China Man-Made Fiber Corporation and Subsidiaries

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

---

For the convenience of readers and for information purpose only, the auditors’ report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors’ report and financial statements shall prevail.

Independent Auditor's Audit Report

To CHINA MAN-MADE FIBER CORPORATION:

Audit opinions

We have audited the accompanying consolidated balance sheet of China Man-Made Fiber Co., Ltd. and subsidiary as of December 31, 2021 and 2020, and the related consolidated statement of income, consolidated statement of changes in shareholders equity, consolidated statement of cash flows and Note of the consolidated financial statements (including major accounting policy) for the years then ended.

In our opinion based on our audit results and the audit reports offered by other accountants (please refer to other sections), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of China Man-Made Fiber and subsidiaries as of December 31, 2021 and 2020, and the results of their consolidated operations and their consolidated cash flows for the years then ended in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards, International Accounting Standards, interpretation as well as related guidance translated by Accounting Research and Development Foundation endorsed by the Financial Supervisory Commission with the effective dates.

The basis for opinions

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial statements by Certified Public Accountants and generally accepted auditing standards. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the consolidated financial statements. We are independent of Chinese Gamer International Corporation in accordance with the Code of Ethics for certified public accountants in the part relevant to the audit of the financial statements of China Man-Made Fiber Co., Ltd. and its subsidiaries, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believed 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 matter that, in our professional judgment, were of most significant in our audit of the consolidated statements of China Man-Made Fiber Co., Ltd. and its subsidiaries in 2021. These matters were addressed in the content of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on those matters.

Key audit procedures of the consolidated financial statements of China Man-Made Fiber Co., Ltd. and subsidiary in 2021 included:

Authenticity of specific sales revenue

Notes to key audit matters

During 2021, China Man-made Fiber Corporation and its subsidiaries received NT$4,255,556 thousand sales revenues from specific customers, accounting for 13% of the net individual sale revenues. Besides, sales revenues from such specific customers prove relatively higher in gross profit margins. Accordingly, the authenticity of sales income from such specific customers China Man-made Fiber Corporation and its subsidiaries is taken as the one of the very key points in audit.

Please refer to Note 4 (17) of the consolidated financial statements for the accounting policies on sales revenue recognition.

Audit response

1. Awareness of the design and implementation of the internal control system related to the recognition of sales revenues for China Man-made Fiber Corporation and its subsidiaries.
2. The efforts to obtain details of the sales revenues account for specific customers of China Man-Made Fiber Corporation and Subsidiaries in Year 2021 and select samples to check the shipping-related forms and documents to test the authenticity of the sales facts.
3. Sampling inspection of the circumstances of sales returns and discounts and the collection after the periods to confirm the reasonableness of revenue recognition.

Assessment of the expected credit loss from discounting and advances.

Notes to key audit matters

As indicated in Notes 14 and 32(6) of the consolidated financial statements, for the net discounts and loans of China Man-made Fiber Corporation and its subsidiaries at the end of Year 2021, the anticipated credit loss amortized in Year 2021 amounted to NT$479,806,373 thousand and NT$1,040,130 thousand, respectively, accounting for 60% of the total assets and 23% of comprehensive profit and/or loss, respectively, deemed as quite significant toward the overall consolidated financial statement. In addition, as stated in Note 5 of the Consolidated Financial Statement, China Man-Made Fiber Corporation and its subsidiaries consider major estimates and judgments of the management level including probability of default and loss given default when determining expected credit losses pursuant to decrees and ordinances of the competent authority. For these reasons, expected credit loss of discounts and loans to the customers are determined as key audit matters.

Regarding the accounting policies related to discounts and loans, the estimated credit loss, information linked up with accounting estimate and uncertainties in hypotheses, please refer to Notes 4 (14), 5, 14 and 32 (6) of the consolidated financial statements for details.

Audit response

1. Understand and test the internal control system adopted by the Company and its subsidiaries for assessing the expected credit loss from discounting and advances. The appropriated amount was inspected to check if it meets the requirements of related laws and regulations of the competent authority.
2. For the comprehensive evaluation of the expected credit loss adopted by China Man-Made Fiber Corporation, understand and re-calculated key parameters used in the impairment model (probability of default and loss given default) in order to evaluate the reasonableness.

Other information

The financial statements of investees included in the consolidated financial statements of the Company and its subsidiaries adopting the equity method have not been audited by us. They are audited by other accountants. Therefore, we refer to the audited reports of other accountants in expressing our opinions in the consolidated statement regarding the investments by equity method and subsidiaries, affiliates, joint ventures and other comprehensive gains and losses. The investments adopting the equity method in the other auditors' reports for years ended December 31, 2021 and 2020 are NT$1,128,072 thousand and NT$1,103,434 thousand, respectively. The gains and losses from subsidiaries, affiliates and joint ventures and other sources adopting the equity method in the other auditors' reports for 2021 and 2020 are NT$24,638 thousand and (NT$48,143) thousand, respectively. Meanwhile, certain information related to the re-investees' business disclosed under Note 48 of the consolidated financial statement is, as well, disclosed based on the audit reports of other certified public accountants.

China Man-made Fiber Corporation has duly prepared and compiled individual financial statements for the years 2021 and 2020 for which, we, the certified public accountant, have issued audit reports with unqualified opinion plus other matters ready for reference.

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

The 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, Regulations Governing the Preparation of Financial Reports by Public Banks, and applicable IFRS, IAS, SIC and IFRIC as recognized by the Financial Supervisory Commission, and for such internal control as the management determines is necessary to enable the preparation of the consolidated financial statements to be free from material misstatement whether or not due to fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the ability of China Man-Made Fiber Co., Ltd. and its subsidiaries as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate China Man-Made Fiber Co., Ltd. and its subsidiaries or to create operations or has no realistic alternative but to do so.

Those in charge of governance (including the Auditing Committee) are responsible for overseeing the reporting process of China Man-Made Fiber Co., Ltd. and its subsidiaries.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report. Reasonable assurance is a high level of assurance, but is not a guarantee that and audit conducted in accordance with the accounting principles generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. If fraud or errors are considered materials, 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 accounting principles generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also perform the following works:

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 risks and obtain evidence that is sufficient and appropriate to provide a basis of our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control effective in China Man-Made Fiber Co., Ltd. and its subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonability of accounting estimates and related disclosures made by the management.
4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, and, based on the audit evidence obtained, whether or not a material uncertainty exists related to events or conditions that may cast significant doubt on China Man-Made Fiber Co., Ltd. and its subsidiaries and its ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosure are inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor’s report. However, future events or conditions may cause China Man-Made Fiber Co., Ltd. and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated statements, including related notes, whether the consolidated statements represent the underlying transactions and events in a matter that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information or the entities or business activities with China Man-Made Fiber Co., Ltd. and its subsidiaries to express an opinion on the consolidated financial statements. The independent auditor is responsible for guiding, supervising, and implementing the audit of the China Man-Made Fiber Co., Ltd.; also, is responsible for forming an opinion on the audit of the China Man-Made Fiber Co., Ltd. and its subsidiaries.

We communicate with those in charge of 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 in charge of 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 in charge of governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of China Man-Made Fiber Co., Ltd. and its subsidiaries of 2021 and are therefore the key audit matters. We describe these matters in our auditor’s 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 communications.

Deloitte and Touche

CPA: Wen-Ya Hsu	CPA: Su-Huan Yu
Securities and Futures Commission Approval No. Tai-Cai-Zheng (6) No. 0920123784	Securities and Futures Commission Approval No. Tai-Cai-Zheng (6) No. 0920123784

March 14, 2022

For the convenience of readers and for information purpose only, the auditors’ report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors’ report and financial statements shall prevail.

China Man-Made Fiber Corporation and subsidiary
Consolidated Balance Sheet
December 31, 2021 and 2020

Unit: NTD thousand

Code	Assets	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 4, 6 and 37)	$ 20,670,197	3	$ 14,685,747	2
1110	Due from Central Bank and lend to Banks (Note 7 and 38)	38,193,986	5	40,371,218	5
1120	Financial assets through profit and/or loss with measuring for the faire values-current (Note 4 and 8)	34,039,013	4	31,424,974	4
1180	Bonds and securities sold under repurchase agreements (Note 4 and 9)	11,258,439	1	12,773,121	2
1201	Notes receivable (Note 4, 10 and 38)	5,461,813	1	4,481,574	1
1202	Accounts receivable (Note 4 and 10)	8,763,123	1	7,153,647	1
1203	Other receivable (Note 4 and 10)	2,837,994	-	3,519,815	-
1260	Current income tax asset (Notes 4 and 33)	10,742	-	11,316	-
1270	Inventory (Note 4 and 11)	1,732,447	-	1,148,814	-
1280	Prepaid (Note 12 and 37)	1,003,060	-	859,532	-
1320	Other current assets (Note 13 and 38)	547,245	-	600,219	-
1330	Notes discounted and loans – net (Note 4, 14 and 37)	479,806,373	60	456,541,322	60
11XX	Total current assets	604,324,432	75	573,571,299	75
	Non-Current assets				
1415	Financial assets at fair value through other comprehensive income- non-current (Note 4, 15 and 38)	52,523,487	7	44,023,907	6
1435	Financial assets on the basis of cost after amortization- non-current (Note 4, 16 and 38)	109,181,808	14	112,624,454	15
1470	Investment by equity method (Note 4, 18 and 38)	1,139,593	-	1,115,825	-
1500	Real estates, plant and equipment - net (Notes 4, 19 and 38)	24,907,282	3	23,932,395	3
1595	Right-of-use assets (Note 4 and 20)	1,069,882	-	1,258,364	-
1600	Real estate investments - net (Note 4, 21 and 38)	2,570,573	-	2,165,712	-
1700	Intangible assets – net (Note 4 and 22)	253,813	-	246,491	-
1800	Deferred income tax assets – net (Notes 4 and 33)	1,519,692	-	1,451,906	-
1900	Other assets (Note 23 and 38)	3,647,693	1	2,700,713	1
14XX	Total non-current assets	196,813,823	25	189,519,767	25
1XXX	Total assets	$ 801,138,255	100	$ 763,091,066	100

Code	Liabilities and equity	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current liabilities				
2110	Short-term loans (Note 24 and 38)	$ 19,113,118	3	$ 14,669,340	2
2120	Short-term bills payable (Note 24)	4,290,840	1	3,586,753	1
2130	Bills and bonds sold under repurchase agreements (Note 4 and 25)	1,205,559	-	2,300,077	-
2140	Financial liabilities through profit and/or loss with measuring for the faire values-current (Note 4 and 8)	512,399	-	785,819	-
2190	Due to Central Bank and other banks (Note 26)	3,953,700	1	7,037,338	1
2201	Payable notes	59,886	-	5,891	-
2202	Accounts payable (Note 37)	1,485,218	-	1,066,494	-
2204	Other accounts payable (Note 27)	10,727,435	1	7,970,409	1
2310	Current income tax liability (Notes 4 and 33)	448,682	-	164,433	-
2330	Long-term liability due in one year or one business cycle (Note 24 and 38)	2,610,828	-	3,428,288	1
2335	Lease liabilities – current (Note 4 and 20)	188,630	-	301,722	-
2350	Other current liabilities	1,356,279	-	817,741	-
2360	Customer deposits and remittances (Note 28 and 37)	658,823,829	82	636,188,691	83
21XX	Total of current liabilities	704,776,403	88	678,322,996	89
	Non-current liabilities				
2540	Bonds payable (Note 29 and 37)	14,990,000	2	9,990,000	1
2550	Long-term loans (Note 24 and 38)	4,912,200	1	4,114,374	1
2600	Liability reserve (Note 4 and 30)	1,641,199	-	1,711,388	-
2620	Deposits received	659,702	-	585,349	-
2625	Lease liabilities – non-current (Note 4 and 20)	773,292	-	832,712	-
2630	Deferred tax liabilities (Note 4 and 33)	1,020,032	-	1,021,567	-
2660	Other liabilities	589,399	-	112,529	-
25XX	Total non-current liability	24,585,824	3	18,367,919	2
2XXX	Total liabilities	729,362,227	91	696,690,915	91
	Equity of the parent company (Note 31)				
3110	Common stock capital	16,862,097	2	16,213,672	2
3210	Capital surplus	1,656,687	-	1,663,531	-
	Retained earnings				
3310	Legal reserve	946,448	-	855,476	-
3320	Special reserve	1,934,645	-	1,940,822	-
3330	Undistributed earnings	2,256,427	1	3,125,590	1
	Other equity				
3410	Exchange differences from the translation of financial statements of foreign operations	(112,220)	-	(116,241)	-
3425	Unrealized gain on financial assets at fair value through other comprehensive profit or loss	919,802	-	451,962	-
3500	Treasury stock (Note 4)	(1,136,802)	-	(1,136,802)	-
31XX	Total equity of the parent company	23,327,084	3	22,998,010	3
32XX	Non-controlling interest (Note 31)	48,448,944	6	43,402,141	6
3XXX	Total equity	71,776,028	9	66,400,151	9
4XXX	Total Liabilities and Equity	$ 801,138,255	100	$ 763,091,066	100

The notes attached shall constitute an integral part of this consolidated financial statement.
(Refer to Auditor's Report presented by Deloitte & Touche dated March 14, 2022)

Chairman: Kuei-Hsien Wang   Manager: Ming-Shang Chuang   Accounting Supervisor: Kuo Hua Lin

China Man-Made Fiber Corporation and subsidiary
Consolidated Income Statement
January 1 to December 31, 2021 and 2020

Unit: NTD thousands, except Earnings Per Share (NTD)

		2021		2020	
Code		Amount	%	Amount	%
	Revenue (Note 4)				
4010	Interest revenues (Note 32 and 37)	$ 12,256,134	37	$ 12,069,760	39
4050	Income from handling fees (Note 32)	3,638,217	11	3,145,454	10
4060	Shareholding in the affiliated companies and joint ventures under the equity method (Note 18)	24,959	-	-	-
4090	Gain (loss) on financial assets and liabilities at fair value through profit and loss (Note 32)	819,390	3	46,575	-
4105	Realized gain on financial assets at fair value through other comprehensive profit or loss	4,635	-	84,263	-
4160	Net sales revenue (Note 37)	15,551,039	47	11,931,595	39
4210	Gain in disposal of real estate, plant buildings, equipment & facilities	13,629	-	-	-
4200	Capital gain from disposition of investment property (Note 21)	-	-	2,863,592	10
4255	Expected credit reversal benefit (Note 10, 15, 16 and 32)	-	-	76,275	-
4260	Exchange gain	110,940	-	231,314	1
4270	Other income (Note 32)	627,581	2	367,571	1
4XXX	Total revenue	33,046,524	100	30,816,399	100
	Expenses				
5010	Interest expenses (Note 32 and 37)	3,117,854	10	3,960,421	13
5060	Service charges (Note 32)	263,506	1	239,551	1
5080	Loss of affiliated companies and joint ventures under the equity method (Note 18)	-	-	49,755	-
5090	Bad debt expense, commitment and guaranty reserve (Note 10, 14, 30 and 32)	1,368,511	4	519,032	2
5190	Cost of goods sold (Note 11 and 37)	15,259,299	46	12,525,643	41
5230	Operating expenses (Note 30 and 32)	8,296,690	25	7,876,063	25
5250	Losses from disposal of property or equipment	-	-	20,876	-
5280	Impairment (Note 19 and 32)	44,244	-	605,359	2
5285	Expected credit impairment loss (Note 32)	4,064	-	-	-
5320	Other expenses (Note 32)	20,928	-	98,994	-
5XXX	Total expenses	28,375,096	86	25,895,694	84
6100	Net profit before taxation	4,671,428	14	4,920,705	16
6200	Income tax expenses (Note 4 and 33)	820,647	2	871,997	3
6500	Net income	3,850,781	12	4,048,708	13
	Other comprehensive profit or loss				
	The items that are not re-classified as profit or loss				
6611	Determined Benefit Plan Reevaluation (Note 4 and 30)	5,979	-	(51,956)	-
6617	Evaluation of the capital gain from equity instrument at fair value through comprehensive income statement as other comprehensive income	854,046	3	221,007	1
6625	The proportion of other comprehensive incomes from associates, and equity joint-ventures accounted for under the equity method – not reclassified as profit and loss	(1,142)	-	1,105	-
6649	Income tax related to titles without reclassification (Notes 4 and 33)	(1,524)	-	2,985	-
6610		857,359	3	173,141	1
	Items that may be re-classified subsequently under profit or loss				
6651	Exchange differences from the translation of financial statements of foreign operations	17,273	-	(95,418)	(1)
6659	Capital gain of debts instrument at fair value through comprehensive income statement as other comprehensive income	(248,985)	(1)	264,206	1
6689	Income tax related to items possibly be reclassified (Notes 4 and 33)	-	-	3,151	-
6650		(231,712)	(1)	171,939	-
6600	Other comprehensive income (post-tax profit or loss)	625,647	2	345,080	1
6700	Total amount of comprehensive income of the current year	$ 4,476,428	14	$ 4,393,788	14
	Profit attributable to:				
6810	Owners of parent	$ 5,699	-	$ 942,047	3
6820	Non-controlling interest	3,845,082	12	3,106,661	10
6800		$ 3,850,781	12	$ 4,048,708	13
	The total comprehensive income belongs to				
6910	Owners of parent	$ 500,302	2	$ 1,004,138	3
6920	Non-controlling interest	3,976,126	12	3,389,650	11
6900		$ 4,476,428	14	$ 4,393,788	14
	Earnings per share (Note 34)				
7000	Basic earnings per share	$ -		$ 0.70	
7100	Diluted earnings per share	$ -		$ 0.70	

The notes attached shall constitute an integral part of this consolidated financial statement.
(Refer to Auditor's Report presented by Deloitte & Touche dated March 14, 2022)

Chairman: Kuei-Hsien Wang　　Manager: Ming-Shang Chuang　　Accounting Supervisor: Kuo Hua Lin

China Man-Made Fiber Corporation and subsidiary
Consolidated Statements of Changes in Shareholders' Equity
January 1 to December 31, 2021 and 2020

Unit: NTD thousand

Code		Equity of the company: Capital stock: Common stock	Capital surplus	Retained earnings: Legal reserve	Retained earnings: Special reserve	Retained earnings: Undistributed earnings	Other equity: Exchange differences from the translation of financial statements of foreign operations	Other equity: Unrealized gain or loss on financial assets at fair value through other comprehensive profit or loss	Treasury stock	Total	Non-controlling interest	Total equity
A1	Balance as of January 1, 2020	$ 16,213,672	$ 1,710,808	$ 855,476	$ 1,936,126	$ 2,220,569	($ 86,995)	$ 382,016	($ 1,227,909)	$ 22,003,763	$ 38,598,643	$ 60,602,406
	The 2019 appropriation and distribution of earnings											
B1	Legal reserve appropriated	-	-	-	-	-	-	-	-	-	-	-
B3	Special reserve appropriated	-	-	-	4,696	(4,696)	-	-	-	-	-	-
C7	Changes of the associates and joint ventures recognized under the Equity Method	-	-	-	-	452	-	(1,208)	-	(756)	-	(756)
D1	2020 Profit	-	-	-	-	942,047	-	-	-	942,047	3,106,661	4,048,708
D3	Other comprehensive profit and loss after tax in 2020	-	-	-	-	(15,146)	(29,246)	106,483	-	62,091	282,989	345,080
D5	Total comprehensive profit and loss in 2020	-	-	-	-	926,901	(29,246)	106,483	-	1,004,138	3,389,650	4,393,788
L1	Repurchase of treasury stock	-	-	-	-	-	-	-	(1,745)	(1,745)	-	(1,745)
M5	The differences between carrying amount and market price of acquisition or disposal of shares in subsidiaries (Note 36)	-	(6,270)	-	-	(47,133)	-	-	92,852	39,449	131,778	171,227
M7	Changes in the ownership equity on a subsidiary	-	(41,007)	-	-	(5,832)	-	-	-	(46,839)	-	(46,839)
O1	Increase/ decrease in Non-controlling interest (Note 31)	-	-	-	-	-	-	-	-	-	1,282,070	1,282,070
Q1	Equity instrument at fair value through other comprehensive income statement	-	-	-	-	35,329	-	(35,329)	-	-	-	-
Z1	Balance as of December 31, 2020	16,213,672	1,663,531	855,476	1,940,822	3,125,590	(116,241)	451,962	(1,136,802)	22,998,010	43,402,141	66,400,151
	The 2020 appropriation and distribution of earnings											
B1	Legal reserve appropriated	-	-	90,972	-	(90,972)	-	-	-	-	-	-
B5	Cash dividends	-	-	-	-	(162,106)	-	-	-	(162,106)	-	(162,106)
B9	Stock dividends	648,425	-	-	-	(648,425)	-	-	-	-	-	-
B17	Reversal of special reserve	-	-	-	(6,177)	6,177	-	-	-	-	-	-
C7	Changes of the associates and joint ventures recognized under the Equity Method	-	-	-	-	606	-	(463)	-	143	-	143
D1	2021 Profit	-	-	-	-	5,699	-	-	-	5,699	3,845,082	3,850,781
D3	Other comprehensive profit and loss after tax in 2021	-	-	-	-	(3,187)	4,021	493,769	-	494,603	131,044	625,647
D5	Total comprehensive profit and loss in 2021	-	-	-	-	2,512	4,021	493,769	-	500,302	3,976,126	4,476,428
M1	Dividends distributed to the subsidiaries adjusted to the additional paid-in capital	-	15,826	-	-	-	-	-	-	15,826	17,274	33,100
M7	Changes in the ownership equity on a subsidiary	-	(22,670)	-	-	(2,421)	-	-	-	(25,091)	-	(25,091)
O1	Increase/ decrease in Non-controlling interest (Note 31)	-	-	-	-	-	-	-	-	-	1,053,403	1,053,403
Q1	Equity instrument at fair value through other comprehensive income statement	-	-	-	-	25,466	-	(25,466)	-	-	-	-
Z1	Balance as of December 31, 2021	$ 16,862,097	$ 1,656,687	$ 946,448	$ 1,934,645	$ 2,256,427	($ 112,220)	$ 919,802	($ 1,136,802)	$ 23,327,084	$ 48,448,944	$ 71,776,028

The notes attached shall constitute an integral part of this consolidated financial statement.

(Refer to Auditor's Report presented by Deloitte & Touche dated March 14, 2022)

Chairman: Kuei-Hsien Wang　　Manager: Ming-Shang Chuang　　Accounting Supervisor: Kuo Hua Lin

China Man-Made Fiber Corporation and subsidiary
Consolidated Statements of Cash Flow
January 1 to December 31, 2021 and 2020

Unit: NTD thousand

Code		2021	2020
	Cash flow from operating activities		
A00010	Income before tax from continuing operations	$ 4,671,428	$ 4,920,705
	Profits and loss		
A20100	Depreciation expenses	1,181,999	1,255,337
A20200	Amortization expenses	65,581	59,138
A20300	Expected credit impairment loss	1,372,575	441,393
A20400	Gain (loss) on financial assets and liabilities at fair value through profit and loss	(819,390)	(46,575)
A20900	Interest expenses	3,117,854	3,960,421
A21200	Interest revenue	(12,256,134)	(12,069,760)
A21300	Dividend income	(208,149)	(149,450)
A21800	Net change in other provisions for liabilities	-	1,364
A22300	Loss (gain) of affiliated companies and joint ventures under the equity method	(24,959)	49,755
A22500	Loss (gain) on disposal and scrapping of property, plant and equipment	(13,629)	20,876
A22700	Capital gain from disposition of investment property	-	(2,863,592)
A23100	Capital gain of instrument investments measured at fair value through other comprehensive income	(4,635)	(84,263)
A23200	Gain from disposition of subsidiaries	(937)	-
A23700	Loss in impairment of non-financial assets	44,244	605,359
A24100	Unrealized foreign currency exchange loss	439,109	1,319,878
A29900	Termination of lease profits	(5,797)	(1,184)
	Net change in operating assets and liabilities		
A91110	Due from Central Bank and lend to Banks	(1,445,572)	(1,452,847)
A91120	Financial assets at fair value through profit and loss	(946,746)	(5,425,284)
A91190	Accounts receivable	(2,042,272)	(145,945)
A91250	Inventory	(583,633)	392,670
A91260	Prepayments	(143,528)	85,810
A91280	Other current assets	51,448	14,301
A91290	Discounts and loans	(24,293,453)	(21,387,413)
A91320	Other financial assets	(534,192)	740
A92110	Bills and bonds sold under repurchase agreements	($ 1,094,518)	($ 8,068,948)
A92120	Financial liabilities at fair value through profit and loss	(1,121,323)	(295,887)
A92150	Due to Central Bank and other banks	(3,083,638)	510,278
A92160	Payables	3,283,428	1,035,429
A92280	Other current liabilities	538,160	401,113
A92290	Customer deposits and remittances	22,635,138	53,153,436
A92330	Other financial liabilities	477,248	107,246
A92300	Increase in liability reserve	-	64,908
A92310	Employee benefit liabilities reserve	(126,016)	(78,578)
A33000	Cash inflow (outflow) from operating activities	(10,870,309)	16,330,431
A33100	Interest received	12,381,038	12,437,273
A33200	Dividends received	208,149	167,891
A33300	Interest payment	(3,155,429)	(4,099,602)
A33500	Income tax payment	(604,708)	(1,088,066)
AAAA	Net cash inflow (outflow) from operating activities	(2,041,259)	23,747,927
	Cash flow from investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive profit or loss	(11,764,197)	(15,564,275)
B00020	Disposal of financial assets at fair value through other comprehensive profit or loss	3,779,522	6,608,047
B00040	Financial assets acquired on the basis of cost after amortization	(907,585,588)	(793,961,984)
B00060	Held-to-maturity financial assets based on cost after amortization	910,515,784	787,997,560
B02300	Net cash inflow from disposition of subsidiaries	1,058	-
B02700	Acquisition of property, plant and equipment	(2,024,667)	(2,466,991)
B02800	Disposal of property, plant and equipment	115,755	29,358
B03700	Decrease (increase) in Refundable deposits	21,616	(500,197)
B04500	Acquisition of Intangible assets	(69,760)	(110,317)
B05400	Acquisition of investment property	(425,618)	(264,388)
B05500	Disposition of investment property	-	3,668,277

(Continued on next page)

(Continued from previous page)

Code		2021	2020
B06800	Increase in other assets	(548,508)	(314,110)
B09900	Decrease (increase) in restricted assets	1,526	(51,389)
BBBB	Net cash outflow from investing activities	(7,983,077)	(14,930,409)
	Net cash outflow from financing activities		
C00100	Increase of short-term loans	4,443,778	553,571
C00500	Increase in short-term notes payable	704,087	544,950
C01400	Issuance of financial bonds	$ 5,000,000	$ -
C01500	Repayment of financial bonds	-	(2,500,000)
C01600	Proceeds from long-term loan	3,335,000	7,838,828
C01700	Re-payments of long-term borrowings	(3,354,634)	(8,589,289)
C03000	Increase in deposits received	74,353	-
C03100	Decrease in guarantee deposits	-	(15,649)
C04020	Payment of principal element of lease liabilities	(249,054)	(256,761)
C04500	Cash dividend released	(129,006)	-
C04900	Cost of treasury stock repurchase	-	(1,745)
C05500	Proceeds from disposal of partial interest in a subsidiary	-	171,227
C05800	Change in non-controlling interest	1,028,312	1,235,231
CCCC	Net cash inflow (outflow) from financing activities	10,852,836	(1,019,637)
DDDD	Impact of changes in exchange rate on cash and cash equivalents	18,464	(98,555)
EEEE	Current cash and cash equivalents increase	846,964	7,699,326
E00100	Balance of cash and cash equivalents, beginning of period	49,225,347	41,526,021
E00200	Balance of cash and cash equivalent, end of period	$ 50,072,311	$ 49,225,347

Ending cash and cash equivalents adjustment

Code		December 31, 2021	December 31, 2020
E00210	Cash and cash equivalents on the balance sheet	$ 20,670,197	$ 14,685,747
E00220	The "Due from Central Bank and Banks" in compliance with the definition of cash and cash equivalents under IAS 7	18,143,675	21,766,479
E00230	The "bonds and securities sold under repurchase agreements" that meet the definitions of cash and cash equivalents under IAS 7	11,258,439	12,773,121
E00200	Balance of cash and cash equivalent, end of period	$ 50,072,311	$ 49,225,347

The notes attached shall constitute an integral part of this consolidated financial statement.
(Refer to Auditor's Report presented by Deloitte & Touche dated March 14, 2022)

Chairman: Kuei-Hsien Wang　　Manager: Ming-Shang Chuang　　Accounting Supervisor: Kuo Hua Lin

Notes to consolidated financial statement

January 1 to December 31, 2021 and 2020

(In Thousands of New Taiwan Dollars, Unless Otherwise Noted)

1. Company Profile
   (1) China Man-made Fiber Corporation (hereinafter referred to as the Company or CMFC) was founded on May 11, 1955 in accordance with the Company Act and other related regulations. The Company was approved to be traded on the TWSE on December 2, 1963. Over the years after several rounds of increase and decrease in cash capital, the paid-in capital as of December 31, 2021 is NT$16,862,097 thousand.
   (2) CMFC's main businesses are:
      1. Manufacture, processing and trading of artificial fiber, glass paper, polyamine fiber, polyester fiber, chemical products and raw materials thereof;
      2. Development, manufacture and trading of the machines referred to in the preceding paragraph;
      3. Manufacture and trading of ethylene glycol, eto ethylene oxide, nonylphenol, ethylene, LGP and petrochemical industry-related products;
      4. Lease and sale of national housing and commercial buildings constructed by commissioned contractors;
      5. Distribution, sorting, handling and storage of various products;
      6. Management of supermarkets, trading of fresh foods, vegetables, fish, dried merchandise and various seasonings;
      7. Production and sale of steam and industrial power generated by cogeneration (no power may be sold to energy users);
      8. Agency and distribution of cogeneration and pollution-prevention equipment, and contract of installation work;
      9. Manufacture and trading of oxygen, liquid oxygen, nitrogen, argon, liquid argon, CO_2 and compressed air;
      10. Gas station.
   (3) The consolidated financial statements are presented in the Company's functional currency – New Taiwan Dollar.
2. Financial reporting date and procedures

   The Board of Directors approved the consolidated financial statements for publication on March 14, 2022.
3. Application of new and revised standards and interpretation
   (1) The Company has applied the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC) Interpretations (hereinafter referred to collectively as "IFRSs") endorsed and published by the Financial Supervisory Commission (hereinafter referred to as "the FSC" in the following context) for the first time.

