

Stock Code : 4306



**炎洲集團**  
**YC GROUP**

YEM CHIO CO., LTD.  
2021 Annual Report

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**4.Auditors**

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**5.Overseas Securities Exchange**

None

**6.Corporate Website**

<http://www.ycgroup.tw>

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## **I. Letter To Shareholders**

**Dear Shareholders,**

In 2021, YemChio maintained a strong operation philosophy of focusing on the core industries and main products, while the overall demand for adhesive tapes was rising due to the stabilization of global economic activities. Consolidated revenue for 2021 was NT\$17.182 billion, a 23% increase compared to the same period in 2020. Moreover, consolidated gross margin for 2021 remained at a high level of 17%, while the consolidated operating income for 2021 was 44% higher than the same period in 2020. However, as YC Group's simplify strategy achieved significant results in 2021, it still has to recognize the impairment loss of the disposal of AICHEM Technology Corporation of the subsidiary of China, which diluted the profit for the whole year, and ended up with a net profit after tax of NT\$868 million and earnings per share of NT\$1.47. By disposing of the petrochemicals division, Yem Chio has been able to release a decade of investment burden in the petrochemicals industry, and the Group's financial structure is now remarkably optimized.

As for the year 2022, when the burden of investment has been lifted, I believe that the business opportunities will continue to rise in the post-pandemic era due to people getting used to contactless interaction, and the real estate business will boom due to the return of funds for investment and the abundance of market capital. Meanwhile, the Group's specialty industries will benefit from the booming semiconductor, IC, panel and packaging industries, it can be expected that the growth trend of these businesses will remain stable. The Group's proactive operating strategies are as follows:

- (1) For those industries and products without effective operation and development, the disposal is continued in a comprehensive way this year.
- (2) Maintain the contribution margin of existing products above a certain standard.
- (3) Identify new products with high growth potential for research and development.
- (4) High gross margin specialized chemical industry moves into the Huawei Science Park of CTSP to create an alternative profit channel.

In response to the global awareness of carbon reduction in recent years, Yem Chio has launched a carbon management project to reduce energy consumption and emissions. In addition to appointing external consultants and setting a target of reducing energy consumption by 30% within five years, Yem Chio is also planning to introduce the ISO 50001 energy management system to prepare for the carbon free environment. In terms of innovation and transformation, YemChio has taken the establishment of a digital headquarters as the starting point, and is gradually planning to promote energy management systems, intelligent manufacturing systems, etc., Yem Chio will achieve a transformational business model through digital technology, so as to create new competitive advantages and identify new motivation for future growth through digital transformation in the traditional manufacturing industry.

In the end, I would like to thank all shareholders again for their support, and I will do my best to work with great diligence in the hope that I can continue to provide better performance to our shareholders in the future.

Sincerely yours,

Chairman



## **Business report**

### 1. Operating Performance in 2021

#### (1) Business plan implementation results

- 1) Sales: The consolidated net sales revenue in 2021 was 17,181,794 thousand NTD, an increase of 23.4% compared with 2020, among them, the sales of the tape manufacturing division was 14,347,970 thousand NTD, accounting for 83%.
- 2) Production: Amount of spread in 2021 was approximately 1,988 million square meters, film production volume 99,583 tons.

#### (2) Consolidated business results summary

(Unit: NT\$ thousand)

Item	2021
Operating Revenue	17,181,794
Operating Costs	14,275,031
Operating Margin	2,906,763
Operating Expenses	1,602,864
Operating Profit	1,303,899
Net Non-operating Income	926,566
Income before Tax	2,230,465
Income tax expense	203,371
Income from continuing operations	2,027,094
Loss on discontinued operations	1,177,429
Net income	849,665

#### (3) Financial Revenue and Expenditure and Profitability analysis

The Consolidated income and expenditure overview comparison is illustrated as follows:

##### Income:

(Unit: NT\$ thousand)

Item	2021	2020	Percent Change
Operating Income	17,181,794	13,924,193	23.4%
Non-Operating Income	1,256,290	1,810,140	-30.6%
Total	18,438,084	15,734,333	17.2%

##### Expenditure :

(Unit: NT\$ thousand)

Item	2021	2020	Percent Change
Operating Cost	14,275,031	11,466,445	24.5%
Operating Expense	1,602,864	1,551,103	3.3%
Non-Operating Expense	329,724	756,756	-56.4%
Total	16,207,619	13,774,304	17.7%

Revenue structure analysis: The company's consolidated net revenue in 2021 was NT\$17.18 billion. The total net revenue of each department of the company is illustrated as follows:

(Unit: NT\$ thousand)

Item	Amount	Proportion
Tape Manufacturing Division	14,347,970	83%
Packaging Materials Division	1,837,122	11%
Real Estate Division	560,926	3%
Speciality Chemicals Division	435,776	3%
Total	17,181,794	100%

Research development status:

The company's short-term R&D direction is to meet the needs of the market and customers, develop or adjust adhesive formulation and add different coating technologies to produce products that can be commodified and in line with future trends.

In the mid-term, it will be vertically integrated upwards by organizational adjustments, recruitment of R&D personnel, and increasing our own development abilities for various films year by year to make products that are differentiated from the market.

Person in Charge:Chih-Hsieh Lee    Manager:Chih-Hsieh Lee    Accountant in charge: Xueru Liu

## 2. Business Plan for 2022

### (1) Operating Strategy

In 2022, the group's consolidated revenues are advancing with the goals of continuous growth compared to the previous year, and promoting development of new products and upgrading equipment by improving the efficiency of automation to improve the production efficiency of existing factories.

### (2) Expected Sales Volume

- 1) The annual production of various tapes exceeds 2.2 billion square meters, of which the output of BOPP tape and PVC tape ranks first and second in the world.
- 2) With an annual output of about 70,000 tons of BOPP film, the scale of operation ranks first in Taiwan.

### (3) Important production and sales policies

Production and sales projects across various industries, including BOPP film, different types of adhesive tapes, glue, special chemicals and raw materials, various packaging materials, construction/development, hotels, and investment in optoelectronics, electronics and other fields; continue to carry forward production of core technologies of the group, which are various adhesive tapes, BOPP and PVC films, semiconductor industry-related special chemicals and glues.

## 3. Future company development strategy

Based on the existing core product technology, the company will continue to develop customized products for diverse market demands, combine digital optimization with energy saving and carbon reduction to enhance product competitiveness, thereby making Yem Chio as the only vertically integrated and most complete packaging material manufacturer and sales company in the world. In addition, the company will implement the policy of pruning to remove the company's non-industry investment and assets, including idle factories or equipment that does not meet the efficiency goals, so as to achieve the company's best ROE and ROA. Furthermore, with integrity as the basis of sustainable operations, we will develop our business and fulfill our social responsibilities under the self-requirements of pragmatism, diligence, agility and innovation.

## 4. The Impact of the External Competitive Environment, Regulatory Environment, and Macroeconomic Conditions: none

## **II. Company Profile**

## 2.1 Establishment date: 1978/3/7

## 2.2 Company history:

- 1977: The preparatory office of YEM CHIO Company was established, and the company mainly engaged in the sales of packaging tape.
- 1978: The company was formally established, focusing on the trading business, and its business includes various packaging materials such as cover packaging tape, double-sided tape, packing tape, baler, plastic bag, and paper processing.
- 1984: With the implementation of internal entrepreneurship measures, the province's first sales office "Taoyuan Sales Office" was formally established.
- 1986: Established Banqiao and Neihu sales offices.
- 1987: Established Zhonghe and Zhongli sales offices, and invested in plastic bag production plants in the same year.
- 1988: Established Linkou and Sanchong sales offices.
- 1989: Established the Taichung sales office, and the packing tape manufacturing plant was put into production in the same year.
- 1990: Established business offices in Hsinchu, Chiayi, Tainan.
- 1991: Shulin, Wugu, Yunlin, Kaohsiung, Yangmei, Changhua and other business offices have been established one after another, and each business office has grown extensively. In the same year, the tape production and the construction of factories in Changhua Fangyuan Industrial Zone have been started, and the business network across the province has been roughly completed.
- 1992: The first production line of Changhua No. 1 Plant was officially put into operation, producing various self-adhesive tapes.
- 1993: Added second production line to produce OPP tape.
- 1994: Invested in resin factory to produce adhesives such as acrylic water glue, rubber and color paste. At the same time, adding the third tape production line.
- 1995: The Yilan sales office was established, and the fourth glue spreading machine was added.
- 1996: The construction of the Taishan office building in Taipei officially started. In the same year, Changhua Fangyuan No. 1 Plant added the fifth glue machine to expand production. In June, Changhua No. 2 Plant started construction, it will be used for the sixth, seventh, and eighth production lines of adhesive tape and the No. 2 resin plant after completion of building.
- 1997: The Changhua Changbin Plant No. 6 machine was officially put into production, and the automatic slitting machine imported from Italy started production in the same year.
- 1998: In April, the Securities and Futures Commission of the Ministry of Finance approved the Company's public offering of shares.  
In June, Changhua Plant No. 2 added its seventh production line.  
In October, the Company obtained the international ISO 9002 quality assurance system certification.  
In November, the second resin factory and the second set of fully automatic slitting machine were added.
- 1999: The Taishan Office Building of the Taipei Headquarters was officially completed and put into formal use.  
In October, was granted the 4th Golden Peak Award for Outstanding Enterprise Leaders.  
The second plant in Changhua added an eighth production line and a fifth set of water glue reactor.  
The amount of capital increased to NT\$45 million.
- 2000: Since April, stocks were listed on OTC as Class II stocks for trading.  
In June, Changhua No. 1 Plant added the first PVC tape production line.  
In July, Changhua Plant No. 2 added a warehouse building to be completed as a distribution center.  
In September, won the first National Outstanding Enterprise Gold Award.  
In October, was elected as a model of the 23rd ROC Youth Entrepreneurship.  
In December, PVC products passed UL certification.  
The amount of capital was increased to NT\$362.25 million.
- 2001: In January, the 9th OPP production line and the first set of oil glue reaction equipment were added.  
In April, officially switched to general stocks for listing.  
In September, the expansion of Changhua Plant No. 2 was completed.  
The amount of capital was increased to NT\$440.3625 million.
- 2002: In January, the enterprise management resource integration (ERP) system was introduced and officially launched.  
In February, invested in Ningbo, China and set up a factory.  
The amount of capital was increased to NT\$557.3862 million.
- 2003: In March, Changhua No. 2 Plant added two sets of water glue reactors.

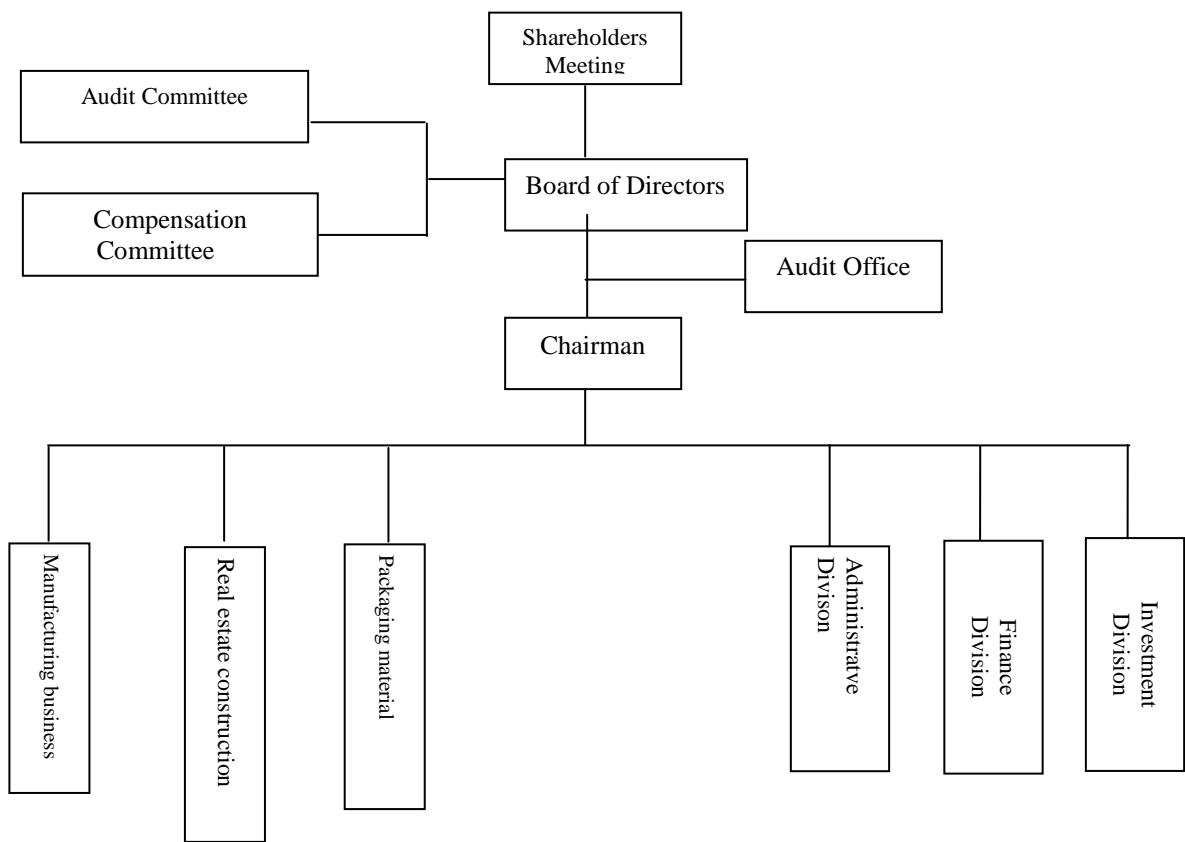
- In April, Changhua No. 2 Plant added an OPP production line.  
 In July, Changhua Plant 3 started construction of the BOPA Film.  
 The amount of capital was increased to NT\$721,606,640.
- 2004: In March, the Ningbo plant in mainland China added its second BOPP film production line.  
 In April, the BOPA Film production line of Changhua Plant 3 was set up.  
 The amount of capital was increased to NT\$726,605,630.
- 2005: The amount of capital was increased to NT\$916,676,530.
- 2006: In February, Wongchio Construction Co., Ltd. was established to expand the business to multinational enterprise groups such as manufacturing, service and construction.  
 In August, the fourth BOPP film production line was added at Zhangbin Film No. 3 Plant.  
 In December, the first hotel-"Youguan Top Business Hotel" broke ground in Linkou.  
 The amount of capital was increased to NT\$1,121,958,010
- 2007: In July, its subsidiary, Wongchio Construction, officially launched the "World Continent" construction project in Linkou.  
 In October, the sale of the "Continent of the World" project was completed.  
 In November, applied for transfer of listing with the Taiwan Stock Exchange.  
 The amount of capital was increased to NT\$1,461,795,620.
- 2008: Listed on the OTC in January.  
 In March, its subsidiary, Wongchio Construction, officially launched the "Urban Continent" project in Linkou.  
 In June, the subsidiary Youguan Boutique Hotel was opened.  
 The amount of capital was increased to NT\$1,623,194,500.
- 2009: In January, the related company, Ningbo YEM CHIO (formerly known as Ningbo Yashuo Technology Co., Ltd.) added a third BOPP Film production line.  
 In October, Changhua No. 2 Plant was awarded the National Excellent Bonded Factory by the State Taxation Bureau.  
 In December, acquired the Achem Technology Corporation (formerly known as Asia Chemical Co., Ltd.).  
 The amount of capital was increased to NT\$2,126,886,960.
- 2010: In April, the sixth BOPP film production line was added at Zhangbin Film No. 3 Plant.  
 In May, Morgan Stanley included YEM CHIO as a constituent stock of the MSCI Global Small and Medium Index.  
 In October, its subsidiary, Wongchio Construction, launched the "Fenghuayuan" and Linkou "Yunpin" projects in Zhongshan District, and established Xinchio Global Co., Ltd.  
 In November, Changhua No. 2 Plant was awarded the title of Excellent Bonded Factory by the Directorate General of Customs, Ministry of Finance.
- 2011: In March, signed a BOPP film supply contract with 3M Lipeng International.  
 In May, acquired Tianchi Technology Co., Ltd.  
 In June, the seventh BOPP film production line was added at Zhangbin Film No. 3 Plant.  
 In July, the affiliated company Wongchio Construction disposed the land in Neihu District, Taipei City.  
 In December, sold Xinchio Global Co., Ltd. to its affiliate Tianchi Technology Co., Ltd.  
 The amount of capital increased to NT\$2,965,690,370.
- 2012: Joint venture investment with subsidiary Achem Technology Corporation (formerly known as Asia Chemical), invested in Achem Petrochemical, an upstream raw material, with an estimated annual output of 80,000 tons of acrylic acid.  
 The amount of capital was increased to NT\$3,944,169,250.
- 2013: In August, its subsidiary, Wongchio Construction, publicly launched the Xinzhuang "Wongchio MORE" and Linkou "Wongchio Premium" projects.  
 In December, sold packaging materials business unit to its subsidiary, XinChio Global, in December.  
 The amount of capital was increased to NT\$ 3,959,698,600.
- 2014 : In February, an office building on Chengde Road was purchased from Shin Kong Group.  
 In June, its subsidiary, Wongchio Construction, purchased an office building on Chongqing South Road from the Pacific Cultural Foundation.  
 In June, its subsidiary, Achem Adhesive Products (Jiangsu) Co., Ltd. (Haian Factory) started constructing.  
 The amount of capital was increased to NT\$4,649,609,430.



- 2015: In March, the company disposed of land and buildings in the Jianglin section of Linkou.  
In April, its subsidiary, Wongchio Construction, acquired the land of Beitou Sanhe Section.  
In August, the group headquarters moved to Neihs District, Taipei City, and a housewarming inauguration ceremony was held in November.  
In September, its subsidiary, WongChio Construction, that is a main shareholder was merged into the company, and another subsidiary, Yuzhou Construction, was renamed WongChio Development.  
In November, the company sold the Taishan factory and office building to its subsidiary, XinChio Global, as a distribution center.
- 2016: In January, the amount of capital decreased to NT\$4,512,842,260 after buying treasury stocks and capital reduction.  
In February, its subsidiary, Uinn Travel (Zhongzheng Pavilion), officially opened.
- 2017: In January, its subsidiary, Uinn Business Hotel (Shilin Pavilion), officially opened.  
In October, Achem Technology Corporation, a subsidiary of the company, became a wholly-owned subsidiary of the company by way of share conversion, and ceased stock trading and public offering since October 25, 2017 on the basis of share conversion date. After the share conversion, the amount of capital increased to NT\$5,348,213,370.
- 2018: In January, the amount of capital was NT\$5,300,622,690 after buying treasury stocks.  
In March, its subsidiary Wongchio Development publicly launched the "Wongchio Yipin" project in Linkou.  
In October, its subsidiary in the US, Asian Chemical Industry Corporation, sold the plant in CA 90703 with a building area of 127,634 square feet (approximately 3,587 pings) and the total transaction amount was approximately US\$29.1 million.  
In November, the Asian Chemical Industry Corporation acquired the plant in Fullerton, with a building area of 105,322 square feet (approximately 2,960 square feet), and the total transaction amount was approximately US\$20.96 million.
- 2019: In June, an audit committee was established in accordance with the law, and all independent directors set up an audit committee to replace the supervisory authority.  
In August, the shares obtained from the share conversion were used for reducing capital, the amount of capital was changed to \$NT5,718,341,730.
- 2020: In March, the lease-repurchase of land number 490 and 491 in the Shanglin Section of Changhua covers an area of 41,964.98 square meters (approximately 12,694 square meters), and the total transaction amount is approximately NT\$378 million.  
In March, the amount of capital was 5,700,041,730 after the registration of retirement in the 11th treasury stock and capital reduction completed.
- 2021: In April, the amount of capital was 5,756,677,290 after the conversion of convertible bonds into shares and the cancellation of treasury shares.  
In July, it applied to increase the amount of Authorized capital and amend the company's articles of association.  
In December, the amount of capital was 6,380,540,180 after the conversion of convertible bonds.

### **III. Corporate Governance Report**

3.1.1 Organization  
Organizational Structure



### 3.1.2 Main Business Operations

Department	Functions
Audit Committee	The main purpose is to supervise the following matters: 1. Appropriate expression of the company's financial statements. 2. The selection (dismissal) and independence and performance of certified accountants. 3. Effective implementation of the company's internal control. 4. The company complies with relevant laws and regulations. 5. The management and control of the company's existing or potential risks.
Compensation Committee	Formulate and regularly review the policies, systems, standards and structure of chairman and managers' performance evaluation and remuneration, as well as regular evaluations and determine their remuneration.
Chairman	The formulation of the company's long-term business development strategy. Comprehensive management of the entire company. Comprehensively manage the coordination of the organization and business of each unit. Shaping the company's corporate image and establishing external relations.
Audit Office	The establishment, revision and implementation of the internal audit system.
Manufacturing Business	Comprehensive management of the production and marketing operations of the Group's tape and film manufacturing businesses. Planning and management of operational strategies. Establishment of operating bases, customer development and management.
Real Estate Construction	Comprehensively managing the operation and management of group construction, hotel and other real estate businesses. Planning and management of operational strategies. Real estate development and management.
Packaging Material	Comprehensive management of the development and operation management of the packaging material channel of the Group. Planning and management of operational strategies. Establishment of operating bases, customer development and management.
Administrative Division	Responsible for risk control, administration, legal affairs, information technology, human resources and other related businesses, and provide support and assistance for overseas related affairs.
Finance Division	Responsible for finance, accounting and other related businesses, and directly governs the financial and accounting units domestic and abroad.
Investment Division	Responsible for group investment evaluation and execution of related business

## 3.2 Directors, Supervisors, General Manager, Deputy General Manager, Associates, Departments and Branch Officers Information

### 3.2.1 Directors and Supervisors

#### 1.Information about Directors

3 31,2022

Title	Nationality/Place of Incorporation	Name	Gender / Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	ROC	Ings Chyung International Co., Ltd.	-	06.20, 2019	3	06.28, 2016	37,720,070	6.62%	42,748,839	6.70%	-	-	-	-	-	-	-	-	-	-
		Representative: Zhixian Li	M 61-70	-	-	-	-	-	32,711,344	5.12%	4,479,704	0.70%	-	-	23rd ROC Youth Entrepreneurship, Chairman and General Manager of YEMCHHO Company, Master of Business Administration from Bellington University, USA	The company: none Other companies: Chairman of ENCHUAN International and Director of Behavior Tech Computer Corp.	CEO CEO	Shuwei Li Qizheng Li	Father and Son	-
Chair	ROC	Asia Plastics Co., Ltd.	-	06.20, 2019	3	06.28, 2013	37,152,456	6.52%	44,466,552	6.97%	-	-	-	-	-	-	-	-	-	-
		Representative: Sishan Lin	M 61-70	-	-	-	-	-	2,955,946	0.46%	2,113,693	0.33%	-	-	General Manager of Haojun Construction Co., Ltd., Chairman and General Manager of Hausen Construction Company ,Mingdao Middle School	The company: None Other companies: Chairman and General Manager of Hausen Construction Company	-	-	-	-
Independent Director	ROC	YanJun Chen	M 51-60	06.20, 2019	3	06.20, 2019	-	-	-	-	-	-	-	-	1.Chairman, General Manager, Chief Investment Strategy Officer of Can Star Netcom (Stock) Company 2.Chairman, Chief Executive Officer, Chief Risk Control Officer, General Manager of Group Finance of TSANN KUEN ENTERPRISE CO., LTD. 3.Chairman of Can Star International Travel Service (Stock) Company 4.Vice Chairman and Chief Strategy Officer of HOLA Hele (Stock) Company 5.Chief Financial Officer of HOLA (Stock) Company Group, Deputy General Manager of Business and Marketing Development Center. National Taiwan University Institute of International Enterprise	The Company: None Other Companies: Chairman of Junlin Co., Ltd., Independent Director of Universal Vision Biotechnology Co., Ltd., Director of Auras Technology Co., Ltd., Independent Director of TECO Electro Devices Co., Ltd.	-	-	-	-
Independent Director	ROC	Shun Fa Chen	M 51-60	06.20, 2019	3	06.20, 2019	-	-	-	-	-	-	-	-	Partner Accountant of PwC Taiwan Department of Accounting, National Chung Hsing University	The Company: None Head of Lucheng Management Other Companies:Consulting Co., Ltd., Independent Director of Xinchio Global Co., Ltd., Independent Director of Solidward Technology Co., Ltd., Independent Director of Auretek Corporation.	-	-	-	-
Independent Director	ROC	Jian Chuan Wang	M 61-70	06.20, 2019	3	06.20, 2019	-	-	-	-	10,593	0.00%	-	-	Advisor of the Ministry of Economic Affairs, member of the Industry Advisory Committee of the Ministry of Economic Affairs PhD in Economics, Purdue University	The Company: None Other Companies: Vice President of the China Economic Research Institute,Director of the Third Research Institute, Supervisor of ECSY Network Co., Ltd., the Corporate Director of the Asia Pacific Emerging Industry Management Co., Ltd.	-	-	-	-

Note:

1. Please refer to pages 367 to 377 for information on those concurrently serving as directors and supervisors of various affiliated companies of the company.

2. If the Chairman of the company and the General Manager or the person with equivalent position (the top manager) are the same person, each other's spouse or relatives, the reason, rationality, necessity and corresponding measures (such as increasing the number of independent directors) should be explained. Moreover, there should be more than half of the directors not serving as employees or managers, etc.

Related information: The Chairman of the company is also serving as the General Manager in order to improve operating efficiency and decision-making execution. At present, more than half of the directors of the Board of Directors do not serve as employees or Managers, however, in order to strengthen corporate governance, the company has actively trained suitable candidates. When the company held a re-election at the 2019 shareholders meeting, the number of independent directors that were elected was higher than that of ordinary directors in order to enhance the functions of the Board of Directors and strengthen the supervisory function. The Company's Board of Directors approved the re-assignment of the general manager on March 25, 2022, and the above situation no longer exists.

## 2. Corporate Shareholders

### Major shareholders of corporate shareholders

04 19,2022

Name of corporate shareholder	Major shareholders of corporate shareholders	Shareholding ratio%
Ings Chyuang International Co., Ltd.	Zhixian Li, Shuwei Li, Qizheng Li, Yujuan Wang, Asia Plastics Co., Ltd.	100%
Asia Plastics Co., Ltd.	Ings Chyuang International Co., Ltd., Yujuan Wang, Behavior Tech Computer Corp, Shuwei Li, Qizheng Li, Zhixian Li	100%

### Major shareholders of the Company's major institutional shareholders

04 19,2022

Name of corporate shareholder	Major shareholders of corporate shareholders	Shareholding ratio%
Asia Plastics Co., Ltd.	Ings Chyuang International Co., Ltd, Yujuan Wang, Behavior Tech Computer Corp, Shuwei Li, Qizheng Li, Zhixian Li	100%
Ings Chyuang International Co., Ltd.	Zhixian Li, Shuwei Li, Qizheng Li, Yujuan Wang, Asia Plastics Co., Ltd.	100%
Behavior Tech Computer Corp	Zhixian Li, Shuwei Li, Qizheng Li, Yujuan Wang	100%

### 3. Director's Information II

#### (1) The Disclosure of Directors’ Professional Qualifications and Independent Directors’ Independence Status:

Criteria			
Name	Qualifications and Experience	Independence Status	Number of other listed companies where he/she serves as an independent director
Director Ings Chyung International Co., Ltd. Representative: Li, Zhi-Xian	Master of Business Administration from Bellington University, USA The Founder of the Company, Chairman of YEMCHIO Company, 13th Chairman of TAAT, 23rd ROC Youth Entrepreneurship, has work experience in the areas of commerce, or otherwise necessary for the business of the company.	(1) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company. (2) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof. (3) Does not have a spouse, or a relative within the second degree of kinship who is also a director of the Company. (4) Does not fall under any of the conditions defined in Article 30 of the Company Act.	None
Director Asia Plastics Co., Ltd. Representative: Lin, Si-Shan	Mingdao Middle School, Chairman and General Manager of Hausen Construction Company, General Manager of Hausen Construction Company, has work experience in the areas of commerce, or otherwise necessary for the business of the company.	(1) Not an employee of the Company or any of its affiliates. (2) Not a director or supervisor of the Company or any of its affiliates. (3) Not a natural-person shareholder who holds shares, together with those held by the person’s spouse, minor children, or held by the person under others’ names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings. (4) Does not have a spouse or a relative within the second degree in the position of third level managers listed in (1) or personnel listed in (2), (3). (5) Not a director, supervisor, or employer of corporate shareholder who directly holds more than 5% of the total issued shares of the company, holds the top five shares, or appoints a representative as a director or supervisor of the company in accordance with Article 27 of the Company Act. (6) Not a director, supervisor, or employer of another company where more than half of the company’s director seats or voting shares are controlled by the same person. (7) Not the chairperson, general manager, or person holding an equivalent position in the company and a person in any of those positions at another company or institution nor the spouse thereof. (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company. (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof. (10) Does not have a spouse or a relative within the second degree of kinship as a director of the Company. (11) Does not fall under any of the conditions defined in Article 30 of the Company Act.	None

Independent Director Chen, Yan-Jun	National Taiwan University Institute of International Enterprise, the convener of the Audit Committee and member of the Remuneration Committee of the company, qualified as an accountant; Chairman of Junlin Co., Ltd., Independent Director of Universal Vision Biotechnology Co., Ltd., Supervisor of Auras Technology Co., Ltd., Independent Director of Teco Electro Device Co., Ltd., Chairman, General Manager, Chief Investment Strategy Officer of Can Star Netcom (Stock) Company, Chairman, Chief Executive Officer, Chief Risk Control Officer, General Manager of Group Finance of Tsann Kuen Enterprise Co., Ltd., Chairman of Can Star International Travel Service (Stock) Company, Special Force Vice Chairman and Chief Strategic Officer of Hele (Stock) Company, Chief Financial Officer of Tellus (Stock) Company Group, Deputy General Manager of the Business and Marketing Development Center, has accounting and finance abilities, has work experience in the area of commerce, finance, accounting, or otherwise necessary for the business of the company.	During the two years before being elected or during the term of office, each of the following independence assessment criteria were met: (1) Not an employee of the Company or any of its affiliates. (2) Not a director or supervisor of the Company or any of its affiliates (Does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country and concurrently serving as such at a public company and its parent or subsidiary or a subsidiary of the same parent company). (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings. (4) Does not have a spouse, relative within the second degree of consanguinity in the position of third level managers listed in (1) or personnel listed in (2), (3). (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. (Does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country and concurrently serving as such at a public company and its parent or subsidiary or a subsidiary of the same parent company). (6) Not a director, supervisor, or employer of another company where more than half of the company's director seats or voting shares are controlled by the same person. (Does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country and concurrently serving as such at a public company and its parent or subsidiary or a subsidiary of the same parent company). (7) Not a chairperson, general manager, or person holding an equivalent position in the company and a person in any of those positions at another company or institution or a spouse thereof. (Does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country and concurrently serving as such at a public company and its parent or subsidiary or a subsidiary of the same parent company). (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company. (Does not apply to the specified company or institution which holds 20% or more and no more than 50% of the total number of issued shares of the public company, and the independent directors appointed in accordance with the Act or the laws and regulations of the local country and concurrently serving as such at a public company and its parent or subsidiary or a subsidiary of the same parent company). (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations. (10) Does not have a spouse, or a relative within the second degree of kinship as any other director of the Company. (11) Does not fall under any of the conditions defined in Article 30 of the Company Act. (12) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.	2
Independent Director Chen, Shun-Fa	Department of Accounting, National Chung Hsing University, member of the Remuneration Committee and Audit Committee of the Company, qualified as CPA, Partner Accountant of PwC Taiwan, Head of Lucheng Management Consulting Co., Ltd., Independent Director of Solidwizard Technology Co., Ltd., Yem Chio Co., Ltd., and Aurotek Corporation, has work experience in the areas of commerce, finance, accounting or otherwise necessary for the business of the company.		3
Independent Director Wang, Jian-Chuan	PhD in Economics, Purdue University, the convener and member of the Remuneration Committee of the company, Vice President of the China Economic Research Institute/Director of the Third Research Institute, Supervisor of ECSY Network Co., Ltd., representative of the Corporate Director of the Asia Pacific Emerging Industry Management Co., Ltd., Advisor of the Ministry of Economic Affairs, member of the Industry Advisory Committee of the Ministry of Economic Affairs, the 9th Chairman of the Taiwan Asia-Pacific Industrial Analysis Professional Association, has work experience in the areas of commerce, or otherwise necessary for the business of the company.		None



## (2) Diversification and Independence of the Board of Directors:

### Diversification of the Board of Directors:

The Company's Board of Directors consists of five directors, all of which are male. The directors are aged between 50 and 60 years old and have extensive industry expertise and business background, which greatly enhances the independence and diversification of the Board of Directors allowing them to fully implement strategies and guidance. The board meetings are held at least once a quarter, and a total of 6 board meetings were held in 2021 with 100% attendance. Under the leadership of the Chairman of the Board, Mr. Li makes management decisions with his extensive expertise to enhance operational performance and lead the Board of Directors.

In accordance with the company's regulations and the "Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies", the appointments of directors should take into consideration the entire configuration of the Board of Directors, including abilities in terms of operational judgment, operations management, accounting and financial analysis, crisis handling, knowledge of the industry, international market perspective, leadership, and decision-making. At the same time, the Board of Directors also complies with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies", arranging for the directors to attend external trainings, such as the operation of the Board of Directors and supervisors and healthy corporate governance course, in order to strengthen their governance capabilities.

### The Specific Management Objectives

of The Board of Directors' Diversity Policy and their Status of Achievement are as Follows:

Objective	Status
Independent Directors exceeded one-third of the board seats	Achieved
Independent directors have not served more than 3 terms	Achieved
The number of directors serving as managers of the Company shall not exceed one-third of the total number of directors	Achieved
Sufficient and diversified professional knowledge and skills	Achieved

### The Independence Status of the Board of Directors:

Independence of the Board of Directors: The Board of Directors of the company consists of five directors, three of which are independent directors, accounting for 60% of all, two of the general directors, one is an external director, and no spouse or relative within the second degree of consanguinity among the directors, so the Board of Directors is independent in the administration of its responsibilities.

### 3.2.2 General Manager, Deputy General Manager, Associate, Heads of Departments and Branches

03 31, 2022

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
General Manager <sup>1</sup>	ROC	Zhixian Li	M	07 01,2017	32,711,344	5.12%	4,479,704	0.70%	—	—	23rd ROC Youth Entrepreneurship , Chairman of Yanzhou Company, Master of Business Administration from Bellington University, USA	Other companies: Chairman of Ings Chyung International Co., Ltd and Director of Behavior Tech Computer Corp.	CEO CEO	Shuwei Li Qizheng Li	Father Son
General Manager <sup>1</sup>	ROC	Shufeng,Fang	F	03 25,2022	319,000	0.05%	-	-			Master of Accounting, Northern Illinois University Pass the CPA Exam Passed the Taiwan Accountant Exam	None			
Group CEO <sup>2</sup>	ROC	Yousheng Lin	M	07 01,2018	381,102	0.06%	1,718	0.00%	—	—	Department of Sericulture, Cultural University	None	-	-	-
Deputy CEO <sup>3</sup>	ROC	Qiang Xie	M	11 08,2016	139,057	0.02%	255,780	0.04%	—	—	Secretary of Directorate General of Customs, Ministry of Finance & Master of Management, National Taiwan University	None	-	-	-
CEO	ROC	Qizheng Li	M	07 01,2018	5,529,236	0.87%	519,287	0.08%	—	—	Chief Operating Officer and Deputy Chief Executive Officer of Achem Technology Corporation in China, Master of Mechanical Engineering, National Taiwan University	Vice Chairman of Achem Technology Corporation	General manager CEO	Zhixian Li Shuwei Li	Father and son Brothers
CEO	ROC	Wenrong Jiang	M	07 01,2018	417,347	0.07%	7,767	0.001%	—	—	General Manager of Packaging Materials Division and Director of YemChio Company, National Chengchi University Business Management-Master of Global Taiwanese Business Class	Chairman of XinChio Global, Director of Master Bao (Shanghai) Company, Achem (Tianjin) Company and Achem (Wuhan) Company	-	-	-
CEO/ Financial Officer <sup>4</sup>	ROC	Shuwei Li	M	04.01,2020	5,760,436	0.90%	-	-	—	—	General Manager of Ningbo YemChio; Master of International Business, Ming Chuan University	Other Companies: Director of Wongchio Company	CEO General manager	Li Zhixian Qizheng Li	Father and son Brothers
Financial Officer <sup>4</sup>	ROC	Yungchieh, Chang	M	05.13,2021	8,474	0.00%			—	—	Deputy Audit Manager of Anhui Jianye United Certified Public Accountants, Manager of Finance Department of China Vehicle Division of Liuhe Enterprise Group Department of Accounting, Tamkang University	Foshan Yida Adhesive Products Co., Ltd., Wangzhou Development Co., Ltd., Chuangyi Investment Co., Ltd., Asian Chemical Co., Ltd., ASIACHEM Shanghai Company Director, Master Bao (Shanghai) Material Technology Co., Ltd., ASIACHEM (Wuhan) Co., Ltd., Wanzhou Technology ( Supervisor of Chengdu) Company, Wanzhou Adhesive Products (Jiangsu) Company, Global Financial Director of Xinzhou	-	-	-
Accounting Officer <sup>5</sup>	ROC	Xueru Liu	M	02.06,2018	7,000	0.00%	-	-	—	—	Master of Accounting, Cultural University	None	-	-	-
Accounting Officer <sup>5</sup>	ROC	Yuntin,Chou	F	03 25,2022	6,000	0.00%	-	-			Deputy Audit Manager of Qinye Zhongxin United Certified Public Accountants Department of Accounting, Soochow University	Director of Wangzhou Development Company	-	-	-

Corporate Governance Officer <sup>6</sup>	ROC	Yanzhong,Zheng	F	05/13/2021	334,451	0.05%	39,111	0.01%			Fu Jen Catholic University, Department of Accounting, National Taiwan University of Science and Technology, Graduate School of Management, EMBA Head of Audit Department of Zicheng United Certified Public Accountants	Supervisor of Chuangyi Investment Company, WH Group (Vietnam) Company, Director of Chuangfu Investment Company	-	-	-
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Note:

1. General Manager Li, Zhi-Xian resigned on March 25, 2022, Fong, Shu-Feng took over on March 25, 2022.
2. CEO Lin, Yo-Sheng retired on December 31, 2021, and became a consultant of the group on January 1, 2022.
3. Deputy CEO Xie, Qiang retired on June 30, 2021, and became a consultant of the group on July 2021.
4. Finance Officer Li, Shu-Wei resigned on May 13, 2021, Chang, Yung-Chieh took over on May 13, 2021.
5. Accounting Officer Liu, Xue-Ru resigned on March 25, 2022, Chou, Yun-Ting took over on March 25, 2022.
6. Corporate Governance Officer Zheng, Yan-Zhong held office on May 13, 2021.
7. Please refer to pages 367 to 377 for information on those concurrently serving as directors and supervisors of various affiliated companies.
8. If the Chairman of the company and the General Manager or the person with equivalent position (the top manager) are the same person, each other's spouse or relatives, the reason, rationality, necessity and corresponding measures (such as increasing the number of independent directors) should be explained. Moreover, there should be more than half of the directors not serving as employees or managers, etc.

Related information: The Chairman of the company is also serving as the General Manager in order to improve operating efficiency and decision-making execution. At present, more than half of the directors of the Board of Directors do not serve as employees or Managers, however, in order to strengthen corporate governance, the company has actively trained suitable candidates. When the company held a re-election at the 2019 shareholders meeting, the number of independent directors that were elected was higher than that of ordinary directors in order to enhance the functions of the Board of Directors and strengthen the supervisory function. The Company's Board of Directors approved the re-assignment of the general manager on March 25, 2022, and the above situation no longer exists.

### 3.2.3 Remuneration of Directors (Including Independent Directors), Supervisors, President, and Vice Presidents

#### Remuneration of Directors (Including Independent Directors)

Unit: NT\$ thousands

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) and to Net Income (%) <sup>8</sup>		Relevant Remuneration Received by Directors who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) And to Net Income (%) <sup>8</sup>		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary <sup>9</sup>
		Base Compensation (A) <sup>2</sup>		Severance Pay (B)		Directors Compensation(C) <sup>3</sup>		Allowances (D) <sup>2</sup>				Salary, Bonuses, and Allowances (E) <sup>5</sup>		Severance Pay (F)		Employee Compensation (G) <sup>6</sup>						
		The company	All companies in the consolidated financial statements <sup>7</sup>	The company	Companies in the consolidated financial statements <sup>7</sup>	The company	Companies in the consolidated financial statements <sup>7</sup>	The company	Companies in the consolidated financial statements <sup>7</sup>	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements <sup>7</sup>	The company	Companies in the consolidated financial statements <sup>7</sup>	The company		Companies in the consolidated financial statements <sup>7</sup>		The company	Companies in the consolidated financial statements	
Chairman	Ings Chyuang International Co., Ltd Representative : Zhixian Li	60	60	-	-	-	-	-	-	60/0.0069%	60/0.0069%	2,337	2,337	-	-	70	-	70	-	2,467/0.284%	2,4670.284%	None
Director	Asia Plastics Co., Ltd. Representative : Sishan Lin	60	60	-	-	-	-	36	36	96/0.011%	96/0.011%	-	-	-	-	-	-	-	-	96/0.011%	96/0.011%	None
Independent Director	YanJun Chen	60	60	-	-	-	-	36	36	96/0.011%	96/0.011%	-	-	-	-	-	-	-	-	96/0.011%	96/0.011%	None
Independent Director	Jian Chuan Wang	60	60	-	-	-	-	36	36	96/0.011%	96/0.011%	-	-	-	-	-	-	-	-	96/0.011%	96/0.011%	None
Independent Director	Shun Fa Chen	60	120	-	-	-	-	36	66	96/0.011%	186/0.0214%	-	-	-	-	-	-	-	-	96/0.011%	186/0.0214%	None

1. Please state the policy, system, standard and structure of the remuneration payment for independent directors, and state the relevance to the amount of remuneration based on the responsibilities, risks, investment time and other factors: the company's directors' remuneration currently adopts a fixed amount.

2. Except as disclosed in the above table, the remuneration received by the directors of the company for providing services to all companies in the financial report (such as serving as a consultant for parent company/ all company in financial statements/ non-employees of the reinvestment business, etc.) in the most recent year: 619 thousands NTD dollars.

Note:

1. The names of directors should be listed separately (corporate shareholders should list the names of corporate shareholders and their representatives separately), and general directors and independent directors should be listed separately, and the payment amounts should be disclosed in a summary. If the director is also the general manager or deputy general manager, please fill in this form and the following table (3-1), or the following table (3-2-1) and (3-2-2).

2. Refers to the remuneration of directors in the most recent year (including directors' salary, post bonus, severance payment, various bonuses, incentives, etc.).

3. It is to fill in the amount of directors' remuneration approved by the Board of Directors in the most recent year.
4. Refers to the director's relevant business execution expenses in the most recent year (including transportation allowance, special expenses, various allowances, dormitories, car allocation, etc.). When providing housing, cars and other means of transportation or exclusive personal expenses, the nature and cost of the assets provided as well as the actual or fair market price, rent, fuel and other payments should be disclosed. In addition, if there is a driver, please note the relevant remuneration paid by the company to the driver, but it will not be included in the remuneration list.
5. Refers to the recent year for concurrent directors and employees, (including general manager, deputy general manager, other managers and employees) received including salary, job bonus, severance payment, various bonuses, incentives, transportation allowance, special expenses, various allowances, dormitories, car distribution and other physical provisions and so on. When providing housing, cars and other means of transportation or exclusive personal expenses, the nature and cost of the assets provided, the actual or fair market price, rent, fuel and other payments should be disclosed. In addition, if there is a driver, please note the relevant remuneration paid by the company to the driver, but it will not be included in the remuneration. In addition, salary expenses recognized in accordance with IFRS 2 "Share Based Payment", including obtaining employee stock options, restricting employee rights, new shares, and participating in cash capital increase subscription for shares, should also be included in the remuneration list.
6. Refers to those who have received employee remuneration (including stocks and cash) for concurrent directors and employees (including concurrently serving as general manager, deputy general manager, other managers and employees) in the most recent year, the amount of employee remuneration distributed by the Board of Directors in the most recent year shall be disclosed. If it can't be estimated, the proposed distribution amount for this year shall be calculated based on the actual distribution amount last year and filled in Appendix Table 1-3.
7. The total amount of remuneration paid to the directors of the company by all companies (including the company) in the consolidated report shall be disclosed.
8. Net profit after tax refers to the net profit after tax of the individual or individual financial report in the most recent year.
- 9a. This column should clearly state the amount of relevant remuneration received by the directors of the company from the non-subsidiary transfer investment business or the parent company (if none, please fill in "none").
- 9b. If the directors of the company receive relevant remuneration from non-subsidiary investment business or the parent company, the remuneration received by the company's directors from the non-subsidiary investment business or the parent company shall be included in column I of the remuneration scale table. And change the field name to "Parent company and all reinvested businesses".
- 9c. Remuneration refers to the remuneration of employees, directors and supervisors and business execution expenses received by the directors of the company as directors, supervisors or managers of non-subsidiary investment enterprises or parent companies' remuneration.
- \*The content of the remuneration disclosed in this table is different from the income concept of the income tax law, so the purpose of this table is for information disclosure and not for taxation.

## Remuneration of the President and Vice Presidents

Unit: NT\$ thousands

Title	Name	Salary (A) <sup>2</sup>		Severance Pay (B)		Bonuses and Allowances (C) <sup>3</sup>		Employee Compensation (D) <sup>4</sup>				Ratio of total compensation (A+B+C+D) and to net income (%) <sup>8</sup>		Compensation Paid to the President and Vice Presidents from an Invested Company Other than the Company's Subsidiary <sup>9</sup>
		The company	Companies in the consolidated financial statements <sup>5</sup>	The company	Companies in the consolidated financial statements <sup>5</sup>	The company	Companies in the consolidated financial statements <sup>5</sup>	The company		Companies in the consolidated financial statements <sup>5</sup>		The company	Companies in the consolidated financial statements <sup>5</sup>	
								Cash	Stock	Cash	Stock			
General Manager	Zhixian Li	5,088	12,441	146	254	707	8,423	165	0	618	0	6,106/ 0.70%	21,736 2.50%	None
Group CEO <sup>1</sup>	Yousheng Lin													
Manufacturing Business Group CEO	Qizheng Li													
Distribution Business Group CEO	Wenrong Jiang													
Manufacturing Business Group Deputy CEO <sup>2</sup>	Qiang Xie													
Real estate business group CEO/ Financial Officer <sup>3</sup>	Shuwei Li													

\*Regardless of job title, anyone whose position is equivalent to general manager or deputy general manager (for example: president, chief executive officer, director... etc.) should be disclosed.

Note:

1. CEO Lin, Yo-Sheng retired on December 31, 2021, and became a consultant of the group on January 1, 2022.

2. Deputy CEO Xie, Qiang retired on June 30, 2021, and became a consultant of the group on July 1, 2021.
3. Finance Officer Li, Shu-Wei resigned on May 13, 2021, Chang, Yung-Chieh took over on May 13, 2021.

