Gain from disposal	Counter-party	Nature of relationship	Purpose of disposal	Price reference	Other terms
Taiwan Fertilizer Co., Ltd.	Investment property	September 8, 2020	February 23, 1955	84,259	301,000	301,000	216,741	Shih Tso Construction Co., Ltd.	None	To activate unused assets	Appraisal report	None

(Continued)

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Taiwan Fertilizer Co., Ltd.	AI-Jabail Fertilizer Company	Equity-method investee	Purchase	1,830,706	22.26%	Same as those for third parties	Determined under the considerations of international market price and production cost	30 days	(1,592,501)	(69.76)%	

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

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
Taiwan Fertilizer Co., Ltd.	TR ELECTRONIC CHEMICAL CO.,LTD.	Jointly controlled entity	Other receivable 317,277	-	317,277	-	-	317,277

(ix) Trading in derivative instruments:None

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	TaiwanFertilizerCo., Ltd.	Taiwan Yes Deep Ocean Water Co., Ltd.	1	Sales	1,743	were not significantly different from others	0.01%
		Taiwan Yes Deep Ocean Water Co., Ltd.	1	Rental revenue	7,147	were not significantly different from others	0.05%
		Taiwan Yes Deep Ocean Water Co., Ltd.	1	Other operating revenue	1,767	were not significantly different from others	0.01%
		Taiwan Yes Deep Ocean Water Co., Ltd.	1	Cost of goods sold	238	were not significantly different from others	-%
		Taiwan Yes Deep Ocean Water Co., Ltd.	1	Selling expenses	1,541	were not significantly different from others	0.01%
		Taiwan Yes Deep Ocean Water Co., Ltd.	1	Administrative expenses	8,710	were not significantly different from others	0.06%
		Taiwan Yes Deep Ocean Water Co., Ltd.	1	Other income	1	were not significantly different from others	-%
		Taiwan Yes Deep Ocean Water Co., Ltd.	1	Other income	514	were not significantly different from others	-%
		Taiwan Yes Deep Ocean Water Co., Ltd.	1	Other receivables	4	were not significantly different from others	-%
		Taiwan Yes Deep Ocean Water Co., Ltd.	1	Other payables	81	were not significantly different from others	-%
		Taifer Chemicals International Inc.	1	Rental revenue	5,935	were not significantly different from others	0.04%
		Taifer Chemicals International Inc.	1	Cost of goods sold	1,134	were not significantly different from others	0.01%
		Taifer Chemicals International Inc.	1	Account payables	107	were not significantly different from others	-%
		TAIFER (CAMBODIA) CO., LTD	1	Sales	1,984	were not significantly different from others	0.01%
		TAIFER (CAMBODIA) CO., LTD	1	Selling expenses	2,689	were not significantly different from others	0.02%
		TAIFER (CAMBODIA) CO., LTD	1	Account receivables	999	were not significantly different from others	-%
0	TaiwanFertilizerCo., Ltd.	PEIFENG TECHNOLOGY & FERTILIZER CO., LTD.	1	Cost of goods sold	226,901	were not significantly different from others	1.66%
		PEIFENG TECHNOLOGY & FERTILIZER CO., LTD.	1	Sales	28,708	were not significantly different from others	0.21%
		PEIFENG TECHNOLOGY & FERTILIZER CO., LTD.	1	Account receivables	5,099	were not significantly different from others	0.01%
		PEIFENG TECHNOLOGY & FERTILIZER CO., LTD.	1	Account payables	19,346	were not significantly different from others	0.02%
		PEIFENG TECHNOLOGY & FERTILIZER CO., LTD.	1	Other payables	11,501	were not significantly different from others	0.01%

(Continued)

Note 1): The numbering is as follows:

1.“0” represents the parent company.

2.Subsidiaries are sequentially numbered from 1 by company.

Note 2): The types of transaction between the parent company and subsidiaries are as follows:

1.Transactions from parent company to subsidiary.

2.Transactions from subsidiary to parent company.

3.Transactions between subsidiaries.

Note 3): The report only disclosed the data of sales and accounts receivable of the significant trade between parent and subsidiary. The relative purchase and accounts payable will not be disclosed redundantly.

Note 4): It is the amount of consolidated operating revenue or consolidated total assets divided by trading amount.

Note 5): The transaction listed on the consolidated financial statements has been eliminated through consolidation.

(b) Information on investees:

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

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Highest Percentage of Ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of wnership	Carrying value				
Taiwan Fertilizer Co., Ltd.	Al-Jubail Fertilizer Company	Kingdom of Saudi Arabia	Manufacture of urea, 2-EH (2-ethyl hexanol), and DOP (dioctyl phthalate)	3,050,000	3,050,000	7	50.00%	10,758,806	50.00%	6,960,425	3,074,009	Associate
〃	Taifer Chemicals International Inc	Taiwan	International trade; wholesale of fertilizer, tobacco, liquor, beverage, forage, machinery, electrical equipment, etc.; development, operation and management of residential buildings and factory buildings; special zone development; investment in and construction of public works; development of new towns and districts; agent services on regional district requisition; land adjustment; and real estate rental or leasing	126,300	126,300	5,500	100.00%	89,664	100.00%	7,077	7,077	Subsidiary
〃	Taiwan Yes Deep Ocean Water Co., Ltd.	Taiwan	Wholesale of drinks, food and grocery and other articles for daily use; tobacco and liquor; glass and pottery; hygiene products; fertilizers and other chemical products; and cosmetics; and international trade	1,224,235	1,224,235	25,763	100.00%	289,390	100.00%	726	1,699	Subsidiary
〃	PEIFENG TECHNOLOGY & FERTILIZER CO., LTD.	Taiwan	Manufacture and wholesale of fertilizer	2,400,000	2,400,000	240,000	100.00%	2,493,691	100.00%	84,492	84,492	Subsidiary
〃	TAIFER (CAYMAN) INTERNATIONAL GROUP CO., LTD.	Cayman Islands	Investment and holding	321,900	321,900	11	100.00%	-	100.00%	-	-	Subsidiary
〃	MITAGRI CO., LTD.	Taiwan	Wholesale and retail of products for organic agriculture	80,000	80,000	8,000	33.33%	29,740	33.33%	(9,425)	(3,141)	Associate
〃	Taiwan Agricultural Investment and Development co., Ltd.	Taiwan	Wholesale and retail of products for organic agriculture	60,000	60,000	6,000	31.58%	35,282	31.58%	(37,193)	(11,746)	Associate
Taiwan Fertilizer Co., Ltd.	TAIFER (CAMBODIA) CO., LTD	Cambodia	International trade; wholesale of fertilizer	40,052	40,052	-	100.00%	32,653	100.00%	1,459	1,459	Subsidiary
TAIFER (CAYMAN) INTERNATIONAL GROUP CO., LTD.	TR ELECTRONIC CHEMICAL CO., LTD.	Cayman Islands	Investment and holding	321,962	321,962	-	51.00%	-	51.00%	-	No applicable	Jointly controlled entity

(Continued)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount: December 31, 2021	Original investment amount: December 31, 2020	Balance as of December 31, 2021: Shares (thousands)	Balance as of December 31, 2021: Percentage of wnership	Balance as of December 31, 2021: Carrying value	Highest Percentage of Ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
Taifer Chemicals International Inc.	TAIFER INTERNATIONAL (SAMOA) GROUP CO.,LTD.	Samoa	Investment and holding	42,618	42,618	-	100.00%	65,094	100.00%	4,657	-	Subsidiary
TAIFER INTERNATIONAL (SAMOA) GROUP CO., LTD.	TAIFER CHEMICAL INTERNATIONAL CO.,LTD.	Mongolia	Real estate lease	41,077	41,077	-	100.00%	64,837	100.00%	4,657	-	Subsidiary

(c) Information on investment in mainland China:

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

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows: Outflow	Investment flows: Inflow	Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
TR Electronic Chemical (Kunshan) Ltd.	Manufacture of nitric acid, hydrofluoric acid, ammonia, phosphoric acid, oxalic acid, ammonia fluoride and LCD and IC Stripper	USD$ 21,500 (NT$595,335) (note 4)	(note 3)	USD$ - (NT$ -) (note 4)	-	-	USD$ - (NT$ -) (note 1)	USD$ - (NT$ -) (note 1)	-%	-%	USD$ - (NT$ -) (note 5)	USD$ - (NT$ -) (note 5)	-

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
NT$ -	NT$ 303,621	NT$31,576,716
(US$ -) (note 1)	(US$ 10,965) (note 4)	(note 2)

Note 1: The Group applied for the cessation of it operations to the local court on March 17, 2017, and the cessation was completed in August 2020. The accumulated investment amount of disposed in the current period is NT$303,621 thousand (US$10,965 thousand), and the accumulated investment amount from Taiwan of remitted at the end of the period is zero.

Note 2: The limit is based on the "Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China" issued by the Investment Commission under the Ministry of Economic Affairs; the amount is 60% of shareholders' equity or of consolidated shareholders' equity.

Note 3: Indirect investment in mainland China through a subsidiary in a third place. (Investor: TAIFER (CAYMAN) INTERNATIONAL GROUP CO., LTD.)

Note 4: The foreign currency amounts of original investment amount and carrying value were translated into New Taiwan dollars at the exchange rate NT$27.690 as of December 31, 2021.

Note 5: As of June 30, 2015, the investment accounted for using the equity method balance of the Corporation was zero, so the Company did not recognize income (loss) of the investment.

(iii) Significant transactions:None

(Continued)

(d) Major shareholders:

Shareholder's Name / Shareholding	Shares	Percentage
Council of Agriculture, Executive Court, R.O.C.	235,886,376	24.07%

(14) Segment information:

(a) General information

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were fertilizer and chemical and construction (rental is included).

(b) Reportable segment profit or loss, segment assets, segment liabilities, and their measurement and reconciliations

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes profit before taxation, excluding any extraordinary activity and foreign exchange gain or losses, because taxation, extraordinary activity and foreign exchange gains or losses are managed on a group basis, and hence they are not able to be allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker.

The operating segment accounting policies are similar to the ones described in Note 4 "Significant accounting policies" except for the recognition and measurement of pension cost, which is on a cash basis. The Group treated intersegment sales and transfers as third-party transactions. They are measured at market price.

The Group's operating segment information and reconciliation were as follows:

For the year ended December 31, 2021	Fertilizer and chemical	Construction	Others	Adjustment and eliminations	Total
External customer revenues	$ 11,524,967	1,704,818	429,621	-	13,659,406
Intersegment revenues	228,885	13,082	46,516	(288,483)	-
Total revenue	$ 11,753,852	1,717,900	476,137	(288,483)	13,659,406
Net gains and losses of intersegment	$ 197,401	377,458	(67,535)	-	507,324
Other gains and losses					104,591
Finance costs					(4,229)
Share of profit of associates and joint ventures accounted for using equity method					3,059,122
Interest income					18,156
Other income					106,710
Reportable segment profit or loss					$ 3,791,674

(Continued)

For the year ended December 31, 2020	Fertilizer and chemical	Construction	Others	Adjustment and eliminations	Total
External customer revenues	$ 8,220,139	1,580,480	369,123	-	10,169,742
Intersegment revenues	89,609	13,115	18,551	(121,275)	-
Total revenue	$ 8,309,748	1,593,595	387,674	(121,275)	10,169,742
Net gains and losses of intersegment	$ 992,468	332,864	(77,642)	-	1,247,690
Other gains and losses					1,019,917
Finance costs					(4,561)
Share of profit of associates and joint ventures accounted for using equity method					578,204
Interest income					44,080
Other income					80,046
Reportable segment profit or loss					$ 2,965,376
Reportable segment assets					
December 31, 2021	$ 21,031,061	57,949,422	429,545	(66,829)	79,343,199
December 31, 2020	$ 21,039,106	54,932,381	433,069	(58,429)	76,346,127
Reportable segment liabilities					
December 31, 2021	$ 7,717,319	18,982,175	55,319	(39,474)	26,715,339
December 31, 2020	$ 5,729,362	19,283,161	54,617	(29,724)	25,037,416

(c) Geographic information

The revenue-generating units of the Group were mainly in Republic of China. Thus, the disclosure of geographical information was not required.

(d) Major customer

	For the years ended December 31	
	2021	2020
Customer A from fercilizer and chenical department	$ 1,509,889	1,104,580

Ⅴ. Parent-only financial statement

Stock Code:1722

TAIWAN FERTILIZER CO., LTD.

Parent Company Only Financial Statements

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

Address: 6F, No.88, Nanjing E. Rd., Sec 2, Taipei City 10457, Taiwan
Telephone: (02)2542-2231

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

安侯建業聯合會計師事務所
KPMG
台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)
Telephone 電話 + 886 2 8101 6666
Fax 傳真 + 886 2 8101 6667
Internet 網址 home.kpmg/tw

Independent Auditors' Report

To the Board of Directors of TAIWAN FERTILIZER CO., LTD.:

Opinion

We have audited the financial statements of TAIWAN FERTILIZER CO., LTD.("the Company"), which comprise the Balance Sheets as of December 31, 2021 and 2020, and the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the year ended December 31, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed 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 Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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 matters that, in our professional judgment, should be communicated are as follows:

1. Impairment assessment of investments in equity method (including goodwill and intangible assets with an indefinite useful life)

   Please refer to notes 4(n), 5 and 6(h) for the "recognition of impairment assessment of investments accounted for by the equity method", "assumptions used and uncertainties considered in determining investments accounted for by the equity method, investments for impairment loss and obsolescence" and "balances of impairment loss and obsolescence", respectively.

Key audit matters:

As described in Note 6(h) of the accompanying financial statements, the Company acquired control over Taiwan Yes Deep Ocean Water Co., Ltd. (" Taiwan Yes"), which was accounted for as acquisition using the equity method (including the goodwill and trademark with indefinite useful lives). In accordance with IAS 36 "Impairment of Assets", goodwill and intangible assets with indefinite useful lives should be tested for impairment annually; and based on the estimated future cash flows of Taiwan Yes (the cash-generating unit), the recoverable amount was evaluated in order to determine whether there is any impairment of the aforementioned investment accounted for by using the equity method (including the goodwill and intangible assets with indefinite useful lives). Since the estimated future cash flows requires management's forecasting of the industry overview and the future operating performance of Taiwan Yes, the recoverable amount will be affected and an impairment loss will be incurred should there be any change in the situation. Therefore, the impairment assessment of equity method investments has been identified as a key audit matter.

How the matter was addressed in our audit:

Our principal audit procedures included confirming whether the management have properly assessed the recoverability of goodwill based on the forecasted cash flows within the following 5 years, wherein the assessment have been reviewed by the competent authority; and verifying whether the management has disclosed the impairment of goodwill in the financial statements on a timely manner after identifying such circumstance. In addition, we also assessed the adequacy of the forecasting methods and the discount rate used by the management, and compared the discount rate with external information; verified the management' s assumptions with external relevant information, and evaluated the major assumptions (including the forecast revenue growth rate, discount rate and forecast margin).

Other Matter

We did not audit the financial statements as of and for the years ended December 31, 2021 and 2020, of certain investees in equity method. Those statements were audited by other auditors, whose reports have been furnished to us. Our opinion, insofar as it relates to the amounts included in the Corporation' s financial statements for these investees, is based solely on the reports of the other auditors. As of December 31, 2021 and 2020, the investments in the aforementioned investees are 13.64% and 12.15% ($10,758,806 thousand and $9,202,183 thousand), of the Corporation's total assets. For the years ended December 31, 2021 and 2020, the investment income on the above said investees are 81.84% and 20.03% ($3,074,009 thousand and $593,696 thousand) of the Corporation's income before income tax.

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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed 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 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the 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 group audit.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Kuo-Yang Tseng and Heng-Shen Lin.

KPMG

Taipei, Taiwan (Republic of China)
March 22, 2022

Notes to Readers

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

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

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

TAIWAN FERTILIZER CO., LTD.

Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current assets:				
1100	Cash and cash equivalents (notes 6(a) and (t))	$ 1,917,886	3	2,521,222	3
1110	Total current financial assets at fair value through profit or loss (notes 6(b) and (t))	60,009	-	1,300,013	2
1120	Total current financial assets at fair value through other comprehensive income (notes 6(c) and (t))	127,059	-	112,566	-
1150	Notes receivable, net (notes 6(e)、(q) and (t))	188,453	-	117,543	-
1170	Accounts receivable, net (notes 6(e)、(q)、(t) and 7)	1,736,204	2	646,808	1
1200	Other receivables, net (notes 6(f)、(t) and 7)	10,672	-	11,523	-
130X	Total inventories (note 6(g))	2,667,289	4	2,774,010	4
1410	Total prepayments (note 7)	137,316	-	285,034	-
1476	Other current financial assets (notes 6(a) and (t))	68,203	-	900,000	1
1470	Total other current assets	15,215	-	7,299	-
		6,928,306	9	8,676,018	11
	Non-current assets:				
1517	Total non-current financial assets at fair value through other comprehensive income (notes 6(c) and (t))	3,439,803	5	2,712,178	4
1535	Non-current financial assets at amortised cost, net (notes 6(d) and (t))	-	-	28,507	-
1550	Investments accounted for using equity method, net (notes 6(h) and (t))	13,729,226	17	12,121,677	16
1600	Total property, plant and equipment (note 6(i))	11,928,382	15	12,421,858	17
1755	Right-of-use assets (note 6(j))	1,022,183	2	1,122,080	2
1760	Investment property, net (notes 6(k) and (l))	41,164,306	52	38,094,155	50
1780	Total intangible assets	13,680	-	11,724	-
1840	Deferred tax assets (note 6(n))	355,923	-	285,570	-
1930	Long-term notes and accounts receivable, net (notes 6(f) and (t))	84,125	-	115,396	-
1980	Total other non-current financial assets (notes 6(a)、(t) and 8)	159,425	-	159,188	-
1990	Total other non-current assets, others (note 6(t))	31,436	-	20,020	-
		71,928,489	91	67,092,353	89
	Total assets	$ 78,856,795	100	75,768,371	100

	Liabilities and Equity	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current liabilities:				
2130	Current contract liabilities (note 6(q))	$ 139,704	-	83,449	-
2150	Total notes payable (note 6 (t))	1,090	-	1,060	-
2170	Total accounts payable (notes 6(t) and 7)	2,281,757	3	463,288	1
2200	Total other payables (notes 6(t) and 7)	708,388	1	561,234	1
2230	Current tax liabilities	111,968	-	71,196	-
2280	Current lease liabilities (note 6(t))	27,594	-	27,795	-
2313	Unearned revenue (note 6(k))	389,525	1	389,525	1
2310	Other advance receipts	19,820	-	305,889	-
2399	Other current liabilities, others	45,872	-	52,190	-
		3,725,718	5	1,955,626	3
	Non-Current liabilities:				
2550	Total non-current provisions	223,648	-	223,648	-
2570	Total deferred tax liabilities (note 6(n))	7,449,720	10	7,104,724	10
2580	Non-current lease liabilities (note 6(t))	108,868	-	136,462	-
2630	Long-term deferred revenue (note 6(k))	14,257,410	18	14,627,720	19
2640	Net defined benefit liability, non-current (note 6(m))	136,612	-	131,319	-
2645	Guarantee deposits received (notes 6(t) and 7)	326,959	-	280,161	-
	Total liabilities	26,228,935	33	24,459,660	32
	Equity (note 6(o)):				
3100	Total capital stock	9,800,000	12	9,800,000	13
3200	Total capital surplus	2,244,652	3	2,244,652	3
	Retained earnings:				
3310	Legal reserve	3,673,475	5	3,397,549	5
3320	Special reserve	30,743,799	39	30,823,647	41
3350	Total unappropriated retained earnings	3,950,024	5	3,391,695	4
3400	Total other equity interest	2,215,910	3	1,651,168	2
	Total equity	52,627,860	67	51,308,711	68
	Total liabilities and equity	$ 78,856,795	100	75,768,371	100

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

TAIWAN FERTILIZER CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

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

		2021		2020	
		Amount	%	Amount	%
4000	**Total operating revenue (notes 6(k)、(l)、(q) and 7)**	$ 13,074,793	100	9,931,129	100
5000	**Total operating costs (notes 6(g)、(m)、7 and 12)**	(11,221,605)	(86)	(7,458,489)	(75)
5900	**Gross profit from operations**	1,853,188	14	2,472,640	25
	Operating expenses (notes 6(m)、(r) and 12):				
6100	Total selling expenses	(396,606)	(3)	(258,061)	(2)
6200	Total administrative expenses	(1,013,486)	(8)	(959,675)	(10)
6300	Total research and development expenses	(58,695)	-	(66,602)	(1)
6450	Expected credit loss	(2,569)	-	-	-
		(1,471,356)	(11)	(1,284,338)	(13)
6900	**Net Operating income**	381,832	3	1,188,302	12
	Non-operating income and expenses:				
7100	Total interest income (note 6(s))	14,062	-	37,684	-
7010	Total other income (notes 6(c) and (s))	102,699	1	97,462	1
7020	Other gains and losses, net (notes 6(s) and 12)	106,695	1	1,020,337	10
7050	Finance costs, net (note 6(s))	(3,030)	-	(3,581)	-
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method, net	3,153,849	24	623,979	7
	Total non-operating income and expenses	3,374,275	26	1,775,881	18
	Profit from continuing operations before tax	3,756,107	29	2,964,183	30
7950	Less: Income tax expenses (note 6(n))	721,491	6	511,302	5
	Profit	3,034,616	23	2,452,881	25
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans	(3,848)	-	(35,816)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	775,903	6	715,107	7
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(11,338)	-	10,833	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(770)	-	(7,163)	-
		761,487	6	697,287	7
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(278,237)	(2)	(512,377)	(5)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(55,283)	-	(101,288)	(1)
	Components of other comprehensive income that will be reclassified to profit or loss	(222,954)	(2)	(411,089)	(4)
8300	**Other comprehensive income**	538,533	4	286,198	3
8500	**Total comprehensive income**	**$ 3,573,149**	**27**	**2,739,079**	**28**
	Basic earnings per share (note 6(p))				
9750	**Basic earnings per share**	**$**	**3.10**		**2.50**
9850	**Diluted earnings per share**	**$**	**3.09**		**2.50**

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

TAIWAN FERTILIZER CO., LTD.

Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained earnings				Total other equity interest			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity interest	Total equity
Balance at January 1, 2020	$ 9,800,000	2,244,073	3,191,153	31,147,849	2,994,828	37,333,830	(51,551)	1,398,701	1,347,150	50,725,053
Profit	-	-	-	-	2,452,881	2,452,881	-	-	-	2,452,881
Other comprehensive income	-	-	-	-	(17,820)	(17,820)	(411,089)	715,107	304,018	286,198
Total comprehensive income	-	-	-	-	2,435,061	2,435,061	(411,089)	715,107	304,018	2,739,079
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	206,396	-	(206,396)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(2,156,000)	(2,156,000)	-	-	-	(2,156,000)
Reversal of special reserve	-	-	-	(324,202)	324,202	-	-	-	-	-
Other changes in capital surplus	-	579	-	-	-	-	-	-	-	579
Balance at December 31, 2020	9,800,000	2,244,652	3,397,549	30,823,647	3,391,695	37,612,891	(462,640)	2,113,808	1,651,168	51,308,711
Profit	-	-	-	-	3,034,616	3,034,616	-	-	-	3,034,616
Other comprehensive income	-	-	-	-	(14,416)	(14,416)	(222,954)	775,903	552,949	538,533
Total comprehensive income	-	-	-	-	3,020,200	3,020,200	(222,954)	775,903	552,949	3,573,149
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	275,926	-	(275,926)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(2,254,000)	(2,254,000)	-	-	-	(2,254,000)
Reversal of special reserve	-	-	-	(79,848)	79,848	-	-	-	-	-
Disposal of investments in equity instruments designed at fair value through other comprehensive income	-	-	-	-	(11,793)	(11,793)	-	11,793	11,793	-
Balance at December 31, 2021	$ 9,800,000	2,244,652	3,673,475	30,743,799	3,950,024	38,367,298	(685,594)	2,901,504	2,215,910	52,627,860

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

TAIWAN FERTILIZER CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31	
	2021	2020
Cash flows from (used in) operating activities:		
Profit before tax	$ 3,756,107	2,964,183
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	1,029,078	1,024,419
Amortization expense	7,078	6,524
Expected credit loss for bad debt expense	2,569	-
Net gain on financial assets or liabilities at fair value through profit or loss	(2,365)	(5,065)
Interest expense	3,030	3,581
Interest income	(14,062)	(37,684)
Dividend income	(54,585)	(41,776)
Share of profit of subsidiaries,associates and joint ventures accounted for using equity method	(3,153,849)	(623,979)
Loss (gain) on disposal of property, plant and equipment, net	11,205	(1,025)
Gain on disposal of investment properties	(216,741)	(1,047,961)
Impairment loss on non-financial assets	29,913	-
Unrealized foreign currency exchange loss	844	1,597
Donation expense	-	10,075
Compensation	18,556	-
Total adjustments to reconcile profit (loss)	(2,339,329)	(711,294)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in notes receivable	(70,910)	76,354
Decrease (increase) in accounts receivable	(1,065,117)	88,973
Decrease (increase) in other receivable	9,773	4,031
Decrease (increase) in inventories	106,721	(380,104)
Decrease (increase) in prepayments	117,898	(170,435)
Decrease (increase) in other current assets	(7,962)	(5,463)
Total changes in operating assets	(909,597)	(386,644)
Changes in operating liabilities:		
Increase (decrease) in contract liabilities	56,255	(22,745)
Increase (decrease) in notes payable	30	(8,959)
Increase (decrease) in accounts payable	1,818,469	(153,149)
Increase (decrease) in other payable	207,073	13,260
Increase (decrease) in receipts in advance	(312,917)	292,494
Increase (decrease) in other current liabilities	(6,318)	4,016
Increase (decrease) in net defined benefit liability	1,445	(11,983)
Increase (decrease) in deferred credits	(370,310)	(390,367)
Total changes in operating liabilities	1,393,727	(277,433)
Total changes in operating assets and liabilities	484,130	(664,077)
Total adjustments	(1,855,199)	(1,375,371)
Cash inflow generated from operations	1,900,908	1,588,812
Interest received	14,525	39,026
Dividends received	1,236,064	234,284
Interest paid	(3,030)	(3,581)
Income taxes refund (paid)	(350,023)	(554,572)
Net cash flows from (used in) operating activities	2,798,444	1,303,969

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

TAIWAN FERTILIZER CO., LTD.

Statements of Cash Flows (CONT'D)

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(150,000)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	31,920	98,000
Proceeds from disposal of financial assets at amortised cost	27,663	-
Acquisition of financial assets designated at fair value through profit or loss	(3,660,000)	(5,710,000)
Proceeds from disposal of financial assets designated at fair value through profit or loss	4,902,369	5,975,233
Acquisition of investments accounted for using equity method	-	(500,000)
Acquisition of property, plant and equipment	(340,967)	(197,718)
Proceeds from disposal of property, plant and equipment	2,065	1,039
(Increase) decrease in refundable deposits	(11,416)	30,514
Decrease in other receivables	23,751	15,680
Acquisition of intangible assets	(9,034)	(2,230)
Acquisition of investment properties	(3,265,694)	(2,515,774)
Proceeds from disposal of investment properties	301,000	1,422,740
Decrease in other financial assets	831,560	3,225,104
Net cash flows from (used in) investing activities	(1,166,783)	1,692,588
Cash flows from (used in) financing activities:		
Increase in guarantee deposits received	46,798	29,552
Payment of lease liabilities	(27,795)	(27,245)
Cash dividends paid	(2,254,000)	(2,156,000)
Net cash flows from (used in) financing activities	(2,234,997)	(2,153,693)
Net (decrease) increase in cash and cash equivalents	(603,336)	842,864
Cash and cash equivalents at beginning of period	2,521,222	1,678,358
Cash and cash equivalents at end of period	**$ 1,917,886**	**2,521,222**

See accompanying notes to parent company only financial statements.

(1) Company history

TAIWAN FERTILIZER CO., LTD. (the "Company"). was incorporated in May 1946. The Company's registered office address is located at 6F, No. 88, Nanjing E. Rd., Sec.2, Taipei, 10457, Taiwan. The Company is mainly engaged in manufactures and sells inorganic and organic fertilizers and other chemical products, constructs and leases real estate services. The Company's shares were listed on the TSEC since March 24, 1998.

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

The accompanying financial statements were authorized for issue by the Board of Directors on March 22, 2022.

(3) New standards, amendments and interpretations adopted:

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

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

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"

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

- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its financial statements:

- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(Continued)

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

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

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

(4) Summary of significant accounting policies:

The significant accounting policies presented in the financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the financial statements.

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

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

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

3) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note 4(q).

(ii) Functional and presentation currency

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

(c) Foreign currency

(i) Foreign currency transaction

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

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

1) an investment in equity securities designated as at fair value through other comprehensive income;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

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

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

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

(Continued)

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

An asset is classified as current when:

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

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

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

(iv) The asset is cash and cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(i) It is expected to be settled in the normal operating cycle;

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

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

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

All other liabilities are classified as non-current.

(e) Cash and cash equivalents

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

(f) Financial instruments

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

(Continued)

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

(Continued)

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

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

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets and accounts receivable (except for those presented as accounts receivable but measured at FVTPL). On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

4) Impairment of financial assets

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

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

(Continued)

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

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

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

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

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

· significant financial difficulty of the borrower or issuer;

· a breach of contract such as a default or being more than 180 days past due;

· the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

· it is probable that the borrower will enter bankruptcy or other financial reorganization; or

· the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(Continued)

5) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Treasury shares

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

4) Financial liabilities

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

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

(Continued)

5) Derecognition of financial liabilities

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

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

6) Offsetting of financial assets and liabilities

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

7) Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of: (a) the amount of the loss allowance determined in accordance with IFRS 9; and (b) the amount recognized initially less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policies set out below.

(g) Inventories

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

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

(Continued)

(h) Investment in associates

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

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

The financial statements include the Company's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases.

When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes the Company's share of change in equity of the associate in capital reserves in proportion to its ownership.

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

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

(i) Subsidiaries

The subsidiaries in which the Company holds controlling interest are accounted for under equity method in the nonconsolidated financial statements. Under equity method, the net income, other comprehensive income and equity in the nonconsolidated financial statement are the same as those attributable to the owners of parent in the consolidated financial statements.

The changes in ownership of the subsidiaries that did not resule in the Company's loss of control.are recognized as equity transaction.

(j) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business or for administrative purposes. Investment property is measured at cost on initial recognition. Subsequent to initial recognition, investment property is measured at initial acquisition cost less accumulated depreciation and accumulated impairment losses. The methods for depreciating and determining the useful life and residual value of investment property are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

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

(Continued)

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of certain items of property, plant and equipment on January 1, 2012, the Company's date of transition to the Standards, was determined with reference to its fair value at that date.

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

Depreciation is calculated on the depreciable amount of an asset using the straight-line basis over its useful life. The depreciable amount of an asset is determined based on the cost less its residual value.

Land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

Buildings	3～60years
Machine	3～40years
Instrument equipment	3～15years
Miscellaneous equipment	3～15years

Item	Useful lives	Item	Useful lives
Buildings:		Machine:	
Leasehold improvements and others	3～15 years	Production equipment	3～15 years
Buildings, warehouses, storage sheds	16～60 years	Storage tanks, power transmission systems, etc.	16～40 years

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

(Continued)

(iv) Reclassification as investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(l) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

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

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

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

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

- fixed payments including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

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

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company’s estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

(Continued)

- there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or

- there is any lease modifications

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

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

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

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

(ii) As a lessor

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

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

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

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

(Continued)

(m) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent Expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

Computer software cost	5 years
Patent	7~8 years

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

(n) Impairment of non financial assets

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

(Continued)

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

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

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

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

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

(o) Provisions

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

(p) Revenue Recognition

(i) Revenue from contracts with customers

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

1) Sale of goods

The Company manufactures and sells fertilizer products to market. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

2) Land development and sale of real estate

The Company develops and sells residential properties and usually sales properties in advance during construction or before construction begins. Revenue is recognized when control over the properties has been transferred to the customer. The properties have generally no alternative use for the Company due to contractual restrictions. However, an enforceable right to payment does not arise until legal title of a property has passed to the customer. Therefore, revenue is recognized at a point in time when the legal title has passed to the customer.

The revenue is measured at the transaction price agreed under the contract. For sale of readily available house, in most cases, the consideration is due when legal title of a property has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds twelve months. The transaction price is therefore not adjusted for the effects of a significant financing component. For pre-selling properties, the consideration is usually received by installment during the period from contract inception until the transfer of properties to the customer. If the contract includes a significant financing component, the transaction price will be adjusted for the effects of the time value of money during the period, using the specific borrowing rate of the construction project. Receipt of a prepayment from a customer is recognized as contract liability. Interest expense and contract liability are recognized when adjusting the effects of the time value of money. Accumulated amount of contract liability is recognized as revenue when control over the property has been transferred to the customer.

3) The Company's operating leasing business is classified into operating leases based on lease conditions and the possibility of cash receivables, and recognizes relevant operating lease income.

4) Financing componentsx

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

(q) Employee benefits

(i) Defined contribution plans

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

(Continued)

(ii) Defined benefit plans

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

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

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

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

(iii) Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

(iv) Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(v) Short-term employee benefits

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

(Continued)

(r) Income Taxes

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

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

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

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

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

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

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

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

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

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

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

1) the same taxable entity; or

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

(Continued)

(s) Earnings per share

Disclosures are made of basic and diluted earnings per share attributable to ordinary equity holders of the Company. The basic earnings per share is calculated based on the profit attributable to the ordinary shareholders of the Company divided by weighted average number of ordinary shares outstanding. The diluted earnings per share is calculated based on the profit attributable to ordinary shareholders of the Company, divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as remuneration of employees and employee stock options.

(t) Operating segments

Please refer to the consolidated financial statements of TAIWAN FERTILIZER CO., LTD. for the years ended December 31, 2021 and 2020 for operating segments information.

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

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

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(a) Impairment assumptions of carrying amounts of subsidiaries.

The assessment of impairment of subsidiaries requires the Company to allocate the subsidiaries' CGUs to the recoverable amount. To calculate the recoverable amount of relevant CGUs, the management should use the appropriate discount rate for calculating the present value to estimate the future cash flow of CGUs. If the actual cash flow less than expectation, the Company would have significant impairment loss.

Regarding assumptions and estimation uncertainties, valuation has a significant risk of resulting in a material adjustment within the next financial year as following:

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

The Company strives uses the market observable inputs when measuring its assets and liabilities.

(Continued)

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

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

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

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

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date. Please refer to Note 6(t), Financial instruments for assumptions used in measuring fair value.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand	$ 2,468	2,446
Demand deposits and checking accounts	1,915,418	684,776
Time deposits with original maturities less than 3 months	-	1,834,000
Cash and cash equivalents	$ 1,917,886	2,521,222

(i) Time deposits with original maturity of more than 3 months are recorded as other financial assets, and are classified as non-current if their maturities exceed one year, and as follow.

	December 31, 2021	December 31, 2020
Other current financial assets	$ 68,203	900,000
Other non current financial assets	159,425	159,188
	$ 227,628	1,059,188

(ii) Refer to Note 6(t) for the fair value sensitivity analysis and interest rate risk of the financial assets and liabilities of the Company.

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

	December 31, 2021	December 31, 2020
Mandatorily measured at fair value through profit or loss		
Non-derivative financial assets		
Beneficiary certificate	$ 60,009	1,300,013

Please refer to note 6(s) for the amount of remeasurement fair value through profit or loss.

(Continued)

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

		December 31, 2021	December 31, 2020
Equity investments at fair value through other comprehensive income			
Stock listed on domestic markets	$	127,059	112,566
Stock unlisted on domestic markets		3,439,803	2,712,178
Total	$	3,566,862	2,824,744

(i) Equity investments at fair value through other comprehensive income

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

As a result of the investment at fair value through other comprehensive income, the amounts of the dividend revenues recognized for the years ended December 31, 2021 and 2020 were $54,585 thousand and $41,776 thousand, respectively.

The Company invested in domestic non listed (OTC) company stocks of Eminent III Venture Capital Corporation (Eminent III) through a joint venture agreement in November 2017. Thereafter, a second cash capital increase was approved during the board of directors by Eminent III in December 2019, resulting in the Company to remit the shares amounting to $150,000 thousand in January 2020.

A resolution was approved during the provisional meeting of the shareholders of Eminent II Venture Capital Corp. (Eminent II), a domestic nonlisted (OTC) company and one of the financial assets measured at fair value through other comprehensive income by the Company, held on June 18, 2020, for capital reduction, wherein the Company will receive the refund of $80,000 thousand.

A resolution was approved during the provisional meeting of the shareholders of Eminent Venture Capital Corporation, one of the financial assets measured at fair value through other comprehensive income by the Company, held on December 31, 2019, for capital reduction, wherein the Company will receive the refund of $18,000 thousand.

A resolution was approved during the general shareholders'meeting of TSCBio Ventures Capital Co., Ltd., one of the financial assets measured at fair value through other comprehensive income by the Company, held on Augus 9, 2021, for capital reduction, wherein the Company will receive the refund of $31,920 thousand.

A liquidation procedure was declared by Taipei District Court of Top Taiwan V Venture Capital Co., Ltd., one of the financial assets measured at fair value through other comprehensive income by the Company, held on September 22, 2021, for capital reduction, wherein the cumulative loss of the other equity were $11,793 thousand and transfered to retained earnings.

(Continued)

(ii) For credit risk, please refer to note 6(t).

(iii) Financial assets at fair value through other comprehensive income of the Company had not been pledged as collateral for long-term borrowings.

(d) Financial assets measured at amortized cost

	December 31, 2021	December 31, 2020
Foreign government bonds	$ -	28,507
Less : Loss allowance	-	-
Total	$ -	28,507

The Company has assessed that these financial assets are held to maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

(i) For credit risk, please refer to note 6(t).

(ii) Financial assets measured at amortized costs of the Company had not been pledged as collateral for long-term borrowings.

(e) Notes receivable, accounts receivable, long-term notes and accounts receivable

	December 31, 2021	December 31, 2020
Notes receivables – Merchandise	$ 188,453	117,543
Account receivables – Merchandise	1,736,413	646,808
Less : Loss allowance	(209)	-
	$ 1,924,657	764,351

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

	December 31, 2021		
	Gross carrying amount	Expected loss rate	Loss allowance provision
Current	$ 1,916,929	0%~0.02%	-
1 to 30 days past due	7,509	0%~1.18%	-
31 to 60 days past due	124	0%~2.01%	-
More than 60 days past due	304	0%~100%	(209)
	$ 1,924,866		(209)

(Continued)

	December 31, 2020			
	Gross carrying amount		Expected loss rate	Loss allowance provision
Current	$	701,452	0%	-
1 to 30 days past due		9,156	0%~0.31%	-
31 to 60 days past due		18,005	0%~0.61%	-
More than 60 days past due		35,738	0%~1%	-
	$	764,351		-

The movements in the allowance for notes and accounts receivable were as follows:

	For the years ended December 31		
	2021		2020
Balance at January 1	$	-	-
Impairment losses recognized		2,569	-
Amounts written off		(2,360)	-
Balance at December 31	$	209	-

(f) Other receivables (including the long-term receivable)

	December 31, 2021		December 31, 2020
Other receivables	$	318,817	318,020
Property receivable		103,136	140,511
Unrealized interest income		(9,879)	(14,335)
Less : Loss allowance		(317,277)	(317,277)
	$	94,797	126,919
Other receivables	$	10,672	11,523
Long-term receivables		84,125	115,396
	$	94,797	126,919

As of December 31, 2021, the total amount of receivables due to the sale of premises of the Company was $93,257 thousand, After the year 2022 and the year 2023, $9,132 and $84,125 thousand will be recovered respectively.

The above receivables of $93,257 thousand are all secured by the premises and promissory notes sold, and a mortgage is established to the Company.

(Continued)

The movement in the allowance for other receivables was as follows.

	For the years ended December 31	
	2021	**2020**
Balance on December 31 (Same as Balance on January 1)	$ 317,277	317,277

Note: Ending balances in 2021 and 2020 were the same as the beginning balances in 2021 and 2020.

For the explanation of individually assessed impairment, please refers to note 7; for other credit risk information, please refers to note 6(t).

(g) Inventories, construction in progress, land held for sale and receipts in advance

	December 31, 2021	**December 31, 2020**
Inventories		
Raw materials	$ 1,623,556	1,739,833
Finished goods	398,867	389,212
Merchandise	83	182
	$ 2,022,506	2,129,227
Construction in progress		
Hsinchu land development project	$ 644,783	644,783

The cost of inventories recognized as cost of goods sold and expense for the years ended December 31, 2021 and 2020, amounted to $10,331,275 and $6,631,474 thousand, respectively. For the years ended December 31, 2021 and 2020, the write-down of inventories to net realizable value both are not recognized.

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

(h) Investments accounted for using equity method

	December 31, 2021	**December 31, 2020**
Subsidiaries	$ 2,905,398	2,839,585
Associates	10,823,828	9,282,092
	$ 13,729,226	12,121,677

(i) Subsidiaries

Please refer to the consolidated financial report for the years ended December 31, 2021.

(ii) Associates

The Company's financial information for equity accounted investees at the reporting date was as follows:

		December 31, 2021	December 31, 2020
Material associates			
Al-Jubail Fertilizer Company ("Al-Jubail")	$	10,758,806	9,202,183
Associates that are not individually material			
MITAGRI Co., Ltd.		29,740	32,881
Taiwan Agricultural Investment and Development Co., Ltd.		35,282	47,028
	$	10,823,828	9,282,092

Associates that had materiality were as follows:

Associate	Nature of relationship	Country of registration	Equity ownership December 31, 2021	Equity ownership December 31, 2020
AI-Jabail Fertilizer Company	Equity-method investee	Kingdom of Saudi Arabia	50.00%	50.00%

The following is a summary of financial information on the Company's significant associates. In order to reflect the adjustments for fair value in acquisition of shares and differences in accounting policies, adjustment for the amounts presented on the financial statements of associates in accordance with IFRSs has been made to such financial information.

Summary financial information on AI-Jabail Fertilizer Company

		December 31, 2021	December 31, 2020
Current assets	$	11,802,902	6,628,334
Noncurrent assets		14,113,967	15,110,337
Current liabilities		(2,622,604)	(1,739,092)
Noncurrent liabilities		(757,033)	(840,436)
Net assets	$	22,537,232	19,159,143
Net assets attributable to non controlling interests	$	10,843,013	9,405,861
Net assets attributable to investee owners		11,694,219	9,753,282
	$	22,537,232	19,159,143

(Continued)

	For the years ended December 31	
	2021	2020
Revenue	$ 14,974,992	8,857,397
Profit for the year	6,960,425	1,565,731
Other comprehensive income	926	21,666
Comprehensive income	$ 6,961,351	1,587,397
Comprehensive income attributable to non controlling interests	$ 3,220,802	879,745
Comprehensive income attributable to investee owners	$ 3,740,549	707,652
Dividends declared by Associates	$ 1,507,593	211,435

(iii) Collateral

As of December 31, 2021 and 2020, the investments in the aforesaid equity-accounted investees were not pledged as collateral.

(i) Property, plant and equipment

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

	Land	Building and construction	Machinery and equipment	Transportation Equipment	Other Equipment	Construction in progress	Total
Cost or deemed cost:							
Balance on January 1, 2021	$ 3,652,778	3,852,305	9,549,533	82,170	430,677	218,921	17,786,384
Additions	-	8,922	75,408	1,952	5,770	248,586	340,638
Disposals	-	(1,401)	(33,884)	(6,667)	(1,962)	-	(43,914)
Transfer from completion	-	34,523	113,444	4,466	4,431	(159,811)	(2,947)
Balance on December 31, 2021	$ 3,652,778	3,894,349	9,704,501	81,921	438,916	307,696	18,080,161
Balance on January 1, 2020	$ 3,652,778	3,749,688	9,379,379	85,716	419,170	294,491	17,581,222
Additions	-	14,606	79,407	1,519	6,914	118,293	220,739
Disposals	-	-	(5,795)	(9,610)	(172)	-	(15,577)
Transfer from completion	-	88,011	96,542	4,545	4,765	(193,863)	-
Balance on December 31, 2020	$ 3,652,778	3,852,305	9,549,533	82,170	430,677	218,921	17,786,384
Depreciation and impairment loss:							
Balance on January 1, 2021	$ -	870,120	4,159,185	58,607	193,794	82,820	5,364,526
Depreciation for the year	-	125,806	649,744	7,613	34,734	-	817,897
Disposals	-	(1,401)	(20,922)	(6,359)	(1,962)	-	(30,644)
Balance on December 31, 2021	$ -	994,525	4,788,007	59,861	226,566	82,820	6,151,779
Balance on January 1, 2020	$ -	747,690	3,518,395	60,347	158,485	82,820	4,567,737
Depreciation for the year	-	122,430	646,571	7,870	35,481	-	812,352
Disposals	-	-	(5,781)	(9,610)	(172)	-	(15,563)
Balance on December 31, 2020	$ -	870,120	4,159,185	58,607	193,794	82,820	5,364,526
Carrying amounts:							
Balance on December 31, 2021	$ 3,652,778	2,899,824	4,916,494	22,060	212,350	224,876	11,928,382
Balance on January 1, 2020	$ 3,652,778	3,001,998	5,860,984	25,369	260,685	211,671	13,013,485
Balance on December 31, 2020	$ 3,652,778	2,982,185	5,390,348	23,563	236,883	136,101	12,421,858

(Continued)

As of December 31, 2021 and 2020, the property, plant and equipment were not pledged as collateral.