   Other than the explanations below, it is applicable for the amended IFRSs recognized by the Financial Supervisory Commission, R.O.C. (Taiwan) and promulgated to take effect, which will not cause major changes in the consolidated company's accounting policy.

   IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 amended "Change in interest rate indicators-second stage."

   The consolidated companies have selected practical expedients provided in the amendments to deal with the changes in the basis for determining contractual cash flows of the financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform. The changes are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis.

   For the hedging relationships that are subject to the reform, the consolidated companies apply the following temporary exceptions:
      1. The changes to the hedging relationship that are needed to reflect the changes required by the reform are treated as a continuation of the existing hedging relationship.

2. If an alternative benchmark rate that is reasonably expected to be separately identifiable within a period of 24 months, the consolidated companies designate the rate as a non-contractually specified risk component.
3. After a cash flow hedging relationship is amended, the amount accumulated in the gain/(loss) on hedging instruments of cash flow hedge is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.
4. The consolidated companies allocate the hedged items of a group hedge that is subject to the reform to sub-groups based on whether the hedged items have been changed to reference an alternative benchmark rate and designates the hedged benchmark rate separately.

(2) Applicable FSC-approved IFRSs as of 2022

The new / amended / revised standards or interpretation	Effective Date per IASB
"IFRSs 2018 – 2020 annual improvement"	January 1st, 2022 (Note 1)
Amendment to IFRS 3 "Reference to the conceptual framework"	January 1st, 2022 (Note 2)
IAS 16 amended "Real estate and plants and equipment: reaching the price before the scheduled use status."	January 1st, 2022 (Note 3)
IAS 37 amended "Onerous contracts-cost for contract fulfillment."	January 1st, 2022 (Note 4)

Note 1: IFRS 9 amended is applicable for financial liability exchange or clause modifications during the annual report period after January 1, 2022; IAS 41 amended "Agriculture" is applicable for the fair value measurement commenced during the annual reporting period after January 1, 2022; IFRS 1 The IFRSs amended for the first time is applicable for the annual reporting period after January 1, 2022.

Note 2: This amendment is applicable for enterprise mergers whose acquisition date is after January 1, 2022 during the annual reporting period.

Note 3: This amendment is applicable for plants, real estate and equipment whose venue and status necessarily reaching the management level's expected operational methods only after January 1, 2021.

Note 4: This amendment is applicable for contracts whose obligations have not yet been fulfilled on January 1, 2022.

The assessment of consolidated company on above IFRSs as of the day this consolidated financial statement was approved for release did not cause significant influence on the financial position and financial performance.

(3) The IFRSs released by the IASB but not yet approved and announcement effective by the Financial Supervisory Commission

The new / amended / revised standards or interpretation	IASB publication effective date (Note 1)
Amendment to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and Investment in Associates."	Undecided
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendments 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
IAS 1 amended "Disclosure of accounting policies."	January 1st, 2023 (Note 2)
IAS 8 amended "Definition of accounting estimations."	January 1st, 2023 (Note 3)
Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1st, 2023 (Note 4)

Note 1: Unless otherwise stated, the aforementioned new / revised / amended standards or interpretations become effective in the year after the respective date stated.

Note 2: This amendment is applicable for annual reporting period extension commenced after January 1, 2023.

Note 3: This amendment is applicable for changes in accounting estimation and accounting policy occurring during the annual reporting period after January 1, 2023.

Note 4: Except for temporary differences recognized under deferred income taxes between leases and ex-service obligations as of January 1, 2022, this amendment applies to transactions occurred after January 1, 2022.

IAS 1 amended "Disclosure of accounting policies."

The amendment stipulates that the consolidated company decide major accounting policy information to be disclosed in accordance with major definitions. If the accounting policy information can be reasonably expected to affect the main users of financial statements for general purpose who use the said financial statements as the basis for making decisions. Amendment and Clarification:

- Policy accounting information not related to major transactions or other matters or situations, the said information is considered not major. If that is the case, the consolidated company needs not disclose such information.
- The consolidated company may determine related accounting policy information as major due to the nature of transactions or other matters or situations. The same shall apply even if the amount is insignificant.
- All accounting policy information not related to major transactions, other matters, or situations is considered major.

In addition, the amendment also cites examples to explain if the accounting policy information is related to major transactions or others matters or situations and that the following situations occur, the said information may be considered major:

1. The consolidated company has changed its accounting policy during the reporting period, and the change will lead to major changes in information in the financial statement.
2. The consolidated company shall select a suitable accounting policy among the options allowed in the standards.
3. Due to a lack of regulations in the specific standards, the consolidated company shall establish accounting policies in accordance with IAS8 "Accounting Policy, Accounting Estimated Changes and Errors."
4. The consolidated company discloses its need for relevant accounting policies to make major judgements and assumptions; or
5. Involves complex accounting disposal regulations and financial statement users' dependence on information on the said information to understand major transactions, or other matters or situations.

Further to the aforementioned influence, the companies in the consolidated financial statements will continue to evaluate the effect of the amendment to other IFRSs on the financial positions and performance of the companies in the consolidated financial statements to the date this parent company only financial statement approved and released, and will make appropriate disclosure after the evaluation.

4. Summary of important accounting policies

(1) Statement of Compliance

This consolidated financial report is prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Regulations Governing the Preparation of Financial Reports by Public Banks, the Regulations Governing the Preparation of Financial Reports by Securities Firms and the IFRSs recognized by and declared effective by the FSC.

(2) Basis of Preparation

Except for the financial instruments on the basis of fair value and the recognition of net defined benefit liabilities on the basis of the present value of net defined benefit obligation net of the fair value of planned assets, this consolidated financial statement was compiled on the basis of historical cost.

The evaluation of fair value could be classified into Level 1 to Level 3 by the observable intensity and importance of related input value:

1. Level 1 input value: refers to the quotation of the same asset or liability in an active market as of the evaluation (before adjustment).
2. Level 2 input: Referred to as those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (*i.e.,* as prices) or indirectly (i.e. derived from prices).

3. Level 3 input value: the unobservable input value of asset or liability.

(3) Current and non-current assets and liabilities

Current assets including:

1. Assets held mainly for trading purpose:
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash and cash equivalents (not including those that are limited to exchange or repay liabilities exceeding 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held for trading purposes;
2. The liabilities to be liquidated upon due within 12 months after the balance sheet date (those with long-term refinancing or payment term rearrangement completed from the balance sheet date to the financial reports approved and published date are also classified as current liabilities), and
3. Liabilities with the repayment deadline that cannot be unconditionally deferred to at least 12 months after the balance sheet date. Where the liabilities might be paid off at the discretion of the other party through the tools of the issuance equity, the classification would remain unaffected.

However, CMFC is engaged in construction projects through Taichung Commercial Bank and Taichung Bank Leasing, and the business cycle is longer than one year. Therefore, the assets and liabilities related to the business adopt the business cycle as the standard to be classified as current or non-current.

(4) Basis of consolidation

This consolidated financial statement contains the information of the financial statements of the Company and its controlled entities (subsidiaries).

The consolidated income statement includes the results of a subsidiary up to the date of disposal.

The subsidiaries' financial statement shave been properly adjusted to make the accounting policies consistent with the accounting policies of the consolidated company.

The transactions, account balances, income,expenses and losses among subsidiaries are written-off at the time of consolidation.

The non-controlling interests of the subsidiaries are expressed separately from the interests of the owners of the Company.

The comprehensive income was proportioned to the non-controlling interest.

The total comprehensive incomes of the subsidiaries were non-controlling interest attributed to the Company's owners and the non-controlling interest, to become the balance of loss even as the non-controlling interest.

Changes in the ownership equity on a subsidiary

When the changes of interest of the subsidiaries' ownership by the Consolidated Company do not lead to the loss of control, it is disposed of as interest transactions. The book value of the Consolidated Company and non-controlling interest has been adjusted to reflect the changes of the relative interest of subsidiaries. The differential between the adjustment amount of non-controlling interest and the fair value of consideration received is directly recognized as interest and belongs to the owner of the Company.

When the consolidated company loses its control of the subsidiary, the profit or loss from the disposal is the difference between the following two items: (1) The fair value of the consideration received and the total remaining investment at fair value of the former subsidiary at the date of control loss and (2) The assets (including goodwill) and liabilities and the total carrying amount of the non-controlling interest at the date of control loss of the former subsidiary. With respect to all amounts related to the subsidiary recognized by the consolidated company in other comprehensive profit loss, the accounting treatment is the same basis on which the consolidated company directly disposes of assets or liabilities.

The fair value of the remaining investment to a former subsidiary at the date of control loss is the amount of investment in an associate company and joint venture on initial recognition.

Please refer to Note 17 for the details, shareholdings ratio, and business operation of the subsidiaries.

(5) Foreign currencies

When preparing the financial statements of each business entity of the consolidated company, the transactions in currencies other than the functional currency (the currency of the primary economic environment in which the entity operates) of the respective business entity (foreign currency) should be translated into the functional currency in accordance with the exchange rate on the transaction day.

Foreign currency monetary items are translated at the closing rate on each balance sheet date. Non-monetary items carried at fair value should be reported at the rate that existed when the fair values were determined. The foreign non-currency items measured at historic cost are translated in accordance with the exchange rate on the transaction date without the need for a translation again.

Exchange differences arising when monetary items are settled or when monetary items are translated at different rates are reported in profit or loss in the period, with the following exceptions.

With respect to the monetary items receivable or payable for foreign operations, the settlement is currently not planned for the foreseeable future (thus forming part of the reporting entity's net investment in a foreign operation). The exchange differences originally are recognized as other comprehensive income, and the disposal of net investment is re-classified from equity to income.

The exchange difference arising from the non-monetary assets or liabilities (such as, equity instruments) in foreign currency measured at fair value that are translated in accordance with the spot exchange rate at the balance sheet date is booked as a profit or loss. However, the exchange difference arising from the changes in fair value recognized as other comprehensive profit or loss should be booked in the "Other comprehensive profit or loss."

When preparing the consolidated financial statements, the assets and liabilities of the consolidated company's foreign operations should be translated into New Taiwan dollars in accordance with the exchange rate on the balance sheet date. Except for the translations at the exchange rate on the transaction date during a period which has sharp fluctuations, the other income and loss are translated at the average exchange rate for the current period. The resulting exchange differences are recognized as other comprehensive income and are attributed to the owner of the Company and non-controlling interest.

(6) Bonds Purchased under Resell/Notes Issued under Repurchase Agreements

For underwritten bonds and securities that are sold under RP and RS agreements, recognize interest expense and interest income on the accrual basis between the purchase and sale dates and agreed RP and RS date; also, recognize RP (Debt) and bonds and securities sold under resell agreements between the sale and purchase dates.

(7) Inventories

Inventories include raw materials, supplies, work-in-progress, products contracted to be processed, finished goods and products. Inventory is valued in accordance with the lower of cost or net cash value. When comparing cost and net cash value, except for the homogeneous inventories, it is based on the itemized lower of cost or net cash value. Net realizable value refers to the estimated sale price under normal circumstances net of the estimated cost needed to complete the project and the estimated expenses needed to complete the sale. Inventory cost is determined by the weighted-average method.

The construction inventories were stated at the cost invested actually. The cost for available-for-sale housing and land was amortized based on weighted-average building coverage method, and stated at the lower of cost or net realizable value at the end of period.

(8) Investments in the affiliated company

The term "associate" as set forth herein denotes an enterprise, which has significant effect upon the Consolidated Company, but is not a subsidiary or a joint venture.

The Consolidated Company' adopts equity method for investment in associates. Under the equity method, investments in the affiliated companies were originally recognized at cost; the book value after the acquisition date fluctuates along with the distribution of profit or loss from the affiliated company and other comprehensive profit or loss by the consolidated company. Additionally, the change in the interests the Consolidated Company' holds in the associates was recognized pro rata to the shareholding percentages.

When associates issue new shares, if the Consolidated Company fails to subscribe stock share proportionally to their shareholding, resulting in changes in shareholding ratio and thus causing changes in net equity investment, the increase or decrease amount should be adjusted to the additional paid-in capital – recognizing changes in net equity of associates under the equity method and investment under equity method. If the Consolidated Company' did not subscribe to the new shares pro rata to the shareholding percentages and led to a decrease of the shareholding percentages subscribed to or obtained from the associate, nevertheless, the amount of other comprehensive income so recognized was reclassified pro rata to the decrease ratio in the associate. The accounting management was on the grounds same as the grounds the associate must comply with if it directly disposed assets or liabilities. If the aforementioned adjustment must be debited into capital reserve where the balance of capital reserve yielded by the investment in equity method, the difference was debited as retained earnings.

In the event that the Consolidated Company's shares of loss in the associates equal to or exceed its equity in the associates (including the book value of investment in the associates in equity method and other long-term interest of the Consolidated Company' in the investment composition of the associates), the Consolidated Company' discontinued recognition of the further losses. The Consolidated Company' recognized extra losses and liabilities only in the event of occurrence of legal obligations, presumed obligations or within the scope that the Consolidated Company' had made payment on behalf of the associate.

When assessing impairment, the consolidated company has the overall book value (including goodwill) of the investment deemed as a single asset when comparing the recoverable amount and the book amount in order to conduct impairment testing. The recognized impairment loss is an integral part of the book amount of the investment. Any reversal of the impairment loss can be recognized within the range of the recoverable amount of the subsequently increased investment.

Besides, all relevant amounts relevant to the associates recognized in other comprehensive income were managed on the accounting grounds same as the grounds which it should comply with if the associates directly disposed of the relevant assets or liabilities.

The profit or loss resulting from the countercurrent, downstream and side-stream transactions between the consolidated company and the affiliated company is recognized in the consolidated financial statement within the range that is irrelevant to the consolidated company's interest in the affiliated company.

(9) Property, plant and equipment

Real property, plant and equipment are recognized as costs, and they will be measured by the amount after the costs less the amount of accumulated depreciation and accumulated impairment afterwards.

Those real estate, plant buildings, equipment and facilities under construction were recognized at the amount of the costs after deducting the loss in the accumulated impairment. Cost includes professional service fees and loan costs that qualify for capitalization. When such assets are completed and reach expected use status, such assets will be classified to proper items under real property, plant and equipment and the provision of depreciation shall begin.

Proprietary land is not depreciated.

The depreciation of each material part of real estate, plants and equipment should be appropriated independently in accordance with the useful year and a straight-line method. The Consolidated Company shall at least inspect the estimated service life, residual value and depreciation method by the day of the end of each fiscal year and postpone the effect of applying estimated accounting changes.

In the case of delisting real estate, plants and equipment, the difference between the net disposal price and the book value of the asset is recognized in profit or loss.

(10) Investment property

Investment property is the real property held for purpose of earning of rental income or appreciation or both. Investment property includes lands held at present without determination of future use.

Investment property is measured on the basis of initial cost (including transaction cost) and subsequent measurement shall be based on the subtraction of accumulated depreciations and accumulated impairment from cost.

The Consolidated Company has depreciation appropriated in accordance with the straight-line method

In removing investment property, the difference between the net proceeds of disposition and the book value shall be recognized as income.

(11) Goodwill

Goodwill from business combination is recorded at acquisition cost and subsequently measured at cost less accumulated impairment.

For impairment test purposes, goodwill is allocated to each cash-generating unit that benefits from the synergy of a business combination.

In testing assets for impairment, the Company compares the carrying amounts of operating segments (CGUs with allocated goodwill) to their recoverable amounts on a yearly basis (or when impairment indicators exist). CGUs with allocated goodwill arisen from company combination in the current year should be tested for impairment before the end of the year. When the recoverable amount of CGUs is below the carrying amount, an impairment loss should be recognized to reduce first the carrying amount of goodwill of the CGU, and then the carrying amounts of other assets of the CGU proportionately. Any impairment loss should be directly recognized as loss in the current period. Subsequent reversal of impairment loss is not allowed.

On disposal of the relevant CGU, the amount attributable to goodwill is included in the determination of the gain or loss on disposal.

(12) Intangible assets

1. Acquired separately

The intangible asset with limited useful life acquired separately was originally measured at cost and subsequently measured at cost, net of accumulated amortization and accumulated impairment losses. Intangible assets shall be subject to amortization under the straight-line method during its life span, and the estimation of life span, residual value and depreciation method shall be subject to review at least once a year and extend the effect of changes in applicable accounting policy. Intangible asset with indefinite useful lives is measured at cost net of accumulated impairment losses.

2. De-recognition

In removing intangible assets, the difference between the net proceeds of disposition and the book value shall be recognized as income.

(13) The impairment of real estate, plants and equipment, right-of-use assts, and intangible assets (except goodwill)

The consolidated company shall evaluate on each asset balance sheet date whether there are any signs showing possible impairment of real estate, plants and equipment, right-of-use assets, and intangible assets (except goodwill). If there is any indication of impairment occurring, the recoverable amount of the asset should be estimated. If the recoverable amount of an individual asset cannot be estimated, the consolidated company is to estimate the recoverable amount of the respective cash-generating unit. The common asset is amortized to each cash-generating unit in accordance with a consistent and reasonable sharing basis.

The intangible asset with indefinite useful lives and not yet available for use should be tested for impairment at least annually or should be tested when there is an indication of impairment.

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

When the impairment loss was reversed subsequently, the book amount of the asset or cash-generating unit is increased to the adjusted recoverable amount, but the increased book amount may not exceed the book amount of the asset or cash-generating unit without recognizing the impairment loss in prior periods (net of amortization or depreciation). The reversed impairment loss is recognized in the profit or loss.

(14) Financial instruments

When the consolidated company has become a party to the instrument contract, the financial assets and financial liabilities are to be recognized in the consolidated balance sheet.

For the initial recognition of the financial assets and financial liabilities, if the financial assets or financial liabilities are not measured at fair value through profit or loss, it is measured at fair value plus transaction cost that is directly attributable to the acquisition or issuance of financial assets or financial liabilities. The transaction cost directly attributable to the acquisition or issuance of financial assets or financial liabilities that are measured at fair value through profit or loss is immediately recognized in the profit or loss.

1. Financial Assets

The customary transaction of financial assets is recognized and de-recognized in accordance with the trade date accounting. A customary transaction refers to the purchase or sale of financial assets and the delivery period is within the period prescribed by the regulations or customary market practice.

(1) Classification of measurement

The financial assets held by the consolidated company are financial assets at fair value through income statements, financial assets on the basis of cost after amortization, investment of debt instruments at fair value through other comprehensive income statements, and equity instruments at fair value through other comprehensive income.

A. Financial assets at fair value through profit and loss

Financial assets measured at fair value through profits or losses are financial assets that are mandatorily measured at fair value through profits or losses. Financial instruments designated at fair value through income statements included the investment of equity instruments not designated at fair value through other comprehensive income and those not conforming to the standard of debt instruments on the basis of cost after amortization or at fair value through other comprehensive income.

Through the measurement of profit and loss according to the fair value, the financial assets are measured according to the fair value. The remeasured dividends and interests generated from profit or loss shall be recognized as other income and interest income. The profit or loss remeasured is recognized as other profit and loss. Please refer to Note 41 for the determination of fair value.

B. Financial assets on the basis of cost after amortization

If the financial assets of the consolidated company met both of the following conditions, classify as financial assets on the basis of cost after amortization:

a. Financial assets held under particular mode of operation and the purpose of holding is for the collection of cash flow from contracts; and
b. Cash flow generated on particular dates deriving from the contacts and the cash flow is wholly for the payment of principal and interest accrued from the outstanding amount of the principal.

Financial assets on the basis of cost after amortization (including cash and cash equivalents and accounts receivable on the basis of cost after amortization) shall be determined for the total book value under the effective interest rate method after the initial recognition net of the cost of any impairment after amortization for measurement. Any exchange gains or loss will be recognized as income.

Interest income will be the product of effective interest rate and total book value of financial assets except under the following two conditions:

a. The interest income of financial assets procured or initiated under credit impairment will be the product of the effective interest rate after credit adjustment and the cost of financial assets after amortization.
b. Financial asset that has subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

Cash equivalents are time deposits within 3 months from the date of acquisition, with high liquidity, can be converted into cash with marginal risk on the change in value, and are used for the fulfillment of short-term commitment in cash settlement.

C. Debt instrument investments measured at fair value through other comprehensive income

If the investment of debt instruments by the consolidated company met both the two conditions below, classify as financial instruments at fair value through comprehensive income:

a. Financial assets held under the particular mode of operation and the purpose of holding being for collection of cash flow from contracts; and

b. Cash flow generated on particular dates deriving from the contacts and the cash flow is wholly for the payment of principal and interest accrued from the outstanding amount of the principal.

Other investment of debt instruments at fair value through comprehensive income should be measured at fair value. Changes in the book value shall be recognized as income under the calculation of interest income under the effective interest rate method and exchange gain and loss and impairment or reversal benefits shall be recognized as income. Other changes shall be recognized as other comprehensive income and reclassified as income at the disposition of investment.

D. Equity instrument investments measured at fair value through other comprehensive income

The consolidated company may make an irrevocable choice at the time of initial recognition for designating the investment of equity instruments not available-for-sale and not recognized by the acquirer under corporate merger and acquisition or with consideration at fair value through other comprehensive income for measurement.

The investment of equity instruments at fair value through other comprehensive income is measured at fair value. Subsequent changes in fair value will be recognized as other comprehensive income and accumulated into other equity. In the disposition of assets, accumulated gains or loss shall be directly transferred to retained earnings without classification as income.

The dividend of the investment of equity instruments at fair value through other comprehensive income shall be recognized as income when the right of the consolidated company in the collection of dividends is ascertained, unless the dividend is obviously representing the recovery of the cost of investment in part.

(2) Impairment of financial assets

The consolidated company shall, on each balance sheet day, evaluate the financial assets on the basis of cost after amortization on the basis of anticipated credit loss (including accounts receivable), the investment of debt instruments at fair value through other comprehensive income, and loss from receivable rents and impairment of contract assets.

Discounts and loans, accounts receivable and receivable rents shall be recognized for provisions for loss on the basis of anticipated credit loss within the perpetuity of the assets. Other financial assets shall be evaluated for any significant increase of risk from the day of initial recognition. If none is found, recognize for provision for anticipated credit loss along a period of 12 months. If it is, recognize for provision of anticipated credit risk within the perpetuity of the assets.

Anticipated credit loss is the weighted average loss of credit on the basis of the weight of the risk of default. Anticipated credit loss in a period of 12 months means the expected loss of credit from the financial instruments within 12 months due to default. Anticipated credit loss with the perpetuity of the financial instruments means the expected loss of credit from the financial instruments within the perpetuity of these financial instruments.

Further to the aforementioned evaluation, refer to the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans” for information on loan assets and consider the financial position of the borrowers and any overdue accounts in principal or interest payments. In addition, evaluate the collaterals pledged for the security of the debts and the possibility of recovery of loan assets. As per the aforementioned requirements, non-performing assets shall be classified as loss, doubtful, substandard, special mentioned and normal by the status of the collaterals and the duration of delinquency. Appropriation of 100%, 50%, 10%, 2% and 1 % of the balances of the aforementioned loans as provision for loss shall be necessary. The aforementioned provision for loss shall be recognized in accordance with Letter Jin-Guan-Yin-Fa-Zi. No. 10010006830, which accounted for approximately 1% of the total loans. The appropriation for provision of property for loss shall be made at a ratio not falling below 1.5% as stated in Letter Jin-Guan-Yin-Guo-Zi. No. 10300329440, and appropriated at the higher amount of the aforementioned evaluation result and the ratio.

All impairment of financial assets is recognized through the reduction of the book value of the provisioned account. However, the provision for loss of investment of debt instruments at fair value through comprehensive income shall be recognized as other comprehensive income without the reduction of its book value.

(3) The de-recognition of financial assets

The consolidated company has financial assets de-recognized only when the contractual rights from the cash flows of a financial asset becomes invalid or when the financial assets are transferred and almost all the risks and rewards of the asset ownership have been transferred to other enterprises.

When financial assets measured at amortized cost are derecognized, the carrying amounts and collected considerations plus the difference between the sums of any cumulative gains or losses already recognized as other comprehensive income will be recognized as profit or loss. When particular debt instruments measured at fair value through comprehensive income is entirely removed, the total sum of any other accumulated gains or loss of the difference between book value and consideration recognized as other comprehensive income shall be recognized as income. When particular equity instruments measured at fair value through comprehensive income are entirely removed, the accumulated gains of loss shall be directly transferred to retained earnings without being classified as income.

2. Equity instruments

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

Equity instruments issued by the consolidated company are recognized for an amount after deducting the direct issuing cost from the proceeds collected.

The Company's equity retrieved is debited or credited to the equity. The Company's equity purchased, sold, issued, or cancelled is not recognized in the profit or loss.

3. Financial Liabilities

(1) Subsequent measurement

All financial assets shall be measured under the effective interest rate method on the cost after amortization except under the following circumstances:

A. Financial liabilities at fair value through profit and loss

Financial liabilities measured at fair value through profit or loss includes held-for-sale.

Financial liabilities measured at fair value through profit or loss (FVTPL) are evaluated at fair value. Generated interest is recognized as financial costs. Other profits or losses generated by remeasurement are recognized as other gains and losses. Please refer to Note 41 for the determination of fair value.

B. Financial guarantee contract

The consolidated company issued financial guarantee contracts not at fair value through income statement with initial recognition to reflect provision for loss for anticipated credit impairment and the amount after amortization, whichever is higher.

(2) De-recognition of financial liabilities

When de-recognizing financial liabilities, the difference between the book amount and the consideration paid (including any transferred non-cash assets or assumed liabilities) is recognized as profit or loss.

4. Derivatives

The derivative instruments signed by the consolidated company include forward foreign exchange contracts, currency swap contracts, and convertible bond asset swap contracts that are used to manage the interest rate and exchange rate risk of the consolidated company.

Upon signing the contracts, derivatives are recognized at fair value initially and then subsequently measured at fair value on the balance sheet date. The profit or loss resulting from the subsequent measurement is directly booked under the profit or loss. Then, the timing of recognizing the designated and effective hedging derivatives depends on the nature of the hedging relationship. When the fair value of the derivatives is positive, it is classified as a financial asset; when the fair value is negative, it is classified as a financial liability.

Derivatives embedded in the master contract of the assets within the scope of IFRS 9 shall be classified on the basis of the overall contracts of the financial assets. If the derivatives are not embedded in the master contract of the assets within the scope of IFRS 9 (such as embedded in financial liabilities master contracts), and the embedded derivatives meet the definition of derivatives and the risks and characteristics of which are not closely associated with the risks and characteristics of the master contract and the omnibus contracts are not measured at fair value through income statement, such derivatives shall be construed as a unitary derivative.

(15) Provision for liabilities

The recognized liability reserve amount is with the risk and uncertainty of the obligation considered, and it is the optimum estimate of the expenditure required to settle the obligations on the balance sheet date. Provision for liabilities shall be measured based on the discount value of the estimated cash flow for the settlement of obligation.

(16) Treasury stock

Treasury stock was stated at cost and shown as a deduction in shareholders' equity when the Company repurchased the stock, while it was stated at fair value if it was donation accepted by the Company.

The gains resulting from disposal of the treasury stock, if any, were higher than the book value, the difference thereof was stated under "capital surplus - treasury stock". If gains were lower than the book value, the difference should first be offset against capital surplus from the same class of treasury stock transactions, and the remainder, if any, should be debited to retained earnings.

When the Company retired treasury stock, the treasury stock was written off, and against the "capital surplus – stock premium" and "capital stock" on a pro rata basis. When the book value of the treasury stock exceeded the total of the "capital stock" and "capital surplus-capital stock premium", the difference was charged to capital surplus generated from the same class of treasury stock transactions and to retained earnings for any remaining amount. When the book value was lower than the total, the difference was credited to capital surplus arising from the same class of treasury stock transactions.

(17) Recognition of revenue

The consolidated company, after identifying the performance obligations, had the transaction price amortized to each performance obligation and recognized as income when the performance obligations were fulfilled.

Contracts of which the time interval between the transfer of goods or services and the consideration is less than one year shall not have its major financial components, such as transaction price, adjusted.

1. Sales of products

The revenue from product sales is recognized as revenue and accounts receivable by the consolidated company at the time when the customer have set the prices and the right-of-use and are responsible for the resales and bear the risks of obsolete products.

When the material is supplied for processing, the ownership of the processed product is not transferred; therefore, the income is not recognized when the material is supplied.

2. Interest revenue

The interest income generated from financial assets is recognized when the economic benefit is likely to flow to the consolidated company and the amount of income can be reliably measured. Dividend revenues are recognized by the outstanding capital by the passage of time and the applicable effective interest rate on an accrual basis.

For a single or a group of similar financial asset that is reduced due to impairment losses, the subsequently recognized interest income is calculated in accordance with the interest rate that is used for the discounting of future cash flow when measuring the impairment loss.

3. Labor service provided

Labor service income is recognized at the time the service is provided.

Revenues yielded by the labor services rendered in accordance with the contract were recognized based on the progress degrees set forth under the contract.