### \* Table of Range of Remuneration

Range of Remuneration	Name of President and Vice Presidents	
	Companies in the consolidated financial statements <sup>6</sup>	Companies in the consolidated financial statements <sup>7,E</sup>
Under NTS 2,000,000	Qiang Xie	Qiang Xie
NT\$2,000,000 ~ NT\$4,999,999	Zhixian Li, Shuwei Li	Zhixian Li, Shuwei Li, Qiang Xie, Yousheng Lin, Qizheng Li
NT\$5,000,000 ~ NT\$9,999,999		Wenrong Jiang
NT\$10,000,000 ~ NT\$14,999,999		
NT\$15,000,000 ~ NT\$29,999,999		
NT\$30,000,000 ~ NT\$49,999,999		
NT\$50,000,000 ~ NT\$99,999,999		
Over NT\$100,000,000		
Total	3	6

Note:

1. The names of the general manager and deputy general managers shall be listed separately, and the payment amounts shall be disclosed in a summary. If the director is also the general manager or deputy general manager, please fill out this form and the above form (1-1), or (1-2-1) and (1-2-2).
2. It is to fill in the salary of the most recent annual general manager and deputy general managers, position additions, and severance pay.
3. It is to fill in the amount of various bonuses, incentives, transportation allowance, special expenses, various allowances, dormitories, car distribution and other remunerations provided by the general manager and deputy general managers in the recent year. When providing housing, cars and other means of transportation or exclusive personal expenses, the nature and cost of the assets provided, the actual or fair market price, rent, fuel and other payments should be disclosed. In addition, if there is a driver, please note the relevant remuneration paid by the company to the driver, but it will not be included in the remuneration. In addition, salary expenses recognized in accordance with IFRS 2 "Share Based Payment", including obtaining employee stock options, restricting employee rights, new shares, and participating in cash capital increase subscription for shares, should also be included in the remuneration list.
4. It is to fill in the amount of employee compensation (including stocks and cash) approved by the Board of Directors to distribute to the general manager and deputy general managers in the most recent year. If it can't be estimated, the proposed distribution amount for this year shall be calculated based on the actual distribution amount last year and filled in Appendix Table 1-3.
5. The total amount of remuneration paid by all companies (including the company) to the general manager and deputy general managers of the company in the consolidated report shall be disclosed.
6. The name of the general manager and deputy general managers should be revealed in the attribution level in the total amount of remuneration paid by company to each general manager and deputy general manager.
7. The total amount of remuneration paid to every general manager and deputy general managers of the company by all companies (including the company) in the consolidated report shall be disclosed.
8. Net profit after tax refers to the net profit after tax of the individual or individual financial report in the most recent year.
- 9a. This column should clearly state the amount of relevant remuneration received by the general manager and deputy general managers of the company from the non-subsidiary transfer investment business or the parent company (if none, please fill in "none").
- 9b. If the general manager and deputy general managers of the company receive relevant remuneration from non-subsidiary investment business or the parent company, the remuneration received by the company's general manager and deputy general managers from the non-subsidiary investment business or the parent company shall be included in column I of the remuneration scale table. And change the field name to "Parent company and all reinvested businesses".
- 9c. Remuneration refers to the remuneration of employees, directors and supervisors and business execution expenses received by the directors of the company as directors, supervisors or managers of non-subsidiary investment enterprises or parent companies remuneration.

\*The content of the remuneration disclosed in this table is different from the income concept of the income tax law, so the purpose of this table is for information disclosure and not for taxation.

### 3.2.4 Name of managers who distribute employee compensation and the distribution status

Unit: NT\$ thousands

	Title <sup>1</sup>	Name <sup>1</sup>	Employee Compensation - in Stock (Fair Market Value)	Employee Compensation - in Cash	Total	Ratio of Total Amount to Net Income (%)
Executive Officers	General Manager (Newly appointed on July 1, 2017)	Zhixian Li	0	757	0	0.09%
	CEO (Became a consultant of the group on January 1, 2022.)	Yousheng Lin				
	CEO	Qizheng Li				
	Deputy CEO (Became a consultant of the group on July 1, 2021.)	Qiang Xie				
	CEO	Wenrong Jiang				
	CEO/Financial Officer (Resigned on May 13, 2021)	Shuwei Li				
	Financial Officer (Newly appointed on May 13, 2021)	Yungchieh, Chang				
	Accounting Officer (Newly appointed on February 6, 2018)	Xueru Liu				
	Corporate Governance Officer	Yanzhong, Zheng				

Note:

- Individual names and titles should be disclosed, but the profit distribution can be disclosed in a summary .
- It is to fill in the amount of employee compensation (including stocks and cash) approved by the Board of Directors for the distribution of managers in the most recent year. If it cannot be estimated, the proposed distribution amount for this year will be calculated based on the actual distribution amount last year. Net profit after tax refers to the net profit after tax in the most recent year; if IFRS has been adopted, net profit after tax refers to the net profit after tax of the individual or individual financial report in the most recent year.
- The scope of application of managers according to Taiwan-Financial-Securities-III- No.0920001301 is as follows:
  - General manager and equivalent position
  - Deputy general manager and equivalent position
  - Associate and equivalent position



(4) Financial Officer

(5) Accounting Officer

(6) Others who have the right to manage affairs and sign for the company

4. If the director, general manager and deputy general manager receive employee compensation (including stocks and cash), in addition to filling in the Appendix Table 1-2 , they should also fill out this form.

**3.2.5 Comparison of Remuneration for Directors, Supervisors, General Manager and Deputy General Managers in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, General Manager and Deputy General Managers**

(1) The ratio of total remuneration to the net income

Title	Ratio of total remuneration to the net income in 2020		Ratio of total remuneration to the net income in 2021	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Director	0.99%	2.95%	0.75%	2.57%
Supervisor				
General Manager and Deputy General Manager				

(2) The company's remuneration to the chairman, directors and supervisors is in accordance with the regulations and is based on the extent of participation in the company's operations and the value of contribution, which is to be determined by the Board of Directors. In addition, the company's remuneration to the General Manager is divided into salary, year-end bonus and remuneration for employees without stock dividend from retained earnings. The remuneration standard or structure and system of the company's payment of directors, supervisors, and general managers will be adjusted according to risk factors in the future. Because the current remuneration is currently adopting a fixed amount and the remuneration level is the lowest in the domestic and foreign industries, the correlation between business performance and the future risk of pursuing remuneration is relatively low.

### 3.3 Implementation of Corporate Governance

#### 3.3.1 Board of Directors

A total of 6 (A) meetings of the Board of Directors were held in the previous period. The attendance of the directors and supervisors were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Chairman	Ings Chyung International Co., Ltd Representative: Zhixian Li	6	—	100%	Re-elected on 2019/6/20
Director	Asia Plastics Co., Ltd. Representative: Sishan Lin	6	—	100%	Re-elected on 2019/6/20
Independent Director	YanJun Chen	6	—	100%	Newly-elected on 2019/6/20
Independent Director	Jian Chuan Wang	6	—	100%	Newly-elected on 2019/6/20
Independent Director	Shun Fa Chen	6	—	100%	Newly-elected on 2019/6/20

Other items worth noting:

1.1 Matters referred to in Article 14-3 of the Securities and Exchange Act.

Meeting Date (Session)	Resolution	Opinions of the Audit Committee and the company's handling of the opinions of the Audit Committee
2021/03/04 (1st meeting in 2021)	1. Case of subsidiary applying for a credit line from a financial institution, endorsed and guaranteed by the company.	Approved by all the independent directors
2021/05/13 (2nd meeting in 2021)	1. Case of subsidiary applying for a credit line from a financial institution, endorsed and guaranteed by the company. 2. Proposal to lend funds to subsidiaries 3. Proposal to Acquire Four Land Parcels at 633, 633-1, 634 and 634-1, Section 3, Taisan Road, Taishan District, New Taipei City. 4. Proposal to amend part of the provisions for the processing procedures for acquisition or disposal of assets. 5. Case B of proposing to change the company's financial supervisor. 6. Proposal to Pre-sale THE ONE project in Xinzhuang, New Taipei City - housing inventories and parking lots of YemChio to related parties.	Approved by all the independent directors
2021/08/06 (4th meeting in 2021)	1. Case of subsidiary applying for a credit line from a financial institution, endorsed and guaranteed by the company. 2. Proposal to lend funds to subsidiaries	Approved by all the independent directors
2021/09/15 (5th meeting in 2021)	1. Proposal to dispose of property, plant and equipment of the company's subsidiary in China, Achem Petrochemical (Jiangsu) Co., Ltd.	Approved by all the independent directors

2021/11/10 (6th meeting in 2021)	1. Proposal to lend funds to subsidiaries. 2. Proposal to amend part of the provisions of the company's "Regulations of Management of the procedures for the preparation of financial statements".	Approved by all the independent directors
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1.2 Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the Board of Directors.:None

2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

1. On May 13, 2021, the Board of Directors' meeting was held to discuss the pre-sale of THE ONE in Xinzhuang, New Taipei City - housing inventories and parking lots of YemChio - to a related party. The Chairman, Mr. Zhi-Xian Li, and the counterparty, Mr. Qi-Zheng Li and Mr. Shu-Wei Li, who are immediate family members, recused themselves from the discussion and voting on this case because of conflict of interest.

3. The implementation of the Board of Directors evaluation:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Execute once a year	2021/1/1~2021/12/31	Overall performance evaluation of the Board of Directors, individual directors and functional committees	Internal self-evaluation of the Board of Directors, self-evaluation of directors and self-evaluation of functional committees	The measurement items for the performance evaluation of the Board of Directors include the following aspects: The measurement items for the performance evaluation of the Board of Directors include the following aspects: (1) Participation in company operations, (2) Improvement of the quality of board decisions, (3) Board of Directors composition and structure, (4) Director selection and continuous education, (5) Internal control. The functional committee's self-performance evaluation measures include the following aspects: (1) Participation in company operations, (2) Awareness of the responsibilities of the functional committee, (3) Improvement of the decision-making quality of the functional committee, (4) Composition of the functional committee, and member selection, (5) Internal control.

4. The objectives of strengthening the functions of the Board of Directors in the current and recent years (such as establishing an audit committee, enhancing information transparency, etc.) and evaluation of the implementation: The company has set up an audit committee to replace the supervisory authority after the full re-election of the Board of Directors and supervisors on June 20, 2019, in order to strengthen the functions of the Board of Directors.

The operation of the Board of Directors is in compliance with the "Procedures for the Board of Directors of Publicly Offered Companies", and important resolutions will be announced to the public information observatory immediately after the Board of Directors' meeting, so as to fully disclose the information and protect the

rights and interests of shareholders.

Note: The actual attendance rate (%) is calculated based on the number of meetings of the Board of Directors and the actual number of attendance during the period of their employment.

### 3.3.2 Audit Committee (or Attendance of Supervisors at Board Meetings)

The audit committee of the company is composed of all independent directors. The operation of the audit committee is mainly for the supervision of the following matters:

- (1) Appropriate expression of the company's financial statements.
- (2) The selection (dismissal) and independence and performance of certified accountants.
- (3) Effective implementation of the company's internal control.
- (4) Company's compliance with relevant laws and regulations.
- (5) The management and control of the company's existing or potential risks.

The focus of the audit committee's annual auditing work:

- (1) Annual financial report.
- (2) Formulating or revising the internal control system.
- (3) Evaluation of the effectiveness of the internal control system.
- (4) Formulating or modifying the processing procedures for major financial business activities involving acquisition or disposal of assets, engaging in derivative commodity transactions, lending funds to others, endorsing or providing guarantees for others.
- (5) Matters involving the director's own interest.
- (6) Major asset or derivative commodity transactions, major capital loans, endorsements or guarantees.
- (7) Raising, issuing or private placement of equity securities.
- (8) Appointment, dismissal or remuneration of certified public accountants.
- (9) Appointment and dismissal of financial, accounting or internal audit supervisors.

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

independent directors were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Independent Director	Yan jun Chen	5	0	100%	Set up the first audit committee in 2019/6/20
Independent Director	Jian Chuan Wang	5	0	100%	
Independent Director	Shun Fa Chen	5	0	100%	
Other items worth noting:					
1. If the operation of the Audit Committee is in one of the following circumstances, the date, period, the content of the motion, the objections, reservations or significant recommendations of the independent directors, resolution of the Audit Committee, and the company's handling of the Audit Committee's opinions shall be stated.					
1.1 Matters referred to in Article 14-5 of the Securities and Exchange Act.					
Date of Meeting (Period)	Resolution content			Independent Directors' Dissenting or Qualified Opinions and Significant Advice, Resolutions of The Audit Committee and the Company's Handling to the Audit Committee's Opinions	
2021.03.04 (9th time of the 1st committee)	1. The business report, financial report and consolidated financial report of the company in 2020. 2. Case of 2020 earnings distribution and capitalization of retained earnings. 3. Case of subsidiary applying for a credit line from a financial institution, endorsed and guaranteed by the company. 4. Case of "Internal Control System Effectiveness Assessment" and "Draft Statement of the Internal Control System" in 2020.			All the participating members passed the proposal without objection. Approved by all participating directors.	
2021.05.13 (10th time of the 1st committee)	1. Case of subsidiary applying for a credit line from a financial institution, endorsed and guaranteed by the company.			All the participating members passed the proposal without objection. Approved by all participating directors.	

	2. Proposal to lend funds to subsidiaries	All the participating members passed the proposal without objection. Approved by all participating directors.
	3. Amendment of 2020 earnings distribution and capitalization of retained earnings.	All the participating members passed the proposal without objection. Approved by all participating directors.
	4. Proposal to Acquire Four Land Parcels at 633, 633-1, 634 and 634-1, three of Taishan Section of Taishan District, New Taipei City.	All the participating members passed the proposal without objection. Approved by all participating directors.
	5. Proposal to amend part of the provisions of the company's "Procedures for the acquisition or disposal of assets".	All the participating members passed the proposal without objection. Approved by all participating directors.
	6. Case B of proposing to change the company's financial officer	All the participating members passed the proposal without objection. Approved by all participating directors.
	7. Proposal to Pre-sale THE ONE project in Xinzhuang, New Taipei City - housing inventories and parking lots of YemChio - to a related party.	All the participating members passed the proposal without objection. Recusal of one director, approval of the other directors present
2021.08.06 (11th time of the 1st committee)	1. Case of subsidiary applying for a credit line from a financial institution, endorsed and guaranteed by the company. 2. Proposal to lend funds to subsidiaries.	All the participating members passed the proposal without objection. Approved by all participating directors.
2021.09.15 (12th time of the 1st committee)	1. Proposal to dispose of property, plant and equipment of the company's subsidiary in China, Achem Petrochemical (Jiangsu) Co., Ltd.	All the participating members passed the proposal without objection. Approved by all participating directors.
2021.11.10 (13th time of 1st committee)	1. Proposal to lend funds to subsidiaries. 2. Proposal to amend part of the provisions of the company's "Regulations on the Management of the procedures for the preparation of financial statements".	All the participating members passed the proposal without objection. Approved by all participating directors.

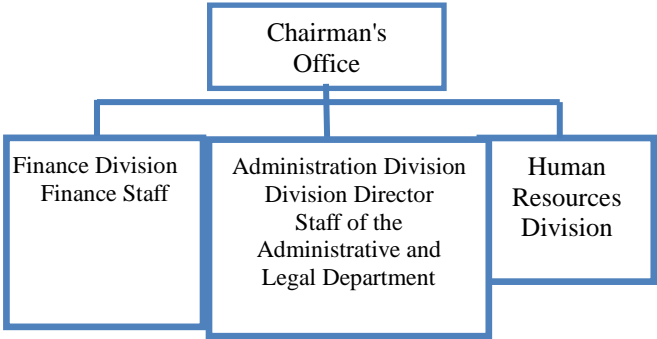
- 1.2 Except for the previous matters, other matters that have not been approved by the audit committee but have been agreed to by more than two-thirds of all directors: None.
2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None
3. The communication status between independent directors and internal audit supervisors, accountants (should include major matters, methods and results of communication on the company's financial and business conditions, etc.):
  - 3.1 Independent directors and the internal audit officer can communicate with each other at any time by e-mail, telephone or meeting as needed. If there is a major abnormal event, a meeting can also be convened at any time, and the communication channels are diverse and smooth. The internal audit officer of the company delivers the previous month's audit report or follow-up report to independent directors for inspection every month, and the independent directors will give their responses or opinions depending on the necessity of the report.
  - 3.2 Besides the company's certified public accountants reporting to independent directors on the audit or review of financial reports, they should also hold a law promotion conference within the company at least once a year, to update new knowledge of fiscal and taxation laws and related measures to respond to related impacts. Normally, independent directors and accountants can communicate with each other by e-mail, telephone or meeting any time as needed. Independent directors and accountants of the company should have a close communication.

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

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	✓		The company has formulated and disclosed the Corporate Governance Best-Practice Principles, and placed it on the company's website simultaneously.	None
2. Shareholding structure & shareholders’ rights				
(1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		(1) The company has formulated and implemented it. There is an area in the website for interested parties to deal with shareholder suggestions, doubts, disputes and litigation matters, product and service issues and suggestions.	(1)None
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		(2) The company and the stock agency regularly keeps track of the list of the company's major shareholders and their controllers.	(2)None
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	✓		(3) The assets, finances, and accounting of the affiliated companies are all independent operations. The relevant departments of the company regularly and irregularly audit the affiliated companies that hold the control, so as to avoid the risks of the company from the abuses of the affiliated companies.	(3)None
(4) Does the company establish internal rules against insider trading with undisclosed information?	✓		(4) The company has formulated the "Administrative Measures for the Prevention of Insider Trading" that prohibits company insiders from using undisclosed information on the market to buy and sell securities and expose them on the company's website.	(4)None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
3. Composition and Responsibilities of the Board of Directors				
(1) Has the Board of Directors established a diversity policy, set goals, and implemented them accordingly?		✓	(1) Hasn’t been developed yet.	(1) Diversification policy has not yet been established
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	✓		(2) The company set up a salary and remuneration committee in November 2011, and an audit committee in June 2019, but has not yet set up various other functional committees.	(2) None
(3) Does the company establish a standard to measure the performance of the Board, and implement it annually?		✓	(3) In November 2020, the company formulated the performance evaluation method for the Board of Directors and conducted an annual performance evaluation. The performance evaluation results for fiscal year 2021 were reported to the Board of Directors in March 2022.	(3) None
(4) Does the company regularly evaluate the independence of CPAs?	✓		(4) The company refers to the Bulletin No. 10 of the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, "Integrity, impartiality, objectivity, and independence" to formulate evaluation items, and regularly report to the Board of Directors (Last Board Meeting is on May 13, 2021) every year to evaluate the independence and competence of CPAs. After evaluation, their independence and competence are all compliant.	(4) None



Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
4. Does the company set up a corporate governance unit or appoint personnel responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, handling work related to the meetings of the Board of Directors and the shareholders' meetings, filing company registration and changes to company registration, and producing minutes of the board meetings and shareholders' meetings)?	✓		<p>The Administration Office is a specific duty (concurrent) unit of corporate governance, responsible for corporate governance-related affairs. The Head of Corporate Governance was appointed on May 13, 2021 and the appointment was approved by the Board of Directors and reported to the competent authorities..</p> <p>1. Member composition and responsibilities:</p>  <pre> graph TD     CO[Chairman's Office] --&gt; FD[Finance Division Finance Staff]     CO --&gt; AD[Administration Division Division Director Staff of the Administrative and Legal Department]     CO --&gt; HRD[Human Resources Division] </pre> <p>Director of the Administrative Division: Responsible for the overall planning of corporate governance-related affairs and regularly reports to the Board of Directors.</p> <p>Risk Management Administration Personnel: perform corporate governance-related affairs and formulate internal corporate governance-related regulations and systems.</p> <p>Commissioner of the Finance Department: Prepare written records of the Board of Directors and shareholders' meeting minutes.</p> <p>2. Terms of reference: (1) Provide information required by the directors and supervisors to perform their business (2) Assisting directors and supervisors to comply with laws and regulations, and handle matters related to the Board of Directors and shareholders meeting in accordance with the law (3) Business execution situation in the current year</p> <p>3. Work plan: Implement and execute in accordance with the stipulated corporate governance-related affairs.</p> <p>4. Implementation frequency: At least once a year, attend the board of directors and report on corporate governance related matters.</p>	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		<p>The company has established a special area for interested parties on the company's website, and there is a dedicated person who can immediately respond to related issues which the interested parties are concerned about. Distinguished categories and responders:</p> <p>(1) Contact person and spokesperson for shareholder opinions: Fong, Shu-Feng</p> <p>(2) Shareholder appeal window: Zheng, Yan-Zhong</p> <p>(3) Sales customer contact window: Lin, Chun-Hui</p> <p>(4) Supplier contact window: Pan Lin</p> <p>Communication with Interested Parties:</p> <p>1. Date of the investor conference: 2021/12/21</p> <p>2. Time of the investor conference: 15:00</p> <p>3. Location of the investor conference: 19F, No. 2, Sec. 1, Chongqing S. Rd., Taipei City, Taiwan (R.O.C.)</p> <p>4. Optional information for the investor conference: The company was invited to participate in the investor conference organized by SinoPac Securities. The meeting explained the company's operating scale.</p> <p>5. Communication issues and responses:</p> <p>Investor A ask: As a traditional plastic and chemical industry, does Yem Chio have any active actions for carbon reduction and transformation issues?</p> <p>Company's reply: In response to the global awareness of carbon reduction in recent years, Yem Chio has launched a carbon management project to reduce energy consumption and emissions. In addition to appointing external consultants and setting a target of reducing energy consumption by 30% within five years, Yem Chio is also planning to introduce the ISO 50001 energy management system to prepare for a carbon free environment. In terms of innovation and transformation, YemChio has taken the establishment of a digital headquarters as a starting point, and is gradually planning to promote energy management systems, intelligent manufacturing systems, etc. Yem Chio will achieve a transformational business model through digital technology, so as to create new competitive advantages and identify new motivation for future growth through digital transformation in the traditional manufacturing industry.</p>	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The company has appointed a professional stock agent to conduct related affairs of the shareholders meeting	None
7. Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance? (2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)? (3) Does the company announce and report the annual financial report within two months after the end of the fiscal year, and announce and report the financial report for the first, second and third quarters and the operating conditions of each month before the prescribed deadline?	✓  ✓	✓	(1) The company has set up a website and designated a person to be responsible for the collection and disclosure of company information, and disclose financial business and corporate governance information on the company's website. (2) The company has established a contact person for shareholder's opinions and a spokesperson on the company's website, who can respond immediately to and disclose relevant information such as shareholders and interested parties. (3) The company failed to announce and report the annual financial report within two months after the end of the fiscal year, and failed to announce and report the first, second, and third quarter financial reports and operating conditions of each month before the prescribed deadline.	(1) None (2) None (3) Strive to announce and declare early
8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	✓		1. The company has always treated employees with integrity and protected their legitimate rights and interests in accordance with relevant laws and regulations. It has established a complete employee welfare system and a good education and training system to establish a good relationship with employees. 2. In March 2019, a human rights policy was formulated to protect the rights and interests of employees. 3. The company immediately provides relevant laws and regulations updated by the securities regulatory authority for the directors to read, so that the directors can immediately understand the latest laws and regulations. 4. On May 13, 2021 an advanced training course for directors was arranged and reported to the competent authority. 5. In June 2021, the Company renewed the liability insurance for the directors.	None
9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures. 1. Overall rating results total score in 2019 (6th) "Corporate Governance Evaluation" of the company: among listed company ranking range: 51%~65%. The results in the 2021 (8th) "Corporate Governance Evaluation" is in progress. 2. The company will pay more attention to ESG (environmental, social and corporate governance) issues and continue to promote energy saving and carbon reduction programs.				

### 3.3.4 Composition, Responsibilities and Operations of the Remuneration Committee

The company's Board of Directors approved the establishment of its salary and remuneration committee. Its members are appointed through the resolution of the Board of Directors. Its main responsibilities are to regularly review directors, supervisors and managers' performance evaluation and remuneration policies, systems, standards and structures, and submit their recommendations to the Board of Directors. Discuss.

#### 1. Information on the members of the Salary and Compensation Committee

2021.12.31

Title <sup>1</sup>	Criteria Name	Qualifications and Experience <sup>2</sup>	Meets the Independence Criteria <sup>3</sup>	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member
Independent Director	Jian Chuan Wang	Please refer to pages 15 Director's Information II	Please refer to pages 15 Director's Information II	0
Independent Director	Yan Jun Chen			2
Independent Director	Shun Fa Chen			3

#### 2. Information on the operation of the Salary and Compensation Committee

(1) There are 3 members in the Remuneration Committee.

(2) The term of office of the current members: From August 12, 2019 to June 19, 2022

A total of 2 (A) Remuneration Committee meetings were held in 2020. The attendance record of the Remuneration Committee members is shown below:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Convener	Jian Chuan Wang	2	0	100	
Committee member	Yan Jun Chen	2	0	100	
Committee member	Shun Fa Chen	2	0	100	

Other items worth noting:

1. If the Board of Directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the Company's response to the remuneration committee's opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.
2. Resolutions of the remuneration committee objected to by members or reservations on such were voiced out and recorded or declared in writing, the date of the meeting, session, content of the motion, all the members' opinions and the response to the members' opinions should be specified:
  1. First meeting of the year was on May 13, 2021.  
Case A: To evaluate the remuneration of the company's managers regularly.  
The motion was discussed and passed with no objection by all members present with applause.
  2. Second meeting of the year was on November 10, 2021.  
Case A: To review the policies, systems, standards and structures for performance evaluation and remuneration of the Company's managers.  
Proposed by members for amendment at the next meeting, the original content was approved by all the members with applause.

Note:

- (1) If a member of the remuneration committee resigns before the end of the year, the date of resignation should be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of meetings of the remuneration committee during their employment and the actual number of attendances.
- (2) Before the end of the year, if the remuneration committee is re-elected, the new and old remuneration committee members should be listed, and the remarks column should indicate whether the member is old, new or re-elected and the date of re-election. The actual attendance rate (%) is calculated based on the number of meetings of the remuneration committee during their employment and their actual attendance.

### 3.3.5 Sustainable Development Implementation Status as Required by the Taiwan Financial Supervisory Commission

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration <sup>2</sup>	
1. Does the Company have a governance structure for sustainable development, and establish a dedicated (or ad-hoc) sustainable development unit under the senior executive authorized by the Board of Directors, which is supervised by the Board of Directors?	✓		<p>1. The ESG, Energy Conservation and Carbon Reduction Group was launched in June 2021, with the Chairman of the Board of Directors as the convener and all subsidiaries and plants of the group have energy managers who are responsible for implementing energy saving projects.</p> <p>2. 2021 Implementation Status:</p> <p>(1) The group's Energy Conservation and Carbon Reduction Group is the top unit for sustainability decisions.</p> <p>(2) Target: To reduce energy consumption by 30% within 5 years from May 2021. The group has a convener, a vice convener, an executive secretary, an energy program manager, and a plant energy manager.</p> <p>(3) Responsibilities of each plant energy manager:</p> <p>1. To organize cross-departmental energy-saving teams in each plant.</p> <p>2. To plan and integrate various energy saving proposals (including energy information and energy efficiency evaluation).</p> <p>3. To implement various energy saving programs in each department.</p> <p>4. To track each energy saving proposal.</p> <p>5. To attend an energy saving meeting.</p> <p>6. Operation: To submit a monthly energy saving report and review the effectiveness of energy saving measures.</p> <p>(4) To receive supervision from the Board of Directors</p>	None
2. Corporate Governance Implementation Does the company declare its corporate social responsibility policy and examine the results of the implementation? <sup>2</sup>	✓		In 2021, the company formally established an environment-related energy saving and carbon reduction team to implement the company's various energy saving policies to reduce carbon emissions, with the goal of reducing energy consumption by 30% within 5 years from May 2021.	None
3. Sustainable Environment Development (1) Does the company establish proper environmental management systems based on the characteristics of their industries?	✓		<p>1. Abide by and cooperate with the implementation of the various systems and policies of the group in ESG.</p> <p>Obtain ISO 14001 certification and validity period:</p> <p>Changhua Coastal Plant: 2020/09/11~2023/08/30</p> <p>Yangmei Plant: 2021/01/10~2024/01/09</p> <p>2. According to the different attributes of the business unit, an appropriate</p>	None

			environmental protection management system has been formulated, and monthly 6S safety and sanitation inspection, scoring competition and improvement of deficiency in each area led by senior managers.	None
2) Is the Company committed to improving resource efficiency and to the use of renewable materials with low environmental impact??	✓		The company is committed to improving the efficiency of resource utilization, such as purchasing a PP particle reproducer at cost, and recycling the film by-products and waste during film production if it is still usable, in order to reduce the impact on the environment and resource usage.	None
3) Does the Company evaluate current and future climate change potential risks and opportunities and take measures related to climate related topics?	✓		The company attaches great importance to the issue of carbon emissions and has made the assessment of the draft amendment to the "Volatile Organic Pollutants Control and Emission Standards of Adhesive Tape Manufacturers" a priority item and has taken relevant measures in response. Since 2018, in response to the government's policy of renewable energy, the company has been cooperating with power companies to install solar power generation equipment with a total capacity of 1,302.195 kW and 3,858.25 kW on the roofs of the Yangmei and Changhua Coastal plant, respectively. In 2021, in accordance with the "Regulations for the Management of Setting up Renewable Energy Power Generation Equipment of Power Users above a Certain Contract Capacity" issued by the Bureau of Energy, Ministry of Economic Affairs, the company conducted an evaluation of the storage equipment combined with reasonable power consumption management and peak power consumption management. In 2022, the ISO 50001 energy management system is expected to be introduced in Changhua Coastal plant and Yangmei plant to identify and manage the risks associated with future energy supply, measure and monitor energy usage to improve, so as to enhance overall performance and reduce energy consumption and expenses, lower carbon emissions and achieve carbon reduction targets.	None

(4) Does the company make statistics on greenhouse gas emissions, water consumption, and total waste volume in the past two years, and formulate policies for energy saving and carbon reduction, greenhouse gas reduction, water reduction, or other waste management measures?	✓	<table><tr><td colspan="3">(4) Greenhouse gas emissions in the past two years: 2021 Greenhouse Gas Emissions by Category (Film Factories)</td></tr><tr><td>Percentage of emissions in each category</td><td>Category1</td><td>Category2</td></tr><tr><td>Greenhouse gas emissions (metric tons CO2e/year)</td><td>7946.99</td><td>33929.18</td></tr><tr><td>Percentage of total emissions (%)</td><td>18.98</td><td>81.02</td></tr><tr><td colspan="3">2021 Greenhouse Gas Emissions by Category (Tape Factory)</td></tr><tr><td>Percentage of emissions in each category</td><td>Category1</td><td>Category2</td></tr><tr><td>Greenhouse gas emissions (metric tons CO2e/year)</td><td>3563</td><td>2613</td></tr><tr><td>Percentage of total emissions (%)</td><td>58%</td><td>42%</td></tr><tr><td colspan="3">2020 Greenhouse Gas Emissions by Category (Film Factories)</td></tr><tr><td>Percentage of emissions in each category</td><td>Category1</td><td>Category2</td></tr><tr><td>Greenhouse gas emissions (metric tons CO2e/year)</td><td>7577.88</td><td>33063.42</td></tr><tr><td>Percentage of total emissions (%)</td><td>18.65</td><td>81.35</td></tr><tr><td colspan="3">2020 Greenhouse Gas Emissions by Category (Tape Factory)</td></tr><tr><td>Percentage of emissions in each category</td><td>Category1</td><td>Category2</td></tr><tr><td>Greenhouse gas emissions (metric tons CO2e/year)</td><td>3429.89</td><td>2679.17</td></tr><tr><td>Percentage of total emissions (%)</td><td>56.14</td><td>43.86</td></tr></table>	(4) Greenhouse gas emissions in the past two years: 2021 Greenhouse Gas Emissions by Category (Film Factories)			Percentage of emissions in each category	Category1	Category2	Greenhouse gas emissions (metric tons CO2e/year)	7946.99	33929.18	Percentage of total emissions (%)	18.98	81.02	2021 Greenhouse Gas Emissions by Category (Tape Factory)			Percentage of emissions in each category	Category1	Category2	Greenhouse gas emissions (metric tons CO2e/year)	3563	2613	Percentage of total emissions (%)	58%	42%	2020 Greenhouse Gas Emissions by Category (Film Factories)			Percentage of emissions in each category	Category1	Category2	Greenhouse gas emissions (metric tons CO2e/year)	7577.88	33063.42	Percentage of total emissions (%)	18.65	81.35	2020 Greenhouse Gas Emissions by Category (Tape Factory)			Percentage of emissions in each category	Category1	Category2	Greenhouse gas emissions (metric tons CO2e/year)	3429.89	2679.17	Percentage of total emissions (%)	56.14	43.86	
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4. Preserving Public Welfare																																																			
(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓	(1) Regulations of employee service and ethics has been formulated and a human rights policy has been formulated in March 2019 to protect the rights and interests of employees.	None																																																
(2) Does the company formulate and implement reasonable employee welfare measures (including remuneration, vacation and other benefits, etc.), and appropriately reflect operating performance or results in employee remuneration?	✓	(2) 1. Business bonus, production bonus, executive bonus, and research and development bonus have been introduced to recognize operating performance or results as appropriate on employee remuneration. 2. and implement reasonable employee welfare measures (such as employee travel subsidies, festival gifts, birthday gifts, etc.). 3. In January 2021, the health management unit was arranged to conduct a cardiovascular disease prevention seminar and provide external resources for non-company annual health checks. 4. In February 2021, a stress treatment seminar was provided as a welfare item for employees after work.																																																	



(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	✓		<p>(3) A safe and healthy working environment for employees has been provided, and safety and health education has been implemented for employees on a regular basis.</p> <p>a. Every summer, implement the prevention and eradication of pests (fleas, mosquitoes, cockroaches, etc.) in the work area.</p> <p>b. Conduct health checkups for all employees every two years, and conduct follow-up health management and promotion based on the results of the health checkups.</p> <p>Date of last employee health check: October 15, 2021.</p> <p>c. Promote the proposal improvement system to strengthen the improvement of the working environment and personnel safety.</p>	None
(4) Does the company provide its employees with career development and training sessions?	✓		<p>(4) Yes, in order to achieve career development for new employees, general employees, intermediate and senior management positions, the corresponding courses are arranged.</p> <p>1. On January 15 and May 21, 2021, a seminar was held for new employees to build awareness on the corporate culture.</p> <p>2. In 2021, general employee orientation courses were held on April 23, August 13, September 23, October 22 and November 5 to improve fundamental job requirements (e.g., problem analysis and solving, expression and communication, creativity enhancement, etc.).</p> <p>3. On March 19, May 7 and August 31, 2021, professional function courses were held to enhance employees' on-the-job capabilities (e.g., negotiation strategies, agile project management, etc.).</p> <p>4. On April 16, May 14, October 15, November 10 and 19, and December 16, 2021, intermediate and senior management courses were held to strengthen the advanced management skills of executives (e.g., team development, training of subordinates, cross-departmental communication, systematic thinking and rational decision-making, corporate employee remuneration, corporate transformation workshops, etc.).</p>	<p>None</p> <p>None</p>
(5) Does the Company's product and service comply with related regulations and international rules for customers' health and safety, privacy, sales, labelling and set policies to protect consumers' or customers' rights and consumer appeal procedures?	✓		(5) Yes, the consumer complaint procedure is listed on the website.	
(6) Does the company formulate supplier management policies that require suppliers to implement relevant regulations on environmental protection, occupational safety and health, or labor hazards, and how to implement them?	✓		(6) For major suppliers, there is a requirement to sign a "Social Responsibility Declaration Commitment". If the manufacturer's raw materials are found to contain hazardous substances that violate the laws and regulations, the purchaser will be required to immediately send a letter to notify the manufacturer for improvement; if the	

			manufacturer cannot cooperate with the improvement, the contract will be terminated immediately or a search for a non-harmful substitute will be conducted.	
5. Does the company refer to internationally accepted standards or guidelines for preparing Sustainability Reports and other reports that expose the company's non-financial information? Has the pre-disclosure report obtained the assurance or verification of a third-party verification unit?	✓		The corporate social responsibility report has been compiled with reference to internationally accepted standards or guidelines and the reports are listed on the company's website. The report has not been verified by a third-party unit yet.	None
6. If the Company has established its sustainable development code of practice according to the "Listed Companies Sustainable Development Code of Practice," please describe the operational status and differences: No discrepancy.				
7. Other important information to facilitate a better understanding of the Company's implementation of sustainable development : 1 The company has always treated employees with integrity and protected their legitimate rights and interests in accordance with relevant laws and regulations. The company has established a complete employee welfare system and a good education and training system to establish a good relationship with employees. 2. In March 2019, a human rights policy was formulated to protect the rights and interests of employees. 3. The company immediately provides the relevant laws and regulations revised by the securities authorities to the directors for reference, so that the directors can immediately understand the latest laws and regulations. 4. Since June 2019, the company purchased liability insurance for directors every year, and the insurance has been renewed in 2020. 5. The implementation of social responsibility to promote sustainable development in 2021 was included in the report of the Board of Directors on November 10, 2021. Contents: Donation to the Taoyuan Enterprise Association, donation to the Nung Chan Monastery for the construction of a temple and a monastery, and donation of protective coveralls to Beunen Foundation due to the COVID-19 pandemic...and 21 other units.				

Note:

1. If the "Yes" box is checked, please describe the important policies, strategies and measures adopted and the implementation status. If it is "No", then please describe the differences and reasons in the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" column, and explain the future implementation plans of the relevant policies, strategies and measures.
2. If the company has prepared a corporate social responsibility report, the operation situation may indicate the method of consulting the corporate social responsibility report and the index page to replace it.
3. The principle of materiality refers to those who have a significant impact on the company's investors and other interested parties related to environmental, social and corporate governance issues.

### 3.3.6. Situation of Ethical Corporate Management & Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons

The group to which the company belongs has clearly formulated the "Code of Integrity Management", and "Integrity" is even one of the four business concepts, which consists of integrity, stability, innovation and sustainability. Everyone who grows up in this corporate culture can look upon everything around with a sincere heart. Regardless of ourselves or others, products or customers, we all abide by this principle of good faith, and this is the company's greatest achievement in talent education, and it is the fundamental reason why the company has won the trust of customers.

In addition, the company also requires employees in the service code not to use their job relationships to request gifts and invitations from others, and employees should abide by the relevant laws and regulations applied in the execution of the business.

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs (1) Does the company declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its Board to implement the policies?	✓		(1) The group to which the company belongs has clearly formulated the "Code of Integrity Management", which has been approved by the Board of Directors. Both the Board of Directors and senior management follow this code.	None
(2) Does the company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, and the commitment to implement the policies?	✓		(2) The group has established a code of conduct for employees, which serves as a guide for employees' operating procedures and conduct, and is used to prevent dishonest behavior. a. Offering and receiving bribes. b. Providing illegal political donations. c. Improper charitable donations or sponsorships. d. Providing or accepting unreasonable gifts, entertainment or other improper benefits. e. Infringement of trade secrets, trademark rights, patent rights, copyrights and other intellectual property rights. f. Engaging in acts of unfair competition. g. Products and services that directly or indirectly damage the rights, health and safety of consumers or other interested parties when they are researched and developed, purchased, manufactured, provided or sold.	None
	✓			

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(3) Does the company clearly define operating procedures, behavioral guidelines, punishment and appeal systems for violations in the plan for preventing dishonest behavior, and implement them, and regularly review the plan before revision?			(3) The company has formulated the "Administrative Measures for the Prevention of Insider Trading" and affiliated group has formulated the "Key points for the implementation of the anti-corruption mechanism" to prevent from offering and receiving bribes and the provision of illegal political contributions, etc., and have been reviewed and revised regularly.	None
2. Fulfill operations integrity policy (1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	✓		(1) The company conducts credit investigation and credit limit control for its trading partners, and the contract also stipulates that they must abide by the principle of good faith.	None
(2) Does the company set up a dedicated unit under the Board of directors to promote corporate integrity management, and regularly (at least once a year) report to the Board of Directors regarding its integrity management policies, plans for preventing dishonest behavior, and supervision of implementation?	✓		(2) In order to promote corporate integrity management units, the Administrative Division regularly (at least once a year) reports to the Board of Directors regarding its integrity management policies, prevention of dishonest behavior plans and supervision and implementation, and the audit supervisor is present at the meeting of the Board of Directors simultaneously.	None
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	✓		(3) When a conflict of interest occurs, the group headquarters will take note of the statement and coordinate.	None
(4) Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management, and are they audited by either internal auditors or CPAs on a regular basis?	✓		(4) In order to implement the effective accounting and internal control system that the company has established for honest operations, internal auditors adopt irregularly scheduled project inspections.	None
(5) Does the company regularly hold internal and external educational trainings on operational integrity?	✓		(5) The company regularly organizes education and training related to integrity management every year. 2021/10/1(Fri.) 09:00 ~ 16:30 a. Number of Attendees: 68 people including directors and supervisors of packaging materials in Taiwan. b. Subjects: 1. Budgeting & operations review of 2022. 2. Legal Affairs Office: Legal education seminar. 3. Human Resources Division: Notes to recruitment. 4. Business: Applications import, new product introduction & information sharing, online channel information sharing and logistics distribution - data analysis report	None

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>3. Operation of the integrity channel</p> <p>(1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?</p> <p>(2) Does the company establish standard operating procedures for confidential reporting on investigating accusation cases?</p> <p>(3) Does the company provide proper whistleblower protection?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) The group to which the company belongs has formulated the "Key points for the implementation of the anti-corruption mechanism", clearly specifying the audit office as the unit to accept reports, and expose it on the company's website.</p> <p>(2) The standard operating procedures for the investigation of reported matters and the relevant confidential mechanism are formulated in the "Key Points for the Implementation of the Anti-Corruption Mechanism". In November 2018, the report and investigation measures were formulated and announced to accept the investigation of the report. Furthermore, in October, November of 2019 and February of 2020, the relevant inspections of the accepted cases by the audit executive were carried out.</p> <p>(3) The "Key points for the implementation of the anti-corruption mechanism" and the "Report and Investigation Measures" have expressly emphasized the responsibility of protecting whistleblowers.</p>	<p>None</p> <p>None</p> <p>None</p>
<p>2. Strengthening information disclosure</p> <p>Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?</p>	<p>✓</p>		<p>(1) The company's code of integrity management has been disclosed on the company's website.</p> <p>(2) The Human Resource Division conducts advocacy and requires newcomers to read during the quarterly education and training of newcomers, and regularly reviews the content compliance.</p> <p>New employee orientation was held on January 15 and September 11 in 2021.</p> <p>Outline:</p> <p>a. Meet with the Chairman: The Chairman of the Board of Directors participated in the seminar to share the group's development, management philosophy (integrity, stability, innovation, and sustainable management) and corporate culture, and collected colleagues' questions via an electronic spreadsheet beforehand and provided them to the Chairman.</p> <p>b. The Group Approval Authority and Staff Code</p> <p>The description of the group's approval authority and staff codes, whistleblowers' terms and staff mailboxes to establish a basic awareness for staff.</p> <p>c. Staff Career Guidance</p> <p>Introduction of each division executive through an organizational chart (with contact information for each unit) and guidance for personal development.</p>	<p>None</p>
<p>3. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation:</p>				

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
The company has formulated a code of integrity management and disclosed it on the company’s website. There is no major difference between its operation and the established code.				
4. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies): The company has formulated the key points for the implementation of the anti-corruption mechanism, staff code of conduct, and reporting and investigation methods to implement the determination to operate with integrity.				

Note: Regardless of whether the evaluation item is achieved or not, the company shall state an appropriate explanation.

### 3.3.7 Corporate Governance Guidelines and Regulations

The company and its subsidiaries have formulated the corporate governance code and related regulations, which are regularly and irregularly scheduled to be disclosed on the company website according to the regulations. The company website: <http://www.ycgroup.tw/>

**3.3.8 Other Important Information Regarding Corporate Governance:** None.

### 3.3.9 Internal Control Systems

The implementation status of the internal control system shall disclose the following matters:

#### (1) Declaration of the Internal Control System

Date:2022/03/25

Based on the results of self-assessment, the company's internal control system in 2021 hereby declares as follows:

1. The company is ensured that the establishment, implementation and maintenance of the internal control system is the responsibility of the company's Board of Directors and managers, and the company has established this system. Its purpose is to achieve the objectives of operation effectiveness and efficiency (including profitability, performance, asset safety protection, etc.), reporting reliability, timeliness, transparency, and compliance with relevant regulations and compliance with relevant laws and regulations, and provide reasonable guarantee.
2. The internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide a reasonable guarantee for the achievement of the three objectives above. Moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the company's internal control system has a self-monitoring mechanism. As long as the defect is identified, the company will take corrective action.
3. The company judges whether the design and implementation of the internal control system are effective in accordance with the judgment items on the effectiveness of the internal control system stipulated in the "Criteria for Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Criteria"). The internal control system judgment items adopted in the "Criteria for Internal Control" are based on the process of management control, which divides the internal control system into five components: (1) Environment Control (2) Risk Assessment (3) Operations Control, (4) Information and Communication, and (5) Supervisory Operation. Each component includes several items. For the items mentioned above, please refer to the "Criteria for Internal Control."
4. The company has adopted the internal control system judgment items mentioned above to evaluate the effectiveness of the design and implementation of the internal control system.
5. Based on the evaluation results of the preceding paragraph, the company believes that the company's internal control system (including supervision and management of subsidiaries) as of December 31, 2021, includes understanding the effectiveness of operations and the extent to which the efficiency objectives are achieved, and the design and implementation of the internal control system is reliable, timely, transparent and in compliance with relevant regulations and relevant laws and that the regulations are effective, which can reasonably ensure the achievement of the above objectives.
6. This statement will become the main content of the company's annual report and public prospectus, and will be made public. If there are false or concealed content in the above disclosure, it will involve legal liabilities under Article 20, Article 32, Article 171, and Article 174 of the Securities Exchange Law.
7. This statement was approved by the company's Board of Directors on March 25, 2022. All the five directors present agreed with the content of this statement and made this statement.

YEM CHIO CO., LTD.

Chairman: Zhixian Li authorized

General Manager: Zhixian Li authorized

(2) Those who entrust an accountant to review the internal control system should disclose the accountant's review report: None.

### 3.3.10 Major Resolutions from the Shareholders' Meeting and Board Meetings

In the most recent year and as of the publication date of the annual report, if the company and its internal personnel have been punished in accordance with the law, or the company has imposed penalties on its internal personnel for violation of the internal control system, and if the result of the penalty may have a significant impact on the shareholders' rights or the price of securities, the content of the penalty, main deficiencies and improvements shall be specified: From January 2021 to the publication date of the annual report, the company was penalized for a total of 0 cases.

### 3.3.11 Important resolutions from the shareholders meeting and Board of Directors' meeting in the most recent year and as of the publication date of the annual report:

#### Important Resolutions from the General Meeting of Shareholders on July 7, 2021

- (1) Recognition of the 2020 business report and financial statements. Implementation status: Resolution passed.
- (2) Recognition of the 2020 earnings appropriation case. Implementation status: Issuance of Cash dividends on August 17, 2021.
- (3) Approved the amendment to the "Articles of Association".  
Implementation status: Handle company-related affairs in accordance with the revised articles of association.
- (4) Approval of capital increase to issue new shares from surplus. Implementation status: : Issuance of Capital Increase Shares on October 25, 2021.
- (5) Approved the amendment to the "Processing Procedures for Fund Loan and Endorsement Guarantee". Implementation status: Handle related affairs in accordance with the revised processing procedures.