(j) Right-of-use assets

The Company leases land. Information about leases for which the Company as a lessee is presented below:

	Land
Balance on December 31, 2021	$ 1,321,931
Balance on December 31, 2020	$ 1,321,931
Accumulated depreciation and impairment losses:	
Balance on January 1, 2021	$ 199,851
Depreciation for the year	99,897
Balance on December 31, 2021	$ 299,748
Balance on January 1, 2020	$ 99,955
Depreciation for the year	99,896
Balance on December 31, 2020	$ 199,851
Carrying amount:	
Balance on December 31, 2021	$ 1,022,183
Balance on January 1, 2020	$ 1,221,976
Balance on December 31, 2020	$ 1,122,080

On October 31, 2006, the Company leased from the Taichung Harbor Bureau, Ministry of Transportation and Communications ("THB") a 247.298 square meter lot in a special petrochemical industry zone in Taichung to develop wharf areas called wests 8 and 9, and construct warehouse facilities and public roads. The main provisions of the lease agreement were as follows:

(i) The lease term for the land in a special industrial zone is 20 years, and the agreement is renewable until the total lease reaches 50 years.

(ii) The Company can sublease the land, and it can also develop wests 8 and 9 of the wharf area, as well as construct warehouse facilities and public roads on behalf of THB. The Company can use its capital expenses for the construction as rentals in advance. However, once the lease term ends or the agreement is early terminated, all the titles to the facilities and improvements on the leased land should be transferred to THB.

The Company used its expenditures of $1,500,481 thousand for the construction of wests 8 and 9 of Taichung Harbor as rentals until March 20, 2034. The long-term prepayments for lease should be amortized over its rent free periods.

(Continued)

(k) Investment property

Investment property comprises office buildings that are leased to third parties under operating leases, including properties that are held as right-of-use assets, as well as properties that are owned by the Company. The leases of investment properties contain an initial non-cancellable lease term of 1 to 50 years.

The Company for the Investment property were as follows:

	Own assets			Right-of-use assets	
	Completed Investment Property	Investment Property under Construction	Undeveloped Investment Property	Other	Total
Costs:					
Balance on January 1, 2021	$ 10,985,666	11,226,090	16,965,148	3,778	39,180,682
Additions	170,519	3,095,175	-	-	3,265,694
Disposals	-	-	(84,259)	-	(84,259)
Balance on December 31, 2021	$ 11,156,185	14,321,265	16,880,889	3,778	42,362,117
Balance on January 1, 2020	$ 10,972,209	8,723,773	17,339,970	3,778	37,039,730
Additions	13,457	2,502,317	-	-	2,515,774
Disposals	-	-	(374,779)	-	(374,779)
Reclassification	-	-	(43)	-	(43)
Balance on December 31, 2020	$ 10,985,666	11,226,090	16,965,148	3,778	39,180,682
Amortization and Impairment Loss:					
Balance on January 1, 2021	$ 380,439	96,344	607,646	2,098	1,086,527
Depreciation	92,344	17,680	-	1,260	111,284
Balance on December 31, 2021	$ 472,783	114,024	607,646	3,358	1,197,811
Balance on January 1, 2020	$ 288,719	77,991	607,646	-	974,356
Depreciation	92,559	18,353	-	1,259	112,171
Reclassification	(839)	-	-	839	-
Balance on December 31, 2020	$ 380,439	96,344	607,646	2,098	1,086,527
Balance on December 31, 2021	$ 10,683,402	14,207,241	16,273,243	420	41,164,306
Balance on January 1, 2020	$ 10,683,490	8,645,782	16,732,324	3,778	36,065,374
Balance on December 31, 2020	$ 10,605,227	11,129,746	16,357,502	1,680	38,094,155
Fair value:					
Balance on December 31, 2021					$ 111,112,061
Balance on December 31, 2020					$ 104,432,231

Completed investment property are located in C3/C6/C7/C8/C9 in the Nangang Economic and Trade Park, and the Corporation leased land use right to others.

(Continued)

(i) The main provisions of the C6/C7/C8/C9 contract on the pledging of land use rights were as follows:

1) Land use rights are for 50 years from the date of registration of these rights.

2) The land use rights (accounted for as deferred income-current and noncurrent) amounted to \$3,200,889 thousand, which has been treated as royalty revenue (accounted for as operating revenue) amortizable over 50 years from June 13, 2006. As of December 31, 2021 and 2020, the unamortized balances of the land used rights under above mentioned contract were \$2,205,946 and \$2,269,964 thousand, respectively.

3) In addition to the land use right, the annual rental payable by the lessee is 8% of the reference land price announced by the local government, with the calculation starting from the contract date. When the reference land price is adjusted, the annual rental will be revised at the percentage the same as that set on the date of the reference price adjustment. The annual rentals in 2021 and 2020 were \$339,220 and \$339,220 thousand, respectively.

(ii) On September 15, 2015, the Corporation signed with CTBC Life Insurance Co., Ltd. and Taiwan Life Insurance Co., Ltd. (together, the "lessees") separate contracts for these two insurance companies to have the rights to use land located in C3 in the Nangang Economic and Trade Park. The main provisions of these contracts are as follows:

1) Land use rights (LURs) are valid for 45 years from the date of the registration of these rights.

2) The LURs (accounted for as deferred income - current and noncurrent) amounted to \$14,288,705 thousand, which has been treated as royalty revenue (under operating revenue) amortizable over 45 years from December 10, 2015. As of December 31, 2021 and 2020, the unamortized balance of the LURs were \$12,365,904 and \$12,683,431 thousand, respectively.

3) In addition to the LURs, the annual rental payable by the lessees is 0.8% of the reference land price announced by the local government, with the calculation starting from the registration date. When the reference land price is adjusted, the annual rental will be revised at the same percentage as the rate of the reference price adjustment. The lessees' annual rental in 2021 and 2020 were both \$46,754 and \$46,754 thousand.

4) After nine years and six months from the registration date, the lessees have within six months to extend the validity period for the land use rights to another 40 years by giving a written notice to the Corporation. With this extension, the entire validity period of the LURs will be 85 years, and the lessees should pay an additional one-time royalty of \$15,000,000 thousand.

(Continued)

5) Under the contract, the lessees provided the Taiwan Government Bond A02105 and A03114 as collaterals; the fair values of these bonds were as follow:

	The Taiwan Government Bond A02105	The Taiwan Government Bond A03114
Balance on December 31, 2021	$ 1,190,636	1,686,989
Balance on December 31, 2020	$ 1,211,269	1,760,699
Balance on January 1, 2020	$ 1,173,011	1,691,012

(iii) Investment properties under construction are located in Hsinchu City and Hualien City and included land for the "C2 Tourist Hotel Project" and "Commercial Building Project" in the Nangang Economic and Trade Park. The C2 Tourist Hotel Project was won by the Grand Hi Lai Hotel Co., Ltd. and the Caesar Park Hotel Co., Ltd., who both signed a front-end agreement (FEA) on December 31, 2013, with the contract for C2 Tourist Hotel Project signed under lease agreement with the Grand Hi Lai Hotel Co., Ltd. For the development of the C2 Tourist Hotel, the Company intended to make a termination agreement with Caesar Park Hotel Co., Ltd., and the intention was approved during the board meeting of the Company held on May 28, 2019. The related termination procedures were still in progress.

In addition, the bid for the C2 Commercial Building Project was won by Dung Jeng Investment Counsel Co., Ltd. ("Dung Jeng"), in which the Company will construct a building and parking space for Dung Jeng. The lease contract was signed on January 30, 2015, with a lease period of 20 years from the completion of the building and parking space. The Company intended to make a termination agreement with the Dung Jeng Investment Co., Ltd., and the intention was approved during the board meeting of the Company held on May 28, 2019. For the related termination procedures, please refers to note 9.

The construction licenses for C2 Hotel and Commercial Building Projects have been obtained, wherein they are allowed to engage in engineering works such as steel structure and curtain wall, at a total investment amount of $3,049,071 thousand, of which, the amount of $8,179,092 thousand had been currently invested.

Investment properties under construction included the land in Taiwan, with the objective to the government's major technology industry project, named HSIP X Project. The land is located at No.23 and 26 Taifer Section in Hsinchu City, wherein the land use rights (LURs) amounting to $2,841,000 thousand were registered with the Hsinchu Science Park Bureau in 2021. The LURs are valid for 70 years starting from the date of registration.

The fair value of investment properties (as measured or disclosed in the consolidated financial statements) was based on a valuation by a qualified independent appraiser who has recent valuation experience in the location and category of the investment property being valued. The inputs of levels of fair value hierarchy in determining the fair value was classified to Level 3.

The fair values of investment properties were assessed as follows:

	December 31, 2021	December 31, 2020
C6／C7／C8／C9	$ 26,089,333	24,232,441
C2	$ 20,730,381	20,377,824
C3	$ 36,563,684	35,935,442
Hsinchu	$ 8,645,318	5,512,070
Kaohsiung	$ 19,083,345	18,374,454

The fair values were based on the valuations carried out at March 31, 2021 and April 20, 2020 by independent qualified professional valuer.

The fair value is measured at market value, mainly use the comparison approach and land development analysis approach to determine the value of the investment property. The weight is 50/50. The significant key assumption of the development profit margin intervals was as follows:

	For the years ended December 31	
Area	**2021**	**2020**
C6/C7/C8/C9	18%	18%
C2	18%	18%
C3	18%	18%
HsinChu	18%	16%
KaoHsiung	17%	17%

The other investment properties held by the Corporation are mainly located in different industrial zones. They have no quoted prices in an active market and there was no alternative basis for estimating their fair values. Thus, the fair values of the investment properties were not reliably determinable.

As of December 31, 2021 and 2020 investment properties were not pledged as collateral.

(l) Operating leases

The Company leases out its investment property and some machinery. The Company has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note 6(k) sets out information about the operating leases of investment property.

(Continued)

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

	December 31, 2021	December 31, 2020
Less than one year	$ 1,012,483	765,379
One to two years	935,618	730,185
Two to three years	876,952	661,772
Three to four years	864,128	610,563
Four to five years	859,455	601,123
More than five years	13,449,154	12,784,992
Total undiscounted lease payments	**$ 17,997,790**	**16,154,014**

For the years ended December 31, 2021 and 2020, the property rental income was $822,551 and $759,623 thousand, respectively. There were no significant property equipment and maintenance expenses.

(m) Employee benefits

(i) Defined benefit plans

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

	December 31, 2021	December 31, 2020
Present value of defined benefit obligation	$ 464,419	507,524
Fair value of plan assets	(327,807)	(376,205)
	136,612	131,319
The effect of the asset ceiling	-	-
Net defined benefit liabilities	**$ 136,612**	**131,319**

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

1) Composition of plan assets

The Company set aside pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. Under these regulations, the minimum earnings from these pension funds shall not be less than the earnings from two-year time deposits with the interest rates offered by local banks.

(Continued)

The Company's Bank of Taiwan labor pension reserve account balance amounted to $327,807 thousand as of December 31, 2021. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31	
	2021	**2020**
Defined benefit obligation, January 1	$ 507,524	521,197
Current service costs and interest	14,878	18,210
Re-measurement of the net defined benefit liability		
－Actuarial (losses) gains arose from changes in demographic assumptions	771	-
－Actuarial gains arose from changes in financial assumption	(11,721)	12,665
－Experience adjustment	20,720	37,470
Benefits paid	(67,753)	(82,018)
Defined benefit obligation, December 31	$ 464,419	507,524

3) Movements in the fair value of plan assets

The movements in the fair value of the defined benefit plan assets for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31	
	2021	**2020**
Fair value of plan assets, January 1	$ 376,205	413,711
Interests revenue	863	2,452
Re-measurement of the net defined benefit liability		
－Experience adjustment	5,922	14,319
Contributions paid by the employer	12,570	13,975
Benefits paid	(67,753)	(68,252)
Fair value of plan assets, December 31	$ 327,807	376,205

4) Movements in the fair value of plan assets : None

(Continued)

5) Expenses recognized in profit or loss

The Company's pension expenses recognized in profit or loss for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31	
	2021	2020
Current service cost	$ 13,707	15,115
Net interest of net liabilities for defined benefit obligations	308	643
	$ 14,015	15,758
Operating costs	$ 9,339	10,196
Operating expenses	4,676	5,562
	$ 14,015	15,758

6) Re-measurement of net defined benefit liability recognized in other comprehensive income

The Company's net defined benefit liability recognized in other comprehensive income for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31	
	2021	2020
Cumulative amount, January 1	$ 129,089	100,436
Recognized during the year	3,078	28,653
Cumulative amount, December 31	$ 132,167	129,089

7) Actuarial assumptions

The following were the key actuarial assumptions at the reporting date:

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

	2021.12.31	2020.12.31
Discount rate	0.65%	0.25%
Future salary increases	1.50%	1.50%

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is $12,480 thousand.

The weighted-average duration of the defined benefit plan is 6 year.

(Continued)

8) Sensitivity Analysis

As of December 31, 2021 and 2020, the changes in the principal actuarial assumptions will impact on the present value of defined benefit obligation as follows:

	Impact on the present value of defined benefit obligation	
	Increase by 0.25%	**Decrease by 0.25%**
December 31, 2021		
Discount rate	(7,138)	7,353
Future salary increase rate	7,273	(7,097)
December 31, 2020		
Discount rate	(7,988)	8,237
Future salary increase rate	8,114	(7,910)

The sensitivity analysis assumed all other variables remain constant during the measurement. This may not be representative of the actual change in defined benefit obligation as some of the variables may be correlated in the actual situation. The model used in the sensitivity analysis is the same as the defined benefit obligation liability.

The analysis is performed on the same basis for prior year.

(ii) Defined contribution plans

The Company contributes an amount at the rate of 6% of the employee's monthly wages to the Labor Pension personal account with the Bureau of the Labor Insurance and Council of Labor Affairs in R.O.C. in accordance with the provisions of the Labor Pension Act. The Company's contributions to the Bureau of the Labor Insurance and Social Security Bureau for the employees' pension benefits require no further payment of additional legal or constructive obligations.

As of December 31, 2021 and 2020, the expense of defined contribution plans under Labor Pension Act was as follows:

	For the years ended December 31	
	2021	**2020**
Operating costs	$ 11,383	12,587
Operating expenses	8,957	9,438
	$ 20,340	22,025

The cost of the pension contributions to the Labor Insurance Bureau for the years ended December 31, 2021 and 2020 amounted to $20,352 and $17,114 thousand, respectively

(Continued)

(iii) Short-term employee benefits

		December 31, 2021	December 31, 2020
short term employee benefit liabilities	$	10,938	11,899

(n) Income tax

(i) The components of income tax in the years 2021 and 2020 were as follows:

		For the years ended December 31	
		2021	2020
Current income tax expense			
Current period incurred	$	332,344	290,143
Land value increment tax		52,892	202,496
Prior years income tax adjustment		5,559	5,491
		390,795	498,130
Deferred tax expense			
Origination and reversal of temporary differences		350,372	81,990
Land value increment tax		(19,676)	(68,818)
		330,696	13,172
Income tax expense	$	721,491	511,302

The amount of income tax recognized in other comprehensive income for 2021 and 2020 was as follows:

		For the years ended December 31	
		2021	2020
Items that will not be reclassified to profit or loss:			
Remeasurements effects of defined benefit plans	$	(770)	(7,163)
Items that may be reclassified subsequently to profit and loss:			
Foreign currency translation differences for foreign operations	$	(55,283)	(101,288)

Reconciliation of income tax and for 2021 and 2020 as follows:

		For the years ended December 31	
		2021	2020
Profit excluding income tax	$	3,756,107	2,964,183
Income tax using the Company's domestic tax rate		751,221	592,837
Non-deductible income tax		342	2,133
Tax-exempt income		(54,739)	(219,078)
Land value increment tax		33,217	133,678
Overestimate and underestimate of previously income tax		5,559	5,491
Others		(14,109)	(3,759)
Income tax expense	$	721,491	511,302

(Continued)

(ii) Deferred tax assets and liabilities

1) Recognized deferred tax assets and liabilities

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

Deferred tax liabilities:

		Land value increment tax	Investment income recognized under the equity method	Exchange difference on the translation of foreign operations	Others	Total
Balance on January 1, 2021	$	6,294,384	711,301	72,592	26,447	7,104,724
Recognized in profit or loss		(19,676)	362,301	-	2,371	344,996
Balance on December 31, 2021	$	6,274,708	1,073,602	72,592	28,818	7,449,720
Balance on January 1, 2020	$	6,363,202	625,386	72,592	27,984	7,089,164
Recognized in profit or loss		(68,818)	85,915	-	(1,537)	15,560
Balance on December 31, 2020	$	6,294,384	711,301	72,592	26,447	7,104,724

Deferred tax assets:

		Unamortized manufacturing costs	Defined benefit obligation	Impairment loss on assets	Exchange difference on the translation of foreign operations	Others	Total
Balance on January 1, 2021	$	66,159	31,400	63,456	101,667	22,888	285,570
Recognized in profit or loss		227	-	9,694	-	4,379	14,300
Recognized in other comprehensive income		-	770	-	55,283	-	56,053
Balance on December 31, 2021	$	66,386	32,170	73,150	156,950	27,267	355,923
Balance on January 1, 2020	$	55,900	24,237	63,456	379	30,759	174,731
Recognized in profit or loss		10,259	-	-	-	(7,871)	2,388
Recognized in other comprehensive income		-	7,163	-	101,288	-	108,451
Balance on December 31, 2020	$	66,159	31,400	63,456	101,667	22,888	285,570

(iii) The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

(o) Share capital and other interests

(i) Share capital

As of December 31, 2021 and 2020, the authorized capital of the Company amounting to $9,800,000 with par value of $10 per share. The paid in capital was $9,800,000 thousands, and the capital that rose from the shares had all been retrieved.

(Continued)

(ii) Capital surplus

The components of capital surplus were as follows:

	December 31, 2021	December 31, 2020
Treasury share transactions	$ 2,187,988	2,187,988
Donations	44,803	44,803
Others	11,861	11,861
	$ 2,244,652	2,244,652

In accordance with Amended Companies Act 2012, realized capital reserves can only be capitalized or distributed as cash dividends after offsetting against losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with Securities Offering and Issuance Guidelines, the amount of capital reserves that can be capitalized shall not exceed 10 percent of the actual share capital amount.

(iii) Retained earnings

Under the dividend policy as set forth in the Articles, where the Corporation made 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 Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders.

To determine dividend amounts, the Corporation should take into account the diversity of its business, cycles of the industry, and capital demand in relation to specific products and services. To balance business development and shareholders' welfare, the cash dividend should not be less than 10% of total annual dividends, unless there is any capital demand due to essential investment plan, change in financial position, business operation, extension of capacity or any other capital expenditure and should be approved in the shareholders' meetings.

1) Legal reserve

If the Company earned a profit for the year, the meeting of shareholders decides on the distribution of the statutory earnings reserve either by issuing new shares or by paying cash, and the distribution is limited to the portion of legal reserve which exceeds 25 percent of the actual share capital.

(Continued)

2) Special reserve

The Company implemented the optional exemptions under IFRS 1 "First-time Adoption of International Financial Reporting Standards" when adopting the International Financial Reporting Standards at first time. The increase in retained earnings resulting from the unrealized revaluation increments, cumulative translation adjustment and the revaluation increments in the transfer from fix assets to investment property was $32,114,341 thousand. In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, the same amount of the increasing earnings shall be reclassified to special earnings reserve. If a certain proportion of the asset has been disposed or reclassified, the same proportion of special earnings reserve equivalent to that of the asset, which has been disposed or reclassified, has to be transferred back to its earnings. Such special earnings reserve has to have the same amount with the one that was initially being reclassified to its special earnings reserve. The balance of such special earnings reserve amounted to $30,329,991 and $30,409,839 thousand as of December 31, 2021 and 2020, respectively.

In accordance with the aforesaid Ruling, a special reserve is set aside from the current year's net income after tax and prior year's undistributed earnings at an amount equal to the debit balance of contra accounts in shareholders' equity. When the debit balance of any of these contra accounts in shareholders' equity is reversed, the related special reserve can be reversed. The subsequent reversals of the contra accounts in shareholders' equity shall quality for additional distributions.