4. Service fees and commission income

With respect to fee income and expense on the provision of loans or other services, the consolidated company allocates the transaction price to each contract obligation when customers contracts recognize the obligation and then recognizes the income upon fulfilling each performance obligation. Contracts of which the time interval between the services and the consideration is less than one year shall not have its major financial components, such as transaction price, adjusted.

5. Dividend income

Dividend income from investments is recognized when the shareholders' right to receive payment is established; however, it is under the preconditions that the economic benefits associated with the transaction system are likely to flow into the consolidated company and the amount of revenues can be measured reliably.

(18) Leasing

The Consolidated Company assesses whether or not the arrangement is (or includes) a lease arrangement on the agreement date

1. The consolidated company is the lessor

When the lease term is to have all risks and returns attached to the ownership of assets transferred to the lessee, it is classified as a financing lease. All other leases are classified as operating leases.

Lease payments associated with finance leases include fixed payments, in-substance fixed lease payments, and variable lease payments determined by indices or rates, guaranteed residual value, exercise price of purchase options exercised with reasonable assurance, lease termination penalties reflected in the lease period, deducted payable lease incentives. Net investment in a lease is measured based on the sum of the present values of receivable lease payments and unguaranteed residual value plus initial direct costs and shall be expressed as finance lease receivables. Financial revenue is amortized into each accounting period to reflect the consolidated company's fixed rate of return available for each respective period from the outstanding net lease investment.

Lease payments for operating leases upon deduction of lease incentives are recognized as income on a straight-line basis in relevant lease periods. Initial direct costs generated in the acquisition of operating leases are added to the underlying asset carrying amount and recognized as expenses on a straight-line basis in lease periods.

2. The consolidated company is the lessee

Except for recognizing low-value asset leases applying to exemption and lease payments for short-term leases being recognized as an expense on a straight-line basis over the lease term, other leases will be recognized as right-of-use assets and lease liabilities at lease commencement date.

The right-of-use asset is measured at cost (including the amount equal to the lease liability at its initial recognition, lease payments made before the commencement of the lease less any received, any incurred by the lessee, and an estimate of costs to be incurred by the restoring the underlying asset to the condition required) less any depreciation and any accumulated impairment losses. Additionally, the cost is subsequently adjusted for any . Right-of-use assets are separately presented on the Consolidated Balance Sheet.

The right-of-use assets were depreciated on a straight-line basis over the period from the commencement date of the lease to expiration of its useful life or expiration of the lease term, whichever date is earlier.

Lease liabilities are measured initially based on the present value of lease payments (incl. fixed payments, in-substance fixed lease payments, and variable lease payments determined by indices or rates). If the implied interest rate of the lease is easily determined, the lease payments will be discounted to their present value using that interest rate. If such interest rate is not easily determined, the incremental borrowing rate will be used.

Subsequently, the lease liabilities are measured at amortized cost using effective interest method and the interest expenses are amortized over the lease term. If changes in indices or rates utilized to determine lease payments lead to changes in future lease payments, the merged company should remeasure lease liabilities and adjust right-of-use assets correspondingly. However, if right-of-use asset carrying amounts have already dropped to zero, remaining remeasurement amounts are recognized as profit or loss. Lease liabilities are separately presented on the Consolidated Balance Sheet.

(19) Borrowing cost

Borrowing costs directly belonging to acquiring, building or producing assets that meet the requirements are part of the costs of such assets until the completion of all necessary activities that the assets reaching the status of expected use or sale.

The income of a temporary investment with a specific loan that has not yet met the essential requirement of capital expenditure is deducted from the loan cost that meets the essential requirement of capitalization.

In addition to the transaction stated in the preceding paragraph, all other loan costs are recognized as profit and loss upon occurring.

(20) Governmental subsidies

The government subsidies shall only be recognized, provided that it can be reasonably convicted the company will comply with the supplementary terms for government subsidies and that the subsidies can be received.

If the government subsidies are used for compensating expenses or losses that have already incurred, or if the purpose is to provide the company with immediate financial support and if there are no related costs in the future, they shall be recognized as profit or loss during the collection period.

(21) Employee benefits

1. Short-term employee benefits

Liabilities relating to short-term employee benefits are measured by the non-discounted amount of the expected payment in exchange for employee services.

2. Retirement benefits

The retirement benefit for the retirement plan is determined by the amount of the pension that should be paid during the period in which the employee provides the service, and is recognized as expenses for that period.

The determined cost of benefit for determined benefit retirement plan (including the cost of service, net interest, and reevaluation) is based on the actuary of projected unit method. The net interest arising from the cost of services (including current service costs and net defined benefit liabilities) is recognized as an employee benefits expense when incurred. The value of second measurement (including the profits and loss under actuary and the return on assets of the plan net or interest) shall be recognized as other comprehensive incomes and as retained earnings, if realized. No reclassification as profits and loss in subsequent periods.

Net defined benefit liability (asset) is the appropriation deficit (surplus) of the defined benefit pension plan. Net determined benefit asset shall not exceed the refund of the appropriated fund or decrease the present value of appropriation of fund in the future.

3. Employees preferential deposit benefit

The companies of the consolidated financial statements provide preferred deposit for the employees, including the offering of fixed amount preferred deposit at special rate for the employees currently in employment and for the payment to the retired employees and current employees at their retirement. The difference between the interest rate for the aforementioned preferred deposits and market rate shall fall within the scope of employee welfare.

According to the “Regulations Governing the Preparation of Financial Reports by Public Banks”, the interest from the preferred deposit for employees prearranged after retirement in excess of the interest under regular market rate shall be subject to actuarial calculation at the time of the retirement of the employees pursuant to IAS 19, “Employee Benefits” as recognized by FSC. However, the parameters for the assumptions in the actuarial calculation may be regulated by the competent authority, comply accordingly, if applicable.

4. Other long-term employee benefits

The accounting of long-term employee benefit and benefit after retirement is the same but related value under reevaluation shall be recognized as income.

(22) Income tax

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

1. Income tax expenses in the current period

The consolidated company shall determine the current income (loss) based on the regulations set by the respective tax income declaration jurisdictions. The payable (recoverable) income tax shall be calculated accordingly.

Additional income tax on unappropriated earnings is calculated in accordance with the provisions of the Income Tax Act of the Republic of China, to be recognized in the year of the shareholder resolution meeting.

The adjustment to prior period income tax payable is booked as current income tax.

2. Deferred tax

Deferred tax is computed in accordance with the temporary differences between the book value of assets and liabilities and the tax bases of taxable income. Deferred income tax liabilities are generally recognized for all taxable temporary differences. Deferred income tax assets are recognized when there is a likelihood to have taxable income available for income tax credit resulting from the expenses of deductible temporary differences and tax loss carryforwards.

The taxable temporary differences related to the investment in the equities of the subsidiaries, affiliates, and joint ventures are recognized as deferred income tax liabilities, except for those that the Consolidated Company can control the timing of reversing the temporary difference and the temporary difference is unlikely reversible in the foreseeable future. The deferred income tax asset arising from deductible temporary differences associated with such investment and equity is recognized as deferred income tax assets within the range of earnings that are with sufficient taxable income to realize temporary differences and are expected to be reversed in the foreseeable future.

The book amount of deferred income tax asset must be reviewed at each balance sheet date. The book amount of those that no longer have any sufficient taxable income to recover all or part of the asset, should be adjusted down. Those that are not originally recognized as deferred income tax assets should also be reexamined at each balance sheet date. The book amount of those that are likely to generate taxable income in the future for the recovery of all or part of its assets should be adjusted up.

Deferred income tax assets and liabilities are measured in accordance with the expected liability liquidation or the tax rate in the period when the asset is realized. The tax rate is based on the tax rate and tax laws that are legislated or substantively legislated at the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax effect resulting from the book amount of the assets and liabilities expected to be recovered or liquidated at the balance sheet date.

3. Current & deferred income taxes

Current and deferred income taxes are recognized in the profit or loss, except for the current and deferred income taxes related to the items recognized in other comprehensive profit or loss or directly included in the equity are recognized in the other comprehensive profit or loss or directly included in the equity. If the current income tax or deferred income tax is resulting from a business consolidation, the income tax effect is included in the accounting process for consolidated company.

5. Major sources leading to major accounting judgments and uncertainties in estimate

When the accounting policies stated in Note IV adopted by the consolidated company, for the information that is hard to collect from other sources, the management should have the relevant judgments, estimates, and assumptions made in accordance with the historical experience and other relevant factors. Actual results may differ from the estimates.

The consolidated companies have taken into account the recent pandemic development situation in Taiwan and its impacts on the economic environment in the cash flow projection, growth rate, lease liabilities, profitability and related significant accounting estimates. The management continues to review the estimates and basic assumptions. If the correction of estimates affects only the current period, it is recognized upon amendment. If the amended estimate affects both current and future periods, it is recognized in the current and future periods.

Estimates and assumptions with regard to the main source of uncertainty

(1) Estimated impairment of financial assets

Estimated impairment of loans, discounts, bills purchased, receivables, debt instrument investments, and financial guarantee contracts is based on assumptions by the merged company with regard to default rate and expected loss ratio. Taking into account the consolidated company's past experience, current market situation and future prediction, the consolidated company shall prepare a pro forma report and select appropriate inputs for impairment. For adopted key assumptions and entered values please refer to Note 41 and 42. If the actual future cash flows are less than expected, a material impairment loss may have resulted.

(2) Impairment of real property, plant and equipment

The evaluation of real-estate, plant, and equipment impairment is based on the recoverable amount of the said equipment (i.e. the fair value of the said assets deducted by sales costs and higher value of use). The market price or changes in future cash flow will affect the recoverable amount of the said assets, which may result in the company's need to recognize impairment costs or reverse recognized impairment losses.

6. Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand	$ 4,370,075	$ 4,417,980
Bank deposits	2,701,103	2,972,492
Notes and checks for clearing	4,589,463	1,249,821
Due to Central Bank and other banks	9,009,556	6,045,454
	$ 20,670,197	$ 14,685,747

(1) With regard to the aforementioned cash and cash equivalent balances, it has been determined based on past experience and foresight that no loss allowances are appropriated for expected credit losses over 12 months as of December 31, 2021 and 2020.

(2) For cash and cash equivalent balances on the Consolidated Statement of Cash Flows and relevant items on the consolidated balance sheet as of December 31, 2021 and 2020, please refer to the Consolidated Statement of Cash Flow.

(3) The amounts of certificate of deposit at other banks from the consolidated company used as the operation bond of Taichung Commercial Bank Securities Brokerage as of December 31, 2021 and 2020 are both NT$200,000 thousand, and they are transferred to the refundable deposit, as described in Note 23.

7. Due from Central Bank and lent to Banks

	December 31, 2021	December 31, 2020
Reserve for deposits		
Reserve for deposits – checking account	$ 11,580,438	$ 19,301,038
Reserve for deposits – demand account	19,903,431	18,458,399
Financial Information Service Co., Ltd. – liquidated account	5,015,409	2,017,397
Reserve for deposits in foreign currency	74,739	73,057
Call loans to banks	1,559,969	461,327
Reserve for trust funds compensation	60,000	60,000
	$ 38,193,986	$ 40,371,218

(1) With regard to the aforementioned Due from the Central Bank & Call Loans to Banks, it has been determined based on past experience and foresight that no loss allowances are appropriated for expected credit losses over 12 months as of December 31, 2021 and 2020.

(2) The deposit reserve is the average balance of various deposits that are required to be deposited as reserve by Taichung Commercial Bank on a monthly basis, and it is deposited to the reserve account at the Central Bank in accordance with the required deposit reserve ratio. The demand account reserve can be used only for the monthly adjustment of the deposit reserve. The consolidated company paid the Central Bank's project financing deposit through the deposit

reserve account B in the amount of NT$5,000,000,000 on December 31, 2021 and 2020. See Note 38.

(3) The Reserve for trust funds compensation by Government bonds on the basis of cost after amortization on December 31, 2021 and 2020 is stated at the par value of NTD 60,000 thousand. Please refer to Note 38 for details.

8. Financial instrument at fair value through profit and loss

	December 31, 2021	December 31, 2020
Financial assets at fair value through profit and loss		
Commercial papers	$ 26,680,732	$ 24,872,947
Shares traded on the Taiwan Stock Exchange or OTC exchange	919,508	862,470
Shares traded on foreign exchange or OTC exchange	-	88,533
Non listed (OTC) domestic stock	81,611	7,508
PEM Group Insurance policy assets	806,522	799,269
Beneficiary certificate	1,121,186	920,885
Corporate bond	422,471	203,112
Assets swap agreement	3,555,430	3,048,884
Foreign exchange contracts	$ 44,915	$ 96,053
Forward contract	96,335	168,822
FX options contracts	266,875	354,336
Interest rate derivatives	43,428	2,155
	$ 34,039,013	$ 31,424,974
Financial liabilities at fair value through profit and loss		
Foreign exchange contracts	$ 166,970	$ 369,085
Forward contract	32,840	66,415
FX options contracts	269,161	348,164
Interest rate derivatives	43,428	2,155
	$ 512,399	$ 785,819

(1) The consolidated company financial derivative contract related to a foreign exchange rate is a non-trading operation performed for the purpose of providing customers with a hedging tool for the foreign exchange position generated from import/export and foreign exchange and hedging the risk from business and meeting the need for foreign exchange funds.

(2) As of December 31, 2021 and 2020, the amounts (notional amounts) in the agreement of derivative financial instruments that have not matured are as follows:

	December 31, 2021		December 31, 2020	
	Contract amount	Interest Rate Collars	Contract amount	Interest Rate Collars
Assets swap agreement	$ 3,549,800	0.80%～4.25%	$ 3,039,300	0.90%～3.50%
Foreign exchange contracts	11,403,926	-	9,459,647	-
Forward contract	9,905,735	-	7,224,302	-
FX options contracts	34,792,260	-	23,537,713	-
Interest rate derivatives contract	584,493	4.50%～7.00%	109,938	5.25%～6.20%

9. Bonds and securities sold under repurchase agreements

As of December 31, 2021 and 2020, the consolidated company's repurchase of coupons and bonds amounted NT$11,258,439 thousand and NT$12,773,121 thousand, with the interest rate range of 0.32% and 0.21% to 0.25%, and the re-sell amounts after the contract were NT$11,259,518 thousand and NT$12,774,072 thousand, respectively.

10. Notes receivable, accounts receivable and other receivables

	December 31, 2021	December 31, 2020
Notes receivable		
Notes receivable - Taichung Commercial Bank	$ 5,627,820	$ 4,694,417
Notes receivable	180,881	69,005
Less: Unrealized gain on interest	(240,503)	(220,748)
Less: Loss allowance - Taichung Commercial Bank	(106,385)	(61,100)
	$ 5,461,813	$ 4,481,574

Please refer to Note 38 for the status on notes receivable as short-term loan guarantee.

	December 31, 2021	December 31, 2020
Accounts receivable		
Accounts receivable	$ 2,625,843	$ 1,532,327
Accounts receivable - Taichung Commercial Bank	738,121	742,251
Rent receivables	3,893,833	3,461,743
Interest receivable - Banking industry	1,089,421	1,049,138
Receivable transfers	918,556	991,861
Receivable factoring	271,434	154,805
Less: Unrealized gain on interest	(515,651)	(501,889)
Less: Loss allowance	(148,418)	(150,410)
Less: Loss allowance - Taichung Commercial Bank	(110,016)	(126,179)
	$ 8,763,123	$ 7,153,647
Other receivables		
Receivable spot exchange settlement payment	$ 1,559	$ 1,082,521
Acceptances receivable	975,287	443,447
Receivable proceeds for delivery of securities	1,545,956	1,324,586
Others	461,044	806,435
	2,983,846	3,656,989
Less: Loss allowance	(1,932)	(1,932)
Less: Loss allowance - Taichung Commercial Bank	(143,920)	(135,242)
	$ 2,837,994	$ 3,519,815

(1) Accounts receivable

The consolidated company's average credit period for product sales was 30–90 days. Interests for accounts receivables were not calculated. If the credit term of 30 days is exceeded, the interest rate of 3% per annum will be calculated for the remaining balance of some customers whose payment has not been rendered. The consolidated company only conducts transactions with the parties which have passed the internal credit check, and if necessary, shipment may be stopped and guarantee notes may be needed to mitigate the potential risk of financial losses caused by default. The consolidated company will use other publicly available financial information and historical transaction records to rate major customers. The consolidated company continuously monitors the credit risk exposure and the credit rating of the counterparty, and the total transaction amount is distributed to various customers with qualifying credit ratings. Every year, the management reviews and approves, based on their level of authorization, the credit limit of counterparties to manage the credit risk exposure.

In order to mitigate credit risk, the management of the consolidated company assigns dedicated personnel responsible for the decision on credit line, credit approval and other monitoring procedures to ensure that the overdue receivables are recovered and appropriate actions are taken. In addition, the consolidated company will review the recoverable amount of receivables on each balance sheet date to ensure that appropriate impairment loss has been appropriated for the uncollectible receivables. Under the circumstance, the Company's management believes that the consolidated company's credit risk is significantly reduced.

Except for Taichung Commercial Bank and its subsidiary, the consolidated company adopts the simplified approach of the IFRS 9 to recognize the loss allowance of receivables based on the expected credit loss of the duration. The full-lifetime expected credit losses are calculated using Provision Matrix, which considers the historical default records and current financial status, industry economic conditions, as well as GDP forecast and industry outlook. Due to the historical experience of credit losses of the consolidated companies, there is no significant difference in the loss patterns of different customer groups. Therefore, the provision matrix does not further distinguish the customer base, and only sets the expected credit loss rate based on the overdue days of receivables.

If there is evidence that the counterparty is facing serious financial difficulties and the consolidated company cannot reasonably expect the recoverable amount back, the consolidated company will directly write off the relevant accounts receivable, but will continue its recourses, and the amount recovered will be recognized in profit or loss.

The consolidated company (excluding Taichung Commercial Bank and its subsidiary) measures the notes receivable and the loss allowance of accounts in accordance with the provision matrix:

December 31, 2021

	Not overdue	Overdue 1 to 30 days	Overdue 31 to 60 days	Overdue 61 to 120 days	Overdue over 120 days	Total
Expected credit loss rate	0%~7%	13%~50%	50%~100%	75%~100%	100%	
Total Book Value	$ 2,160,377	$583,347	$ 52,381	$ -	$ 10,619	$ 2,806,724
Allowance for loss (expected credit loss of the given duration)	(35,773)	(75,835)	(26,191)	-	(10,619)	(148,418)
Cost after amortization	$ 2,124,604	$507,512	$ 26,190	$ -	$ -	$ 2,658,306

December 31, 2020

	Not overdue	Overdue 1 to 30 days	Overdue 31 to 60 days	Overdue 61 to 120 days	Overdue over 120 days	Total
Expected credit loss rate	0%~7%	13%~50%	50%~100%	75%~100%	100%	
Total Book Value	$ 1,389,274	$168,535	$ 32,824	$ -	$ 10,699	$ 1,601,332
Allowance for loss (expected credit loss of the given duration)	(97,076)	(22,943)	(19,692)	-	(10,699)	(150,410)
Cost after amortization	$ 1,292,198	$145,592	$ 13,132	$ -	$ -	$ 1,450,922

Changed information on receivables allowance loss (including bad debt expense withdrawal and deposit allowance loss) is as follows:

	2021	2020
Balance, beginning of year	$ 479,514	$ 536,195
Add: Recover the bad debts that have been written off	23,587	16,115
Added: provisioned bad debt expense withdrawal and deposit impairment loss.	273,220	147,059
Less: actual write-off	(160,528)	(133,775)
Reduced: Inversed expected credit impairment loss	(1,896)	(84,343)
Foreign currency translation differences	378	(1,737)
Balance, end of year	$ 614,275	$ 479,514

The loss allowance of the above-mentioned receivables include notes receivable, accounts receivable, other receivables and the loss allowance from non-loans transferred to collection.

(2) Changes in carrying amount of accounts receivable of Taichung Commercial Bank and its subsidiary:

2021

	Anticipated credit loss in 12 months	Anticipated credit loss within the perpetuity of the financial assets	Financial assets with credit impairment	Total
Balance - beginning	$73,430,829	$ 371,436	$ 313,418	$74,115,683
Converted as anticipated credit loss within the perpetuity of the financial assets	(139,893)	140,190	(297)	-
Converted as financial assets with credit impairment	(612,409)	(35,290)	647,699	-
Converted as anticipated credit loss in 12 months	35,338	(35,127)	(211)	-
Initiated or procured receivables	12,436,131	5,566	29,029	12,470,726
Write-off bad debts	-	(33,311)	(127,217)	(160,528)
de-recognition	(10,000,439)	(83,894)	(79,665)	(10,163,998)
Foreign exchange settlement and other changes	(401,118)	4,920	19,192	(377,006)
Balance - ending	$74,748,439	$ 334,490	$ 801,948	$75,884,877

2020

	Anticipated credit loss in 12 months	Anticipated credit loss within the perpetuity of the financial assets	Financial assets with credit impairment	Total
Balance - beginning	$ 62,904,165	$ 557,317	$ 315,071	$ 63,776,553
Converted as anticipated credit loss within the perpetuity of the financial assets	(168,938)	169,381	(443)	-
Converted as financial assets with credit impairment	(60,834)	(135,950)	196,784	-
Converted as anticipated credit loss in 12 months	8,573	(8,352)	(221)	-
Initiated or procured receivables	17,811,257	27,469	35,974	17,874,700
Write-off bad debts	-	(430)	(133,345)	(133,775)
de-recognition	(7,174,494)	(237,307)	(128,195)	(7,539,996)
Foreign exchange settlement and other changes	111,100	(692)	27,793	138,201
Balance - ending	$ 73,430,829	$ 371,436	$ 313,418	$ 74,115,683

The receivables of the Taichung Commercial Bank Co., Ltd. and its subsidiaries include: due from banks, due from CBC and lend to banks, bills and bonds purchased under resell agreements, bills receivable, credit card payments receivable, accounts receivable, bank acceptance bills, interest receivable, lease payments receivable, accounts receivable factoring, securities settlement receivable, other receivables, other financial assets-total (including non-loan listing collection), refundable deposits, etc.

(3) Statement of Changes in Loss Allowance for Accounts Receivable of Taichung Bank and its subsidiaries:

2021

	Anticipated credit loss in 12 months	Anticipated credit loss within the perpetuity of the financial assets	Financial assets with credit impairment	Impairment recognized in accordance with IFRS 9	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Balance - beginning	$ 91,312	$ 9,199	$174,311	$274,822	$ 49,220	$324,042
Changes in financial instruments recognized at the beginning of the period:						
Converted as anticipated credit loss within the perpetuity of the financial assets	(2,161)	2,250	(89)	-	-	-
Converted as financial assets with credit impairment	(63,716)	(854)	64,570	-	-	-
Converted as anticipated credit loss in 12 months	2,354	(2,236)	(118)	-	-	-
Financial assets removed in current period	(48,882)	(2,532)	(35,435)	(86,849)	-	(86,849)
Procured or initiated new financial assets	154,653	778	21,809	177,240	-	177,240
Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-	92,367	92,367
Write-off bad debts	(8,086)	(35,211)	(64,708)	(108,005)	(52,523)	(160,528)
Recovered amount after write-off bad debts	-	435	7,731	8,166	15,421	23,587
Foreign exchange settlement and other changes	(17,007)	36,071	71,855	90,919	-	90,919
Balance - ending	$108,467	$ 7,900	$239,926	$356,293	$104,485	$460,778

2020

	Anticipated credit loss in 12 months	Anticipated credit loss within the perpetuity of the financial assets	Financial assets with credit impairment	Impairment recognized in accordance with IFRS 9	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Balance - beginning	$ 95,880	$ 11,625	$165,224	$ 272,729	$ 23,828	$296,557
Changes in financial instruments recognized at the beginning of the period:						
Converted as anticipated credit loss within the perpetuity of the financial assets	(1,842)	2,120	(278)	-	-	-
Converted as financial assets with credit impairment	(505)	(2,511)	3,016	-	-	-
Converted as anticipated credit loss in 12 months	1,290	(1,115)	(175)	-	-	-
Financial assets removed in current period	(65,036)	(4,856)	(38,360)	(108,252)	-	(108,252)
Procured or initiated new financial assets	71,065	1,947	17,365	90,377	-	90,377
Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-	94,872	94,872
Write-off bad debts	-	(430)	(47,750)	(48,180)	(85,595)	(133,775)
Recovered amount after write-off bad debts	-	-	-	-	16,115	16,115
Foreign exchange settlement and other changes	(9,540)	2,419	75,269	68,148	-	68,148
Balance - ending	$ 91,312	$ 9,199	$174,311	$ 274,822	$ 49,220	$324,042

Allowance loss for above-mentioned receivables includes allowance for bad debts for delinquent loans other than loans transferred from loans. Please refer to Note 23 for details.

11. Inventory

	December 31, 2021	December 31, 2020
Merchandise	$ 546,822	$ 68,921
Finished goods	663,963	556,130
Work in process	114,859	54,455
Raw materials	310,675	391,089
Supplies	96,128	78,219
	$ 1,732,447	$ 1,148,814

(1) The inventories of finished goods included the finished goods, by-products, supplies in transit by the consolidated company, primarily the finished goods produced by Kaohsiung petrifaction plant, ethylene glycol, and the finished goods of the polyester plant, polyester silk, *et al.*

(2) The consolidated company's cost of goods sold related to inventory in 2021 and 2020 were NT$15,259,299 thousand and NT$12,525,643 thousand, respectively. Cost of goods sold include inventory losses (revaluation gains) of NT$13,705 thousand and NT(15,204) thousand, respectively, and the loss from work stoppage were NT$702,062 thousand and NT$1,010,746 thousand, respectively.

(3) By December 31, 2021 and 2020, allowance to reduce inventory to market amounted to NT$ 324,664 thousand and NT$ 318,671 thousand, respectively.

12. Pre-payments

	December 31, 2021	December 31, 2020
Pre-paid expenses	$ 678,430	$ 647,455
Pre-paid materials purchases	124,431	56,569
Tax credit	200,199	155,508
	$ 1,003,060	$ 859,532

13. Other current assets

	December 31, 2021	December 31, 2020
Restricted assets – bank deposits	$ 542,269	$ 595,184
Others	4,976	5,035
	$ 547,245	$ 600,219

Restricted current assets- bank deposits are earmarked for Customs Office clearance procedures and pledged collateral for short-term loans – please refer to Note 38.