Important resolutions of the Board of Directors for the year 2021 and as of April 20, 2022:

Date of Meeting	Important Resolutions
2021/3/04	<ol style="list-style-type: none"> <li>1. Approved the company's business report, financial report and consolidated financial report of 2020.</li> <li>2. Approval of 2020 earnings distribution and capitalization of retained earnings.</li> <li>3. Approval of the company's proposal to apply for credit lines from financial institutions.</li> <li>4. Approved the joint credit case of which in order to repay debts and enrich the funds needed for the working capital, Taiwan Cooperative Bank Co., Ltd. handles a total credit line equivalent to NT\$3 billion (Within 20% of adjustment of the total credit line) for the credit bank group of the management bank.) Hereinafter referred to as "the credit case".</li> <li>5. Approved the case of a subsidiary applying for a credit line from a financial institution, endorsed and guaranteed by the company.</li> <li>6. Approved the case of conversion of eighth and ninth secured convertible bonds to issuance of new stocks, and drafting of the reference date for the issuance of new shares.</li> <li>7. Approval of setting the capital reduction benchmark date for the company's twelfth purchase of shares (treasury stocks).</li> <li>8. Approved the employee remuneration distribution proposal in 2020.</li> <li>9. Approval of the "Internal Control System Effectiveness Assessment" and "Draft Statement of the Internal Control System" in 2020.</li> <li>10. Approved to amend part of the company's "Articles of Incorporation".</li> <li>11. Approval to convene the company's 2021 shareholders' meeting.</li> </ol>
2021/5/13	<ol style="list-style-type: none"> <li>1. Approval of the company's proposal to apply for credit lines from financial institutions.</li> <li>2. Approval of a subsidiary applying for a credit line from a financial institution, endorsed and guaranteed by the company.</li> <li>3. Approval of the company to lend funds to subsidiaries.</li> <li>4. Approval of the amendment of surplus distribution and capital increase by retained earnings in 2020.</li> <li>5. Approval of the independence and competence assessment of the company's CPAs</li> <li>6. Approval of the conversion of eighth and ninth secured convertible bonds to issuance of new stocks, and drafting of the reference date for the issuance of new shares.</li> <li>7. Approval of the Acquisition of Four Land Parcels at 633, 633-1, 634 and 634-1, three of Taishan Section of Taishan District, New Taipei City.</li> <li>8. Approval of the amended part of the provisions of the company's "Procedures for the acquisition or disposal of assets".</li> </ol>



	<p>9. Approval of the replacement of the financial supervisor of the company.</p> <p>10. Approval of the appointment of the corporate governance officer of the Company.</p> <p>11. Approval of the regular evaluation of the salary and remuneration of the company's managers</p> <p>12. Approval of the pre-sale of THE ONE project in Xinzhuang, New Taipei City - housing inventories and parking lots of YemChio - to related parties.</p>
2021/6/17	1. Approval of the rescheduling of the date and location of the 2021 annual shareholders' meeting of the Company.
2021/8/6	<p>1. Approval of the company's proposal to apply for credit lines from financial institutions.</p> <p>2. Approval of a subsidiary applying for a credit line from a financial institution, endorsed and guaranteed by the company.</p> <p>3. Approval of the company to lend funds to subsidiaries.</p> <p>4. Approval of the conversion of the eighth and ninth secured convertible bonds to issuance of new stocks, and drafting of the reference date for the issuance of new shares.</p> <p>5. Approval of drafting of the reference date for the capitalization of the surplus earnings and the dividend shares.</p>
2021/9/15	1. Approval of the disposal of property, plant and equipment of the company's subsidiary in China, Achem Petrochemical (Jiangsu) Co., Ltd.
2021/11/10	<p>1. Approval of the company's proposal to apply for credit lines from financial institutions.</p> <p>2. Approval of the company to lend funds to subsidiaries.</p> <p>3. Approval of the conversion of the eighth and ninth secured convertible bonds to issuance of new stocks, and drafting of the reference date for the issuance of new shares.</p> <p>4. Approved to amend part of the provisions of the company's "Regulations of Management of the procedures for the preparation of the financial statements".</p> <p>5. Approval of the 2022 audit plan.</p> <p>6. Approval of the review of the company's managerial performance evaluation and salary remuneration policies, systems, standards and structure proposals.</p>
2022/03/25	<p>1. Approved the company's business report, financial report and consolidated financial report of 2021.</p> <p>2. Approval of the surplus distribution in 2021.</p> <p>3. Approval of a subsidiary applying for a credit line from a financial institution, endorsed and guaranteed by the company.</p> <p>4. Approval of the company's proposal to apply for credit lines from financial institutions.</p> <p>5. Approval of the transfer of 62.3% equity interest of Foshan Inder Adhesive Product Co., Ltd. ("Foshan Inder") to WanChio Adhesive Product (JiangSu) Co., Ltd. ("WanChio Adhesive"), a 100% indirectly owned subsidiary, Achem Technology China Limited ("Achem China"), in exchange for new shares issued by WanChio Adhesive.</p> <p>6. Approval of the conversion of the eighth and ninth secured convertible bonds to issuance of new stocks, and drafting of the reference date for the issuance of new shares.</p> <p>7. Approval of the replacement of the general manager of the company.</p> <p>8. Approved the employee remuneration distribution proposal in 2021.</p> <p>9. Approval of the replacement of the accounting supervisor of the company.</p> <p>10. Approval of the "Internal Control System Effectiveness Assessment" and "Draft Statement of the Internal Control System" in 2021.</p> <p>11. Approved to amend part of the company's "Articles of Incorporation".</p> <p>12. Approval of the amended part of the provisions of the company's "Procedures for the acquisition or disposal of assets".</p> <p>13. Approval of the drafting of the "Procedures for the Preparation and Verification of the Corporate Social Responsibility Report".</p> <p>14. Approval of the regular evaluation of the salary and remuneration of the company's managers.</p> <p>15. Approval of the amendment to the Company's "Director Remuneration Management Act".</p> <p>16. Approval of the election of directors (including independent directors) for the 2022 Annual Shareholders' Meeting.</p> <p>17. Approval of the nomination of candidates for directors (including independent directors) by the Board of Directors.</p> <p>18. Approval of the release of the company's newly appointed directors from the prohibition of non-competition.</p> <p>19. Approval to convene the company's 2022 shareholders' meeting.</p>

**3.3.12 The main content in which the directors or supervisors have different opinions on important resolutions passed by the Board of Directors in the most recent year and up to the date of publication of the annual report and have records or written statements:**

None.

**3.3.13 A summary of the resignation and dismissal of the company's chairman, general manager, accounting supervisor, financial officer, internal audit officer, corporate governance officer, and R&D officer in the most recent year and as of the printing date of the annual report:**

As of 2022/4/20

Title	Name	Date on Board	Dismissal date	Reason for Resignation Or Dismissal
Financial Officer	Shuwei Li	2020.04.01	2021.05.13	Job transfer
General Manager	Zhixian Li	2017.07.01	2022.03.25	In line with the needs of operational development.
Accounting Officer	Xueru Liu	2018.02.06	2022.03.25	Job transfer

### 3.4 Information Regarding the Company's Audit Fee and Independence

#### 3.4.1 Audit Fee

(Unit:NT\$ thousands)

Accounting Firm	Name of CPA	CPA's Audit Period	Audit Fee	Non-audit Fee	Total	Remarks
PwC Taiwan	Yifan Lin	2021.01.01 -2021.12.31	3,410	1,551	4,961	
	Jinchan Chen					

Note:

Non-audit public expenses refer to the payment of 1. Tax visa 2. Tax service 3. Financial report translation 4. Project consultation.

**3.4.2 Audit fee paid during the replacement of the accounting firm and the replacement year is less than the audit fee of the previous year: None.**

**3.4.3 Audit fee has been reduced by more than 10% compared with the previous year:**

Audit fee of previous year	Audit fee this year	Difference amount	Difference Ratio	Reason
3,900	3,410	(490)	-12.56%	Group integration

**3.5 Replacement of CPA:None**

**3.6 The Employment of the Company's Chairman, General Manager, Financial or Accounting Manager with the Firm of the Auditing CPA or Its Affiliated Businesses in the Past Year: None.**

### 3.7 Changes in shareholding of Directors, supervisors, managers, and shareholders whose shareholding ratio exceeds 10%:

Title	Name	2021 (The number of turnovers as of the time of dismissal)		The current year as of March 31 (The number of turnovers as of the time of dismissal)	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman himself	Ings Chyung International Co., Ltd.	2,395,403	0	0	0
Chairman's legal representative/General Manager	Zhixian Li	1,532,959	0	0	0
Director	Asia Plastics Co., Ltd.	4,410,357	0	310,000	0
Director representative	Sishan Lin (newly appointed on 2019.06.20)	165,634	0	0	0
Independent Director	Yan Jun Chen (newly appointed on 2019.06.20)	0	0	0	0
Independent Director	Jian Chuan Wang (newly appointed on 2019.06.20)	0	0	0	0
Independent Director	Shunfa Chen (newly appointed on 2019.06.20)	0	0	0	0
General Manager	Shufeng Fang (newly appointed on 2022.3.25)	-	-	0	0
Deputy General Manager/Finance Officer	Shuwei Li	659,910	0	0	0
Deputy General Manager	Yousheng Lin (dismissed on 2021.12.31)	21,354	0	-	-
Deputy General Manager	Jiang Wenrong (newly appointed on 2019.06.20)	23,385	0	0	0
Deputy General Manager	Qizheng Li (newly appointed on 2019.06.20)	609,827	0	0	0
Deputy General Manager	Qiang Xie (dismissed on 2021.7.1)	0	0	-	-
Financial Officer	Yungchieh, Chang (Newly appointed on 2021.05.13)	474	0	0	0
Accounting Officer	Yuntin, Chou (Newly appointed on 2022.03.25)	-	-	0	0
Accounting Officer	Xueru Liu (dismissed on 2022.03.25)	415	0	0	0
Corporate Governance Officer	Yanzhong, Zheng (Newly appointed on 2021.05.13)	18,740	0	0	0

### Share Trading Information

Name <sup>1</sup>	Reason for Transfer <sup>2</sup>	Date of Transaction	Transferee	Relationship between Transferee and Directors, Supervisors, Managers and Major Shareholders	Shares	Transaction Price (NT\$)
Zhixian Li	Gift	2021.01.13	Shuwei Li	first-degree relatives	150,000	None
		2021.01.14	Shuwei Li	first-degree relatives	150,000	None

Note:

- These are the names of the company's directors, supervisors, managers, and shareholders who hold more than 10% of the shares.
- This table indicates the acquisition or penalty.

**Share pledge Information : Not applicable**

### 3.8 Relationship among the Top Ten Shareholders

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees <sup>3</sup>		Remarks
	Shares	%	Shares	%	Shares	%	Shares	%	Shares
Behavior Tech Computer Corp Representative: Yujuan Wang	44,466,552	6.97%	—	—	—	—	Note	Note	
	4,479,704	0.70%	32,711,344	5.12%	—	—			
Ings Chyung International Co., Ltd. Representative: Zhixian Li	43,464,666	6.81%	—	—	—	—	Note	Note	
	4,479,704	0.70%	32,711,344	5.12%	—	—			
Asia Plastics Co., Ltd. Representative: Yujuan Wang	42,748,839	6.70%	—	—	—	—	Note	Note	
	32,711,344	5.12%	4,479,704	0.70%	—	—			
Zhixian Li	32,711,344	5.12%	4,479,704	0.70%	—	—	Note	Note	
Yangjun Zheng	23,835,613	3.73%	—	—	—	—	—	—	
Investment account of BVI YEM CHIO company entrusted to keep by Mega International Commercial Bank	16,822,281	2.64%	—	—	—	—	—	—	
Hexie Investment Co., Ltd. Representative: Yanzhong Zheng	13,352,853	2.09%	—	—	—	—	-	-	
	334,451	0.05%	39,111	0.01%	—	—			
Hongrun Liu	6,431,011	1.01%	—	—	—	—	—	—	
Shuwei Li	5,760,436	0.90%	—	—	—	—	Note	Note	
Qizheng Li	5,529,236	0.87%	519,287	0.08%	—	—	Note	Note	

Note:

The relationship between Zhixian Li and Shuwei Li, Qizheng Li is father and son, Shuwei Li and Qizheng Li are brothers, Zhixian Li serves as directors of Behavior Tech Computer Corp. and Ings Chyung International Co., Ltd, and Shuwei Li and Qizheng Li serve as directors of Asia Plastics Co., Ltd., Behavior Tech Computer Corp. and Ings Chyung International Co., Ltd., Ings Chyung International Co., Ltd. and Behavior Tech Computer Corp. are shareholders of Asia Plastics Co., Ltd., and Asia Plastics Co., Ltd. is a shareholder of Ings Chyung International Co., Ltd.,

### 3.9 Comprehensive shareholding ratio

Unit: shares/ %

Re-Invested Businesses (Note)	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/ Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Yem Chio (Bvi) Co., Ltd.	47,117,523	100%	0	0	47,117,523	100%
<u>Achem Technology Corporation</u>	399,904,848	100%	0	0	399,904,848	100%
<u>Xin Chio Global Co., Ltd.</u>	25,710,120	41.76%	14,930,000	24.22%	40,640,120	65.98%
Chuangyi Investment Co., Ltd.	2,594,286	100%	0	0	2,594,286	100%
Wongchio CO., LTD.	34,507,664	100%	0	0	34,507,664	100%

Note: Refers to the company's investment using the equity method on December 31, 2021.

#### **IV. Capital Overview**

## 4.1 Capital and Shares

### 4.1.1 Source of Capital

#### Source of Capital

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount (NT\$ thousands)	Shares	Amount (NT\$ thousands)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
1999.08	10	40,000	400,000	30,240	302,400	Capital increase by retained earnings of NT\$14,400,000	None	<sup>1</sup>
1999.11	10	40,000	400,000	34,500	345,000	Capital increase by cash of NT\$42,600,000	None	<sup>2</sup>
2000.08	10	40,000	400,000	36,225	362,250	Capital increase by retained earnings of NT\$17,250,000	None	<sup>3</sup>
2002.01	10	56,000	560,000	44,036	440,363	Capital increase by retained earnings of NT\$18,113,000 Capital increase by cash of NT\$60,000,000	None	<sup>4</sup>
2002.12	19.5	60,000	600,000	55,738	557,381	Capital increase by retained earnings of NT\$22,018,000 Capital increase by cash of NT\$95,000,000	None	<sup>5</sup>
2003.12	10	95,000	950,000	62,427	624,266	Capital increase by retained earnings of NT\$66,885 thousands	None	<sup>6</sup>
2003.12	—	95,000	950,000	72,161	721,607	The conversion of the first domestic convertible corporate bonds into common shares of NT\$9,734,035	None	<sup>7</sup>
2004.03	—	95,000	950,000	72,661	726,606	The conversion of the first domestic convertible corporate bonds into common shares of NT 4,998,990	None	<sup>7</sup>
2004.06	10	125,000	1,250,000	77,928	779,283	Capital increase by retained earnings of NT\$5,267,728,000	None	<sup>8</sup>
2004.12	—	125,000	1,250,000	78,111	781,107	The conversion of the first domestic convertible corporate bonds into common shares of \$NT 1,824,300	None	<sup>9</sup>
2005.08	10	125,000	1,250,000	84,845	848,446	Capital increase by retained earnings of NT\$67,339,000	None	<sup>10</sup>
2005.12	—	125,000	1,250,000	91,668	916,677	The conversion of the first domestic convertible corporate bonds into common shares of \$NT 68,230,750	None	<sup>11</sup>
2006.07	10	150,000	1,500,000	92,898	928,984	The conversion of the first domestic convertible corporate bonds into common shares of \$NT 12,307,000	None	<sup>12</sup>
2006.08	10	150,000	1,500,000	95,584	955,844	Capital increase by retained earnings of NT\$37,000,000 and Employee bonus of NT\$4,000,000 Capital reduction of NT\$14,140,000	None	<sup>13</sup>
2006.10	10	150,000	1,500,000	108,963	1,089,633	Capital increase by cash of NT\$100,000 and conversion of the first domestic convertible corporate bonds into common shares of NT\$33,789,000	None	<sup>14</sup>
2006.12	10	150,000	1,500,000	112,195	1,121,958	The conversion of the first domestic convertible corporate bonds into common shares of \$NT 2,258,000 and conversion of the second domestic convertible corporate bonds into common shares of NT\$30,066,000	None	<sup>15</sup>
2007.04	10	150,000	1,500,000	112,229	1,122,294	The conversion of second domestic convertible corporate bonds into common shares of NT\$336,000	None	<sup>16</sup>
2007.08	10	150,000	1,500,000	114,920	1,149,206	The conversion of second domestic convertible corporate bonds into common shares of NT\$26,912,000	None	<sup>17</sup>
2007.09	10	180,000	1,800,000	134,920	1,349,206	Capital increase by cash NT\$200,000 thousands	None	<sup>18</sup>
2007.10	10	180,000	1,800,000	146,179	1,461,796	Capital increase by retained earnings of NT\$111,180,000 and conversion of second domestic convertible corporate bonds into common shares of NT\$1,409,000	None	<sup>19</sup>
2008.04	10	180,000	1,800,000	143,953	1,439,534	The conversion of the second domestic convertible corporate bonds into common shares of NT\$8,623,000 conversion of third domestic convertible corporate bonds into common shares of NT\$31,005,000 // Retirement of 3,293,000 of the fourth treasury stocks and 2,896,000 shares of the fifth treasury stocks	None	<sup>20</sup>



2008.08	10	300,000	3,000,000	146,919	1,469,199	The conversion of the second domestic convertible corporate bonds into common shares of NT\$434,000 and conversion of the third domestic convertible corporate bonds into common shares of NT\$29,230,000	None	21
2008.11	10	300,000	3,000,000	142,506	1,425,065	The conversion of the third domestic convertible corporate bonds into common shares of NT\$295,000/Retirement of 4,443 thousand shares of the sixth treasury stocks	None	22
2008.12	10	300,000	3,000,000	151,728	1,517,281	Distribution of stock dividends of NT\$92,215 thousands	None	23
2009.01	10	300,000	3,000,000	150,379	1,503,793	Retirement of 1,016,000 shares of the first and second treasury stocks and retirement of 333 thousand shares of the seventh treasury stocks	None	24
2009.02	10	300,000	3,000,000	162,319	1,623,195	The conversion of the fourth domestic convertible corporate bonds into common shares of NT\$ 119,401,000	None	25
2009.04	10	300,000	3,000,000	162,365	1,623,658	The conversion of the fourth domestic convertible corporate bonds into common shares of NT\$1,793,000 // retirement of 133 thousand shares of eighth treasury stocks	None	26
2009.07	10	300,000	3,000,000	162,365	1,623,658	Revision of articles	None	27
2009.08	10	300,000	3,000,000	175,861	1,758,616	The conversion of the third domestic convertible corporate bonds into common shares of NT\$774,000 and conversion of the fourth domestic convertible corporate bonds into common shares of NT\$134,184,000	None	28
2009.08	10	300,000	3,000,000	203,433	2,034,333	Capital increase by retained earnings of NT\$275,716 thousands	None	29
2009.10	10	300,000	3,000,000	212,688	2,126,886	The conversion of the third domestic convertible corporate bonds into common shares of NT\$820,000 and conversion of the fourth domestic convertible corporate bonds into common shares of NT\$91,732 ,000	None	30
2010.02	10	300,000	3,000,000	230,416	2,304,163	The conversion of the third domestic convertible corporate bonds into common shares of NT\$33,880,000 and conversion of the fourth domestic convertible corporate bonds into common shares of NT\$143,396,000	None	31
2010.04	10	300,000	3,000,000	230,932	2,309,320	The conversion of the fourth domestic convertible corporate bonds into common shares of NT\$5,157,000	None	32
2010.07	10	300,000	3,000,000	231,265	2,312,654	The conversion of the fourth domestic convertible corporate bonds into common shares of NT\$3,333,000	None	33
2010.10	10	300,000	3,000,000	232,799	2,327,999	The conversion of the fourth domestic convertible corporate bonds into common shares of NT\$15,345,000	None	34
2010.11	10	400,000	4,000,000	267,799	2,677,999	Distribution of stock dividends of NT\$350,000,000	None	35
2011.01	10	400,000	4,000,000	273,863	2,738,635	The conversion of the fifth domestic convertible corporate bonds into common shares of NT\$60,635,000	None	36
2011.04	10	400,000	4,000,000	277,014	2,770,144	The conversion of the fifth domestic convertible corporate bonds into common shares of NT\$31,509,000	None	37
2011.07	10	400,000	4,000,000	279,185	2,791,856	The conversion of the fifth domestic convertible corporate bonds into common shares of NT\$21,712,000	None	38
2011.10	10	400,000	4,000,000	280,571	2,805,713	The conversion of the fifth domestic convertible corporate bonds into common shares of NT\$13,856,000	None	39
2011.11	10	400,000	4,000,000	294,302	2,943,024	Capital increase by retained earnings to issue new shares	None	40
2011.11	10	500,000	5,000,000	294,302	2,943,024	Revision of articles, increase authorized capital and adjust the number of convertible shares of retained corporate bonds	None	41
2011.12	10	500,000	5,000,000	296,569	2,965,690	The conversion of the fifth domestic convertible corporate bonds into common shares of NT\$22,666,000	None	42
2012.03	10	500,000	5,000,000	296,569	2,965,690	Dismissal of supervisor, Registration of shareholders changed to appoint a representative as the supervisor	None	43
2012.04	10	500,000	5,000,000	297,488	2,974,888	The conversion of the fifth domestic convertible corporate bonds into common shares of NT\$9,198,000	None	44

2012.07	10	500,000	5,000,000	297,725	2,977,259	The conversion of the fifth domestic convertible corporate bonds into common shares of NT\$2,370,000	None	45
2012.08	10	500,000	5,000,000	297,725	2,977,259	Dismissal of supervisor, Registration of shareholders changed to appoint a representative as the supervisor	None	46
2012.09	10	500,000	5,000,000	357,223	3,572,237	Capital increase by retained earnings to issue new shares	None	47
2012.10	10	500,000	5,000,000	361,416	3,614,169	The conversion of the fifth domestic convertible corporate bonds into common shares of NT\$41,931,000	None	48
2012.12	10	500,000	5,000,000	394,416	3,944,169	Capital increase by cash of NT\$330,000,000	None	49
2013.04	10	500,000	5,000,000	395,594	3,955,933	The conversion of the fifth domestic convertible corporate bonds into common shares of NT\$11,764,000	None	50
2013.05	10	500,000	5,000,000	395,969	3,959,698	The conversion of the fifth domestic convertible corporate bonds into common shares of NT\$3,764,000	None	51
2013.07	10	500,000	5,000,000	395,969	3,959,698	Re-election of directors and supervisors, registration of changing to amend articles	None	52
2013.09	10	500,000	5,000,000	396,122	3,961,227	The conversion of the fifth domestic convertible corporate bonds into common shares of NT\$1,529,000	None	53
2013.10	10	500,000	5,000,000	444,054	4,440,548	The conversion of the fifth, sixth and seventh domestic convertible corporate bonds into common shares of NT\$83,615,000 and capital increase by retained earnings to issue new shares	None	54
2014.01	10	500,000	5,000,000	450,677	4,506,770	The conversion of the fifth, sixth and seventh domestic convertible corporate bonds into common shares of NT\$66,221,000	None	55
2014.04	10	500,000	5,000,000	464,960	4,649,609	The conversion of the sixth and seventh domestic convertible corporate bonds into common shares of NT\$142,839,000 and registration of new manager	None	56
2014.07	10	500,000	5,000,000	466,406	4,664,063	The conversion of the sixth and seventh domestic convertible corporate bonds into common shares of NT\$14,453,000	None	57
2014.09	10	600,000	6,000,000	512,696	5,126,964	Capital increase by retained earnings to issue new shares and apply for increasing authorized capital	None	58
2014.12	10	600,000	6,000,000	512,724	5,127,245	The conversion of the sixth and seventh domestic convertible corporate bonds into common shares of NT\$281,000	None	59
2015.04	10	600,000	6,000,000	512,724	5,127,245	The conversion of the sixth and seventh domestic convertible corporate bonds into common shares, capital increase by retained earnings to issue new shares and registration of new manager	None	60
2015.07	10	600,000	6,000,000	510,274	5,102,745	Retirement of 2,450,000 shares of ninth treasury stocks.	None	61
2015.10	10	600,000	6,000,000	459,002	4,590,021	Cash capital reduction 51,272,000 shares	None	62
2016.01	10	600,000	6,000,000	451,284	4,512,842	Retirement of 7,717,000 shares of tenth treasury stocks	None	63
2017.12	10	600,000	6,000,000	534,821	5,348,213	The company converted and issued new shares with Wonchio Chemical Co. Ltd.	None	64
2018.03	10	600,000	6,000,000	530,062	5,300,623	Retirement of shares converted with Achem Chemical Co. Ltd. to obtain treasury stocks.	None	65
2019.07	10	660,000	6,600,000	530,062	5,300,623	Apply for increasing authorized capital	None	66
2019.08	10	660,000	6,600,000	571,834	5,718,341	Capital increase by cash of NT\$450,000,000 , Retirement of shares converted with Achem Chemical Co. Ltd. to obtain treasury stocks	None	67
2020.03	10	660,000	6,600,000	570,040	5,700,401	Retirement of 1,794,000 shares of employees' untransferred eleventh treasury stocks	None	68
2021.04	10	660,000	6,600,000	585,047	5,850,477	The conversion of the eighth and ninth domestic convertible corporate bonds into common shares	None	69
				575,667	5,756,677	Retirement of 9,380,000 shares of employees' untransferred eleventh treasury stocks		
2021.06	10	660,000	6,600,000	575,904	5,759,043	The conversion of the eighth and ninth domestic convertible corporate bonds into common shares	None	70
2021.07	10	1,000,000	10,000,000	575,904	5,759,043	Change of registered capital	None	71
2021.10	10	1,000,000	10,000,000	629,947	6,299,472	The conversion of the eighth and ninth domestic convertible corporate bonds into common shares	None	72

2021.12	10	1,000,000	10,000,000	638,054	6,380,540	The conversion of the eighth and ninth domestic convertible corporate bonds into common shares	None	73
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Note:

- 1.Approved by Taiwan-Financials (1) No. 62988 letter on July 08, 1999.
2. Approved by Taiwan-Financials (1) No. 90480 letter on October 15, 1999.
- 3.Approved by Taiwan-Financials (1) No. 60110 letter on July 11, 2000.
- 4.Approved by Taiwan-Financials (1) No.161621 letter on October 07 ,2001.
- 5.Approved by Taiwan-Financials-Securities (1) No.0910148102 letter on September 10, 2002 and Taiwan-Financials-Securities (1) No.0910148101 letter on September 02, 2002.
6. Approved by Taiwan-Financials (1) No.129121 letter on July 01, 2003.
- 7.Approved by Taiwan-Financials (1) No.129630 letter on July 24, 2003.
- 8.Approved by Taiwan-Financials (1) No. 0930128021 letter on June 24, 2004.
- 9.Approved by Ministry of Economic Affairs-Letter No. 09401018430 on January 31, 2005.
- 10.Approved by Ministry of Economic Affairs-Letter No. 09401194970 on September 30, 2005.
- 11.Approved by Ministry of Economic Affairs-Letter No. 09501031750 on February 21, 2006.
- 12.Approved by Ministry of Economic Affairs-Letter No. 09501164630 on August 1, 2006.
- 13.Approved by Ministry of Economic Affairs-Letter No. 09501197240 on September 4, 2006.
- 14.Approved by Ministry of Economic Affairs-Letter No. 09501226150 on October 14, 2006.
- 15.Approved by Ministry of Economic Affairs-Letter No. 09601012030 on January 19, 2007.
- 16.Approved by Ministry of Economic Affairs-Letter No. 09600776330 on April 14,2007.
- 17.Approved by Ministry of Economic Affairs-Letter No. 09601185220 on August 2,2007.
- 18.Approved by Ministry of Economic Affairs-Letter No. 09601238680 on September 29,2007.
- 19.Approved by Ministry of Economic Affairs-Letter No. 09601261240 on October 24,2007.
- 20.Approved by Ministry of Economic Affairs-Letter No. 09701100570 on April 28,2008.
- 21.Approved by Ministry of Economic Affairs-Letter No. 09701197980 on August 11,2008.
- 22.Approved by Ministry of Economic Affairs-Letter No. 09701292890 on November 14,2008.
- 23.Approved by Ministry of Economic Affairs-Letter No. 09701306980 on December 03,2008.
- 24.Approved by Ministry of Economic Affairs-Letter No. 09701325220 on January 08,2009.
- 25.Approved by Ministry of Economic Affairs-Letter No. 0981025070 on February 16,2009.
- 26.Approved by Ministry of Economic Affairs-Letter No. 0980070960 on April 16,2009.
- 27.Approved by Ministry of Economic Affairs-Letter No. 09801157390 on July 17,2009.
- 28.Approved by Ministry of Economic Affairs-Letter No. 09801181510 on August 13,2009.
- 29.Approved by Ministry of Economic Affairs-Letter No. 09801193720 on August 26,2009.
- 30.Approved by Ministry of Economic Affairs-Letter No. 09801239650 on October 20,2009.
- 31.Approved by Ministry of Economic Affairs-Letter No. 0991027440 on February 06,2010.
- 32.Approved by Ministry of Economic Affairs-Letter No. 09901078010 on April 20,2010.
- 33.Approved by Ministry of Economic Affairs-Letter No. 09901149260 on July 15,2010.
- 34.Approved by Ministry of Economic Affairs- Letter No. 09901230210 on October 14,2010.
- 35.Approved by Ministry of Economic Affairs- Letter No. 09901264520 on November 26,2010.
- 36.Approved by Ministry of Economic Affairs-Letter No. 10001009480 on January 17,2011.
- 37.Approved by Ministry of Economic Affairs-Letter No. 10001078150 on April 19,2011.
- 38.Approved by Ministry of Economic Affairs-Letter No. 10001149320 on July 07,2011.
- 39.Approved by Ministry of Economic Affairs-Letter No. 10001233390 on October 12,2011.
- 40.Approved by Ministry of Economic Affairs-Letter No. 10001255420 on November 11,2011.
- 41.Approved by Ministry of Economic Affairs-Letter No. 10001271220 on November 28,2011.
- 42.Approved by Ministry of Economic Affairs-Letter No.10001292910 on December 30,2011.
- 43.Approved by Ministry of Economic Affairs-Letter No.10101050780 on March 23,2012.
- 44.Approved by Ministry of Economic Affairs-Letter No.10101062970 on April 10,2012.
- 45.Approved by Ministry of Economic Affairs-Letter No.10101140690 on July 16,2012.
- 46.Approved by Ministry of Economic Affairs-Letter No.10101164240 on August 09,2012.
- 47.Approved by Ministry of Economic Affairs-Letter No.10101192510 on September 19,2012.
- 48.Approved by Ministry of Economic Affairs-Letter No.10101208870 on October 9,2012.
- 49.Approved by Ministry of Economic Affairs- Letter No.10101258430 on December 19,2012.
- 50.Approved by Ministry of Economic Affairs-Letter No.10201062450 on April 10,2013.
- 51.Approved by Ministry of Economic Affairs- Letter No.10201096730 on May 23,2013.
- 52.Approved by Ministry of Economic Affairs-Letter No. 10201137350 on July 15, 2013.
- 53.Approved by Ministry of Economic Affairs-Letter No. 10201176240 on September 5, 2013.
- 54.Approved by Ministry of Economic Affairs-Letter No. 10201207670 letter on October 08, 2013.
- 55.Approved by Ministry of Economic Affairs-Letter No. 10301003380 on January 13, 2014.
- 56.Approved by Ministry of Economic Affairs-Letter No. 10301065560 on April 14, 2014.
- 57.Approved by Ministry of Economic Affairs-Letter No. 10301141160 on July 15, 2014.
- 58.Approved by Ministry of Economic Affairs-Letter No. 10301185380 on September 5, 2014.
- 59.Approved by Ministry of Economic Affairs-Letter No. 10301247640 on November 28, 2014.
- 60.Approved by Ministry of Economic Affairs-Letter No. 10401065780 on April 9, 2015.
- 61.Approved by Ministry of Economic Affairs-Letter No. 10401139460 on July 9, 2015.
- 62.Approved by Ministry of Economic Affairs-Letter No. 10401219330 on October 22, 2015.
- 63.Approved by Ministry of Economic Affairs-Letter No. 10401277240 on January 5, 2016.
- 64.Approved by Ministry of Economic Affairs-Letter No. 10601163590 on December 15, 2017.
- 65.Approved by Ministry of Economic Affairs-Letter No. 10701018660 on March 5, 2018.
- 66.Approved by Ministry of Economic Affairs-Letter No. 10801091560 on July 31, 2019.
- 67.Approved by Ministry of Economic Affairs-Letter No. 10801115020 on August 20, 2019.
- 68.Approved by Ministry of Economic Affairs-Letter No. 10901142860 on March 19, 2020.
- 69.Approved by Ministry of Economic Affairs-Letter No. 11001049720on April 13,2021.
- 70.Approved by Ministry of Economic Affairs-Letter No. 11001095020on June 09,2021.
- 71.Approved by Ministry of Economic Affairs-Letter No. 11001123090on July1 22,2021.
- 72.Approved by Ministry of Economic Affairs-Letter No. 11001179880on October 01,2021
- 63.Approved by Ministry of Economic Affairs-Letter No. 11001221390on December 09,2021.

2021/04/26

Share Type	Authorized Capital			Remarks
	Shares Outstanding (Note)	Un-issued Shares	Total Shares	
Registered common stock	638,054,018 shares	361,945,982shares	1,000,000,000shares	

Note: Refers to listed stock

#### 4.1.2 Status of Shareholders

As of 2022/04/19

Shareholders Numbers	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	1	4	289	64,057	108	64,459
Shareholding (shares)	4	21,751	178,256,651	425,168,676	34,848,600	638,295,682
Percentage	0.00%	0.00%	27.93%	66.61%	5.46%	100.00%

#### 4.1.3 Shareholding Distribution Status (NT\$10 per share)

As of 2022/04/19

##### A. Common Shares

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage (%)
1 ~ 999	34,299	3,970,633	0.62%
1,000 ~ 5,000	18,573	39,898,657	6.25%
5,001 ~ 10,000	4,874	32,775,616	5.13%
10,001 ~ 15,000	2,628	30,288,672	4.75%
15,001 ~ 20,000	885	15,257,433	2.39%
20,001 ~ 30,000	1,253	29,302,487	4.59%
30,001 ~ 40,000	521	17,573,129	2.75%
40,001 ~ 50,000	325	14,533,923	2.28%
50,001 ~ 100,000	582	40,160,572	6.29%
100,001 ~ 200,000	308	41,403,783	6.49%
200,001 ~ 400,000	116	30,957,455	4.85%
400,001 ~ 600,000	30	14,147,171	2.22%
600,001 ~ 800,000	20	13,849,509	2.17%
800,001~1,000,000	5	4,311,175	0.68%
1,000,001 or over	40	309,865,467	48.55%
Total	64,459	638,295,682	100.00%

B. Preferred Shares: The company does not issue preferred shares.

#### 4.1.4 List of Major Shareholders

As of 2022/04/19

Shareholder's Name	Shares	Percentage
Asia Plastics Co., Ltd.	44,466,552	6.97%
Behavior Tech Computer Corp	43,464,666	6.81%
Ings Chyung International Co., Ltd.	42,748,839	6.70%
Zhixian Li	32,711,344	5.12%
Yangjun Zheng	23,835,613	3.73%
Investment account of BVI YEM CHIO company entrusted to keep by Mega International Commercial Bank	16,822,281	2.64%
Hexie Investment Co., Ltd.	13,352,853	2.09%
Hongrun Liu	6,431,011	1.01%
Shuwei Li	5,760,436	0.90%
Qizheng Li	5,529,236	0.87%

#### 4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT\$

Unit: INR

Year			2020	2021	Current year and as of March 31, 2022
Items					
Market price per share <sup>1</sup>	Highest		17.35	20.80	15.80
	Lowest		9.20	13.90	14.35
	Average		14.36	17.82	15.13
Net Worth per Share <sup>2</sup>	Before Distribution		17.88	17.14	-
	After Distribution		15.91	16.11	-
Earnings per Share	Weighted Average Shares (thousand shares)		533,668 thousand shares	590,114 thousand shares	-
	Diluted Earnings (Loss) Per Share		1.51	1.47	-
	Adjusted Diluted Earnings (Loss) Per Share		1.42	1.47	-
Dividends per Share	Cash Dividends		0.597315	1 <sup>9</sup>	-
	Stock Dividends	Dividends from Retained Earnings	0.59360593	-	-
		Dividends from Capital Surplus	-	-	-
	Accumulated Undistributed Dividends		-	-	-
Return on Investment	Price / Earnings Ratio <sup>5</sup>		8.41	11.22	-
	Price / Dividend Ratio <sup>6</sup>		21.26	16.50	-

	Cash Dividend Yield Rate <sup>7</sup>	4.70%	6.06%	-
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Note:

1. List the highest and lowest market prices of common stocks each year, and calculate the average market prices for each year based on the transaction value and volume of each year.
2. Please fill in the list based on the number of issued shares at the end of the year and the distribution based on the resolution of the shareholders meeting in the following year.
3. If retrospective adjustment is required due to circumstances such as bonus shares, the earnings per share before and after adjustment shall be shown.
4. If the equity securities issuance conditions stipulate that the dividends not paid in the current year will be accumulated to the year when there is a surplus, the dividends accumulated and not paid up to the current year shall be disclosed separately.
5. Price / Earnings Ratio = Average Market Price / Earnings per Share
6. Price / Dividend Ratio = Average Market Price / Cash Dividends per Share
7. Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price
8. The net value per share and earnings per share should be filled in with the information checked (reviewed) by an accountant as of the printing date of the annual report for the most recent quarter; the remaining fields should be filled in with the data of the current year as of the printing date of the annual report.
9. The company's Articles of Association authorized the Board of Directors to issue cash dividends by means of special resolutions.

#### 4.1.6 Dividend Policy and Implementation Status

##### A. Dividend Policy

The company has a matured industry development, stable profitability and sound financial structure, and is suitable for adopting a stable dividend policy. The proposed distribution of shareholder's retained earnings shall be the legal reserve and special reserve in accordance with the law for the current year's distributable surplus, and the balance shall be distributed by stocks and cash dividends, but the cash dividend shall not be less than 10% of the current distribution.

##### B. Proposed Distribution of Dividend

Item Year	Cash Dividends	Stock Dividends
2021	NT\$1	NT\$0

Note: The year 2021 is based on the distribution plan according to the resolution of the Board of Directors on March 25, 2022. The retained earnings are used to distribute cash dividends of NT\$ 1 .

#### 4.1.7 The impact of the bonus shares proposed by the shareholders' meeting on the company's operating performance and earnings per share:

The company has not disclosed individual financial forecasts, so there is no need to disclose the estimated information for the year 2022.

#### 4.1.8 Compensation of Employees, Directors and Supervisors

##### A. Information Relating to Compensation of Employees, Directors and Supervisors in the Articles of Incorporation:

According to the company's articles of incorporation, after deducting accumulated losses from the company's profit for the year, if there is still a balance, the employee's remuneration shall be allocated first, the remuneration shall not be less than 0.5%, and no more than 1%, and the Board of Directors will be authorized to negotiate the remuneration of directors and supervisors in accordance with the usual standards of the

industry.

B. The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

On March 25, 2022, the Board of Directors resolved to allocate remuneration to employees, directors and supervisors. If there is a difference between the actual allotment amount and the estimated amount, the accounting treatment is that after the end of the year, if there is a major change in the amount of the disbursement of the Board of Directors' resolutions, original annual expenses will be adjusted in the alteration. On the date of the resolution of the shareholders' meeting, if the amount still changes, it shall be handled according to the alteration in accounting estimates and adjusted and recorded in the accounts during the year of the resolution of the shareholders' meeting.

**C. Proposed employee compensation and other information approved by the Board of Directors:**

(1) Remuneration for employees, directors and supervisors distributed in cash or stocks: NT\$4,723,709 for cash remuneration for employees; no remuneration for directors and supervisors.

(2) The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company-only financial reports or individual financial reports for the current period and total employee compensation: None.

(3) If the amount of remuneration of employees, directors and supervisors approved by the Board of Directors differs from the annual estimated amount of recognized expenses, the difference, reason and the processing method should be disclosed:

The remuneration of directors and supervisors is the same as the accounts in 2021, and the remuneration of employees is NT\$852,000 less than the estimated number in the accounts of 2021. After the shareholders' meeting decides on the actual allotment amount, the difference is regarded as a change in accounting estimates and is listed as year profit and loss of 2022.

**D.If there's a difference between the actual distribution of employee dividends, the remuneration of directors, supervisors in the previous year (including the number of allotted shares, amount and stock price) and the remuneration of recognized employees, directors and supervisors, then the reasons and handling circumstances and the number of differences should be stated:**

The director's remuneration in 2020 is NT\$0 and the actual distribution is not different from the proposed distribution approved by the original board of directors. The actual distribution of employee remuneration for the surplus is NT\$635,000 less than the estimated amount in the 2020 account. The difference is The figure will be treated as a change in estimate as a profit and loss adjustment item in 2021.

#### 4.1.9 Buyback of Treasury Stock

As of 04/20/2022

Treasury stocks: Batch Order	13 <sup>th</sup> Batch	14 <sup>th</sup> Batch
Purpose of buy-back	Transfer shares to employees	Transfer shares to employees
Timeframe of buy-back	2020/03/12-2020/04/27	2020/05/22-2020/07/13
Price range	NT\$9~ NT\$16	NT\$9~ NT\$16.2
Class, quantity of shares bought back	8,699,000 common shares	7,022,000 common shares
Value of shares bought-back (in NT\$)	NT\$85,553,642	NT\$84,796,395
Shares sold/transferred	0 shares	0 shares
Accumulated number of company shares held	8,699,000 shares	15,721,000 shares
Percentage of total company shares held (%)	1.36%	2.46%



## 4.2 Bonds

### 4.2.1 Corporate Bonds

Corporate Bond Type <sup>2</sup>	8 <sup>th</sup> secured convertible corporate bond <sup>3</sup>	9 <sup>th</sup> secured convertible corporate bond <sup>5</sup>
Issue date	2019/06/14	2019/06/14
Denomination	NT\$100,000	NT\$100,000
Issuing and transaction location <sup>3</sup>	Not applicable	Not applicable
Issue price	Issued at 100% of par value	Issued at 100% of par value
Total price	NT\$500 million	NT\$500 million
Coupon rate	0%	0%
Tenor	5 years Expiry date: 2024/06/14	5 years Expiry date: 2024/06/14
Guarantee agency	Mega International Commercial Bank Co., Ltd.	First Commercial Bank Co., Ltd.
Consignee	Jih Sun International Bank Co., Ltd.	Jih Sun International Bank Co., Ltd.
Underwriting institution	Yuanta Securities Co., Ltd.	Yuanta Securities Co., Ltd.
Certified lawyer	Not applicable	Not applicable
CPA	Not applicable	Not applicable
Repayment method	Except for conversion or redemption according to the terms of conversion, the balance shall be paid back in cash at maturity.	Except for conversion or redemption according to the terms of conversion, the balance shall be paid back in cash at maturity.
Outstanding principal	NT\$220,300,000	NT\$221,500,000
Terms of redemption or advance repayment	<p>(1) From the day following three months after the issuance period of the convertible corporate bonds to 40 days before the expiry of the issuance period, if the closing price of the company's common shares exceeds the current conversion price by 30% (including ), the company may send a one-month expiry "Bond Callback Notice" by registered post to the bondholder within 30 business days thereafter, (subject to the list of bondholders on the fifth business day prior to the issuance of the "Bond Callback Notice". For bondholders who subsequently obtain the converted corporate bonds due to trading or other reasons, they shall be announced.) and shall write to the Taipei Exchange for the announcement.</p> <p>(2) From the day following three months after the issuance period of the convertible corporate bonds to 40 days before the expiry of the issuance period, if the outstanding balance of the converted corporate bonds is less than 10% of the original issuance total, the company may send a one-month expiry "Bond Callback Notice" by registered post to the bondholder within 30 business days thereafter, (subject to the list of bondholders on the fifth business day prior to the issuance of the "Bond Callback Notice". For bondholders who subsequently obtain the convertible corporate bonds due to trading or other reasons, they shall be announced.) and shall write to the Taipei Exchange for announcements.</p> <p>3) If the bondholder fails to reply in writing to the company's stock brokerage before the bond collection date set forth in the "Bond Receipt Notice" (it will be effective at the time of delivery, for those who mailed by post, postmark serves as a proof). The bond will be redeemed in cash at the face value of the bond within five business days after the bond call date.</p>	<p>(1) From the day following three months after the issuance period of the convertible corporate bonds to 40 days before the expiry of the issuance period, if the closing price of the company's common shares exceeds the current conversion price by 30% (including ), the company may send a one-month expiry "Bond Callback Notice" by registered post to the bondholder within 30 business days thereafter, (subject to the list of bondholders on the fifth business day prior to the issuance of the "Bond Callback Notice". For bondholders who subsequently obtain the converted corporate bonds due to trading or other reasons, they shall be announced.) and shall write to the Taipei Exchange for announcements.</p> <p>(2) From the day following three months after the issuance period of the convertible corporate bonds to 40 days before the expiry of the issuance period, if the outstanding balance of the converted corporate bonds is less than 10% of the original issuance total, the company may send a one-month expiry "Bond Callback Notice" by registered post to the bondholder within 30 business days thereafter, (subject to the list of bondholders on the fifth business day prior to the issuance of the "Bond Callback Notice". For bondholders who subsequently obtain the convertible corporate bonds due to trading or other reasons, they shall be announced.) and shall write to the Taipei Exchange for announcements.</p> <p>3) If the bondholder fails to reply in writing to the company's stock brokerage before the bond collection date set forth in the "Bond Receipt Notice" (it will be effective at the time of delivery, for those who mailed by post, postmark serves as a proof). The bond will be redeemed in cash at the face value of the bond within five business days after the bond call date.</p>
Restrictive clause <sup>4</sup>	After the issuance of the converted corporate bonds, if the ratio of the cash dividends of common shares issued by the company to the current price per share exceeds 1.5%, the conversion price shall be lowered on the ex-dividend base date according to the ratio of the current price per share.	After the issuance of the converted corporate bonds, if the ratio of the cash dividends of common shares issued by the company to the current price per share exceeds 1.5%, the conversion price shall be lowered on the ex-dividend base date according to the ratio of the current price per share.
Name of credit rating agency, rating date, rating of corporate bonds	None	None

Other rights attached	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	As of March 31, 2022, the amount converted into ordinary shares was NT\$214,442,000.	As of March 31, 2022, the amount converted into ordinary shares was NT\$213,384,930.
	Issuance and conversion (exchange or subscription) method	For details, please refer to the Eighth Domestic Secured Convertible Corporate Bond Issuance and Terms of Conversion	For details, please refer to the Ninth Domestic Secured Convertible Corporate Bond Issuance and Terms of Conversion
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity		Estimated based on the current conversion price, the number of reconvertible shares is expected to account for approximately 6.5% of the total number of shares outstanding, and the impact on existing shareholders' equity is still limited.	Estimated based on the current conversion price, the number of reconvertible shares is expected to account for approximately 6.5% of the total number of shares outstanding, and the impact on existing shareholders' equity is still limited.
Corporate Bond Type		Not applicable	Not applicable

Note:

1. The handling of corporate bonds includes public and private corporate bonds in the process of handling. Public company bonds in process refer to those that have become effective (approved) by the council; private company bonds in process refer to those that have been approved by the Board of Directors.
2. The number of columns will be adjusted according to the actual number of transactions.
3. For those who belong to overseas corporate bonds to fill in.
4. Such as restricting the distribution of cash dividends, foreign investment or requiring the maintenance of a certain proportion of assets, etc.
5. If there is private placement, it should be marked in a significant way.
6. In the case of convertible corporate bonds, exchangeable corporate bonds, shelf Registration for Issuing Bonds and corporate bond with warrant, the format should be listed in the table according to the nature then disclose their information.