3) Earnings distribution

Earnings distribution for 2020 and 2019 was decided via the general meeting of shareholders held on 28 July 2021 and 22 June 2020, respectively. The relevant dividends distributions to shareholders were as follows:

	2020		2019	
	Amount per share (dollars)	**Amount**	**Amount per share (dollars)**	**Amount**
Dividends distributed to ordinary shareholders:				
Cash	$ 2.30	2,254,000	2.20	2,156,000

On March 22, 2022, the Company's Board of Directors resolved to appropriate the 2021 earnings. These earnings were appropriated as follows:

	For the year ended December 31	
	2021	
	Amount per share (dollars)	**Amount**
Dividends distributed to ordinary shareholders:		
Cash	$ 2.8	2,744,000

(Continued)

(iv) Other equity accounts (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance on January 1, 2021	$ (462,640)	2,113,808	1,651,168
Exchange differences on subsidiaries accounted for using equity method	(222,954)	-	(222,954)
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	775,903	775,903
Cumulative gains (losses) reclassified to profit or loss on disposal of investments in debt instrument at fair value through other comprehensive income	-	11,793	11,793
Balance on December 31, 2021	$ (685,594)	2,901,504	2,215,910
Balance on January 1, 2020	$ (51,551)	1,398,701	1,347,150
Exchange differences on subsidiaries accounted for using equity method	(411,089)	-	(411,089)
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	715,107	715,107
Balance on December 31, 2020	$ (462,640)	2,113,808	1,651,168

(p) Earnings per share

The basic earnings per share and diluted earnings per share were calculated as follows:

	For the years ended December 31 2021	2020
Basic earnings per share		
Profit attributable to ordinary shareholders	$ 3,034,616	2,452,881
Weightedaverage number of ordinary shares	980,000	980,000
	$ 3.10	2.50
Diluted earnings per share		
Profit attributable to ordinary shareholders (diluted)	$ 3,034,616	2,452,881
Weightedaverage number of ordinary shares	980,000	980,000
Effect of potentially dilutive ordinary shares		
Employees' compensation	1,651	1,711
Weightedaverage number of ordinary shares (diluted)	981,651	981,711
	$ 3.09	2.50

(Continued)

(q) Revenue from contracts with customers

(i) Details of revenue

The details of revenue were as follows:

	For the years ended December 31	
	2021	2020
Revenue from contracts with customers	$ 11,205,406	8,218,525
Revenue from investment properties	1,706,031	1,586,529
Other operating revenue	163,356	126,075
	$ 13,074,793	9,931,129

(ii) Disaggregation of revenue

	For the year ended December 31, 2021			
	Fertilizers and other chemical products	Real estate property and investment	Others	Total
Primary geographical markets				
Taiwan	$ 8,643,195	1,706,031	163,356	10,512,582
Middle East	1,581,375	-	-	1,581,375
Others	980,836	-	-	980,836
	$ 11,205,406	1,706,031	163,356	13,074,793
Major products/services lines				
Fertilizers and other chemical products	$ 11,205,406	-	-	11,205,406
Lease	-	1,706,031	-	1,706,031
Others	-	-	163,356	163,356
	$ 11,205,406	1,706,031	163,356	13,074,793

	For the year ended December 31, 2020			
	Fertilizers and other chemical products	Real estate property and investment	Others	Total
Primary geographical markets				
Taiwan	$ 7,491,222	1,586,529	126,075	9,203,826
Middle East	264,938	-	-	264,938
Others	462,365	-	-	462,365
	$ 8,218,525	1,586,529	126,075	9,931,129

(Continued)

	For the year ended December 31, 2020			
	Fertilizers and other chemical products	Real estate property and investment	Others	Total
Major products/services lines				
Fertilizers and other chemical products	$ 8,218,525	-	-	8,218,525
Lease	-	1,586,529	-	1,586,529
Others	-	-	126,075	126,075
	$ 8,218,525	1,586,529	126,075	9,931,129

(iii) Contract balances

	December 31, 2021	December 31, 2020	January 1, 2019
Accounts receivable	$ 1,924,866	764,351	929,678
Less: allowance for impairment	(209)	-	-
Total	$ 1,924,657	764,351	929,678
Contract liabilities-Chemical fertilizers product	$ 139,704	83,449	106,194

For details on accounts receivable and allowance for impairment, please refer to note 6(e).

The amount of revenue recognized for the years ended December 31, 2021 and 2020 that was included in the contract liability balance at the beginning of the period were $75,881 and $100,123 thousand.

(r) Remuneration to employees, directors and supervisors

In accordance with the articles of incorporation the Company should contribute no less than 2.4% of the profit as employee compensation and less than 1.6% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.

For the years ended December 31, 2021 and 2020, the Company estimated its employee remuneration amounting to $93,903 and $74,105 thousand, and directors' remuneration amounting to $62,602 and $49,403 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2021 and 2020. The numbers of shares to be distributed for 2021 and 2020 were calculated based on the closing price of the Company's ordinary shares, one day before the date of the meeting of Board of Directors.

If there remunerations change after the board meeting, and the changes will based on accounting estimates. The impact of those changes will recognize in the following period.

There was no difference of Employee compensation and directors' remuneration between the amounts recognized on financial statements and actual distributed amount.

(Continued)

Information on remuneration to employees and directors resolved by the Corporation's board of directors in 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

(s) Non operating income and expenses

(i) Interest income

The details of interest income for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31		
		2021	**2020**
Interest income - bank deposits	$	9,363	35,304
Other interest income		4,699	2,380
	$	**14,062**	**37,684**

(ii) Other income

The details of other income for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31		
		2021	**2020**
Dividends		54,585	41,776
Others		48,114	55,686
	$	**102,699**	**97,462**

(iii) Other gains and losses

The details of other gains and losses for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31		
		2021	**2020**
(Loss) gain on disposal of property, plant and equipment	$	(11,205)	1,025
Gain on disposal of investment properties		216,741	1,047,961
Net foreign exchange (loss) and gain		(28,927)	1,635
Gain on financial assets at fair value through profit or loss		2,365	5,065
Impairment loss		(29,913)	-
Compensation		(18,556)	-
Donation expenses & relevane withholding tax		-	(10,075)
Others		(23,810)	(25,274)
	$	**106,695**	**1,020,337**

(Continued)

(iv) Finance costs

The details of finance costs for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31	
	2021	**2020**
Bank interest expense	$ -	1
Lease interest	3,030	3,580
	$ 3,030	**3,581**

(t) Financial instruments

(i) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets represents the Company's maximum credit exposure.

2) Credit risk concentrations

The clients of the Company are widely spread and unrelated; thus, credit risk is limited.

3) Receivables and debt securities

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

Other financial assets at amortized cost includes other receivables, investments in government bonds, corporate bonds and time deposits

Debt investments at fair value through other comprehensive income include government bonds, listed and unlisted debt securities.

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected credit losses.

The movement in the allowance for impairment during the years ended December 31, 2021 and 2020, please refer to note 6(e) and 6(f).

(ii) Liquidity risk

The following are the contractual maturities of financial liabilities, excluding estimated interest payment and the impact of netting agreements.

	Carrying amount	1-3 months	1-5 years	More than 5 years
December 31, 2021				
Non-derivative financial liabilities				
Noninterestbearing liabilities	$ 3,318,194	2,991,235	326,959	-
Lease liabilities	143,253	30,068	113,185	-
	$ 3,461,447	**3,021,303**	**440,144**	**-**

(Continued)

		Carrying amount	1-3 months	1-5 years	More than 5 years
December 31, 2020					
Non-derivative financial liabilities					
Noninterestbearing liabilities	$	1,305,743	1,025,582	280,161	-
Lease liabilities		174,078	30,825	118,647	24,606
	$	1,479,821	1,056,407	398,808	24,606

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Market risk

1) Currency risk

The following are the contractual maturities of financial liabilities, excluding estimated interest payment and the impact of netting agreements.

	December 31, 2021			December 31, 2020		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
Financial assets						
Monetary items						
USD：NTD	$ 38,169	27.69	1,056,900	6,812	28.51	194,196
Non-monetary items						
Investments accounted for using equity						
SAR：NTD	1,457,179	7.38	10,758,806	1,210,587	7.60	9,202,183
USD：NTD	1,179	27.69	32,647	1,127	28.51	32,133
Financial liabilities						
Monetary items						
USD：NTD	56,981	27.69	1,577,812	-	-	-

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, loans, accounts payable and other payables that are denominated in foreign currency. A 10% of appreciation of each major foreign currency against the Company's functional currency as of December 31, 2021 and 2020 would have increased or decreased the before tax net income by $(41,672) and $15,536 thousand, respectively. The analysis is performed on the same basis for both periods.

As the Company deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2021 and 2020, the foreign exchange losses, including both realized and unrealized, amounted to (28,927) and 1,635 thousand, respectively.

(Continued)

(iv) Interest rate analysis

The interest risk exposure from financial assets and liabilities has been disclosed in the note of liquidity risk management.

The sensitivity analysis below is based on the exposure to equity price risks at the end of the reporting period. For floating-rate liabilities, the analysis is based on the assumption that the amount of liabilities outstanding on the reporting date is circulated throughout the year.

If interest rates had been 1 basis point higher/lower and all other variables were held constant, the Corporation's pre-tax (loss) profit for the years ended December 31, 2021 and 2020 would decrease/increase by $0 due to the Company's cash and cash equivalents balances which exceeds its loan amount.

(v) Other price risk

If the stock price changes at the reporting date, the changes in other comprehensive income of the Company are estimated as follows: (The analysis was made on the same basis for both periods, assuming that all other variables remain constant and any impact to forecasted sales and purchases was ignored):

	For the years ended December 31			
	2021		2020	
Equity price at the end of the reporting period	Comprehensive Income (Loss)(net of tax)	Net Income (Loss) (net of tax)	Comprehensive Income (Loss)(net of tax)	Net Income (Loss) (net of tax)
Increase 5%	$ 178,343	2,400	141,237	52,001
Decrease 5%	$ (178,343)	(2,400)	(141,237)	(52,001)

(vi) Fair value of financial instruments

1) Categories and fair value of financial instruments

The fair value of financial assets and liabilities at fair value through profit or loss, and financial assets at fair value through other comprehensive income (available for sale financial assets) is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

(Continued)

	December 31, 2021				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	$ 60,009	60,009	-	-	60,009
Financial assets at fair value through other comprehensive income					
Domestic stocks in listed companies	$ 127,059	127,059	-	-	127,059
Unquoted equity instruments at fair value	3,439,803	-	-	3,439,803	3,439,803
Total	3,566,862	127,059	-	3,439,803	3,566,862
Financial assets measured at amortized cost					
Cash and cash equivalents	1,917,886	-	-	-	-
Other financial assets (including non-current)	227,629	-	-	-	-
Notes receivable and accounts receivables	1,924,657	-	-	-	-
Other receivables (including long-term)	94,797	-	-	-	-
Refundable deposit	31,436	-	-	-	-
Total	4,196,405	-	-	-	-
Total	$ 7,823,276	187,068	-	3,439,803	3,626,871
Financial liabilities at amortized cost					
Notes and accounts payable	$ 2,282,847	-	-	-	-
Other payables	708,388	-	-	-	-
Lease liabilities (including non-current)	136,462	-	-	-	-
Refundable deposit	326,959	-	-	-	-
Total	3,454,656	-	-	-	-
Total	$ 3,454,656	-	-	-	-

	December 31, 2020				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	$ 1,300,013	1,300,013	-	-	1,300,013
Financial assets at fair value through other comprehensive income					
Domestic stocks in listed companies	$ 112,566	112,566	-	-	112,566
Unquoted equity instruments at fair value	2,712,178	-	-	2,712,178	2,712,178
Total	2,824,744	112,566	-	2,712,178	2,824,744

(Continued)

	December 31, 2020				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Government bonds	$ 28,507	-	28,214	-	28,214
Cash and cash equivalents	2,521,222	-	-	-	-
Other financial assets (including non-current)	1,059,188	-	-	-	-
Notes receivable and accounts receivables	764,351	-	-	-	-
Other receivables (including long-term)	126,919	-	-	-	-
Refundable deposit	20,020	-	-	-	-
Total	4,520,207	-	28,214	-	28,214
Total	$ 8,644,964	1,412,579	28,214	2,712,178	4,152,971
Financial liabilities at amortized cost					
Notes and accounts payable	$ 464,348	-	-	-	-
Other payables	561,234	-	-	-	-
Lease liabilities (including non-current)	164,257	-	-	-	-
Refundable deposit	280,161	-	-	-	-
Total	1,470,000	-	-	-	-
Total	$ 1,470,000	-	-	-	-

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

The Company's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

a) Financial assets measured at amortized cost (held to maturity financial assets)

If the quoted prices in active markets are available, the market price is established as the fair value. However, if quoted prices in active markets are not available, the estimated valuation or prices used by competitors are adopted.

b) Financial assets measured at amortized cost (debt investment that has no active markets) and financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

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

a) Non-derivative financial instruments

When a financial instrument is regarded as quoted in an active market, the quoted prices in an active market will be the fair value. The market prices from the main exchanges and government bond exchanges are the basis of the fair value of OTC equity instruments and debt instruments which have a quoted market price in an active market.

(Continued)

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

If the financial instruments held by the Company do not belong to active markets, the category and nature of the fair value are as follows:

- Equity investments without an active market: The fair value is assessed by market comparison approach. The main assumption is measured from the retained earnings multiplier as the basis.

4) Transfers between Level 1 and Level 2

There were no transfers in either direction in 2021 and 2020.

5) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income (Available-for-sale financial assets) Unquoted equity instruments
Opening balance, January 1, 2021	$ 2,712,178
Total gains and losses recognized:	
In other comprehensive income	773,203
Capital reduction by capitak stock return	(31,920)
Disposal and liquidation	(13,658)
Ending Balance, December 31, 2021	**$ 3,439,803**
Opening balance, January 1, 2020	$ 1,962,947
Total gains and losses recognized:	
In other comprehensive income	697,231
Cash capital increase	150,000
Capital reduction by capitak stock return	(98,000)
Ending Balance, December 31, 2020	**$ 2,712,178**

(Continued)

For the years ended December 31, 2021 and 2020, total gains and losses that were included in "unrealized gains and losses from financial assets at fair value through other comprehensive income" were as follows:

	For the years ended December 31	
	2021	**2020**
Total gains and losses recognized:		
In other comprehensive income, and presented in "unrealized gains and losses from financial assets at fair value through other comprehensive income"	$ 773,203	697,231

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company's financial instruments that use Level 3 inputs to measure fair value include "financial assets measured at fair value through profit or loss – debt investments" and "fair value through other comprehensive income (available-for-sale financial assets) – equity investments".

The Company most fair value is categorized to Level 3 with single significant unobservable input. The equity investments without an active market has duplicate unobservable inputs. The unobservable inputs of the equity investments without an active market are independent, so there is no correlation to others.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss- equity investments without an active market	Comparable transaction method	· The multiplier of price-to-sales ratio (As of December 31, 2021 and December 31, 2020, were 2.10~5.37 and 2.41~9.01) · The multiplier of price-to-book ratio (As of December 31, 2021 and December 31, 2020, were 1.81 and 1.92) · The multiplier of price-to-earning ratio (As of December 31, 2021 and December 31, 2020, were 15.2 and 23.27) · Market illiquidity discount (As of December 31, 2021 and December 31, 2020, were 10%~33% and 10%~33%)	The estimated fair value would increase (decrease) if: · the multiplier were higher (lower) · the market illiquidity discount were lower (higher).

(Continued)

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income-equity investments without an active market	Net Asset Value Method	· Net Asset Value	N/A

7) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Company's measurement on the fair value of financial instruments is deemed reasonable despite different valuation models or assumptions may lead to different results.

For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income:

	Inputs	Fluctuation in inputs	Profit or loss		Other comprehensive income	
			Favour-able	Unfavour-able	Favour-able	Unfavour-able
December 31, 2021						
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Market illiquidity discount	±1%	-	-	33,164	(33,160)
December 31, 2020						
Financial assets carried at cost						
Equity investments without an active market	Multiplier of price-to-earnings ratio	±1%	-	-	26,306	(49,694)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(u) Financial risk management

(i) Overview

The Company has exposures to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

The following discusses the Company's objectives, policies and processes for measuring and managing the above mentioned risks.

(Continued)

(ii) Risk management framework

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

(iii) Credit risk

Credit risk means the potential loss of the Company if the counterparty involved in that transaction defaults. The primary potential credit risk is from financial instruments like accounts receivable and equity securities.

1) Accounts receivables and other receivables

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

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

2) Investment

The credit risk exposure in the bank deposits, fixed income investments and other financial instruments are measured and monitored by the Company's finance department. As the Company deals with the banks and other external parties with good credit standing and financial institutions, corporate organization and government agencies which are graded above investment level, management believes that the Company does not have compliance issues and no significant credit risk.

3) Guarantees

As of December 31, 2021 and 2020, the endorsement guarantee provided by the Company to individual entities of joint ventures, please refer to Note 7.

(Continued)

(iv) Liquidity risk

Liquidity risk is a risk that the Company is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as much as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

(v) Market risk

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

1) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency. The currencies used in these transactions are denominated in USD, EUR, JPY, and RMB.

The exchange gains or losses of trade receivables in foreign currencies resulting from the changes in exchange rates are offset against the exchange losses or gains of short-term borrowings in foreign currencies; thus, the exposure to foreign currency risk is insignificant.

The interest is denominated in the same currency as borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Company.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short term imbalances.

The investments of other subsidiaries of the Company are not for hedging.

2) Interest rate risk

The Company's interest rate risk arises from short-term and long-term loans bearing floating interest rates. Future cash flow will be affected by a change in market interest rate.

3) Other market risk

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

(Continued)

(v) Capital management

The Company's objectives in managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, return capital to shareholders, and issue new shares or sell assets to reduce debts.

The Company manages capital by the debt to equity ratio. Such ratio is calculated as net liabilities divided by total capital. Net liabilities represent the total amount of liabilities on the balance sheet minus cash and cash equivalents. The total amount of capital represents all the equity components (share capital, capital surplus, retained earnings, and other equity) plus net liabilities.

The Company's debt to equity ratios at the balance sheet date were as follows:

		December 31, 2021	December 31, 2020
Total liabilities	$	26,228,935	24,459,660
Less: cash and cash equivalents		(1,917,886)	(2,521,222)
Net debt		24,311,049	21,938,438
Total capital		52,627,860	51,308,711
Adjusted capital	**$**	**76,938,909**	**73,247,149**
Debt to equity ratio		**31.60%**	**29.95%**

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

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

		For the years ended December 31 2021	2020
Purchases of property, plant and equipment	$	340,638	220,739
Add: opening balances of equipment and construction payables		71,981	48,960
Deduction: closing balances of equipment and construction payables		(71,652)	(71,981)
	$	**340,967**	**197,718**

(Continued)

(7) Related-party transactions:

(a) Names and relationship with related parties

The following are entities that have had transactions with related parties and the Company's subsidiaries during the periods covered in the non consolidated financial statements.

Name of related party	Relationship with the Company
AI-Jabail Fertilizer Company	Equity-method investee
TR Electronic Chemical Co.,Ltd.	The Company's jointly controlled entity
TR Electronic Chemical (Kunshan) Ltd.	The Company's jointly controlled entity’s subsidary (Note 1)
TAIFER (CAMBODIA) Co., Ltd.	The Company's subsidary
Taifer Chemicals International Inc.	〃
Taiwan Yes Deep Ocean Water Co., Ltd.	〃
PEIFENG Technology & Fertilizer Co., Ltd.	〃
TAIFER (CAYMAN) INTERNATIONAL GROUP Co., Ltd.	〃
TAIFER INTERNATIONAL (SAMOA) GROUP Co., Ltd.	〃
TAIFER CHEMICAL INTERNATIONAL Co., Ltd.	〃
Council of Agriculture, Executive Court, R.O.C.	Individuals are those entities in which the Company has significant influence
TAIWAN FERTILIZER Legal Foundation	Other related parties

Note 1: The bankruptcy of TR Electronic Chemical (Kunshan) Ltd. was declared by the court in China in September, 2017, and the relevant statutory procedures had been completed in August, 2020.

(b) Significant transactions with related parties

(i) Sale of Goods to Related Parties

The amounts of significant sales transactions and outstanding balances between the Company and related parties were as follows:

	For the years ended December 31	
	2021	2020
Subsidiaries	$ 34,202	4,329

Prices charged for sales transactions with associates were not significantly different from those of non related parties.

(Continued)

(ii) Purchase of Goods from Related Parties

The amounts of significant purchase transactions and outstanding balances between the Company and related parties were as follows:

	For the years ended December 31	
	2021	**2020**
AI-Jabail Fertilizer Company	$ 1,830,706	266,136

There were no significant differences between the terms and pricing of purchase transactions with related enterprises and those carried out with other normal vendors.

(iii) Receivables from Related Parties

The receivables from related parties were as follows:

Account	**Relationship**	**December 31, 2021**	**December 31, 2020**
Account receivable	Subsidiaries	$ 6,612	842
Account receivable	Joint ventrue	455	455
		$ 7,067	1,297

(iv) Payables from Related Parties

The payables from related parties were as follows:

Account	**Relationship**	**December 31, 2021**	**December 31, 2020**
Account payable	AI-Jabail Fertilizer Company	$ 1,592,501	-
Account payable	Subsidiaries	19,453	101
Other payable	Subsidiaries	11,582	27,001
Guarantee deposit	Subsidiaries	1,822	1,776
		$ 1,625,358	28,878

(v) Prepayment for Related Parties

The prepayment for related parties were as follows:

Account	**Relationship**	**December 31, 2021**	**December 31, 2020**
Account prepayment	AI Jabail Fertilizer Company	$ -	90,026

The pricing and terms conditions of prepayment for related parties were based on their purchases.

(Continued)

(vi) Rent revenue

The Company leased its office building to its parent company in 2021 and 2020. The lease contract was based on the regional rent rate. For the years ended December 31, 2021 and 2020, the Company incurred the amounts of $13,082 and $13,115 thousand, respectively, resulting from its transaction with other related parties.

(vii) Outsourcing

The Company outsourced its subsidiary, PEIFENG Technology & Fertilizer Co., Ltd., to process fertilizer at an amount of $226,901 and $89,003thousand, which was recognized as operating cost.

(viii) Others

1) TR Electronic Chemical Co., Ltd. (TR), a jointly controlled entity of the Corporation, had obtained a financing of US$10,000 thousand from a bank, and the Corporation and Jing Chin International Limited Corporation, a shareholder of TR, guaranteed the repayment of this financing. When TR failed to make a repayment, the bank then requested the guarantors to repay the loan partially. Because the Corporation could only provide TR-in compliance with the “Regulations Governing the Granting of Loans and Endorsements and Guarantees by Public Companies” - with a limited amount of endorsement, the Corporation’s board approved the repayment of TR’s loan, as following.

Due Date	Date of Repayment	Amount in USD	Amount in NTD
March 27, 2014	June 27, 2014	$ 4,570	144,641
April 26, 2015	April 24, 2015	3,300	102,610
March 27, 2016	March 31, 2016	2,147	70,026

Considering the weakening operating and repayment capability of TR, the Corporation recognized an impairment loss in 2015.