14. Discounting and advances - Net

	December 31, 2021	December 31, 2020
Bills negotiated and discounts	$ 704,340	$ 293,388
Overdraft	1,559	1,310
Secured overdraft	11,066	30,988
Accounts receivable financing	78,137	51,149
Securities receivable financing	1,365,546	1,099,366
Short-term loan	42,802,949	39,175,727
Short-term secured loans	98,958,147	101,315,539
Mid-term loans	60,207,188	54,480,676
Mid-term secured loans	119,015,102	110,808,195
Long-term loans	9,202,678	6,842,847
Long-term secured loans	153,535,754	147,939,346
Overdue receivables	574,674	814,242
	486,457,140	462,852,773
Add: Adjustment of premium/discount	30,683	23,940
Less: Allowance for losses	(6,681,450)	(6,335,391)
	$ 479,806,373	$ 456,541,322

(1) As of December 31, 2021 and 2020, the balance of loans and other credits with frozen interest rates at Taichung Commercial Bank were NT574,674 thousand and NT$814,242 thousand, respectively. The interest receivables not recorded were NT$13,887 thousand and NT$18,132 thousand, respectively.
(2) In 2021 and 2020, Taichung Commercial Bank did not have the cases of translation of creditor's rights without prosecution.
(3) The changes in the total book value of discounting and advances of Taichung Commercial Bank and its subsidiary are shown as follows:

2021

	Anticipated credit loss in 12 months	Anticipated credit loss within the perpetuity of the financial assets	Financial assets with credit impairment	Total
Balance - beginning	$439,608,628	$14,857,468	$ 8,410,617	$462,876,713
Converted as anticipated credit loss within the perpetuity of the financial assets	(4,982,303	5,027,179	(44,876	-
Converted as financial assets with credit impairment	(1,689,406	(1,752,054	3,441,460	-
Converted as anticipated credit loss in 12 months	2,691,249	(2,667,827	(23,422	-
Initiated or procured discount and loans	245,927,708	1,426,322	207,855	247,561,885
Write-off bad debts	-	-	(1,392,778	(1,392,778
de-recognition	(194,237,690	(3,886,855	(1,471,421	(199,595,966
Foreign exchange settlement and other changes	(21,772,879	(760,411	(428,741	(22,962,031
Balance - ending	$465,545,307	$12,243,822	$ 8,698,694	$486,487,823

2020

	Anticipated credit loss in 12 months	Anticipated credit loss within the perpetuity of the financial assets	Financial assets with credit impairment	Total
Balance - beginning	$415,543,744	$16,873,865	$ 9,554,442	$441,972,051
Converted as anticipated credit loss within the perpetuity of the financial assets	(6,082,112)	6,325,653	(243,541)	-
Converted as financial assets with credit impairment	(691,922)	(1,670,809)	2,362,731	-
Converted as anticipated credit loss in 12 months	3,710,454	(3,688,229)	(22,225)	-
Initiated or procured discount and loans	242,052,505	2,407,137	412,670	244,872,312
Write-off bad debts	(86,432)	(119,711)	(882,681)	(1,088,824)
de-recognition	(200,050,154)	(5,008,302)	(2,839,452)	(207,897,908)
Foreign exchange settlement and other changes	(14,787,455)	(262,136)	68,673	(14,980,918)
Balance - ending	$439,608,628	$14,857,468	$ 8,410,617	$462,876,713

(4) Changes in allowance loss of 2018 discounting and advances of Taichung Commercial Bank and its subsidiary:

2021

	Anticipated credit loss in 12 months	Anticipated credit loss within the perpetuity of the financial assets	Financial assets with credit impairment	Impairment recognized in accordance with IFRS 9	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Balance - beginning	$ 1,725,305	$925,826	$ 1,856,155	$ 4,507,286	$ 1,828,105	$ 6,335,391
Changes in financial instruments recognized at the beginning of the period:						
Converted as anticipated credit loss within the perpetuity of the financial assets	(8,771)	12,448	(3,677)	-	-	-
Converted as financial assets with credit impairment	(6,230)	(189,407)	195,637	-	-	-
Converted as anticipated credit loss in 12 months	110,495	(108,205)	(2,290)	-	-	-
Financial assets removed in current period	(971,123)	(160,890)	(281,228)	(1,413,241)	-	(1,413,241)
Procured or initiated new financial assets	959,821	55,188	51,057	1,066,066	-	1,066,066
Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-	1,289,596	1,289,596
Write-off bad debts	-	-	(314,807)	(314,807)	(1,077,971)	(1,392,778)
Recovered amount after write-off bad debts	-	-	-	-	710,435	710,435
Foreign exchange settlement and other changes	(344,206)	73,695	356,492	85,981	-	85,981
Balance - ending	$ 1,465,291	$608,655	$ 1,857,339	$ 3,931,285	$ 2,750,165	$ 6,681,450

2020

	Anticipated credit loss in 12 months	Anticipated credit loss within the perpetuity of the financial assets	Financial assets with credit impairment	Impairment recognized in accordance with IFRS 9	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Balance - beginning	$ 1,776,628	$852,354	$ 2,468,257	$ 5,097,239	$ 1,476,478	$ 6,573,717
Changes in financial instruments recognized at the beginning of the period:						
Converted as anticipated credit loss within the perpetuity of the financial assets	(13,847)	183,729	(169,882)	-	-	-
Converted as financial assets with credit impairment	(4,145)	(91,716)	95,861	-	-	-
Converted as anticipated credit loss in 12 months	148,413	(145,767)	(2,646)	-	-	-
Financial assets removed in current period	(1,028,000)	(207,309)	(621,706)	(1,857,015)	-	(1,857,015)
Procured or initiated new financial assets	1,120,880	160,030	199,554	1,480,464	-	1,480,464
Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-	381,150	381,150
Write-off bad debts	(245)	(20,452)	(432,530)	(453,227)	(635,597)	(1,088,824)
Recovered amount after write-off bad debts	-	-	-	-	606,074	606,074
Foreign exchange settlement and other changes	(274,379)	194,957	319,247	239,825	-	239,825
Balance - ending	$ 1,725,305	$925,826	$ 1,856,155	$ 4,507,286	$ 1,828,105	$ 6,335,391

15. Financial assets at fair value through other comprehensive profit or loss

	December 31, 2021	December 31, 2020
Equity instrument investments measured at fair value through other comprehensive income		
Equity investment	$ 8,230,972	$ 6,190,174
Debt instrument	44,292,515	37,833,733
	$ 52,523,487	$ 44,023,907

(1) Equity instrument investments measured at fair value through other comprehensive income

	December 31, 2021	December 31, 2020
Domestic publicly listed, OTC and Emerging Stock Board companies	$ 6,556,272	$ 4,640,069
Non listed (OTC) domestic stock	1,358,409	1,230,836
Overseas listed, OTC and non-listed companies	316,291	319,269
	$ 8,230,972	$ 6,190,174

1. The consolidated company invested in the aforementioned common shares of companies in line with its long-term investment strategic objective with the anticipation of return from long-term investment. The management of the consolidated company holds that the short-term fluctuation in the fair value of these investments shall be recognized as income or loss and is not congruent with the aforementioned long-term investment plan, therefore they chose to designate these investments as financial assets at fair value through other comprehensive income.
2. For circumstances of equity instruments posting for mortgaging guarantee under other general loss or gain measured by fair value, please refer to Note 38.

(2) Debt instrument investments measured at fair value through other comprehensive income

	December 31, 2021	December 31, 2020
Corporate bond	$ 34,101,503	$ 26,959,132
Government bonds	4,865,736	5,379,466
Overseas bond	3,121,222	3,486,270
Financial bonds	2,204,054	2,008,865
	$ 44,292,515	$ 37,833,733

Foreign bonds are valued in foreign currencies as follows:

	December 31, 2021	December 31, 2020
USD	$ 39,000	$ 50,000
CNY	445,000	445,000
AUD	6,000	6,000

1. The consolidated company assessed the expected credit loss of debt instruments measured at fair value through other comprehensive income in 2021 and 2020 and recognized as asset impairment at NT$ (9,198) thousand and NT$(5,318) thousand.
2. With respect to the credit risk management of debt instruments measured at fair value through comprehensive income and the assessment of impairment, please refer to Note 42.

16. Investment of debt instruments on the basis of cost after amortization

	December 31, 2021	December 31, 2020
Overseas bond	$ 24,252,423	$ 24,794,803
Government bonds	11,580,851	12,654,717
Negotiable certificate of deposits issued by Central Bank	63,790,000	64,970,000
Corporate bond	10,505,597	11,159,474
	110,128,871	113,578,994
Less: Allowance for losses	(30,663)	(34,140)
Less: Deduction of provision for trust compensation reserve and refundable security deposits (Note 7 and 23)	(916,400)	(920,400)
	$ 109,181,808	$ 112,624,454

(1) Overseas bonds denominated in foreign currencies:

	December 31, 2021	December 31, 2020
USD	$ 683,197	$ 661,159
CNY	740,000	890,000
AUD	67,000	66,000
ZAR	450,000	490,000

(2) The face value of government bonds/foreign bonds measured at amortized cost provided by the merged company as repurchase agreement terms amounted to NT$ 1,200,000 thousand and NT$ 0 thousand (US$ 0 thousand), and NT$ 1,200,000 thousand and NT$ 1,123,960 thousand (US$ 40,000 thousand), in December 31, 2021 and 2020, respectively. For more information on carrying amounts, please refer to Note 43.
(3) Upon assessment of expected credit losses of debt instruments measured at amortized cost in 2021 and 2020, gain on reversal of asset impairment of NT$ 3,238 thousand and asset impairment loss of NT$ (2,750) thousand were recognized by the merged company.
(4) With respect to the credit risk management of debt instruments carried at cost after amortization and the assessment of impairment, please refer to Note 42.

17. Subsidiaries

(1) Subsidiaries included in the consolidated financial statements

The business entities of the consolidated financial statements are as follows:

			Percentage of shareholdings (Note)	
Investor	Name of Subsidiary	Nature of the operations	December 31, 2021	December 31, 2020
CHINA MAN-MADE FIBER CORPORATION	Deh Hsing Investment Co., Ltd.	General investment business	100%	100%
	Chou Chin Industrial Co., Ltd.	Manufacturing and trading	50%	50%
	Pan Asia Chemical Corporation	Petrochemical business	44%	44%
	Taichung Securities Investment Trust Co., Ltd.	Securities investment trust business	50%	50%
	Taichung Commercial Bank Co.	Banking business	28%	28%
	EUREKA INVESTMENT COMPANY LIMITED	General investment business	-%	100%
	Melasse	Cosmetics and cleaning appliances manufacturing	100%	100%
Deh Hsing Investment Co., Ltd.	Xiang-Feng Development	General investment business	100%	100%
	IOLITE COMPANY LIMITED	General investment business	100%	100%
IOLITE COMPANY LIMITED	Hammock (Hong Kong) Company Limited	General investment business	100%	100%
	Precious Wealth International Limited	General investment business	100%	100%
Hammock (Hong Kong) Company Limited	Hebei Hanoshi Contact Lens Co., Ltd.	Manufacturing and trading	100%	100%
Xiang-Feng Development	Tou-Ming Industry	Real estate development and leasing industry	99%	99%
Tou-Ming Industry	Jin-Bang-Ge Industry	Real estate development and leasing industry	99%	99%
Chou Chin Industrial Co., Ltd.	GREENWORLD FOOD CO., LTD.	Food manufacturing, and distribution and warehousing of beverages	96%	96%
	Chou Chang Corporation	Distribution and warehousing of beverages	64%	64%
	Pan-Feng Industry	Restaurant industry	-%	100%
	Bomy Enterprise	General investment business	62%	62%
	Yuju Universal Corporation	General investment business	90%	90%

Investor	Name of Subsidiary	Nature of the operations	Percentage of shareholdings (Note) December 31, 2021	Percentage of shareholdings (Note) December 31, 2020
Yuju Universal Corporation	Noble House Glory	Short-term accommodation service	100%	100%
Bomy Enterprise	Bomy Shanghai	Manufacturing and trading	99%	99%
Bomy Shanghai	Shanghai Bomy Consultancy Management Co., Ltd.	Consultation service	100%	100%
	Shanghai Bangyi International Trading Co., Ltd.	International trade	100%	100%
Taichung Commercial Bank Co.	Taichung Commercial Bank Insurance Broker Co., Ltd.	Taichung Commercial Bank Co., Ltd.	100%	100%
	Taichung Commercial Bank Lease Enterprise	Leasing	100%	100%
	Taichung Commercial Bank Securities Co., Ltd.	Securities Brokerage	100%	100%
Taichung Commercial Bank Lease Enterprise	TCCBL Co., Ltd.	General investment business	100%	100%
TCCBL Co., Ltd.	Taichung Bank Leasing (Suzhou)	Financing Leasing and investments	100%	100%
Taichung Commercial Bank Securities Co., Ltd.	Taichung Bank Venture Capital Co., Ltd.	Venture Investment	100%	100%

Note The consolidated shareholding ratio.

1. The consolidated company has substantial control over Taichung Commercial Bank, so the Bank and its subsidiaries are included in the consolidated financial statements.
2. The consolidated company sold 13,437 thousand shares of Pan Asia Chemical Corporation from March to May 2020. The merged shareholding ratio decreased by 44%. The above transaction has not changed the consolidated company's' control over the subsidiary. The consolidated company deems it equity transaction disposal, please refer to Note 36.
3. The consolidated company participated in the cash capital increase of Shiangfeng Development Co., Ltd. in June 2020, with 3,000 thousand shares of new investment and the investment cost of NT$30,000,000.
4. The consolidated company participated in the cash capital increase of Touming Industries Co., Ltd. in July 2020, with 3,000,000 shares of new investment and the investment cost of NT$30,000,000.
5. The consolidated company newly invested in Shanghai Bangyi International Trading Co., Ltd. through Shanghai Bomy Foodstuff Co., Ltd. in June 2020.
6. The consolidated company participated in the 2020 capital increase of Taichung Commercial Bank Co., Ltd., with 55,092 thousand shares of new investment and the investment cost of NT$561,936,000. Due to non-subscription in accordance with the shareholding ratio, the shareholding ratio changed. The reduction of Additional Paid-In Capital was adjusted-the equity method is adopted to recognize changes in the net worth of the associated company's equity in the amount of NT$41,007,000 and reserved earnings in the amount of NT$5,832,000.
7. The consolidated company's new investment of Taichung Commercial Bank Securities Co., Ltd. in Taichung Bank Venture Capital Co., Ltd., with the investment cost of NT$210,000,000 in June 2020.
8. The Eureka Investment Co., Ltd. proceeded with settlement after approval by the Board on March 10th, 2021. The settlement procedures are currently ongoing.
9. The consolidated company participated in the cash capital increase of Shiangfeng Development Co., Ltd. in April and October 2021, with 4,000 thousand shares and 25,000 thousand shares of new investment and the investment cost of NT$40,000,000 and NT$250,000,000 respectively.
10. The consolidated company participated in the cash capital increase of Touming Industries Co., Ltd. in April 2021, with 4,600,000 shares of new investment and the investment cost of NT$46,000,000.
11. The consolidated companies increased investments on Shanghai Bangyi International Trading Co., Ltd. in August 2021 for NTD 4,305 thousands (CNY 1,000 thousands).
12. The consolidated companies sold Pan-Feng Industry in August 2021 for 100% of its shares, and the sale transaction has been completed. Since September 2021, it is not included in the Company's consolidated statements and preparation of individual information. Please refer to Note 35.

13. The consolidated company participated in the cash capital increase of De-Hsin Investment in September 2021, adding 25,000 thousand shares at the cost of NT$250,000 thousand.
14. The consolidated company participated in the 2021 capital increase of Taichung Commercial Bank Co., Ltd., with 41,920 thousand shares of new investment and the investment cost of NT$467,408,000. Due to non-subscription in accordance with the shareholding ratio, the shareholding ratio changed. The reduction of Additional Paid-In Capital was adjusted-the equity method is adopted to recognize changes in the net worth of the associated company's equity in the amount of NT$22,670,000 and reserved earnings in the amount of NT$2,421,000.
15. The Melasse company proceeded with settlement after approval by the shareholders general meeting on December 6th, 2021. The settlement procedures are currently ongoing.
16. The acquisition agreement of Hebei Hanoshi Contact Lens Co., Ltd. company shares signed between Bomy Shanghai and Hammock (Hong Kong) Company Limited is based on the needs of the Group's internal organization structure adjustments. Hammock (Hong Kong) Company Limited will transfer all of its Hebei Hanoshi Contact Lens Co., Ltd. shares to Bomy Shanghai. There is agreement to complete the business registration change procedures for all of its shareholders and legal representatives. After the review is approved by the State Administration of Foreign Exchange, the shares transfers shall be paid within the time period. After the payment is completed, Bomy Shanghai will officially take over the management right of Hebei Hanoshi Contact Lens Co., Ltd.. If the agreement is terminated later, Hammock (Hong Kong) Company Limited will return all of the payments received back to Bomy Shanghai, and the company's share structure shall resume back to its original state. Please refer to Schedule 4 for the status of payment collection.

(2) Information of the significant but non-controlling equity in subsidiaries

Name of Subsidiary	Main places of business operations	Non-controlling equity shareholding and voting right ratio: December 31, 2021	Non-controlling equity shareholding and voting right ratio: December 31, 2020
Taichung Commercial Bank Co.	Taichung City	72%	72%

Name of Subsidiary	Profit and loss distributed to the non-controlling equity: 2021	Profit and loss distributed to the non-controlling equity: 2020	Non-controlling interest: December 31, 2021	Non-controlling interest: December 31, 2020
Taichung Commercial Bank Co.	$ 3,609,196	$ 3,018,747	$ 45,589,653	$ 41,013,714
Others	235,886	87,914	2,859,291	2,388,427
Total	$ 3,845,082	$ 3,106,661	$ 48,448,944	$ 43,402,141

The following summary of financial information of subsidiaries with significant non-controlling interests is prepared based on the amount before the inter-company cancelled transaction:

Taichung Commercial Bank and its subsidiaries

	December 31, 2021	December 31, 2020
Assets	$ 772,678,393	$ 736,770,021
Liabilities	709,218,408	679,448,268
Equity	$ 63,459,985	$ 57,321,753
Equity attributable to:		
Owners of the Company	$ 17,870,332	$ 16,308,039
Non-controlling of Taichung Commercial Bank Equity	45,589,653	41,013,714
	$ 63,459,985	$ 57,321,753

	2021	2020
Net revenue	$ 13,721,874	$ 11,643,742
Net income	$ 4,796,274	$ 4,025,533
Other comprehensive income	87,965	448,863
Total comprehensive income	$ 4,884,239	$ 4,474,396
Profit attributable to:		
Owners of the Company	$ 1,187,078	$ 1,006,786
Non-controlling equity of Taichung Commercial Bank	3,609,196	3,018,747
	$ 4,796,274	$ 4,025,533
The total comprehensive income belongs to:		
Owners of the Company	$ 1,208,849	$ 1,119,046
Non-controlling equity of Taichung Commercial Bank	3,675,390	3,355,350
	$ 4,884,239	$ 4,474,396
Cash flow		
Operating activities	($ 1,118,532)	$ 23,761,460
Investing activities	(6,317,406)	(17,455,206)
finance activities	8,517,784	1,626,413
Impact of changes in exchange rate on cash and cash equivalents	36,023	(24,794)
Net cash inflow	$ 1,117,869	$ 7,907,873

18. Investment under the equity method

	December 31, 2021	December 31, 2020
Investments in the affiliated company	$ 1,139,593	$ 1,115,825

Investments in the affiliated company

(1) The balance of the consolidated company's investments in associate companies:

	December 31, 2021	December 31, 2020
A major affiliated company		
Nan Chung Petrochemical Corp.	$ 1,128,072	$ 1,103,434
Individual non-dominant associates		
Wei-Kang International	4,756	4,275
Storm Model Management	6,132	7,441
BONWELL	633	675
	$ 1,139,593	$ 1,115,825

(2) A major affiliated company

Company name	Nature of the operations	Main places of business operations	Shareholding and voting right ratio December 31, 2021	December 31, 2020
Nan Chung Petrochemical Corp.	Petrochemical business	Yunlin County	50%	50%

Summary financial information of Nan-Chung Petrochemical:

	December 31, 2021	December 31, 2020
Total assets	$ 3,157,477	$ 2,318,077
Total Liabilities	901,334	111,210
Equity	2,256,143	2,206,867
The consolidated company's shareholding ratio	50%	50%
Book value of investment	$ 1,128,072	$ 1,103,434

	2021	2020
Operating income - current	$ 6,326,062	$ 4,144,306
Net income or loss for current period	$ 51,560	($ 98,496)
Current period other comprehensive profit or loss	($ 2,285)	$ 2,210

(3) Summarized information of individually immaterial associates.

	2021	2020
Share of the Consolidated Company		
Net loss of current period	($ 821)	($ 507)
Current period other comprehensive income	-	-
Total comprehensive loss	($ 821)	($ 507)

With respect to investments adopting the equity method and the consolidated company's share of profit or loss and the other comprehensive income, Wei-Kang International, Storm Model Management and Bonwell did not have audited financial reports, while the rest did offer audited financial reports. The management of the consolidated company believed that the un-audited companies should not have significant impact to the overall financial report.

(4) Please see Note 38 for the status on investments adopting the equity method provided as pledge collaterals.

19. Property, plant and equipment

	December 31, 2021	December 31, 2020
The book amount of each category		
Proprietary land	$ 11,299,268	$ 11,341,678
House and Building	2,108,010	2,159,536
Machine and Equipment	5,810,935	6,258,234
Transportation Equipment	43,569	43,735
Machinery and equipment	161,360	153,061
Other equipment	295,309	345,617
Construction in process and prepayment for machinery purchase	5,188,831	3,630,534
	$ 24,907,282	$ 23,932,395

	2021							
	Land	House and Building	Machine and Equipment	Transportation and communication equipment	Machinery and equipment	Miscellaneous equipment	Uncompleted construction and equipment pending inspection	Total
Cost								
Balance, beginning of year	$11,426,391	$ 5,088,784	$14,206,968	$157,317	$477,135	$1,537,394	$3,630,534	$36,524,523
Increase in current period	227	17,762	204,386	11,428	21,710	70,041	1,699,113	2,024,667
Decrease in current period	(4,468)	(61,401)	(486,384)	(12,024)	(2,556)	(65,662)	-	(632,495)
Reclassification	(37,423)	68,795	123,096	7,057	2,998	(6,254)	(139,694)	18,575
Foreign exchange impact amount	(746)	(6,572)	(3,453)	(43)	-	(501)	(1,122)	(12,437)
Balance, end of year	11,383,981	5,107,368	14,044,613	163,735	499,287	1,535,018	5,188,831	37,922,833
Accumulated depreciation								
Balance, beginning of year	-	2,529,711	7,349,357	112,716	317,643	1,162,333	-	11,471,760
Increase in current period	-	114,256	652,776	15,098	16,381	111,250	-	909,761
Decrease in current period	-	(47,187)	(408,294)	(11,187)	(2,528)	(60,902)	-	(530,098)
Reclassification	-	3,832	-	2,277	-	(2,277)	-	3,832
Foreign exchange impact amount	-	(893)	(2,881)	6	-	(129)	-	(3,897)
Balance, end of year	-	2,599,719	7,590,958	118,910	331,496	1,210,275	-	11,851,358
Accumulated impairment								
Balance, beginning of year	84,713	399,537	599,377	866	6,431	29,444	-	1,120,368
Increase in current period	-	175	43,679	390	-	-	-	44,244
Decrease in current period	-	-	(210)	-	-	-	-	(210)
Reclassification	-	-	-	-	-	-	-	-
Foreign exchange impact amount	-	(73)	(126)	-	-	(10)	-	(209)
Balance, end of year	84,713	399,639	642,720	1,256	6,431	29,434	-	1,164,193
Balance - net	$11,299,268	$ 2,108,010	$ 5,810,935	$43,569	$161,360	$295,309	$5,188,831	$24,907,282

	2020							
	Land	House and Building	Machine and Equipment	Transportation and communication equipment	Machinery and equipment	Miscellaneous equipment	Uncompleted construction and equipment pending inspection	Total
Cost								
Balance, beginning of year	$11,348,355	$5,119,706	$14,183,873	$159,608	$479,011	$1,454,612	$1,921,107	$34,666,272
Increase in current period	-	526	70,085	7,401	4,746	95,130	2,289,103	2,466,991
Decrease in current period	-	-	(67,237)	(7,343)	(2,366)	(14,921)	(48,777)	(140,644)
Reclassification	78,030	(33,448)	12,757	(2,336)	(4,256)	2,180	(531,982)	(479,055)
Foreign exchange impact amount	6	2,000	7,490	(13)	-	393	1,083	10,959
Balance, end of year	11,426,391	5,088,784	14,206,968	157,317	477,135	1,537,394	3,630,534	36,524,523
Accumulated depreciation								
Balance, beginning of year	-	2,393,429	6,716,206	104,590	303,904	1,048,171	-	10,566,300
Increase in current period	-	134,471	693,598	14,943	16,094	127,846	-	986,952
Decrease in current period	-	-	(66,736)	(6,819)	(2,355)	(14,371)	-	(90,281)
Reclassification	-	-	-	-	-	-	-	-
Foreign exchange impact amount	-	1,811	6,289	2	-	687	-	8,789
Balance, end of year	-	2,529,711	7,349,357	112,716	317,643	1,162,333	-	11,471,760
Accumulated impairment								
Balance, beginning of year	84,713	182,656	216,219	995	670	29,423	-	514,676
Increase in current period	-	216,719	382,879	-	5,761	-	-	605,359
Decrease in current period	-	-	-	(129)	-	-	-	(129)
Reclassification	-	-	-	-	-	-	-	-
Foreign exchange impact amount	-	162	279	-	-	21	-	462
Balance, end of year	84,713	399,537	599,377	866	6,431	29,444	-	1,120,368
Balance - net	$11,341,678	$2,159,536	$6,258,234	$43,735	$153,061	$ 345,617	$3,630,534	$23,932,395

(1) As mentioned in Note 40, the consolidated company adjusted the 2021 and 2020 capacity based on market conditions. The consolidated company anticipates reduced future economic benefits from plants and equipment. As a result, the recoverable amount will fall below the book value. The 2021 and 2020 recognized impairment loss amounted to NT$44,244,000 and NT$605,359,000 respectively. The impairment loss has been included under other income and expenses in the consolidated income statement.

The company determines the recoverable amount of plants and equipment in the chemical industry sector after deducting the fair value from cost of disposal. Relevant fair values are determined through comprehensive evaluation using the cost method and market approach. The main assumptions include replacement cost under cost method, market approach functionality, economic loss, and other necessary adjustments, which fall under Level 3 fair value measurement.

(2) Property and equipment of the consolidated company are appreciated in accordance with the straight line method over the useful years as follows:

House and Building	
Buildings	20 to 60 years
Renovation engineering	8 to 30 years
Machine and Equipment	2 to 47 years
Transportation and communication equipment	2 to 15 years
Miscellaneous equipment	2 to 30 years
Machinery and equipment	5 years

(3) Uncompleted projects and pre-payments for business facilities by the merged company as of December 31, 2021 and 2020 are mainly related to the office building of the merged company which is currently under construction.

(4) The consolidated company's 2021 and 2020 capitalized finance cost at NT$3,123,302 thousand and NT$3,960,421 thousand, respectively, and this real estate, plant and equipment's capitalized financial cost amounts are at NT$5,448 thousand and NT$0 thousand, respectively, with the yearly capitalization interest rates at 1.27%~1.52% and 0%, respectively.

(5) Buildings leased out by the merged company as operating leases for a period of 1–2 years The lessee has no preferential purchase option with regard to the asset when the lease period ends. Total receivable lease payments for operating leases are as follows:

	December 31, 2021	December 31, 2020
First year	$ 800	$ 133
Second year	133	-
	$ 933	$ 133

(6) Please see Note 38 for the status on property, plant and equipment provided as pledge collaterals.

20. Lease contract

(1) Right-of-use assets

	December 31, 2021	December 31, 2020
Carrying amount of the right-of-use asset		
Land and house	$ 1,003,596	$ 999,510
Transportation Equipment	29,620	212,857
Machine and Equipment	36,666	45,997
	$ 1,069,882	$ 1,258,364

	2021	2020
Addition of right-of-use assets	$ 271,562	$ 447,908
Depreciation expense of the right-of-use asset		
Land and house	$ 149,985	$ 148,552
Transportation Equipment	110,105	105,866
Machine and Equipment	9,332	11,695
	$ 269,422	$ 266,113

(2) Lease liabilities

	December 31, 2021	December 31, 2020
Carrying amount of the lease liabilities		
Current	$ 188,630	$ 301,722
Non-current	$ 773,292	$ 832,712

The range of discount rates for lease liabilities is as follows:

	December 31, 2021	December 31, 2020
Land and house	1.01%~5.95%	1.01%~5.95%
Transportation Equipment	1.01%~5.96%	1.01%~5.96%
Machine and Equipment	1.82%	1.82%

(3) Main lease activities and provisions

The merged company has leased several machines and transportation equipment for production and operations for a period of 1–8 years. The lease agreement does not stipulate renewal of the lease or purchase options at the time of expiry of the lease.

The merged company has also leased several plots of land and buildings as factory buildings, offices, branches, and ATM sites for a period of 1–15 years. Lease payments have been adjusted in accordance with market lease rates. The merged company has no preferential purchase option with regard to the leased land and buildings at the time of expiry of the lease.

(4) Other lease-related information

For more details on operating lease agreements for self-owned buildings and investment property of the merged company, please refer to Note 19 and 21.

	2021	2020
Short-term lease expense	$ 41,560	$ 61,178
Low-value asset lease expense	$ 10,650	$ 8,089
Total cash of leases outflow	($ 340,554)	($ 363,232)

The merged company chooses to apply recognition exemption as applicable to office and transportation equipment leased for short periods and computer and office equipment that meets low-value asset criteria. Right-of-use assets and lease liabilities for said equipment is not recognized.

21. Investment property

	2021		
	Land	Buildings	Total
Cost			
Balance, beginning of year	$ 1,684,049	$ 524,270	$ 2,208,319
Increase in current period	230,821	194,797	425,618
Reclassification	(15,801)	(5,972)	(21,773)
Balance, end of year	1,899,069	713,095	2,612,164
Accumulated depreciation			
Balance, beginning of year	-	23,513	23,513
Increase in current period	-	2,816	2,816
Reclassification	-	(3,832)	(3,832)
Balance, end of year	-	22,497	22,497
Accumulated impairment			
Balance, beginning of year	18,094	1,000	19,094
Increase in current period	-	-	-
Balance, end of year	18,094	1,000	19,094
Balance - net	$ 1,880,975	$ 689,598	$ 2,570,573

	2020		
	Land	Buildings	Total
Cost			
Balance, beginning of year	$ 1,290,814	$ 214,229	$ 1,505,043
Increase in current period	-	264,388	264,388
Decrease in current period	(804,685)	-	(804,685)
Reclassification	1,197,920	45,653	1,243,573
Balance, end of year	1,684,049	524,270	2,208,319
Accumulated depreciation			
Balance, beginning of year	-	21,241	21,241
Increase in current period	-	2,272	2,272
Balance, end of year	-	23,513	23,513
Accumulated impairment			
Balance, beginning of year	18,094	1,000	19,094
Increase in current period	-	-	-
Balance, end of year	18,094	1,000	19,094
Balance - net	$ 1,665,955	$ 499,757	$ 2,165,712

Investment property is leased out for a period of 2-5 years. Upon closure of the leasehold duration, the lessee was not entitled to preferential leasehold power over the real estate.

As of December 31, 2021 and 2020, total receivable lease payments for operating leases of investment property are as follows:

	December 31, 2021	December 31, 2020
First year	$ 130	$ 972
Second year	286	114
	$ 416	$ 1,086

The merged company has adopted general risk management policies to reduce residual asset risks of leased out investment property at the time of lease expiry.

Investment property of the appreciated in accordance with the straight line method over the useful years as follows:

House and Building	
Buildings	30 to 60 years
Renovation engineering	2 to 29 years

(1) Eureka Investment Company Limited sold part of the investment real estate in February 2020 upon resolution by the board of directors. The sale price amounted to NT$34,982,000. The disposal losses incurred amounted to NT$93,000.

(2) China Man-Made Fiber Corporation, as resolved by the board of directors on April 20, 2020, was to set up solar power generation equipment on the land at Kejia Section, Douliou City, Yunlin County (recognized as real estate, factory and equipment, later reclassified into investment real estate). However, in order to activate assets, the board of directors resolved to sell the idle assets on August 2020. The sale price was NT$3,644,503,000. After deducting related fees in the amount of NT$11,208,000, the disposed benefit generated amounted to NT$2,863,685,000.