#### 4.2.2 Convertible Bonds

Corporate bond type <sup>1</sup>		8 <sup>th</sup> Secured Convertible Corporate Bond	
Year		2021	The current year as of March 31, 2022 <sup>4</sup>
Market price of the convertible bond <sup>2</sup>	Highest	153.0	134.0
	Lowest	115.5	122.0
	Average	133.24	128.33
Convertible Price		12	12
Issue date and conversion price at issuance		June 14, 2019 Conversion price: 14	
Conversion methods <sup>3</sup>		Issue new shares	
Corporate bond type <sup>1</sup>		9 <sup>th</sup> Secured Convertible Corporate Bond	
Year		2021	The current year as of March 31, 2022 <sup>4</sup>
Item			

Market price of the convertible bond <sup>2</sup>	Highest	152.0	135.0
	Lowest	117.0	124.1
	Average	134.86	127.32
Convertible Price		12	12
Issue date and conversion price at issuance		June 14, 2019 Conversion price: 14	
Conversion methods <sup>3</sup>		Issue new shares	

Note:

1. The number of columns will be adjusted according to the actual number of transactions.
2. If there are multiple trading locations for overseas corporate bonds, they shall be listed separately according to the trading locations.
3. Delivery of issued shares or issuance of new shares.
4. The data for the current year as of the publication date of the annual report should be filled in.

#### **4.2.3 Exchangeable Bonds**

None.

#### **4.2.4 Shelf Registration for Issuing Bonds**

None.

#### **4.2.5 Corporate Bonds with Warrants**

None.

#### **4.3 Preferred Shares**

None.

#### **4.4 Global Depositary Receipts**

None.

#### **4.5 Employee Stock Options**

None.

#### **4.6 New shares that restrict employees' rights**

None.

#### **4.7 Status of New Shares Issuance in Connection with Mergers and Acquisitions**

**4.7.1 Those who have completed mergers and acquisitions in the most recent year and as of the date of publication of the annual report or have transferred shares of other companies to issue new shares:** Not applicable.

**4.7.2 In the most recent year and as of the publication date of the annual report, the Board of Directors has passed a resolution to acquire or transfer shares of other companies to issue new shares. The execution status and basic information of the acquired company or the transferee company should be disclosed:** None.

#### **4.8 Financing Plans and Implementation**

##### **4.8.1 Financing Plans**

None.

##### **4.8.2 Implementation**

None.

**V. Operations Profile**

## 5.1 Business Activities

### 5.1.1 Business Scope

#### (1) Main areas of business operations

- A. Manufacturing, processing and buying and selling operations of various tapes. (Packaging tape, PVC electrical insulation pipe tape, automotive wire harness tape, stationery tape, protective tape, double-sided tape, special tape, PCB electronic tape, printing tape, trademark paper tape and tape for protective clothing).
- B. Manufacturing, processing and buying and selling operations of hardware equipment such as strapping, strapping machine, packaging machine, box sealing machine, iron buckle, box sealing needle, etc.
- C. Manufacturing, processing and buying and selling operations of hardware equipment such as strapping, strapping machine, packaging machine, box sealing machine, iron buckle, box sealing needle, etc.
- D. Manufacturing, processing and buying and selling operations of cardboard, paper bags, cartons, paper cups, and paper tubes.
- E. Manufacturing, processing and buying and selling operations of BOPP film, PVC soft film, PE film.
- F. Import and export business of the previous products.
- G. Semiconductor raw material solvent purification, electronic grade solvent.
- H. Residential and building development and sales and real estate buying and selling business.

#### (2) Revenue distribution

Major Divisions	Total Sales for 2021 (NT\$thousands)	(%) of Total Sales
Tape	11,094,318	65%
Package	1,835,305	11%
Thin film	3,255,470	19%
Build	523,960	3%
Other	472,741	2%
Total	17,181,794	100%

#### (3) Main products

- A. BOPP film, PVC soft film, PE film.
- B. Packaging tapes, PVC electrical insulation pipe tapes, automotive wiring harness tapes, Stationery tapes, protective tapes, double-sided tapes, foam tapes, other tapes, Water-based adhesive (resin)
- C. Plastic bags, packing belts, various packaging materials.
- D. OEM production of electronic grade high-purity chemicals for the optoelectronic industry, waste solvent recovery, purification and reuse, High-purity special raw material solvent purification.

#### (4) New product development

Electronics film, medical film, food packaging film, recycled materials (biodegradable tape), EVA packaging tape, low VOC wire harness tape, coveralls tape, fabric medical material wrapping tape, and new glue products.

### 5.1.2 Industry Overview

#### (1) Current status and development of the industry

The current status and development of the company's main products into upstream, midstream and downstream industries are explained as follows:

The BOPP film, PVC soft film, and PE film industries belong to the upstream industry. BOPP film is a very important flexible packaging material with a wide range of applications. It has high stretch, impact strength, rigidity, strong bristles and good transparency. After corona treatment, it can adapt well to printing and can be printed with color to obtain an exquisite appearance, so it is often used as the material of composite film. In recent years, with the increasing requirements for application materials in various industries, the demand for films has increased year by year, and the application industries have become more extensive. YemChio is committed to increase additional value and invest in research and development such as on pearl films used in facial masks and labels, films that maintain freshness for fresh vegetables and fruit packaging, antibacterial and anti-fog multifunctional films, glazed laminated films for posters and printing, and bag-making films used in the packaging of various consumer goods.

PVC is one of the earliest industrialized resins, due to its mature processing technology and low price, PVC is widely used in the automotive industry, electronics industry, machinery manufacturing industry, building materials industry, and people's livelihood applications. The development of PVC tapes tends to be product functional applications including thin, low-cost, low-cost products, good operability, environmental protection, and safety. With the rapid upgrading and progress of the global industry and technological advancement, Yemchio's self-made PVC flexible film is vertically integrated, especially for bulk products, PVC insulation tape, products tailored to specific industries, and customers' special needs, which are more likely to be favored by the market. With the strengthening of global environmental awareness, Yemchio's products have obtained the hazardous restricted substances (RoHS) certification, the European Union regulations (REACH) certification, and the non-toxic, easy-to-recycle products have a stronger market acceptance.

The full name of PE is polyethylene, which is the simplest polymer organic compound and the most widely used polymer material in the world today. PE protective film uses special polyethylene (PE) plastic film as the base material, and the biggest advantage is that the protected product can be prevented from being stained, corroded, cut and scratched during production, transportation, storage and use, and can keep the original smooth and shiny surface. From PE film making to gluing, Yemchio uses a completely self-made and consistent operation mode to ensure product quality and maintain product market competitiveness. Such products are widely used in the hardware industry, photoelectric industry, plastic industry, wire and cable industry, and electronics, which makes it a very common protective film product with environmental protection concepts.

Adhesive tape belongs to the midstream industry. It refers to a product that is coated with adhesive on a substrate, and the flow of the adhesive is combined with adherend to produce an adhesive effect. There are many types of adhesive tapes, which can be divided into three types: solvent-activated, heat-activated, and pressure-sensitive adhesive tapes. At present, there are more than 10,000 types of commercialized tapes, and their convenient use, superior functions and low price are of irreplaceable importance in daily life and work.

Currently, the raw materials for the production of BOPP film, PE film and adhesive tape domestic are mainly concentrated in several large plasticization plants such as Formosa Plastics and Formosa Chemicals. Therefore, in order to maintain a competitive advantage in the industry, in addition to the use of automatic production equipment to produce a large amount of production to reach an economic scale, the cooperation of upstream raw material suppliers is also a key factor. In terms of downstream manufacturers, due to different characteristics of films and tapes required by various downstream industries, manufacturers need to have mature production technology and diverse production specifications in order to provide customers with a complete product portfolio immediately to meet customers' one-time purchase needs.

In response to the rapid growth of the domestic electronic information industry, tape products are in demand for various tapes such as transformer coil insulation, stainless steel plate protection, printed circuit board electroplating protection, semiconductor wafer cutting, grinding, and demagnetization coils. Among them, the OPP tape series, which is based on environmental protection requirements has gradually become the mainstream of the market. Besides, tape

products have the characteristics of convenience, superior functions and low prices, and due to continuous development and completion of new products and technologies, there is currently no other product that can completely replace its auxiliary position in various industries, since film tape products will not be affected by the prosperity and decline of a single industry. There is a certain demand for the overall economic growth.

(2) The relevance of the industry's upstream, midstream and downstream industries:

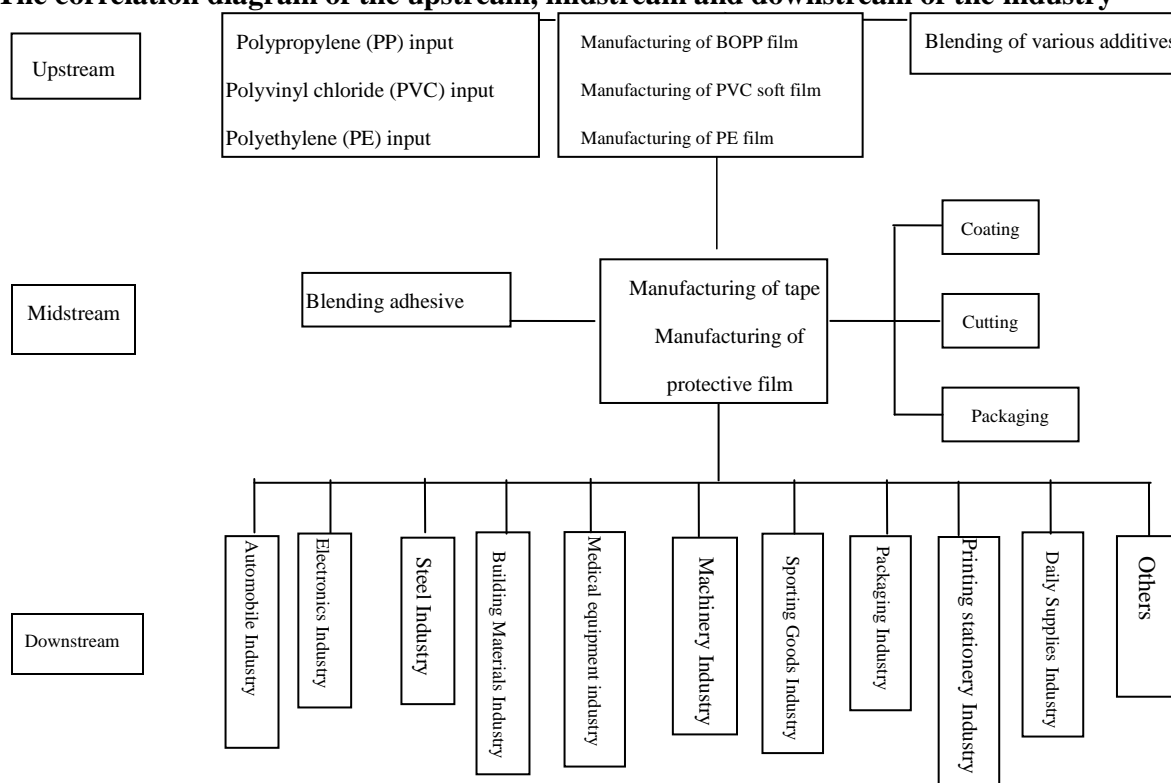
The upstream raw materials of the BOPP film industry include polypropylene (PP) and various additives, and the downstream are various tape processing manufacturers, color printing and food packaging factories. The film can be widely used in food ingredients, agricultural products, food packaging, staple merchandise packaging, electronic release film, varnish glass laminate film, etc.

The upstream raw materials of the PE film industry include the mining and supply of PE resin and natural rubber. PE resin is closely related to the petrochemical industry, and its price fluctuations are also closely integrated with the supply and demand of the crude oil market. Natural rubber is mainly mined in Southeast Asian countries such as Thailand, where it is mined at a specific time, and its natural rubber is also widely used for tires and rubber gloves for example.

The adhesive tape industry belongs to the upstream raw material manufacturers including paper, cloth, rubber, plastic film or metal foil and other substrate manufacturers, as well as the resin factory that manufactures various adhesives. The midstream is a manufacturer of various tape processing manufacturers, wherein the main tasks consists of mixes and coats, fabrication, drying, cutting, slitting, packaging and other operations. The finished tape can be used in a wide range of industries, such as the automobile industry, electronics industry, machinery manufacturing, building materials industry, hardware industry, printing stationery. It is used in industry, medical equipment industry and even general household consumption, and because adhesive tape is widely used for packaging purposes, it covers almost all industries.

The company is a film and tape processing manufacturer in the upstream and midstream reaches of the industry. Its upstream, middle and downstream structure is shown in the figure below.

**The correlation diagram of the upstream, midstream and downstream of the industry**



(3) Product Development Trend

The development trend of film products tends to develop toward the direction of product environmental protection, diversification and differentiation. As long as BOPP film is environmentally friendly and non-toxic, BOPP film is highly suitable to replace other types of packaging materials, and its application in new fields and industries is gradually expanding. In addition to the differentiation, the film products are also developing towards carbon reduction, plastic reduction and thickness reduction, and the eco-trend of recycling as well, which can effectively reduce the downstream cost and also establish the threshold of the industry.

The market share of Chinese manufacturers of PVC tapes in the global market is also growing year by year. Currently, the market niche of trade agreements such as the Regional Comprehensive Economic Partnership (RCEP) / CPTPP (Comprehensive Partnership for Trans-Pacific Progress) tariff preferences and China's 14th Five-Year Plan are still optimistic about the demand for PVC tapes, coupled with the global production momentum opportunities after Covid-19.

#### (4) Product competitor

The adhesive tape industry has been developed in Taiwan for more than 40 years. In the past, there was only one BOPP film manufacturer, Nanya Plastics. At present, there are three companies namely Yemchio, Nanya Plastics and Baoyan, and there are about 70 tape manufacturers. As a large-scale industry, OPP and SPVC tape have the most mature technology development and are extremely competitive for export, accounting for about 80% of the total tape output. The main manufacturers of various tape products are as follows:

Product Category	Manufacturer
BOPP film	Yemchio, Nan Ya Plastics, Pao Yan Tsae Yih
OPP tape	Yemchio, Achem Technology, Symbio, Chin Tung, Globetape, Rainbow Tape, Kikusui Tape, Sharktape, Solarplus-Tape, Imptapes
SPVC tape	Symbio, Achem Technology, Chin Tung, Globetape, Nitto, KK Enterprise, King Arrow, Imptapes
Cellophane tape	Symbio, Globetape
Water-based kraft paper tape	Fuda tape, Chiuer Jiuey
Pressure sensitive kraft paper tape	Yemchio, Kikusui Tape, Symbio
Double-sided tape	Yemchio, Symbio, Achem Technology, KK Enterprise, Globetape, Captaintek, Sharktape, Uee Zee Enterprise, Kikusui Tape, Rainbow Tape, Seal King, Solarplus-Tape, Fortunetape, Metagalaxy, King Arrow, V. Himark, Celadon, Sun-Good
PET tape	Symbio, Sharktape, KK Enterprise, Globetape, Pantechtape, Nitto, 3M, Solarplus-Tape, Celadon
PE tape	Symbio, Achem Technology, Seal King, Metagalaxy, KK Enterprise
Crepe paper tape	Symbio, Achem Technology, KK Enterprise, Globetape, Sharktape, Captaintek, Fortunetape
Medicine, medical tape	Symbio, Chenshin, Full Bond
Green silicone tape	KK Enterprise, Solarplus-Tape, Metagalaxy
Polyimide film tape	KK Enterprise, Symbio, Solarplus-Tape, Metagalaxy, Sharktape, Pantechtape, Avatack
Trademark tape	KK Enterprise, Symbio, Hezong, Solarplus-Tape, Fortunetape, Bestak
Other special tapes	Symbio, Seal King, Captaintek, Pantechtape, Uee Zee Enterprise, Hopax, V. Himark, Swantape, Solarplus-Tape, Sharktape, King Arrow, House-well, Kikusui Tape, Full Bond, Sun-Good

Source: Taiwanese Adhesive Tape Industry Association



### 5.1.3 Overview of Technology and R&D

R&D expenses invested in 2021 and successfully developed technologies or products:  
(Unit: NT\$thousands)

Year	Consolidated research and development expenses (thousand NT dollars)	Successfully developed technology or product
2021	38,578	1. PVC tape with environmentally friendly glue. 2. UV-resistant PE protective tape for outdoor aluminum windows in the construction industry 3. Special double-sided tape with low temperature resistance and no release profile 4. Relevant tape required for P3 level of protective clothing.

#### R&D investment plan and progress

The most recent annual plan	Current progress	R&D expenses that should be reinvested	Time to complete mass production	The main factors influencing the success of future R&D
Research and application of environmentally friendly glue in PVC wiring harness and electrical tape	A part of the products have been made to order	NT\$6million	2022-2023	Market acceptance
Development of biodegradable environmentally friendly packaging tape (using cellulose/PLA film, etc.)	Raw material search, laboratory analysis and basic data establishment, related test machine arrangement	NT\$6million	2022-2024	Confirmation of relevant certifications and Market acceptance
Low temperature resistant hot melt adhesive project to replace part of solvent-based rubber	Preliminary samples have been provided to customers for testing and evaluation	NT\$3 million	2022-2023	Market acceptance

### 5.1.4 Long-term and short-term business development plans

#### (1) Short-term business development plan

In 2021, in response to the surge of raw materials, the intense Covid-19 pandemic, and the rising awareness of pandemic prevention, the demand for protective materials for pandemic prevention has increased, and we are focusing on the short-term development of Film 2.0 carbon reduction and plastic reduction recycling films, food wraps, and high barrier packaging films.

(A) Continue to expand production capacity and add coating lines to production bases in Vietnam and China.

(B) Production line automation and digital optimization improve management efficiency and reduce human dependence.

(C) Promotion of fresh-keeping antibacterial film product series.

(D) Promotion of high barrier food film series.

(E) Promotion of the product series of packaging plastic wrap for agricultural products.

(F) Promotion of precoated co-extruded film glazed, laminated film product series.

(G) Promotion of antibacterial and anti-epidemic materials heat-sealing packaging film series.

(H) Development and promotion of anti-epidemic related products (adhesive tape for protective clothing, floor tape for social distance).

(I) Promotion of high and low temperature and extreme weather products.

(J) Glue promotion.

(K) Certification of amfori BSCI CSR Code.

(2) Mid-term and long-term business development plan

(A) Increase environmental protection products and develop environmental protection materials.

(B) The 2.0 film plan will continue to expand, by developing multi-functional films (e.g. high barrier film and food anti-bacterial wrap, etc.).

(C) Continue to introduce ISO 22000 for food safety standard operation certification.

(D) Develop new uses of glue.

(E) The product has obtained the national standard certification.

## 5.2 Market and Sales Overview

### 5.2.1 Market Analysis

(1) Sales area of main products

The main products of the company and its subsidiaries are various tape and film products. The market distribution is mainly for export. In 2021, the export accounted for about 75% of total sales, and the Americas and Asia were among the largest markets. The current internal and external sales ratios of the main products of the company and its subsidiaries are estimated as follows:

Products	Sales Figure (NT\$thousands)	Proportion of domestic sales	Proportion of Export
Tape	11,094,318	6%	94%
Packaging	1,835,305	97%	3%
Material Film	3,255,470	27%	73%
Construction	523,960	100%	0%
Others	472,741	100%	0%
Total	17,181,794	25%	75%

(2) Market share, supply and demand condition, and growth of the market in the future

The tape industry faces a large production capacity and supply in developing countries such as Mainland China and Southeast Asia. However, since tape products are constantly updated and have been widely used in various industries, their demand still maintains a steady growth nonetheless. The film industry has recovered from being at the bottom of the industry recession.

The new product examination equipment CCD, slitter, strengthening quality management of plant compartments in which Changhua Coastal film plant invested, has obtained ISO 22000 food safety certification, and has enhanced the production of high value-added food packaging films to create product differentiation.. Since 2011, BOPP has been sold to major international tape brand manufacturers. In 2016, the product mix was adjusted to increase the sales of consumer packaging films. As stated above, the demand for films is expected to continue growing, and the market growth can be expected.

### (3) Competitive Niche

#### (3.1)In terms of Sales:

(A) The Film Division and Tape Division regularly plan international exhibitions every year and deploy to the global market.

(B) Adjust product mix and pursue maximization of profits.

(C) Under the brand of "Master Bao", strengthen the proportion of the retail business revenue of the packaging material business unit (currently, revenue mainly comes from various industrial packaging departments) and start the layout of e-commerce channels.

#### (3.2)In terms of production:

(A) Vertically integrate the upstream, midstream and downstream industries of the tape.

(B) Coordinate and integrate the raw material procurement, production and sales of Yemchio and Achem Chemical, aiming to become the world's largest manufacturer of tapes.

#### (3.3)In terms of Research and Development:

(A) Continue to develop films with higher additional value.

(B) Increase environmental protection products and develop environmental protection materials.

(C) Develop new uses of glue.

#### (3.4)In terms of Management:

(A) Integrate global resources and establish a structure with Taiwan as the operating center.

(B) Integrate the enterprise management resource integration (ERP) system within the group to improve performance of management and decision-making.

### (4) Advantages and disadvantages of the development prospects and countermeasures

#### (4.1)Favorable factors

(A) The shift in the business model under the pandemic has led to increased demand for tape and packaging materials from various industries, and due to the continuous development of its various purposes, the growth in demand is still solid.

(B) Film products have a wide application industry, and are environmentally friendly and non-toxic, and the application level will continue to expand in the future.

(C) Vietnam and Indonesia implement anti-dumping policies against China's BOPP, and the market turns to Taiwan to make a purchase.

(D) Thailand initiated an anti-dumping investigation against BOPP in Mainland China.

#### (4.2)Unfavorable factors:

(A) Due to the large supply of film manufacturers in China and Southeast Asia, and tariff barriers since Taiwan is not a member of the Association of Southeast Asian Nations, reasons mentioned above have caused fierce competition in the international market and reduced profits.

(B) The price of raw materials fluctuates abnormally, and the supply of upstream raw materials tends to be a seller's market.

(C) The severe outflow of labor-intensive industries affects domestic market demand.

(4.3)Countermeasures:

(A) Develop new products and improve quality to increase added value.

(B) Analyze the overall economic situation and improve inventory management.

(C) Cooperate with the film 2.0 development plan to increase the proportion of consumer films.

### 5.2.2 Important use and production process of main products

(1) Biaxially stretched film (BOPP): Widely used in packaging applications such as tape, food, cosmeceuticals, textiles, refrigerated preservation products and stationery.

(2) OPP packaging tape: Suitable for sealing and fixing, carton packaging, and packaging requiring tensile strength.

(3) PVC tapes: Suitable for electrical insulation, automotive wiring harnesses, floor warnings and pipeline coatings to resist corrosion.

(4) Stationery tapes: All kinds of tapes used in art, crafts, gifts, hair accessories, venue layout and factories or offices.

(5) Protective tapes: Used for aluminum door and window frames, plastic window frames, stainless steel plates, cosmetic plywood and house wall pipeline paint repair and other purposes, mobile phone screens, surface protection of painted parts, shaft-mounted copper wires, semi-finished products/finished products, and to effectively prevent dust pollution and oxidation.

(6) Double-sided adhesive tape: In response to various uses, tissue paper, foam, polyester film and other different substrates are used, which are suitable for bonding and fixing in the electronics industry and for specific purposes.

(7) Laminating tapes: Suitable for specific purposes such as adhesive labels and trademarks.

### 5.2.3 Supply status of the main source

The main products of the company and its subsidiaries are adhesive products. Its main suppliers in the last two years are as follows:

Year	2021	2020
Raw material name	Main supplier	Main supplier
Polypropylene (PP)	Sabic Asia Pacific Pte, Sumitomo, Formosa Plastics, Formosa Chemicals, Zhongjing Petrochemical, China Petrochemicals, Hyosung	Sabic Asia Pacific Pte, Mitsubishi, Yung Chang Shuen, Sumitomo, Formosa Plastics, Formosa Chemicals, China Petrochemicals
Polypropylene film Original BOPP	Nan Ya Plastics, Forop, Shuangliang, Jiayue	Nan Ya Plastics, Forop, Shuangliang, Jiayue
PVC film SPVC original cloth	Nan Ya Plastics, China General Plastics, Shih-Kuen Plastics, Yingtai	Nan Ya Plastics, China General Plastics, Shih-Kuen Plastics, Yingtai

Vinyl acetate	Chemfront, Everest, Bingding, Long Yi	Chemfront, Everest
Isooctyl acrylate	Formosa Plastics, BASF, Bingding, Long Yi	Formosa Plastics, BASF, Chuan Sheng Urethane
Ethyl acetate	Chemfront, Wintak, Methyl, Young Sun, Hong-Chuan, Pin Cheng	Chemfront, Wintak, Methyl, Young Sun, Hong-Chuan

#### **5.2.4 Information on major suppliers in the last two years**

The company and its subsidiaries haven't had an individual supplier's purchase amount exceeding 10% of the combined purchase amount in the last two years. Main reasons for the increase or decrease of the difference: None.

#### **5.2.5 Information on major clients in the last two years**

In the past two years, the company and its subsidiaries did not have individual sales clients whose sales amount reached more than 10% of the combined sales. Main reasons for the increase or decrease of the difference: None.

### 5.2.6 Production value in the last two years

Year	2021			2020		
Output	Capacity (Thousand m <sup>2</sup> /tons)	Quantity (Thousand m <sup>2</sup> /tons)	Amount (NT\$ thousands)	Capacity (Thousand m <sup>2</sup> /tons)	Quantity (Thousand m <sup>2</sup> /tons)	Amount (NT\$ thousands)
Main Products						
Tape	2,314,340	1,998,831	9,100,729	2,265,824	1,761,736	7,123,369
Thin film	100,800	106,097	4,385,307	100,800	102,428	3,542,388
Acrylic Acid	-	-	-	-	-	-
Total	2,415,140	2,104,928	13,486,036	2,366,624	1,864,164	10,665,757

### 5.2.7 Sales in the last two years

Year Sales	2021				2020			
	Local		Export		Local		Export	
	Quantity (Thousand m <sup>2</sup> /tons)	Amount (NT\$ thousands)	Quantity (Thousand m <sup>2</sup> /tons)	Amount (NT\$ thousands)	Quantity (Thousand m <sup>2</sup> /tons)	Amount (NT\$ thousands)	Quantity (Thousand m <sup>2</sup> /tons)	Amount (NT\$ thousands)
Main Products								
Tape	99,977	698,800	1,573,529	10,395,517	91,308	537,792	1,578,321	8,489,941
Packaging Material	-	1,783,810	-	51,495	-	1,416,465	-	143,393
Film	17,457	894,343	46,092	2,361,127	19,379	852,458	29,744	1,287,589
Acrylic Acid	-	-	-	-	-	-	1,232	24,523
Construction	-	523,960	-	-	-	681,646	-	-
Others	-	472,741	-	-	-	514,909	-	-
Total	117,434	4,373,654	1,619,621	12,808,140	110,687	4,003,270	1,609,298	9,945,446

### 5.3 Information on the employees of the company and its subsidiaries in the last two years and as of the publication date of the annual report:

Year		2020	2021	2022 as of 3/31
Number of Employees	Direct Labor	1,386	1314	1,332
	Indirect Labor	973	934	926
	Total	2,359	2,248	2,258
Average Age		37.8	37.83	37.99
Average Years of Service		7.36	7.23	8.31
Education	Ph.D.	0.06%	0.14%	0.14%
	Masters	2.61%	2.76%	2.55%
	Bachelor's Degree	32.56%	29.82%	30.16%
	Senior High School	41.74%	43.37%	38.49%
	Below Senior High School	23.03%	23.90%	28.66%

## 5.4 Environmental Protection Expenditure

Losses due to environmental pollution in the most recent year and up to the date of publication of the annual report and countermeasures

(1) The losses suffered by the company and its subsidiaries due to environmental pollution in 2021 and 2022 as of the publication date of the annual report:

As of the printing date of the annual report, the company and its subsidiaries were fined NT\$180,000 by the Environmental Protection Bureau in 2021 and 2022 for failing to commission a qualified waste disposal facility and for unclear labeling.

(2) The key pollution prevention and control measures in 2021 are as follows, with a total expenditure of NT\$139,230,000.

Item	2021
Operation and maintenance of pollution prevention equipment	Approximately NT\$31,180,000
Environmental testing and calibration	Approximately NT\$5,120,000
Pollution prevention and control (treatment) fee payment	Approximately NT\$91.170,000
Other environmental improvement costs	Approximately NT\$11.760,000

(3) Estimated environmental capital expenditures in the next three years and the impact of improvements:

	2022	2023-2024
Pollution prevention (control) equipment or expenditure content to be purchased	1. Upgrading of recovery and heat-insulation systems 2. Replacement of water tower cooling fins 3. Pre-filter system for effluent tank 4. Reducing suspended solids in effluent	1. Addition and renovation of new reclaimers 2. Adding new wastewater treatment facilities
Expected improvement	1. Reducing vapor depletion 2. Reducing the temperature of exhaust gas prevention equipment 3. Reducing suspended solids in effluent	1. Reducing VOC emissions 2. The wastewater generated by the new "prevention facility" is properly treated to comply with regulations.
Capital expenditure amount	NT\$11,760,000-	NT\$94,430,000-
Impact on net profit after improvement	Reducing the usage of natural gas and solvents to lower the cost of production	Reducing the usage of solvents to lower the cost of production
	1. Complying with environmental regulations and sustainable business operations 2. Fulfilling Corporate Social Responsibility	1. Complying with environmental regulations and sustainable business operations 2. Fulfilling Corporate Social Responsibility

## 5.5 Labor Relations

The company's various employee welfare measures, further education, training, retirement systems and their implementation, as well as agreements between labor and management and various employee rights protection measures:

### (1) Employee welfare measures

#### A. Welfare measures handled by the company:

1. Employee stock option: Employees participate in the subscription, based on the employee's position, performance and seniority considerations.
2. Group insurance: Apply group insurance for employees from the day they arrive to increase employee protection.
3. Training courses: In order to effectively assist employees to improve their work knowledge and complete the tasks assigned by the company, various training and seminars are held regularly.
4. Year-end bonus: Issue year-end bonuses based on employee performance and company operating conditions.

#### B. Welfare measures handled by the company's employee welfare committee:

The source of welfare funds is mainly from 0.05% of the company's revenue, 20% of the leftover income and 0.5% of the employee's self-paid salary. The main welfare measures are as follows:

1. Domestic/foreign travel: Handled every year.
2. Gift certificates for Dragon Boat Festival, Mid-Autumn Festival and Labor Day.
3. For weddings and funerals, employees can apply for gifts or ceremonies in accordance with regulations.

### (2) Staff training and situation

The company regularly arranges employee education and training, and conducts skills verification for production line employees to improve employee quality and product quality.

### (3) Retirement system and its implementation

The company formulates a retirement system in accordance with the Labor Standards Act and related measures, and establishes a labor retirement reserve supervision committee. Meanwhile, the company commissions an actuary to make calculations and draw up retirement reserve liabilities on a monthly basis, and draws 2% of the total salary on a monthly basis to the Central Trust Bureau retirement fund special account. In addition, since July 1, 2005, the new pension funds that have been allocated in accordance with the Labor Pension Regulations will be deposited in the individual pension account of the Labor Insurance Bureau.

### (4) The status of agreements between labor and management and the protection of various employees' rights and interests

The company regularly convenes labor-management meetings and sets up an employee welfare committee to fully discuss employee welfare measures to enhance a harmonious atmosphere between labor and management.

(5) Losses incurred due to labor disputes in the most recent year and as of the publication date of the annual report (including labor inspection results that violate the Labor Standards Act, the date of punishment, the font size, the violation of laws and regulations, the content of violations, and the content of punishment should be specified), and disclose the estimated amount and corresponding measures that may occur at present and in the future. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be explained:

A fine of NT\$50,000 was imposed on the company for accidentally violating Article 32, Paragraph 2 of the Labor Standards Law by extending working hours in excess of the provisions of the law due to production capacity requirements, in accordance with Labor Standards Law No. 1100467984.



(6) Company human rights policy

**Yem Chio Co., Ltd.**  
**Human rights policy**

**Established date: March 21, 2021**

1. The company is committed to the goal of “A people-oriented happy enterprise, building a benchmark for the industry” and abides by the labor laws and regulations formulated by the government of the Republic of China, including but not limited to the: “Labor Standards Act”, “Trade Union Act”, “Group Agreement Act”, “Labor-Management Dispute Resolution Law”, “Occupational Safety and Health Law” and “Gender Work Equality Law” and other basic human rights laws.
2. In addition, the company’s global operations sites also comply with United Nations’ “Universal Declaration of Human Rights”, “Convention for the Protection of Human Rights and Fundamental Freedoms”, “Charter of Fundamental Rights of the European Union”, the basic principles of the ILO Declaration on Fundamental Principles and Rights at Work and the laws and regulations of the countries where they are located.
3. We have formulated "Personnel Management Measures", to maintain a fair, just and open working environment, providing fair, just, open and reasonable employment opportunities and training and development plans, and also require employees to be committed to maintaining a safe and dignified working environment. We take the initiative to communicate; besides, the company has established an employee complaint system to handle complaints from employees about regarding disciplinary measures, improper management, suggestions, and violations of relevant labor laws and regulations. An employee suggestion box is also set up: chairmanoffice@ycgroup.tw, to gather suggestions from employees and maintain a smooth communication channel.
4. We protect the rights and interests of employees (including contract, hired and temporary personnel) and abide by the following principles:
  - (1) Comply with local labor and environmental laws and regulations at the place of operation to ensure that employees have reasonable working conditions and a safe and healthy working environment.
  - (2) Strive to create a working environment that is equal and fair, free from discrimination and harassment, and does not discriminate based on factors such as race, nationality, age, gender, marital status, political position, religious belief, etc.
  - (3) It is forbidden to force employees to work and child labor is prohibited.
  - (4) Protect employees' personal privacy rights and respect employees' right to associate freely.
  - (5) Create an environment wherein employees are willing to communicate, provide a complaint and reporting mechanism (reporting mailbox: ryanwu@ycgroup.tw), respect employees’ opinions, and promote labor-management cooperation; if there is a violation of human rights, relevant units will carry out investigation procedures and implement remedial and improvement measures.
  - (6) Help employees to maintain physical and mental health and work-life balance through health talks and medical professionals.
  - (7) Regularly review and evaluate relevant systems and human rights policies, revise company norms in a timely manner; and maintain basic human rights through repeated education, training and publicity every year.

## (7) Protective measures for personal safety and working environment of employees and their implementation status

Factories: The information of Achem's Yangmei Factory

Date	Regular/ irregular	Frequency	Specific safety measures	Remarks
110.01.04	Regular	At least once a year	Infrared inspection of electrical equipment of plants	Insurance company-free of charge
110.01.08	Regular	Once a month	On-site physician service (Doctor He: Occupational Safety Physician)	
110.01.08	Regular	Once a half year	Taoyuan Labor Inspection Department Fire Joint Inspection	Hosted by the Fire Department
110.01.12	Regular	By the 10th day of every month	Monthly Occupational Accidents Report Statistics in December 2020	
110.01.19	Regular	Once a half year	Declared the use of dangerous goods in plant No.1 in the first half of the year	
110.01.12~13	Regular	Every quarter	Replenishment of medicines in the factory's medicine cabinet	
110.01.15	Regular	Once or twice a month	Resident physician services (Dr. Xiao Orthopedics: Musculoskeletal)	
110.01.18	Regular	Every quarter	Occupational Safety and Health Committee (2020Q4)	Yangmei Plant No.3 (including PE Plant)
110.01.19	Regular	Once a month	Psychological Counselor (Teacher Cuihua Zhang: Director of Lifeline, Taoyuan City)	
110.01.19	Irregular	/	Coronavirus Prevention Check (supplies inventory)	
110.01.20	Regular	Every quarter	Occupational Safety and Health Committee (2020Q4)	Yangmei Plant No.2
110.01.21	Regular	Once a half year	Working environment monitoring	The first half of 2021
110.01.18~25	Regular	Every quarter	Assistance for foreign colleagues to register for the forklift skills test (review at the test site on 1/18, and take the technical test on 1/25)	
110.01.25	Regular	Every quarter	Occupational Safety and Health Committee (2020Q4)	Specialized Plant
110.01.27	Regular	Every quarter	Occupational Safety and Health Committee (2020Q4)	Yangmei Plant No. 1
110.01.27	Regular	Once a week	Factory safety inspection	Yangmei Plant No. 2
110.01.29	Regular	Every year	Declared the annual release of toxic compounds from the Yangmei Factory	
110.01.29	Regular	Once or twice a month	Resident physician services (Dr. Xiao Orthopedics: Musculoskeletal)	
110.02.02	Regular	By the 10th day of every month	Monthly Occupational Accidents Report Statistics in January 2021	
110.02.03	Regular	Every year	Factory perimeter patrol (before the Spring Festival)	
110.02.04	Regular	Once a month	On-site physician service (Doctor He: Occupational Safety Physician)	
110.02.05	Irregular	/	Coronavirus risk management measures during the spring season	
110.02.09	Irregular	/	During the spring festival, the list of staff on duty for body temperature measuring and equipment preparation	
110.02.17	Irregular	/	During the Spring Festival, employees take body temperature when entering the factory.	
110.02.08	Irregular	/	Occupational safety health education and training	New staff
110.02.19	Regular	Once or twice a month	Resident physician services (Dr. Xiao Orthopedics: Musculoskeletal)	
110.02.23	Regular	Once a month	Psychological Counselor (Teacher Cuihua Zhang: Director of Lifeline, Taoyuan City)	
110.02.25	Regular	Every year	Evaluation of maternal related hazards in the plant (specialized plant has added 2 new chemical monitoring sites in July 2021.)	Yangmei Plant No.1 and specialized plant
110.03.03~04	Irregular	/	Middle-aged and elderly employees Health Promotion Management Act	

110.03.05	Regular	By the 10th day of every month	Monthly Occupational Accidents Report Statistics in February 2021	
110.03.05	Regular	Once or twice a month	Resident physician services (Dr. Xiao Orthopedics: Musculoskeletal)	
110.03.08	Irregular	/	Occupational safety health education and training	New staff
110.03.10	Irregular	/	Revision of SDS contents of toxic and chemical prevention plan and basic information sheet, after being corrected, submitted to Taoyuan City Environmental Protection Bureau for examination.	
110.03.11	Regular	Once a month	Psychological Counselor (Teacher Cuihua Zhang: Director of Lifeline, Taoyuan City)	
110.03.17	Regular	Once a half year	AED equipment maintenance function test	Safe and secure equipment maintenance at certified sites
110.03.19	Regular	Once or twice a month	Resident physician services (Dr. Xiao Orthopedics: Musculoskeletal)	
110.03.22	Regular	Once a month	On-site physician service (Doctor He: Occupational Safety Physician)	
110.03.23	Irregular	/	SDS Security Data Catalog (Updated)	Update at least once every three years
110.03.25	Irregular	/	Review meeting for the fire accident of O2 cementing machine in Plant NO.2	
110.04.04	Regular	Once a half year	High-voltage equipment inspection, insulation test and cleaning and maintenance of high and low voltage switchboards	
110.04.08	Regular	By the 10th day of every month	Monthly Occupational Accidents Report Statistics in March 2021	
110.04.08	Regular	Once a month	Psychological Counselor (Teacher Cuihua Zhang: Director of Lifeline, Taoyuan City)	
110.04.06~12	Regular	Once a half year	ISO system internal audit (first half of the year)	The first half of 2021
110.04.12	Irregular	/	Whole plant 5S inspection	
110.04.16	Regular	Once or twice a month	Resident physician services (Dr. Xiao Orthopedics: Musculoskeletal)	
110.04.22	Regular	Once a month	On-site physician service (Doctor He: Occupational Safety Physician)	
110.04.19	Regular	Every quarter	Occupational Safety and Health Committee (2021Q1)	Yangmei Plant No.3 (including PE Plant)
110.04.20	Regular	Once a half year	High-temperature operation in boiler area, detection of Legionella bacteria in cooling water towers, and noise detection at plant state boundaries	
110.04.20~21	Regular	Every quarter	Replenishment of medicines in the factory's medicine cabinet	
110.04.21	Regular	Every quarter	Occupational Safety and Health Committee (2021Q1)	Yangmei Plant No. 1
110.04.26	Regular	Every quarter	Occupational Safety and Health Committee (2021Q1)	Specialized Plant
110.05.04	Regular	By the 10th day of every month	Monthly Occupational Accidents Report Statistics in April 2021	
110.05.05	Regular	Every quarter	Occupational Safety and Health Committee (2021Q1)	Yangmei Plant No. 2
110.05.06	Regular	Once a month	Psychological Counselor (Teacher Cuihua Zhang: Director of Lifeline, Taoyuan City)	
110.05.11	Irregular	/	Documentation of Contractor Penalties (for non-compliance by the contractor)	
110.05.14	Regular	Once or twice a month	Resident physician services (Dr. Xiao Orthopedics: Musculoskeletal)	
110.05.20	Regular	Once a month	On-site physician service (Doctor He: Occupational Safety Physician)	
110.05.21~24	Regular	Every day/Level 3 pandemic alert	Coronavirus Prevention, Employee Daily Autonomous Health Management Report (QR code).	Foreign migrant employees are restricted from going out.
110.05.24~7.27	Everyday/ Day, afternoon shift	Level 3 pandemic alert	Yangmei factory staff body temperature measuring shifts schedule (to confirm the	Night shift: Security guard

			body temperature of employees when entering the factory)	assists in measuring and recording
110.05.28	Regular	Once or twice a month	Resident physician services (Dr. Xiao Orthopedics: Musculoskeletal)	
110.06.02	Irregular	Once a half year	Blood donation activities and sarcopenia activities	Health promotion
110.06.03	Regular	By the 10th day of every month	Monthly Occupational Accidents Report Statistics in May 2021	
110.06.04	Irregular	/	Reply High-Risk Institutions Workplace Epidemic Prevention Measures Project Counseling Checklist for COVID-19 to the Competent Authority	
110.07.02	Regular	By the 10th day of every month	Monthly Occupational Accidents Report Statistics in June 2021	
110.07.03	Regular	Every year	2021 fire equipment maintenance work	Yangmei Plant No. 3
110.07.13	Regular	Every year	2021 fire equipment maintenance work	Specialized Plant
110.07.16	Regular	Once a half year	AED equipment maintenance function test	Safe and secure equipment maintenance at certified sites
110.07.16	Regular	Every year	Priority, regulated chemical declaration	All Plants in Yangmei
110.07.24	Regular	Every year	2021 fire equipment maintenance work	Yangmei Plant No.1 and public facilities
110.07.26	Regular	Every quarter	Occupational Safety and Health Committee (2021Q2)	Specialized Plant
110.07.29	Regular	Every week/ 2 hours/ once	Foreign employees (open for outbound application)	Level 2 epidemic alert
110.07.27	Regular	Once a half year	Working environment monitoring	Second half of 2021
110.07.28	Regular	Every quarter	Occupational Safety and Health Committee (2021Q2)	Yangmei Plant No. 1
110.07.29	Regular	Every quarter	Occupational Safety and Health Committee (2021Q2)	Yangmei Plant No. 2
110.07.30	Regular	Once a week	Factory safety inspection	
110.08.02	Regular	Every quarter	Occupational Safety and Health Committee (2021Q2)	Yangmei Plant No.3 (including PE Plant)
110.08.04	Regular	By the 10th day of every month	Monthly Occupational Accidents Report Statistics in July 2021	
110.08.06	Regular	Once or twice a month	Resident physician services (Dr. Xiao Orthopedics: Musculoskeletal)	
110.08.07	Regular	Every year	2021 fire equipment maintenance work	Yangmei Plant No. 2
110.08.08	Regular	Once a week	Factory safety inspection	
110.08.12	Regular	Once a month	On-site physician service (Doctor He: Occupational Safety Physician)	
110.08.21	Regular	Every year	2021 fire equipment maintenance work	PE Plant
110.08.24	Regular	Once every three years	Forklift retraining (18 people)	Date: 2021/08/24 Location: living quarters 3F Time: 13:00~16:00
110.08.27	Regular	Once or twice a month	Resident physician services (Dr. Xiao Orthopedics: Musculoskeletal)	
110.09.01	Regular	Every year/ Complete the declaration before July	Safety inspection of public buildings in Yangmei Factory	Postponed to September due to the coronavirus pandemic.
110.09.02	Regular	By the 10th day of every month	Monthly Occupational Accidents Report Statistics in August 2021	
110.09.03	Regular	Once or twice a month	Resident physician services (Dr. Xiao Orthopedics: Musculoskeletal)	
110.09.08	Irregular	Once a half year	Blood donation activity	Health promotion

110.09.09	Regular	Once a month	On-site physician service (Doctor He: Occupational Safety Physician)	
110.09.13	Irregular	/	Occupational safety health education and training	New staff
110.09.13~17	Regular	Once a half year	ISO system internal audit (first half of the year)	Second half of 2021
110.09.16	Regular	Every year	Implementation of the Civil Defense Corps plan of the police station	
110.09.17	Regular	Once or twice a month	Resident physician services (Dr. Xiao Orthopedics: Musculoskeletal)	
110.09.19	Regular	Once a half year	High-voltage equipment inspection, insulation test and cleaning and maintenance of high and low voltage switchboards	
110.09.22	Regular	Once a month	Psychological Counselor (Teacher Cuihua Zhang: Director of Lifeline, Taoyuan City)	
110.09.28	Regular	Every year	Priority, regulated chemical declaration	All Plants in Yangmei
110.10.01	Regular	Once or twice a month	Resident physician services (Dr. Xiao Orthopedics: Musculoskeletal)	
110.10.04	Regular	By the 10th day of every month	Monthly Occupational Accidents Report Statistics in September, 2021	
110.10.08	Regular	Once or twice a month	Resident physician services (Dr. Xiao Orthopedics: Musculoskeletal)	
110.10.14	Regular	Once a month	Psychological Counselor (Teacher Cuihua Zhang: Director of Lifeline, Taoyuan City)	
110.10.18	Regular	Every quarter	Occupational Safety and Health Committee (2021Q3)	Yangmei Plant No.3 (including PE Plant)
110.10.21	Regular	Once a month	On-site physician service (Doctor He: Occupational Safety Physician)	
110.10.25	Regular	Every quarter	Occupational Safety and Health Committee (2021Q3)	Specialized Plant
110.10.27	Regular	Every quarter	Occupational Safety and Health Committee (2021Q3)	Yangmei Plant No.1 (8:30)
110.10.27	Regular	Every quarter	Occupational Safety and Health Committee (2021Q3)	Yangmei Plant No.2 (14:20)
110.11.01	Regular	Once a half year	High-temperature operation in boiler area, detection of Legionella bacteria in cooling water towers, and noise detection at plant state boundaries	
110.11.02	Irregular	/	SDS Security Data Catalog (Updated)	Update at least once every three years
110.11.03	Regular	By the 10th day of every month	Monthly Occupational Accidents Report Statistics in October, 2021	
110.11.05	Regular	Once or twice a month	Resident physician services (Dr. Xiao Orthopedics: Musculoskeletal)	
110.11.11	Regular	Once a year	ISO 14001:2015/ISO 45001:2018 external audit verification	
110.11.12	Regular	Once or twice a month	Resident physician services (Dr. Xiao Orthopedics: Musculoskeletal)	
110.11.12	Regular	Every half year	Whole Factory Fire Safety Inspection (Fire Department Security Inspection Team)	
110.11.18	Irregular	/	In order to manage the information of safety and health related licenses for the unit supervisors in Yangmei factory, we hereby explain the related inquiry system integrated by the Safety and Health Division.	Expired at the end of 2021
110.11.25	Regular	Once a month	On-site physician service (Doctor He: Occupational Safety Physician)	
110.11.16~12.29	Regular	Once every three years	CPR and AED training (new license is required, completion of staff training for at least 70%, signed to send the applications).	Secure Certification Badge has expired on February 15, 2022.
110.11.26	Irregular	/	General safety and health education and training for foreign employees	
110.12.03	Regular	Once or twice a month	Resident physician services (Dr. Xiao Orthopedics: Musculoskeletal)	
110.12.07	Regular	By the 10th day of every month	Monthly Occupational Accidents Report Statistics in November, 2021	

110.12.07	Regular	Every half year	Yangmei Plant NO. 3 Fire Safety Inspection (Fire Department Security Inspection Team)	
110.12.08	Regular	Once a half year	AED equipment maintenance function test	Safe and secure equipment maintenance at certified sites
110.12.09	Regular	Once a month	Psychological Counselor (Teacher Cuihua Zhang: Director of Lifeline, Taoyuan City)	
110.12.16	Regular	Once a month	On-site physician service (Doctor He: Occupational Safety Physician)	
110.12.22	Regular	Once a year	Environmental Safety and Health Management Review Committee	
110.12.24	Regular	Once or twice a month	Resident physician services (Dr. Xiao Orthopedics: Musculoskeletal)	
110.12.29~30	Regular	Once a year	Special health check for employees (big health check)	
110.12.29	Regular	Once a half year	Self-defense fire drill and poisoning disaster drill	Due to COVID-19, the first and second half of the year were combined into 1, and will be held at the end of the year, i.e. the second half of the year.
110.12.29	Regular	Once or twice a year	Safety and health education training - forklift operator retraining	At the OPP big meeting room, 13:00~16:00

#### In Office :

1. Annual Fire Safety Equipment Inspection of headquarters office building in July 7, 2021.
2. Fire pump inspection at the beginning of each month.
3. Daily elevator and floor control.
4. In order to maintain the security of the office, employees are required to use identification cards to enter their offices.
5. Water dispenser maintenance 4 times a year. (2021/2/20, 2021/5/20, 2021/8/23, 2021/11/29)
6. Brief desktop medical kit is available in the office.