2) The bankruptcy of TR Electronic Chemical (Kunshan) Ltd., declared by the court in China in September 2017, was investigated, and the proposal of liquidated property distribution was announced publicly in mid August, 2018. In November 2018, the Kunshan Court of China reversed its decision and terminated the bankruptcy liquidation process of TR, with the approval of the Market Supervision Administrations of Kunshan in August 2020. Also, the investors of TR Electronic Chemical Co. Ltd., JIN QUN INTERNATIONAL CO., Ltd. and other six stockholders, institute the civil lawsuit with joint liquidation liability in Taipei District Court. The first instance was pronounced in December, 2018. However, the stockholders were not satisfied with the result and appealed for the second instance. The second instance was pronounced in January, 2019. However, the stockholders were not satisfied with the result and appealed for the third instance. In March 2020, the Taiwan High Court delivered the appeal to the Supreme Court. The third instance was pronounced the second instance failure in August 3, 2021, and was delivered the appeal to the Supreme Court for a new trial. The case is still in progress.

(Continued)

3) The liquidation procedure of Hasbo Biotech Co., Ltd. was conducted in October 2017, and the relevant statutory procedures have been completed in Apirl 2020.

(c) Compensation of key management personnel

The compensation to directors and other key management personnel were as follows:

	For the years ended December 31	
	2021	**2020**
Salaries and other short-term employee benefits	$ 86,576	76,426
Post-employment benefits	640	8,447
	$ 87,216	84,873

(8) Pledged assets:

The information on pledged assets carrying value as follows:

Asset	Purpose of pledge	December 31, 2021	December 31, 2020
Other financial asset non-current	Guarantee for provisional attachment	$ 159,425	159,188

(9) Commitments and contingencies:

(a) Significant commitments and contingencies

(i) Significant commitments and contingencies were as follows:

	December 31, 2021	December 31, 2020
Purchase real estate property	$ 106,579	114,881
Purchase investment property	$ 2,323,906	5,039,234

(ii) Unused standby letters of credit

	December 31, 2021	December 31, 2020
USD thousands	$ 41,130	5,638

(iii) The Corporation had guarantee notes payable for its debt as follow:

	December 31, 2021	December 31, 2020
Guarantee notes payable	$ 11,306,840	7,521,500

(Continued)

TAIWAN FERTILIZER CO., LTD.

Notes to Financial Statements

(b) Partial commercial Building and parking lot's area of "C2 Tourist Hotel Project" and "Commercial Building Project" in the Nangang Economic and Trade Park have unsolved lease disputes with Dung Jeng Investment Counsel Co., Ltd. ("Dung Jeng"). Therefore, the Company engaged a lawyer to settle the issue and temporarily suspend the above properties, including 6 floors, 50 parking lots and 799 parking lots in the basement to be leased out based on the order handed by the district court. The case is still in progress. The deposit of the provisional injunction of Dung Jeng Investment Counsel Co., Ltd. ("Dung Jeng") was estimated based on the process of the trial of about 4.5~5 years. The Company requested Dung Jeng to provide an advance deposit for the loss that will be incurred from the prohibition of the usage of the properties. According to the deposit ruling of the court, the provisional injunction will cause an estimated rental loss ranging from \$ 80,000 thousand to \$165,000 thousand. However, the actual loss of the Company may change depending on the outcome of the trial. Currently, the above loss will not have a significant impact on the financial and business operation of the Company. If the Company wins the case, it will claim for compensation for the rental loss, as well as the termination of the deposit ruling of the court.

(10) Losses Due to Major Disasters:None

(11) Subsequent Events:None

(12) Other:

(a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

	For the years ended December 31					
	2021			2020		
By item	Operating Cost	Operating expense	Total	Operating Cost	Operating expense	Total
Employee benefit						
Salary	$ 420,687	471,572	892,259	451,043	463,563	914,606
Health and labor insurance	35,800	24,025	59,825	36,605	22,966	59,571
Pension	20,722	13,633	34,355	22,783	15,000	37,783
Remuneration of directors	-	75,000	75,000	-	62,315	62,315
Others	19,642	12,849	32,491	19,748	9,977	29,725
Depreciation	960,517	50,591	1,011,108	956,288	49,488	1,005,776
Amortization	-	7,078	7,078	-	6,524	6,524

(i) The depreciation of non-operating income and expenses of the Company in 2021 and 2020 were \$17,970 and \$18,643 thousand, respectively.

(Continued)

(ii) The Company for the years ended December 31, 2021 and 2020 the information of the number of employees and employee benefit expense is as follows:

	2021	2020
Number of employees	654	704
Number of directors who were not employees	8	8
The average employee benefit	$ 1,577	1,497
The average salaries and wages	$ 1,381	1,314
Percentage of average employee salary expense	5.10%	
The remuneration of supervisors	$ -	-

The remuneration policy for directors

The remuneration policy for directors is clearly set in the Company's articles of association, which stipulates that the remuneration to the chairman shall be 1.25 times the income received by the general manager. The remuneration to the remaining directors and independent directors shall not exceed the highest salary of the Company's employees. The surplus distribution to directors shall not exceed 1.6% of the Company's profit for the year. However, the independent directors do not participate in the Company's surplus distribution.

The remuneration policy for managers

The remunerations to managers are in accordance with the managerial salary standards of the Company and the Council of Agriculture, R.O.C., which are reviewed by the Remuneration Committee and approved by the board of directors.

Furthermore, the remuneration of the Company's managers is determined by reference to the Company's overall operating performance, future risks and development trends of the industry, as well as the individual's performance achievement rate and contribution to the Company.

The remuneration policy for employees

The employee remuneration includes salary and employee remuneration, as well as allowance. The recipients may include employees of affiliated companies who meet certain conditions such as rank and performance. The above conditions will have to be approved by the board of directors.

In addition, the wages of the employees of the Company are paid based on the grade table set according to the complexity of their work, the degree of responsibilities, and the professional skills required.

In order to attract outstanding employees, the Company provides an attractive remuneration policy to take care of employees and encourage them to make good performance.

(Continued)

(13) Other disclosures:

(a) Information on significant transactions:

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

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	Taiwan Fertilizer Co., Ltd. (the “Company”)	Dayun Co., Ltd/City State Co., Ltd/Kuam Chu Construction Co., Ltd	Lone-term receivable	No	11,454	10,858	10,660	1.845%~ 2.375%	1	79,500	—	-	Commercial paper	15,890	2,631,393	10,525,572
0	Taiwan Fertilizer Co., Ltd. (the “Company”)	OO Lin	Lone-term receivable	No	12,276	11,708	11,424	1.845%~ 2.375%	1	85,300	—	-	Commercial paper	17,030	2,631,393	10,525,572
0	Taiwan Fertilizer Co., Ltd. (the “Company”)	OO Liao	Lone-term receivable	No	11,937	11,316	11,109	1.845%~ 2.375%	1	83,120	—	-	Commercial paper	16,560	2,631,393	10,525,572
0	Taiwan Fertilizer Co., Ltd. (the “Company”)	OO Yeh	Lone-term receivable	No	12,175	11,542	-	1.845%~ 2.375%	1	84,500	—	-	Commercial paper	16,890	2,631,393	10,525,572
0	Taiwan Fertilizer Co., Ltd. (the “Company”)	OO Lee	Lone-term receivable	No	11,577	11,376	-	1.845%~ 2.375%	1	80,600	—	-	Commercial paper	16,060	2,631,393	10,525,572
0	Taiwan Fertilizer Co., Ltd. (the “Company”)	Xiangzhan Investment Development Co., Ltd.	Lone-term receivable	No	11,828	11,236	11,039	1.845%~ 2.375%	1	157,880	—	-	Commercial paper	15,770	2,631,393	10,525,572
0	Taiwan Fertilizer Co., Ltd. (the “Company”)	O Tan	Lone-term receivable	No	41,110	39,281	38,334	1.845%~ 2.375%	1	78,360	—	-	Commercial paper	54,810	2,631,393	10,525,572
0	Taiwan Fertilizer Co., Ltd. (the “Company”)	OO Huang	Lone-term receivable	No	6,802	5,647	5,262	1.645%~ 2.175%	1	77,000	—	-	Commercial paper	15,400	2,631,393	10,525,572
0	Taiwan Fertilizer Co., Ltd. (the “Company”)	OO Chang	Lone-term receivable	No	7,017	5,826	5,429	1.645%~ 2.175%	1	79,500	—	-	Commercial paper	15,890	2,631,393	10,525,572

Note 1: (1) The total amount available for lending purpose shall not exceed twenty percent (20%) of the net worth of the Company.
(2) The accumulated capital loan and amount of the company to a single enterprise with business transactions shall be limited to 5% of net worth of the Company.

Note 2: If there is a business transaction, the contract price between the two parties shall be used as the business transaction amount.

Note 3: The second order of mortgage right mentioned above is used as collateral.

Note 4: In accordance with the letter of the Financial Supervision and Administration Commission of the Republic of China on March 11, 2020, No. 1090330422, and in practice, the constuction industry generally gives customers a payment of one to five years in installments, and writes off 10 years and 20 years The goods are disclosed in the table above.

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 3)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
0	Taiwan Fertilizer Co., Ltd. (the “Company”)	Taifer Chemicals International Inc.	Subsidiary	47,487	13,500	13,500	13,500	-	0.03%	26,313,930	Y	N	N

(Continued)

Note 1: (1) The company under business dealings.
(2) A subsidiary in which the Company directly or indirectly holds more than 50% of its common shares.
(3) The parent company which directly or indirectly holds more than 50% of the common shares of the Company.
(4) A subsidiary in which the Company directly or indirectly holds more than 90% of its common shares.
(5) The financial guarantee provided by the Company based on its contractor's agreement to the same trade and co proprietor.
(6) The financial guarantee provided by the Company based on its shareholding due tojoint venture relationship.
(7) The financial guarantee provided by the Company based on sales contract regulated by Consumer Protection Act for sales in advance .

Note 2: The total amount of the guarantee provided by the Corporation to any individual entity should not exceed 20% of the Corporation's net worth, or 50% of the individual net worth of Taifer.

Note 3: The total amount of guarantee should not exceed 50% of the Corporation's net worth.

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

(In Thousands of New Taiwan Dollars)

Category and name of security	Marketable Securities Type/Name and Issuer	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Taiwan Fertilizer Co., Ltd.	Mutual funds							
	Mega Diamond Money Market Fund	—	Fair value through profit or loss- current	789	10,001	- %	10,001	Note 1
	Deutsche Far Eastern DWS Taiwan Money Market Fund	—	Fair value through profit or loss- current	846	10,001	- %	10,001	Note 1
	Jih Sun Money Market Fund	—	Fair value through profit or loss- current	668	10,002	- %	10,002	Note 1
	Prudential Financial Money Market Fund	—	Fair value through profit or loss- current	625	10,002	- %	10,002	Note 1
	FSITC Money Market	—	Fair value through profit or loss- current	646	10,002	- %	10,002	Note 1
	Taishin 1699 Money Market Fund	—	Fair value through profit or loss- current	731	10,001	- %	10,001	Note 1
Taiwan Fertilizer Co., Ltd.	Ordinary shares							
	Eminent Venture Capital Corporation	Our Company is legal representative director of the company	FVOCI - noncurrent	2,700	25,569	10.00%	25,569	Note 3
	Eminent II VC Corp	〃	FVOCI - noncurrent	12,000	92,640	18.50%	92,640	Note 3
	Eminent III VC Corp	〃	FVOCI - noncurrent	30,000	249,900	16.56%	249,900	Note 3
	Taiwan Stock Exchange Corporation	—	FVOCI - noncurrent	16,803	3,005,243	2.00%	3,005,243	Note 4
	Visgeneer Inc.	Our Company is legal representative director of the company	FVOCI - noncurrent	3,147	31,030	10.43%	31,030	Note 4
	TaiAn Technologies Corporation	〃	FVOCI - noncurrent	1,667	23,217	16.67%	23,217	Note 3
	TSCBio Ventures Capital Co.	〃	FVOCI - noncurrent	168	12,204	19.75%	12,204	Note 3
	Ding-Tang	—	FVOCI - noncurrent	1,500	-	6.71%	-	
	Phalanx Biotech Co., Ltd.	—	FVOCI - noncurrent	125	-	0.17%	-	
	Bion tech Inc.	Our Company is legal representative director of the company	FVOCI - noncurrent	4,167	-	15.16%	-	
	China Petrochemical Development Corporation	—	FVOCI - current	9,662	127,059	0.29%	127,059	Note 2

Note 1: The market value was calculated on the basis of the net asset value as of the balance sheet date.

Note 2: The market value was calculated on the basis of the closing price on the Taiwan Stock Exchange as of the balance sheet date.

Note 3: The market value was calculated on the basis of the audited financial statement for the same period.

Note 4: The market value was calculated on the basis of the estimated fair value per share of the expert evaluation report.

(Continued)

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

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
Taiwan Fertilizer Co., Ltd.	Mega Diamond Money Market Fund	FVTPL - current	-	-	11,858	150,001	32,374	410,000	43,443	550,001	550,258	257	789	10,001
	Deutsche Far Eastern DWS Taiwan Money Market Fund	FVTPL - current			12,719	150,001	34,724	410,000	46,597	550,001	550,257	256	846	10,001
	Jih Sun Money Market Fund	FVTPL - current			12,709	190,003	32,735	490,000	44,776	670,003	670,366	363	668	10,002
	Yuanta De-Li Money Market Fund	FVTPL - current			9,125	150,002	18,236	300,000	27,361	450,002	450,194	192	-	-
	Prudential Financial Money Market Fund	FVTPL - current			9,402	150,002	25,667	410,000	34,444	550,002	550,270	268	625	10,002
	Taiwan Money Market Fund	FVTPL - current			10,367	160,002	27,827	430,000	37,548	580,002	580,301	299	646	10,002
	Taishin 1699 Money Market Fund	FVTPL - current			13,924	190,001	35,867	490,000	49,060	670,001	670,341	340	731	10,001
	Capital Money Market Fund	FVTPL - current			-	-	18,430	300,000	18,430	300,000	300,125	125	-	-
	Union Money Market Fund	FVTPL - current			12,021	160,001	24,024	320,000	36,045	480,001	480,215	214	-	-

Note: Unrealized gain and loss on financial assets were recognized.

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

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

(In Thousands of New Taiwan Dollars)

Name of company	Type of property	Transaction date	Acquisition date	Book value	Transaction amount	Amount actually receivable	Gain from disposal	Counter-party	Nature of relationship	Purpose of disposal	Price reference	Other terms
Taiwan Fertilizer Co., Ltd.	Investment property	September 8, 2020	February 23, 1955	84,259	301,000	301,000	216,741	Shih Tso Construction Co., Ltd.	None	To activate unused assets	Appraisal report	None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Taiwan Fertilizer Co., Ltd.	AI-Jabail Fertilizer Company	Equity-method investee	Purchase	1,830,706	22.26%	Same as those for third parties	Determined under the considerations of international market price and production cost	30 days	(1,592,501)	(69.76)%	-

(Continued)

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

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
Taiwan Fertilizer Co., Ltd.	TR ELECTRONIC CHEMICAL CO.,LTD.	Jointly controlled entity	Other receivable 317,277	- %	317,277	-	-	317,277

(ix) Trading in derivative instruments:None

(b) Information on investees:

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

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of wnership	Carrying value			
Taiwan Fertilizer Co., Ltd.	Al-Jubail Fertilizer Company	Kingdom of Saudi Arabia	Manufacture of urea, 2-EH (2-ethyl hexanol), and DOP (dioctyl phthalate)	3,050,000	3,050,000	7	50.00%	10,758,806	6,960,425	3,074,009	Associate
〃	Taifer Chemicals International Inc	Taiwan	International trade; wholesale of fertilizer, tobacco, liquor, beverage, forage, machinery, electrical equipment, etc.; development, operation and management of residential buildings and factory buildings; special zone development; investment in and construction of public works; development of new towns and districts; agent services on regional district requisition; land adjustment; and real estate rental or leasing	126,300	126,300	5,500	100.00%	89,664	7,077	7,077	Subsidiary
〃	Taiwan Yes Deep Ocean Water Co., Ltd.	Taiwan	Wholesale of drinks, food and grocery and other articles for daily use; tobacco and liquor; glass and pottery; hygiene products; fertilizers and other chemical products; and cosmetics; and international trade	1,224,235	1,224,235	25,763	100.00%	289,390	726	1,699	Subsidiary
〃	PEIFENG TECHNOLOGY & FERTILIZER CO., LTD.	Taiwan	Manufacture and wholesale of fertilizer	2,400,000	2,400,000	240,000	100.00%	2,493,691	84,492	84,492	Subsidiary
〃	TAIFER (CAYMAN) INTERNATIONAL GROUP CO., LTD.	Cayman Islands	Investment and holding agriculture	321,900	321,900	11	100.00%	-	-	-	Subsidiary
〃	MITAGRI CO., LTD.	Taiwan	Wholesale and retail of products for organic agriculture	80,000	80,000	8,000	33.33%	29,740	(9,425)	(3,141)	Associate
〃	Taiwan Agricultural Investment and Development co., Ltd.	Taiwan	Wholesale and retail of products for organic agriculture	60,000	60,000	6,000	31.58%	35,282	(37,193)	(11,746)	Associate
〃	TAIFER (CAMBODIA) CO., LTD	Cambodia	International trade; wholesale of fertilizer	40,052	40,052	-	100.00%	32,653	1,459	1,459	Subsidiary
TAIFER (CAYMAN) INTERNATIONAL GROUP CO., LTD.	TR ELECTRONIC CHEMICAL CO., LTD.	Cayman Islands	Investment and holding	321,962	321,962	-	51.00%	-	-	No applicable	Jointly controlled entity
Taifer Chemicals International Inc.	TAIFER INTERNATIONAL (SAMOA) GROUP CO.,LTD.	Samoa	Investment and holding	42,618	42,618	-	100.00%	65,094	4,657	〃	Subsidiary
TAIFER INTERNATIONAL (SAMOA) GROUP CO., LTD.	TAIFER CHEMICAL INTERNATIONAL CO.,LTD.	Mongolia	Real estate lease	41,077	41,077	-	100.00%	64,837	4,657	〃	Subsidiary

(Continued)

(c) Information on investment in mainland China:

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

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
TR Electronic Chemical (Kunshan) Ltd.	Manufacture of nitric acid, hydrofluoric acid, ammonia, phosphoric acid, oxalic acid, ammonia fluoride and LCD and IC Stripper	USD$ 21,500 (NT$595,335) (note 4)	(note 3)	USD$ - (NT$ -) (note 4)	-	-	USD$ - (NT$ -) (note 1)	USD$ - (NT$ -) (note 1)	-%	USD$ - (NT$ -) (note 5)	USD$ - (NT$ -) (note 5)	-

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
NT$ - (US$ -) (note 1)	NT$ 303,621 (US$ 10,965) (note 4)	NT$31,576,716 (note 2)

Note 1: The Company applied for the cessation of it operations to the local court on March 17, 2017, and the cessation was completed in August 2020. The accumulated investment amount of disposed in the current period is NT$303,621 thousand (US$10,965 thousand), and the accumulated investment amount from Taiwan of remitted at the end of the period is zero.

Note 2: The limit is based on the "Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China" issued by the Investment Commission under the Ministry of Economic Affairs; the amount is 60% of shareholders' equity or of consolidated shareholders' equity.

Note 3: Indirect investment in mainland China through a subsidiary in a third place. (Investor: TAIFER (CAYMAN) INTERNATIONAL GROUP CO., LTD.)

Note 4: The foreign currency amounts of original investment amount and carrying value were translated into New Taiwan dollars at the exchange rate NT$27.69 as of December 31, 2021.

Note 5: As of June 30, 2015, the investment accounted for using the equity method balance of the Corporation was zero, so the Corporation didn't recognize income (loss) of the investment.

(iii) Significant transactions:None

(d) Major shareholders:

Shareholding Shareholder's Name	Shares	Percentage
Council of Agriculture, Executive Court, R.O.C.	235,886,376	24.07%

(14) Segment information:

Please refer to the consolidated financial report for the year ended December 31, 2021.

TAIWAN FERTILIZER CO., LTD.

Statement of cash and cash equivalents

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Please refers to note 6(a).

Statement of trade receivables

Vendor name	Description	Account	
Non-related parties			
Saudi Basic Industries Corporation		$	667,935
HSIN TAI CHEMICAL CO., LTD			147,611
Omya GmbH			61,806
Other(Note)			858,852
		$	**1,736,204**

Note：The year-end balance of each vendor doesn't exceed 5% of the account balance

TAIWAN FERTILIZER CO., LTD.

Statement of other financial assets

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Account	Note
Time deposits	Time deposits with original maturities more than 3 months	$ 68,203	Current
Time deposits	Time deposits with original maturities more than 1 year	$ 159,425	Non-current

TAIWAN FERTILIZER CO., LTD.

Statement of changes in investments accounted for using the equity method

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

	Beginning Balance		Addition		Decrease			Adjustment of	Ending Balance			Market Value or Net Assets Value		
Name of investee	Shares (in thousand)	Amount	Shares (in thousand)	Amount	Shares (in thousand)	Amount	Tax prepayment for shareholders	measured by using the equity method (Note 1)	Shares (in thousand)	Percentage of ownership	Amount	Unit price	Total amount	Collateral
AI-Jabail Fertilizer Company	7	$ 9,202,183	-	-	-	-	277,022	1,279,601	7	50.00%	10,758,806	-	10,843,015	None
TAIFER (CAYMAN) INTERNATIONAL GROUP CO., LTD.	11	-	-	-	-	-	-	-	11	100.00%	-	-	-	〃
Taifer Chemicals International Inc.	5,500	92,301	-	-	-	-	-	(2,637)	5,500	100.00%	89,664	-	94,973	〃
MITAGRI CO., LTD.	8,000	32,881	-	-	-	-	-	(3,141)	8,000	33.33%	29,740	-	29,740	〃
Taiwan Agricultural Investment and Development Co., Ltd.	6,000	47,028	-	-	-	-	-	(11,746)	6,000	31.58%	35,282	-	35,282	〃
Taiwan Yes Deep Ocean Water Co., Ltd.	25,763	287,691	-	-	-	-	-	1,699	25,763	100.00%	289,390	-	200,522	〃
TAIFER (CAMBODIA) CO., LTD.	-	32,133	-	-	-	-	-	520	-	100.00%	32,653	-	32,653	〃
PEIFENG Technology & Fertilizer Co., Ltd.	240,000	2,427,460	-	-	-	-	-	66,231	240,000	100.00%	2,493,691	-	2,493,691	〃
		$ 12,121,677		-		-	277,022	1,330,527			13,729,226			

Note 1: Adjustment of measured by using the equity method:

	Account
Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method.	$ 3,153,849
Cash dividends paid by investee(not deduct tax prepayment for shareholders)	(1,533,747)
Exchange differences on translation of foreign financial statements	(278,237)
Changes in other equity	(11,338)
	$ 1,330,527

TAIWAN FERTILIZER CO., LTD.