(3) The assessed fair value of the investment property as of December 31, 2021 and 2020 was NT$ 2,473,824,000 and 2,461,334,000, respectively (NT$ 792,650,000 and 477,384,000 were not valuated by independent appraisers; the remaining value was classified by an independent appraisal company as Level 3 inputs on December 31, 2021 and 2020, respectively; valuations were carried

out with reference to market evidence of similar real property transaction prices). Key assumptions and valuated fair values are as follows:

	December 31, 2021	December 31, 2020
Asset earning power	15%~22%	14%~20%
The overall capital interest rate during development	1.17%	1.09%

(4) All investment in real estate owned by the Consolidated Company' was in its own interests. Please see Note 38 for the status on investment property provided as pledge collaterals.

22. Intangible assets

	December 31, 2021	December 31, 2020
Goodwill	$ 426,381	$ 426,381
Business right	28,000	28,000
Royalties for waterway facilities	242	277
Computer software	197,299	189,942
Shell Royalty	159,052	159,052
	810,974	803,652
Less: accumulated impairment	(557,161)	(557,161)
	$ 253,813	$ 246,491

(1) With respect to the consolidated company acquiring the shareholding of its subsidiaries, goodwill is considered when the acquisition cost is higher than the net asset value. As of December 31, 2021, the accumulated impairment loss was NT$398,109 thousand.

(2) The intangible assets of the consolidated company is the assigned right of operation from Feng Sing Securities. The right of operation is intangible assets that the life span cannot be determined and no amortization is made. As of December 31, 2021, no impairment of such right of operation has been declared in the evaluation.

(3) Changes in computer software costs and royalties are as follows:

	2021		
	Royalties	Computer software	Total
Cost			
Balance, beginning of year	$ 159,329	$ 189,942	$ 349,271
Increase in current period	-	69,760	69,760
Amortization in the current period	-	(65,581)	(65,581)
Reclassification	-	3,198	3,198
Net exchange differences	(35)	(20)	(55)
Balance, end of year	159,294	197,299	356,593
Accumulated impairment			
Balance, beginning of year	159,052	-	159,052
Provided in the current period	-	-	-
Balance, end of year	159,052	-	159,052
Balance - net	$ 242	$ 197,299	$ 197,541

	2020		
	Royalties	Computer software	Total
Cost			
Balance, beginning of year	$ 159,052	$ 125,551	$ 284,603
Increase in current period	282	110,035	110,317
Amortization in the current period	-	(59,138)	(59,138)
Reclassification	-	13,049	13,049
Net exchange differences	(5)	445	440
Balance, end of year	159,329	189,942	349,271
Accumulated impairment			
Balance, beginning of year	159,052	-	159,052
Provided in the current period	-	-	-
Balance, end of year	159,052	-	159,052
Balance - net	$ 277	$ 189,942	$ 190,219

In order to obtaining patent technologies required for the operations of ethylene glycol plant, CMFC signed an EO/EG patent agreement with Shell Research Limited. The authorized use of the patent lasts 5 years, starting from the effective date of the agreement. However, due to the environmental concern of the construction site, the progress was seriously delayed. The follow-up negotiation with Shell Research enabled the continued use of the patent, but royalty in full was recognized as impairment after assessment. CMFA later on updated the design and then constructed a new ethylene glycol plant following a revised cash capital increase. The Company signed a Shell EO/EG manufacturing process patent agreement (different from the manufacturing technologies originally signed as mentioned above) with Shell with Shell in May, 2021, and the total of the technical service fees of royalty according to the terms of contract was US$5,323 thousand.

Royalties for waterway facilities refer to NOBLE HOUSE GLORY Corporation's payment for using waterway facilities in accordance with laws and regulations in Japan.

23. Other assets

	December 31, 2021	December 31, 2020
Refundable deposit	$ 2,354,991	$ 2,380,608
Non-delinquent loans restated from loans-net	437,502	2,246
Collected payment of shares underwritten and pending payments to be delivered	733,990	111,004
Others	121,210	206,855
	$ 3,647,693	$ 2,700,713

(1) The time deposits and government bonds held to maturity deposited by the consolidated company as the security bond for provisional seizure at court and for business guarantee on December 31, 2021 and 2020 were NT$ 1,056,400 thousand and NT$ 1,060,400 thousand, respectively, which are stated as refundable deposits.

(2) Non-loans transferred to collection - Breakdown of net:

	December 31, 2021	December 31, 2020
Non-delinquent loans restated from loans	$ 537,959	$ 3,767
Less: Allowance for bad debts - Taichung Commercial Bank (Note 10)	(100,457)	(1,521)
	$ 437,502	$ 2,246

(3) Details of delinquent accounts, net are summarized as follows:

	December 31, 2021	December 31, 2020
Overdue receivables	$ 3,147	$ 3,130
Less: Allowance for bad debts - Collection (Note 10)	(3,147)	(3,130)
	$ -	$ -

24. Borrowing

(1) Shot-term borrowings

	December 31, 2021	December 31, 2020
Secured loans		
- Secured loan	$ 13,024,156	$ 10,232,808
Unsecured loans		
- Credit loan	3,305,000	3,537,843
- Material procurement loan	2,783,962	898,689
	6,088,962	4,436,532
	$ 19,113,118	$ 14,669,340

1. The interest rates of bank borrowings as of December 31, 2021 and 2020 were 0.95% to 5.66% and 0.95% to 5.23%, respectively.
2. For the foresaid loan collateral information, please refer to Note 38.

(2) Short-term notes payable

	December 31, 2021	December 31, 2020
Short-term notes payable	$ 4,295,000	$ 3,590,000
Less: Discount of short-term notes and bills payable	(4,160)	(3,247)
	$ 4,290,840	$ 3,586,753

(3) Long-term borrowings

	December 31, 2021	December 31, 2020
Secured loans		
- Bank loans	$ 7,523,028	$ 7,542,662
Less: Amount due in one year	(2,610,828)	(3,428,288)
Long-term borrowings	$ 4,912,200	$ 4,114,374

1. China Man-Made Fiber Corporation conducted joint long-term borrowing in cooperation with the Taiwan Cooperative Bank on December 31, 2021 and 2020 amounted to NT$1,721,500,000 and NT$1,900,000,000. The borrowing rate of interest is currently 1.80%. The borrowing will be repaid every year according to the loan contract. NT$1,138,000,000 will mature within one year. The borrowing is provided as collateral for China Man-Made Fiber Corporation's Kaohsiung plant land and buildings.
2. As of December 31, 2021 and 2020, CMFC had intermediate- and long-term borrowings from Taiwan Business Bank at NT$198,400 thousand and NT$215,600, thousand respectively, with the borrowing rate currently at 1.12%. Starting March 2019, CMFC will repay the borrowings periodically based on the loan agreement and a total of NT$17,200 thousand will be due in the next year. The land and buildings of headquarters in Taipei are used as the collateral for the borrowing.
3. The long-term borrowing of China Man-Made Fiber Corporation's from the Mizuho Bank Ltd. amounted to NT$300,000,000 in 2021 and on December 31, 2020. The borrowing rate of interest is currently 1.22%, paid by monthly. The contract is renewed every six months.
4. As of December 31, 2021 and 2020, CMFC had long-term borrowings from Land Bank of Taiwan at NT$175,000 thousand and NT$47,384 thousand respectively, with the borrowing interest rate currently at 1.20%, paid by monthly. The contract is renewed every three months. The land and buildings of headquarters in Taipei are used as the collateral for the borrowing.

5. As of December 31, 2021 and 2020, China Man-Made Fiber Corporation's long-term loans with Union Bank of Taiwan amounted to NT$ 450,000 thousand and 350,000 thousand, respectively, with a borrowing rate of interest of 1.28%. The original loan payment start date of May 2019 was extended to November 2020. Loan payments will be made in a timely manner as prescribed in the loan agreements. In the upcoming year, a loan of NT$ 200,000 thousand will reach maturity. Said loans serve as collateral for 97,000 thousand shares of Taichung Bank.
6. The long-term borrowing of China Man-Made Fiber Corporation from the Bank of Panhsin on December 31, 2021 and 2020 amounted to NT$728,828,000 and NT$500,000,000. The borrowing rate of interest is currently 1.27%–1.52%. The borrowing is to be repaid on schedule every year. NT$398,828,000 will mature within one year. China Man-Made Fiber Corporation's land and building premises in Xiaogang District, Kaohsiung City are provided as borrowing collateral.
7. The long-term borrowing of China Man-Made Fiber Corporation from the Sunny Bank in 2021 and on December 31, 2020 amounted to NT$600,000,000 and NT$400,000,000 respectively. The borrowing rate of interest is currently 1.25%, paid by monthly. The contract is renewed every year. 95,000,000 shares of the Taichung Commercial Bank Co., Ltd. shall be provided as borrowing collateral.
8. The long-term borrowing of China Man-Made Fiber Corporation from the JihSun Bank in 2021 and on December 31, 2020 amounted to NT$1,025,000,000 and NT$905,000,000 respectively. The borrowing rate of interest is currently 1.25%, the contract was renewed in advance in April 2021, interest paid by monthly. The contract is renewed every year. 130,000,000 shares of the Taichung Commercial Bank Co., Ltd. and 15,000,000 shares of the Taiwan Tea Corporation shall be provided as borrowing collateral.
9. The borrowing of China Man-Made Fiber Corporation from the Shanghai Commercial Bank in 2021 and on December 31, 2020 amounted to NT$392,500 thousand and NT$500,000 thousand. The borrowing rates of interest currently stand at 1.25%–1.30%. The borrowing is to be repaid on schedule starting January 2021. NT$115,000 thousand will mature within one year. China Man-Made Fiber Corporation's 25,050 thousand shares from the Taichung Commercial Bank Co., Ltd. and the land and building premises in Xiaogang District, Kaohsiung City are provided as borrowing collateral.
10. The long-term borrowing of China Man-Made Fiber Corporation's from the Bank of Kaohsiung amounted to NT$100,000,000 on December 31, 2021 and 2020. The borrowing rate of interest is currently 1.20%, paid monthly. The contract is renewed every three months.
11. As of December 31, 2021 and 2020, PACC had intermediate-term borrowings from Taiwan Cooperative Bank at NT$412,000 thousand and NT$508,000 thousand, respectively, with the borrowing rate currently at 1.35%. PACC has repaid the borrowings periodically based on the loan agreement and a total of $24,000 thousand will be due in the next year. Said loan serves as collateral for land and buildings of the Kaohsiung Plant of Pan Asia Chemical Corporation.
12. 13. As of December 31, 2021 and 2020, Pan Asia's long-term loans with Union Bank of Taiwan amounted to NT$ 75,000 thousand and NT$115,000 thousand, respectively, with a borrowing rate of interest of 1.39%. Loan payments are made in a timely manner as prescribed in the loan agreements. Said loans serve as collateral for China Man-Made Fiber Corporation stocks held by Pan Asia Chemical Corporation.
13. As of December 31, 2021 and 2020, PACC had long-term borrowings from Bank of Panhsin at NT$70,000 thousand and NT$90,000 thousand, respectively, with the borrowing rate currently at 1.30%. PACC has repaid the borrowings periodically based on the loan agreement and a total of $20,000 thousand will be due in the next year.
14. The long-term borrowing of Pan Asia Chemical Corporation from the JihSun Bank in 2021 and on December 31, 2020 amounted to NT$140,000,000 and NT$122,000,000 respectively. The borrowing rate of interest is currently 1.28%, paid by monthly. The contract is renewed every year. Shares of the China Man-Made Fiber Corporation shall be provided as borrowing collateral.
15. The long-term borrowing of the Pan Asia Chemical Corporation from the Taiwan Business Bank as of December 31, 2021 and 2020 amounted to NT$475,000,000 and NT$535,000,000.

The borrowing rate of interest is currently 1.25%. The borrowing is to be repaid on schedule every year according to the loan contract. NT$475,000,000 will mature within one year

16. As of December 31, 2020 Jin-Bang-Ge Industry's long-term loan with Taiwan Business Bank amounted to NT$ 41,000 thousand, with a borrowing rate of interest of 2.37%. The remainder of the loan was repaid in full in May 2021. Said loan serves as collateral for the lands in Wanhua Zhixing Section.
17. As of December 31, 2021 and 2020, Chou Chin Industrial had long-term borrowings from Union Bank of Taiwan at NT$130,000 thousand, with the borrowing rate currently at 1.53%. Chou Chin Industrial has repaid the borrowings periodically based on the loan agreement and a total of $10,000 thousand will be due in the next year. The bonds of Taichung Commercial Bank and shares of Hua Nan Financial Holdings are used as the collateral for the borrowing.
18. The long-term borrowing of the Chou-Chin Industrial Co., Ltd. from the JihSun Bank in 2021 and on December 31, 2020 amounted to NT$108,000,000 and NT$116,000,000. The borrowing rate of interest is currently 1.45%. NT$84,000,000 will mature within one year. The shares of Hua Nan Financial Holdings are provided as borrowing collateral.
19. As of December 31, 2021 and 2020, Chou Chin Industrial Co., Ltd.'s long-term loans with First Commercial Bank amounted to NT$ 150,000 thousand and NT$ 160,000 thousand respectively, with a borrowing rate of interest of 1.45~1.55%. Loan payments are made in a timely manner as prescribed in the loan agreements. In the upcoming year, a loan amount of NT$ 10,000 thousand will reach maturity. Said loans serve as collateral for the factory buildings in Changhua.
20. As of December 31, 2021 and 2020, Chou Chang Co., Ltd.'s long-term loans with Sunny Bank amounted to NT$ 153,000,000 and 156,000,000, respectively, with a borrowing rate of interest of 1.72%. Said loans serve as collateral for financial bonds of Taichung Bank.
21. The long-term borrowing of the Chou Chang Co., Ltd. from the Far Eastern International bank (Business Department) on December 31, 2021 and 2020 amounted to NT$118,800,000 and NT$122,850,000. The borrowing rates of interest are currently 1.72%. NT$118,800,000 will mature within one year. The financial debentures of the Taichung Commercial Bank Co., Ltd. are provided as borrowing collateral.
22. Please refer to Note 38 for the collateral of the long-term borrowings:

25. Bills and bonds sold under repurchase agreements

	December 31, 2021	December 31, 2020
Government bonds	$ 1,205,559	$ 1,203,592
Overseas bond	-	1,096,485
	$ 1,205,559	$ 2,300,077

Post-period re-purchase amount and interest rate are as follows:

	December 31, 2021	December 31, 2020
Government bonds	$ 1,205,924	$ 1,203,981
Overseas bond	-	1,097,527
	$ 1,205,924	$ 2,301,508

Government bonds	0.19%～0.21%	0.20%～0.21%
Overseas bond	-	0.38%

Foreign bonds are valued in foreign currencies as follows:

	December 31, 2021	December 31, 2020
USD	$ -	$ 39,022

26. Due to Central Bank and other banks

	December 31, 2021	December 31, 2020
Call loans to banks	$ 3,900,000	$ 6,411,231
Due to Chunghwa Post Co., Ltd.	53,687	326,094
Deposits of other banks	13	300,013
	$ 3,953,700	$ 7,037,338

27. Other payables

	December 31, 2021	December 31, 2020
Notes and checks in clearing	$ 4,589,463	$ 1,249,821
Payable expenses	2,575,893	2,550,424
Receivable accounts for settlement	1,614,594	1,526,955
Acceptances payable	975,865	455,797
Payable interest	290,820	333,395
Account payable for underwriting	34,642	105,876
Payable spot exchange settlement payment	1,210	1,083,053
Others	644,948	665,088
	$ 10,727,435	$ 7,970,409

28. Deposits and remittances

	December 31, 2021	December 31, 2020
Check deposits	$ 11,427,263	$ 8,826,200
Demand deposits	192,556,156	171,030,484
Current saving deposits	160,450,666	150,643,016
Time deposits	140,435,316	150,412,288
Time saving deposits	153,899,040	155,188,149
Remittances	55,388	88,554
	$ 658,823,829	$ 636,188,691

29. Bonds payable

	December 31, 2021	December 31, 2020
Subordinate financial bonds	$ 16,500,000	$ 11,500,000
Less: Part owned by the consolidated company	(1,510,000)	(1,510,000)
	$ 14,990,000	$ 9,990,000

(1) As approved by FSC's Letter under Jin-Guan-Yin-Piao-Zi No. 10200089330 dated April 8, 2013, the Taichung Bank issued 1st term and 2nd term subordinate financial bonds June 25 and December 16, 2013 upon the following terms and conditions:
   1. Amount approved for issuance: NT$6,000,000 thousand.
   2. Issued:
      (1) 1st term 2013: 2,500,000 thousand.
      (2) 2nd term 2013: 3,000,000 thousand.
   3. Denomination:
      (1) 1st term 2013: NTD 500 thousand, issued at par value.
      (2) 2nd term 2013: NTD 500 thousand, issued at par value.
   4. Duration:
      (1) 1st term 2013: 7 years, matured on June 25, 2020.
      (2) 2nd term 2013: 6 years, matured on December 16, 2019.
   5. Bond interest rate:
      (1) 1st term 2013: the fixed annual rate of 2.1%.
      (2) 2nd term 2013: the fixed annual rate of 2.1%.
   6. Repayment Methods: repayment in lump sum upon maturity.
   7. Payment of interest: interest paid per six months as of the date of issuance.

(2) The company has been approved by Financial Supervisory Commission under Letter Jin-Guan-Yin-Piao-Zi No. 10400200460 dated August 26, 2015 for the issuance of no maturity non-cumulative subordinated financial debentures 1st term for 2015 on December 28 2015. The terms and conditions for issuance are shown below:
   1. Amount approved for issuance: NT$1,500,000 thousand.
   2. Amount issued: NT$1,500,000 thousand.

3. Face value: NT$10,000 thousand, issued at face value.
4. Maturity: no maturity date.
5. Bond interest rate is the displayed floating rates for one-year term deposits of Chunghua Post Co., Ltd. plus 3.08%.
6. Repayment Methods: executed in accordance with the regulations of issuance.
7. Interest payment: once annually from the issuing date.

(3) The Taichung Bank has been approved by Financial Supervisory Commission under Letter Jin-Kuan-Yin-Piao-Zi No. 10500210950 dated September 2, 2016 for the issuance of no maturity non-cumulative subordinated financial debentures 1st term and 2nd term and 3rd term for 2017 and 1st term for 2016 on March 28, May 18, August 28, 2017 and December 28, 2016. The terms and conditions for issuance are shown below:
1. Amount approved for issuance: NT$3,500,000 thousand.
2. Issued:
   (1) 1st term 2016: 1,500,000 thousand.
   (2) 1st term 2017: 1,000,000 thousand.
   (3) 2nd term 2017: 500,000 thousand.
   (4) 3rd term 2017: 500,000 thousand.
3. Denomination:
   (1) 1st term 2016: NTD 10,000 thousand, issued at par value.
   (2) 1st term 2017: NTD 10,000 thousand, issued at par value.
   (3) 2nd term 2017: NTD 10,000 thousand, issued at par value.
   (4) 2nd term 2017: NTD 10,000 thousand, issued at par value.
4. Maturity: no maturity date.
5. Bond interest rate is the displayed floating rates for one-year term deposits of Chunghua Post Co., Ltd. plus 3.08%.
6. Repayment Methods: executed in accordance with the regulations of issuance.
7. Interest payment: once annually from the issuing date.

(4) The company has been approved by Financial Supervisory Commission under Letter Jin-Guan-Yin-Piao-Zi No. 10600229120 dated September 22, 2017 for the issuance of no maturity non-cumulative subordinated financial debentures 1st term for 2018 and 4th, 5th term for 2017 on April 25, 2018 and December 5, December 27, 2017. The terms and conditions for issuance are shown below:
1. Approved: NTD5,000,000 thousand.
2. Issued:
   (1) 4th term 2017: 1,350,000 thousand.
   (2) 5th term 2017: 2,650,000 thousand.
   (3) 1st term 2018: 1,000,000 thousand.
3. Denomination:
   (1) 4th term 2017: NTD 10,000 thousand, issued at par value.
   (2) 5th term 2017: NTD 10,000 thousand, issued at par value.
   (3) 1st term 2018: NTD 10,000 thousand, issued at par value.
4. Maturity: no maturity date.
5. Bond interest rate is the displayed floating rates for one-year term deposits of Chunghua Post Co., Ltd. plus 3.08%.
6. Repayment Methods: executed in accordance with the regulations of issuance.
7. Interest payment: once annually from the issuing date.

(5) The company has been approved by Financial Supervisory Commission under Letter Jin-Guan-Yin-Piao-Zi No. 10702156550 dated August 23, 2018 for the issuance of no maturity non-cumulative subordinated financial debentures 2nd term for 2018 on December 18, 2018. The terms and conditions for issuance are shown below:
1. Amount approved for issuance: NT$1,500,000 thousand.
2. Amount issued: NT$1,500,000 thousand.
3. Face value: NT$10,000 thousand, issued at face value.
4. Maturity: no maturity date.
5. Bond interest rate is the displayed floating rates for one-year term deposits of Chunghua Post Co., Ltd. plus 3.08%.

6. Repayment Methods: executed in accordance with the regulations of issuance.
7. Interest payment: once annually from the issuing date.

(6) As approved by FSC's Letter under Jin-Guan-Yin-Piao-Zi No. 1100226929 dated October 12, 2021, the Taichung Bank issued 1st term subordinate financial bonds December 27, 2021 upon the following terms and conditions:

1. Approved: NTD5,000,000 thousand.
2. Amount issued: NT$5,000,000 thousand.
3. Face value: NT$10,000 thousand, issued at face value.
4. Duration: 7 years, matured on December 27, 2028.
5. Coupon rate: Fixed annual interest rate 1.2%.
6. Repayment Methods: repayment in lump sum upon maturity.
7. Interest payment: once annually from the issuing date.

30. Provision for liabilities

	December 31, 2021	December 31, 2020
Employee benefit liabilities reserve	$ 1,181,236	$ 1,311,270
Reserve for guarantee liability	297,963	235,963
Provision for commitment of financing	65,147	72,060
Other reserves	12,855	13,097
Pending litigation reserves	83,998	78,998
	$ 1,641,199	$ 1,711,388

(1) Employee benefit liabilities reserve is detailed as follows:

	December 31, 2021	December 31, 2020
Defined benefit liabilities	$ 996,970	$ 1,135,842
Employees preferential deposit plan	147,633	139,406
Other long-term employee benefit liabilities	36,633	36,022
	$ 1,181,236	$ 1,311,270

1. Defined contribution pension plan

The pension system of the "Labor Pension Act" that is applicable to the Company and its subsidiaries of the consolidated company is a defined contribution pension plan subject to government management with an amount equivalent to 6% of the monthly salary appropriated and contributed to the personal account with the Bureau of Labor Insurance.

2. Defined benefit plan

The consolidated company's pension system under the "Labor Standards Act" of the R.O.C. is a defined benefit pension plan. Pension payment is calculated in accordance with the years of service and the average salary six months prior to the authorized retirement date. The consolidated company has contributed to the employee pension fund monthly based on the total salaries to Labor Pension Reserve Supervisory Committee for deposit at the special account in the Bank of Taiwan bearing the title of the committee. If the balance of the special account before the end of the fiscal year is insufficient to settle the payment for employees qualified for retirement in the next fiscal year, the company shall make up the difference in lump sum by the end of March of the next fiscal year. The special account has been commissioned to the Bureau of Labor Fund of the Ministry of Labor Affairs for management. The company contained in the consolidated financial statements exercises no influence on the right of the bureau in its investment management strategy.

The amount of determined benefit plan recognized in the consolidated balance sheet is shown below:

	December 31, 2021	December 31, 2020
Present value of the defined benefit obligations	$ 2,161,805	$ 2,249,380
The fair value of plan assets	(1,164,835)	(1,113,538)
Appropriation shortage	996,970	1,135,842
Net determined benefit liability	$ 996,970	$ 1,135,842

Change in net determined benefit liability is shown below

	Present value of the defined benefit obligations	The fair value of plan assets	Net determined benefit liability
January 1, 2020	$2,295,198	($1,095,040)	$1,200,158
Service cost			
Current service cost	12,785	-	12,785
Interest expenses (revenues)	17,271	(8,775)	8,496
Recognized in the profit or loss	30,056	(8,775)	21,281
Reevaluation			
Planned ROE (except the amount of net interest)	-	(32,591)	(32,591)
Actuarial loss – change in the assumption of the census	1,417	-	1,417
Actuarial loss – change in financial assumptions	62,456	-	62,456
Actuarial gain – experience adjustments	(267)	-	(267)
Recognized in the other comprehensive profit of loss	63,606	(32,591)	31,015
Employer appropriation	-	(88,352)	(88,352)
Planned asset payment	(111,220)	111,220	-
Company account payment	(28,260)	-	(28,260)
December 31, 2020	2,249,380	(1,113,538)	1,135,842
Service cost			
Current service cost	10,787	-	10,787
Interest expenses (revenues)	10,425	(5,289)	5,136
Recognized in the profit or loss	21,212	(5,289)	15,923
Reevaluation			
Planned ROE (except the amount of net interest)	-	(14,548)	(14,548)
Actuarial loss – change in the assumption of the census	15,436	-	15,436
Actuarial gain – change in financial assumptions	($ 33,409)	$ -	($ 33,409)
Actuarial loss – adjustment through experience	4,418	-	4,418
Recognized in the other comprehensive profit of loss	(13,555)	(14,548)	(28,103)
Employer appropriation	-	(103,485)	(103,485)
Planned asset payment	(63,489)	72,025	8,536
Company account payment	(31,743)	-	(31,743)
December 31, 2021	$2,161,805	($1,164,835)	$ 996,970

The pension fund system of the company contained in the consolidated financial statements is exposed to the following risks due to the “Labor Standards Act”:

(1) Investment risk: The Bureau of Labor Fund of the Ministry of Labor Affairs uses the labor pension fund for investment in domestic and foreign equity securities and debt securities,

and as bank deposits through proprietary trade or commissioned third parties. However, the amount attributable to the planned asset of the consolidated company shall not fall below the interest rate offered by the banks in the regions or countries of investment for 2-year time deposit as return.

(2) Interest risk: the decline of the interest rate for government/corporate bonds will cause an increase in the present value of determined benefit obligation. However, the ROI of the debt of the planned assets will also increase accordingly. The effect of the two on net determined benefit liability is mutually offsetting.

(3) Salary risk: the calculation of the present value of determined benefit obligation is based on the salaries of the members in the plan of the future. As such, an increase of the salaries of the members of the plan is bound to increase the present value of determined benefit obligation.

The determined benefit obligation of the company contained in the consolidated financial statements is based on the actuarial calculation of the actuary and the major assumption as of the evaluation day is shown below:

	2021	2020
Discount rate	0.47%～0.75%	0.29%～0.50%
The expected rate of increase in salaries	1.50%～2.75%	1.50%～2.75%

In case of reasonable and possible change in the major actuarial assumptions, and other assumptions remained unchanged, the amount of increase (decrease) in the present value of determined benefit obligation will be:

	December 31, 2021	December 31, 2020
Discount rate		
Increase by 0.25%	($ 50,839)	($ 56,438)
Decrease by 0.25%	$ 52,528	$ 58,420
The expected rate of increase in salaries		
Increase by 0.25%	$ 51,012	$ 56,714
Decrease by 0.25%	($ 49,716)	($ 55,071)

Actuarial assumptions may be inter-related. The possibility of change in specific assumption is not high. The aforementioned sensitivity analysis may not be able to reflect the actual change in the present value of determined benefit obligation.

	December 31, 2021	December 31, 2020
Prepaid amount for 1 year	$ 40,400	$ 78,468
Average maturity of determined benefit obligation	8 to 14 years	9 to 15 years

3. Employees preferential deposit plan

With effect on December 21, 2014, Taichung Bank in the financial statements adjusted the interest rate for the deposit of the banking staff. According to Order Jin-Guan-Yin-Fa-Zi No. 10110000850 and the Regulations Governing the Preparation of Financial Reports by Public Banks, the employee preferred deposit plan liabilities shall be subject to the actuarial calculation of a qualified actuary professional.

Contingent liabilities included in the consolidated balance sheet due to employees' preferential deposit plan at Taichung Commercial Bank are shown as follows:

	December 31, 2021	December 31, 2020
Present value of preferred deposit plan	$ 147,633	$ 139,406
The fair value of plan assets	-	-
Appropriation shortage	147,633	139,406
Provision for liability – Employees preferential deposit plan	$ 147,633	$ 139,406

Change in employee preferred deposit plan liability is shown below:

	Present value of the defined benefit obligations	The fair value of plan assets	Net determined benefit liability
January 1, 2020	$ 131,433	$ -	$ 131,433
Service cost			
Service costs from previous period	11,407	-	11,407
Interest expenses	4,692	-	4,692
Recognized in the profit or loss	16,099	-	16,099
Reevaluation			
Actuarial loss – adjustment through experience	20,941	-	20,941
Recognized in the other comprehensive profit of loss	20,941	-	20,941
Company account payment	(29,067)	-	(29,067)
December 31, 2020	139,406	-	139,406
Service cost			
Service costs from previous period	11,077	-	11,077
Interest expenses	4,995	-	4,995
Recognized in the profit or loss	16,072	-	16,072
Reevaluation			
Actuarial loss – adjustment through experience	22,124	-	22,124
Recognized in the other comprehensive profit of loss	22,124	-	22,124
Company account payment	(29,969)	-	(29,969
December 31, 2021	$ 147,633	$ -	$ 147,633

The amount of employee preferred deposit plan recognized as profit and loss by function is summarized below:

	2021	2020
Operating expenses	$ 16,072	$ 16,099

The employee preferred deposit obligation of the Taichung Commercial Bank is based on the actuarial calculation of professional actuary and the major assumption as of the evaluation day is shown below:

	December 31, 2021	December 31, 2020
Discount rate	4.00%	4.00%
Return on deposited fund	2.00%	2.00%
Excessive interest rate	2.00%	2.00%
The withdrawal rate of preferred deposits	3.50%	3.50%

In case of reasonable and possible change in the major actuarial assumptions, and other assumptions remained unchanged, the amount of increase (decrease) in the present value of employee preferred deposit obligation will be:

	December 31, 2021	December 31, 2020
Discount rate		
Increase by 0.25%	($ 3,573)	($ 3,381)
Decrease by 0.25%	$ 3,729	$ 3,529
The withdrawal rate of preferred deposits		
Increase by 0.25%	$ 3,855	$ 3,647
Decrease by 0.25%	($ 4,015)	($ 3,799)

Actuarial assumptions may be inter-related. The possibility of change in specific assumption is not high. The aforementioned sensitivity analysis may not be able to reflect the actual change in the present value of employee preferred deposit obligation.