## 2021 Environmental Testing List of Yangmei Plant

Air Pollution	Outsourced Testing	Object	Test Point	Schedule	First Half	Second Half
	M01 Boiler of Plant 1	P001	Periodical inspection, air pollution fee(particulate, NOX)	July		7/8(Thu.)Particulate, 7/9(Fri.)Nox
		P002	Periodical inspection, air pollution fee(particulate, NOX)	Once every 5 years		
		P003	Commissioning, air pollution fee(particulate, NOX)	Once every 5 years		8/26(Thu.)Particulate, 8/27(Fri.)Nox
		P004	Commissioning, air pollution fee(particulate, NOX)	Once every 5 years		8/31(Tues.)Particulate, 9/1(Wed.)Nox
	M11 Boiler of Plant 1	P111	Periodical inspection, air pollution fee(particulate, NOX)	March	3/3(particulate), 3/4	
	M02 Tape of Plant 1	P011(VIC#4)	Periodical inspection, pre/after control, NMHC for 4 hrs each	March, September	2/25(Thu.)	11/5(Fri.)
		P012(VIC#7)	Periodical inspection, pre/after control, NMHC for 4 hrs each	March, September	2/26(Fri.)	10/29(Fri.)
		P013(VIC#10)	Periodical inspection, pre/after control, NMHC for 4 hrs each	March, September	3/5(Fri.)	10/28(Thu.)
		P014(VIC#2)	Periodical inspection, pre/after control, NMHC for 4 hrs each	March, September	3/26(Fri.)	7/15(Thu.)
		P015(VIC#5)	Periodical inspection, pre/after control, NMHC for 4 hrs each	March, September	3/30(Tues.)	7/8(Thu.)
		P016(VIC#6)	Periodical inspection, pre/after control, NMHC for 4 hrs each	March, September	3/10(Wed.)	7/9(Fri.)
	Sewage treatment plant	P017	Commissioning, after control, NMHC for 1hr each (once every 5 years)	Once every 5 years		
		P018	Commissioning, after control, NMHC for 1hr each (once every 5 years)	Once every 5 years		
	M01 Boiler of Plant 2	P201	Periodical inspection, air pollution fee(particulate, NOX)	February	2/23(particulate), 2/24	
	M04 Boiler of Plant 2	P401	Periodical inspection, air pollution fee(particulate, NOX)	July		7/7(Wed.)Nox
	M02 Tape Manufacturing	P203(VIC#11)	Commissioning, pre/after control,	March, September	4/7(particulate), 5/5(Wed.)	11/10(particulate), 10/14(Thu.)

	Process of Plant 2		NMHC for 4 hrs each+ particulate			
		P204(VIC#9)	Commissioning, pre/after control, NMHC for 4 hrs each	March, September	3/16(Wed.)	10/8(Fri.)
		P205(VIC#8)	Commissioning, pre/after control, NMHC for 4 hrs each	March, September	3/17(Wed.)	10/13(Wed.)
		P206(VIC#1)	Commissioning, pre/after control, NMHC for 4 hrs each	March, September	3/23(Tues.)	10/15(Fri.)
		P208	Commissioning, after control, NMHC for 4 hrs each	March, September	3/15(Mon.)	10/19(Tues.)
	M01 Tape of Plant 3	P301(R.A.UV)	Commissioning, pre/after control, NMHC for 4 hrs each	March, September	3/4(Thu.)	10/7(Thu.)
			After control, particulate (Permit variation)			
		P302(R1.A)	Commissioning, pre/after control, NMHC for 4 hrs each, NOX	March, September	3/9(Tues.)	10/27(Wed.)
			Commissioning, pre/after control, particulate	March, September	3/10(Wed.)	10/28(Thu.)
	M12 Boiler of PE Plant	P121	Periodical inspection, air pollution fee(particulate, NOX)	May		5/25(Tues.)
	M13 Tape of PE Plant	P131(Hexane)	Commissioning, pre/after control, NMHC for 4 hrs each	March, September	2/24(Wed.)	10/20(Thu.)
	M13 Tape of PE Plant	P132(Toluene)	Commissioning, pre/after control, NMHC for 4 hrs each +Toluene	March, September	3/19(Fri.)	
	M13 Tape of PE Plant	P133(Sewage treatment plant)	Commissioning, after control, NMHC for 1hr each (once every 5 years)	Once every 5 years		
	M13 Tape of PE Plant	P134(After the 4th floor electrostatic dust collection)	After control, particulate	Once every 5 years		
	M06 Manufacturing Process of Specialized Plant	P601	Commissioning, 4 hrs after NMHC controlling equipment	July		8/27(Fri.)
	M06 Manufacturing Process of Specialized Plant	P602	Commissioning, 4 hrs after NMHC controlling equipment	July		8/26(Thu.)
	M06 Manufacturing Process of Specialized Plant	P603	Commissioning, air pollution fee(particulate, NOX)	July		
	M06 Manufacturing Process of Specialized Plant	P604	Commissioning, air pollution fee(particulate, NOX)	July		
	M06 Manufacturing Process of Specialized Plant	P605	Commissioning, air pollution fee(particulate, NOX)	July		8/24(Tues.)Particulate, 8/25(Wed.)NOX
	Specialized Plant(Self-Evaluation)	P902	4 hrs after THC prevention equipment	July		



	Specialized Plant(Self-Evaluation)	P101	Commissioning, 4 hrs after THC controlling equipment	July		
	Specialized Plant	P102	Commissioning, air pollution fee(particulate, NOX)~replace natural gas boiler			10/08(Fri.)Particulate , 10/07(Thu.)NOX
	Specialized Perimeter	3 points	Foetor	October		10/13(Wed.)
	Specialized Perimeter	3 points	VOCs			10/13(Wed.)
<b>Water Pollution</b>	Cooling Tower	Inflow-End/ Outflow-End	Aquatic VOCs(63 items)	December		10/1(Fri.)
	EA wastewater of Plant 1	M01	pH, water temperature, SS, COD, BOD, ADMI value, ammonia nitrogen, free available residual chlorine	June, December	6/8	
	Boiler leakage of wastewater and non-contact cooling water	M02	pH, water temperature, SS, COD, BOD, ADMI value, ammonia nitrogen, free available residual chlorine	June, December	6/8	
	Boiler leakage of wastewater and non-contact cooling water of PE Plant	M03	pH, water temperature, SS, COD, BOD, ADMI value, ammonia nitrogen, free available residual chlorine	June, December	6/8	
	Manufacturing Process wastewater of PE Plant	M04	pH, water temperature, SS, COD, BOD, ADMI value, ammonia nitrogen, free available residual chlorine	June, December	6/8	
	Manufacturing Process wastewater of Specialized Plant	M05	pH, water temperature, SS, COD, BOD, ADMI value, ammonia nitrogen, free available residual chlorine	June, December	6/8	
	Cooling water of Specialized Plant	M06	pH, water temperature, SS, COD, BOD, ADMI value, ammonia nitrogen, free available residual chlorine	June, December	6/8	
	Washing Tower Wastewater	M07	pH, water temperature, SS, COD, BOD, ADMI value, ammonia nitrogen, free available residual chlorine	June, December	6/8	
	Domestic Sewage	M08	pH, water temperature, SS, COD, BOD, ADMI value, ammonia nitrogen, free available residual chlorine	June, December	6/8	

	Domestic Sewage (toilets)	M09	pH, water temperature, SS, COD, BOD, ADMI value, ammonia nitrogen, free available residual chlorine	June, December	6/8	
	Manufacturing Process wastewater of Plant 2	M10	pH, water temperature, SS, COD, BOD, ADMI value, ammonia nitrogen, free available residual chlorine	June, December	6/8	
	Hydrogel wastewater of Plant 2	M11	pH, water temperature, SS, COD, BOD, ADMI value, ammonia nitrogen, free available residual chlorine	June, December	6/8	
	Washing Tower Wastewater of Plant 2	M12	pH, water temperature, SS, COD, BOD, ADMI value, ammonia nitrogen, free available residual chlorine	June, December	6/8	
	Washing Tower Wastewater	M13	pH, water temperature, SS, COD, BOD, ADMI value, ammonia nitrogen, free available residual chlorine			
	Effluent	D01	pH, water temperature, SS, COD, BOD, ADMI value, ammonia nitrogen, free available residual chlorine	March, June, September, December	Q1:3/19(Wed.), Q2:6/8(Tues.)	9/2: Q3(Thu.), 11/18(Thu.)
	Effluent	D02	pH, water temperature, SS, COD, BOD, ADMI value, ammonia nitrogen, free available residual chlorine	March, June, September, December	Q1:3/19(Wed.), Q2:6/8(Tues.)	9/2: Q3(Thu.), 11/18(Thu.)
	Resource Recovery of Plant 1	Waste rubber	pH, flash point, TCLP	August		8/4(Wed.)
	Resource Recovery of Plant 1	Active Carbon	TCLP(Hexavalent Chromium, Chromium, Copper, Cadmium, Lead, Mercury, Arsenic, Selenium, Barium)	August		8/4(Wed.)
	Resource Recovery of Plant 2	Waste rubber	pH, flash point, TCLP	August		8/4(Wed.)
	Resource Recovery of Plant 2	Active Carbon	TCLP	August		8/4(Wed.)
	Manufacturing Process of Plant 3	Waste rubber(including parting agent)	pH, flash point, TCLP	August		8/4(Wed.)
	Manufacturing Process of Plant 3	Scrapped oil mixtures	pH, flash point	August		8/4(Wed.)
	Manufacturing Process of Plant 3	Active Carbon	TCLP	August		8/4(Wed.)

	PE Plant	Waste rubber	pH, flash point, TCLP	August		8/4(Wed.)
	PE Plant	Active Carbon	TCLP	August		8/4(Wed.)
	Sewage treatment plant	Mixed sludge	TCLP(Hexavalent Chromium, Chromium, Copper, Cadmium, Lead, Mercury, Arsenic, Selenium, Barium), moisture content	August		8/4(Wed.)
	M06 Manufacturing Process of Specialized Plant	Distillation residue recovery	TCLP(Hexavalent Chromium, Chromium, Copper, Cadmium, Lead, Mercury, Arsenic, Selenium, Barium), flash point, pH	April, October	2021/4/1(Thu.)	10/13(Wed.)
	M06 Manufacturing Process of Specialized Plant	JSR photoresist liquid	TCLP(Hexavalent Chromium, Chromium, Copper, Cadmium, Lead, Mercury, Arsenic, Selenium, Barium), flash point, pH	October		
	M06 Manufacturing Process of Specialized Plant	Merck photoresist liquid	TCLP(Hexavalent Chromium, Chromium, Copper, Cadmium, Lead, Mercury, Arsenic, Selenium, Barium), flash point, pH, moisture content	October		
	M09 Manufacturing Process of Specialized Plant	Quantitative NMP liquid	TCLP(Hexavalent Chromium, Chromium, Copper, Cadmium, Lead, Mercury, Arsenic, Selenium, Barium), flash point, pH	October		
	M09 Manufacturing Process of Specialized Plant	NMP Distillation Residue	TCLP(Hexavalent Chromium, Chromium, Copper, Cadmium, Lead, Mercury, Arsenic, Selenium, Barium), flash point, pH	October		
<b>Water Dispenser</b>	Plant 1	10	Coliform Bacteria	Quarterly rotational testing	1/20:9 units, 4/27:11 units	7/13:11 units, 10/19:10 units
	Plant 2	12	Coliform Bacteria	Quarterly rotational testing		
	Plant 3	3	Coliform Bacteria	Quarterly rotational testing		
	PE Plant	3	Coliform Bacteria	Quarterly rotational testing		
	R&D Center	2	Coliform Bacteria	Quarterly rotational testing		

	Specialized Plant	1	Coliform Bacteria	Quarterly rotational testing		
	Factory Section	7	Coliform Bacteria	Quarterly rotational testing		
<b>Toxic Chemicals Dilution</b>	<b>M02 Manufacturing Process of Plant 1</b>	<b>Colling tower(1&amp;8)</b>	<b>Butyl acrylate, VAM</b>	Once a year		5/6(Thu.)
	<b>M02 Manufacturing Process of Plant 1</b>	<b>process wastewater</b>	<b>Butyl acrylate, VAM</b>	Once a year		5/6(Thu.)
	<b>M02 Manufacturing Process of Plant 1</b>	<b>Acrylic Adhesive</b>	<b>Butyl acrylate, VAM</b>	Once a year		5/6(Thu.)
	<b>M02 Manufacturing Process of Plant 1</b>	<b>Active Carbon</b>	<b>Butyl acrylate, VAM</b>	Once a year		5/6(Thu.)
	<b>M02 Manufacturing Process of Plant 1</b>	<b>Flue P011~P016</b>	<b>Butyl acrylate, VAM</b>	Once a year		7/1:P011-P013、7/2:P014-P016

## 5.6 Information security management

(I).Information security risk management framework, information security policy, specific management plan and resources invested in information security management:

### **Information Security Risk Management Framework**

1. Information Security Risk Management Framework : The Information Department under the Administration Division is responsible for coordinating information security and related matters. The Audit Department draws up relevant internal control procedures for management and regular internal audits.
2. Cyber Security Specific Management Solution:
  - Web Security: The actual network server has been imported into Chunghwa Telecom's "Cyber Security Force" and a network firewall has been built to block virus intrusion and hacker attacks.
  - End-point Safety: Anti-virus software is installed on all end-point devices of computer type to reinforce malware detection.
  - Information security: It has been imported into the document management system to reinforce document confidentiality control and avoid the leakage of information.
  - Information Security Awareness: By importing the anti-phishing email mechanism, and through case studies advocacy and education training, to increase employees' cyber security awareness and alertness to social engineering attacks.
3. Resources invested in cyber security management:

The following effects have been achieved according to the implementation of the specific measures.

  - Web Security: Blocked an average of 251 cyber attacks per month, including one high-risk attack.
  - End-point Safety: 0 poisoning incidents have occurred this year.
  - Information security: The company's critical management documents are controlled by fully imported system.
  - Information Security Awareness: 4 information security seminars have been implemented this year.

### **Information Security Management Policy**

#### **1. Purpose**

As information systems and Internet applications become more and more developed, this information security management policy has been specially implemented to ensure compliance.

#### **2. Definition**

To ensure that all information systems are free from interference, damage, intrusion or any improper behavior of users, the IT Department has established an appropriate system planning, procedural norms and administrative management procedures to prevent internal and external threats, and maintain information system security.

#### **3. Goal**

To prevent information systems from being improperly used or deliberately damaged by internal and external personnel, or in case of emergency as a result of improper use, deliberate sabotage, etc., the company can respond quickly and resume normal

operations in the shortest possible time, thereby minimizing economic damage and operational interruption caused by such emergency.

#### **4. Scope**

Applicable to all company information systems and their users - Information users include regular employees, hired personnel, construction and maintenance vendors, and other authorized personnel.

#### **5. Organization**

The Information Department under the Administrative Division is responsible for coordinating information security and related matters, and auditing office draws up relevant internal control procedures for management and regular internal audits.

#### **6. Procedures**

##### **(1) Staff information security awareness and training**

In order to reduce the impact of internal and human factors on information security, the Information Department needs to regularly conduct information security education, training and promotion to improve knowledge and awareness of information security.

##### **(2) Information system security management**

2.1 The computer host, servers and other equipment should be set up in a dedicated computer room and managed by the Information Department to prevent unauthorized entry. The computer room should be locked when no one is present.

2.2 Personal computers and various peripheral equipment should be properly configured according to the nature of business, site and other factors. An uninterruptible power system should be connected to ensure stable power supply to prevent damage to the equipment and disruption in company operations.

2.3 The maintenance and operation status of the main equipment should be recorded, and equipment failures should be eliminated as soon as possible or the equipment manufacturer should be contacted for emergency maintenance.

2.4 The temperature of the computer room must be maintained between 20~25°C, and the humidity should be maintained between 40~60%RH. If the temperature and humidity are different from the standard value, the Information Department personnel and supervisor on duty should be informed through the alarm system and temperature & humidity monitoring APP. If the situation cannot be addressed, the relevant department must extend assistance, so as to prevent damage to the equipment and disruption in company operations.

2.5 With the development of new information systems, anything related to the ERP system must undergo installation testing, functional testing, interface testing, performance testing, document testing, etc., before it can be launched to ensure that the system can operate accurately and stably.

2.6 All departments must use legally authorized software and comply with relevant laws and regulations. Any software not legally authorized and irrelevant to the business shall not be installed or used. In addition to relevant legal liabilities, any offender shall also be held liable for related damages to the equipment of each unit.

2.7 Data backup and recovery operations should be performed on a regular basis, so that operations can quickly return to normal in case of emergency. The backup media should be stored in a safe and remote environment to ensure that the information is complete and available.

2.8 When outsourcing business information, it is necessary to carefully assess potential security risks in advance and sign an appropriate information security agreement with the manufacturer, instruct relevant security management responsibilities, and indicate contract clauses.

##### **(3) Cyber security management**

3.1 The outlets connected to the external network should use firewalls and other security facilities to control data transmission and access between the external and internal networks.

3.2 Install the enterprise version of anti-virus software, build intrusion detection and other anti-hacking software to protect the company's information system from viruses and malware or hacker intrusion. In addition, the latest virus code and operating system vulnerability patches for the company's information equipment should be downloaded and updated anytime.

3.3 If the invasion or suspected invasion of the network is detected, the Information Department must be notified for relevant treatment and reporting, and legal action will be taken if necessary.

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#### (4) System access control

4.1. When there is a new user, work adjustments, and resignations (suspensions), the Information Department should be notified in writing so as to add user information and adjust or delete usage rights to ensure system security.

4.2. All information systems must be password-protected and the user password should comply with security standards and changed regularly.

4.3. The computer should be locked when personnel is temporarily away. The information system must be completely logged out when the computer equipment is not in use.

4.4 System service vendors who perform system maintenance via remote login should strengthen security control measures and send personnel to monitor handling at any time.

4.5. Based on the information environment control and application system inspection items provided by professional organizations, the Information Department regularly conducts independent inspections to ensure the safety of information processing-related operations.

#### **(5) Information security management system development and maintenance**

5.1 System development and installation, maintenance, update, online execution and version change should be subject to security control. Legal and qualified vendors should be entrusted to deal with such operations to avoid improper software, backdoors, and computer viruses that endanger system security.

5.2 For the system builder and maintenance personnel of the manufacturer, the system and data range that they can access should be regulated and restricted, and the issuance of long-term system identification codes and passwords is strictly prohibited. Based on actual operations, it is necessary to issue short-term or temporary system identification and passwords for manufacturers' use. A written application must be made in advance and authorization will be cancelled immediately after use.

5.3 Entrusting manufacturers to build and maintain important information systems should only be carried out under the supervision and in the presence of an information room personnel of the company.

5.4 To modify the program and system permissions, completing an application form is required, which will be processed by the information room staff or consultants. After the user fills in the test report and confirms that it is correct, the information manager will release it and go online.

#### **(6) Planning and management of business operational sustainability**

6.1 If an information security incident causes the information system to malfunction or affects functional efficiency, the unit supervisor and information department personnel should be notified promptly so actions can be taken.

6.2 After receiving notification, the user should immediately stop using the affected information system or equipment and maintain its current status. After receiving a report, the information department personnel should record all relevant information and carry out related disposal procedures.

6.3 The Information Department regularly evaluates the possibility of loss caused by information security risks, and takes out an appropriate insurance if necessary, to reduce the amount of loss.

(II). List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided As of the publication date of the annual report, no significant cyber security incidents have occurred and the company has not suffered any losses as a result.



## 5.7 Important Contracts

Important contracts that are still in force and sufficient to affect the benefits of investors:

Agreement	Counterparty	Period	Major Contents	Restrictions
Mid-term and long-term loan	The company and Land bank, etc. (joint loan)	2020.10.28-2025.10.28	Mid-term operating turnover purpose	Mortgage of Land in the Suburban District of New Taipei City
Mid-term and long-term loan	The company and Taiwan Cooperative Treasury, etc. (joint loan)	2021.3.19-2026.03.19	Mid-term operating turnover purpose	Mortgage of Land and Plant in Zhangbin Plant

## **VI. Financial Information**

## 6.1 Five-Year Financial Summary

### 6.1.1 Condensed Balance Sheet

#### Individual Condensed Balance Sheet – Based on IFRS

(Unit: NT\$ thousands)

<div>Year</div> <div>Item</div>		Financial Summary for the Last Five Years <sup>1</sup>				
		2017	2018	2019	2020	2021
Current assets		8,735,932	7,664,298	8,166,546	8,171,540	10,167,482
Property, Plant and Equipment		3,795,393	3,684,541	3,367,152	3,499,157	3,361,809
Intangible assets		221	236	210	188	166
Other assets		8,917,845	9,099,082	9,403,621	9,094,369	7,947,738
Total assets		21,449,391	20,448,157	20,937,529	20,765,254	21,476,895
Current liabilities	Before distribution	6,495,098	5,926,763	7,548,639	8,165,158	7,726,487
	After distribution	6,190,625	5,671,565	7,714,904	8,501,268	8,349,053
Non-current liabilities		6,270,725	5,774,188	4,361,953	3,179,161	3,396,849
Total liabilities	Before distribution	12,765,823	11,700,951	11,910,592	11,344,319	11,123,336
	After distribution	12,461,350	11,445,753	12,076,857	11,680,429	11,745,902
Equity attributable to shareholders of the parent		—	—	—	—	—
Capital stock		5,348,213	5,300,623	5,718,342	5,850,478	6,382,873
Capital surplus	Before distribution	2,631,380	2,640,718	2,751,507	2,592,442	2,384,602
	After distribution	2,631,380	2,640,718	2,585,242	2,592,442	2,384,602
Retained earnings	Before distribution	1,465,042	1,810,834	916,821	1,717,382	2,106,814
	After distribution	1,160,569	1,555,636	916,821	1,381,272	1,484,248
Other equity interest		(205,417)	(473,920)	55,037	(176,879)	(106,385)
Treasury stock		(555,650)	(531,049)	(414,770)	(562,488)	(414,345)
Non-controlling interest		—	—	—	—	—
Total equity	Before distribution	8,683,568	8,747,206	9,026,937	9,420,935	10,353,559
	After distribution	8,379,095	8,492,008	8,860,672	9,084,825	9,730,993

Note:

1. The annual financial information has been verified by an accountant.

### Consolidated Condensed balance sheet– Based on IFRS

(Unit: NT\$ thousands)

Item \ Year		Financial Summary for The Last Five Years <sup>1</sup>				
		2017	2018	2019	2020	2021
Current assets		19,179,294	16,490,901	15,552,373	14,565,303	17,828,534
Property, Plant and Equipment		15,143,833	14,370,740	13,192,774	11,549,183	8,537,930
Intangible assets		258,188	258,490	269,763	186,007	172,849
Other assets		1,873,913	2,107,769	4,265,287	3,515,332	3,748,981
Total assets		36,455,228	33,227,900	33,280,197	29,815,825	30,288,294
Current liabilities	Before distribution	15,441,383	12,729,026	17,055,489	13,313,274	15,826,753
	After distribution	15,136,910	12,437,828	17,221,754	13,649,384	16,449,319
Non-current liabilities		11,603,236	11,129,705	6,653,459	6,525,758	3,454,063
Total liabilities	Before distribution	27,044,619	23,858,731	23,708,948	19,839,032	19,280,816
	After distribution	26,740,146	23,603,533	23,875,213	20,175,142	19,903,382
Equity attributable to shareholders of the parent company		8,683,568	8,747,206	9,026,937	9,420,935	10,353,559
Capital stock		5,348,213	5,300,623	5,718,342	5,850,478	6,382,873
Capital surplus	Before distribution	2,631,380	2,640,718	2,751,507	2,592,442	2,384,602
	After distribution	2,631,380	2,640,718	2,585,242	2,592,442	2,384,602
Retained earnings	Before distribution	1,465,042	1,810,834	916,821	1,717,382	2,106,814
	After distribution	1,160,569	1,555,636	916,821	1,381,272	1,484,248
Other equity interest		(205,417)	(473,920)	55,037	(176,879)	(106,385)
Treasury stock		(555,650)	(531,049)	(414,770)	(562,488)	(414,345)
Prior interests under joint-control		—	—	—	—	—
Non-controlling interest		727,041	621,963	544,312	555,858	653,919
Total equity	Before distribution	9,410,609	9,369,169	9,571,249	9,976,793	11,007,478
	After distribution	9,106,136	9,113,971	9,404,984	9,640,683	10,384,912

Note:

1. The annual financial information has been verified by an accountant.

## 6.1.2 Condensed Statement of Comprehensive Income/Condensed Statement of Income

### Individual Condensed Statement of Comprehensive Income – Based on IFRS

(Unit: NT\$ thousands)

Item \ Year	Financial Summary for the Last Five Years <sup>1</sup>				
	2017	2018	2019	2020	2021
Operating revenue	5,259,487	5,766,235	4,345,163	4,176,275	5,077,343
Gross profit	843,210	1,051,916	477,193	551,955	777,570
Income from operations	531,808	693,224	177,224	220,875	428,884
Non-operating income	124,447	(89,248)	(669,912)	635,986	510,282
Non-operating expenses	656,255	603,976	(492,688)	856,861	939,166
Income before tax	588,778	543,593	(509,016)	805,604	867,762
Net income (Loss)	—	—	—	—	—
Other comprehensive income	588,778	543,593	(509,016)	805,604	867,762
(income after tax)	(53,650)	(229,224)	399,158	(236,959)	289,054
Total comprehensive income	535,128	314,369	(109,858)	568,645	1,156,816
Net income attributable to shareholders of the parent	—	—	—	—	—
Net income attributable to non-controlling interest	—	—	—	—	—
Comprehensive income attributable to Shareholders of the parent company	—	—	—	—	—
Comprehensive income attributable to non-controlling interest	—	—	—	—	—
Earnings per share	1.30	1.11	(0.99)	1.42	1.47

Note:

1. The annual financial information has been verified by an accountant.

# Consolidated Condensed Statement of Comprehensive Income – Based on IFRS

(Unit: NT\$ thousands)

Year Item	Financial Summary for The Last Five Years <sup>1</sup>				
	2017	2018	2019	2020	2021
Operating revenue	18,978,213	19,810,468	16,177,441	13,924,193	17,181,794
Gross profit	2,547,869	2,286,012	1,884,421	2,457,748	2,906,763
Income from operations	823,996	579,503	225,955	906,645	1,303,899
Non-operating income	(68,917)	220,239	(667,130)	1,053,384	926,566
Non-operating expenses	755,079	799,742	(441,175)	1,960,029	2,230,465
Income before tax	623,783	526,652	(564,376)	1,795,815	2,027,094
Net income (Loss)	—	—	—	(1,016,910)	(1,177,429)
Other comprehensive income	623,783	526,652	(564,376)	778,905	849,665
(income after tax)	(52,610)	(238,494)	387,127	(243,488)	(112,491)
Total comprehensive income	571,173	288,158	(177,249)	535,417	1,113,768
Net income attributable to shareholders of the parent	588,778	543,593	(509,016)	805,604	867,762
Net income attributable to non-controlling interest	—	—	—	—	—
Comprehensive income attributable to Shareholders of the parent company	35,005	(16,941)	(55,360)	(26,699)	(18,097)
Comprehensive income attributable to non-controlling interest	535,128	314,369	(109,858)	568,645	1,156,816
Earnings per share	—	—	—	—	—
Operating revenue	36,045	(26,211)	(67,391)	(33,228)	(43,048)
Gross profit	1.30	1.11	(0.99)	1.42	1.47

Note:

1. The annual financial information has been verified by an accountant.

### 6.1.3 Auditors' Opinions for the last five years

Year	Accounting Firm	CPA	Audit Opinion
2021	PwC Taiwan	Yifan Lin, Jinchang Chen	unqualified audit report with explanatory paragraph or modified wording
2020	PwC Taiwan	Yifan Lin, Jinchang Chen	unqualified audit report with explanatory paragraph or modified wording
2019	PwC Taiwan	Yifan Lin, Jinchang Chen	unqualified audit report with explanatory paragraph or modified wording
2018	PwC Taiwan	Yifan Lin, Shirong Weng	unqualified audit report with explanatory paragraph or modified wording
2017	PwC Taiwan	Yifan Lin, Shirong Weng	unqualified audit report with explanatory paragraph or modified wording

## 6.2 Five-Year Financial Analysis

### Individual Financial Analysis – Based on IFRS

Year Item		Financial Analysis for the Last Five Years				
		2017	2018	2019	2020	2021
Financial structure (%)	Debt Ratio	59.52	57.22	56.89	54.63	51.79
	Ratio of long-term capital to property, plant and equipment	394.01	394.12	397.63	360.09	409.02
Solvency (%)	Current ratio	134.5	129.32	108.19	100.08	131.59
	Quick ratio	34.15	34.55	35.03	33.28	53.42
	Interest earned ratio (times)	3.40	3.22	(1.70)	5.04	6.65
Operating performance	Accounts receivable turnover (times)	7.40	8.58	7.41	7.86	7.22
	Average collection period	49.32	42.54	49.25	46.43	50.55
	Inventory turnover (times)	0.67	0.79	0.72	0.70	0.80
	Accounts payable turnover (times)	10.31	9.09	8.89	17.26	19.61
	Average days in sales	548.56	459.96	506.27	520.19	455.71
	Property, plant and equipment turnover (times)	1.39	1.56	1.29	1.19	1.51
	Total assets turnover (times)	0.25	0.28	0.21	0.20	0.24
Profitability	Return on total assets (%)	3.41	3.17	(1.96)	4.30	4.40
	Return on stockholders' equity (%)	7.51	6.24	(5.73)	8.73	8.78
	Pre-tax income to paid-in capital (%)	12.27	11.39	(8.62)	15.03	14.72
	Profit ratio (%)	11.19	9.43	(11.71)	19.29	17.09
	Earnings per share (NT\$)	1.30	1.11	(0.99)	1.42	1.47
Cash flow	Cash flow ratio (%)	12.46	13.51	0.46	8.17	13.52
	Cash flow adequacy ratio (%)	7.89	22.04	114.08	204.97	151.92
	Cash reinvestment ratio (%)	5.75	3.64	(1.79)	4.01	5.03
Leverage	Operating leverage	1.35	1.29	2.43	1.91	1.48
	Financial leverage	1.36	1.28	5.42	2.06	1.22



Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

(1) Solvency

The increase in interest earned ratio is mainly due to the increase in profit and decrease in interest expense in 2021. The increase in current and quick ratio is mainly due to the decrease in current liabilities as a result of continuous reimbursements in 2021.

(2) Profitability

The increase in the relevant ratio is mainly due to the growth of profit in 2021.

(3) Cash flow ratio

The increase in cash flow ratio and cash reinvestment ratio is mainly due to the increase in net cash flow from operating activities; the decrease in cash flow adequacy ratio is mainly due to the purchase of inventory by the real estate group - WenZaiZun in TaiShan; the decrease in operating leverage and financial leverage is mainly due to the positive results of the group's simplify policy, disposal of deficit divisions and reimbursement of loans, resulting in higher profitability and lower interest expense.

### Consolidated Financial Analysis – Based on IFRS

Year		Financial Analysis for the Last Five Years				
Item		2017	2018	2019	2020	2021
Financial structure (%)	Debt Ratio	74.18	71.80	71.24	66.53	63.65
	Ratio of long-term capital to property, plant and equipment	138.76	142.64	122.98	142.89	169.38
Solvency (%)	Current ratio	124.21	129.55	91.19	109.40	112.65
	Quick ratio	59.82	62.50	45.36	50.80	57.39
	Interest earned ratio (times)	2.07	2.22	0.02	3.22	4.33
Operating performance	Accounts receivable turnover (times)	6.06	5.75	4.83	4.74	5.66
	Average collection period	60.23	63.47	75.56	77.00	64.48
	Inventory turnover (times)	1.78	2.03	1.85	1.60	1.85
	Accounts payable turnover (times)	11.26	11.20	11.31	11.05	12.34
	Average days in sales	205.05	179.80	197.29	228.12	197.29
	Property, plant and equipment turnover (times)	1.25	1.38	1.23	1.21	2.01
	Total assets turnover (times)	0.52	0.57	0.49	0.44	0.57
Profitability	Return on total assets (%)	2.92	2.65	(0.61)	3.22	3.37
	Return on stockholders' equity (%)	6.32	5.61	(5.96)	7.97	8.10
	Pre-tax income to paid-in capital (%)	14.12	15.09	(7.72)	16.54	16.50
	Profit ratio (%)	3.29	2.66	(3.49)	5.58	4.95
	Earnings per share (NT\$)	1.3	1.11	(0.99)	1.42	1.47
Cash flow	Cash flow ratio (%)	4.27	11.17	7.64	12.97	(0.60)
	Cash flow adequacy ratio (%)	9.91	20.89	55.27	102.80	87.56
	Cash reinvestment ratio (%)	2.52	4.30	5.30	6.82	(3.01)
Leverage	Operating leverage	1.97	2.50	5.50	2.02	1.55
	Financial leverage	2.73	7.10	(0.86)	1.72	1.21

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

**(1) Solvency**

The increase in interest earned ratio is mainly due to the increase in profit and decrease in interest expense in 2021.

**(2) Profitability**

The increase in turnover of property, plant and equipment and total asset turnover is mainly due to the group's simplify policy, disposed the deficit divisions and concentrated on profit-making divisions and reimbursement of loans, resulting in higher revenue and profitability and lower interest expenses.

**(3) Cash flow ratio**

The decrease in cash flow ratio and cash reinvestment ratio is mainly due to the decrease in net cash flow from operating activities as

a result of the increase in inventories due to the early stocking of raw materials fluctuation and the continued investment in property by the real estate group; the decrease in operating leverage and financial leverage is mainly due to the Group's simplify policy, the disposal of deficit divisions and the reimbursement of loans for the improvement in profitability and the decrease in interest expense.

#### 1. Financial structure

(1) Debt Ratio= Total liabilities/Total assets.

(2) Ratio of long-term capital to property, plant and equipment=(Total equity + non-current liabilities)/ property, plant and equipment.

#### 2. Solvency

(1) Current ratio=Current assets/Current liabilities.

(2) Quick ratio=(Current assets-inventory-prepaid expenses) / current liabilities.

(3) Interest earned ratio=Net income before tax and interest expense/interest expense.

#### 3. Operating performance

(1) Account receivable turnover (including accounts receivable and notes receivable resulting from business operations) =Net sales/Average balance of account receivable (including accounts receivable and notes receivable resulting from business operations).

(2) Average collection period= 365/Accounts receivable turnover.

(3) Inventory turnover= Cost of goods sold/Average inventory.

(4) Accounts payable turnover (including accounts payable and notes payable resulting from business operations) =Operating costs/Average balance of accounts payable (including accounts payable and notes payable resulting from business operations)

(5) Average days in sales= 365/Inventory turnover

(6) Property, plant and equipment turnover=Net sales/average net real property, plant and equipment.

(7) Total assets turnover=Net sales/average total assets.

#### 4. Profitability

(1) Return on total assets=[Net income + interest expense×(1-tax rate)]/average total assets .

(2) Return on stockholders' equity=Net income/ Average net shareholder's equity.

(3) Profit ratio=Net income/Net sales.

(4) Earnings per share = (Consolidated Net Income Attributed to Stockholders of the Company-Preferred stock dividend)/ Weighted average number of issued shares

#### 5. Cash flow

(1) Cash flow ratio=Cash flows 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 dividends in the last five years).

(3) Cash reinvestment ratio =(Net cash flow from operating activities-cash dividends) / (property, plant and equipment + long-term investment + other non-current assets + working capital).

#### 6. Leverage

(1) Operating leverage=(Net operating income-variable operating costs and expenses) / operating profit.

(2) Financial leverage=Operating profit/ (operating profit-interest expense).

Note: As of the date of publication of the annual report, if there is the latest financial information that has been verified by an accountant, it should be analyzed together: None.

### **6.3 Supervisors' /Audit Committee's Report for the Most Recent Year**

#### **To: The General Meeting of Shareholders as of year 2021**

The company's 2021 business report, financial statements and earnings distribution proposals were made by the Board of Directors, among which the financial statements were verified by the entrusted PwC's CPAs, and a verification report was issued. The above-mentioned business report, financial statement and earnings distribution proposal have been checked by the Audit Committee and no discrepancies were found. The report is prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. For your perusal.

Sincerely,  
Yem Chio Corporation

Convener of the Audit Committee: Yanjun Chen

2022/3/25

#### **6.4 The Latest Financial Report, Including the Accountant’s Audit Report, Two-Year Balance Sheet, Consolidated Income Statement, Statement of Changes in Equity, Cash Flow Statement, and Notes or Attached Tables**

##### **INDEPENDENT AUDITORS’ REPORT TRANSLATED FROM CHINESE**

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

#### ***Opinion***

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

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

#### ***Basis for opinion***

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

## ***Key audit matters***

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

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

### **Valuation of inventory**

#### Description

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

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

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

#### How our audit addressed the matter

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

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

2. For packaging material business:

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

3. For land development and construction business:

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

**Valuation of investment property**

Description

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

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

### How our audit addressed the matter

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

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

### ***Other matter –Audits by other auditors***

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

### ***Other matter – Parent company only financial reports***

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

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

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



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

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

### ***Auditors' responsibilities for the audit of the consolidated financial statements***

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

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

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

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

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

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

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

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Lin, Yi-Fan

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Chen, Ching Chang

For and on Behalf of PricewaterhouseCoopers, Taiwan  
March 25, 2022

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

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

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

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

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

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

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

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

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

(Continued)

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

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

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

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

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

(Continued)



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

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

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

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

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

(Continued)

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

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

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

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

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

**1. HISTORY AND ORGANISATION**

- (1) Yem Chio Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in researching, designing, manufacturing, processing, and sales of petrochemical and packaging materials, including BOPP film and adhesive tape, as well as land development and construction.
- (2) The Company had been listed as Second (TIGER) category securities on Gre Tai Securities Market since April, 2000, and had been listed as general securities since April, 2001. Since January 21, 2008, the Company had been listed on the Taiwan Stock Exchange.

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

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

**3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS**

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

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

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

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

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

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

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

follows:

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

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

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

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

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

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### (1) Compliance statement

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

##### (2) Basis of preparation

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

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

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

##### (3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

B. Subsidiaries included in the consolidated financial statements:

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



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

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

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

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

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

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

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

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

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

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

C. Related parties in the consolidated financial statements:

<u>Names and relationship of related parties</u>
Associate
Winda Opto-Electronics Co., Ltd.
Yanrun Development Co., Ltd.
Other related party - companies with significant influence over Foshan Inder Adhesive Product Co., Ltd. - Foshan Plastics Group Co., Ltd.
Other related parties
Li, Qi-Zheng
Li, Shu-Wei
Key management
Li, Zhi-Xian

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

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

F. Significant restrictions: None.

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

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

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

**B. Translation of foreign operations**

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

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

**(5) Classification of current and non-current items**

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

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

(6) Cash equivalents

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

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

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

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

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

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

(9) Financial assets at amortised cost

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

(10) Accounts and notes receivable

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

(11) Impairment of financial assets

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

(12) Derecognition of financial assets

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

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

(13) Lease receivables / leases (lessor)

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



(14) Inventories

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

(15) Non-current assets held for sale

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

(16) Investments accounted for using equity method / associates

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

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

(17) Property, plant and equipment

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

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

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

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

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

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

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

(19) Investment property

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

(20) Intangible assets

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

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

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

(21) Impairment of non-financial assets

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

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

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

(22) Notes and accounts payable

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

(23) Derecognition of financial liabilities

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

(24) Convertible bonds payable

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

A. Embedded call options and put options

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

B. Bonds payable of convertible corporate bonds

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

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

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

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

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

(25) Revenue recognition

A. Sales of goods

- (a) Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- (b) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Land development and resale

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

(26) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

C. Termination benefits

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

D. Employees' compensation and directors' remuneration

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

(27) Employee share-based payment

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

(28) Income tax

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

(29) Share capital

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



(30) Dividends

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

(31) Government grants

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

(32) Operating segments

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

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

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

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

None.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

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

## B. Investment property

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

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(4) Financial assets at amortised cost

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

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

	Year ended December 31	
	2021	2020
Interest income	<u>\$ 1,124</u>	<u>\$ 8,168</u>

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

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

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

(5) Notes and accounts receivable

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

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

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

The above ageing analysis was based on past due date.

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

#### (6) Inventories

- A. Inventories were as follows:

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

Balance sheet

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

Statement of comprehensive income

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

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

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

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

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

(8) Property, plant and equipment / Subsequent event

2021

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

2020

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

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

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

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

(9) Leasing arrangements — lessee

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

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

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

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

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

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

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

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

- G. For the years ended December 31, 2021 and 2020, the Group's total cash outflow for leases were \$45,789 and \$290,795, respectively.
- H. The Group did not pledge right-of-use assets to others as collateral.
- I. In 2020, the Group modified a certain lease after negotiation and recognised loss arising from lease modifications of \$85,915, which was recognized in other gains and losses in the consolidated statements of comprehensive income.
- J. The Group has applied the practical expedient to "Covid-19-related rent concessions", and recognised the gain from changes in lease payments arising from the rent concessions amounting to \$432 by increasing other income for 2020.

K. Reclassification:

In September 2021, the right-of-use assets of the second-tier subsidiary, Wan Chio Petrochemical (Jiangsu) Co., Ltd., was transferred as non-current assets held for sale. Please refer to Note 6(13) for details.

(10) Leasing arrangements - lessor

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

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

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

(11) Investment property

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

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

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



B. Fair value basis of investment property

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

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

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

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

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

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

fees and repair expense that were actually incurred for the year.

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

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

- C. The information on the Group's investment property is provided in Note 12(3).  
D. Amount of borrowing costs capitalised as part of investment property and the range of the interest rates for such capitalisation: None.  
E. Information about the investment property that was pledged to others as collateral is provided in Note 8.  
F. Reclassifications:

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

(12) Intangible assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Please refer to Note 6(31)

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

(14) Impairment of non-financial assets

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

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

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

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

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

(15) Short-term borrowings

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

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

(16) Short-term bills payable

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

(17) Long-term liabilities, current portion

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

(18) Other current liabilities

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

(19) Bonds payable

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

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

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



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

B. The terms of the domestic secured convertible corporate bonds of Xin Chio Co., Ltd. are as follows:

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

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

(20) Long-term borrowings

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

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

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

2020, the amount drawn was \$2,650,000.

- B. In October 2020, the Company entered into a syndicated loan agreement with a syndicated banking group consisting of Land Bank of Taiwan and others for a period of 5 years. The Company is allowed to settle the borrowings and use the working capital if the total amount is within the scope of \$1.59 billion pursuant to the agreement. The primary terms of the agreement are as follows:
- (a) Tranche A: Non-revolving line of \$1,100,000
  - (b) Tranche B: Non-revolving line of \$390,000
  - (c) Tranche C: Non-revolving line of \$100,000
  - (d) The Company's revolving credit facility is subject to the following terms and financial covenants:
    - i. The Company shall pledge land serial No. 4 and 5, Section 1, Fuduxin section, Xinzhuang District, New Taipei City as collateral for tranche B and C.
    - ii. The Company on each annual consolidated financial statements is required to maintain the following financial ratios:  
Liability ratio (total liabilities/consolidated tangible net worth) of not higher than 300%;  
interest coverage ((income before tax + depreciation + amortisation + interest expense)/interest expense) of at least 150%; consolidated tangible net worth of not less than \$7 billion.
  - (e) There was no violation of the loan covenant as of December 31, 2021 and December 31, 2020.
  - (e) As of December 31, 2021 and December 31, 2020, the amount drawn were both \$1,100,000.
- C. In March 2021, the Company entered into a syndicated loan agreement with a syndicated banking group consisting of Taiwan Cooperative Bank and others for a period of 5 years. The Company is allowed to settle the borrowings and use the working capital if the total amount is within the scope of \$3.6 billion pursuant to the agreement. The primary terms of the agreement are as follows:
- (a) Tranche A: Non-revolving line of \$1,100,000
  - (b) Tranche B: Revolving line of \$2,500,000. The proceeds of the loan were used to increase medium-term working capital. The credit facility will be reduced after three years from the first drawdown date, and will be further reduced on the same date of each succeeding year. The reduction of the credit facility will be done in three phases as follows: a 15% reduction for the first phase, 20% reduction for the second phase and 65% reduction for the third phase.