Statement of changes in property, plant and equipment

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Please refers to note 6(i).

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

Please refers to note 6(i).

Statement of changes in investment property

Please refers to note 6(k).

TAIWAN FERTILIZER CO., LTD.

Statement of changes in accumulated depreciation of investment property

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Please refers to note 6(k).

Statement of operating revenue

Item	Description	Account
Fertilizer		$ 5,367,450
Chemical products		3,759,748
Urea		1,581,375
Electronic chemicals products		531,983
Other		5,769
Sales Revenue		11,246,325
Less：sales return, sales discounts and allowances		(40,919)
Net sales revenue		11,205,406
Rental income		1,706,031
Other		163,356
		$ 13,074,793

TAIWAN FERTILIZER CO., LTD.

Statement of operating costs

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Account	Note
Raw material			
Raw material, January 1		$ 1,761,455	
Add：Purchases		6,276,076	
Less：Raw material, December 31		(1,645,177)	
Direct raw material		6,392,354	
Direct labor		214,034	
Manufacturing overhead		1,795,014	
Cost of manufacturing		8,401,402	
Add:Work in process, January 1		410,680	
Purchases		115,059	
Less:Work in process, December 31		(420,336)	
Transferred(includes amount Transferred to selling expense and sample fee)		(7,139)	
Cost of finished goods		8,499,666	
Add: Finished goods, January 1		182	
Purchases		1,831,510	
Less:Finished goods, December 31		(83)	
Cost of goods sold		10,331,275	
Lease cost		752,865	
Other operating cost		137,465	
		$ 11,221,605	

TAIWAN FERTILIZER CO., LTD.

Statement of selling expenses

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Sales	Administration	Research and development	Total
Salary and wages expense	$ 44,739	477,766	24,067	546,572
Rent expense	274	1,030	22	1,326
Supplies expense	864	2,686	92	3,642
Travelling expense	1,350	1,046	256	2,652
Shipping expenses	168,731	-	-	168,731
Postage expenses	594	3,009	141	3,744
Repair and maintenance expense	272	12,082	2,036	14,390
Advertisement expense	81,790	1,432	-	83,222
Utilities expense	258	10,376	1,596	12,230
Insurance expense	3,664	22,357	1,855	27,876
Entertainment expense	4,369	6,826	72	11,267
Donation expense	5	4,832	-	4,837
Tax	932	256,348	191	257,471
Depreciation expense	1,897	41,654	7,040	50,591
Various amortization	-	6,965	113	7,078
Employee benefit	487	12,212	150	12,849
Commission expense	47,497	-	-	47,497
Professional service Expense	37	72,579	385	73,001
Transportation expense	2,723	769	159	3,651
Export expense	26,828	-	-	26,828
Sample fee	556	400	-	956
Pension	1,614	11,248	771	13,633
Computer usage expense	-	11,883	-	11,883
Other	7,125	55,985	19,750	82,860
Total	**$ 396,606**	**1,013,485**	**58,696**	**1,468,787**

Seven. Review and Analysis of Financial Status and Business Results and Risk Issue

I. Financial Status

Unit: NT$ thousand

Item \ Year	2021	2020	Difference	
			Amount	%
Current asset	7,835,686	9,526,919	(1,691,233)	(17.75)
Property, Plant and Equipment	14,167,791	14,758,989	(591,198)	(4.01)
Intangible asset	124,595	122,639	1,956	1.59
Investment property	41,172,276	38,102,213	3,070,063	8.06
Other assets	16,042,851	13,835,367	2,207,484	15.96
Total assets	79,343,199	76,346,127	2,997,072	3.93
Current liabilities	3,927,560	2,232,969	1,694,591	75.89
non-current liabilities	22,787,779	22,804,447	(16,668)	(0.07)
Total liability	26,715,339	25,037,416	1,677,923	6.70
Share capital	9,800,000	9,800,000	0	0.00
Additional paid-in capital	2,244,652	2,244,652	0	0.00
Retained earnings	38,367,298	37,612,891	754,407	2.01
Other equities	2,215,910	1,651,168	564,742	34.20
Equity attributable to owners of the parent company	52,627,860	51,308,711	1,319,149	2.57

Note : The financial information of 2020 and 2021 has been reviewed by the CPAs.
Analysis of the reason causing changes of 20% or more:
1. Current liabilities: Current liabilities increased, mainly because the account payable increased.
2. Other equities: Other equities increased, mainly because the other comprehensive income increased.

II. Financial Performance

(I) Comparative analysis table of financial performance

Unit: NT$ thousand

Item \ Year	2021	2020	Increased (decreased) amount	Percentage of change (%)
Operating revenue	13,659,406	10,169,742	3,489,664	34.31
Operating cost	11,520,431	7,580,633	3,939,798	51.97
Gross profit from operations	2,138,975	2,589,109	(450,134)	(17.39)
Operating expenses	1,631,651	1,341,420	290,231	21.64
Operating profit	507,324	1,247,689	(740,365)	(59.34)
Non-operating income and expense	3,284,350	1,717,686	1,566,664	91.21
Net income (loss) before tax	3,791,674	2,965,375	826,299	27.86
Tax expense (income)	757,058	512,494	244,564	47.72
Net income (loss) of the period	3,034,616	2,452,881	581,735	23.72

Note : The financial information of 2020 and 2021 has been reviewed by the CPAs.
Analysis of the reason causing changes of 20% or more:

1. Operating revenue: the operating revenue increased, mainly because the fertilizer
2. Operating costs: operating costs decreased, mainly because the material costs increased during the period.
3. Operating expenses: operating expenses increased, mainly because the export shipment freight and the commission of re-selling urea increased during the period.
4. Operating incomes: operating incomes decreased, mainly because the material costs increased during the period.
5. Non-operating income and expense: the net non-operating income increased, mainly because the recognized reinvestment income using the equity method during the period increased.
6. Net profit before tax: the net profit before tax increased, mainly because the recognized reinvestment income using the equity method during the period increased.
7. Income tax expense: the income tax expense increased, mainly because the net profit before tax increased.
8. Net profit of the period: the net profit of the period increased mainly because the net profit before tax increased.

(II) Analysis table of gross profit from operations

Unit: NT$ thousand

	Changes between two consecutive period	Reason of difference			
		Selling price difference	Cost difference	Quantity difference	Others
Gross profit from operations	(450,134)	1,743,688	(2,513,903)	212,040	108,041
Remarks	Gross profit decreased year on year, mainly because the material costs increased during the period.				

III. Cash flows

Describe and analyze any cash flow changes during the most recent fiscal year, describe corrective measures to be taken in response to illiquidity, and provide a liquidity analysis for the coming year.

1. Analysis of cash flow changes for the year

Unit: NT$ thousand

Beginning cash balance	Net cash flow from operating activities throughout the year	Estimated yearly net cash inflow (outflow)	Cash surplus (deficit) amount	Remedies for cash deficits	
				Investment plans	Financing plans
3,062,027	3,111,623	(3,638,955)	2,534,695	-	-

(1) Net inflow from operating activities: mainly because the net cash inflow generated from operating activities, and the the investees distributed the cash dividends.
(2) Net outflow from investing activities: mainly because of the acquisition of property, plant, and equipment, and investment properties.
(3) Net outflow from the financing activities: mainly due to distribution of cash dividends.

2. Corrective measures to be taken in response to illiquidity of the year:
(1) There was no insufficient cash during the year.
(2) Analysis of the liquidity in the recent two years:

Item / Year	2021	2020	Increased (decreased) percentage (%)
Cash flow ratio (%)	79.23	59.29	33.63
Cash flow adequacy ratio (%)	50.59	46.58	8.61
Cash reinvestment ratio (%)	1.04	(1.05)	-

Description:
A. The cash flow ratio increased, mainly because the cash inflow from operating activities increased in 2021.
B. The cash reinvestment ratio increased, mainly because the cash inflow from operating activities increased in 2021.

3. Analysis of cash flow in the coming year

Unit: NT$ thousand

Beginning cash balance	Net cash flow from operating activities throughout the year	Estimated yearly net cash inflow (outflow)	Cash surplus (deficit) amount	Remedies for cash deficits	
				Investment plans	Financing plans
2,534,695	(818,575)	(2,993,455)	(1,277,335)	-	(1,277,335)

Description: it is expected to replenish the funds with termination of time deposits with banks, redemption of funds, and borrowing short-term borrowing.

IV. Impact to the Financial Business by the Significant Capital Expenditures in the Previous Year

(I) Utilization Status and Source of Funds for Significant Capital Expenditures in the Previous Year

Project	Actual or Expected Source of Funds	Actual or Expected Finish Date	Total Funds Needed	Actual Accumulated Disbursements as of December 31, 2021	Expected Utilization Amount in 2022
Nangang Software Park C2 Development Project	Self-owned funds	Completion is expected in December 2022	NT$12.385 billion	Approximately NT$8.483 billion	Approximately NT$2.531 billion
Nangang Software Park C4 Development Project	Self-owned funds	Completion is expected by December, 2026	NT$3.156 billion	Approximately NT$92 million	Approximately NT$43 million

(II) Expected Potential Benefit: Expected Sales Quantity, Value and Gross Margin Increase

Year	Item	Total floor area	Leasing revenue	Gross Margin
2023~	Nangang Software Park C2 Development Project	around 198.3 thousand m^2	Annual rent NT$1 billion	Gross margin NT$600 million
2027~	Nangang Software Park C4 Development Project	around 56.2 thousand m^2	Annual rent NT$300 million	Gross margin NT$200 million

V. Re-investment Overview

(I) Main Reasons, Improvement Plan for Re-investment Policy, Profit or Loss for Previous Years:

1. Re-investment policies

   It has been more than two years since the pandemic outbreak. People have been facing unprecedent lockdown measures that cause shortage of raw materials, clogged shipment, and inflation risk, among other things. To respond to the post-pandemic world economic development trend, the goals of the Company's re-investment policies, are to enhance the management of the existing reinvested business, and improve the current investment benefits. Once the pandemic stabilizes, the Company will insist the robust investment strategies of "sales-oriented production" and "technical services as the first priority," to plan and position the opportunities for longer-term development.

2. Reasons of the profits made by the major re-investee

Re-invested Company	Main Reason for Profit or Loss in 2021	Re-invested Company
Al-Jubail Fertilizer Company	Benefitted from the rising prices of bulk raw material, urea and 2-Ethylhexanol (2-EH), the main products of Al-Jubail, experienced surging international quotations, and thus the whole year profit also jumped.	Al-Jubail Fertilizer Company
TAIWAN YES DEEP OCEAN WATER CO., LTD.	By integrating related resources, emphasizing the marketing of core products, and effectively decreasing the production costs of niche products and optimizing the sales channel and product mixes, in 2021, the Company reversed deficit into surplus.	TAIWAN YES DEEP OCEAN WATER CO., LTD.

3. Main reasons, improvement plan for re-investment policy, profit or loss for previous years: None.

(II) Investment Plan for Next Year:

Sustainable agricultural sectors: By extending and development the Company's capabilities in the core businesses, i.e. fertilizer and chemical engineering, via the researches on international or domestic promising innovative technologies, or new business models of agricultural enterprises, the Company integrates the advantageous resources from the existing re-investees, accumulates the experienced in the international and cross-discipline operations, while coping with the governmental policies, to establish the platforms for agricultural services, and expand the future investment profit sources.

VI. Risk Management Organization

Risk Management Organization Chart:

According to the latest internal audit development and requirements of standards, the Company has strengthened the management of corporate risks, including risk detection, assessment, reporting and following up, both cautious and strict Three levels (mechanisms) are responsible for the risk control of the Company: The organizer or the person in charge is the "first mechanism" and must take responsibility for the mechanical design and prevention of the detection of initial risk, assessment, and control. The second mechanism is the general manager (or deputy general manager), especially the approval document or its review or appraisal committee. The third mechanism constitutes reviews by Legal Affairs and Auditing Office, plus Board of Directors' (including functional committees) deliberations. The Company has not set up the Chief Risk Officer at this time. The purpose of this is to ask all employees to perform risk control. It is the most practical approach for risk management that involves multi-level prevention rather than one-man control. See the following table:

Significant Risk Assessment Items	Direct Unit for Risk Control (Business In-charge Unit) (First Mechanism)	Risk Deliberation and Control (General Manager/ Deputy GM) (Second Mechanism)	Legal, Audit Office and the Board of Directors (Third Mechanism)
1. Interest Rate, Exchange Rate and Financial Risks	Financial Department	General Manager, Deputy GM, Financial Department	Board of Directors, Audit Office, Remuneration Committee: Decision making and ultimate control of risk assessment and control Audit Office:
2. Risks Such as High Risk and High Leverage Investment, Capital Lending to Others, Derivative Products Trading, Financial Wealth Management Investment, etc.	Financial Department		
3. R&D Plan	R&D Department	General Manager, Deputy GM, Planning Department, Financial	
4. Policy and Legal Change	Planning Department, Legal		

Significant Risk Assessment Items	Direct Unit for Risk Control (Business In-charge Unit) (First Mechanism)	Risk Deliberation and Control (General Manager/ Deputy GM) (Second Mechanism)	Legal, Audit Office and the Board of Directors (Third Mechanism)
5. Technology and Industry Change	R&D Department, Planning Department, Business Development Department	Department, In-Charge and Relevant Unit	Examination, assessment, monitoring, improvement, following up and reporting of risks.
6. Corporate Image Change	Administration Department, Board of Directors Office		
7. Investment, Re-investment and Merger Benefits	Sales Department, Planning Department, Business Development Department, Property Development and Management Department		
8. Expansion of Plant or Production Capacity	Production Department, Trading Department	Business Meeting Report, Performance Review Meeting, Manufacturing and Sales Meeting.	
9. Centralized Procurement or Sales	Sales Department, Trading Department		
10. Shareholdings Transfer for Directors, Supervisors and Main Shareholders	Board of Directors Office	General Manager, Deputy GM, Board of Director Office, Legal, Planning Department	
11. Management Power Change	Board of Directors Office		
12. Litigation or Non-litigation Items	Legal		
13. Other Operating Issues	Planning Department, Administration Department		
14. Personnel Behavior, Ethics and Integrity	Various Supervisor and Administration Departments	Personnel Appraisal Committee	
15. Compliance of SOP, Legal and Regulations	Various Supervisors and Legal	Planning Department	
16. Management of the Board of Directors	Board of Directors Office	Legal	

Significant Risk Assessment Items	Direct Unit for Risk Control (Business In-charge Unit) (First Mechanism)	Risk Deliberation and Control (General Manager/ Deputy GM) (Second Mechanism)	Legal, Audit Office and the Board of Directors (Third Mechanism)
17. Material Information Management and Insider Trading Prevention	Director, managerial officers, and people who are aware of the information	Spokesman System, Confidentiality System	
18. Information Security	Information Department	General Manager, Deputy GM	
19. Environment Health and Safety	Safety and Health Cente	President	

VII. Assessment of Risks

(I) Impact of Interest Rate Change, Exchange Rate Change, and Inflation on the Company's Profit and Loss and the Countermeasures in the Future

1. Interest rate change

   The net interest income of the Company for the year ending December 31, 2021 and the quarter ending March 31, 2022, was NT$ 13,927 thousand and NT$ 2,521 thousand respectively, which accounted for 0.1% and 0.1% of the net operating revenue. Therefore, there was no significant impact on the Company's operations and profit. In the future, in response to the change of interest rate trends, we will actively look for higher returns and lower cost targets to reduce interest rate risk.

2. Foreign exchange rate change

   For the year ending December 31, 2021 and the quarter ending March 31, 2022, the Company's net exchange gain (loss) amounted to NT$ (30,999) thousand and NT$ 45,396 thousand, respectively, which accounted for -0.23% and 1.11% of net operating revenue. Therefore, there was no significant impact on the Company's operations and profit. In the future, to reduce exchange risks, we will actively develop foreign exchange hedge strategies in response to the changes in exchange rate trends.

(II) Policy on High Risk, High Leverage Investment, Capital Lending and Others, Endorsement of Guarantee and Derivative Products Trading, and Main Reasons for Profit or Loss and Countermeasures in the Future

1. High-risk and highly leveraged investments, loans to others, and derivative trading: N/A. The Company does not conduct such business.
2. Endorsement/guarantee: As of March 31, 2022, the balance of endorsement/guarantee is NT$ 13,500 thousand.

(III) Future R&D Plan and Estimate of R&D Expenses

R&D for the next two years will concentrate on:

1. Microbiological material R&D and establishment of application technology.
2. Development of microbial amino acid compound fertilizer
3. Algae polysaccharide extraction technology research and development.
4. Deep seawater for aquaculture application development.
5. Development of electrochemical purification technologies

To enable sustainable growth, Taiwan Fertilizer Co., Ltd. will continue to strengthen research and development. The estimated total R&D budget will be about NT$50-60 million each year. The R&D plan for the next two years is summarized as follows:

1. **Microbiological Material R&D and Establishment of Application Technology**

With industry-academia cooperation and the transfer of technology with Taichung District Agricultural Research and Extension Station, Miaoli District Agricultural Research and Extension Station, Kaohsiung District Agricultural Research and Extension Station, National Chung Hsing University, and Far East University, the Company combines with its internal microbial fermentation core technology, establish a fermentation mass production technology for beneficial crop antagonistic bacteria, using organic materials and fertilizer materials to develop biotech fertilizer and bio-pesticide that combine both fertilizer effectiveness and the prevention of insect pests. In addition, in coordination with the government's agricultural recycling economy policy, renewable energy, venous industries, local production and marketing, and innovation of various types of waste recycling and recycling industries and transformation into reusable organic material products, combined with various activities of the Sales Department, aggressively promote the organic fertilizer market and expand the promotion of organic materials. The Company has established the crop growing technologies, and continued to partner with external organic model farms as the interaction bases, to expand the promotion of organic and friendly agriculture. Total R&D disbursement for the next two years will be NT$15 million.

2. **Development of microbial amino acid compound fertilizer:**

During 2017 to 2018, we have conducted an industry-academia collaboration project, "Trial plantation of Japanese style safe strawberry cultivation management method", with Yuanpei University of Medical Technology . In 2020, an industry-academia collaboration project with Miaoli District Agricultural Research and Extension Station in 2020 was conducted for the “probiotic amino acid compound fertilizers”. By integrating the two projects, we plan to develop the powder-form products including certain amino acids, sub-rarer essential element (mainly calcium), and probiotics), to be applied to strawberries, melons, and plastic structure cultivation crops during the flowering and bearing stages, for improving the yield, quality, scent, and flavor. In the next two years, it is expected to invest NT$3 million for R&D.

3. **Algae Polysaccharide Extraction Technology Research and Development:**

The Company commissioned National Taiwan Ocean University to develop the technology of "extraction of algal polysaccharides from large ulva lactuca nurtured by deep ocean water" in October 2018. The functional analysis has confirmed that the algal polysaccharides from ulva lactuca has the anti-oxidation effect. The technical transfer of "Ulva Polysaccharide Extraction Technology" was done in 2020. In the future, the algal polysaccharides from ulva lactuca COA will be prescribed for the extraction products, and the process will be improved and optimized, to develop the functional algal polysaccharides from ulva lactuca materials and derivative products with health function. Proper agencies will also be contacted to plan the sales model, and increase the fame of algal polysaccharides from ulva lactuca. The R&D disbursement for the next two years is expected to be NT$10 million.

4. **Deep Seawater for Aquaculture Application Development:**

The Company has also applied the three major DOW features, low temperature, cleanliness, and rich in nutrient salts to establish the large algae, such as enteromorpha prolifera, ulva lactuca, and sarcodiaceae, as well as shrimp farming. For the algae farming, the enteromorpha germplasm preservation, seedling, and process improvement programs will be continued, including the establishment of enteromorpha gene bank and optimization of technologies and process of breeding, to ensure the industrialized production of genes and stable seedling; meanwhile, to cope with the demands of extracting materials of algal polysaccharides from ulva lactuca, the optimizatio of ulva lactuca farming technologies and equipment will be continued, and the quality materials of dry ulva lactuca will be produced stably, to respond the development needs for the future algae health sector. For the processing technologies and equipment, the quality management and processing capacities of algae process will be improved, and the production will be systemized by adapting to ISO 22000 and HACCP management standards. In the regard of shrimp farming, the Company will continue to optimize the farming conditions for white shrimps, including observations of microalgae in the farming pools, automatic feeders, and systemization of farming scheduling. The R&D investment in the next two years are projected amount to NT$ 20 million.

5. Development of electrochemical purification technologies:

In 2020, the Company collaborated with the ITRI for "EBR Purification Technology Development." The goal was to separate and purify PGMEA and PGME. The PGMEA purification technology has been established in labs, and passed the third-party COA certification, completing the certification for introduction by semiconductor plants. During September 2021 to 2022, the Miaoli Factory conducted the installation and development of the production lines related to the technology. T-9 Plant is planned as the factory esterifying and producing PGMEA. The ITRI will assist by participating the related construction, design, and production commissioning. The Company also worked with the ITRI for the “development of the technology to distill and purify crude MDI to pure MDI.” The Company will, according to the basic design drawings by the ITRI based on the lab distillation test results in 2021, provides the contractor such drawings, for the process simulation for reference. The developed process technology may be referred to when designing, developing, and building new productions after establishing the accesses to the upstream materials. The R&D investment in the next two years are projected amount to NT$20 million.

6. The main factors affecting the success of R&D are

(1)The leading edge of technology.
(2)Integration of internal and external resources.
(3)Product marketing ability and market feedback mechanism.