	December 31, 2021	December 31, 2020
Prepaid amount for 1 year	$ -	$ -
The average maturity of employee preferred deposit obligation	10.3 years	10.3 years

4. Other long-term employee benefits

The other long-term employee benefits of the Taichung Commercial Bank meant for the long-term disability benefits. The Company will issue pensions to the employees who die of sickness or accidents at work for reasons other than occupational hazards.

Taichung Commercial Bank recognized long-term employee benefits in the consolidated comprehensive income statement for an amount of NT$ 1,632 thousand and NT$ 6,503 thousand in 2021 and 2020, respectively. The other long-term employee benefit liabilities reserve amounted to NT$ 36,633 thousand and NT$ 36,022 thousand as of December 31, 2021 and 2020, respectively.

(II) Taichung Bank Statement of Changes in Reserves for Guarantees

2021

	Anticipated credit loss in 12 months	Anticipated credit loss within the perpetuity of the financial assets	Financial assets with credit impairment	Impairment recognized in accordance with IFRS 9	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Balance - beginning	$168,958	$ 4,799	$ 36,355	$210,112	$ 25,851	$235,963
Changes in financial instruments recognized at the beginning of the period:						
Converted as anticipated credit loss within the perpetuity of the financial assets	(447)	447	-	-	-	-
Converted as financial assets with credit impairment	(5)	-	5	-	-	-
Converted as anticipated credit loss in 12 months	117	(117)	-	-	-	-
Financial assets removed in current period	(112,752)	(4,176)	(269)	(117,197)	-	(117,197)
Procured or initiated new financial assets	131,253	3,047	-	134,300	-	134,300
Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-	59,075	59,075
Foreign exchange settlement and other changes	(15,244)	3,782	(2,716)	(14,178)	-	(14,178)
Balance - ending	$171,880	$ 7,782	$ 33,375	$213,037	$ 84,926	$297,963

2020

	Anticipated credit loss in 12 months	Anticipated credit loss within the perpetuity of the financial assets	Financial assets with credit impairment	Impairment recognized in accordance with IFRS 9	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Balance - beginning	$109,720	$ 1,778	$ 58,621	$170,119	$ 4,344	$174,463
Changes in financial instruments recognized at the beginning of the period:						
Converted as anticipated credit loss within the perpetuity of the financial assets	(5)	3,399	(3,394)	-	-	-
Converted as financial assets with credit impairment	(6)	-	6	-	-	-
Converted as anticipated credit loss in 12 months	3,815	(736)	(3,079)	-	-	-
Financial assets removed in current period	(78,990)	(1,042)	(15,768)	(95,800)	-	(95,800)
Procured or initiated new financial assets	141,620	3,975	-	145,595	-	145,595
Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-	21,507	21,507
Foreign exchange settlement and other changes	(7,196)	(2,575)	(31)	(9,802)	-	(9,802)
Balance - ending	$168,958	$ 4,799	$ 36,355	$210,112	$ 25,851	$235,963

Bad debt expense, commitment and guarantee liability provisions recognized in 2021and 2020.

(3) The table of changes in other reserves of the Taichung Commercial Bank Co., Ltd. is as follows:

2021

	Anticipated credit loss in 12 months	Anticipated credit loss within the perpetuity of the financial assets	Financial assets with credit impairment	Impairment recognized in accordance with IFRS 9	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Balance - beginning	$ 9,157	$ 3,263	$ -	$ 12,420	$ 677	$13,097
Changes in financial instruments recognized at the beginning of the period:						
Converted as anticipated credit loss within the perpetuity of the financial assets	-	-	-	-	-	-
Converted as financial assets with credit impairment	-	-	-	-	-	-
Converted as anticipated credit loss in 12 months	-	-	-	-	-	-
Financial assets removed in current period	(9,113)	(3,263)	-	(12,376)	-	(12,376)
Procured or initiated new financial assets	8,629	-	-	8,629	-	8,629
Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-	3,549	3,549
Foreign exchange settlement and other changes	(44)	-	-	(44)	-	(44)
Balance - ending	$ 8,629	$ -	$ -	$ 8,629	$ 4,226	$12,855

2020

	Anticipated credit loss in 12 months	Anticipated credit loss within the perpetuity of the financial assets	Financial assets with credit impairment	Impairment recognized in accordance with IFRS 9	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Balance - beginning	$ 9,638	$ -	$ 7	$ 9,645	$ 2,233	$ 11,878
Changes in financial instruments recognized at the beginning of the period:						
Converted as anticipated credit loss within the perpetuity of the financial assets	-	-	-	-	-	-
Converted as financial assets with credit impairment	-	-	-	-	-	-
Converted as anticipated credit loss in 12 months	-	-	-	-	-	-
Financial assets removed in current period	(9,638)	-	(7)	(9,645)	-	(9,645)
Procured or initiated new financial assets	9,157	3,263	-	12,420	-	12,420
Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-	(1,556)	(1,556)
Foreign exchange settlement and other changes	-	-	-	-	-	-
Balance - ending	$ 9,157	$ 3,263	$ -	$ 12,420	$ 677	$ 13,097

Bad debt expense, commitment and guarantee liability provisions recognized in 2021and 2020.

(4) Taichung Bank Statement of Changes in Reserves for Financial Commitments

2021

	Anticipated credit loss in 12 months	Anticipated credit loss within the perpetuity of the financial assets	Financial assets with credit impairment	Impairment recognized in accordance with IFRS 9	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Balance - beginning	$ 58,968	$ 7,205	$ 2,555	$ 68,728	$ 3,332	$ 72,060
Changes in financial instruments recognized at the beginning of the period:						
Converted as anticipated credit loss within the perpetuity of the financial assets	(6)	6	-	-	-	-
Converted as financial assets with credit impairment	(646)	630	16	-	-	-
Converted as anticipated credit loss in 12 months	1,769	(1,769)	-	-	-	-
Financial assets removed in current period	(33,456)	(5,398)	(692)	(39,546)	-	(39,546)
Procured or initiated new financial assets	20,436	1,488	10,142	32,066	-	32,066
Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-	1,311	1,311
Foreign exchange settlement and other changes	(1,142)	414	(16)	(744)	-	(744)
Balance - ending	$ 45,923	$ 2,576	$ 12,005	$ 60,504	$ 4,643	$ 65,147

2020

	Anticipated credit loss in 12 months	Anticipated credit loss within the perpetuity of the financial assets	Financial assets with credit impairment	Impairment recognized in accordance with IFRS 9	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Balance - beginning	$ 48,760	$ 1,848	$ 4,025	$ 54,633	$ 8,724	$ 63,357
Changes in financial instruments recognized at the beginning of the period:						
Converted as anticipated credit loss within the perpetuity of the financial assets	(5,991)	5,353	638	-	-	-
Converted as financial assets with credit impairment	(3)	(8)	11	-	-	-
Converted as anticipated credit loss in 12 months	1,685	(1,685)	-	-	-	-
Financial assets removed in current period	(8,260)	(141)	(4,025)	(12,426)	-	(12,426)
Procured or initiated new financial assets	24,551	1,298	1,917	27,766	-	27,766
Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-	(5,392)	(5,392)
Foreign exchange settlement and other changes	(1,774)	540	(11)	(1,245)	-	(1,245)
Balance - ending	$ 58,968	$ 7,205	$ 2,555	$ 68,728	$ 3,332	$ 72,060

As of December 31, 2021 and 2020, bad debt expense allowances and commitment/guarantee reserve allowances.

(5) The pending compensation reserve of the consolidated companies for December 31st, 2021 and 2020 are $83,998 thousands and $78,998 thousands, respectively. Please refer to Note 39.

31. Equity

(1) Paid-in capital

	December 31, 2021	December 31, 2020
Authorized number of shares (thousand shares)	2,100,000	1,680,000
Authorized capital	$ 21,000,000	$ 16,800,000
Number of shares issued with fully paid-in capital (thousand shares)	1,686,210	1,621,367
Outstanding capital	$ 16,862,097	$ 16,213,672

Common stock shares issued at NTD 10 Par and each share is entitled to one voting right and dividends.

As of December 31st, 2020, CMFC's paid-in capital was NT$16,213,672 thousand, consisting of 1,621,367 thousand shares of common stock, with a par value of $10 per share. On July 29th, 2021, the shareholder meeting resolved to recapitalize the undistributed earnings of NT$648,425 thousand to 64,843 thousand shares, at a par value of NT$10 per share, all of which were common stocks. As of December 31, 2021, the paid-in capital of CMFC has increased to NT$16,862,097 thousand, consisting of 1,686,210 thousand shares of common stock at a par value of NT$10 per share.

(2) Capital surplus

	December 31, 2021	December 31, 2020
For covering loss carried forward, payment in cash or capitalization as equity shares (Note)		
Shares issued in excess of par value	$ 590,001	$ 590,001
Assets received	2,129	2,129
Treasury stock transactions	772,194	772,194
For covering loss carried forward only.		
Changes in the ownership equity on a subsidiary	120,561	143,231
Transaction of treasury stock (cash dividends paid to subsidiaries)	169,202	153,376
May not be used for any purpose.		
Invalid ESO	2,600	2,600
	$ 1,656,687	$ 1,663,531

Note: Such additional paid-in capital can be used to make up for losses; also, when the company is without any loss, it can be applied for cash distribution or capitalization. However, it is limited to a certain percentage of the annual paid-in capital for the purpose of capitalization.

(3) Retained earnings and Dividend Policy

According to the Articles of Incorporation of China Man-Made Fiber Corporation, the policy for the distribution of earnings stated that if there is a surplus after account settlement of the fiscal year, the company shall pay applicable taxes and cover loss carried forward, followed by the allocation of 10% of the remainder as legal reserve, and appropriate for special reserve or reverse special reserve. If there is still a balance, it will be pooled up with the undistributed earnings carried forward from previous years for distribution as shareholder dividends under a proposal prepared by the Board subject to the final approval of the General Meeting of Shareholders. For information on the policy of remuneration to employees, Directors and Shareholders to the Articles of Incorporation, refer to Note 32 (11) remunerations for employees, directors and supervisors.

The Company's dividends policy shall be drafted subject to the Company's future investment environment and long-term financial planning and also takes the shareholders' equity into consideration. The dividends shall be allocated in the form of cash dividend as the first priority per year, and may be allocated in the form of stock dividend, provided that the ratio of allocation of stock dividends shall be no more than 95% of the total dividends.

China Man-Made Fiber Corporation has a special reserve appropriated and reversed in accordance with FSC.Certificate.Issue.Tzi No. 1010012865 Letter, FSC.Certificate.Issue.Tzi No. 1010047490 Letter and "Special reserve appropriation Q&A after the adoption of International Financial Reporting Standards (IFRSs)." If the amount debited to the other shareholders' equity is reversed subsequently, the reversed amount can be distributed.

The legal reserve should be contributed until its balance reaches the Company's total paid-in capital. The legal reserve may be applied to make up loss. If there is no loss, the amount of legal reserve in excess of the paid-in capital by 25% could be allocated as capital stock and paid out as cash dividend.

China Man-Made Fiber Corporation held General Shareholders Meetings on July 29, 2021 and June 2, 2020, which adopted resolutions with regard to the 2020 and 2019 surplus distribution proposals as follows:

	Earnings Distribution Proposal		Dividends Per Share (NTD)	
	2020	2019	2020	2019
Legal reserve	$ 90,972	$ -	$ -	$ -
Special reserve	(6,177)	4,696	-	-
Cash dividends	162,106	-	0.1	-
Stock dividends	648,425	-	0.4	-

The Company had resolved in the board meeting the earnings distribution of 2021 on March 14, 2022 as follows:

	Earnings Distribution Proposal	Dividends Per Share (NTD)
Legal reserve	$ 2,616	$ -

The proposal for the distribution of earnings in 2021 is pending on the resolution of the General Meeting of shareholders scheduled to be held in June 2022.

For more information on the proposal approved by the board of directors of China Man-Made Fiber Corporation and the surplus distribution proposal adopted by resolution of the General Shareholders' Meeting, please refer to the TWSE Market Observation Post System.

(4) Other equity

1. Exchange differences from the translation of financial statements of foreign operations

	2021	2020
Balance, beginning of year	($ 116,241)	($ 86,995)
The exchange differences yielded by net assets of overseas operating institutions	4,021	(29,246)
Balance, end of year	($ 112,220)	($ 116,241)

2. Unrealized gain or loss on financial assets at fair value through other comprehensive profit or loss

	2021	2020
Balance, beginning of year	$ 451,962	$ 382,016
Accrued in current year		
Unrealized gain or loss		
Debt instruments	(63,126)	56,180
Equity instruments	556,895	50,303
Recognized share of the subsidiary adopting the equity method.	(463)	(1,208)
The accumulated gain/loss from the disposition of equity instruments will be transferred to retained earnings.	(25,466)	(35,329)
Balance, end of year	$ 919,802	$ 451,962

(5) Treasury stock

The details and changes of the treasury stocks of CMFC in 2021 and 2020 are shown as follows:

Cause	Transfer of shares to employees (Thousand shares)	Shares of parent company held by subsidiaries (in thousand shares)	Total (thousand shares)
Number of shares on January 1, 2021	304	330,985	331,289
Increase in current period	-	13,241	13,241
Decrease in current period	-	-	-
Number of shares as of December 31, 2021	304	344,226	344,530
Number of shares on January 1, 2020	-	330,985	330,985
Increase in current period	304	-	304
Decrease in current period	-	-	-
Number of shares as of December 31, 2020	304	330,985	331,289

1. The Company repurchased the Company's stock totaling 304 thousand shares, at the price of NT$1,745 thousand, pursuant to the Securities and Exchange Act in 2020.
2. As of December 31, 2021 and 2020, CMFC shares held by the subsidiaries are as follows:

Name of Subsidiary	Shareholding (thousand shares)	Book Value	Market Value
December 31, 2021			
Pan Asia Chemical Corporation	261,501	$ 879,074	$ 1,178,479
Deh Hsing Investment Co., Ltd.	11,619	25,787	117,938
Chou Chin Industrial Co., Ltd.	61,488	195,060	307,744
Chou Chang Corporation (subsidiary of Chou Chin Industrial CO., LTD.)	9,618	35,136	36,697
		$ 1,135,057	$ 1,640,858
December 31, 2020			
Pan Asia Chemical Corporation	251,443	$ 879,074	$ 1,250,375
Deh Hsing Investment Co., Ltd.	11,172	25,787	125,133
Chou Chin Industrial Co., Ltd.	59,123	195,060	313,540
Chou Chang Corporation (subsidiary of Chou Chin Industrial CO., LTD.)	9,247	35,136	38,936
		$ 1,135,057	$ 1,727,984

3. According to the Securities and Exchange Act, the treasury stocks held by CMFC shall not be pledged, nor shall they be entitled to dividends distribution and voting rights. Shares of CMFC held by its subsidiaries shall be considered as treasury stocks, and except for the provisions of Article 167 and 179 of the Company Act, the rest share the same rights as the general shareholders.

(6) Non-controlling interest

	2021	2020
Balance, beginning of year	$ 43,402,141	$ 38,598,643
Adjusted non-controlling interest of dividends distributed to subsidiaries	17,274	-
The number of shares attributed to non-controlling interests		
Net income	3,845,082	3,106,661
Reevaluation of determined benefit plan	7,205	(27,684)
Financial assets at fair value through other comprehensive profit or loss	110,587	376,845
Exchange differences from the translation of financial statements of foreign operations	13,252	(66,172)
Disposal of part of the equity of the subsidiary.	-	131,778
Changes in the ownership equity on a subsidiary	25,091	46,839
Cash dividends paid by subsidiaries	(754,657)	(779,458)
Change in non-controlling interest	1,782,969	2,014,689
Balance, end of year	$ 48,448,944	$ 43,402,141

32. Business units in continuing operation income

Income from continuing operations department includes the following items

(1) Interest income and expense

	2021	2020
Interest revenue		
Discount and loan interest income	$ 9,927,507	$ 9,918,006
Due from bank and interbank offered interest income	135,962	139,603
Security investment interest income	1,468,181	1,501,954
Others	724,484	510,197
	$ 12,256,134	$ 12,069,760
Interest expenses		
Deposits Interest expenses	$ 2,242,551	$ 3,008,739
Central Bank and interbank interest expense	197,982	178,613
Bond issuance interest expense	397,214	389,100
Interest expense on borrowings	212,812	238,393
Lease liability interest expenses	39,290	37,204
Other Interest expenses	33,453	108,372
	3,123,302	3,960,421
Less: classified real estate, plant and equipment (Note 19)	(5,448)	-
	$ 3,117,854	$ 3,960,421

(2) Fee income and expense

	2021	2020
Income from handling fees		
Insurance brokerage fee revenue	$ 715,091	$ 791,380
Securities brokerage fee revenue	428,523	249,263
Trust business income	1,218,880	1,068,056
Loan service fee income	695,138	565,057
Commission income for bank guarantee	212,100	154,934
Other service fee revenue	368,485	316,764
	$ 3,638,217	$ 3,145,454
Service charges		
Insurance brokerage commission expense	$ 71,515	$ 76,213
Inter-bank service fee	38,015	37,004
Other service fee expenses	153,976	126,334
	$ 263,506	$ 239,551

The consolidated company provides custody, trust, investment management and advisory services to third parties; therefore, the consolidated company engages in the planning, management and trading decision of financial instruments. For a trust fund or investment portfolio that is commissioned for management and utilization, a separate bookkeeping is arranged and financial statements are prepared for internal management purposes, excluding the financial statements of the consolidated company.

(3) Gain (loss) on financial assets and liabilities at fair value through profit and loss

	2021	2020
The realized gain (loss) of financial assets and liabilities measured at fair value through profit or loss		
Commercial papers	$ 65,813	$ 85,066
Stock	155,023	145,924
Beneficiary certificate	50,325	(18,578)
Bonds	2,356	1,507
Derivatives	21,101	72,852
	294,618	286,771
The valuation gain (loss) of financial assets and liabilities measured at fair value through profit or loss		
Commercial papers	5,640	(11,436)
Stock	257,023	(27,090)
Beneficiary certificate	167,540	190,600
PEM Group Insurance policy assets	19,134	(202,381)
Bonds	3,416	1,428
Open-end funds and money market instruments	-	103
Derivatives	72,019	(191,420)
	524,772	(240,196)
	$ 819,390	$ 46,575

(4) Loss in impairment of non-financial assets

	2021	2020
Impairment loss of property, plant and equipment	$ 44,244	$ 605,359

(5) Expected credit reversal benefit (loss)

	2021	2020
Capital loss on debts instrument at fair value through comprehensive income statement as other comprehensive income	($ 9,198)	($ 5,318)
Debt of instruments measured on the basis of cost after amortization impairment loss reversal gain (loss)	3,238	(2,750)
Accounts receivable	1,896	84,343
	($ 4,064)	$ 76,275

(6) Bad debt expense, commitment and guaranty reserve

	2021	2020
Lodgment of the expenses of doubtful account receivables	$ 273,220	$ 147,059
Lodging of the expenses of doubtful accounts for discount and loans	1,040,130	298,742
Reserve for guarantee liability	62,000	61,500
Provision for commitment of financing (reverse)	(6,616)	10,367
Other (reversal) provision	(223)	1,364
	$ 1,368,511	$ 519,032

(7) Other income

	2021	2020
Dividend income	$ 208,149	$ 149,450
Net gains on relocation compensation	194,379	-
Management fee income	45,920	42,170
Rental revenue	33,958	33,057
Government grants	29,045	41,738
Income derived from sales of substandard goods and scraps	13,727	2,122
Gain from disposition of subsidiaries	937	-
Compensation income	-	31,217
Others	101,466	67,817
	$ 627,581	$ 367,571

(8) Other expenses

	2021	2020
Litigation compensation reserve	$ -	$ 64,908
Others	20,928	34,086
	$ 20,928	$ 98,994

(9) Depreciation and amortization

	2021	2020
Property, plant, and equipment expenses	$ 909,761	$ 986,952
Depreciations of Investment Property	2,816	2,272
Intangible assets amortization expenses	65,581	59,138
Right-of-use assets	269,422	266,113
Total	$ 1,247,580	$ 1,314,475
Consolidation of depreciation expenses based on functions		
Operating cost	$ 699,768	$ 767,028
Operating expenses	482,231	488,309
	$ 1,181,999	$ 1,255,337
Consolidation of amortization expenses based on functions		
Operating cost	$ 55	$ 55
Operating expenses	65,526	59,083
	$ 65,581	$ 59,138

(10) Employee benefits expenses

2021

	Operating cost	Operating expenses	Total
Salary & wage	$ 599,130	$ 4,057,496	$ 4,656,626
Labor insurance and national health insurance	63,900	256,513	320,413
	663,030	4,314,009	4,977,039
Pension expenses			
Defined contribution pension plan	25,448	121,311	146,759
Defined benefit plan (Note 30)	2,659	13,264	15,923
	28,107	134,575	162,682
Other employee benefits expenses	34,221	219,682	253,903
Total employee benefits expenses	$ 725,358	$ 4,668,266	$ 5,393,624

2020

	Operating cost	Operating expenses	Total
Salary & wage	$ 594,465	$ 3,687,197	$ 4,281,662
Labor insurance and national health insurance	61,910	261,101	323,011
	656,375	3,948,298	4,604,673
Pension expenses			
Defined contribution pension plan	26,005	113,143	139,148
Defined benefit plan (Note 30)	3,462	17,819	21,281
	29,467	130,962	160,429
Other employee benefits expenses	33,005	254,843	287,848
Total employee benefits expenses	$ 718,847	$ 4,334,103	$ 5,052,950

(11) Remuneration to employees, Directors and Supervisors

The Company appropriated 1% to 5% and no more than 0.3% of the earnings before taxation before the deduction of remuneration to the employees, Directors and Supervisors of the same year. Estimated 2021 and 2020 remuneration to employees, directors/supervisors as below:

Estimate on ratio

	2021	2020
Remuneration to employees	1.0%	1.0%
Remuneration to directors/supervisors	0.3%	0.3%

Amount

	2021	2020
Remuneration to employees	$ 58	$ 10,778
Remuneration to directors/supervisors	$ 17	$ 3,234

If there are still changes in the amount specified in the consolidated financial statement after announcement, proceed to the accounting of change and adjusted for booking in the next fiscal year.

China Man-Made Fiber Corporation held board meetings on March 15, 2021 and March 16, 2020, which adopted resolutions to approve the 2020 and 2019 employee and director/supervisor compensations as follows:

Amount

	2020		2019	
	Remuneration to employees	Remuneration to directors/ supervisors	Remuneration to employees	Remuneration to directors/ supervisors
Amount resolved by the Board of Directors for release	$ 10,778	$ 3,234	$ -	$ -
Amount recognized in financial statements of respective years	$ 10,778	$ 3,234	$ -	$ -

The actual amount for remuneration to employees, Directors and Supervisors in 2020 and 2019 did not vary from the amount recognized in the consolidated financial statements of 2020 and 2019.

For further information on the appropriation of remuneration to the employees and Directors and Supervisors by the Board of China Man-Made Fiber Corporation in 2021 and 2020, visit the "MOPS" website of Taiwan Stock Exchange Corporation.

33. Continuing department income tax

(1) Income tax recognized in profit or loss

The major components of income tax expense are as follows:

	2021	2020
Income tax expenses in the current period		
Accrued in current year	$ 908,034	$ 724,361
Additional levy on undistributed earnings	375	2,063
Prior year adjustment	(18,104)	119
Land revaluation increment tax	1,187	121,815
Deferred tax		
Accrued in current year	(67,631)	21,334
Prior year adjustment	(3,214)	2,305
Income tax expense recognized in the profit or loss	$ 820,647	$ 871,997

The adjustments of 2021 and 2020 accounting income and the income tax expense of the year:

	2021	2020
Income before tax from continuing operations	$ 4,671,428	$ 4,920,705
Income tax expense of net income before tax at the statutory tax rate	$ 934,286	$ 984,141
Non-deductible expenses and losses for tax purposes	5,425	4,530
Non-taxable income	(693,911)	(697,096)
Additional levy on undistributed earnings	375	2,063
Land revaluation increment tax	1,187	121,815
Income tax expense of prior years' adjusted in the current year	(18,104)	119

Deferred income tax expenses in the previous year for adjustments in the current year	(3,214)	2,305
Unrecognized loss carryforward	591,680	453,634
Effect of variation in taxation rates on the consolidation of the group and individual entities.	2,923	486
Income tax expense recognized in the profit or loss	$ 820,647	$ 871,997

(2) Income tax recognized in the other comprehensive profit or loss

	2021	2020
Deferred tax		
Accrued in current year		
- Re-evaluation of determined benefit plan	($ 1,961)	$ 9,127
- Unrealized gain or loss on financial assets at fair value through other comprehensive profit or loss	437	(2,991)
Income tax benefits (expense) recognized in the other comprehensive profit or loss	($ 1,524)	$ 6,136

(3) Current income tax asset and liability

	December 31, 2021	December 31, 2020
Current income tax asset		
Tax refund receivable	$ 10,742	$ 11,316
Current Tax Liability		
Payable income tax	$ 448,682	$ 164,433

(4) Deferred income tax assets and liabilities

Changes in the deferred income tax assets and liabilities are as follows:

2021

	Balance, beginning of year	Recognized in the profit or loss	Recognized in the other comprehensive profit of loss	Balance, end of year
Deferred income tax assets				
Temporary difference				
Property, plant and equipment	$ 21,962	$ -	$ -	$ 21,962
Inventory	23,134	-	-	23,134
Defined benefit pension plans	326,618	(23,056)	(1,961)	301,601
Loss allowance	367,295	68,131	-	435,426
Unrealized loss from structured note indemnity	253,967	(3,827)	-	250,140
Others	(10,920)	29,106	437	18,623
	982,056	70,354	(1,524)	1,050,886
Loss credit	469,850	(1,044)	-	468,806
	$ 1,451,906	$ 69,310	($ 1,524)	$ 1,519,692

	Balance, beginning of year	Recognized in the profit or loss	Recognized in the other comprehensive profit of loss	Balance, end of year
Deferred tax liabilities				
Temporary difference				
Allowance for land increment value tax	$ 1,021,567	($ 1,535)	$ -	$ 1,020,032

2020

	Balance, beginning of year	Recognized in the profit or loss	Recognized in the other comprehensive profit of loss	Balance, end of year
Deferred income tax assets				
Temporary difference				
Property, plant and equipment	$ 21,962	$ -	$ -	$ 21,962
Inventory	23,134	-	-	23,134
Defined benefit pension plans	333,496	(16,005)	9,127	326,618
Loss allowance	423,060	(55,765)	-	367,295
Unrealized loss from structured note indemnity	213,491	40,476	-	253,967
Others	(17,886)	9,957	(2,991)	(10,920)
	997,257	(21,337)	6,136	982,056
Loss credit	472,152	(2,302)	-	469,850
	$ 1,469,409	($ 23,639)	$ 6,136	$ 1,451,906
Deferred tax liabilities				
Temporary difference				
Allowance for land increment value tax	$ 1,021,567	$ -	$ -	$ 1,021,567

(5) Deductible temporary differences and unused deduction of loss for deferred income tax assets are not recognized in the balance sheet.

	December 31, 2021	December 31, 2020
Deductible temporary differences		
Allowance to reduce inventory to market	$ 114,314	$ 114,314
Defined benefit pension plans	7,550	7,550
Loss credit	2,955,185	2,270,174
	$ 3,077,049	$ 2,392,038

(6) Unused losses credit related information

Loss deduction as at December 31, 2021:

Uncredited balance	Last year of credit
$ 63,869	2022
505,260	2026
1,743,326	2029
1,474,481	2030
1,515,496	2031
$ 5,302,432	

(7) Income tax audit
1. Approved by the Company up to 2019.
2. The Taichung Commercial Bank was audited up to the year 2019.
3. The Taichung Commercial Bank Insurance Broker Co., Ltd. was audited up to the year of 2019.
4. The Taichung Commercial Bank Lease Enterprise was audited up to the year of 2019.
5. Approved by TCB Securities up to 2019.
6. Approved by Pan Asia Chemical Corporation up to 2019.
7. Approved by De-Hsin Investment up to 2019.
8. Approved by Taichung Securities Investment Trust up to 2019.
9. Approved by Chou Chin Industrial up to 2019.
10. Approved by Ge Ling up to 2019.
11. Approved by Jeou Chang up to 2019.
12. Approved by Rui-Jia Investment up to 2019.
13. Approved by Xiang-Feng Development up to 2019.
14. Approved by Mélasse up to 2019.
15. Approved by Pan-Feng Industry up to 2019.
16. Approved by Tou-Ming Industry up to 2019.
17. Approved by Jin-Bang-Ge Industry up to 2019.