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

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

(21) Pensions

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

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

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

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

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

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

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

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

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

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



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

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

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

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

(22) Share capital

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

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

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

- B. For the year ended December 31, 2021, convertible bonds amounting to \$361,600 in total par value were requested for conversion into 27,775 thousand ordinary shares. The amount of 233 thousand ordinary shares was recorded under 'certificate of entitlement to new shares from convertible bonds' because the registration of the change has not yet been completed.
- C. For the year ended December 31, 2020, convertible bonds amounting to \$196,600 in total par value were requested for conversion into 15,008 thousand ordinary shares. The amount was recorded under 'certificate of entitlement to new shares from convertible bonds' because the registration of the change had not yet been completed as of December 31, 2020. The registration of the change had been completed during the year ended December 31, 2021.
- D. On July 7, 2021, the Company's shareholders approved to capitalise shareholders' bonus amounting to \$348,445 which was distributed from 2020 earnings. A total of 34,844 thousand new shares were issued with a par value of \$10 per share. The registration of the change was completed.
- E. On July 7, 2021, the Company's Board of Directors resolved to increase the authorised capital to \$10,000,000. The registration of the change was completed on July 22, 2021.

## F. Treasury shares

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

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

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

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

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

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

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

(23) Capital surplus

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

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

(24) Retained earnings / Subsequent event

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

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

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

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

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

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

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

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

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

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

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

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

- G. Subsequent event:

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

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

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

(25) Operating revenue

A. Disaggregation of revenue from contracts with customers

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

Year ended December 31, 2021					
	Tape manufacturing business segment	Packaging materials business segment	Real estate business segment	Specialty chemical business segment	Total
Total segment revenue	\$ 17,661,967	\$ 1,837,122	\$ 560,926	\$ 449,331	\$ 20,509,346
Inter-segment revenue	( 3,313,997)	-	-	( 13,555)	( 3,327,552)
Revenue from external customer contracts	<u>\$ 14,347,970</u>	<u>\$ 1,837,122</u>	<u>\$ 560,926</u>	<u>\$ 435,776</u>	<u>\$ 17,181,794</u>
Year ended December 31, 2020					
	Tape manufacturing business segment	Packaging materials business segment	Real estate business segment	Specialty chemical operating segment	Total
Total segment revenue	\$ 13,564,984	\$ 1,559,915	\$ 769,229	\$ 438,213	\$ 16,332,341
Inter-segment revenue	( 2,372,373)	-	-	( 11,252)	( 2,383,625)
Revenue from external customer contracts	11,192,611	1,559,915	769,229	426,961	13,948,716
Less: Sales revenue attributable to discontinued operations	<u>24,523</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,523</u>
	<u>\$ 11,168,088</u>	<u>\$ 1,559,915</u>	<u>\$ 769,229</u>	<u>\$ 426,961</u>	<u>\$ 13,924,193</u>

B. Contract liabilities

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

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



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

(26) Other income

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

(27) Other gains and losses

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

(28) Finance costs

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

(29) Expenses by nature (including discontinued operations)

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

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

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

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

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

(30) Income tax

A. Tax expense

Components of income tax expense:

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

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

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

C. Reconciliation between income tax expense and accounting profit:

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

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

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

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

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

(a.) Domestic subsidiaries

December 31, 2021				
Year incurred	Amount estimated/ filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2012-2021	Estimated/ filed/ assessed	<u>\$ 303,691</u>	<u>\$ 270,310</u>	2031

December 31, 2020				
Year incurred	Amount estimated/ filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2011-2020	Estimated/ filed/ assessed	<u>\$ 279,991</u>	<u>\$ 258,838</u>	2030

(b.) Foreign subsidiaries

December 31, 2021				
Year incurred	Amount estimated/ filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2016-2020	Assessed	\$ 390,634	\$ 390,634	2025
2018-2019	Assessed	55,454	-	
		<u>\$ 446,088</u>	<u>\$ 390,634</u>	

December 31, 2020				
Year incurred	Amount estimated/ filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2016-2019	Assessed	\$ 156,427	\$ 156,427	2024
2018-2019	Assessed	55,454	-	
		<u>\$ 211,881</u>	<u>\$ 156,427</u>	

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

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



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

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

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

(31) Earnings (loss) per share

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

Year ended December 31, 2020			
		Retroactive adjustment weighted average number of ordinary shares outstanding	Earnings (loss) per share (in dollars)
	<u>Amount after tax</u>	<u>(shares in thousands)</u>	
<u>Basic earnings (loss) per share</u>			
Profit from continuing operations attributable to the parent	\$ 1,726,721	<u>565,330</u>	\$ 3.05
Loss from discontinued operations attributable to the parent	( 921,117)		( 1.63)
Profit attributable to ordinary shareholders of the parent	<u>\$ 805,604</u>		<u>\$ 1.42</u>
<u>Diluted earnings (loss) per share</u>			
Profit from continuing operations attributable to the parent	\$ 1,726,721	565,330	
Assumed conversion of all dilutive potential ordinary shares			
Treasury stocks transferred to employees	-	20,168	
Employees' compensation	-	300	
Subsidiaries' domestic convertible bonds	( 4,624)	-	
Domestic convertible bonds	<u>6,646</u>	<u>74,841</u>	
Profit from continuing operations attributable to the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 1,728,743	<u>660,639</u>	\$ 2.62
Loss from discontinued operations attributable to the parent	( 921,117)		( 1.39)
Profit attributable to parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 807,626</u>		<u>\$ 1.23</u>

(32) Transactions with non-controlling interest

Acquisition of additional equity interest in a subsidiary

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

(33) Supplemental cash flow information

Investing activities with partial cash payments

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

(34) Changes in liabilities from financing activities

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

	2020					
	Short-term borrowings	Long-term borrowings	Short-term notes and bills payable	Corporate bonds payable	Lease liabilities	Liabilities from financing activities-gross
At January 1	\$ 6,505,803	\$ 12,193,596	\$ 550,000	\$ 971,544	\$ 537,830	\$ 20,758,773
Changes in cash flow from financing activities	( 65,795)	( 3,627,137)	( 70,000)	203,710	( 181,382)	( 3,740,604)
Impact of changes in foreign exchange rate	( 46,688)	( 67,442)	-	-	( 9,364)	( 123,494)
Changes in other non-cash items	-	-	-	( 191,713)	( 281,022)	( 472,735)
At December 31	<u>\$ 6,393,320</u>	<u>\$ 8,499,017</u>	<u>\$ 480,000</u>	<u>\$ 983,541</u>	<u>\$ 66,062</u>	<u>\$ 16,421,940</u>

## 7. RELATED PARTY TRANSACTIONS

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

(2) Significant related party transactions and balances

### A. Operating revenue

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

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

### B. Purchases:

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

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

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

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

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

### D. Other payables to related parties:

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

E. Contract liabilities – Pre-sold house

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

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

F. Rental revenue

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

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

G. Increase in deferred marketing expenses in the year

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

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

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

(3) Key management compensation

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

## 8. PLEDGED ASSETS

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

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

## 9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

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

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

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

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

## 10. SIGNIFICANT DISASTER LOSS

None.

## 11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

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

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

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

## 12. OTHERS

### (1) Capital management

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



(2) Financial instruments

A. Financial instruments by category

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

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

#### B. Financial risk management policies

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

## C. Significant financial risks and degrees of financial risks

### (a) Market risk

#### Foreign exchange risk

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

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

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

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

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

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

#### Price risk

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

#### Cash flow and fair value interest rate risk

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

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

(b) Credit risk

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

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

- vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.
- viii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2021 and 2020, the provision matrix is as follows:

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

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

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

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

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

(c) Liquidity risk

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

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

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

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



Non-derivative financial liabilities:

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

Non-derivative financial liabilities:

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

Derivative financial liabilities:

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

(3) Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the

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

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

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

B. Financial instruments not measured at fair value

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes: Recorded as non-operating income and expenses.

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

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

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

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

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

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

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

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

(4) Other matter

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

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

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

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

(2) Information on investees

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



(3) Information on investments in Mainland China

A. Basic information: Please refer to table 11.

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

(4) Major shareholders information

Major shareholders information: Please refer to table 12.

14. SEGMENT INFORMATION

(1) General information

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

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

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

(2) Measurement of segment information

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

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

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

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

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

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

Note: Including losses from discontinued operations.

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

(4) Reconciliation for segment income (loss)

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

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

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

(5) Information on products and services

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

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

(6) Geographical information

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

on the location of assets is as follows:

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

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

(7) Information on significant customers

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

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

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

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

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

Table 1, Page 2

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

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

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

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

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

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

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

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

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

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

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

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

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

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

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

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

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

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

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

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

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

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

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

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

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

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



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

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

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

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

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

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

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

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

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

Table 4

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

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

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

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

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

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

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

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

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

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

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

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

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

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

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

Table 6

Expressed in thousands of NTD  
(Except as otherwise indicated)

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

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

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

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

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

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

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

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

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

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

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

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

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

Table 8

Expressed in thousands of NTD  
(Except as otherwise indicated)

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

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

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NTS10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity.



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

Table 9

Expressed in thousands of NTD  
(Except as otherwise indicated)

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

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

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

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

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

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

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

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

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

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

Table 10

Expressed in thousands of NTD  
(Except as otherwise indicated)

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

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

Table 10, Page 2

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

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

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

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

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

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

Table 11

Expressed in thousands of NTD  
(Except as otherwise indicated)

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

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

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

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

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

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

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

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

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

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

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

Yem Chio Co., Ltd. and Subsidiaries

Major shareholders information

December 31, 2021

Table 12

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

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



## 6.5 Latest Individual Financial Statements Audited and Certified by Accountants

### INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

#### ***Opinion***

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

In our opinion, based on our audits and the reports of other auditors (please refer to *Other matter* section), the accompanying parent company only 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 years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### ***Basis for opinion***

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

#### ***Key audit matters***

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

Key audit matters for the Company's 2021 parent company only financial statements are stated as follows:

#### **Valuation of inventory**

### Description

Refer to Note 4(12) for accounting policy on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions applied on inventory valuation and Note 6(6) for details of inventories. As of December 31, 2021, the inventories and allowance for valuation loss amounted to NT\$5,695,195 thousand and NT\$12,744 thousand, respectively.

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

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

### How our audit addressed the matter

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

1. Assessed and obtained an understanding of provision policies in relation to the allowance for inventory valuation losses.
2. For packaging materials business:
  - (1) Obtained the net realisable value valuation report of inventories, assessed the calculation logic, verified the related records, and selected samples to check the source data of net realisable value.
  - (2) Obtained the details of the individually identified obsolete or slow-moving inventories, reviewed the related supporting documents, and verified the records.
  - (3) Obtained an understanding of the Company's warehousing control procedures. Reviewed annual physical inventory count plan and participated in the annual inventory count in order to assess the classification of obsolete inventory and effectiveness of obsolete inventory internal control.
3. For land development and construction business:

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

## **Valuation of investment property**

### Description

Refer to Note 4(17) for accounting policy on investment property, Note 5(2) for uncertainty of accounting estimates and assumptions applied on fair value valuation and Note 6(11) for details of investment property. As of December 31, 2021, the fair value of investment property was NT\$2,098,276 thousand.

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

### How our audit addressed the matter

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

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

### ***Other matter –Audits by other auditors***

We did not audit the financial statements of certain investees accounted for under the equity method. The balances of these investments amounted to NT\$1,116,201 thousand and NT\$1,083,577 thousand, both constituting 5% of total assets, as at December 31, 2021 and 2020, respectively, and the comprehensive loss amounted to (NT\$7,209) thousand and (NT\$8,971) thousand, constituting (1%) and (2%) of total comprehensive income for the years then ended, respectively. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other auditors.

### ***Responsibilities of management and those charged with governance for the parent company only financial statements***

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

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, 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 parent company only financial statements***

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only 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.

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Lin, Yi-Fan

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Chen, Ching Chang

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 25, 2022

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

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

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

Assets		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 328,252	2	\$ 267,761	1
1110	Financial assets at fair value through profit or loss - current	6(2)	751	-	2,009	-
1120	Financial assets at fair value through other comprehensive income - current	6(3)	-	-	8,632	-
1136	Financial assets at amortised cost - current	6(4) and 8	196,623	1	203,835	1
1150	Notes receivable, net	6(5)	69,027	-	42,211	-
1170	Accounts receivable, net	6(5)	547,261	3	349,705	2
1180	Accounts receivable - related parties	7	246,884	1	118,132	-
1200	Other receivables		10,482	-	165,758	1
1210	Other receivables - related parties	7	2,573,027	12	1,059,963	5
130X	Inventories, net	6(6) and 8	5,682,451	26	5,029,610	24
1460	Non-current assets held for sale, net	6(11)	-	-	376,262	2
1470	Other current assets	7	512,724	2	547,662	3
11XX	Total current assets		10,167,482	47	8,171,540	39
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	5,597	-	5,597	-
1535	Financial assets at amortised cost - non-current	6(4) and 8	209,132	1	209,019	1
1550	Investments accounted for under equity method	6(7)	5,555,713	26	6,716,040	33
1600	Property, plant and equipment, net	6(8) and 8	3,361,809	16	3,499,157	17
1760	Investment property, net	6(11), 7 and 8	2,098,276	10	2,090,466	10
1780	Intangible assets, net		166	-	188	-
1840	Deferred income tax assets	6(28)	76,256	-	70,295	-
1900	Other non-current assets	8	2,464	-	2,952	-
15XX	Total non-current assets		11,309,413	53	12,593,714	61
1XXX	Total assets		\$ 21,476,895	100	\$ 20,765,254	100

(Continued)

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

Liabilities and Equity			December 31, 2021		December 31, 2020			
			Notes	AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term borrowings	6(12) and 8	\$	3,372,822	16	\$	3,787,905	18
2110	Short-term notes and bills payable	6(13)		410,000	2		300,000	1
2130	Current contract liabilities	6(22) and 7		479,895	2		334,414	2
2150	Notes payable			76,357	-		37,785	-
2170	Accounts payable			151,526	1		140,464	1
2180	Accounts payable - related parties	7		16,694	-		15,718	-
2200	Other payables			119,103	1		138,237	1
2220	Other payables - related parties	7		4,829	-		536,217	3
2230	Current income tax liabilities			78,379	-		27,277	-
2320	Long-term liabilities, current portion	6(14)(16)(17) and 8		3,006,078	14		2,681,755	13
2399	Other current liabilities	6(15)		10,804	-		165,386	1
21XX	Total current liabilities			7,726,487	36		8,165,158	40
Non-current liabilities								
2530	Corporate bonds payable	6(16) and 8		-	-		789,667	4
2540	Long-term borrowings	6(17) and 8		2,409,045	11		1,855,346	9
2570	Deferred income tax liabilities	6(28)		85,149	1		141,613	-
2600	Other non-current liabilities	6(7)(18)		902,655	4		392,535	2
25XX	Total non-current liabilities			3,396,849	16		3,179,161	15
2XXX	Total liabilities			11,123,336	52		11,344,319	55
Equity								
	Share capital	6(19)						
3110	Common stock			6,380,540	30		5,700,402	27
3130	Certificate of entitlement to new shares from convertible bonds			2,333	-		150,076	1
	Capital surplus	6(20)						
3200	Capital surplus			2,384,602	10		2,592,442	13
	Retained earnings	6(21)						
3310	Legal reserve			359,243	2		279,187	1
3320	Special reserve			490,572	2		637,634	3
3350	Unappropriated retained earnings			1,256,999	6		800,561	4
	Other equity interest							
3400	Other equity interest		(	106,385)	-	(	176,879)	( 1)
3500	Treasury stocks	6(19)	(	414,345)	( 2)	(	562,488)	( 3)
3XXX	Total equity			10,353,559	48		9,420,935	45
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	Total liabilities and equity		\$	21,476,895	100	\$	20,765,254	100

The accompanying notes are an integral part of these parent company only financial statements.



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

	Items	Notes	2021		2020	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(22) and 7	\$ 5,077,343	100	\$ 4,176,275	100
5000	Operating costs	6(6)(27) and 7	( 4,299,773 )	( 85 )	( 3,624,320 )	( 87 )
5950	Net operating margin		<u>777,570</u>	<u>15</u>	<u>551,955</u>	<u>13</u>
	Operating expenses	6(27)				
6100	Selling expenses		( 224,449 )	( 5 )	( 202,425 )	( 5 )
6200	General and administrative expenses		( 121,722 )	( 2 )	( 125,942 )	( 3 )
6300	Research and development expenses		( 2,515 )	-	( 2,713 )	-
6000	Total operating expenses		( 348,686 )	( 7 )	( 331,080 )	( 8 )
6900	Operating profit		<u>428,884</u>	<u>8</u>	<u>220,875</u>	<u>5</u>
	Non-operating income and expenses					
7100	Interest income	6(23) and 7	21,138	-	8,024	-
7010	Other income	6(24) and 7	89,085	2	126,102	3
7020	Other gains and losses	6(25)	599,537	12	( 280,218 )	( 7 )
7050	Finance costs	6(26) and 7	( 76,077 )	( 2 )	( 113,413 )	( 3 )
7070	Share of (loss) profit of associates and joint ventures accounted for using equity method	6(7)	( 123,401 )	( 2 )	895,491	22
7000	Total non-operating income and expenses		<u>510,282</u>	<u>10</u>	<u>635,986</u>	<u>15</u>
7900	<b>Profit before income tax</b>		<u>939,166</u>	<u>18</u>	<u>856,861</u>	<u>20</u>
7950	Income tax expense	6(28)	( 71,404 )	( 1 )	( 51,257 )	( 1 )
8200	<b>Profit for the year</b>		<u>\$ 867,762</u>	<u>17</u>	<u>\$ 805,604</u>	<u>19</u>
	<b>Other comprehensive income (loss)</b>					
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8311	Actuarial gains on defined benefit plans	6(18)	\$ 1,846	-	\$ 5,575	-
8316	Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	6(3)	-	-	( 2,596 )	-
8330	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method		396,522	8	( 1,533 )	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(28)	( 369 )	-	( 1,115 )	-
8310	Other comprehensive income that will not be reclassified to profit or loss		<u>397,999</u>	<u>8</u>	<u>331</u>	<u>-</u>
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361	Financial statements translation differences of foreign operations		( 101,671 )	( 2 )	( 249,295 )	( 6 )
8380	Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method		( 7,274 )	-	12,005	1
8360	Other comprehensive loss that will be reclassified to profit or loss		( 108,945 )	( 2 )	( 237,290 )	( 5 )
8300	<b>Other comprehensive income (loss) for the year</b>		<u>\$ 289,054</u>	<u>6</u>	<u>( \$ 236,959 )</u>	<u>( 5 )</u>
8500	<b>Total comprehensive income for the year</b>		<u>\$ 1,156,816</u>	<u>23</u>	<u>\$ 568,645</u>	<u>14</u>
	Earnings per share (in dollars)					
9750	Basic earnings per share	6(29)	\$ 1.47		\$ 1.42	
9850	Diluted earnings per share	6(29)	\$ 1.32		\$ 1.23	

The accompanying notes are an integral part of these parent company only financial statements.

**YEM CHIO CO., LTD.**  
**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Capital			Retained Earnings				Other Equity Interest				
		Share capital - common stock	Certificate of entitlement to new shares from convertible bond	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Revaluation surplus	Treasury stocks	Total
	Notes											
<u>2020</u>												
Balance at January 1, 2020		\$ 5,718,342	\$ -	\$ 2,751,507	\$ 620,361	\$ 637,634	(\$ 341,174 )	(\$ 295,381 )	(\$ 89,158 )	\$ 439,576	(\$ 414,770 )	\$ 9,026,937
Profit for the year		-	-	-	-	-	805,604	-	-	-	-	805,604
Other comprehensive income (loss)		-	-	-	-	-	17,122	( 241,400 )	( 12,681 )	-	-	( 236,959 )
Total comprehensive income (loss)		-	-	-	-	-	822,726	( 241,400 )	( 12,681 )	-	-	568,645
Legal reserve used to offset against accumulated deficit	6(21)	-	-	-	( 341,174 )	-	341,174	-	-	-	-	-
Cash dividends from capital surplus	6(20)(21)	-	-	( 166,265 )	-	-	-	-	-	-	-	( 166,265 )
Dividends for which the claim period has elapsed and unclaimed by shareholders	6(20)	-	-	86	-	-	-	-	-	-	-	86
Disposal of equity investments valued at fair value through other comprehensive income	6(3)	-	-	-	-	-	( 1,528 )	-	1,528	-	-	-
Disposal of equity investments valued at fair value through other comprehensive income of subsidiaries		-	-	-	-	-	( 20,637 )	-	20,637	-	-	-
Changes in ownership interests in subsidiaries	6(20)	-	-	( 33,223 )	-	-	-	-	-	-	-	( 33,223 )
Purchase of treasury shares	6(19)	-	-	-	-	-	-	-	-	-	( 170,350 )	( 170,350 )
Cancellation of treasury stocks	6(19)(20)	( 17,940 )	-	( 4,692 )	-	-	-	-	-	-	22,632	-
Conversion of convertible bonds	6(19)(20)	-	150,076	39,630	-	-	-	-	-	-	-	189,706
The Company's stocks held by subsidiaries deemed as cash dividends distributed to treasury stocks	6(20)	-	-	5,399	-	-	-	-	-	-	-	5,399
Balance at December 31, 2020		\$ 5,700,402	\$ 150,076	\$ 2,592,442	\$ 279,187	\$ 637,634	\$ 800,561	(\$ 536,781 )	(\$ 79,674 )	\$ 439,576	(\$ 562,488 )	\$ 9,420,935
<u>2021</u>												
Balance at January 1, 2021		\$ 5,700,402	\$ 150,076	\$ 2,592,442	\$ 279,187	\$ 637,634	\$ 800,561	(\$ 536,781 )	(\$ 79,674 )	\$ 439,576	(\$ 562,488 )	\$ 9,420,935
Profit for the year		-	-	-	-	-	867,762	-	-	-	-	867,762
Other comprehensive income (loss)		-	-	-	-	-	12,787	( 105,221 )	381,488	-	-	289,054
Total comprehensive income (loss)		-	-	-	-	-	880,549	( 105,221 )	381,488	-	-	1,156,816
Appropriations and distribution of retained earnings for the year ended December 31, 2020	6(21)											
Cash dividends		-	-	-	-	-	( 348,445 )	-	-	-	-	( 348,445 )
Stock dividends		348,445	-	-	-	-	( 348,445 )	-	-	-	-	-
Legal reserve		-	-	-	80,056	-	( 80,056 )	-	-	-	-	-
Special reserve reversal		-	-	-	-	( 147,062 )	147,062	-	-	-	-	-
Disposal of equity investment valued at fair value through other comprehensive income	6(3)	-	-	-	-	-	( 7,999 )	-	7,999	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income of subsidiaries		-	-	-	-	-	213,772	-	( 213,772 )	-	-	-
Disposal of treasury shares by subsidiaries	6(19)	-	-	-	-	-	-	-	-	-	8,870	8,870
Cancellation of treasury stocks	6(19)(20)	( 93,800 )	-	( 45,473 )	-	-	-	-	-	-	139,273	-
Conversion of convertible bonds	6(19)(20)	-	277,750	72,503	-	-	-	-	-	-	-	350,253
Changes in ownership interests in subsidiaries	6(20)	-	-	( 1,929 )	-	-	-	-	-	-	-	( 1,929 )
Conversion of certificates of bonds-to-share		425,493	( 425,493 )	-	-	-	-	-	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(20)	-	-	( 243,740 )	-	-	-	-	-	-	-	( 243,740 )
The Company's stocks held by subsidiaries deemed as cash dividends distributed to treasury stocks	6(20)	-	-	10,799	-	-	-	-	-	-	-	10,799
Balance at December 31, 2021		\$ 6,380,540	\$ 2,333	\$ 2,384,602	\$ 359,243	\$ 490,572	\$ 1,256,999	(\$ 642,002 )	\$ 96,041	\$ 439,576	(\$ 414,345 )	\$ 10,353,559

The accompanying notes are an integral part of these parent company only financial statements.

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

	Notes	2021	2020
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 939,166	\$ 856,861
Adjustments			
Adjustments to reconcile profit (loss)			
Loss (gain) on financial assets at fair value through profit or loss	6(2)(25)	122	( 3,939 )
Gain on disposal of non-current assets held for sale	6(11)(25)	( 661,905 )	-
Share of loss (profit) of associates and joint ventures accounted for under equity method	6(7)	123,401	( 895,492 )
Depreciation	6(8)(27)	204,508	201,284
Loss on disposal of property, plant and equipment	6(25)	165	2,902
Loss on write-off of investment property	6(11)(25)	-	178,738
(Gain) loss on fair value adjustment of investment property	6(11)(25)	( 7,810 )	720
Amortization	6(27)	22	145
Employees' compensation	6(27)	5,576	4,944
Interest income	6(23)	( 21,138 )	( 8,024 )
Dividend income	6(24)	( 1,462 )	( 1,569 )
Interest expense	6(26)	76,077	113,413
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		( 26,816 )	6,620
Accounts receivable, net		( 197,556 )	28,051
Accounts receivable - related parties		( 128,752 )	( 25,465 )
Other receivables		( 1,224 )	( 5,472 )
Other receivables - related parties		( 974 )	( 1,089 )
Inventories		( 581,574 )	328,063
Other current assets		36,153	( 237,766 )
Changes in operating liabilities			
Current contract liabilities		145,481	61,009
Notes payable		38,572	( 40,588 )
Notes payable - related parties		-	( 5,017 )
Accounts payable		11,062	45,659
Accounts payable - related parties		976	( 32,015 )
Other payables		( 22,260 )	16,911
Other payables - related parties		4,829	-
Other current liabilities		1,916	3,653
Other non-current liabilities		922	( 1,360 )
Cash (outflow) inflow generated from operations		( 62,523 )	591,177
Interest received		21,138	8,024
Dividends received		1,318,918	251,489
Interest paid		( 150,122 )	( 182,901 )
Income tax paid		( 83,013 )	( 1,076 )
Net cash flows from operating activities		<u>1,044,398</u>	<u>666,713</u>

(Continued)

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

	Notes	2021	2020
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Decrease in financial assets at amortised cost		\$ 7,099	\$ 121,296
(Increase) decrease in other receivables - related parties		( 1,512,090 )	72,011
Acquisition of investments accounted for using equity method - subsidiaries		( 149,665 )	-
Proceeds from disposal of investments accounted for using equity method - subsidiaries		450,000	-
Acquisition of investments accounted for using equity method		( 8,000 )	-
Acquisition of property, plant and equipment	6(30)	( 68,552 )	( 51,142 )
Proceeds from disposal of property, plant and equipment		12	1,906
Acquisition of right-of-use assets	6(9)	-	( 90,617 )
Acquisition of financial assets at fair value through other comprehensive income		-	( 308 )
Proceeds from disposal of financial assets at fair value through other comprehensive income		8,632	1,606
Proceeds from disposal of non-current assets held for sale	6(11)	1,043,350	-
Decrease in other non-current assets		488	3,889
Net cash flows (used in) from investing activities		( 228,726 )	58,641
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
(Decrease) increase in short-term borrowings	6(31)	( 415,180 )	1,212,679
Increase in short-term notes and bills payable	6(31)	110,000	-
(Decrease) increase in other payables - related parties	6(31)	( 536,217 )	432,773
Proceeds from long-term borrowings	6(31)	3,506,958	1,841,162
Repayment of long-term borrowings	6(31)	( 3,072,297 )	( 4,232,694 )
Decrease in lease liabilities	6(31)	-	( 156,781 )
Cash dividends from capital surplus	6(20)(21)	-	( 166,265 )
Payment of cash dividends	6(21)	( 348,445 )	-
Purchase of treasury shares	6(19)	-	( 170,350 )
Net cash flows used in financing activities		( 755,181 )	( 1,239,476 )
Net increase (decrease) in cash and cash equivalents		60,491	( 514,122 )
Cash and cash equivalents at beginning of year		267,761	781,883
Cash and cash equivalents at end of year		\$ 328,252	\$ 267,761

The accompanying notes are an integral part of these parent company only financial statements.

YEM CHIO CO., LTD.  
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

**1. HISTORY AND ORGANISATION**

- (1) Yem Chio Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company is primarily engaged in researching, designing, manufacturing, processing, and sales of packaging materials, including BOPP film and adhesive tape, as well as land development and construction.
- (2) The Company had been listed as Second (TIGER) category securities on Gre Tai Securities Market since April, 2000, and had been listed as general securities since April, 2001. Since January 21, 2008, the Company had been listed on the Taiwan Stock Exchange.
- (3) Names and relationship of related parties:

<u>Names and relationship of related parties</u>	<u>Abbreviated company name</u>	<u>Note</u>
Subsidiaries of the Company		
YEM CHIO (BVI) CO., LTD.	YEM CHIO	
ACHEM Technology Corporation	-	
Xin Chio Co., Ltd.	-	
Chuang-Yi Investment Co., Ltd.	-	Note 3
UINN Hotel Co., Ltd.	UINN Hotel	
Wong Chio Development, Ltd.	-	
WONG CHIO (SAMOA) CO., LTD.	WONG CHIO	
Subsidiary of YEM CHIO		
WAN CHIO (BVI) CO., LTD.	WAN CHIO	
Subsidiaries of ACHEM Technology Corporation		
ASIACHEM International Corporation	-	
ACHEM Opto-Electronic Corporation	-	
Valueline Investment Corporation	-	
ACHEM Technology Holdings Limited	-	
Subsidiaries of Xin Chio Co., Ltd.		
Master Package (Shanghai) Material Technology Co., Ltd.	-	
ACHEM (Tianjin) Adhesive Product Co., Ltd.	-	
ACHEM Technology (Wuhan) Limited	-	
Subsidiary of WAN CHIO		
Wan Chio Petrochemical (Jiangsu) Co., Ltd.	-	

Names and relationship of related parties	Abbreviated company name	Note
Subsidiaries of ASIACHEM International Corporation		
Fuzhou Fuda Plastic Products Co., Ltd.	-	Note 1
Subsidiaries of ACHEM Technology Holdings Limited		
ACHEM Technology China	-	
ACHEM Technology Americas Ltd.	-	
ACHEM Technology (M) Sdn. Bhd.	-	
ACHEM Technology (Vietnam) Ltd.	-	
ACHEM Technology (India) Ltd.	-	Note 2
ASIA PLASTICS (BVI) CO., LTD.	ASIA PLASTICS	
Subsidiaries of ASIA PLASTICS		
Achem Technology (Ningbo) Co., Ltd.	Ningbo Yem Chio Co., Ltd.	
WAN DAO New Material Co., Ltd	WAN DAO New Material	Note 4
Subsidiaries of ACHEM Technology China		
ACHEM Technology (Chengdu) Limited	-	
ACHEM Technology (Dongguan) Adhesive Products Co., Ltd.	-	
Foshan Inder Adhesive Product Co., Ltd.	-	
Wanchio Adhesive Product (Jiangsu) Co., Ltd.	-	
LANDMART GLOBAL LIMITED	LANDMART	
Subsidiary of ACHEM Technology Americas Ltd.		
ACHEM Industry America Inc.	-	
Subsidiary of ACHEM Opto-Electronic Corporation		
AOE Holding Limited	-	
Subsidiary of LANDMART		
ACHEM Technology (Shanghai) Limited	-	
Associate		
Winda Opto-Electronics Co., Ltd.	-	
Yanrun Development Co., Ltd.	-	
Other related parties		
Li, Qi-Zheng	-	
Li, Shu-Wei	-	
Key management of the Company		
Li, Zhi-Xian	-	

Note 1: Fuzhou Fuda Plastic Products Co., Ltd. has ceased operations.

Note 2: ACHEM Technology (India) Ltd. underwent liquidation in May 2017.

Note 3: On April 1, 2021, the Company's subsidiary, Chuang-Yi Investment Co., Ltd. increased capital by issuing new shares in the number of 694,286. Xin Chio Co., Ltd. acquired all the new shares, equivalent to 26.76% equity interest for cash in the amount of \$129,998. The registration of changes has been completed on May 4, 2021. In addition, on November 10, 2021, the Company and the subsidiary, Xin Chio Co., Ltd., entered into an agreement to repurchase 26.76% equity interest of the subsidiary, Chuang-Yi Investment Co., Ltd., for a consideration amounting to \$149,665. The registration of the change was completed on November 25, 2021.

Note 4: Asia Plastics disposed its 100% equity interest in WAN DAO New Material in September 2020. Accordingly, the Company lost control over the indirect subsidiary. The registration of the above had been completed.

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

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

## 3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

### (1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRSs") as endorsed by the Financial Supervisory Commission ("FSC")

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

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

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

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

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

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

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

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

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

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

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

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



#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### (1) Compliance statement

The financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

##### (2) Basis of preparation

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

- (a) Financial assets at fair value through profit or loss.
- (b) Financial assets and liabilities at fair value through other comprehensive income measured at fair value.
- (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- (d) Investment property remeasured at fair value.

B. The preparation of financial statements in compliance with the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

##### (3) Foreign currency translation

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

A. Foreign currency transactions and balances

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

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

#### B. Translation of foreign operations

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

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

#### (4) Classification of current and non-current items

- A. The Company's operating cycle on building sales business is usually longer than 1 year. The assets and liabilities in relation to constructions are classified as current or non-current based on operating cycle (usually 4 to 5 years). Other assets and liabilities are classified as current or non-current based on a year.
- B. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
  - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
  - (b) Assets held mainly for trading purposes;
  - (c) Assets that are expected to be realised within twelve months from the balance sheet date;

- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.
- C. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
  - (a) Liabilities that are expected to be paid off within the normal operating cycle;
  - (b) Liabilities arising mainly from trading activities;
  - (c) Liabilities that are to be paid off within twelve months from the balance sheet date;
  - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

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

(9) Accounts and notes receivable

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

(10) Impairment of financial assets

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

(11) Lease receivables / leases (lessor)

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

(12) Inventories

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

(13) Non-current assets held for sale

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

(14) Investments accounted for using equity method / subsidiaries and associates

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Unrealised gains on transactions between the Company and its subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company recognise loss continuously in proportion to its ownership.
- D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- E. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates

are accounted for using the equity method and are initially recognised at cost.

- F. Land is not depreciated. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- G. When changes in an associate's equity are not recognised in profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- H. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- I. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- J. In accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the profit or loss and other comprehensive income or loss presented on the parent company only financial statements are consistent with those presented on the consolidated financial statements. In addition, owner's equity presented on the parent company only is consistent with equity attributable to owners of parent presented on the consolidated financial statements.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

- C. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	3 ~ 60 years
Machinery and equipment	3 ~ 25 years
Transportation equipment	5 ~ 10 years
Office equipment	2 ~ 7 years

(16) Leasing arrangements (lessee) — right-of-use assets / lease liabilities

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

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

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- (a) The amount of the initial measurement of lease liability;
  - (b) Any lease payments made at or before the commencement date; and

- (c) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(17) Investment property

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

(18) Notes and accounts payable

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

(19) Convertible bonds payable

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

A. Embedded call options and put options

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

B. Bonds payable of convertible corporate bonds

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



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

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

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

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

(20) Derecognition of financial liabilities

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

(21) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the

Company uses interest rates of government bonds (at the balance sheet date) instead.

- ii. Remeasurements arising on the defined benefit plan are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

#### C. Termination benefits

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

#### D. Employees' compensation and directors' remuneration

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

#### (22) Employee share-based payment

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

#### (23) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An

additional tax of 5% is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

- C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
- D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.

#### (24) Share capital

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

#### (25) Dividends

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

#### (26) Government grants

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

## (27) Revenue recognition

### A. Sales of goods

- (a) Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- (b) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

### B. Land development and resale

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

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

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

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

None.

## (2) Critical accounting estimates and assumptions

### A. Evaluation of inventories

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

### B. Investment property

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

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand and revolving funds	\$ 429	\$ 397
Checking accounts and demand deposits	300,143	267,364
Bonds sold under repurchase agreements	27,680	-
	<u>\$ 328,252</u>	<u>\$ 267,761</u>

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

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

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current items:		
Financial assets designated as at fair value through profit or loss		
Derivative financial instruments - bonds payable	(\$ 221)	(\$ 401)
Valuation adjustment	972	2,410
	<u>\$ 751</u>	<u>\$ 2,009</u>

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

	Year ended December 31	
	2021	2020
Financial assets designated as at fair value through profit or loss		
Derivative financial instruments - bonds payable	(\$ 122)	\$ 3,639

- B. As of December 31, 2021 and 2020, the issuance of convertible bonds by the Company amounting to \$751 and \$2,009, respectively, was recognised under ‘financial assets designated as at fair value through profit or loss on initial recognition’ due to their compound instrument feature.

(a) For the years ended December 31, 2021 and 2020, the Company has recognised the changes in fair value amounting to (\$122) and \$3,639, respectively, which are not attributable to the changes in credit risk of the assets.

(b) For the terms of the 8th and 9th secured convertible bonds issued by the Company, please refer to Note 6(16).

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

	December 31, 2021	December 31, 2020
Current items:		
Equity instruments		
Listed stocks	\$ -	\$ 16,631
Valuation adjustments	-	(7,999)
	<u>\$ -</u>	<u>\$ 8,632</u>
Equity instruments		
Unlisted shares	\$ 1,719	\$ 1,719
Valuation adjustments	3,878	3,878
	<u>\$ 5,597</u>	<u>\$ 5,597</u>

- A. The Company has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income.
- B. Due to adjustments on strategic investments for the years ended December 31, 2021 and 2020, the Company sold its investments in stocks at fair value of \$8,632 and \$1,606, respectively.

- C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Year ended December 31	
	2021	2020
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ -	(\$ 2,596)
Cumulative losses reclassified to retained earnings due to derecognition	(\$ 7,999)	(\$ 1,528)
Dividend income recognised in profit or loss		
Held at end of year	\$ 1,462	\$ 1,569

- D. The Company has no financial assets at fair value through other comprehensive income pledged to others as collateral.

(4) Financial assets at amortised cost

Items	December 31, 2021	December 31, 2020
Current items:		
Restricted demand deposits	\$ 196,623	\$ 203,835
Non-current items:		
Restricted demand deposits	\$ 104,133	\$ 104,112
Restricted time deposits	104,999	104,907
	\$ 209,132	\$ 209,019

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

	Year ended December 31	
	2021	2020
Interest income	\$ 104	\$ 1,412

- B. The restricted demand deposits in the current items were restricted domestic presold house project trust funds, which may not be drawn within the term of trust.
- C. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Company was \$405,755 and \$412,854, respectively.
- D. Details of the Company's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

(5) Notes and accounts receivable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes receivable	\$ 69,027	\$ 43,018
Less: Allowance for uncollectible accounts	-	( 807)
	<u>\$ 69,027</u>	<u>\$ 42,211</u>

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivable	\$ 563,093	\$ 365,537
Less: Allowance for uncollectible accounts	( 15,832)	( 15,832)
	<u>\$ 547,261</u>	<u>\$ 349,705</u>

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

	<u>December 31, 2021</u>	
	<u>Notes receivable</u>	<u>Accounts receivable</u>
Not past due	\$ 69,027	\$ 360,848
Up to 30 days	-	147,228
31 to 90 days	-	54,322
91 to 180 days	-	-
Over 180 days	-	695
	<u>\$ 69,027</u>	<u>\$ 563,093</u>
	<u>December 31, 2020</u>	
	<u>Notes receivable</u>	<u>Accounts receivable</u>
Not past due	\$ 43,108	\$ 218,440
Up to 30 days	-	123,409
31 to 90 days	-	21,888
91 to 180 days	-	574
Over 180 days	-	1,226
	<u>\$ 43,108</u>	<u>\$ 365,537</u>

The above ageing analysis was based on past due date.

- B. As of December 31, 2021 and 2020, accounts and notes receivable were all from contracts with customers. As of January 1, 2020, the balance of receivables from contracts with customers amounted to \$426,587.
- C. The Company does not hold any collateral for accounts and notes receivable.
- D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).



(6) Inventories

A. Inventories were as follows:

December 31, 2021			
	Cost	Allowance for valuation loss	Book value
Packaging Materials Sales			
Channel business:			
Raw materials and supplies	\$ 223,567	(\$ 5,582)	\$ 217,985
Finished goods	135,606	( 5,368)	130,238
	<u>359,173</u>	<u>( 10,950)</u>	<u>348,223</u>
Land Development &			
Construction business:			
Construction-in-progress	4,410,099	-	4,410,099
Land held for building	925,923	( 1,794)	924,129
	<u>5,336,022</u>	<u>( 1,794)</u>	<u>5,334,228</u>
	<u>\$ 5,695,195</u>	<u>(\$ 12,744)</u>	<u>\$ 5,682,451</u>
December 31, 2020			
	Cost	Allowance for valuation loss	Book value
Packaging Materials Sales			
Channel business:			
Raw materials and supplies	\$ 170,796	(\$ 298)	\$ 170,498
Finished goods	160,786	( 9,786)	151,000
	<u>331,582</u>	<u>( 10,084)</u>	<u>321,498</u>
Land Development &			
Construction business:			
Construction-in-progress	3,833,300	-	3,833,300
Land held for building	528,142	( 1,794)	526,348
Buildings and land held for sale	348,464	-	348,464
	<u>4,709,906</u>	<u>( 1,794)</u>	<u>4,708,112</u>
	<u>\$ 5,041,488</u>	<u>(\$ 11,878)</u>	<u>\$ 5,029,610</u>

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

	Year ended December 31	
	2021	2020
Cost of inventories sold	\$ 3,922,427	\$ 3,113,992
Cost of construction sold	376,480	508,918
Loss on market price decline	866	1,410
	<u>\$ 4,299,773</u>	<u>\$ 3,624,320</u>

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

	Year ended December 31	
	2021	2020
Amount capitalised	\$ 76,680	\$ 78,984
Range of interest rates	1.68%~2.26%	1.77%~2.26%

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

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

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

Shown as assets	December 31, 2021		December 31, 2020	
	Percentage of ownership	Book value	Percentage of ownership	Book value
ACHEM Technology Corporation	100.00	\$ 4,521,370	100.00	\$ 5,780,013
Chuang-Yi Investment Co., Ltd.	100.00	660,891	100.00	551,624
Wong Chio Development, Ltd.	100.00	309,731	100.00	320,970
Xin Chio Co., Ltd.	41.76	59,592	41.76	63,433
Yanrun Development Co., Ltd.	40.00	4,129	-	-
		<u>\$ 5,555,713</u>		<u>\$ 6,716,040</u>
Shown as liabilities				
UINN Hotel Co., Ltd.	100.00	(\$ 25,164)	100.00	(\$ 142,436)
YEM CHIO	100.00	( 844,322)	100.00	( 215,761)
		<u>(\$ 869,486)</u>		<u>(\$ 358,197)</u>

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

Investee company	Year ended December 31	
	2021	2020
ACHEM Technology Corporation	\$ 63,502	\$ 728,660
YEM CHIO	( 391,541)	121,360
Chuang-Yi Investment Co., Ltd.	61,517	109,694
Wong Chio Development, Ltd.	( 11,239)	( 10,489)
UINN Hotel Co., Ltd.	117,272	( 107,358)
Xin Chio Co., Ltd.	40,959	53,624
Yanrun Development Co., Ltd.	( 3,871)	-
	<u>(\$ 123,401)</u>	<u>\$ 895,491</u>

C. Please refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2021 for the information regarding the Company's subsidiaries.

(8) Property, plant and equipment

	2021						
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Unfinished construction and equipment under acceptance	Total
At January 1							
Cost	\$ 704,023	\$ 1,703,924	\$ 3,064,343	\$ 2,136	\$ 46,053	\$ 29,110	\$ 5,549,589
Accumulated depreciation and impairment	-	( 528,793)	( 1,486,339)	( 1,422)	( 33,878)	-	( 2,050,432)
	<u>\$ 704,023</u>	<u>\$ 1,175,131</u>	<u>\$ 1,578,004</u>	<u>\$ 714</u>	<u>\$ 12,175</u>	<u>\$ 29,110</u>	<u>\$ 3,499,157</u>
Opening net book amount as at January 1	\$ 704,023	\$ 1,175,131	\$ 1,578,004	\$ 714	\$ 12,175	\$ 29,110	\$ 3,499,157
Additions	-	-	-	-	-	68,552	68,552
Disposals	-	-	( 177)	-	-	-	( 177)
Transfers	19,501	4,370	33,503	-	1,124	( 58,498)	-
Reclassifications	-	-	-	-	-	( 1,215)	( 1,215)
Depreciation charge	-	( 46,290)	( 153,658)	( 233)	( 4,327)	-	( 204,508)
Closing net book amount as at December 31	<u>\$ 723,524</u>	<u>\$ 1,133,211</u>	<u>\$ 1,457,672</u>	<u>\$ 481</u>	<u>\$ 8,972</u>	<u>\$ 37,949</u>	<u>\$ 3,361,809</u>
At December 31							
Cost	\$ 723,524	\$ 1,708,295	\$ 3,096,223	\$ 2,136	\$ 47,177	\$ 37,949	\$ 5,615,304
Accumulated depreciation and impairment	-	( 575,084)	( 1,638,551)	( 1,655)	( 38,205)	-	( 2,253,495)
	<u>\$ 723,524</u>	<u>\$ 1,133,211</u>	<u>\$ 1,457,672</u>	<u>\$ 481</u>	<u>\$ 8,972</u>	<u>\$ 37,949</u>	<u>\$ 3,361,809</u>

2020							
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Unfinished construction and equipment under acceptance	Total
At January 1							
Cost	\$ 419,684	\$ 1,701,249	\$ 3,039,136	\$ 2,097	\$ 45,146	\$ 20,015	\$ 5,227,327
Accumulated depreciation and impairment	-	( 483,772)	( 1,345,956)	( 1,189)	( 29,258)	-	( 1,860,175)
	<u>\$ 419,684</u>	<u>\$ 1,217,477</u>	<u>\$ 1,693,180</u>	<u>\$ 908</u>	<u>\$ 15,888</u>	<u>\$ 20,015</u>	<u>\$ 3,367,152</u>
Opening net book amount as at							
January 1	\$ 419,684	\$ 1,217,477	\$ 1,693,180	\$ 908	\$ 15,888	\$ 20,015	\$ 3,367,152
Additions	-	245	1,149	-	153	49,595	51,142
Disposals	( 3,000)	( 316)	( 1,492)	-	-	-	( 4,808)
Transfers	-	4,320	34,994	39	763	( 40,116)	-
Reclassifications	287,339	-	-	-	-	( 384)	286,955
Depreciation charge	-	( 46,595)	( 149,827)	( 233)	( 4,629)	-	( 201,284)
Closing net book amount as at							
December 31	<u>\$ 704,023</u>	<u>\$ 1,175,131</u>	<u>\$ 1,578,004</u>	<u>\$ 714</u>	<u>\$ 12,175</u>	<u>\$ 29,110</u>	<u>\$ 3,499,157</u>
At December 31							
Cost	\$ 704,023	\$ 1,703,924	\$ 3,064,343	\$ 2,136	\$ 46,053	\$ 29,110	\$ 5,549,589
Accumulated depreciation and impairment	-	( 528,793)	( 1,486,339)	( 1,422)	( 33,878)	-	( 2,050,432)
	<u>\$ 704,023</u>	<u>\$ 1,175,131</u>	<u>\$ 1,578,004</u>	<u>\$ 714</u>	<u>\$ 12,175</u>	<u>\$ 29,110</u>	<u>\$ 3,499,157</u>

- A. No borrowing cost was capitalised as part of property, plant and equipment for the years ended December 31, 2021 and 2020.
- B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.
- C. In June 2011, ACHEM Technology Corporation revalued its assets in accordance with the laws and regulations. The gross revaluation increment in the amount of \$569,967, net of provision for land revaluation increment tax of \$228,975, was recorded as “Unrealised revaluation increment” in the amount of \$340,992, under other stockholders’ equity adjustments. The Company recognised this “Unrealised revaluation increment” into special reserve amounting to \$170,769 in proportion to shares held.
- D. In January 2020, the Company exercised pre-emptive rights on the land at Changhua Coastal Industrial Park leased from the Industrial Development Bureau, Ministry of Economic Affairs. The land transfer procedure was completed, and the land was transferred into property, plant and equipment in May 2020. Please refer to Note 6(9) for details.