(IV) Impact of Important Policies and Legal Changes at Home and Abroad on the Company's Financial Business and Response Countermeasures

1. The Company has coped with the COA’s fertilizer purchase with real name 2.0 policy, which include the subsidies for shipping freights of organic matter-containing compound fertilizers, shipping freights of chemical fertilizers to Hualien, Taitung, and islands, as well as the carbon-reduction of coated compound fertilizers. Whenever a farmer buys the fertilizers under the domestic major fertilizers through the real name system of the fertilizers purchasing information system, the fertilizer maker is eligible to apply the subsidy of 50% of the price increase in the fertilizer materials.
2. The Executive Yuan promoted the "Actual Price Registration 2.0" policy. On December 30, 2020, the Legislative Yuan passed the amendments to the "The Equalization of Land Rights Act," the "Land Administration Agent Act," and the "Real Estate Broking

Management Act." These amendments have a total of five key points, including 1."Complete disclosure of transaction information including door number and land number," that is to remove the current requirement that transaction information is disclosed in a sectional and de-identified manner, but fully disclose the door number and land number information, and retroactively applied the cases that have been disclosed; 2. "Pre-sale houses are fully managed and declared immediately." Those who add pre-sale houses should report the construction information in writing to the local government for reference before selling, and self-sellers are included in the scope of the actual-price registration system. The report time is advanced to report within 30 days after the signing of the pre-sale house transaction contract; 3. "Addition of the competent authority's inspection authority and increased penalties for repetitive failure of correction." The local competent authorities may check the documents of counterparts of transactions; for any one dubious of reporting fake registered price, the central competent authority may consult relevant agencies or financial institutions for price information related documents; 4. "Managing the Red Slip," which clearly stipulates that when the pre-sale house seller receives the deposit, a written agreement shall be used to specify the underlying object and considerations; The seller shall not agree anything unfavored to the buyers, including the seller reserving the right to sell and sign a contract, and the buyer must not resell the pre-sale house red slip to a third party; 5. "Pre-sale house sale standard form contract for reference", specifying that before the presale house is sold, the seller shall report the standard form contract of pre-sale house transaction to the local government for reference. The penalty rules are specified for the aforesaid five measures. The Company shall complete various required reporting before the deadline when conducting real property transactions to avoid penalty.

(V) Impact of Technological Changes (includes the Cyber security risks) and Industrial Changes to the Company’s Financial Business and the Countermeasures

1. With the change of Taiwan’s agricultural structure and the increasing emphasis on environmental protection and health preservation awareness of the citizens, the Company has started to build an organic fertilizer plant for the production of organic fertilizers; with the superior material supply system and fermentation technology and taking advantage of the Company’s excellent brand image it will reshape the image of the “Known-You” brand of organic fertilizer and to enter the domestic and foreign organic fertilizer market. Continue to improve the formula and introduce a variety of beneficial microorganisms; also, introduce a post-fermentation process to improve the quality of organic fertilizer products.
2. Due to the severe impact of international raw material and energy price fluctuations on the production of fertilizers and chemical products of the Company, for the purpose of grasping the sources of raw materials and reducing the impact of price fluctuations, the Company has strengthened supply contracts with manufacturers and continued the investment contract with SABIC in Saudi Arabia; also, it has actively implemented a downstream related product integration investment plan and energy transfer investment plan in order to improve the overall operating synergy of the Company.
3. For details on the cyber security risks, please refer to Chaper Five of 2021 annul report.

(VI) Impact of Corporate Image Change on Corporate Crisis Management and the Countermeasures

The Company was originally a state-owned enterprise and has been transformed into a private Company since September 1, 1999. The Company has continued to reform its business with a diversified operation implemented to improve operating performance; also, it has changed people’s stereotyped images of a company with a state-owned business operation. The Company’s corporate image has been positively promoted; however, while pursuing reasonable profits, the Company still fully cooperates with the government to take care of the farmers and uphold the downstream chemical industry policies, to stably supply domestically-needed fertilizers and chemical products at a reasonable price, and to execute various industrial pollution prevention tasks and care for the benefit of employees. The Company established the Taiwan Fertilizer Foundation in 2007 to take care of farmers and underprivileged individuals; also, it aims to exercise corporate social responsibility in order to fulfill the three operating objectives, including “promoting stable development of the Company’s operations,” “protecting the interest of the Shareholders of the Company,” and “performing the social responsibility of the Company.”

(VII) Expected Benefits, Possible Risks, and Countermeasures of Mergers and Acquisitions

The Company has no project or plan for M&A.

(VIII) Expected Benefits, Possible Risks, and Countermeasures of Expansion of Plants

The plans for the relocation of the Company’s factories to Taichung Harbor were completed in 2015 and the development will be carried out in three phases. The first phase will be for land filling and geology improvement, harbor loading and storage facilities, raw material storage systems, public systems, other infrastructure constructions, and new construction projects for nitric acid and nitrate-phosphorus plants. The second phase will be for the construction of phosphonium and ammonium sulfate plants and the relocation of an old nitrate-phosphorus plant. The third phase will be for the construction of a new phosphate fertilizer plant. The production in each old plant will be ceased gradually and the relevant production machinery and equipment will be relocated to the new plants in accordance with the principle of “build new plants, relocate old plants” to continue the overall operation of the Company and ensure that the fertilizer supply business will not be interrupted due to the development of this plan.

The Company has been producing fertilizers for more than 76 years and is quite skilled in various fertilizer production processes. The business product items in this plan are all current business items on the production line:

1. Chemical Products: liquid ammonia, urea, phosphoric acid, nitric acid, sulfamic acid, and other chemicals.
2. Fertilizer products: single nutrient fertilizers, potassium sulfate “King Won” fertilizer series, “Hey Won” nitrophosphate organic compound fertilizer series, Biotec organic compound fertilizer series, "SuShiauBau" organic compound fertilizer, organic fertilizer series, instant water soluble fertilizer series, biopower stimulants series, microbial fertilizer, Micronutrient fertilizer, and acidic soil conditioner, among other things.
3. Warehoused Products: In line with the increase in the utilization rate of the harbor unloading business, the Company will actively strive to apply to the Port of Taichung

to become a qualified statutory unloading and storage company to undertake the customs declaration and tally business of the import and export goods of the fertilizer industry or other businesses.

In line with the implementation of this plan, in addition to screening the world's excellent manufacturing processes, the Company will strictly request these international manufacturers to provide patent technology guarantee in compliance with production specifications; also, combine each plant's many years of operating experience in the design improvement to refine the production process in order to lay a foundation for future successful business operation. Moving the production of each plant to Taichung Harbor, will help increase productivity, efficiency, product portfolio, unloading management efficiency, and complementary use of raw materials in order to reduce costs. In particular, the production site is close to major fertilizer markets, such as, Taichung, Nantou, Yunlin, Chiayi, and Tainan, which are highly beneficial to the management of sales channels, reduction of transportation costs, and market integration and competition.

(IX) The impact of concentration of purchase or sales and countermeasures

1. The main suppliers of the Company are SABIC Fertilizer Company, Sabic Asia Pacific, and Mitsubshi, among which SABIC Fertilizer Company is a company jointly invested in by the Company and Sabic in Saudi Arabia. The Company has urea supplied and shipped according to the cooperation contract. Sabic Asia Pacific sells liquid ammonia to the Company on behalf of various companies in Saudi Arabia. Mitsubshi is an important global manufacturer of potassium chloride. The three companies have had good business relations with the Company for years. Apart from paying attention to the supply quality and goodwill of each raw material supplier, the Company also judges business conditions, prepares safety stocks, and follows-up on shipping lead time; therefore, the risk of facing purchase concentration is insignificant
2. The Company's major customers for fertilizer products are farmers' associations in all counties and cities of the country, with dispersion of sales, and there is no risk of concentration of sales.

(X) The impact of mass share transfer or change of Directors, Supervisors or shareholders holding more than 10% of the Company's shares, the risks and countermeasures: N/A

(XI) The impact of the change of management on the Company, the risks and countermeasures: N/A

(XII) Litigation and non-litigation

1. The Company established Cayman Xuchang Chemistry Technology Co., Ltd. (hereinafter referred to as "Cayman Xuchang") as a joint venture with Samoa Jinqun International Co., Ltd. (hereinafter referred to as "Jinqun") on February 29 2012. Cayman Xuchang took out a loan of US$ 10 million from the Hsinchu Branch of Shanghai Commercial and Savings Bank in early 2012 with this Company and Jinqun serving as joint guarantors. Due to the fact that Cayman Xuchang was unable to repay the loan, this Company paid back a total of US$ 10,017, 062 (4.57 million, 3.3 million, and 2,147,065 on June 26, 2014, April 23, 2015, and March 31, 2016, respectively) to avoid the generation of overdue records at the Joint Credit Information Center. Pursuant to the regulations set forth in Article 281 of the Civil Code, this Company is entitled, as one of the joint debtors, to "demand from the other debtors the reimbursement of their respective shares in the prestation (US$ 5,008,532 each), plus interest from the date of release, due to release from the obligation

by virtue of its performance.” Since Jinqun was a Samoa-based foreign company not recognized in Taiwan, and Chien-Liang Chao being its credit and joint guarantee agreement signatory with legal capacity, was listed as defendants together with Jinqun, in this case, pursuant to Article 15 of the Enforcement Act of the Part of General Principles of the Civil Code which stipulated that “the actor shall be jointly liable for this legal action with the foreign legal person,” thus shall pay for the Company NT$ 5,008,532. The Company thus commissioned an attorney to file repayment litigation with the Taipei District Court on July 18, 2017. The Court’s verdict (Chong-Su-Zi No.1012/2017) on December 17, 2018, stated that the defendants Jinqun and Chao, Chien-Liang shall pay the plaintiff, US$ 2,666,032, with interest rate at 5 % per annum counted from June 27, 2014, to July 5, 2015 Chien-Liang Chao as the responsible person of Jinqun then filed a second instance appeal on January 7, 2019, of which the Supreme Court has accepted (Chong-Shang-Zi No.395/2019) and initiated preliminary court hearings on July 25, 2019. In response, the commissioned an attorney of the Company has submitted an answer and file an incidental appeal on July 17, 2019, claimed that Jinqun and Chien-Liang Chao should pay additional US$2,342,500 to the Company with interest rate at 5% per annum, to the date of repayment. The Company's commissioned attorney had presented in the preliminary court of the 2nd instance on July 25, 2019; the case was ruled on December 31 in the same year, according to a written order of the second instance on January 3, 2020. The appeal against Chien-Liang Chao has received a favorable ruling, but the incidental appeal against Jinqun filed by the Company was overruled by the court. In other words, for this litigation of debt redemption, TFC as the prevailing party of first and second court instances could demand the full amount of repayment from Chien-Liang Chao. Chien-Liang Chao, the responsible person of Jinqun thus filed a third court instance appeal on January 30, 2020, the Company, therefore, commissioned the attorney of second court instance as its advocate. The Supreme Court decided to remand the case to Taiwan High Court on August 19, 2021, and the case in on trial in the High Court now.

2. On February 24, 2011, the plaintiffs, Chi-Nien Tsao and Tung-Chou Chao signed the transaction contracts of houses during the presale of “Sun & Moon” with the Company for NT$80,600,000 and NT$81,400,000, respectively. The two paid the considerations of NT$21,261,071 and NT$21,669,962, respectively. The Company sent the reminder letter on January 4, 2016, to urge the two plaintiffs to complete closing procedures and ownership transfer. Still, the two plaintiffs did not execute the closing obligation within a prescribed time limit. The Company, therefore, notified through a letter on March 9, 2016, to rescind the two purchase contracts for their failure to complete closing payments, and charged them a breach penalty equivalent to 15% of the total amount paid. The two plaintiffs thus filed civil appeal around June 20, 2017, to claim for refund of purchase payment. According to the opinion of the Taipei District Court: ”checked through dossier, found no evidence of reminder material that showed ‘defendant has notified plaintiffs to close payment with written notice after the defendant has considered two plaintiffs failed to complete the closing procedure within a prescribe time limit’, but defendant executed the right of rescission with the aforementioned legal attest letter on March 9, 2016, which violated the provision of the contract, and not legitimate. But as investigated, the defendant has sold the contentious unit on the 14th floor to the third party on October 28, 2016, and completed the closing procedures… and resulted in the impossibility of

performance; therefore, Chi-Nien Tsao, the plaintiff, claimed for rescission of the purchase agreement and demanded to return payment for the unit on the 14th floor amounting NT$ 21,669,962 pursuant to the regulation set forth in Article 256 of the Civil Code, was grounded with legally evident.” (referred to Taipei District Court case number Cong Su Zi No. 1017/2017, Item 4, Chapter 2 of Civil Verdict) The first instance judgment was given in favor of the plaintiff (whereas the Company shall return Chi-Nien Tsao the payment of NT$ 21,669,962), but Tung-Chou Chao lost the suit to the Company. Mr. Chao objected to the verdict and has filed appeal again. The Company also filed an appeal with Taipei District Court on December 21, 2018; the case is now in second instance trial (referred to case number: Chong Sun Zi No.124/2019). Mr. Chao objected to the verdict and has filed appeal again. The Company also filed an appeal with Taipei District Court on December 21, 2018. The second instance trial of the case number is Chong Sun Zi No.124/2019. In the second trial, the court judged that “the claim of Tung-Chou Chao for TFC to refund the consideration of NT$21,261,071, pay liquidated damages, or compensate NT$12,090,000 is groundless,” in other words, the appeal filed by Mr. Chao was without a reason. For the judgement regarding Chi-Nien Tsao, the court found “Chi-Nien Tsao may request TFC to refund the consideration of NT$12,210,000 with interest.” Both the Company and Ms. Tsao appealed for the third instance. On September 14, 2021, the Supreme Courts’ decision, 110 Tai-Shang-No. 2214, rejected the appeal of Ms. Tsao, and remanded Mr. Chao’s appeal to the High Court. The case in on trial in the High Court now.

3. On July 31, 2011, Fulien International Property Co., Ltd. purchased 3 units (including 6 parking spaces) of the Building “Sun & Moon” from the Company, including A2/A3 on the 17th floor, A2 on the 14th floor, and A5 on the 11th floor, with more than NT$ 80 million of partial payment made (total cost NT$ 240 million). Still, the mortgages and building ownership transfer registration was not completed before April 4, 2015. The Company had Fulien International Property Co., Ltd. reminded repeatedly, but Fulien International Property Co., Ltd refused to perform the contract on a pretext. The Company thus send a legal attest letter on December 1, 2015, to cancel the contract for the purchase of the three properties, and to charge a penalty for a breach of contract for an amount equivalent to 15% of the total purchase amount of NT$ 47,157,000. Fulien International Property Co., Ltd. thought that the penalty for an amount equivalent to 15% of the total purchase amount was too high. It filed a “decrease of penalty” litigation with the Taipei District Court on December 29, 2015, claiming that the Company should have the penalty for a breach of contract reduced to an amount not more than 7% of the total purchase and demanding the Company to refund the unjustly enriched benefit of an amount of NT$ 37,939,406. The Company commissioned an attorney filed an answer (Chong Su-Zi No. 148/2016) for the case before February 2016 to detail the total amount of derivative expenses and damages incurred due to the cancellation of the contract for more than NT$ 100 Million. The Taipei District Court dismissed the plaintiff’s lawsuit and the plea for provisional injunction with the civil judgment issued on July 1, 2016. Fulien International Property Co., Ltd. objected to the court judgment of the first instance and filed an appeal on July 22, 2016. The Company commissioned an attorney to serve as the appellee’s action agent for the second court instance. The High Court had the second instance appeal assigned with the case number of Chong Sun Zi No. 778 dated 2016 and dismissed the

appeal in the final verdict on August 7, 2018, for the same reason as stated in the first ruling. Fulien International Property Co., Ltd. has therefore filed a third appeal around September 3, 2018. (Case No. Tai-Shan-Zhi No.611/2020). The Supreme Court abolished the original verdict on April 30, 2020 and remanded the case to the High Court for rehearing. The reason was that the arguments regarding the “cancellation of transaction contract” and “reduced penalty” were arguable. On May 18, 2021, the Taiwan High Court decided the result of the retrial for the first instance in favor of the Company; however, for the part of “reduced penalty,” the Court decided that the Company shall refund Fulien International Property Co., Ltd. for NT$15.719 million and the interests. Both parties appealed for the amount to be refunded.

4. In 2011, Mr. Kuo-Chi Liao has purchased two presold units (B1-11 and B5-11) of the Building “Sun & Moon” and has completed ownership transfer. In March 2016, four of the joint purchasers of the unit A3-09F, the City Bon Company, Kwong Tsuen Construction Co., Ltd., and Da Shon Company, together filed joint litigation with the Taipei District Court in August 2016 stating the detection of countless black cracks on the structural pillars and suspecting the presence of slag components. They requested a purchase price reduction to NT$ 24.2 million (Mr. Liao requested a reduction to NT$ 7,950,000 and the three other plaintiffs requested a total reduction to NT$ 16,250,000) due to illegal construction, unsafe building structure (public facility flaws), and false advertising pursuant to Article 359 of the Civil Code. The Taipei District Court is scheduled to be the first oral argument (Chong Su-Zi No. 1090/2016) for the case on November 22, 2016. Taipei District Court commissioned the Taipei Professional Civil Engineers Association with an official letter issued on July 26, 2017, to conduct an appraisal to clarify whether slag components are present in the concrete used for structural pillars or diaphragm walls of the B1, B2, and B3 parking lot area. The Association notified the court on October 18, 2017, that the total appraisal fees cost NT$ 1.08 million, of which the Company bore part of the appraisal expenses up to NT$ 600,000. In October 2020, the first instance trial found the Company lose the case, and determined the plaintiffs claiming price reduction pursuant to the provisions of the Civil Code, and the refund the consideration pursuant to the improper gains defined in the Civil Code was justified. The Company has appointed a lawyer to file a second instance appeal on November 16, 2020 (Case No. Chong Sun Zi No.943/2020). Currently, the Court has entrust for re-appraisal, and the second instance of this case is currently under trial.
5. As aforementioned, Mr. Kuo-Chi Liao, the plaintiff, further declared that the Company has to pay for delay interest due to delay in notifying property handover and the loan interest, the total amounted to NT$ 22,418,497. The Taipei District Court dismissed the plaintiff’s suit (the Company won the lawsuit) and denied the motion for provisional execution in the civil verdict on July 30, 2019. It proved that the Company did not delay the delivery of the house (Chong Su-Zi No. 834/2016). Mr. Liao filed an appeal, and the case no. of the second re-trial is Chong Sun Zi No.139/2018. The Taiwan High Court dismissed the plaintiff’s suit (the Company won the lawsuit) on July 30, 2019. Mr. Liao again filed a third instance appeal around August 30, 2019. The Supreme Court decided that Mr. Liao’s appeal wa illegal and rejected the appeal on August 12, 2021. Thus the Company won the case.

6. Plaintiff Fang-Chou Lai owned the land of Land lot 934 of Beishan section in Xizhi District, New Taipei City, as there have no roads for passages around, Lai then requested for the right of pass through surrounding lands of Land lot 1332 and 1318 of Beishan Section, owned by the Company and National Property Administration totaling 125 m2. But as what requested were way high then regulations stated in current law, the claim of Lai was denied by the Company and National Property Administration. In order to declare the right of pass and necessity to install cables, and pipelines of water and gas on Land lot 1332 in Beishan Section that was owned by the Company, Lai, therefore, filed a lawsuit for ensuring the right of pass with Shilin District Court Neihu Summary Court on November 26, 2018. The National Property Administration was also the defendant of the case, which is now trialed by Taipei District Court (referred to case number Chong Su Zi No. 18/2019). The plaintiff declared an amount of NT$ 10,100,000 from the Company and the National Property Administration. On August 31, 2020, the court ruled that the Company won the case, on the grounds that the current land use status of the Beishan Section of Xizhi District, New Taipei City, owned by the plaintiff, did not meet the key conditions of bag land specified in Article 787 of the Civil Code, and his claimed method to go through the Company's land should was neither the least harmful method. The plaintiff, Mr. Lai, has filed an appeal for the case. On November 13, 2020, the court of first instance (Taipei District Court) transferred the file to the court of second instance (Taiwan High Court) (Case No. Chong Sun Zi No.851/2020). The High Court called the proceeding court on December 21, 2020, and issued an letter to New Taipei City Architects Association (NTCAA) to entrust an appraisal on December 24, 2020. NTCAA conducted the joint inspection on March 30, 2021 and September 16, 2021. The case in on trial in the High Court now.
7. Ms. Li-Ren Wang, the plaintiff, has purchased one presold unit (B2-4F, including two parking spaces) of the Building “Sun & Moon” from this Company on March 3, 2011. The total value of this unit priced NT$ 81.32 million, and the plaintiff has paid in advance for a total of NT$ 37.5 million. When the Company has acquired the usage permit for the aforementioned residential building project on December 4, 2014, and notified the owner to conduct handover procedure, Ms. Wang refused to complete her follow-up payments, mortgage application, and closing payments. She also failed to provide the Registration of Ownership transfer and did not execute her closing obligations. The Company thus invited Ms. Wang for settling the dispute on October 12, 2015, Ms. Wang showed up and express her will to terminate the contract and send a lawyer’s letter on the 30th of the same month in the same year to rescind the purchase contract. Ms. Wang further complaint to the Consumer Protection Officer about the Company for false advertising and installed grille on the exterior wall. Pursuant to the provisions set forth in Article 26, Paragraph 1 of the purchase agreement (failure to execute obligations within a prescribed time limit upon written notice), the Company thus sent official correspondence on December 1, 2015, to conduct the right of rescission and charge a breach penalty equivalent to 15% of the total purchase amount (NT$ 12,198,000). Ms. Wang commissioned an attorney to file litigation with the Taipei District Court in September 13 2016 and complained about the detection of significant flaws during public facility handover in July 2016. These included ready-mixed concrete adulterated with slag, and false advertising constituting fraudulent behavior such as incomplete wooded area covering 5,000 m2. The attorney of the plaintiff

requested to cancel the purchase and claimed rescission of the purchase agreement and return of all payments by this Company pursuant to the regulation set forth in Article 92 and 359 of the Civil Code. (case number Xiao Sun Zi No. 36/2016) The Company appointed an attorney as its litigation representative. On November 28, 2017, Taipei District Court dismissed the plaintiff's lawsuit, and determined that the Company has notified the plaintiff to rescind the contract according to the regulation on Article 26 of the contract on December 1, 2015, thus with the provision of legal rescission. The plaintiff has filed a second instance appeal (case number Xiao Sun Zi No. 1/2018). The Company again Commissioned the attorney of the first instance to be its litigation agent of the appeal trial. On April 27, 2021, the High Court decided to reject Ms. Wang's appeal, and for the additional suit (reduced penalty), the Court ordered the Company to pay Ms. Wang NT$2.058 million with the interests. For the amount that the second trial court ordered the Company to pay, the Company has commissioned an attorney of law to file an appeal. Both parties have appealed the third instance for the amount to be refunded.