34. Earnings per share

	2021	2020
Basic earnings per share	$ -	$ 0.70
Diluted earnings per share	$ -	$ 0.70

When calculating earnings per share, the impact of the stock dividend had been retroactively adjusted. The payment date of bonus shares is on November 2, 2021. Due to retrospective adjustment, the 2020 basic and diluted earnings per share changes are as follows:

Unit: NTD per share

	Cum-dividend	Ex-dividend
Basic earnings per share	$ 0.73	$ 0.70
Diluted earnings per share	$ 0.73	$ 0.70

The net income and weighted average common stock shares used for calculating earnings per share are as follows:

Net income

	2021	2020
Net profit attributable to the company	$ 5,699	$ 942,047

Quantity

	2021	2020
Weighted average common stock shares used to calculate basic earnings per share	1,341,680	1,341,806
Effect of dilutive potential common stock:		
Remuneration to employees	220	1,251
Weighted average common stock shares used to calculate diluted earnings per share	1,341,900	1,343,057

35. Disposal of subsidiaries

The consolidated companies have on August 10th, 2021 signed the share transfer contract, decided to sell 100% of Pan Asia Chemical Corporation shares. The above sale transaction has been completed on August 16th, 2021 and loses its control of the subsidiary.

(1) Consideration collected

	Pan Asia Chemical Corporation
Consideration collected	$ 1,083
Receivables on sale of Investments	-
Consideration collected	$ 1,083

(2) Analysis of assets and liabilities which are not in control

	Pan Asia Chemical Corporation
Current assets	
Cash and cash equivalents	$ 25
Other assets	11,168
Non-Current assets	
Property, plant and equipment	61
Current liabilities	
Payables	(11,108)
Net assets disposed of	$ 146

(3) Gain from disposal of subsidiaries

	Pan Asia Chemical Corporation
Consideration collected	$ 1,083
Net assets disposed of	(146)
Disposal profit	$ 937

(4) Net cash inflow from disposition of subsidiaries

	Pan Asia Chemical Corporation
Consideration received in cash and cash equivalents	$ 1,083
Less: Balance of cash and cash equivalents disposed of	(25)
	$ 1,058

36. Equity transactions of non-controlling interests.

The consolidated company disposed its 5% shares of Pan Asia Chemical Corporation, decreasing the shareholding ratio from 49% to 44% from March to May 2020.

Since the transaction referred to above did not change the control of the Consolidated Company over the subsidiaries, the Consolidated Company has it processed as an equity transaction.

	Subsidiaries
Consideration collected	$ 171,227
The net book value of the subsidiary's assets is calculated in accordance with the relative changes in equity that should be transferred out of the non-controlling equity.	(131,778)
Adjustments attributable to other equity items of the shareholders of the Company.	
-Treasury stock trading	(92,852)
Equity transaction balance	($ 53,403)
Adjustment of equity transaction balance	
Additional paid-in capital-Actual disposal of part of the equity of the subsidiary	($ 6,270)
Undistributed earnings	(47,133)
	($ 53,403)

37. Related Party Transactions

(1) Name and affiliation of related parties

Name	Affiliation
Chung Chien Investment Co., Ltd.	Investors with control
Pan Asia Investment Co., Ltd.	Investors with control
Nan Chung Petrochemical Corp.	Affiliated enterprises
Wei-Kang International	Affiliated enterprises
BONWELL PRADISE Co., Ltd	Affiliated enterprises
Storm Model Management	Affiliated enterprises
Qian Teng PR Planning (Shanghai), Co., Ltd.	Affiliated enterprises
Shanghai Nianjia Cultural Diffusion Co., Ltd.	Affiliated enterprises
FunTeam Industrial CO., LTD	Substantial related party
Hua Nan Financial Holding	Substantial related party
Hua Nan Bank	Substantial related party
Hua Nan Insurance	Substantial related party
TAIWAN FILAMENT WEAVING DEVELOPMENT CO., LTD.	Substantial related party
Hsu Tian Investment Co., Ltd	Substantial related party
TA YI DEVELOPMENT CO., LTD.	Substantial related party
Midea	Substantial related party
Formosa Imperial Wineseller Corp.	Substantial related party
Formosawine Vintners Corporation	Substantial related party
Da Fa Investment Company	Substantial related party
Sheng Jen Knitted Textiles Co., Ltd.	Substantial related party
Hsu Tian Investment Co., Ltd	Substantial related party
Reliance Consolidated Securities Co., Ltd.	Substantial related party
Wang Wan Chin Education Foundation	Substantial related party
Sheng Yuan Cher Investment Company	Substantial related party
Chao-Qing Investment	Substantial related party
Peng Hsu Investment Company	Substantial related party
General Pride Enterprise Co., Ltd.	Substantial related party
Shield Bright Investment Limited	Substantial related party
Feng Chi Investment Co., Ltd.	Substantial related party
Lei Fu Life Enterprise Co., Ltd.	Substantial related party
Shen Ching Investment Co., Ltd.	Substantial related party
FU HING INVESTMENT LIMITED	Substantial related party
Yao Shang Investment Co., Ltd.	Substantial related party
Chi Ta Investment Co., Ltd.	Substantial related party
Hsu Yi Investment Co., Ltd.	Substantial related party
Chung Chien Recreation Investment Co., Ltd.	Substantial related party
Taichung Commercial Bank Cultural and Educational Foundation, Taichung Commercial Bank Workers' Welfare Commission	Substantial related party
Others	Key management personnel of the merged company and their spouses and relatives within the second degree of kinship

(2) Important transactions between the Company and related parties:

1. Sales revenue

Name	2021	2020
Substantial related party	$ 20,090	$ -

There are no significant differences between sales prices and collection terms for related parties of the merged company and regular customers.

2. Purchase

Name	2021	2020
Nan Chung Petrochemical Corp.	$ 3,132,235	$ 2,053,199
Substantial related party	41,048	-
	$ 3,173,283	$ 2,053,199

The terms and conditions of the Consolidated Company's purchase from said related parties are as same as that to the general suppliers. The general suppliers apply the A/R settlement 1 month~2 months.

3. Bank deposits and interest revenue

	2021		2020	
Name	Balance - ending	Interest revenue	Balance - ending	Interest revenue
Hua Nan Bank	$ 73,683	$ 10	$ 88,304	$ 35

4. Accounts payable to related parties

Name	December 31, 2021	December 31, 2020
Payable accounts and notes		
Nan Chung Petrochemical Corp.	$ 367,169	$ -
Substantial related party	34,601	11
	$ 401,770	$ 11

5. Other income

Name	2021	2020
Substantial related party	$ 5,999	$ 9,080

6. Other Expenses

Name	2021	2020
Substantial related party	$ 6,023	$ 8,160

7. Pre-paid expenses

Name	2021	2020
Substantial related party	$ 981	$ 1,083

8. Loans

2021

Unit: NTD thousand

Category	Number of accounts or name of stakeholder	Maximum Balance in Current Period	Balance - ending	Performance: Normal loans	Performance: No-performing loans	Interest revenue	Collateral Contents	Difference in trading conditions and terms with non-stakeholders
Customer loans to employees	13 accounts	$ 6,917	$ 4,644	$ 4,644	$ -	$ 65	Credit loans	N/A
Residential mortgage loans	44 accounts	275,841	178,214	178,214	-	1,864	Real estate	"
Other loans	Tseng OO	138	101	101	-	2	"	"
	Lee OO	2,414	2,273	2,273	-	30	"	"
	Tseng OO	4,150	4,140	4,140	-	5	"	"
	Chang OO	4,500	-	-	-	4	"	"
	Liu OO	1,774	322	322	-	9	"	"
	Tsai OO	5,000	-	-	-	8	"	"
	Lin OO	412	321	321	-	-	"	"
	Chiu OO	1,500	-	-	-	13	"	"
	Chen OO	70,000	40,000	40,000	-	540	"	"
	Fan OO	31,032	9,416	9,416	-	187	"	"
	Wang OO	3,000	3,000	3,000	-	43	"	"
	Lin OO	25,600	16,400	16,400	-	300	"	"
	Tsai OO	248	114	114	-	3	"	"
	Liang OO	767	646	646	-	8	"	"
	Yeh OO	22,000	11,000	11,000	-	135	"	"
	Huang OO	1,435	1,298	1,298	-	18	"	"
	Wang OO	6,345	6,120	6,120	-	155	"	"
	Chuang OO	1,314	-	-	-	7	"	"
	Chiu OO	2,935	2,627	2,627	-	33	"	"
	Hsu OO	2,200	2,200	2,200	-	32	"	"
	Huang OO	15,000	15,000	15,000	-	44	"	"

2020

Unit: NTD thousand

Category	Number of accounts or name of stakeholder	Maximum Balance in Current Period	Balance - ending	Performance: Normal loans	Performance: No-performing loans	Interest revenue	Collateral Contents	Difference in trading conditions and terms with non-stakeholders
Customer loans to employees	13 accounts	$ 5,529	$ 3,897	$ 3,897	$ -	$ 53	Credit loans	N/A
Residential mortgage loans	40 accounts	237,517	156,316	156,316	-	1,645	Real estate	"
Other loans	Lee OO	2,552	2,414	2,414	-	35	"	"
	Chang OO	4,500	4,500	4,500	-	67	"	"
	Liu OO	1,911	1,774	1,774	-	24	"	"
	Tsai OO	5,000	5,000	5,000	-	-	"	"
	Lin OO	504	412	412	-	-	"	"
	Chiu OO	1,500	1,500	1,500	-	11	"	"
	Fan OO	25,932	4,616	4,616	-	35	"	"
	Lin OO	18,800	17,600	17,600	-	297	"	"
	Tsai OO	380	248	248	-	6	"	"
	Liang OO	886	767	767	-	11	"	"
	Yeh OO	33,000	11,000	11,000	-	153	"	"
	Huang OO	1,570	1,435	1,435	-	23	"	"
	Chiu OO	3,238	2,935	2,935	-	40	"	"
	Hsu OO	2,200	2,200	2,200	-	5	"	"

According to Articles 32 and 33 of the Banking Act of the Republic of China, no non-secured credit loans shall be granted to any party interested with the Bank's staff, unless they are consumer loans and loans extended to the Government Apparatus; secured credit loans shall be granted under sufficient collateral and the terms of such credit extension shall not be more favorable than those offered to other customers in the same category.

9. Deposit

	2021			2020		
	Balance - ending	Interest Rate Collars %	Interest Expenses	Balance - ending	Interest Rate Collars %	Interest Expenses
Taichung Commercial Bank Workers' Welfare Commission	$141,508	0.01～4.80	$ 6,889	$140,183	0.01~4.80	$ 7,151
Taichung Commercial Bank Cultural and Educational Foundation	8,194	0.01～0.84	67	8,202	0.01~0.84	72
Formosa Imperial Wineseller Corp.	311	0.04	-	733	0.04	-
Yao Shang Investment Co., Ltd.	3,201	0.04	1	-	-	-
Shield Bright Investment Limited	36,717	0.01	1	17,748	0.01	-
Yu Hwei Technology Co., LTD.	4	0.01	-	4	0.01	-
Hsu Yi Investment Co., Ltd.	3,201	0.04	1	-	-	-
Hsu Tian Investment Co., Ltd.	57,479	0.01～0.05	1	41,153	0.01~0.05	1
Chi Ta Investment Co., Ltd.	3,201	0.04	1	-	-	-
Reliance Consolidated Securities Co., Ltd.	10,057	0.01～0.55	67	13,748	0.04~0.55	96
Peng Hsu Investment Company	6	0.01	-	4	0.01	-
Pan Asia Investment Co., Ltd.	7	0.01	-	6	0.01	-
Feng Chi Investment Co., Ltd.	1	0.04	1	-	-	-
Others	373,339	0.00~4.80	3,664	347,616	0.00~4.80	3,851
	$637,226		$ 10,693	$569,397		$ 11,171

Compared to general customers, there is no major difference in deposits, except for the interest rates for bank clerks accounting for 4.80% in 2021 and 2020.

10. Financial bonds payable

The first issue in 2015, the first issue in 2016, the first, second, third, fourth, and fifth issue in 2017 and the first and second issue in 2018 by the Taichung Commercial Bank Co., Ltd. are non-cumulative secondary financial bonds with no expiry dates. The Concord Securities Co., Ltd. and the KGI Securities have been designated by proxy as the financial advisor for bond issuance and fundraising.

As of December 31, 2021, the financial bonds of Taichung Bank Company subscribed by the related parties through the underwriters are as follows:

Trading Counterpart	Subscription amount	Session
Hsu Tian Investment Co., Ltd.	$ 4,000,000	1st term in 2015, 1st term in 2016, 1st and 5th term in 2017, 1st term and 2nd term in 2018 of perpetual non-accumulative subordinated debentures
Other related parties	2,240,000	The first and fourth issue in 2017, the first and second issue in 2018 are non-cumulative secondary financial bonds with no expiry dates.

As of December 31, 2021 and 2020, Taichung Bank should pay bond interest from bank debentures to the aforementioned related parties amounting to NT$38,413 thousand. The interest expenses as of December 31, 2021 and 2020 amounted to NT$ 242,735 thousand and NT$ 256,575 thousand, respectively.

(3) Rewards to management

The 2021 and 2020 total remuneration to directors and the other management are as follows:

	2021	2020
Short-term employee benefits	$ 355,240	$ 285,558
Retirement benefits	2,911	3,011
Other long-term employee benefits	3	17
	$ 358,154	$ 288,586

The salaries and remunerations to directors and other key management were determined by the Salary Committee in accordance with the personal performances and trends in the markets:

38. Pledged assets

The consolidated company provides assets as operation bonds, collaterals for bank borrowings, guarantee for repurchase agreement, guarantee for overdraft limit, margin for financial derivatives, guarantee for import duty and guarantee for hiring foreign workers (list them based on the book value):

	December 31, 2021	December 31, 2020
Notes receivable	$ 3,036,279	$ 2,426,158
Due from bank- time deposits	200,000	200,000
Due from banks-Reserves Account B	5,000,000	5,000,000
Restricted assets - Bank borrowings (list other current assets)	542,269	595,184
Financial assets at fair value through other comprehensive profit or loss	1,199,198	986,077
Investment of debt instrument on the basis of cost after amortization – government bonds	916,400	920,400
Investment under the equity method	112,807	110,343
Investment property	1,017,070	1,064,695
Property, plant and equipment		
Land	3,411,627	3,411,627
House and Building	457,616	484,804

39. Significant undertakings or contingencies

In addition to the undertaking for financial products specified in Notes 8, 9 and 25, the consolidated company have had the following undertakings or contingent liabilities until December 31, 2021 and 2020:

(1) Guarantee notes issued by CMFC:

	December 31, 2021	December 31, 2020
Banking facility	$ 14,253,511	$ 15,551,230
Advance payment and performance bond	-	320,000
	$ 14,253,511	$ 15,871,230

(2) As of December 31, 2021 and 2020, the consolidated company had opened unused credit line of letter of credit at NT$1,940,949 thousand and NT$1,377,004 thousand, respectively.

(3) CMFC and Air Liquide Far Eastern signed a gas purchase agreement, which specified the minimum purchase volume of oxygen and nitrogen. The monthly purchase is about NT$13,800 thousand, with adjustments made every April in accordance with the customer price index. The purchase volume of oxygen and nitrogen is based on the contract price. The purchase agreement has a term of 240 months. The agreement will be automatically renewed for 36 months upon expiration if neither party has objection. A 24-month notice is required for the termination of the agreement. Both parties agreed on July 1, 2014 as the effective date of the agreement.

(4) Taichung Commercial Bank has other commitments:

	December 31, 2021	December 31, 2020
Undisbursed credit committee (exclusive of credit cards)	$ 146,654,164	$ 143,630,068
Credit card committee	13,909,975	12,799,065
Receivable guarantees	27,150,584	22,879,091
Trust liabilities	77,982,280	65,050,103
The balance of opened but unused letter of credit	3,870,866	3,430,243
Not yet initiated finance lease contractual commitments during lease periods	1,672,014	2,121,644

(5) The balance sheet and trust property catalogue of the trust account is disclosed pursuant to Article 17 of the "Enforcement Rules of Trust Enterprise Act" as follows:

Balance Sheet of Trust Accounts
December 31, 2021

Trust assets	Amount	Trust liabilities	Amount
Bank deposits	$ 6,399,616	Payable securities in custody	$ 6,646,778
Bonds	7,238,414	Trust capital	71,335,502
Stock	3,455,339	Net income	1,210,606
Fund	47,078,055	Deferred carry-over	(1,210,606)
Structured product investment	1,643,837		
Property			
Land	5,386,698		
House and Building	132,100		
Securities in custody	6,646,778		
Trust of marketable securities	1,443		
Total trust assets	$ 77,982,280	Total trust liabilities	$ 77,982,280

Property Catalogue of Trust Accounts
December 31, 2021

Investment	Amount
Bank deposits	$ 6,399,616
Bonds	7,238,414
Stock	3,455,339
Fund	47,078,055
Structured product investment	1,643,837
Property	
Land	$ 5,386,698
House and Building	132,100
Securities in custody	6,646,778
Trust of marketable securities	1,443
	$ 77,982,280

Income Statement of Trust Accounts
2021

	Amount
Trust income	
Interest revenue	$ 2,428,466
Trust expenses	
Administration expenses	(1,217,830)
Taxation	(30)
Income before taxation	1,210,606
Income tax expenses	-
Income after taxation	$ 1,210,606

Balance Sheet of Trust Accounts
December 31, 2020

Trust assets	Amount	Trust liabilities	Amount
Bank deposits	$ 4,689,969	Payable securities in custody	$ 2,918,386
Bonds	7,976,548	Trust capital	62,131,717
Stock	2,285,436	Net income	1,569,531
Fund	43,580,019	Deferred carry-over	(1,569,531)
Structured product investment	1,406,286		
Property			
Land	2,056,768		
House and Building	136,691		
Securities in custody	2,918,386		
Total trust assets	$ 65,050,103	Total trust liabilities	$ 65,050,103

Property Catalogue of Trust Accounts
December 31, 2020

Investment	Amount
Bank deposits	$ 4,689,969
Bonds	7,976,548
Stock	2,285,436
Fund	43,580,019
Structured product investment	1,406,286
Property	
Land	2,056,768
House and Building	136,691
Securities in custody	2,918,386
	$ 65,050,103

Income Statement of Trust Accounts
2020

	Amount
Trust income	
Interest revenue	$ 2,641,698
Trust expenses	
Administration expenses	(1,072,146)
Taxation	(21)
Income before taxation	1,569,531
Income tax expenses	-
Income after taxation	$ 1,569,531

(6) Leasing contracts and capital expenditure commitments maturity analysis

The consolidated company's leasing contract commitments include operating leases and financing leases.

The operating lease commitment meant for the minimum lease payment of the consolidated company as a lessee or lessor under the irrevocable operating lease. For operating lease contractual commitments please refer to Note 19 (5) and 21.

The term "finance lease commitments" refers to the present value of total lease investments and minimum receivable lease payments with the merged company as lessor in accordance with the finance lease terms.

Capital expenditure commitment refers to the contract signed for the capital expenditures paid to receive architecture and equipment.

In consideration of increasing business and employees of the Taichung Commercial Bank, the Bank has on February 11th, 2019 open tender on the website for the main building construction of the Bank. On March 29th, 2019, DA CIN Construction Co., Ltd. and EARTH POWER Co., Ltd. won the bid by joint venture, for a total contract price at NT$11,160,000 thousands. On April 27th, 2019, the contractors filed for starting of work; For the purpose of raising the construction safety and quality benefits, both parties agreed to change the "Top-down well foundation alternative construction techniques" and "Structural optimization of the raft foundation alternative plan." On January 8th, 2021, processed the additional amendment to the agreement for the first time. The total contract price after changes is NT$11,155,943 thousands. Fees charged by YSL Architects and Associates for design planning and technical supervision services amounted to NT$ 480,492,000.

Maturity analysis for finance lease contractual commitments and capital expenditure commitments with the merged company as lessor is provided below:

Total finance lease revenue

	December 31, 2021	December 31, 2020
First year	$ 2,468,413	$ 2,259,461
Second year	1,021,206	785,605
Third year	218,035	219,267
Fourth year	18,903	13,030
Fifth year	12,739	13,030
More than 5 year	154,537	171,350
	$ 3,893,833	$ 3,461,743

Present value of finance lease revenue

	December 31, 2021	December 31, 2020
First year	$ 2,175,166	$ 2,006,629
Second year	937,949	712,027
Third year	199,223	188,214
Fourth year	10,068	3,457
Fifth year	4,354	3,805
More than 5 year	90,068	93,881
	$ 3,416,828	$ 3,008,013

Capital expenditure commitments

	December 31, 2021	December 31, 2020
First year	$ 4,670,691	$ 3,949,454
Second year	2,532,019	3,309,926
Third year	14,394	1,236,643
Fourth year	-	14,394
	$ 7,217,104	$ 8,510,417

(7) O-Bank and Yuanta Bank filed a litigation in February and November, 2020 by reason of several employees receiving the aforementioned bank's assignment of claim notice and serving as the contact window in cooperation with the New Site Industries Inc., resulting in bank clerks' error and mistakenly believing the company, Yijinyang Industries Co., Ltd., and New Brite Industries Inc.

incurred transactions and continuing to lend and allocate funds, and claiming the company and employees shall be jointly and severally liable for compensation. CMFC has commissioned a defense attorney to represent the Company in this lawsuit. Based on the lawyer's opinion, this case objectively possesses no external form of duties performed by employed persons. After the trial, the court deemed the bank's entitlement to seeking compensation from China Man-Made Fiber Corporation. The reduction or exemption of the compensation liability of China Man-Made Fiber Corporation will affect the compensation amount. China Man-Made Fiber Corporation has provisioned liability reserve for the pending litigation case. See Note 30.

(8) Regarding the return of consumer consignment litigation filed by Taichung Commercial Bank Co., Ltd. and the Pihsiang Energy Technology Co., Ltd., in the first trial, the Taichung District Court by order of 2018 chung-su-zi No. 598 on February 4, 2020 (same below) decided against Taichung Commercial Bank Co., Ltd. NT$100 million should be returned to the plaintiff (i.e. Pihsiang Energy Technology Co., Ltd.) From April 10, 2018 to the day of clearance, the interest rate of 5% per annum will be calculated. The litigation fees will be shouldered by the Taichung Commercial Bank Co., Ltd. The appointed lawyer evaluated the content of the original verdict and deemed the verdict reasons contradictory and in violation of verdict without reason. Therefore, the Taichung Commercial Bank Co., Ltd. Filed an appeal on February 27, 2020. The case is currently in progress at the Taiwan High Court Taichung Branch Court by order of 2020 chung-shang No.78. Taichung Commercial Bank Co., Ltd. has first provisioned the pending compensation in the above-mentioned litigation (statutory fruits and litigation fees) according to the civil verdict result by order of 2018 chung-su-zi No. 598 on February 4th, 2020. Table for changes in pending compensation is as shown below:

	2021	2020
Balance - beginning	$ 14,090	$ -
Deposit in the current period	5,000	14,090
Balance - ending	$ 19,090	$ 14,090

In 2021, the NT$5,000 thousands deposit was recognized under the interest expenses. The 2020 deposit of NT$14,090 thousands was recognized as interest expenses for NT$13,644 thousands and as other expenses for NT$446 thousands.

(9) The consolidated company Hebei Hanoshi Contact Lens Co., Ltd., and Hebei Province Langfang Emerging Industry Demonstration Zones Branch have signed and entered into an agreement on the assignment of state-owned construction land use right. The agreement condition is that the land use right is for use of industrial construction and total fixed assets investment shall not be less than CNY 360,000 thousands. Investment intensity shall not be less than CNY 4.5 thousands per square meter. If the total investment for fixed assets and the investment intensity do not meet the standard in the agreement, the Hebei Province Langfang Emerging Industry Demonstration Zones Branch can take the ratio of the actual difference to the agreed investment total and investment intensity and request Hebei Hanoshi Contact Lens Co., Ltd. to pay liquidated damages that is of equivalent proportion to the fees for the assignment of the right to use state-owned land and continue the contract obligations. In addition, if there are any of the following circumstances, the land would be identified by city and county land resources authority departments as "idle land plot:" A plot that has been in the process of development, but the area already developed is less than one third of the total area that should have been developed or the investment already made is less than 25% of the total investment, and the cease of development has lasted for more than one year (including one year). The authority may depend on the level of severity and collect idle land fees or take back the user's right to use the land without compensation.

40. Other matters

(1) The distributors of Pan Asia Chemical Corporation have deposited $2,000 thousands in cash (recognized under the refundable deposits account) and have pledged certificate of deposit of $2,000 thousands to Pan Asia Chemical Corporation. The bank has issued the performance bond of $2,000 thousands and the 100 thousand Pan Asia Chemical Corporation shares that it held are used as performance security deposit.

(2) The consolidated companies are affected by the global COVID-19 (Coronavirus) pandemic, although there are recoveries for downstream of textile industry but the pandemic situation varies for different countries, the demands still have not return to the level before the pandemic. It is mainly due to the huge increase in the ethylene glycol global output capacity in 2021.

In coping with the impact of the pandemic, the company has adjusted its operational strategies and has implemented strict control on inventory. In terms of raw materials, procurements are made based on order demand quantity, while the safe stock is reduced. In addition, production is scheduled based on actual orders placed by customers or agents, thereby reducing finished product stock and timely adjusting price strategies to achieve balanced production and sales. Furthermore, the company plans to actively differentiate products on some production lines to increase revenues and profits. This is to avoid the price disadvantages of bulk specifications and competition from China and ASEAN countries. Meanwhile, impacts brought about by oil price fluctuations are reduced, including planned exports to make up for impacts arising from short-term domestic work suspension.

In view of the above, the company shall evaluate the business and financial aspects have not been subject to major impacts. In addition to the above-mentioned measures, the company shall continue to evaluate its ability to continue operating and possible effects arising from impairment of assets and funding risks.

41. Financial instruments

(1) Fair value information - Financial instruments that are not measured at fair value

With the exception of the following, the book value of financial instruments not at fair value through income statement approximated its fair value or the fair value of which could not be measured with reliability. The fair value is not disclosed.

1. Fair value bracket

December 31, 2021

		Fair value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial Assets					
Investment of debt instruments on the basis of cost after amortization	$ 110,098,208	$ 86,270,904	$ 24,405,895	$ -	$ 110,676,799
Financial Liabilities					
Financial liabilities on the basis of cost after amortization:					
- Financial bonds payable	16,500,000	-	16,636,344	-	16,636,344

December 31, 2020

		Fair value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial Assets					
Investment of debt instruments on the basis of cost after amortization	$ 113,544,854	$ 89,450,493	$ 25,317,446	$	$114,767,939
Financial Liabilities					
Financial liabilities on the basis of cost after amortization:					
- Financial bonds payable	11,500,000	-	11,663,699		11,663,699

2. Evaluation techniques and an input value of Level 2 fair value measurement

Categories of financial instruments	Evaluation techniques and input values
Non-derivatives	The bid price in active markets is not taken as fair value.

(2) Information on fair value – financial instruments at fair value on repetition.

1. Fair value bracket

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss				
Derivatives	$ -	$ 4,006,983	$ -	$ 4,006,983
Commercial papers	26,680,732	-	-	26,680,732
Listed stocks – domestic and emerging stock	849,858	69,650	-	919,508
Domestic non-listed (OTC) stocks	-	-	81,611	81,611
Beneficiary certificates of funds	1,121,186	-	-	1,121,186
Domestic corporate bonds	422,471	-	-	422,471
Others	-	806,522	-	806,522
Total	$ 29,074,247	$ 4,883,155	$ 81,611	$ 34,039,013
Financial assets at fair value through other comprehensive profit or loss				
Equity investment				
- Listed stocks – domestic and emerging stock	$ 6,556,272	$ -	$ -	$ 6,556,272
- Foreign TSEC/GTSM listed shares	308,784	-	-	308,784
- Non listed (OTC) domestic stock	-	-	1,358,409	1,358,409
- Non-listed (OTC) overseas stock	-	-	7,507	7,507
Debt instrument				
- Domestic corporate bonds	34,101,503	-	-	34,101,503
- Domestic government bonds	4,865,736	-	-	4,865,736
- Overseas bond	-	3,121,222	-	3,121,222
- Financial bonds	2,204,054	-	-	2,204,054
Total	$ 48,036,349	$ 3,121,222	$ 1,365,916	$ 52,523,487
Financial liabilities at fair value through profit and loss				
Derivatives	$ -	$ 512,399	$ -	$ 512,399

Reconciliation of financial instruments at Level 3 fair value:

Financial Assets	Financial assets at fair value through profit and loss			Financial assets at fair value through other comprehensive profit or loss		
	Derivatives	Equity instruments	Debt instruments	Equity instruments	Debt instruments	Total
Balance, beginning of year	$ -	$ 7,508	$ -	$1,238,701	$ -	$ 1,246,209
Recognized in the other comprehensive income (Unrealized gain or loss on financial assets at fair value through other comprehensive profit or loss)	-	7,203	-	141,503	-	148,706
Purchase	-	66,900	-	1,217	-	68,117
Disposition	-	-	-	(3,318)	-	(3,318)
Capital reduction and return	-	-	-	(12,187)	-	(12,187)
Balance, end of year	$ -	$81,611	$ -	$1,365,916	$ -	$ 1,447,527

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss				
Derivatives	$ -	$3,670,250	$ -	$3,670,250
Commercial papers	24,872,947	-	-	24,872,947
Listed stocks – domestic and emerging stock	794,608	67,862	-	862,470
Foreign TSEC/GTSM listed shares	88,533	-	-	88,533
Domestic non-listed (OTC) stocks	-	-	7,508	7,508
Beneficiary certificates of funds	920,885	-	-	920,885
Domestic corporate bonds	203,112	-	-	203,112
Others	-	799,269	-	799,269
Total	$26,880,085	$4,537,381	$ 7,508	$31,424,974
Financial assets at fair value through other comprehensive profit or loss				
Equity investment				
- Listed stocks – domestic and emerging stock	$4,640,069	$ -	$ -	$4,640,069
- Foreign TSEC/GTSM listed shares	311,404	-	-	311,404
- Non listed (OTC) domestic stock	-	-	1,230,836	1,230,836
- Non-listed (OTC) overseas stock	-	-	7,865	7,865
Debt instrument				
- Domestic corporate bonds	26,959,132	-	-	26,959,132
- Domestic government bonds	5,379,466	-	-	5,379,466
- Overseas bond	-	3,486,270	-	3,486,270
- Financial bonds	2,008,865	-	-	2,008,865
Total	$39,298,936	$3,486,270	$1,238,701	$44,023,907
Financial liabilities derivative instrument at fair value through profit and loss	$ -	$ 785,819	$ -	$ 785,819

Reconciliation of financial instruments at Level 3 fair value:

Financial Assets	Financial assets at fair value through profit and loss			Financial assets at fair value through other comprehensive profit or loss		
	Derivatives	Equity instruments	Debt instruments	Equity instruments	Debt instruments	Total
Balance, beginning of year	$ -	$ -	$ -	$1,094,038	$ -	$1,094,038
Recognized in the other comprehensive income (Unrealized gain or loss on financial assets at fair value through other comprehensive profit or loss)	-	8	-	159,337	-	159,345
Purchase	-	45,000	-	1,223	-	46,223
Disposition	-	-	-	(15,897)	-	(15,897)
Transferred from Level 3	-	(37,500)	-	-	-	(37,500)
Balance, end of year	$ -	$ 7,508	$ -	$1,238,701	$ -	$1,246,209

In 2021 and 2020, there was no transfer of fair values measures in Level I and Level II.