(9) Leasing arrangements – lessee

- A. The Company entered into a finance lease contract with the Ministry of Economic Affairs Changhua Coastal Industrial Park Service Center in 2006 and 2008, to lease land in Changhua. The lease agreement has an option that enables the Company to purchase the land at market price on the contract signing date at the end of the lease period. All rental payments the Company has paid can be deducted from the purchase price.

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

- B. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were \$0 and \$90,617, respectively.
- C. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31, 2021	Year ended December 31, 2020
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ -	\$ 764
Expense on short-term lease contracts	5,551	4,521

D. For the years ended December 31, 2021 and 2020, the Company's total cash outflow for leases were \$5,551 and \$252,683, respectively.

(10) Leasing arrangements - lessor

- A. The Company leases various assets including land and buildings. Rental contracts are typically made for periods of 1 to 13 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.
- B. For the years ended December 31, 2021 and 2020, the Company recognised rent income in the amount of \$42,622 and \$69,535, respectively, based on the operating lease agreement, which does not include variable lease payments.
- C. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2021	December 31, 2020
2021	\$ -	\$ 38,725
2022	21,294	7,678
2023	12,384	7,168
2024	8,056	4,050
2025	2,940	2,940
2026	1,680	1,680
After 2027	6,450	6,450
	<u>\$ 52,804</u>	<u>\$ 68,691</u>

(11) Investment property

	2021		
	Related party	Non-related party	Total
At January 1	\$ 1,123,156	\$ 967,310	\$ 2,090,466
Reclassifications	( 294,970)	294,970	-
Gain on fair value adjustment	2,355	5,455	7,810
At December 31	<u>\$ 830,541</u>	<u>\$ 1,267,735</u>	<u>\$ 2,098,276</u>
	2020		
	Related party	Non-related party	Total
At January 1	\$ 1,699,158	\$ 947,028	\$ 2,646,186
Write-off	( 178,738)	-	( 178,738)
Reclassifications	( 376,262)	-	( 376,262)
(Loss) gain on fair value adjustment	( 21,002)	20,282	( 720)
At December 31	<u>\$ 1,123,156</u>	<u>\$ 967,310</u>	<u>\$ 2,090,466</u>



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

	Year ended December 31, 2021		
	Related party	Non-related party	Total
Rental revenue from investment property	\$ <u>15,297</u>	\$ <u>20,731</u>	\$ <u>36,028</u>
Direct operating expenses arising from the investment property that generated rental income during the year	\$ <u>2,015</u>	\$ <u>3,078</u>	\$ <u>5,093</u>
Direct operating expenses arising from the investment property that did not generate rental income during the year	\$ <u>-</u>	\$ <u>246</u>	\$ <u>246</u>
	Year ended December 31, 2020		
	Related party	Non-related party	Total
Rental revenue from investment property	\$ <u>37,371</u>	\$ <u>22,723</u>	\$ <u>60,094</u>
Direct operating expenses arising from the investment property that generated rental income during the year	\$ <u>6,239</u>	\$ <u>2,975</u>	\$ <u>9,214</u>
Direct operating expenses arising from the investment property that did not generate rental income during the year	\$ <u>-</u>	\$ <u>304</u>	\$ <u>304</u>

## B. Fair value basis of investment property

The Company's investment property mainly comprises office buildings and hotels located in Neihu District, Shihlin District, Zhongzheng District, Taipei City, etc. The Company earns rental income from leasing and the lease terms are between 1 to 13 years. As of December 31, 2021 and 2020, the related assumptions are as follows:

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

	December 31, 2021	December 31, 2020
Object	Office buildings and hotels	Office buildings and hotels
Location	Neihu District, Shihlin District and Zhongzheng District, Taipei City	Neihu District, Shihlin District and Zhongzheng District, Taipei City
Valuation method	Income approach	Income approach
Appraisal firm	PANASIA Real Estate Appraisers Firm	PANASIA Real Estate Appraisers Firm
Appraiser	YANG, MIN-AN	YANG, MIN-AN
Effective date for appraisal	December 31, 2021	December 31, 2020

- (b) The information on the average leasing rate for the previous year, changes in income generated in the past, and comparison between local rents and rents for objects similar to the Company's office buildings and hotels is provided in the table below:

	Year ended December 31	
	2021	2020
Estimated rents (in dollars/per ping /monthly)	\$935~\$1,474	\$926~\$1,111
Local rents and rent quotes for similar objects	Approximate to estimated rents	Approximate to estimated rents
Income	\$2,880~\$18,828	\$5,486~\$20,459
Average leasing rates	94%~100%	91%~100%

- (c) The fair value of the Company's office buildings and hotels are measured using the discounted cash flow analysis of income approach. Valuation is based on local rents and rents of similar objects, which are used to determine the annual increase range in the rents. Net rental income for the next 10 years is estimated based on idling loss. The estimated net rental income plus the ending disposal value is the future cash inflow, which is calculated to the appraisal date by using appropriate discount rate. Future cash outflow is estimated based on the Company's current operations and possible future changes and future cash outflow refers to expenses directly related to operations, such as land value tax, house tax, insurance fees, management fees and repair expense that were actually incurred for the year.
- (d) Discount rate range is set in the table below. Discount rates are based on the interest rate for a two-year deposit of a small amount, as posted by the Chunghwa Post Co. Ltd., plus 0.75 percentage points. Risk premium is determined based on liquidity, risk, value increment and the difficulty of management.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Discount rates	2.25%~2.60%	2.45%~2.60%

- C. The information on the investment property is provided in Note 12(3).
- D. Amount of borrowing costs capitalised as part of investment property and the range of the interest rates for such capitalisation: None.
- E. Information about the investment property that was pledged to others as collateral is provided in Note 8.
- F. Reclassifications:

In August 2020, the land of the Company located in Linkou District, New Taipei City, was sold in accordance with the resolution of the Board of Directors. In December 2020, the Company completed the registration for destruction and met the condition for immediate disposal, thus, related assets were reclassified to non-current assets held for sale from investment property. In February 2021, the land transfer procedure of this transaction was completed and the total proceeds in the amount of \$1,043,350 had been collected.

(12) Short-term borrowings

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Bank borrowings-		
Secured bank borrowings	\$ 1,228,162	\$ 1,811,346
Unsecured bank borrowings	<u>2,144,660</u>	<u>1,976,559</u>
	<u>\$ 3,372,822</u>	<u>\$ 3,787,905</u>
Range of the interest rates	1.23%~1.47%	0.94%~1.90%

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

(13) Short-term bills payable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Commercial paper	\$ 410,000	\$ 300,000
Range of the interest rates	1.29%~1.41%	1.35%~1.44%

(14) Long-term liabilities, current portion

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Long-term borrowings		
Current portion		
-within one year	\$ 107,867	\$ 609,906
-within one operating cycle	2,454,850	2,071,849
Corporate bonds payable, current portion	443,361	-
	<u>\$ 3,006,078</u>	<u>\$ 2,681,755</u>

(15) Other current liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Guarantee deposits received	\$ -	\$ 156,500
Others	10,804	8,886
	<u>\$ 10,804</u>	<u>\$ 165,386</u>

(16) Bonds payable

	<u>Domestic secured convertible bonds</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
8th convertible bonds payable	\$ 226,600	\$ 427,500
Less: Discount on bonds payable	( 5,516)	( 13,786)
	<u>221,084</u>	<u>413,714</u>
9th convertible bonds payable	227,800	388,500
Less: Discount on bonds payable	( 5,523)	( 12,547)
	<u>222,277</u>	<u>375,953</u>
Less: Corporate bonds payable, current portion	( 443,361)	-
	<u>\$ -</u>	<u>\$ 789,667</u>

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

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

(17) Long-term borrowings

Type of borrowings	December 31, 2021	December 31, 2020
Medium and long-term secured borrowings	\$ 4,371,762	\$ 3,887,101
Medium and long-term unsecured borrowings	600,000	650,000
	<u>4,971,762</u>	<u>4,537,101</u>
Less: Current portion		
-within one year	( 107,867)	( 609,906)
-within one operating cycle	( 2,454,850)	( 2,071,849)
	<u>\$ 2,409,045</u>	<u>\$ 1,855,346</u>
Range of the interest rates	1.70%~2.45%	1.77%~2.65%

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

- (a) Tranche A: Non-revolving line of \$2,000,000
- (b) Tranche B: Revolving line of \$1,000,000. The proceeds of the loan were used to increase medium-term working capital.
- (c) The Company’s revolving credit facility is subject to the following terms and financial covenants:
  - i. The Company shall pledge land, plant and auxiliary facilities, machinery and equipment, and related auxiliary equipment at Changhua Coastal Industrial Park as collateral.
  - ii. The Company on each semi-annual and annual financial statements is required to maintain the following financial ratios:

Current ratio (current assets/current liabilities) of at least 100%; liability ratio ((total liabilities + contingent liabilities)/(total stockholders’ equity – intangible assets)) of not higher than 250% (Liability ratio was then changed into 300% in accordance with the supplementary agreement signed in December 2017.); interest coverage ((income before tax + depreciation + amortisation + interest expense)/interest expense) of at least 300%;

tangible net worth of not less than \$8 billion.

- (d) The syndicated loan agreement mentioned above was fully repaid in March 2021. As of December 31, 2020, the amount drawn was \$2,650,000.
- B. In October 2020, the Company entered into a syndicated loan agreement with a syndicated banking group consisting of Land Bank of Taiwan and others for a period of 5 years. The Company is allowed to settle the borrowings and use the working capital if the total amount is within the scope of \$1.59 billion pursuant to the agreement. The primary terms of the agreement are as follows:
- (a) Tranche A: Non-revolving line of \$1,100,000
  - (b) Tranche B: Non-revolving line of \$390,000
  - (c) Tranche C: Non-revolving line of \$100,000
  - (d) The Company's revolving credit facility is subject to the following terms and financial covenants:
    - i. The Company shall pledge land serial No. 4 and 5, Section 1, Fuduxin section, Xinzhuang District, New Taipei City as collateral for tranche B and C.
    - ii. The Company on each annual consolidated financial statements is required to maintain the following financial ratios:

Liability ratio (total liabilities/consolidated tangible net worth) of not higher than 300%; interest coverage ((income before tax + depreciation + amortisation + interest expense)/interest expense) of at least 150%; consolidated tangible net worth of not less than \$7 billion.
  - (e) There was no violation of the loan covenant as of December 31, 2021.
  - (f) As of December 31, 2021 and 2020, the amount drawn were both \$1,100,000.
- C. In March 2021, the Company entered into a syndicated loan agreement with a syndicated banking group consisting of Taiwan Cooperative Bank and others, for a period of 5 years. The Company is allowed to settle the borrowings and use the working capital if the total amount is within the scope of \$3.6 billion pursuant to the agreement. The primary terms of the agreement are as follows:
- (a) Tranche A: Non-revolving line of \$1,100,000
  - (b) Tranche B: Revolving line of \$2,500,000. The facility is revolving during the facility period. The credit facility will be reduced after three years from the first drawdown date, and will be further reduced on the same date of each succeeding year. The reduction of the credit facility will be done in three phases as follows: a 15% reduction for the first phase, 20% reduction for the second phase and 65% reduction for the third phase.

- (c) The Company's revolving credit facility is subject to following terms and financial covenants:
- i. The Company shall pledge land, plant and auxiliary facilities, machinery and equipment, and related auxiliary equipment at Changhua Coastal Industrial Park as collateral of Tranche A.
  - ii. The Company on each semi-annual and annual consolidated financial statements is required to maintain the following financial ratios:  
Current ratio (current assets/current liabilities) of at least 100%; liability ratio ((total liabilities + contingent liabilities)/(total stockholders' equity – intangible assets)) of not higher than 300%; interest coverage ((income before tax + depreciation + amortisation + interest expense)/interest expense) of at least 150%; consolidated tangible net worth of not less than \$7 billion.
- (d) As of December 31, 2021, the amount drawn was \$1,700,000.
- D. In addition to the collaterals provided as stated in Note 8, as of December 31, 2021, the Company had issued guarantee notes totaling \$13,018,890 for the bank loans.
- E. The Company's borrowings should be repaid in full by August 2031 at the latest in accordance with the contracts.

(18) Pensions

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligations	\$ 31,632	\$ 34,712
Fair value of plan assets	( 5,107)	( 6,097)
Net defined benefit liability	<u>\$ 26,525</u>	<u>\$ 28,615</u>



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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2021			
Balance at January 1	\$ 34,712	(\$ 6,097)	\$ 28,615
Current service cost	128	-	128
Interest expense (income)	104	(18)	86
	<u>34,944</u>	<u>(6,115)</u>	<u>28,829</u>
Remeasurements:			
Return on plan assets	-	(111)	(111)
Change in demographic assumptions	22	-	22
Change in financial assumptions	(923)	-	(923)
Experience adjustments	(834)	-	(834)
	<u>(1,735)</u>	<u>(111)</u>	<u>(1,846)</u>
	<u>33,209</u>	<u>(6,226)</u>	<u>26,983</u>
Pension fund contribution	-	(458)	(458)
Paid pension	(1,577)	1,577	-
Balance at December 31	<u>\$ 31,632</u>	<u>(\$ 5,107)</u>	<u>\$ 26,525</u>
2020			
Balance at January 1	\$ 41,397	(\$ 7,139)	\$ 34,258
Current service cost	170	-	170
Interest expense (income)	290	(50)	240
	<u>41,857</u>	<u>(7,189)</u>	<u>34,668</u>
Remeasurements:			
Return on plan assets	-	(238)	(238)
Change in financial assumptions	1,068	-	1,068
Experience adjustments	(6,405)	-	(6,405)
	<u>(5,337)</u>	<u>(238)</u>	<u>(5,575)</u>
	<u>36,520</u>	<u>(7,427)</u>	<u>29,093</u>
Pension fund contribution	-	(478)	(478)
Paid pension	(1,808)	1,808	-
Balance at December 31	<u>\$ 34,712</u>	<u>(\$ 6,097)</u>	<u>\$ 28,615</u>

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

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

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

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2021</u>				
Effect on present value of defined benefit obligation	(\$ <u>543</u> )	\$ <u>559</u>	\$ <u>471</u>	(\$ <u>462</u> )

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2020</u>				
Effect on present value of defined benefit obligation	(\$ <u>673</u> )	\$ <u>694</u>	\$ <u>594</u>	(\$ <u>580</u> )

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

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

- (f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2022 amount to \$428.
  - (g) As of December 31, 2021, the weighted average duration of that retirement plan is 7 years.
- B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2021 and 2020 were \$8,582 and \$9,248, respectively.

(19) Share capital

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

Movements in the number of the Company's ordinary shares including certificate of entitlement to new shares from convertible bonds (in thousand shares) outstanding are as follows:

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

- B. For the year ended December 31, 2021, convertible bonds amounting to \$361,600 in total par value were requested for conversion into 27,775 thousand ordinary shares. The amount of 233 thousand ordinary shares was recorded under 'certificate of entitlement to new shares from convertible bonds' because the registration of the change has not yet been completed.
- C. For the year ended December 31, 2020, convertible bonds amounting to \$196,600 in total par value were requested for conversion into 15,008 thousand ordinary shares. The amount was recorded under 'certificate of entitlement to new shares from convertible bonds' because the registration of the change had not yet been completed as of December 31, 2020. The registration of the change had been completed during the year ended December 31, 2021.
- D. On July 7, 2021, the Company's shareholders approved to capitalise shareholders' bonus amounting to \$348,445 which was distributed from 2020 earnings. A total of 34,844 thousand new shares were issued with a par value of \$10 per share. The registration of the change had been completed.
- E. On July 7, 2021, the Company's Board of Directors resolved to increase the authorised capital to \$10,000,000. The registration of the change was completed on July 22, 2021.

## F. Treasury shares

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

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

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

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

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

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

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

(20) Capital surplus

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

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

(21) Retained earnings / Subsequent event

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

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

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

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

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

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

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

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

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

- (a) The Company compensated accumulated deficit with legal reserve of \$341,174 for the year ended December 31, 2019.
- (b) The Company issued cash dividends from capital surplus amounting to \$166,265 for the



year ended December 31, 2019.

- F. The Company's appropriations of 2020 earnings for cash dividends and the modification of aforementioned appropriations had been approved through majority vote by the Board of Directors on March 4, 2021 and May 13, 2021, respectively, and had been approved by shareholders on July 7, 2021. The appropriations of earnings as amended were as follows:

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

- G. Subsequent event:

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

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

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

(22) Operating revenue

A. Disaggregation of revenue from contracts with customers

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

	Year ended December 31, 2021		
	Packaging materials business segment	Real estate business segment	Total
Revenue from non-related parties	\$ 3,526,403	\$ 523,960	\$ 4,050,363
Revenue from related parties	1,026,980	-	1,026,980
Total segment revenue	<u>\$ 4,553,383</u>	<u>\$ 523,960</u>	<u>\$ 5,077,343</u>

	Year ended December 31, 2020		
	Packaging materials business segment	Real estate business segment	Total
Revenue from non-related parties	\$ 2,728,216	\$ 681,956	\$ 3,410,172
Revenue from related parties	766,103	-	766,103
Total segment revenue	<u>\$ 3,494,319</u>	<u>\$ 681,956</u>	<u>\$ 4,176,275</u>

B. Contract liabilities

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

	December 31, 2021	December 31, 2020	January 1, 2020
Contract liabilities:			
Contract liabilities – Advance sales receipts	\$ 13,289	\$ 15,905	\$ 27,652
Contract liabilities – Pre-sold house	466,606	318,509	41,918
	<u>\$ 479,895</u>	<u>\$ 334,414</u>	<u>\$ 69,570</u>

- C. For the years ended December 31, 2021 and 2020, revenue recognised that was included in the contract liability balance at the beginning of the year amounted to \$25,558 and \$51,233, respectively.

(23) Interest income

	Years ended December 31,	
	2021	2020
Interest income from bank deposits	\$ 335	\$ 7,053
Interest income from loans to related parties	20,803	971
	<u>\$ 21,138</u>	<u>\$ 8,024</u>

(24) Other income

	Years ended December 31,	
	2021	2020
Rental revenue	\$ 42,622	\$ 69,535
Dividend income	1,462	1,569
Income from managerial services	39,245	38,245
Revenue from government grants	-	13,585
Other income	5,756	3,168
	<u>\$ 89,085</u>	<u>\$ 126,102</u>

(25) Other gains and losses

	Years ended December 31,	
	2021	2020
(Losses) gains on financial assets at fair value through profit or loss	(\$ 122)	\$ 3,639
Net foreign exchange loss	( 44,872)	( 82,201)
Losses on disposal of property, plant and equipment	( 165)	( 2,902)
Gains on disposal of non-current assets held for sale	661,905	-
Losses on write-off of investment property	-	( 178,738)
Gains (losses) on fair value adjustment of investment property	7,810	( 720)
Fee expense	( 15,966)	( 15,666)
Other losses	( 9,053)	( 3,630)
	<u>\$ 599,537</u>	<u>(\$ 280,218)</u>

(26) Finance costs

	Years ended December 31,	
	2021	2020
Interest expense:		
Bank borrowings	\$ 144,159	\$ 179,788
Convertible bonds	5,085	8,308
Lease liabilities	-	764
Interest payable to related parties	3,513	3,537
Less: Capitalisation of qualifying assets	( 76,680)	( 78,984)
	<u>\$ 76,077</u>	<u>\$ 113,413</u>

(27) Expenses by nature

	Year ended December 31, 2021		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 153,115	\$ 74,876	\$ 227,991
Labor and health insurance fees	15,843	6,533	22,376
Pension costs	5,531	3,265	8,796
Directors' remuneration	-	840	840
Other personnel expenses	7,655	1,146	8,801
	182,144	86,660	268,804
Depreciation	195,083	9,425	204,508
Amortisation	-	22	22
	<u>\$ 377,227</u>	<u>\$ 96,107</u>	<u>\$ 473,334</u>

	Year ended December 31, 2020		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 145,297	\$ 81,923	\$ 227,220
Labor and health insurance fees	15,463	6,876	22,339
Pension costs	5,660	3,998	9,658
Directors' remuneration	-	651	651
Other personnel expenses	7,226	1,546	8,772
	173,646	94,994	268,640
Depreciation	191,147	10,137	201,284
Amortization	50	96	146
	<u>\$ 364,843</u>	<u>\$ 105,227</u>	<u>\$ 470,070</u>

- A. For the years ended December 31, 2021 and 2020, the Company had 386 and 397 employees, respectively, both including 4 non-employee directors.
- B. For the years ended December 31, 2021 and 2020, average employee benefit expense was \$701 and \$682, respectively.
- C. For the years ended December 31, 2021 and 2020, average employees salaries were \$597 and \$578, respectively.
- D. Adjustments of average employees salaries was 3.29%.
- E. Under the Company's Articles of Incorporation :

If the Company has profit, at least 0.5% shall be distributed as employees' compensation. However, if the Company has accumulated deficit, earnings should first be reserved to cover losses and then be appropriated as employees' compensation based on the abovementioned ratios.

The distribution of employees compensation 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 in addition thereto a report of such distribution shall be submitted to the shareholders during their meeting.

Employees' compensation can be distributed in the form of cash or shares and shall be distributed to the employees of affiliates of the Company who meet certain specific requirements which were set by the Board of Directors.

- F. The Company provides remuneration to directors (including independent directors) determined based on the Company's 'regulation of directors' remuneration'. The related regulations are implemented after being advised by the Remuneration Committee and approved by the Board of Directors.

In addition, managers' compensation is determined based on the salary standard in the market taking into consideration the individual position, responsibilities, professional and technical ability, education and work experience, performance, contribution, etc., in order to give reasonable compensation.

Furthermore, to attract and retain outstanding talents, the Company will timely refer to the labour market salary survey, typical pay levels adopted by peer companies, taking into consideration the reasonableness of the correlation between individual performance, company's business performance, and future risk exposure, periodically assessing or examining the salary system.

As the employees are the most valuable asset to the Company, the Company adopts the concept of profit sharing with employees, thereby providing a competitive overall compensation package to its employees. The Company hopes to encourage employees to focus on long-term contribution and share mutual benefits with the Company.

- F. For the years ended December 31, 2021 and 2020, employees' compensation was accrued at \$5,576 and \$4,944, respectively; while no directors' remuneration was accrued. The aforementioned amount was recognised in salary expenses.

The employees' compensation was estimated and accrued based on 0.5% of distributable profit of current year for the year ended December 31, 2021.

For the year ended December 31, 2020, the employees' compensation resolved by the Board of Directors amounted to \$4,309. The difference of (\$635) between the amount resolved by the Board of Directors and the amount of \$4,944 recognised in the 2020 financial statements, had been adjusted in the profit or loss for 2021.

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

(28) Income tax

A. Components of income tax expense (benefit):

	Year ended December 31	
	2021	2020
Current tax:		
Current tax on profits for the year	\$ 157,173	\$ 40,400
Prior year income tax (over) under estimation	( 22,975)	2,668
Total current tax	<u>134,198</u>	<u>43,068</u>
Deferred tax:		
Origination and reversal of temporary differences	( 62,794)	8,189
Income tax expense	<u>\$ 71,404</u>	<u>\$ 51,257</u>

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

	Year ended December 31	
	2021	2020
Remeasurement of defined benefit obligations	<u>\$ 369</u>	<u>\$ 1,115</u>

C. Reconciliation between income tax expense and accounting profit:

	Year ended December 31	
	2021	2020
Tax calculated based on profit before tax and statutory tax rate	\$ 187,833	\$ 171,372
Items disallowed (tax exempt income) by tax regulation	( 114,979)	( 135,750)
Prior year income tax (over) under estimation	( 22,975)	2,668
Land value increment tax	77,472	12,733
Others	( 55,947)	234
Income tax expense	<u>\$ 71,404</u>	<u>\$ 51,257</u>

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

	2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Provision for inventory obsolescence	\$ 2,376	\$ 173	\$ -	\$ 2,549
Accrued pension liabilities	5,323	( 38)	( 369)	4,916
Unrealised exchange loss	19,246	8,965	-	28,211
Deferred selling expenses	10,884	( 1,426)	-	9,458
Deferred interest payable	28,299	( 944)	-	27,355
Others	4,167	( 400)	-	3,767
	<u>70,295</u>	<u>6,330</u>	<u>( 369)</u>	<u>76,256</u>
-Deferred tax liabilities:				
Unrealised loss from sales	( 11,108)	-	-	( 11,108)
Fair value adjustment of investment property	( 97,006)	56,464	-	( 40,542)
Gain on foreign investment	( 33,499)	-	-	( 33,499)
	<u>( 141,613)</u>	<u>56,464</u>	<u>-</u>	<u>( 85,149)</u>
	<u>(\$ 71,318)</u>	<u>\$ 62,794</u>	<u>(\$ 369)</u>	<u>(\$ 8,893)</u>



2020				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Provision for inventory obsolescence	\$ 2,094	\$ 282	\$ -	\$ 2,376
Accrued pension liabilities	6,813	( 375)	( 1,115)	5,323
Unrealised exchange loss	8,706	10,540	-	19,246
Deferred selling expenses	10,182	702	-	10,884
Deferred interest payable	29,263	( 964)	-	28,299
Others	4,535	( 368)	-	4,167
	<u>61,593</u>	<u>9,817</u>	<u>( 1,115)</u>	<u>70,295</u>
-Deferred tax liabilities:				
Unrealised loss from sales	( 11,108)	-	-	( 11,108)
Fair value adjustment of investment property	( 79,000)	( 18,006)	-	( 97,006)
Gain on foreign investment	( 33,499)	-	-	( 33,499)
	<u>( 123,607)</u>	<u>( 18,006)</u>	<u>-</u>	<u>( 141,613)</u>
	<u>(\$ 62,014)</u>	<u>(\$ 8,189)</u>	<u>(\$ 1,115)</u>	<u>(\$ 71,318)</u>

E. The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

(29) Earnings per share

Year ended December 31, 2021			
		Retroactive adjustment weighted average number of ordinary shares outstanding	Earnings per share (in dollars)
	<u>Amount after tax</u>	<u>(shares in thousands)</u>	
<u>Basic and diluted earnings per share</u>			
Profit attributable to the parent	<u>\$ 867,762</u>	<u>590,114</u>	<u>\$ 1.47</u>
<u>Diluted earnings per share</u>			
Profit attributable to the parent	\$ 867,762	590,114	
Assumed conversion of all dilutive potential ordinary shares			
Treasury stocks transferred to employees	-	17,415	
Employees' compensation	-	414	
Subsidiaries' domestic convertible bonds	( 7,652)	-	
Domestic convertible bonds	<u>4,068</u>	<u>46,659</u>	
Profit attributable to the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 864,178</u>	<u>654,602</u>	<u>\$ 1.32</u>

Year ended December 31, 2020			
		Retroactive adjustment weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
	Amount after tax		
<u>Basic and diluted earnings per share</u>			
Profit attributable to the parent	\$ 805,604	565,330	\$ 1.42
<u>Diluted earnings per share</u>			
Profit attributable to the parent	\$ 805,604	565,330	
Assumed conversion of all dilutive potential ordinary shares			
Treasury stocks transferred to employees	-	20,168	
Employees' compensation	-	300	
Subsidiaries' domestic convertible bonds	( 4,624)	-	
Domestic convertible bonds	6,646	74,841	
Profit attributable to the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 807,626	660,639	\$ 1.23

(30) Supplemental cash flow information

Investing activities with partial cash payments

Year ended December 31			
	2021	2020	
Purchase of property, plant and equipment	\$ 68,552	\$ 51,142	
Add: Opening balance of payable on equipment and construction	38,300	38,300	
Less: Ending balance of payable on equipment and construction	( 38,300)	( 38,300)	
Cash paid during the year	\$ 68,552	\$ 51,142	

(31) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings	Short-term notes and bills payable	Other payables to related parties	Corporate bonds payable	Liabilities from financing activities-gross
At January 1, 2021	\$ 3,787,905	\$ 4,537,101	\$ 300,000	\$ 533,600	\$ 789,667	\$ 9,948,273
Changes in cash flow from financing activities	( 415,180)	434,661	110,000	( 532,817)	-	( 403,336)
Impact of changes in foreign exchange rate	97	-	-	( 783)	-	( 686)
Changes in other non-cash items	-	-	-	-	( 346,306)	( 346,306)
At December 31, 2021	<u>\$ 3,372,822</u>	<u>\$ 4,971,762</u>	<u>\$ 410,000</u>	<u>\$ -</u>	<u>\$ 443,361</u>	<u>\$ 9,197,945</u>

	Short-term borrowings	Long-term borrowings	Short-term notes and bills payable	Other payables to related parties	Corporate bonds payable	Lease liabilities	Liabilities from financing activities-gross
At January 1, 2020	\$ 2,572,028	\$ 6,928,633	\$ 300,000	\$ 105,002	\$ 971,544	\$ 156,781	\$ 11,033,988
Changes in cash flow from financing activities	1,212,679	( 2,391,532)	-	432,773	-	( 156,781)	( 902,861)
Impact of changes in foreign exchange rate	3,198	-	-	( 4,175)	-	-	( 977)
Changes in other non-cash items	-	-	-	-	( 181,877)	-	( 181,877)
At December 31, 2020	<u>\$ 3,787,905</u>	<u>\$ 4,537,101</u>	<u>\$ 300,000</u>	<u>\$ 533,600</u>	<u>\$ 789,667</u>	<u>\$ -</u>	<u>\$ 9,948,273</u>

7. RELATED PARTY TRANSACTIONS

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

(2) Significant related party transactions and balances

A. Operating revenue

	Year ended December 31	
	2021	2020
Sales of goods	\$ 1,026,980	\$ 766,103
-Subsidiaries		

Goods are sold based on the price mutually agreed by both parties. The credit terms to related parties are 15 to 30 days and 60 to 120 days after monthly billings, compared to 60 to 120 days to third parties.

B. Purchases:

	Year ended December 31	
	2021	2020
Purchases of goods:		
-Subsidiaries	\$ 92,378	\$ 57,132

The prices of goods purchased from related parties are available to third parties. The payment terms are 30 days and 60 to 90 days after monthly billings.

C. Receivables from related parties:

	December 31, 2021	December 31, 2020
Accounts receivable		
-Subsidiaries	\$ 246,884	\$ 118,132
Other receivables		
Receivables from managerial services income		
-Subsidiaries	\$ 11,010	\$ 10,036
Loans to		
-ACHEM Technology Corporation	1,173,697	-
-Wan Chio Petrochemical (Jiangsu) Co., Ltd.	1,020,435	1,049,927
-Subsidiaries	367,885	-
	\$ 2,573,027	\$ 1,059,963

Receivables from related parties refer to raw materials purchased on behalf of related parties and loans to related parties. The receivables are unsecured in nature, and there are no allowances for uncollectible accounts held against receivables from related parties.

D. Payables to related parties

	December 31, 2021	December 31, 2020
Accounts payable		
-Subsidiaries	\$ 16,694	\$ 15,718
Other payables		
Loans from		
-YEM CHIO	\$ -	\$ 114,064
-ASIACHEM International Corporation	-	101,508
-ACHEM Technology Corporation	-	320,645
Service fee from pre-sold house sale by proxy		
-Yanrun Development Co., Ltd.	4,829	-
	\$ 4,829	\$ 536,217

Accounts payable arise mainly from purchase transactions. Other payables arise mainly from

loans from subsidiaries and service fee from pre-sold house sale by proxy, etc.

E. Prepayments (shown as inventory)

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Wong Chio Development, Ltd.	<u>\$ 328,123</u>	<u>\$ 149,153</u>

F. Investment property

Details of land, buildings and office leased to UINN Hotel are provided in Note 6(11).

G. Pre-sold house contracts

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

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

H. Loans to /from related parties

(a) Loans to related parties

i. Outstanding balance

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Wan Chio Petrochemical (Jiangsu) Co., Ltd.	\$ 1,020,435	\$ 1,049,927
ACHEM Technology Corporation	1,160,000	-
Subsidiaries	<u>365,000</u>	<u>-</u>
	<u>\$ 2,545,435</u>	<u>\$ 1,049,927</u>

ii. Interest income

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Subsidiaries	<u>\$ 20,803</u>	<u>\$ 971</u>

The loans to subsidiaries are repayable within 1 year and carry interest at 0%~2.5% per annum for the years ended December 31, 2021 and 2020.

(b) Loans from related parties

i. Outstanding balance

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
YEM CHIO	\$ -	\$ 113,920
ASIACHEM International Corporation	-	99,680
ACHEM Technology Corporation	-	320,000
	<u>\$ -</u>	<u>\$ 533,600</u>

ii. Interest expense

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Subsidiaries	<u>\$ 3,513</u>	<u>\$ 3,537</u>

The loans from subsidiaries are repayable within 1 year and carry interest at 1.75%~2.50% and 2.50%~3.00% per annum for the years ended December 31, 2021 and 2020, respectively.

I. Other income

(a) Income from managerial services

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Subsidiaries	<u>\$ 39,425</u>	<u>\$ 38,245</u>

(b) Rent income

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Subsidiaries	<u>\$ 22,342</u>	<u>\$ 46,697</u>

J. Lease transactions — lessee

The Company leases buildings from subsidiaries. Rental contracts are typically made for periods of 1 year. Rents are paid at the end of month.

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Subsidiaries	<u>\$ 1,720</u>	<u>\$ 1,840</u>

K. Increase in deferred marketing expenses in the year

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Related parties	\$ <u>29,144</u>	\$ <u>–</u>

L. Acquisition of share equity of Chuang-Yi Investment Co., Ltd.

In November 2021, the Company acquired 26.76% equity interest in Chuang-Yi Investment Co., Ltd. from Xin Chio Co., Ltd. at a net price of NT\$ 215.57 per share, for a total consideration of \$149,665. In November 2021, the Company has paid the full amount and completed the registration of the acquisition.

M. Endorsements and guarantees provided by related parties

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Related parties	\$ <u>13,152,770</u>	\$ <u>12,243,484</u>

N. Endorsements and guarantees provided to related parties:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Associates	\$ <u>849,120</u>	\$ <u>2,238,867</u>

(3) Key management compensation

	<u>Year ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Salaries and bonuses	\$ 10,855	\$ 11,208
Pensions	378	432
	<u>\$ 11,233</u>	<u>\$ 11,640</u>



## 8. PLEGDED ASSETS

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

Pledged assets	Book value		Purpose
	December 31, 2021	December 31, 2020	
Non-current financial assets at amortised cost			
- Demand deposits	104,133	104,112	Long-term borrowings, corporate bond guarantee and consideration trust for inventory purchases and sales, etc.
- Time deposits	104,999	104,907	Leasehold land guarantees, performance guarantee for construction and guarantee for corporate bonds
Inventories	5,332,875	4,684,330	Long-term borrowings, short-term borrowings
Non-current assets held for sale	-	376,262	Short-term borrowings
Property, plant and equipment	2,987,304	3,113,165	Long-term borrowings, short-term borrowings
Investment property	2,098,276	2,090,466	Long-term borrowings, short-term borrowings
Other non-current assets			Deposits for leases and guarantee construction
- Guarantee deposits paid	2,464	2,952	
	<u>\$ 10,630,051</u>	<u>\$ 10,476,194</u>	

## 9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

Except for those mentioned in Notes 6(17) and 7(2), as of December 31, 2021, the Company's significant commitments are as follows:

A. As of December 31, 2021, the unused letters of credit amounted to \$314,855 for the purchase of raw materials and machinery, etc.

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

	December 31, 2021	December 31, 2020
Consigned to construction companies to construct buildings	<u>\$ 475,193</u>	<u>\$ 818,366</u>

## 10. SIGNIFICANT DISASTER LOSS

None.

## 11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

- (1) Refer to Note 6(21).
- (2) In September 2021, the Company's Board of Directors resolved to dispose the property, plant and equipment of the second-tier subsidiary, Wan Chio Petrochemical (Jiangsu) Co., Ltd. The counterparty of machinery and equipment contract defaulted on the payment, thus, on March 8, 2022, the Company entered into another machinery and equipment trading contract with a new counterparty. The original transaction terms for the land and plant demolition and expropriation have not been altered, however, the total consideration of these two contracts has been changed to RMB 438 million.
- (3) On March 25, 2022, the Company's Board of Directors resolved that ACHEM Technology China will transfer its 62.3% equity interest in Foshan Inder Adhesive Product Co., Ltd. to Wanchio Adhesive Product (Jiangsu) Co., Ltd. in exchange for the new shares of Wanchio Adhesive Product (Jiangsu) Co., Ltd., and the transaction price was RMB 101,450 thousand.

## 12. OTHERS

### (1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets designated as at fair value through profit or loss	<u>\$ 751</u>	<u>\$ 2,009</u>
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	<u>\$ 5,597</u>	<u>\$ 14,229</u>
Financial assets at amortised cost		
Cash and cash equivalents	\$ 328,252	\$ 267,761
Financial assets at amortised cost	405,755	412,854
Notes receivable	69,027	42,211
Accounts receivable (including related parties)	794,145	467,837
Other receivables (including related parties)	2,583,509	1,225,721
Guarantee deposits paid	<u>2,464</u>	<u>2,952</u>
	<u>\$ 4,183,152</u>	<u>\$ 2,419,336</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 3,372,822	\$ 3,787,905
Short-term notes and bills payable	410,000	300,000
Notes payable	76,357	37,785
Accounts payable (including related parties)	168,220	156,182
Other payables (including related parties)	123,932	674,454
Long-term borrowings (including current portion)	<u>4,971,762</u>	<u>4,537,101</u>
	<u>\$ 9,123,093</u>	<u>\$ 9,493,427</u>

## B. Financial risk management policies

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

## C. Significant financial risks and degrees of financial risks

### (a) Market risk

#### Foreign exchange risk

- i. The Company operates internationally and is exposed to exchange rate risk arising from the transactions in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.
- iii. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2021			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$ 57,309	27.68	\$ 1,586,313	
EUR:NTD	179	31.32	5,606	
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$ 7,132	27.68	\$ 197,414	
<u>Long-term equity investments accounted for under the equity method</u>				
USD:NTD	\$ 30,503	27.68	\$ 844,322	
	December 31, 2020			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$ 47,294	28.48	\$ 1,346,933	
EUR:NTD	1,036	35.02	36,281	
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$ 11,582	28.48	\$ 329,855	
<u>Long-term equity investments accounted for under the equity method</u>				
USD:NTD	\$ 7,576	28.48	\$ 215,761	

- iv. The total exchange loss, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2021 and 2020, amounted to (\$44,872) and (\$82,201), respectively.

- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

December 31, 2021			
	Sensitivity analysis degree of variation	Effect on profit on loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	5%	\$ 79,316	\$ -
EUR:NTD	5%	280	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	5%	\$ 9,871	\$ -
December 31, 2020			
	Sensitivity analysis degree of variation	Effect on profit on loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	5%	\$ 67,347	\$ -
EUR:NTD	5%	1,814	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	5%	\$ 16,493	\$ -

#### Price risk

- A. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

B. The Company's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 5% with all other variables held constant, other components of equity for the years ended December 31, 2021 and 2020 would have increased/decreased by \$280 and \$711, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

A. The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 2021 and 2020, the Company's borrowings at variable rate were mainly denominated in NTD.

B. The Company's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

C. If the borrowing interest rate had increased/decreased by 5% with all other variables held constant, profit, net of tax for the years ended December 31, 2021 and 2020 would have decreased/increased by \$4,702 and \$5,490, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

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

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

- v. The Company applies the simplified approach using the provision matrix to estimate expected credit loss to assess the Company's accounts receivable.
- vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
  - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
  - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
  - (iii) Default or delinquency in interest or principal repayments;
  - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vii. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights.
- viii. The Company used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2021 and 2020, the provision matrix is as follows:

	Individual	Group		Total
		Not past due	Up to 90 days past due	
December 31, 2021				
Expected loss rate	100%	0.84%	2.13%~21.41%	
Total book value	\$ 10,475	\$ 360,848	\$ 191,770	\$ 563,093
Loss allowance	10,475	2,415	2,942	15,832

	Individual	Group		Total
		Not past due	Up to 90 days past due	
December 31, 2020				
Expected loss rate	100%	0.51%	1.11%~7.51%	
Total book value	\$ 10,475	\$ 218,440	\$ 136,622	\$ 365,537
Loss allowance	10,475	2,415	2,942	15,832



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

	2021	
	Accounts receivable	Notes receivable
January 1	\$ 15,832	\$ 807
Reversal for impairment	-	( 807)
At December 31	<u>\$ 15,832</u>	<u>\$ -</u>

	2020	
	Accounts receivable	Notes receivable
At January 1	\$ 15,832	\$ 807
Provision for impairment	-	-
At December 31	<u>\$ 15,832</u>	<u>\$ 807</u>

(c) Liquidity risk

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

- ii. The Company has the following undrawn borrowing facilities:

	December 31, 2021	December 31, 2020
Floating rate:		
Expiring within one year	\$ -	\$ 350,000
Expiring beyond one year	<u>2,490,000</u>	<u>590,000</u>
	<u>\$ 2,490,000</u>	<u>\$ 940,000</u>

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

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

Non-derivative financial liabilities:

<u>December 31, 2021</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>	<u>Total</u>
Short-term borrowings	\$ 3,381,273	\$ -	\$ 3,381,273
Short-term notes and bills payable	410,000	-	410,000
Notes payable	76,357	-	76,357
Accounts payable	151,526	-	151,526
Accounts payable-related parties	16,694	-	16,694
Other payables	119,103	-	119,103
Other payables-related parties	4,829	-	4,829
Bonds payable (including current portion)	454,400	-	454,400
Long-term borrowings (including current portion)	2,640,749	2,606,034	5,246,783

Non-derivative financial liabilities:

<u>December 31, 2020</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>	<u>Total</u>
Short-term borrowings	\$ 3,817,064	\$ -	\$ 3,817,064
Short-term notes and bills payable	300,000	-	300,000
Notes payable	37,785	-	37,785
Accounts payable	140,464	-	140,464
Accounts payable-related parties	15,718	-	15,718
Other payables	138,237	-	138,237
Other payables-related parties	536,217	-	536,217
Bonds payable	-	816,000	816,000
Long-term borrowings (including current portion)	1,649,426	3,122,965	4,772,391

Derivative financial liabilities:

As of December 31, 2021 and 2020, there is no such situation.

(3) Fair value information

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in unlisted stocks, investment property and Call and put options of convertible corporate bonds is included in Level 3.

**B. Financial instruments not measured at fair value**

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

December 31, 2021				
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable				
(including current portion)	\$ 443,361	\$ -	\$ 441,729	\$ -

December 31, 2020				
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable	\$ 789,667	\$ -	\$ 798,694	\$ -

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

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

value.

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

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

<u>December 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss				
Call options and put options of convertible corporate bonds	\$ -	\$ -	\$ 751	\$ 751
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	5,597	5,597
Investment property	-	-	2,098,276	2,098,276
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,104,624</u>	<u>\$ 2,104,624</u>
 <u>December 31, 2020</u>	 <u>Level 1</u>	 <u>Level 2</u>	 <u>Level 3</u>	 <u>Total</u>
<b>Assets</b>				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss				
Call options and put options of convertible corporate bonds	\$ -	\$ -	\$ 2,009	\$ 2,009
Financial assets at fair value through other comprehensive income				
Equity securities	8,632	-	5,597	14,229
Investment property	-	-	2,090,466	2,090,466
	<u>\$ 8,632</u>	<u>\$ -</u>	<u>\$ 2,098,072</u>	<u>\$ 2,106,704</u>

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

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

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

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques. The fair value of financial instruments measured by using valuation techniques can be referred to valuation methods.

- iii. Under the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Company makes self-assessment using the income approach to calculate the fair value of investment property. Related assumptions and information on inputs are as follows:

- (i) Cash flow: Cash flow shall be evaluated on the basis of existing lease contracts, rent at local market rates, or current market rents for similar comparable properties in the same location and condition, and overvalued and undervalued comparable properties shall be excluded. If there is a period-end value, the discounted present period-end value may be added.
- (ii) Analysis period: When there is no specified period for the income, the analysis period in principle shall not be longer than 10 years; when there is a specified period for the income, the income shall be estimated for the remainder of the specified period.
- (iii) Discount rate: The discount rate shall be determined using the risk premium approach only, with the calculation based on a certain interest rate, plus the estimate for the individual characteristics of the investment property. The phrase "based on a certain interest rate" means the interest rate may not be lower than the floating interest rate on a 2-year time deposit of a small amount, as posted by the Chunghwa Post Co. Ltd., plus 0.75 percentage points.

D. For the years ended December 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.

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

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

G. Treasury segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and making any other necessary adjustments to the fair value. Investment property is evaluated regularly by the Company's finance segment based on the valuation methods and assumptions announced by the Financial Supervisory Commission, Securities and Futures Bureau or through outsourced appraisal performed by the external valuer.

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

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

Item	Fair value at December 31, 2021	Valuation technique	Significant observable input	Range	Relationship of inputs to fair value
Unlisted stocks	\$ 5,597	Market comparable companies	Industrial average price to book ratio	Not applicable	The higher the book value per share, the higher the fair value
Investment property	2,098,276	Income approach	Discount rate	(Note)	The higher the discount rate, the lower the fair value
Call options and put options of convertible corporate bonds	751	Binary tree valuation model	Volatility	28.21%	The higher the volatility, the higher the fair value

<u>Item</u>	<u>Fair value at December 31, 2020</u>	<u>Valuation technique</u>	<u>Significant observable input</u>	<u>Range</u>	<u>Relationship of inputs to fair value</u>
Unlisted stocks	\$ 5,597	Market comparable companies	Industrial average price to book ratio	Not applicable	The higher the book value per share, the higher the fair value
Investment property	2,090,466	Income approach	Discount rate	(Note)	The higher the discount rate, the lower the fair value
Call options and put options of convertible corporate bonds	2,009	Binary tree valuation model	Volatility	29.38%	The higher the volatility, the higher the fair value

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

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

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

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

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 8.

I. Trading in derivative instruments undertaken during the reporting periods: : Please refer to Note 6(2).

J. Significant inter-company transactions during the reporting periods: Please refer to table 9.

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 11.

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

(4) Major shareholders information

Major shareholders information: Please refer to table 12.

14. SEGMENT INFORMATION

Not applicable.



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

Table 1

Expressed in thousands of NTD  
(Except as otherwise indicated)

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

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

Table 1, Page 2

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

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

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

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

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

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

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

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

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

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

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

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

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

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

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

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

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

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

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

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

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

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

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

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

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

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

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

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

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

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

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

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

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

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

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

Table 4

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

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

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

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

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

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

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

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



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

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

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

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

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

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

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

Table 6

Expressed in thousands of NTD  
(Except as otherwise indicated)

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

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

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

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

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

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

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

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

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

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

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

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

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

Table 8

Expressed in thousands of NTD  
(Except as otherwise indicated)

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

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

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

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

Table 9

Expressed in thousands of NTD  
(Except as otherwise indicated)

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

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

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

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

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

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

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

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

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

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

Table 10

Expressed in thousands of NTD  
(Except as otherwise indicated)

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



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

Table 10, Page 2

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

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

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

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

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

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

Table 11

Expressed in thousands of NTD  
(Except as otherwise indicated)

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

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

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

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

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

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

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

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

Note 4: (1) The Company's accumulated amount of remittance to Mainland China as of December 31, 2020 was USD 36,167 thousand, and the amount approved by MOEA was USD 36,817 thousand.