8. The Company has lent Hualian City Office part of its land of Land lot 121, Meigang Section, Hualian City for use as access road of a landfill, with leasehold till April 30, 2019. Whereas resolved in the Board meeting in April 2019, there will have no renewal and would take back the land on May 1, 2019. The Hualian City Office, therefore, notified the Company through an official letter issued on May 2, 2019 that stated "the laneway borrowed by Hualian City Government had already been assigned as existing laneway in the official letter issued on March 5, 2014, numbering Chian Ji Zi 1030017212", "through examining judicial practices, if there is an objection to the determination of designated "existing laneway" as a public easement, the Company may file an appeal with Taipei High Court for declaratory relief to determine N/A of public easement." Since the Company was denied the right to take back the land with access road by the Hualian City Office, and its sanitation worker has interfered with the Company to install the access control system on May 9, 2019. The Company, therefore, commissioned the attorney to submit a complaint to administrative judgment on June 24, 2019, to determine the loaned land was not the "existing laneway." The case was decided on March 25, 2021, and the Court found that the public easement of Land lot 121, Meigang Section, Hualian City did not exist, i.e. in favor of the Company. The defendant, Hualien County Government filed an appeal. Upon receiving the indictment, the Company commissioned an attorney of law to issue a letter to Hualian City Office on May 17, 2021, to request them to obtain the source of legitimacy for their access, and commissioned the attorney of law on May 18, 2021, to file the administrative plea and power of attorney.
9. The five plaintiffs, LingYing Hung, WeiTing Chang, YuTing Hsu, PeiWen Tsai, and Tsai-Luan Chen (four households), complained of significant flaws and false advertising detected in the Company's project of the Building "Sun & Moon." Thus, file a lawsuit on December 21, 2016, to claim compensation from the Company to pay each household NT$ 2 million, totaling NT$ 8 million, the Taipei District Court tried the case (referring to case number Xiao Zi No. 21/2017) for the first instance, and decided on July 29, 2021 that the Company shall pay the five plaintiffs for NT$63,393 in total and the interest. In sight of the amount claimed by the plaintiffs, the case is in 99% favor and 1% unfavorable of the Company. Therefore, the Company would not actively appeal, nor the plaintiffs filed any appeal. The decision is concluded.

10. The Company has leased the land No. 720, subsection 2, Nangang Section, Taipei City to Chi-Hung Chang for use as a residential building site. The two parties have signed the land lease agreement on September 2, 2009, lease term last 10 years, from August 16, 2009, to August 15, 2019, if the lease were not renewed before the end by both parties, the contract would terminate automatically without notice from the Company. According to the provision of clause 3 on rent set forth in the agreement, Chi-Hung Chang shall prepay rent of six months and rent margin each year on January 10 and July 10, but Chang has not paid according to the agreement since December 31, 2016. Although the Company urged Chi-Hung Chang to pay the accumulated overdue rents with letters and legal attest letter, but he always failed to pay the accumulated overdue rents by the deadlines. The Company sent again the legal attest letter to Chang on June 28, 2019, to express the intention of rescission, but still received no response from Chang, who was not just unwilling to clear outstanding rents, also unwell to dismantle the erected building and return the land. Therefore, the Company filed a lawsuit against Chi-Hung Chang as a defendant with Shilin District Court on January 13, 2020, to demand Chang to dismantle the building for returning the land and clear all outstanding rents, the value of claim cost NT$ 12,493,498. Since on October 29, 2020, when the first type transcript was requested for the registration of the disputed building, it was discovered that the owner of the disputed building was still registered as Chi-Hung Chang’s father; however, his father had passed away and the inheritance had not been allocated. To confirm the right owner of the disputed building disposal for implementing follow-up enforcement, on January 19, 2021, a lawyer was appointed to file to the court of first instance to add 10 heirs of Chi-Hung Chang’s father as defendants. On September 29, 2021, the first instance ruled in favor of the Company, and the decision became final on November 2 of the same yaer.
11. The Company and Guangxi Mingli Chemicals Co., Ltd (“Mingli” hereinafter) entered a procurement contract No. PA-0445CH for the electronic-grade phosphoric acid procurement on September 2, 2015 (hereinafter “procurement contract”) with term of September 2015 to August 2016. The payment term is full pre-payment for yellow phosphorous, the material of electronic-grade acid. However, Mingli had the problem of quality and delayed delivery since May 2016, and thus the delivered volume was less than 60% of the agreed contractual volume till the expiry of the contract. The Company and "Mingli" reached an agreement in November 2016 to extend the procurement contract to April 2017. In January of 2017, "Mingli" announced that it had reached a strategic cooperation agreement with Jiangsu Kaiyuan Pharmaceutical and Chemical Co., Ltd., but "Mingli" was unable to resume the production line of electronic-grade acid still, so the Company appointed a lawyer to send a letter to "Mingli" in November 2017, requesting "Mingli" to buy back the unused yellow phosphorus pursuant to the procurement contract. Later, the Company signed a supplementary agreement with "Mingli" in December 2017 to extend the procurement contract to December 31, 2019. However, when the procurement contract expired on December 31, 2019, "Mingli" was still unable to resume supply. On May 19, 2020, the Company commissioned a lawyer to file a complaint, claim damage from "Mingli" for US$1,027,817.62. The case number established by the court was "(2020) Gui-07-Min-Chu-No. 38," and the cause of the litigation was "disputes over transaction contracts." The first trial session of the first instance was conducted on July 17, 2020 at “Qinzhou Intermediate People's Court, Guangxi Zhuang Autonomous Region.”

"Mingli" agreed to apply the Chinese law for the trial, and demonstrated the willingness of settlement. On July 20, 2020, the Company filed a written explanation for the objection of the counterpart. On December 11, 2020, the court found the fact that "Mingli" had breached the contract, and ordered "Mingli" to compensate the Company's consideration plus interest losses (based on US$1,012,533.41 with the interest rate as the six months London Interbank Offered Rate (LIBOR) on January 2, 2020, which was 1.9095%, from January 1, 2020 until the date of full repayment). The case acceptance fee of RMB61,923 was borne by Mingli. December 31, 2020 was the effective date of the judgement, and the deadline for "Mingli" to perform the liability was January 10. 2021. As of the deadline, "Mingli" has not contact the Company for their repayment. February 4, 2021, the Company commissioned a lawyer to file the enforcement application to Qinzhou Intermediate People's Court. The Court informed that other creditors have filed the bankruptcy of "Mingli" on October 15, 2017, and Qinzhou Intermediate People's Court has ruled to accept the bankruptcy and liquidation of "Mingli." On January 11, 2022, Qinzhou Intermediate People's Court issued the (2021) Guilin 07 Po No. 4 "Civil Ruling," and confirmed all the claim amounts filed by the Company. Currently, 51 creditors have been confirmed, and the total claim amount is NT$1.54 billion; there are still claim amounts not confirmed.

12. Regarding the enforcement of the provisional disposition between Dong-Cheng Investment Consulting Co., Ltd. and the Company, pursuant to the enforcement order Shi-Yuan-Qing-110-Si-Chi-Quan-Zhuang-Zhi No. 231 by Shilin District Court, the Company shall comply with the main text of the provisional injunction ruling of Taipei District Court 2021 Quan-Zhi No. 162, not to be used by itself or delivered to others for using, or rented, or leased six levels above the ground and 50 parking spaces at Building B indicated on 2017 Jian-Zhi No. 56 Construction Permit on Land Lot No. 12 at Jing-Mao Section, Nangang District, Taipei. For this provisional injunction, the Company filed an appeal to the ruling. The 2021 Kang-Zhi No. 1232 Civil Ruing by Taiwan High Court rejected the Company's appeal, and the Company commissioned a lawyer to re-appeal on December 6, 2021.
13. For the same case, after Dong-Cheng Investment Consulting Co., Ltd. filed the provisional injunction, it also filed a lawsuit to Taipei District Court, to claim that the Company shall deliver six levels above the ground and 50 parking spaces at Building B indicated on 2017 Jian-Zhi No. 56 Construction Permit on Land Lot No. 12 at Jing-Mao Section, Nangang District, Taipei to it for their use and benefits. The Company has commissioned a lawyer to appear. The case is tried at the court of the first instance.
14. Regarding the enforcement of the provisional disposition between Dong-Cheng Investment Consulting Co., Ltd. and the Company, pursuant to the enforcement order Shi-Yuan-Qing-111-Si-Chi-Quan-Zhuang-Zhi No. 25 by Shilin District Court, the Company shall comply with the main text of the provisional injunction ruling of Taipei District Court 2021 Kang-Zhi No. 1365, not to deliver to others for using, or rent, or lease 799 parking spaces at Land Lot No. 12 at Jing-Mao Section, Nangang District, Taipei. For this ruling, the Company commissioned a lawyer to re-appeal on February 14, 2022

(XIII) Other Important Risks and Countermeasures:

Evaluation and Analysis of Information Security

1. **Risk evaluation and analysis of cyber-attacks:** In spite of the constantly changing cyber-attacks and invasion types, the Company has established a multi-level information security protection system through various gateway security equipment and end point security system in order to protect or maintain the Company's manufacturing operation, accounting, and other critical operating functions. Data backup and standby system are in place according to the operating procedure. But there is no guarantee that the Company's intranet will be completely free from any illegal invasion and cyber-attack, or any activity that will destruct the Company's operation and damage the goodwill. Malicious attack may also try to implant a computer virus, ransomware, or other malicious program into the Company's network and information system, interrupting with the Company's operating, acquiring the control over the Company system, extort the Company or intruding the confidential information. These attacks may cause a temporary paralyze of the Company's network and information system for a period of time, or require additional expense to implement remedial and improvement measures, or may leave the Company to some legal disputes or supervisory investigations associated with significant liability due to the divulge of the information belonged to a customer or a third party to which the Company owes the obligation of confidentiality.
2. **Risk evaluation and analysis of social engineering attack:** The Company constructs the defense mechanism of social engineering attacks with various algorithms and information and intelligence sources but cannot guarantee that the social engineering attacks or BEC from a third party will be completely prevented.
3. **Risk evaluation and analysis of denial-of-service attack:** The Company has established the multi-line load redundancy system for important internet services but cannot guarantee that the all third-party internet attacks paralyzing the system will be completely prevented.
4. **Risk evaluation and analysis of information divulge:** External attacks or internal employees may attempt to steal the Company's trade secrets, other intellectual property and confidential information, such as the proprietary information of customers, or other stakeholders, and employees' personal data.
5. The Company retains the third party to perform the audit of the information environment and internal control, and to inspect and evaluate the information operating procedure every year to ensure the adequacy and effectiveness. However, this does not guarantee that the Company will be free from any unknown risk and attack from the constantly changing security threat. During 2021, and up to the publication date of the annual report, the Company has not found any material cyber attack or incidents have had or may have materially negative impact on the Company's business or operation.

VIII. **Other Important Matters:** None

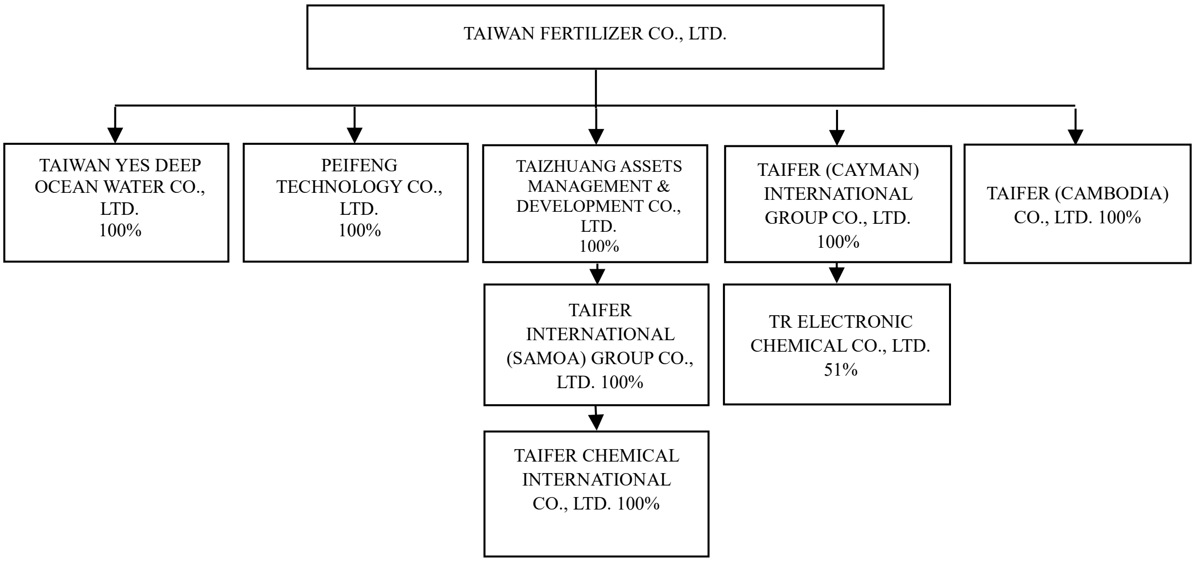
Eight. Special items to be included

I. Affiliate Information

(I) Consolidated revenue report of affiliates

1. Organizational chart of affiliates

March 31, 2022



2. Basic information of affiliates

March 31, 2022

Company	1. Establishment date	Address	Paid-in capital	Business/production item
TAIWAN YES DEEP OCEAN WATER CO., LTD.	September 25, 2006	No.15, Huadong, Hualien City, Hualien County, Taiwan (R.O.C.)	NT$ 257,632 thousand	Production, manufacture, and sale of bottled water, concentrated solution, cosmetics, and heath care products related to deep ocean water
PEIFENG TECHNOLOGY CO., LTD.	June 06, 2017	8F., No.88, Sec. 2, Nanjing E. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	NT$ 2,400,000 thousand	Manufacture and sales of fertilizer
TAIZHUANG ASSETS MANAGEMENT & DEVELOPMENT CO., LTD.	September 9, 1999	8F., No.88, Sec. 2, Nanjing E. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	NT$ 55,000 thousand	Development, rent, and sale of land, houses and buildings; gas station
TAIFER INTERNATIONAL (SAMOA) GROUP CO., LTD.	February 25, 2013	TMF Chambers, P.O. Box3269, Apia, Samoa	US$ 1,415 thousand	Investment and share holding
TAIFER CHEMICAL INTERNATIONAL CO., LTD.	October 19, 2001	No. 38, Tourist Street, 3rd Sub-District, Qingertai District, Ulaanbaatar, Mongolia	US$ 1,333 thousand	Leasing of buildings and real estate
TAIFER (CAYMAN) INTERNATIONAL GROUP CO., LTD.	February 01, 2011	P.O. Box 32052, Grand Cayman Ky1-1208, Cayman Island, British West Indies	US$ 1 thousand	Investment and share holding
TR ELECTRONIC CHEMICAL CO., LTD.	November 03, 2010	P.O. Box 2804, George Town, Grand Cayman, Cayman Island, British West Indies	US$ 21,500 thousand	Investment and share holding
TAIFER (CAMBODIA) CO., LTD.	December 22, 2014	No.11 Street 3, Sangkat Teuk Loak 3,Khan Tuol Kork, Phnom Penh. Cambodia	US$ 1,255 thousand	Sale and production of fertilizer

3. Information of the same shareholders presumed having a control or affiliating relationship: None
4. Industries generally covered by the business of the affiliates:

   Major industries covered: Manufacture, sale, import, and export of fertilizer of all kinds, chemical products, care products, health care products, deep ocean water and derivatives as well as development and leasing of land, houses, and buildings

5. Information of the directors, supervisors and presidents of the affiliates

March 31, 2022

Unit: NT$ thousand; share; %

Company	Title	Name or representative	No. of shared held	
			Shares (contribution)	Shareholding ratio
TAIWAN YES DEEP OCEAN WATER CO., LTD.	Chairman	TAIWAN FERTILIZER CO., LTD. Representative: Cheng, Kuo Chung	25,763,200 shares	100.00
	Director	TAIWAN FERTILIZER CO., LTD. Representative: Liu, Kuo Ying		
	Director	TAIWAN FERTILIZER CO., LTD. Representative: Huang, Yeong Dar		
	Supervisor	TAIWAN FERTILIZER CO., LTD. Representative: Liu, Wei		
	President	Huang, Yeong Dar		
PEIFENG TECHNOLOGY CO., LTD.	Director	TAIWAN FERTILIZER CO., LTD. Representative: Lin, Chin Sheng	240,000,000 shares	100.00
	Director	TAIWAN FERTILIZER CO., LTD. Representative: Wang Chun Wen		
	Director	TAIWAN FERTILIZER CO., LTD. Representative: Zhuang Zhi Ying		
	Supervisor	TAIWAN FERTILIZER CO., LTD. Representative: Huang, Mei Ling		
	President	Lin, Chin Sheng		
TAIZHUANG ASSETS MANAGEMENT & DEVELOPMENT CO., LTD.	Chairman	TAIWAN FERTILIZER CO., LTD. Representative: Huang Yao Hsing	5,500,000 shares	100.00
	Director	TAIWAN FERTILIZER CO., LTD. Representative: Chang, Chang Lang		
	Director	TAIWAN FERTILIZER CO., LTD. Representative: Huang Rui Zhen		
	Supervisor	TAIWAN FERTILIZER CO., LTD. Representative: Liu, Wei		
	President	Chang, Chang Lang		
TAIFER INTERNATIONAL (SAMOA) GROUP CO., LTD.	Corporate representative of director	TAIZHUANG ASSETS MANAGEMENT & DEVELOPMENT CO., LTD. Representative: Chang, Chang Lang	1,414,989 shares	100.00
TAIFER CHEMICAL INTERNATIONAL CO. , LTD.	President	Chang, Chang Lang	US$1,333 thousand	100.00
TAIFER (CAYMAN) INTERNATIONAL GROUP CO., LTD.	Corporate representative of director	TAIWAN FERTILIZER CO., LTD. Representative: Liu, Kuo Ying	1 shares	100.00
TR ELECTRONIC CHEMICAL CO., LTD.	Chairman	TAIFER (CAYMAN) INTERNATIONAL GROUP CO., LTD Representative: Liu, Kuo Ying	10,965,000 shares	51.00
	Director	TAIFER (CAYMAN) INTERNATIONAL GROUP CO., LTD Representative: Liu, Wei		
	Director	Jinqun International Corp. Representative: Zhao, Jian Liang		
	Director	TAIFER (CAYMAN)		

Company	Title	Name or representative	No. of shared held	
			Shares (contribution)	Shareholding ratio
		INTERNATIONAL GROUP CO., LTD Representative: Xu, Shi Chang		
	Supervisor	TAIFER (CAYMAN) INTERNATIONAL GROUP CO., LTD Representative: Jian, Zhao Ren		
	President	Zhao, Jian Liang		
TAIFER (CAMBODIA) CO., LTD.	Chairman	TAIWAN FERTILIZER CO., LTD. Representative: Huang, Yao Hsing	US$ 1,255 thousand	100.00
	Director	TAIWAN FERTILIZER CO., LTD. Representative: Wang, Chun Wen		
	Director	TAIWAN FERTILIZER CO., LTD. Representative: Zhuang, Zhi Ying		
	President	Huang ,Yao Hsing		

6. Operating status of affiliates

December 31, 2021

Unit: New Taiwan Dollar

Company	Capital	Total property	Total liability	Net value	Operating revenue	Operating profit	Current pofit/loss	EPS (dollar)
TAIWAN YES DEEP OCEAN WATER CO., LTD.	257,632	247,746	47,224	200,522	117,665	2,531	3,389	0.13
PEIFENG TECHNOLOGY CO., LTD.	2,400,000	2,909,199	414,327	2,494,872	554,533	117,368	92,843	0.39
TAIZHUANG ASSETS MANAGEMENT & DEVELOPMENT CO., LTD.	55,000	101,443	6,470	94,973	189,235	2,362	7,077	1.29
TAIFER INTERNATIONAL (SAMOA) GROUP CO., LTD.	42,797	65,094	0	65,094	0	0	4,657	-
TAIFER CHEMICAL INTERNATIONAL CO., LTD.	45,630	65,637	800	64,837	5,782	2,632	4,657	-
TAIFER (CAYMAN) INTERNATIONAL GROUP CO., LTD.	321, 900	0	0	0	0	0	0	-
TR ELECTRONIC CHEMICAL CO., LTD.	321, 962	0	0	0	0	0	0	-
TAIFER (CAMBODIA) CO., LTD.	40,052	34,278	1,624	32,612	5,881	1,033	1,459	-

7. The endorsement/guarantee, loaning of funds to others, and derivative transactions of each affiliates: in the 9th meeting of the Board of Directors of 34th Term, on April 30, 2019, it was approved to continue the provision of total NT$13.5 million guarantee to the subsidiary, Taizhuang Assets Management and Development Co., Ltd. ("Taizhuang"), for its procurement of petroleum products. As of March 31, 2022, the Company actually continues to provide the guarantee of NT$13.5 million by pledging a certificate of deposit for Taizhuang's procurement of petroleum products.

(II) **Consolidated financial statements of affiliates**: For the year of 2021 (from January 1, 2021 to December 31, 2021), the companies to be included in the preparation of the affiliate consolidated financial statements pursuant to the "Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Reports and Consolidated Financial Statements of Affiliated Enterprises," are the same as those included in the consolidated financial statements of the parent company and subsidiaries prepared in conformity under the International Accounting Standards (IAS) No. 10, which standards certified by the Financial Supervisory Commission. In addition, the information required to be disclosed in the consolidated financial statements is included in the aforesaid consolidated financial statements. Consequently, the Company and its subsidiaries do not prepare a separate set of consolidated financial statements.

(III) Relationship Report: None

II. Private placements of securities in the most recent year and as of the printing date of the annual report: None

III. Shares of the Company that are held or disposed by a subsidiary in the most recent year and as of the printing date of the annual report: None

IV. Other necessary descriptions: None

Nine. Any event which has a material impact on shareholders' equity or securities prices, as specified in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, in the most recent year and as of the printing date of the annual report: None

PRINTED WITH SOY INK™
使用環保再生紙與大豆油墨印製，
致力於珍惜資源與環境保護。

TAIWAN FERTILIZER CO., LTD

Huang Yao-Hsing, Chairman