(2) ACHEM Technology Corporation's accumulated amount of remittance to Mainland China as of December 31, 2021 was USD 102,362 thousand, (in addition there is USD 2,342 thousand to be remitted) and the amount approved by MOEA was USD 123,818 thousand.

(3) Xin Chio Co., Ltd.'s accumulated amount of remittance to Mainland China as of December 31, 2021 was USD 7,986 thousand, and the amount approved by MOEA was USD 7,986 thousand.

Yem Chio Co., Ltd. and Subsidiaries

Major shareholders information

December 31, 2021

Table 12

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
YING CHUNG CO., LTD.	44,057,552	6.90%
INGS CHYUANG INTERNATIONAL CO., LTD.	42,878,666	6.71%
ASIA PLASTICS CO., LTD.	42,748,839	6.69%
Li, Zhi-Xian	32,711,344	5.12%

Note: The major shareholders' information was derived from the data using the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference in calculation basis.

**6.6 Company and Its Affiliates Encounter Any Financial Difficulties in the Recent Year and as of the Date of Publication of the Annual Report, the Impact on the Company's Financial Status: None.**

## **VII. Review of Financial Conditions, Financial Performance, and Risk Management**

## 7.1 Analysis of Financial Status

Unit: NT\$ thousands

Year Item	2021/12/31	2020/12/31	Difference		Remark <sup>1</sup>
			Amount	%	
Current Assets	\$17,828,534	\$14,565,303	\$3,263,231	22	<sup>2</sup>
Fixed Assets	12,459,760	15,250,522	(2,790,762)	(18)	
<b>Total Assets</b>	30,288,294	29,815,825	472,469	2	
Current Liabilities	15,826,753	13,313,274	2,513,479	19	
Long-term Liabilities	3,454,063	6,525,758	(3,071,695)	(47)	<sup>3</sup>
<b>Total Liabilities</b>	19,280,816	19,839,032	(558,216)	(3)	
Capital stock	6,382,873	5,850,478	532,395	9	
Capital surplus	2,384,602	2,592,442	(207,840)	(8)	
Retained Earnings	2,106,814	1,717,382	389,432	23	<sup>4</sup>
Other Adjustments	(106,385)	(176,879)	70,494	(40)	<sup>5</sup>
<b>Total Stockholders' Equity</b>	(414,345)	(562,488)	148,143	(26)	<sup>6</sup>
Capital stock	653,919	555,858	98,061	18	
Capital surplus	11,007,478	9,976,793	1,030,685	10	

1. Analysis of changes in financial ratios (Refer to notes):

- (1) No analysis is provided if the rate of increase or decrease didn't exceed 20% or the change in amount didn't exceed \$10,000.
- (2) The increase in current assets compared to the previous period is mainly due to the increase in inventories and reclassification of discontinued operations to current assets held for sale.
- (3) The decrease in non-current liabilities compared to the previous period is mainly due to the reimbursement, long-term loans and the bonds payable being reclassified to current liabilities.
- (4) The increase in retained earnings for the period compared to the previous period is mainly due to the growth in profit for the period.
- (5) The increase in other equity for the period is mainly due to the increase in financial assets measured at fair value through other gains and losses.
- (6) The decrease in treasury stock compared to the previous period is mainly due to the retirement of treasury stock in 2021

2. The future plan

- (1) For industries and products which had a weak operating performance and low growth, the company continued to dispose of them accordingly this year
- (2) Maintained the contribution margin of existing products above a certain value.
- (3) The Specialized Chemical Industry, which has a high gross margin, has settled in Huwei Science Park to develop a new profitable channel.
- (4) Build the new factory to manufacture speciality chemical at Central Taiwan Science Huwei Park get high profit gross channel.

## 7.2 Analysis of Financial Performance

### (1) Comparative analysis of financial performance

Unit: NT\$ thousands

Item \ Year			Difference		Analysis of changes in financial ratios:
	2021	2020	Amount	%	
Net Sales	\$ 17,181,794	\$ 13,924,193	3,257,601	23	Details in (2).1
Cost of Sales	(14,275,031)	(11,466,445)	(2,808,586)	24	Details in (2).2
Gross Profit	2,906,763	2,457,748	449,015	18	
Operating Expenses	(1,602,864)	(1,551,103)	(51,761)	3	
Operating Income	1,303,899	906,645	397,254	44	Details in (2).3
Non-operating income and expenses	926,566	1,053,384	(126,818)	(12)	
Income Before Tax	2,230,465	1,960,029	270,436	14	
Tax Expense	(203,371)	(164,214)	(39,157)	24	Details in (2).4
Loss on discontinued operations	(1,177,429)	(1,016,910)	(160,519)		
Net Income	849,665	778,905		16	

(2) Analysis of changes in financial ratios: (No analysis is provided if the rate of increase or decrease didn't exceed 20% or the change in amount didn't exceed \$10,000.)

1. The increase in net operating income is mainly due to the increase in consumer demand as a result of the monetary easing policy after the pandemic.
2. The increase in operating costs is mainly due to the increase in operating costs as a result of stable operating conditions.
3. The increase in operating income is mainly due to the concentration on major products and the discontinuation of units that incur losses.
4. The increase in income tax expense is mainly due to the increase in income tax resulting from the revenue for the current period.



### 7.3 Analysis of Cash Flow

#### 7.3.1 Analysis of cash flow changes in the last two years:

Item	Year	2021/12/31	2020/12/31	Variance (%)
Cash Flow Ratio (%)		(0.60)	12.97	(105)
Cash Flow Adequacy Ratio (%)		87.56	102.80	(15)
Cash Reinvestment Ratio (%)		(3.01)	6.82	(144)
Analysis of change in financial ratio: The decrease in the cash flow ratio and the cash reinvestment ratio was mainly due to the fluctuation of raw materials and the advance preparation of materials and the continuous investment in construction projects of the real estate business group, which resulted in an increase in inventories and a decrease in the net cash flow from operating activities.				

#### 7.3.2 Cash Flow Analysis for the Coming Year

Unit: NT\$ thousands

Estimated Cash and Cash Equivalents, Beginning Year (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow (Inflow) (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Investment Plans
\$1,756,534	\$2,020,793	(\$ 1,641,382)	\$2,135,945	\$ -	\$ -
1. Analysis of expected changes in cash flow (1) Operating activities: Sales revenue is expected to remain stable in 2022, and the completion of "Wang-Nien-Hui" construction project of YemChio will bring a net cash inflow from operating activities . (2) Investing activities: The estimated collection of proceeds from the disposal of petrochemical industry tangible assets will result in a net cash inflow . (3) Financing activities: In 2022, the group will continue to improve its financial structure and use the proceeds from the disposal of the petrochemical industry tangible assets to repay bank loans to a net cash outflow .  2. Remedial measures and flow analysis of estimated cash shortage: None					

## 7.4 Major Capital Expenditure Items

### 7.4.1 Major Capital Expenditure Items and Source of Capital

Unit: NT\$ thousands

Project	Actual or Planned Source of Capital	Actual or Planned Date of Completion	Total Capital	Actual or Expected Capital Expenditure				
				2022 (Expected)	2021 (Actual)	2020 (Actual)	2019 (Actual)	2018 (Actual)
Vietnam production line	Capital increase and loans	2021	117,495	-	-	-	15,854	101,641
Specialized Plant of Huwei Science Park	Own funds and loans	2024	860,000	330,000	330,000	200,000	-	-

### 7.4.2 Expected Benefits

1. Expanding the market share of Southeast Asian adhesive tape products.
2. The new specialized plant in Huwei Science Park is dedicated to the research and development of photo-sensitive materials, contrast agents, cleaning agents, electronic materials of silicone-based and recycling economy, and other electronic chemicals and technological products for IC, panel and packaging processes, in order to promote the establishment of high-tech industrial clusters in Central Taiwan. Meanwhile, the company is committed to the research and development of high-precision and high-quality products that satisfy the requirements of semiconductor processes and supply them to domestic high-end semiconductor processes, and the products are also continuously recycled and re-used, and effluent treated, in compliance with the trend of a circular economy.

## 7.5 Investment Policy Last Year, Main Causes of Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

The company's 2021 investment loss was NT\$123,401,000

Reinvestment policy	Reasons for Gain or Loss	Action Plan	Investment Plan for the Next 12 Months
Various investments at home and abroad	Recognition of investment loss from the disposal of a subsidiary in China, AICHEM Petrochemicals.	The disposal of AICHEM Petrochemicals, a mainland subsidiary, is one of the most important milestones in the plan to "prune the branches", with a one-time recognition of the disposal loss after the sale, and the group will be relieved of its investment burden in the petrochemical industry in the future.	(A) Continue to invest in the research and development of product technology as well as upgrade and automation of plant equipment (B) Increase personnel training and improve employee productivity (C) Commit to investing in new businesses, based on circular economy, etc. (D) Expanding investment in the group's specialized chemical industry with high gross margins and planning to build a new plant in the Huwei Science Park.

## **7.6 Risk Management & Analysis**

### **7.6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures**

The company's operations are mainly based on the production and sales of tape-related products, with export sales accounting for approximately 71% of the total. The RMB and Taiwan dollars appreciated strongly in 2021. In order to avoid major changes in its exchange gains and losses, the company will continue to monitor changes in foreign exchange and promptly implement risk-averse foreign exchange operations to reduce the adverse impact of changes in exchange rates on operations.

In recent years, due to the stability of the operations, the company continues to repay the bank loans with the cash inflow from operations, resulting in the decrease of the company's bank debts, while the market interest rate in 2021 continued to remain at a low level due to the central bank's rate cut, therefore, the interest rate in 2021 declined with the reduction of the loan balance and the low level of interest rate.

### **7.6.2 Policies, Main Causes of Gain or Loss and Future Response Measures with respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions**

In order to improve financial and business management, the company has formulated internal management measures such as "Procedures for Acquisition or Disposal of Assets", "Procedures for Loaning Funds to Others", "Procedures for Endorsement Guarantees", etc. in accordance with relevant laws and regulations. The "Procedures for Commodity Derivatives Transactions" are formulated to ensure that all commodity derivatives transactions are for the purpose of hedging.

### **7.6.3 Future Research & Development Projects and Corresponding Budget**

The applications of Environmental adhesives in PVC electrical components and semiconductors, the development of biodegradable and eco-friendly packaging tapes, and the alternative low-temperature hot glue to replace some solubilized rubbers which will be developed into new businesses, with estimated research and development costs of NT\$150 million.

### **7.6.4 Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales**

To execute overall plans in accordance with its corporate governance code of practice, the company will comply with laws and regulations and uphold the principle of "strong company operations that are institutionalized and transparent" as a response measure.

### **7.6.5 The impact and response mechanism of technological changes (including the risks of cyber security) and industry evolution on the company's financial operations:**

The company focuses on the technological developments and evolution of the plastics industry through evaluation and research & development. To date, technological changes haven't had any significant impact on the company's financial business.

Cyber Security Risk Assessments and Response Mechanism:

On June 17, 2013, the company promulgated the "Internet Account Access Regulation", meanwhile announced and implemented it, to define the rules of using the company's internal computers, login account and network access to secure the entire electronic information of the company.

In addition, the group's Network Intrusion Response Management Regulation were promulgated on January 30, 2018 to prevent cyber saboteurs from illegally hacking into the group's network system and stealing, crashing or distorting data of network servers. Thus, the regulation was

formulated and announced to be implemented.

The group uses the above two management regulations to avoid cyber security risks by requesting colleagues to follow.

The group's network system is divided by a firewall between external websites and the internal corporate system. On top of that, a public wireless network environment is built to keep the internal system safe and stable by separating it from the internal operating environment.

The mail service was a built-in Microsoft mail system, with a spam detection system to avoid the threat of spam and phishing mail.

EIP, BPM, and ISO systems are available through Internet access, so the above systems are regularly scanned for vulnerabilities to minimize the risk of external malicious intrusion attacks.

The group's important core information systems are all built with virtual server architecture, in accordance with the high reliability system management, and the automated off-site backup system was installed in the fourth quarter of 2021 to minimize the risk of business interruption due to cyber security incidents and to reduce the RTO (Recovery Time Objective) for system recovery.

#### **7.6.6 The Impact of Changes in Corporate Image on Corporate Risk Management and Company Response Measures**

Not applicable

#### **7.6.7 Expected Benefits from Risks Associated with Merger and Acquisition Plans**

Not applicable

#### **7.6.8 Expected Benefits from Risks Relating to and Response to Factory Expansion Plans**

The capacity of the expanded factory can supply the needs of key customers to create profits and build brand awareness.

#### **7.6.9 Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration**

Not applicable

#### **7.6.10 Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or**

#### **Shareholders with shareholdings over 10%**

None

#### **7.6.11 Effects of, Risks Relating to and Response to Changes in Management Rights**

Not applicable

#### **7.6.12 Litigation or Non-litigation Matters**

**The company and its directors, supervisors, general managers, shadow directors, major shareholders with more than 10% shareholding, and affiliated companies that have been determined to be or are involved with major litigation, non-litigation or administrative disputes should be listed. If the result may have a significant impact on the equity of shareholders or the price of securities, the facts in dispute, the amount of the subject matter, the start date of the litigation, the main parties involved in the litigation, and the handling conditions as of the printing date of the annual report shall be disclosed.**

1. After the construction of "Wongchio Premium" was completed and sold by YEMCHIO Co., Ltd. (hereinafter referred to as YEMCHIO

Company), Yumin Huang, a resident of Wongchio Premium, and 18 others filed a lawsuit on July 5, 2019, demanding YemChio to pay them NT\$37,204,000 for breach of contract. They also claimed that the color of the building's exterior wall did not match the color shown in the pre-sale advertisement and natural granite wasn't used in the building design as specified in the

equipment contract and building materials table; instead, aluminum cladding was used which violated the terms and conditions of the pre-sale contract. The court of first instance decided that YemChio won the case. (New Taipei District Court 2019 Heavy Prosecution No. 413). Twelve plaintiffs, including Huang Yu-Min (seven of whom withdrew their charges at the first instance), are currently being heard by the Taiwan High Court of Justice (heavy Appeal No. 809 in 2021) against the second instance of the appeal.

[Situation handling]:

Since after the second hearing of the appeal, the appellant Huang Yu-Min and others filed a change in the appeal statement, reducing the amount of benefits claimed by YemChio Company to NT\$11 million. The entire case is being heard by the Taiwan High Court.

**7.6.13 Other Major Risks:None**

**7.7 Other important matters: None**

## **VIII. Special Disclosure**

## 8.1 Summary of Affiliated Companies

### 8.1.1 Overview of Affiliated Companies

#### Yem Chio Co., Ltd.

#### 2020 Consolidated Business Report of related Companies

#### (1) Organizational Chart of Affiliated Enterprises

					The company						
	Xin Chio Global Co., Ltd., <sup>1</sup>		Yem Chio (BVI) Co., Ltd. 100%	Chuangyi Investment Co., Ltd. 100%		Achem Technology Co., Ltd. 100%	UINNtravel Co., Ltd. 100%	Wongchio Co., Ltd. 100%			
Bao master (Shanghai) Co., Ltd. 100%	Achem Technology (Wuhan) Co., Ltd. 100%	Achem (Tianjin) Adhesive Products Co., Ltd. 100%		BVI Achem Technology Holdings Co., Ltd. 100%		Chuangfu Investment Co., Ltd. 100%	Achem Opto-Electronic Co., Ltd. 78.48%	Achem Technology International Co., Ltd. 100%			
							BVI Achem Opto-Electronic Holdings Co., Ltd. 100%	Fuzhou Fuda Plastic Co., Ltd. 100%			
				Achem Technology (India) Private limited company, 100%		Achem Technology (Malaysia) Co., Ltd. 90%	Achem Technology (Vietnam) Ltd. 100%		Cayman Achem Technology (China) Co., Ltd. 100%	Cayman Achem Technology (Americas) Co., Ltd. 100%	Asia Plastics (BVI) Co., Ltd. <sup>3</sup>
							Landmart Global Limited 100%				
			Wan Chio (BVI) Co., Ltd. <sup>2</sup>		Achem Technology (Chengdu) Co., Ltd. 100%	Yizhou (Dongguan) adhesive Product Co., Ltd. 100%	Achem Technology (Shanghai) Co., Ltd. 100%	Inder (Foshan) adhesive Product Co., Ltd. 62.3%	Achem Adhesive Products (Jiangsu) Co., Ltd. 100%	Achem Technology US.	Yemchio (Ningbo) adhesive Product Co., Ltd. 100%
			Achem Petrochemical (Jiangsu) Co., Ltd. <sup>4</sup>								

Note:

1. The company and Achem Technology Co., Ltd. hold 41.76% and 24.22% of shares in XinChio Global, respectively.
2. YEM CHIO (BVI) and Achem Technology Holdings Co., Ltd. hold 68.47% and 31.53% of WAN CHIO (BVI) shares, respectively.
3. YEM CHIO (BVI) and Achem Technology Holdings Co., Ltd. hold 45% and 55% of ASIA PLASTICS (BVI) shares, respectively.
4. WAN CHIO (BVI), Achem Adhesive Products (Jiangsu) and Ningbo YEM CHIO hold 50.06%, 23.78% and 26.16% shares in Achem Petrochemical (Jiangsu) Co., Ltd., respectively.



2. Presumption of control and affiliated companies according to Article 369-3 of the Company Act: None

3. Subsidiary companies that are directly or indirectly controlled by the company in terms of personnel, finance or business operations in accordance with Article 369-2 of the Company Act: Achem Chemical Co., Ltd. and Xinchio Global Co., Ltd.

**(2) Basic information of each affiliated company**

Name	Date of establishment	Address	Paid-in capital (Note)	Main business or production projects
YEM CHIO (BVI) CO., LTD.	2001/3/29	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	1,304,226	Production and sales of resins and various tapes, and general investment
WAN CHIO (BVI) CO., LTD.	2011/7/6	Sea Meadow House, Blackburne Highway,(P.O.Box 116) Road Town,Tortola,British Virgin Islands.	1,633,120	Production and marketing of raw materials and general investment
Achem Petrochemical (Jiangsu) Co., Ltd.	2012/6/28	Economic Technology Development Area, Nantong City, Jiangsu Province	2,214,400	Production and sales of various rubber materials
UINNtravel Co.,Ltd (formerly Youguan Boutique Leisure Hotel Co., Ltd.)	2008/7/10	7F.-1, No. 397, Xingshan Rd., Neihu Dist., Taipei City	25,740	Hotel-related business operations
Wongchio Construction Co., Ltd.(formerly: Yuzhou Construction Co., Ltd.)	1983/3/6	7F.-1, No. 397, Xingshan Rd., Neihu Dist., Taipei City	345,077	Civil engineering construction contract and water conservancy projects
Chuangyi Investment Co., Ltd.	2015/3/3	7F, No. 397, Xingshan Rd., Neihu Dist., Taipei City	25,943	Professional investment company

Name	Date of establishment	Address	Paid-in capital (Note)	Main business or production projects
Xin Chio Global Co., Ltd. (formerly TERMTEK Computer Co., Ltd)	1983/12/3	5F, No. 397, Xingshan Rd., Neihu Dist., Taipei City	667,035	Manufacture of packaging materials, cloud-based computer hardware and software and peripheral equipment, import and export business, design, research and development, and distribution of related products mentioned above
Master Bao (Shanghai) Material Technology Co., Ltd. (formerly Master Bao (Shanghai) Trading Co., Ltd.)	2011/5/20	No. 1688, Fuhai Road, Jiading Industry District, Shanghai City	168,848	Wholesale, import and export of various packaging materials, computer software & hardware and related equipment
Achem (Tianjin)Adhesive Products Co., Ltd. (formerly Asia Chemicals (Tianjin) Adhesive Products Co., Ltd.)	2002/2/6	Industrial Zone, Shuangqiaohe Town, Jinnan District, Tianjin City	23,528	Production and sales of various adhesive products
Achem Technology (Wuhan) Co., Ltd.	2003/11/6	Special No.1, Sandianji Town, Dongxihu District, Wuhan	28,234	Production and sales of various adhesive products
Achem Technology Co., Ltd. (formerly Achem Opto-Electronic Corporation)	1960/9/13	6F, No. 397, Xingshan Rd., Neihu Dist., Taipei City	3,999,048	Production and sales of resins, various tapes and general investment
BVI Achem Technology International Co., Ltd.	1993/4/28	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	322,043	Professional investment company

Name	Date of establishment	Address	Paid-in capital (Note)	Main business or production projects
Fuzhou Fuda Plastic Co., Ltd.	1993/3/24	Shadun Village, Shangjie Town, Minhou County, Fujian Province	35,984	Production and sales of various adhesive products
BVI Achem Technology Holdings Co., Ltd.	1996/7/26	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	2,793,581	Professional investment company
Cayman Achem Opto-Electronic Technology (Americas) Co., Ltd.	1999/10/14	P. O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands.	377,638	Professional investment company
Achem Industry America	1993/8/1	13226 Alondra Blvd. Cerritos, CA 90703 USA	13,840	Production and sales of various adhesive products
Achem Technology (Malaysia) Co., Ltd.	1994/11/30	44,46&48 Jalan Jasa Merdeka 1, Taman D.T.Chik Karim,Batu Berendam,75350 Melaka, Malaysia	2,600	Import, export and distribution business
Cayman Achem Technology (China) Co., Ltd.	2000/2/24	P. O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands.	1,888,027	Professional investment company

Name	Date of establishment	Address	Paid-in capital (Note)	Main business or production projects
Achem Technology (Chengdu) Co., Ltd. (formerly Asia Chemicals Technology Co., Ltd.)	2000/5/12	No. 139, Shenxianshu South Road, Chengdu High-tech Zone	4,152	Production and sales of various adhesive products
Yizhou (Dongguan) adhesive Product Co., Ltd. formerly Achem Technology (Dongguan) adhesive Product)	2001/1/19	No. 157, Xinmin Road, Jinxia Village, Chang'an Town, Dongguan City	207,932	Production and sales of various adhesive products
Inder (Foshan) adhesive Product Co., Ltd	1992/12/24	Wei Dajiang Industrial Zone, Wufeng 4th Road, Foshan City, Guangdong Province	390,994	Production and sales of various adhesive products
Achem Adhesive Products (Jiangsu) Co., Ltd	2013/11/6	No. 1, Wanzhou Road, Libao Town, Haian County, Jiangsu Province	830,400	Production and sales of various adhesive products
Chuangfu Investment Co., Ltd.	1997/2/24	7F-2, No. 397, Xingshan Rd., Neihsu Dist., Taipei City	8,261	Professional investment company

Name	Date of establishment	Address	Paid-in capital (Note)	Main business or production projects
Achem Opto-Electronic Co., Ltd. (formerly Achem Photoelectronic Co., Ltd.)	2000/12/27	7F-2, No. 397, Xingshan Rd., Neihu Dist., Taipei City	245,750	Electronic component manufacturing, etc.
BVI Achem Opto-Electronic Holdings Co., Ltd.	2003/10/09	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	58,593	Professional investment company
Achem Technology (Vietnam) Ltd. (formerly Asia Chemicals Technology (Vietnam) Ltd.)	2011/2/18	No.01 VSIP II-A Street 15 Vietnam-Singapore Industrial Park II-A, Tan Uyen District, Binh Duong Province	318,318	Production and sales of various adhesive products
Achem Technology (India) Private Limited company	2011/11/17	Office No -604, B – Wing , The Great Eastern Summit ,Sector -15, off Palm Beach Road , CBD Belapur, Navi Mumbai Pincode - 400614, Maharashtra , India	-	Sales of various adhesive products
ASIA PLASTICS (BVI) CO., LTD.	2001/3/29	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	715,528	Production and sales of resins and various tapes, and general investment
Yemchio (Ningbo) adhesive Product Co., Ltd	2001/6/19	No. 201 Huangshan West Road, Beilun District, Ningbo	310,846	Production and sales of resin and various tapes
LANDMART GLOBAL LIMITED	2017/6/21	Level 1, Centre Bank of Samoa Building, Beach Road, Apia, SAMOA	775,040	Production and sales of various adhesive products and general investment
Achem Technology (Shanghai)	2000/6/15	No. 1688, Fuhai Road, Jiading	445,648	Production of adhesives and

Ltd. (formerly Achem (Shanghai) Adhesive Products Co., Ltd.		Industry District, Shanghai City		resin-based composite materials, sales of company-produced products
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Note: Conversion is based on the spot exchange rate on December 31, 2021. The spot exchange rates on December 31, 2021 were as follows: 1 USD = 27.6800 NTD

1 RMB = 4.3440 NTD

1 MYR = 6.6268 NTD

1 VND = 0.0012 NTD

**(3) Information on the same shareholders who are presumed to have control and affiliation:** Not applicable

**(4) Industries covered by the business in terms of enterprise overall relationship**

The businesses operated by the company and its affiliated companies include manufacturing, trading, construction and investment.

**(5) Information on Directors, Supervisors and General Managers of Affiliated Companies**

Unit: \$NTD Thousand; Shares: %

Name of Enterprise	Title	Name or representative	Shareholding	
			Shares	%
YEM CHIO (BVI) CO., LTD.	Director	YEM CHIO Co., Ltd. Representative : Zhixian Li	47,117,523	100.00%
WAN CHIO (BVI) CO., LTD.	Director	YEM CHIO (BVI) CO., LTD. Representative : Zhixian Li	40,400,000	68.47%
	Director	YEM CHIO (BVI) CO., LTD. Representative : Qizheng Li		
	Director	YEM CHIO (BVI) CO., LTD. Representative : Yousheng Lin		
	Director	YEM CHIO (BVI) CO., LTD. Representative : Yifeng Huang		
	Director	Achem Technology Holdings. Ltd. Representative : Zhixian Li	18,600,000	31.53%
Achem Petrochemical (Jiangsu) Co., Ltd.	Director	Yifeng Huang	—	100.00%
		Qiang Xie		
		Yousheng Lin		
	Supervisor	Jianyu Lin		
	General Manager	Yifeng Huang		
UINNtravel Co., Ltd. (Formerly: Youguan Boutique Leisure Hotel Co., Ltd.)	Director	YEM CHIO Co., Ltd. Representative : Zhenglin He	—	100.00%

Name of Enterprise	Title	Name or representative	Shareholding	
			Shares	%
Wongchio Construction Co., Ltd. (Formerly: Yuzhou Construction Co., Ltd.) Chuangyi Investment Co., Ltd.	Director	YEM CHIO Co., Ltd. Representative : Zhenglin He	34,507,664	100.00%
	Director	YEM CHIO Co., Ltd. Representative : Shuwei Li		
	Director	YEM CHIO Co., Ltd. Representative : Yongjie Zhang		
	Supervisor	YEM CHIO Co., Ltd. Representative : Xueru Liu		
Chuangyi Investment Co., Ltd	Director	YEM CHIO Co., Ltd. Representative : Shuwei Li	46,900,000	100.00%
	Director	YEM CHIO Co., Ltd. Representative : Shufen Fang		
	Director	YEM CHIO Co., Ltd. Representative : Yongjie Zhang		
	Supervisor	YEM CHIO Co., Ltd. Representative : Yanzhong Zheng		
Xin Chio Global Co., Ltd.	Director	YEM CHIO Co., Ltd. Representative : Wenrong Jiang	25,740,120	38.59%
	Director	YEM CHIO Co., Ltd. Representative : Shuyuan Lin		
	Independent Director	Shunfa Chen	—	—
	Independent Director	Ruibin Hong	—	—



Name of Enterprise	Title	Name or representative	Shareholding	
			Shares	%
	Independent Director	Ruide You	—	—
Master Bao (Shanghai) Material Technology Co., Ltd.	Director	XIN CHIO GLOBAL CO., LTD. Representative : Wenrong Jiang	—	100.00%
		XIN CHIO GLOBAL CO., LTD. Representative : Qizheng Li		
		XIN CHIO GLOBAL CO., LTD. Representative : Shuwei Li		
	Supervisor	XIN CHIO GLOBAL CO., LTD. Representative : Yongjie Zhang		
	General Manager	Wenrong Jiang	—	—
Achem (Tianjin)Adhesive Products Co., Ltd. (Formerly: Asia Chemicals (Tianjin) Adhesive Products Co., Ltd.)	Director	XIN CHIO GLOBAL CO., LTD. Representative : Wenrong Jiang	—	100.00%
	Director	XIN CHIO GLOBAL CO., LTD. Representative : Qizheng Li		
	Director	XIN CHIO GLOBAL CO., LTD. Representative : Shuwei Li		
	Supervisor	XIN CHIO GLOBAL CO., LTD. Representative : Jianyu Lin		
	General Manager	Shuwei Li	—	—

Name of Enterprise	Title	Name or representative	Shareholding	
			Shares	%
Achem Technology (Wuhan) Co., Ltd.	Director	XIN CHIO GLOBAL CO., LTD. Representative : Wenrong Jiang	—	100.00%
	Director	XIN CHIO GLOBAL CO., LTD. Representative : Qizheng Li		
	Director	XIN CHIO GLOBAL CO., LTD. Representative : Shuwei Li		
	Supervisor	XIN CHIO GLOBAL CO., LTD. Representative : Yongjie Zhang		
	General Manager	Shuwei Li		
Achem Technology Co., Ltd. (Formerly: Asia Chemicals Co., Ltd.)	Director	YEM CHIO Co., Ltd. Representative : Qizheng Li	399,904,848	100%
		YEM CHIO Co., Ltd. Representative : Jiaxuan, Du		
		YEM CHIO Co., Ltd. Representative : Shuwei Li		
	Supervisor	YEM CHIO Co., Ltd. Representative : Yongjie Zhang		
BVI Achem Technology International Co., Ltd.	Director	Achem Technology Co., Ltd. Representative : Qizheng Li	23,269	100.00%
Fuzhou Fuda Plastic Co., Ltd.	Director	Achem Technology International Co., Ltd. Representative : Jianyu Lin	—	100.00%

Name of Enterprise	Title	Name or representative	Shareholding	
			Shares	%
	Director	Achem Technology International Co., Ltd. Representative : Longxing Chen		
	Director	Achem Technology International Co., Ltd. Representative : Shuhua Rao		
	Supervisor	Achem Technology International Co., Ltd. Representative : Yanzhong Zheng		
	General Manager	Jianyu Lin		
Achem Technology (Malaysia) Co., Ltd.	Director	Cayman Achem Technology Co., Ltd. Representative : Yousheng Lin	353,152	90.00%
	Director	Cayman Achem Technology Co., Ltd. Representative : Qizheng Li		
	Director	Wensheng Chen	39,239	10.00%
	Director	Wenping Chen	1	—
	General Manager	Wensheng Chen	39,239	10.00%
BVI Achem Technology Holdings Co., Ltd.	Director	Achem Technology Co., Ltd. Representative : Zhixian Li	97,924	100.00%

Name of Enterprise	Title	Name or representative	Shareholding	
			Shares	%
Cayman Achem Technology (Americas) Co., Ltd.	Director	BVI Achem Technology Holdings Co., Ltd. Representative : Yousheng Lin	13,643,000	100.00%
Achem Industry America	Director	ACHEM Technology Americas, Inc. Representative : Qizheng Li	50,000	100.00%
	Director	ACHEM Technology Americas, Inc. Representative : Yajuan Wang		
	Director	ACHEM Technology Americas, Inc. Representative : Yousheng Lin		
Cayman Achem Technology (China) Co., Ltd.	Director	BVI Achem Technology Holdings Co., Ltd. Representative : Yousheng Lin	81,209,075	100.00%
Achem Technology (Chengdu) Co., Ltd. (Formerly : Asia Chemicals Technology (Chengdu) Co., Ltd.)	Director	Cayman Achem Technology (China) Co., Ltd. Representative : Longxing Chen	—	100.00%
	Director	Cayman Achem Technology (China) Co., Ltd. Representative : Chengfu Su		
	Director	Cayman Achem Technology (China) Co., Ltd. Representative : Shuhua Rao		
	Supervisor	Cayman Achem Technology (China) Co., Ltd. Representative : Yanzhong Zheng		

Name of Enterprise	Title	Name or representative	Shareholding	
			Shares	%
	General Manager	Shuhua Rao	—	—
Achem Adhesive Products (Jiangsu) Co., Ltd	Director	Cayman Achem Technology (China) Co., Ltd. Representative : Longxing Chen	—	100.00%
	Director	Cayman Achem Technology (China) Co., Ltd. Representative : Qizheng Li		
	Director	Cayman Achem Technology (China) Co., Ltd. Representative : Yousheng Lin		
	Supervisor	Cayman Achem Technology (China) Co., Ltd. Representative : Yanzhong Zheng		
	General Manager	Longxing Chen		
Achem Technology (Shanghai) Ltd. (Formerly: Achem (Shanghai) Adhesive Products Co., Ltd.	Director	Cayman Achem Technology (China) Co., Ltd. Representative : Qizheng Li	—	100.00%
	Director	Cayman Achem Technology (China) Co., Ltd. Representative : Longxing Chen		
	Director	Cayman Achem Technology (China) Co., Ltd. Representative : Shuwei Li		

Name of Enterprise	Title	Name or representative	Shareholding	
			Shares	%
	Supervisor	Cayman Achem Technology (China) Co., Ltd. Representative : Yanzhong Zheng		
	General Manager	Longxing Chen	—	—
Yizhou (Dongguan) adhesive Product Co., Ltd. (Formerly: Achem Technology (Dongguan) adhesive Product)	Director	Cayman Achem Technology (China) Co., Ltd. Representative : Longxing Chen	—	100.00%
	Director	Cayman Achem Technology (China) Co., Ltd. Representative : Shuhua Rao		
	Director	Cayman Achem Technology (China) Co., Ltd. Representative : Niyong Sun		
	General Manager	Longxing Chen	—	—
Inder (Foshan) adhesive Product Co., Ltd	Director	Cayman Achem Technology (China) Co., Ltd. Representative : Qizheng Li	—	62.30%
	Director	Cayman Achem Technology (China) Co., Ltd. Representative : Shuwei Li		
	Director	Cayman Achem Technology (China) Co., Ltd. Representative : Longxing Chen		

Name of Enterprise	Title	Name or representative	Shareholding	
			Shares	%
	Director	Cayman Achem Technology (China) Co., Ltd. Representative : Yongjie Zhang		
	Director	Cayman Achem Technology (China) Co., Ltd. Representative : Boyang Chao		
	Director	Foshan Plastics Group Co., Ltd. Representative : Guanghui Jin	—	37.70%
	Director	Foshan Plastics Group Co., Ltd.Representative : Yuzhen Huang		
	Director	Foshan Plastics Group Co., Ltd.Representative : Dunlong Jian		
	General Manager	Guanghui Jin		
Chuangfu Investment Co., Ltd.	Director	Achem Technology Co., Ltd. Representative : Jianyu Lin	23,778,117	100%
	Director	Achem Technology Co., Ltd. Representative : Shufen Fang		
	Director	Achem Technology Co., Ltd. Representative : Yanzhong Zheng		
	Supervisor	Achem Technology Co., Ltd. Representative : Xueru Liu		
Achem Opto-Electronic Corporation (Formerly: Achem Photo-Electronic Co., Ltd.)	Director	Achem Technology Co., Ltd. Representative : Yanzhong Zheng	19,286,951	78.48%
	Director	Achem Technology Co., Ltd. Representative : Qizheng Li		

Name of Enterprise	Title	Name or representative	Shareholding	
			Shares	%
	Director	Achem Technology Co., Ltd. Representative : Shufen Fang		
	Supervisor	Xueru Liu		
BVI Achem Opto-Electronic Holdings Co., Ltd.	Director	Achem Opto-Electronic Corporation. Representative : Shuwei Li	4,234	100.00%
Achem Technology (Vietnam) Ltd. (Formerly: Achem Opto-Electronic Corporation (Vietnam) Ltd.)	Director	BVI Achem Technology Holdings Co., Ltd. Representative : Qizheng Li	—	100.00%
	Director	BVI Achem Technology Holdings Co., Ltd. Representative : Yousheng Lin		
	Supervisor	BVI Achem Technology Holdings Co., Ltd. Representative : Yanzhong Zheng		
Achem Technology (India) Private Limited company	Director	BVI Achem Technology Holdings Co., Ltd. Representative : Yousheng Lin	—	100.00%
	Director	BVI Achem Technology Holdings Co., Ltd. Representative : Shufen Fang		
	Director	BVI Achem Technology Holdings Co., Ltd. Representative : Sunil K. Srivastava		



Name of Enterprise	Title	Name or representative	Shareholding	
			Shares	%
ASIA PLASTICS (BVI) CO., LTD.	Director	BVI Achem Technology Holdings Co., Ltd. Representative: Yousheng Lin	14,217,500	55.00%
Yemchio (Ningbo) adhesive Product Co., Ltd (Formerly: Ningbo YEM CHIO Co., Ltd.)	Director	ASIA PLASTICS (BVI) CO., LTD. Representative : Jiaxuan Du	—	100.00%
		SIA PLASTICS (BVI) CO., LTD. Representative : Niying Sun		
		ASIA PLASTICS (BVI) CO., LTD. Representative : Qizheng Li		
		ASIA PLASTICS (BVI) CO., LTD. Representative : Yousheng Lin		
		ASIA PLASTICS (BVI) CO., LTD. Representative : Shuwei Li		
	Supervisor	ASIA PLASTICS (BVI) CO., LTD. Representative : Yanzhong Zheng		
	General Manager	Niying Sun	—	—
LANDMART GOLBAL LIMITED	Director	Cayman Achem Technology (China) Co., Ltd. Representative : Zhixian Li	28,000,000	100.00%

**(6) Overview of affiliated companies' operations**

Financial status and operating results of each affiliated company:

Name	Capital	Total assets	Total liabilities	Net worth	Operating income	Operating profit	Current profit and loss(After tax)	Earnings per share (\$NT) (After tax)
YEM CHIO (BVI) CO., LTD.	\$ 1,304,226	\$(551,311)	\$75	\$(551,386)	\$ —	\$(333)	\$(382,013)	\$(8.11)
WAN CHIO (BVI) CO., LTD.	1,633,120	(1,207,758)	131,737	(1,339,495)	—	(72)	(592,317)	(10.04)
Achem Petrochemical (Jiangsu) Co., Ltd.	2,214,400	1,785,694	4,203,440	(2,417,746)	—	(120,676)	(1,177,429)	—
UINNtravel Co.,Ltd (Formerly: Youguan Boutique Leisure Hotel Co., Ltd.)	25,740	224,181	292,420	(68,239)	36,966	(14,113)	(41,357)	—
Wongchio Construction Co., Ltd. (Formerly: Yuzhou Construction Co., Ltd.)	345,077	1,415,701	1,088,360	327,341	205,329	(10,729)	(9,808)	(0.28)
Chuangyi Investment Co., Ltd.	25,943	1,553,783	892,892	660,891	102,814	101,930	73,056	28.16
Xin Chio Global Co., Ltd. (Formerly: TCK Technology Co., Ltd)	667,035	1,865,586	965,805	899,781	1,787,745	104,782	100,919	2.12

Name	Capital	Total assets	Total liabilities	Net worth	Operating income	Operating profit	Current profit and loss(After tax)	Earnings per share (\$NT)(After tax)
Master Bao (Shanghai) Material Technology Co., Ltd.	\$168,848	\$131,265	\$8,432	\$122,833	\$47,982	\$(1,298)	\$1,828	\$—
Achem (Tianjin)Adhesive Products Co., Ltd. (Formerly: Asia Chemicals (Tianjin) Adhesive Products Co., Ltd.)	23,528	319	5,978	(5,659)	—	(2)	(138)	—
Achem Technology (Wuhan) Co., Ltd.	28,234	6,762	1,725	5,037	3,016	275	278	—
Achem Technology Co., Ltd.	3,999,048	10,727,377	6,054,601	4,672,776	6,139,001	401,301	49,514	0.12
BVI Achem Technology International Co., Ltd.	322,043	1,104,879	—	1,104,879	—	(137)	89,321	3,838.62
Fuzhou Fuda Plastic Co., Ltd.	35,984	60,585	—	60,585	—	(1,906)	2,136	60,585
Achem Technology (Malaysia) Co., Ltd.	2,600	63,830	43,032	20,798	92,957	(200)	(656)	(1.67)
BVI Achem Technology Holdings Co., Ltd.	2,793,581	5,741,744	2,390,960	3,350,784	—	(390,647)	(391,407)	(387.83)
Cayman Achem Technology (Americas) Co., Ltd.	\$377,638	\$987,778	\$—	\$987,778	\$—	\$(191)	\$28,883	\$2.12
Achem Industry America	13,840	1,422,975	542,140	880,835	1,483,549	27,515	29,074	581.49
Cayman Achem Technology (China) Co., Ltd.	1,888,027	2,741,087	—	2,741,087	—	(12,920)	(119,461)	(1.75)

Name	Capital	Total assets	Total liabilities	Net worth	Operating income	Operating profit	Current profit and loss (After tax)	Earnings per share (\$NT) (After tax)
Achem Technology (Chengdu) Co., Ltd. (Formerly : Asia Chemicals (Chengdu)Technology Co., Ltd.)	4,152	35,753	25,055	10,698	53,614	(1,715)	(1,476)	—
Yizhou (Dongguan) adhesive Product Co., Ltd. (Formerly: Achem Technology (Dongguan) adhesive Product)	207,932	1,249,810	424,786	825,024	1,265,005	50,559	46,068	—
Inder (Foshan) adhesive Product Co., Ltd	390,994	772,292	64,913	707,379	1,335,792	108,921	96,764	—
Achem Adhesive Products (Jiangsu) Co., Ltd	830,400	2,476,109	2,314,038	162,071	1,851,008	53,421	(273,449)	—
Chuangfu Investment Co., Ltd.	8,261	89,422	75	89,347	651	386	956	1.16
Achem Opto-Electronic Corporation (Formerly: Achem Photoelectronic Co., Ltd.)	245,750	382,500	6,423	376,077	70,984	70,746	67,299	2.74
BVI Achem Opto-Electronic Holdings Co., Ltd.	58,593	333,961	3	333,958	—	(137)	70,984	16,765.28
Achem Technology (Vietnam) Ltd.(Formerly: Asia Chemicals Technology (Vietnam) Ltd.)	318,318	292,950	78,569	214,381	75,884	(5,218)	(5,539)	—

Name	Capital	Total assets	Total liabilities	Net worth	Operating income	Operating profit	Current profit and loss (After tax)	Earnings per share (\$NT) (After tax)
Achem Technology (India) Private Limited company	—	—	—	—	—	—	—	—
ASIA PLASTICS (BVI) CO.,LTD.	715,528	(94,612)	22,463	(117,075)	—	(133)	(213,701)	(8.27)
Yemchio (Ningbo) adhesive Product Co., Ltd	310,846	(80,647)	599,269	(679,916)	1,259,904	111,126	(224,663)	—
LANDMART GLOBAL LIMITED	775,040	1,259,595	—	1,259,595	—	(36)	44,241	1.58
Achem Technology (Shanghai) Ltd. (Formerly: Achem (Shanghai) Adhesive Products Co., Ltd.	445,648	1,378,633	119,533	1,259,100	—	(5,712)	44,276	1,378,633

Note: The capital, total assets, total liabilities and net value were converted at the spot exchange rate of foreign currencies on December 31, 2021.

1 USD = 27.6800NTD

1 RMB =4.3440 NTD

1 MYR = 6.6268NTD

1 VND = 0.0012 NTD

Operating income, operating profit, and current profit and loss are converted based on the average exchange rate of each foreign currency in 2021. The average exchange rates for 2020 were as follows:

1 USD =28.0129 NTD

1 RMB =4.3416NTD

1 MYR =6.7608NTD

1 VND = 0.0012 NTD

## 8.2 Private Placement of Securities in Most Recent Years: None

## 8.3 Shares in the Company Held or Disposed by Subsidiaries in =Most Recent Years:

2022.03.31

Name of Subsidiary	Stock Capital Collected	Fund Source	Shareholding Ratio of the Company	Date of Acquisition or Disposition	Shares and Amount Acquired	Shares and Amount Disposed of	Investment Gain (Loss)	Shareholdings and Amount in Most Recent Year	Mortgage	Endorsement Amount Made for the Subsidiary	Amount Loaned to the Subsidiary
YEM CHIO (BVI) CO., LTD.	US\$47,118 thousands	Private capital	100	2021	942,625 /0 (share dividend)	—	—	16,822,281 \$259,904	—	35,370	0
				2022/1/1~4/20	—	—	—				
Chuangfu Investment Co., Ltd.	NT\$8,261 thousands	Private capital	100	2021	22,772 /0 (share dividend)	607,000 /8,579	—	406,409 \$6,279	—	—	—
				2022/1/1~4/20	—	—	—				
BVI Achem Technology Holdings Co., Ltd.	US\$97,924 thousands	Private capital	100	2021	66,912 /0 (share dividend)	—	—	1,194,138 \$18,449	—	—	—
				2022/1/1~4/20	—	—	—				

## 8.4 Other necessary supplementary explanations: None

## 8.5 In the most recent year and as of the date of publication of the annual report, matters that had a significant impact on shareholders' rights and interests or securities prices as stipulated in Article 36, Paragraph 2, Subparagraph 2, of the Securities and Exchange Act are as follows:

To respond to the operational demands and to reinforce corporate governance, the board of directors approved the removal of Zhi-Xian Li, the chairman of the board, from the position of general manager and the appointment of Shu-Feng Fong as a new one on March 25, 2022.

1. Headquarter

Address : 7F, No. 397, Xingshan Rd., Neihu Dist., Taipei City

Tel : (02) 8170-6199

Fax : (02) 8792-1311

2. Subsidiary companies

UINN Travel Co., Ltd.

Address : 7F-1, No. 397, Xingshan Rd., Neihu Dist., Taipei City

(Shilin)Address : No. 318, Section 4, Chengde Road, Shilin District, Taipei City

(Shilin)Tel: : (02)2888-3966

Fax: (02)2888-1758

WongChio Development Co., Ltd.

Address : 7F, No. 397, Xingshan Rd., Neihu Dist., Taipei City

Tel: : (02)8170-6199

Fax:(02)8792-1565

Achem Technology Co., Ltd.

Address : 6F, No. 397, Xingshan Rd., Neihu Dist., Taipei City

Tel: : (02)8170-6199

Fax:(02)8792-2561

XIN CHIO GLOBAL CO., Ltd.

Address : 5F, No. 397, Xingshan Rd., Neihu Dist., Taipei City

Tel: : (02)8170-6199

Fax:(02)8792-1311

Chuangyi Investment, Co., Ltd.

Address : 7F, No. 397, Xingshan Rd., Neihu Dist., Taipei City

Tel: : (02)8170-6199

Fax:(02)8792-1311

3. Factories

Zhangbin Adhesive Tape Factory: No. 12, Gongye Dongsan Road, Lugang Town, Changhua County

Tel: : (04) 781-0246

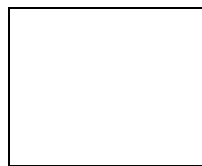
Fax:(04)781-0247

Zhangbin Film Factory: No. 16, Gongye West Sixth Road, Lugang Town, Changhua County

Tel: : (04) 781-1356

Fax:(04)781-0706

YEM CHIO Co., Ltd.



Person in Charge: Zhixian Li