2. Evaluation techniques and an input value of Level 2 fair value measurement

Categories of financial instruments	Evaluation techniques and input values
Non-derivatives	The bid price in active markets is not taken as fair value.
Derivatives	
Options Contracts	Model Evaluation Method: The prices of execution of all contracts, market fluctuation and maturity, interest rate, and exchange rate were taken as parameters for evaluation, and were subject to evaluation using the close-box model.
FX swap contracts, and forwards contracts	Cash flow discount method: Estimate the future cash flow on the basis of observable forwards rate and the forwards contracts entered into, and subject to discount on the basis that could reflect the risk discount rate for respective counterparties.
Assets swap agreement	The calculation of the closing price of convertible bonds on the day of net bond value: net bond value shall be discounted through the adjustment of risk discount on the basis of the TAIBIR on short-term Taiwan bills compiled at TDCC on the basis of the future cash flow of convertible bonds.
Structured products	
Interest rate derivatives	Quotation of counterparties.

3. Techniques and input value for measurement of Level 3 fair value

Categories of financial instruments	Evaluation techniques and input values
Unlisted/OTC	Market multiple method: The fair value of the subject matter may be evaluated by comparison with the bid price of the stocks in the industry in the active market with liquidity discount ratio taken into account and the corresponding net value of multiples.

4. The measurement of Level 3 fair value is the sensitivity analysis of the reasonable substituted assumption of fair value

The significant unobservable input value under the market multiple method adopted by the consolidated company is the liquidity discount ratio. When the ratio increases, the fair value of the investment decreases. Sensitivity analysis is compiled as follows:

Risk factors	Changes	Effects
Liquidity Discount Ratio	10%	($ 41,985)

(3) Categories of financial instruments

	December 31, 2021	December 31, 2020
Financial Assets		
Measured at fair values through profit and/or loss		
Measured at fair value through income under compulsion	$ 34,039,013	$ 31,424,974
Financial assets on the basis of cost after amortization (Note 1)	679,070,993	655,126,689
Financial assets at fair value through other comprehensive profit or loss		
Equity investment	8,230,972	6,190,174
Debt instrument	44,292,515	37,833,733
Financial Liabilities		
Measured at fair values through profit and/or loss	512,399	785,819
Based on cost after amortization (Note 2)	722,832,315	690,943,004

Note 1: The balance include cash and cash equivalent, the Central Bank deposits and interbank lending, bills and bonds purchased under resale agreements, notes receivables and accounts, other receivables, net discounts and lending, financial assets at amortized cost - Non-current, restricted assets, refundable deposits and other financial assets at amortized cost.

Note 2: Note 2: The balance include short-term loans, short-term notes payable, repurchase coupons and bonds liabilities, the Central Bank and interbank deposits, bills payable and accounts, other payables (excluding dividend payable), deposits and remittances, bills payable (including those with one-year to maturity), long-term borrowings (including those with one-year to maturity), refundable deposits and other financial liabilities measured at amortized cost.

42. Purpose and policy of financial risk management

The China Man-Made Fiber Co., Ltd.'s financial management department shall provide services to each business unit, to plan and coordinate operations in the domestic and international financial markets, and to monitor and manage the consolidated company's operation-related financial risks with the internal risk report, with the risk exposure analyzed in accordance with the degree and breadth of risks. The risks include market risk, credit risk and liquidity risk. The financial risks associated with the consolidated company mainly come from the key subsidiary, Taichung Commercial Bank.

The consolidated company's financial risk management objective is to achieve business objectives, the overall risk tolerance and legal restrictions in order to reach the balance of risks and returns. The main operating risks faced by the consolidated company include the credit risk on and off the financial statements, market risks (including interest rates, foreign exchange rates, equity securities and instrument price risks) and liquidity risks.

The consolidated company have the related risk management policies defined and approved by the Board of Directors in order to effectively identify, measure, monitor, and control credit risk, market risk and liquidity risk.

The Board of Directors is the highest decision-making unit of the consolidated company and assumes the ultimate responsibility for risk management. The consolidated company has established a Risk Management Commission and Risk Management Department responsible for granting risk authority and the relevant authorities to the relevant departments to ensure the successful operation of risk management. The Committee's functions are specified as follows:

(1) Review of risk management projects.
(2) The review and discussion on risk limit.
(3) Review of motions for institutionalization of risk management.
(4) Periodical report to the Board of Directors

The commissioners of the Risk Management Committee shall set the various risk management indicators by nature of business and functions of departments and Risk Management Dept. report them to the Risk Management Committee for high-ranking supervisors' reference in decision making.

1. Market risk

(1) Source and definition of market risk

Market risk refers to the unfavorable changes in market price causing possible losses on and off the consolidated balance sheet. The so-called market price refers to interest rates, exchange rates, equity security prices and instrument prices.

(2) Market risk management policy

The consolidated company's market risk management objective is to develop a sound and effective market risk management mechanism that is compatible with the Company's business scale, nature and complexity in order to ensure that the Company's risks can be properly managed and effectively identify, measure, monitor, control market risks; also, establish a balance between the tolerable risk level and the expected rate of return.

(3) Market risk management process

A. Identification and Measurement

Before the promotion and operation of new products, business activities, processes and systems, the relevant market risk should be assessed through appropriate procedures and determine whether the risk exposure is within the range of risk tolerance included for consideration. The consolidated company's responsible business units shall use business analysis or product analysis to verify the source of market risk and define market risk factors for each financial instrument as appropriate specifications.

Market risk measurement can be processed with a variety of effective measurement methods in order to properly measure risk, including but not limited to the following methods: statistical basis measurement method, sensitivity analysis, and scenario analysis. The Risk Management Department should measure the risk position daily and regularly; also, conduct stress tests regularly to measure the possible extraordinary loss amount of current positions under the simulated extreme situations or historically extreme situations.

B. Monitoring and reporting

The Risk Management Department should regularly report and make suggestions to the Risk Management Committee and the Board of Directors on the Bank's overall market risk management, including the Bank's market risk positions, risk level, profit and loss, using excess of limit and market risk management related compliance. The Business Department has defined the relevant rules governing excess of limit, stop-loss mechanism and operating procedure for excess of limit in order to effectively control the market risk. The excess of limit or exception occurring shall be reported immediately in order to exercise responsive measures.

(4) Exchange rate risk

A. Definition of exchange rate risk

Exchange rate risk refers to the gains and losses resulting from the conversion of two different currencies at different times. The consolidated company's exchange rate risk mainly arises from the spot and forward foreign exchange business. Since the consolidated company's engages in foreign exchange trading mostly to meet the need for customer's position daily; therefore, the exchange rate risk is relatively low.

B. Measurement methods and management procedures

The consolidated company manages its exchange risk by limit control whereby the limits of respective currencies during daytime trade and nighttime trade were set with the upper limit of the maximum exposure in foreign exchange authorized to personnel of different ranks for control. The upper limit for particular counterparty has also been set. The result of the monitoring and control was reported to the Risk Management Committee and the Board for discussion.

C. Sensitivity analysis

Assuming that the other variables remain constant, if the USD/NTD, CNY/NTD, and AUD/NTD exchange rate was relatively valued/devalued by 3%, the Company and its subsidiaries' net income before tax as of December 31, 2021 and 2020 decreased/increased by NT$41,406 thousand and NT$ 27,725 thousand the equity increased/decreased by NT$ 117,820 thousand and NT$ 125,310 thousand, respectively.

(5) Interest rate risk

A. Definition of interest rate risk

Interest rate risk refers to the changes in interest rates that cause changes in the fair value of the consolidated company's interest rate or losses. The main sources of risk include deposit and loan and interest-rate related marketable securities.

B. Measurement methods and management procedures

Entities in CMFC borrow funds at floating interest rates, thus the exposure to interest rate risk. Taichung Commercial Bank adopts a gap management approach to the interest rate risk, setting indicators for monitoring and regularly reports the results to the asset and liability management committee, risk management commission and the board, and makes necessary adjustments according to the overall operating conditions of the Company.

C. The Impacts of Interest Rate Benchmark Reform

For the financial instruments of the Taichung Commercial Bank affected by changes in interest rate benchmark, the linked indicator interest rates include USD LIBOR. It is expected that the US Secured Overnight Financing Rate (SOFR) will replace the USD LIBOR. However, there is a fundamental difference between the replacement interest rate and LIBOR. LIBOR is a forward-looking interest rate indicator that implies market expectations for future interest rate trends, and includes inter-Group credit discounts. Each alternative interest rate is a retrospective interest rate indicator calculated with reference to actual transaction data and does not include a credit discount. The interest rate benchmark reform mainly causes the Taichung Commercial Bank to face basic risks of interest rate. If Taichung Commercial Bank is unable to complete negotiations and contract amendments with the financial tool transaction counterparty before LIBOR exits, this will result in significant uncertainties to the future interest rate basis applicable to the financial tool. It will trigger unexpected interest rate risk exposure for Taichung Commercial Bank. Therefore, when an existing contract is modified from a linked LIBOR to a linked alternative interest rate, additional adjustments must be made to the aforementioned differences to ensure that the interest rate basis before and after the modification is economically equivalent.

The Taichung Commercial Bank has formulated a LIBOR conversion plan to deal with risk management policy adjustments, internal process adjustments, information system updates, financial instrument evaluation model adjustments, and related accounting or tax issues that are required to meet the changes in interest rate benchmark. On December 31, 2021, the Taichung Commercial Bank has identified all the information systems and internal processes that need to be updated, and completed some of the updates.

As of December 31, 2021, the financial instruments of the Taichung Commercial Bank that have been affected by the change in interest rate benchmark and have not yet converted to alternative interest rate benchmark are summarized as follows:

	Book Value	
Non-derivative financial instruments	Financial Assets	Financial Liabilities
Notes discounted and loans – net		
USD LIBOR	$ 7,379,000	$ -
Funds borrowed from Central Bank and other banks		
USD LIBOR	-	470,577
Financial assets on the basis of cost after amortization		
USD LIBOR	7,488,000	-
Total	$ 14,867,000	$ 470,577

Derivatives	Notional Principal	Book Value: Financial Assets	Book Value: Financial Liabilities
Interest rate swap contract			
USD LIBOR	$ 934,511	$ 37,978	$ 37,978

D. Sensitivity analysis

Assuming that the other variables remain constant, if the yield curve goes up/down by 100 points, the consolidated company's net income before tax as of December 31, 2021 and 2020 increased/decreased by NT$ 786,486 thousand and NT$ 749,611 thousand; the other equity decreased/increased by NT$ 1,564,751 thousand and NT$ 1,796,491 thousand, respectively.

(6) Equity securities price risk

A. Definition of equity securities price risk

The market risk of the consolidated company's equity securities includes individual risks arising from changes in equity securities market prices and general market risks arising from changes in the overall market prices. The main sources of risk includes listed/OTC stocks and beneficiary certificates.

B. Measurement methods and management procedures

CMFC is exposed to equity price risk due to the investments in publicly traded and OTC securities. The equity investments (except for financial assets at fair value through profit or loss) are not held for trading and are considered strategic. CMFC has not actively traded such investments. The equity price risk of CMFC is mainly on the petrochemical industry equity instruments in Taiwan's exchange. Taichung Commercial Bank adopts a limit management approach to the equity price risk, ensuring that personnel at all levels conduct their transactions within an authorized amount. Stop-loss measures are also implemented, and the monitoring results are regularly presented to the risk management committee and the board for discussion.

C. Sensitivity analysis

Assuming that the other variables remain constant, if the equity securities price up/down by 15%, the Company and its subsidiaries' net income before tax as of December 31, 2021 and 2020 increased/decreased by NT$ 299,913 thousand and NT$ 258,383 thousand; the equity decreased/increased by NT$ 1,416,434 thousand and NT$ 1,173,260 thousand, respectively.

(7) Sensitivity analysis is compiled as follows:

December 31, 2021			
The main risk	Magnitude changes	Affected amount: Other equity	Affected amount: Profit and loss
Exchange rate risk	USD/NTD, CNY/NTD, and AUDNTD valued by 3%, respectively.	$ 117,820	$ 41,406
	USD/NTD, CNY/NTD, and AUD/NTD decreased by 3%, respectively.	(117,820)	(41,406)
Interest rate risk	Interest rate curve rises 100BPS	(1,564,751)	786,486
	Interest rate curve drops 100BPS	1,564,751	(786,486)
Equity securities price risk	Equity securities price increased by 15%.	1,416,434	299,913
	Equity securities price decreased by 15%.	(1,416,434)	(299,913)

December 31, 2020			
The main risk	Magnitude changes	Affected amount	
		Other equity	Profit and loss
Exchange rate risk	USD/NTD, CNY/NTD, and AUDNTD valued by 3%, respectively.	$ 125,310	$ 27,725
	USD/NTD, CNY/NTD, and AUD/NTD decreased by 3%, respectively.	(125,310)	(27,725)
Interest rate risk	Interest rate curve rises 100BPS	(1,796,491)	749,611
	Interest rate curve drops 100BPS	1,796,491	(749,611)
Equity securities price risk	Equity securities price increased by 15%.	1,173,260	258,383
	Equity securities price decreased by 15%.	(1,173,260)	(258,383)

2. Credit risk

(1) Source and definition of credit risk

Credit risk refers to the financial loss inflicted on the consolidated company due to the non-performance of contractual obligations by the customers or the counterparties. The sources of credit risk covered on and off balance sheet items. On the sheet risk, exposure to the consolidated company mainly comes from discount, loans, credit cards, due from and call loans to banks, acceptance, debt instruments and derivatives. Off the sheet items are financial guarantee, L/C and undertaking of loans that also exposed the consolidated company to credit risk.

(2) Credit risk management policies:

In order to mitigate credit risk, the management of the consolidated company assigns dedicated personnel responsible for the decision on credit line, credit approval and other monitoring procedures to ensure that the overdue receivables are recovered and appropriate actions are taken. In addition, the consolidated company will review the recoverable amount of receivables on each balance sheet date to ensure that appropriate impairment loss has been appropriated for the uncollectible receivables. Accordingly, the consolidated company's management believes that the consolidated company's credit risk is significantly reduced.

The consolidated company continues to assess the financial condition of the customers of accounts receivable.

Except for the major customer Company A of the consolidated company, the consolidated company does not have a significant credit exposure to any single counterparty or any group counterparty with similar characteristics. When the counterparty is an affiliated company, the consolidated company has it defined as a counterparty with similar characteristics. The concentration of credit risk of Company A in 2021 and 2020 accounted for 0.004% and 0%, respectively, of the total monetary assets.

In addition, financial products held or issued by the merged company may lead to losses due to failure of transaction counterparties or third parties to perform contract obligations. The consolidated company will evaluate credit carefully to grant loans and guarantees. The loans secured by collateral accounted for about 77% of the total loans on December 31, 2021. The proportion of financing guarantee and collateral held by commercial L/C was approximately 27%, because the collateral required by loans, loaning commitments or guarantees usually referred to cash, inventory, marketable securities or other property. In the event of the trading counterpart's or the other party's default, the consolidated company was entitled to perform compulsory execution against the collateral or other guarantees to effectively reduce the credit risk, provided that the fair value of collateral would not be taken into consideration when the maximum credit exposure was disclosed.

(3) Credit risk management procedures

Notes to the credit risk management procedures and methods of assessment of the consolidated company by businesses:

A. Loans (including commitments of financing and guarantees)

a. Judgment of significant increase of credit risk after initial recognition

The consolidated company evaluated the change in the default risk inherent to its loan assets within the perpetuity of these assets on each reporting day to determine if the credit risk increased significantly after initial recognition. For evaluation, the consolidated company considers the information (including prospective information) for justifying the significant increase of credit risk after the initial recognition. The major indicators for consideration are:

<u>Quantified indicators</u>

(a) Changes in external TCRI credit rating

TCRI ratings of companies listed at TWSE or TPEx corresponding to external ratings for downgrading the level to non-investment grade, which determined that the credit risk increased significantly after initial recognition.

(b) Information on delinquency

If the contracts turned delinquent for more than 1 month, it could be determined that the credit risk inherent to the financial assets has increased significantly.

<u>Quality indicators</u>

(a) Unfavorable change at present or as forecast to the operation, financial position or economic condition that significantly affected the debtors in performing their obligations in retirement of loans.

(b) The actual or forecasted significant change in operational results of the debtors.

(c) The credit risk of other financial instruments of particular debtor increased significantly.

b. Definition of default and financial assets with credit impairment

The consolidated company defined the agreement on financial assets as identical with the determination of credit impairment of financial assets. If any of the following are applicable, it could be determined that the financial asset has turned default with credit impairment:

<u>Quantified indicators</u>

(a) Changes in external TCRI credit rating

The TCRI ratings of companies listed at TWSE or TPEx rated as DEFAULT implied that credit impairment occurred after initial recognition.

(b) Information on delinquency

If the proceeds from contracts turned delinquent for more than 3 months, it could be determined that credit impairment occurred to the financial assets after initial recognition.

<u>Quality indicators</u>

If there is evidence implying that the borrower is unable to pay the contract amount, or indicating severe financial hardship of the borrower, such as:

(a) The debtor has gone bankrupt or had declared bankruptcy or financial restructuring.

(b) Other financial instrument contracts of the debtors have turned default.

(c) Due to the economic or contractual reasons related to the financial hardship of the debtors, the creditors gave the debtor a leeway which would otherwise not be considered for the borrowers and declared as non-performing loans.

The aforementioned default and credit impairment will be defined as applying to all financial assets held by the combined companies, and such definition is congruent with the financial assets relevant to the internal purpose of credit risk management and applied to the model for the evaluation of related impairments.

c. Measurement of anticipated credit loss

The consolidated company classified loan assets into the following combinations by the purpose of the loan, the nature of the industry, type of collaterals, and the mode of financing for the purpose of assessing anticipated credit loss:

Product portfolio	
Corporate Finance Operations	Corporate Finance-secured
	Corporate Finance-non-secured
Consumer banking business	House loan
	Personal, other, secured
	Personal, other, unsecured
	Credit loans
	Cash card
	Credit card

The consolidated company measured the provision for loss of financial assets that have no significant increase in credit risk after initial recognition on the basis of anticipated credit loss over a period of 12 months. The provision for loss of financial assets that have significant increases in credit risk after initial recognition shall be measured on the basis of anticipated credit loss within the perpetuity of the financial assets.

For the measurement of anticipated credit loss, the consolidated company considers the probability of default (PD) of the debtors in 12 months ahead and the perpetuity of the loans, and includes into the Loss Given Default (LGD), then multiplies by Exposure at Default (EAD). The effect of the time value of currency is also considered in this calculation.

The probability of default is the ratio of loss in case the particular debtor acted in default. The PD and LGD adopted by consolidated company in the assessment of loans is based on the internal historical information of the product portfolios (such as the experience in credit loss), and also the observable information at present and the prospective macroeconomic performance in grouping the products for separate evaluation.

The consolidated company assessed the EAD by a direct evaluation method for different groups of products. In assessing the commitment of financing in 12 months and the anticipated credit loss within the perpetuity of the assets, Taichung Bank adopted the direct assessment method for different groups and considered the portion of drawdown within 12 months after the reporting day of the commitment of financing and the anticipated renewal period to determine the EAD of anticipated credit loss.

Consideration of prospective information

In assessing anticipated credit loss, the consolidated company adopted the economic factors affecting credit risks and that were relevant to anticipated credit loss and takes prospective information into account. Prospective information is the “Economic Signal” released by the National Development Council of the ROC that served as the standard for the overall economic performance of Taiwan and relevant signals as the indicators. The signal system is classified as the expansion phase, contraction phase and level phase. The consolidated company will based on the judgment of economic performance to adjust the probability of default and incorporate this information into the assessment of overall anticipated credit risk.

B. Debt instrument

The consolidated company will consider the historical record on the rate of default at different levels from external rating institutions and the financial position of the debtors at present, to assess the anticipated credit loss of the investment of debt instruments for 12 months in the future or the anticipated credit loss within the perpetuity of the instruments.

The securities held by the consolidated company shall be recognized for anticipated credit loss for a period of 12 months or within the perpetuities of the securities. The consolidated company shall determine the quality of securities as follows:

a. Judgment of significant increase of credit risk after initial recognition

   The consolidated company shall assess the changes in the default risk of the investment of debt instruments within the perpetuity of the instruments on each reporting day to determine if there is any significant increase of credit risk after initial recognition. For evaluation purpose, the information for justifying the significant increase of credit risk after initial recognition in consideration shall include the following indicators:

   <u>Quantified indicators</u>

   (a) At the time of initial recognition, the credit rating of the issuers is at investment grade and higher. However, on the financial reporting day, the credit rating of the issuers fell to non-investment grade.
   (b) The credit rating of the issuers of the debt instruments for investment was non-investment grade on the initial day of recognition and such status remained unchanged.
   (c) If the credit rating of the issuers is at non-investment grade and further decline on the reporting day to certain extent.

   <u>Quality indicators</u>

   (a) The credit rating of the issuers indicated that credit risk has increased significantly.
   (b) The fair value of the investment of debt instrument underwent unfavorable significant change on the reporting day.

b. Definition of default and financial assets with credit impairment

   If any of more of the following are applicable to the investment of debt instrument, it could be determined that the financial assets were default with credit impairment.

   <u>Quantified indicators</u>

   (a) The debt instruments were bonds with credit impairment at the time of investment.
   (b) The credit rating of the issuers or the debt instruments for investment fell to the default level on the reporting day.

   <u>Quality indicators</u>

   (a) The issuers revised the conditions for the issuance of the debt instruments or failed to pay principal or interest as the conditions of issuance due to financial hardship.
   (b) Discontinuation of operation, petition for restructuring, bankruptcy, dissolution, the disposition of major assets of the company that significant affected continued operation of the issuers or the guarantors.

   <u>Measurement of anticipated credit loss</u>

   (a) For the measurement of anticipated credit loss, the consolidated company considers the probability of default (PD) of the debtors for 12 months in the future and the perpetuity of the loans, and includes into the Loss Given Default (LGD), then multiplies by Exposure at Default (EAD). The effect of the time value of currency is also considered in this calculation.
   (b) Compare the default risk of debt instruments on the reporting day and the default risk of debt instruments at the time of initial recognition, and consider the information for justifying the significant increase of default risk after initial recognition to determine if the credit risk of the financial instruments has significantly increased after initial recognition.

i. For “normal credit risk” category, estimate the anticipated amount of loss on the basis of PD in one year.
ii. For “significant increase of credit risk” category, consider the perpetuity of the assets and calculated the PD in respective perpetuity of the assets to evaluate the cash flow from contracts in relevant periods (which is the EAD). Adopt the cash flow method to evaluation the anticipate amount of credit loss. If it is impossible to assess the cash flow in relevant periods, use the EAD of the current period for the calculation.
iii. For “abnormal credit risk,” the PD is 100% thereby the PD for the perpetuity of respective assets will not be necessary, but just consider the amount that could be recovered and asses the amount of overall credit loss.
iv. The PD of debt instrument has adopted the numerical value released by credit rating institutions at regular intervals, which insinuates the possibility of market fluctuation in the future.

(4) Credit risk hedge or mitigation policy

A. Collaterals

Among the policies and procedures taken by the consolidated company addressing to loan operation for the reduction of credit risk, the request for collaterals from the borrowers is most common mean. The consolidated company has established the procedures for the scope of collaterals, the appraisal of the collaterals, the management and disposition of the collaterals for the protection of right of debts.

Main loan collateral categories of the consolidated company include the following:

a. Real estate
b. Movable property and pledge of rights
c. Assurance by external certification bodies

With a view to enhancing transaction risk protection, contracts for derivative transactions between the bank and customers stipulate that customers provide the following guarantees in accordance with the nature of the transaction:

a. Bonds for investment quotas: Bonds of different ratios are requested based on the customer credit rating
b. Bonds for high-risk transactions: requested if customer undertakes transactions of products with implicit put options.
c. Performance bonds (trading position losses): bonds requested for trading position losses exceeding mark-to-market upper limits determined by the consolidated company.

The consolidated company paid close attention to the value of the collaterals for the financial instruments, and considered the financial assets necessary for recognition of credit impairment. Information on financial assets with credit impairment and collaterals with slight potential loss is shown below:

	December 31, 2021			
	Total Book Value	Provision for impairment	Total exposure (cost after amortization)	Fair value of collaterals
Impaired financial assets:				
Discounts and loans	$ 8,698,694	($ 1,857,339)	$ 6,841,355	$ 6,841,355
Accounts receivable	801,948	(239,926)	562,022	534,495
Guarantee and L/C	88,571	(33,375)	55,196	37,864
Debt instruments	7,554	(7,554)	-	-
Others	85,019	(12,005)	73,014	-
Total financial assets with impairment	$ 9,681,786	($ 2,150,199)	$ 7,531,587	$ 7,413,714

	December 31, 2020			
	Total Book Value	Provision for impairment	Total exposure (cost after amortization)	Fair value of collaterals
Impaired financial assets:				
Discounts and loans	$8,410,617	($1,856,155)	$6,554,462	$6,554,462
Accounts receivable	313,418	(174,311)	139,107	135,350
Guarantee and L/C	93,398	(36,355)	57,043	38,599
Debt instruments	7,668	(7,668)	-	-
Others	42,651	(2,555)	40,096	-
Total financial assets with impairment	$8,867,752	($2,077,044)	$6,790,708	$6,728,411

B. Control of credit risk limit and credit risk concentration.

For avoiding the over-concentration of risk, the consolidated company has set the credit limit of transactions with particular counterparty and particular group in its policy and procedure for lending. In the policies and procedures for investment and equity investment risk control, limit has also been set for particular party (enterprise) or particular affiliate (group) enterprises in investment. For the control of the concentration of risk of all assets, the consolidated company has set the credit limit by industry, group enterprise, country, pledge of stocks as collaterals to monitor the concentration of risk of the assets. In addition, monitoring and control of particular counterparty, group enterprise, affiliate, industry, nationality, and the country of final risk through system integration for the control of concentration of relevant risks.

C. The reinforcement of other credit

The set-off clause has been explicitly stated in the loan agreements whereby all deposits of the borrowers at the consolidated company shall be set off for covering the liabilities in the event of credit problem to reduce credit risk.

(5) Maximum exposure of credit risk for the consolidated company

The maximum credit risk exposure of the assets stated in the consolidated balance sheet without the consideration of collaterals or other reinforced credit instruments approximate their book value. The amount of maximum credit risk exposure related to the items off the consolidated balance sheet (without the consideration of collaterals or other reinforced credit instruments and the maximum risk amount is irrevocable) is shown below:

	December 31, 2021	December 31, 2020
Irrevocable undertaking of loan	$ 8,946,143	$ 9,034,662
The available credit limit after the activation of revolving credit of credit card	13,909,975	12,799,065
Receivable guarantees	27,150,584	22,879,091
The balance of opened but unused letter of credit	3,870,866	3,430,243

The management of the consolidated company holds that the credit risk exposure of off balance sheet items could be controlled and minimized in continuation under evaluation because the consolidated company has adopted a strict evaluation process with routine evaluation after approval.

(6) Credit risk concentration of the consolidated company

Where financial instrument transactions are apparently concentrated on one person, or most of the multiple trading counterparts of financial instruments are engaged in similar business activities and possess similar economic characteristics and thereby the effects of economic or other conditions to their ability to perform the contracts are similar, the concentration of credit risk arises accordingly. The characteristics of credit risk concentration include the nature of business activities conducted by debtors. The consolidated company did not concentrate any transactions on one single customer or trading counterpart, other than similar counterparts, industrial type, and regions. The amount of contract based on concentrated credit risk:

Counterpart	December 31, 2021	December 31, 2020
Private enterprise	$ 272,232,887	$ 258,337,959
Natural person	251,463,839	233,179,736
Government Agencies	-	2,000,000
Others	2,194,108	2,115,584
	$ 525,890,834	$ 495,633,279

Industrial type	December 31, 2021	December 31, 2020
Natural person	$ 251,463,839	$ 233,179,736
Manufacturer	82,428,014	79,457,394
Commerce	55,055,686	55,547,537
Real estate	68,116,161	64,886,449
Construction industry	21,651,987	18,197,580
Commercial and industrial service business	10,721,758	11,949,359
Financial and insurance business	20,517,085	16,104,068
Warehousing and information	9,110,025	8,304,507
Others	6,826,279	8,006,649
	$ 525,890,834	$ 495,633,279

Region	December 31, 2021	December 31, 2020
Domestic	$ 494,778,509	$ 464,495,184
Territory of Asia	18,613,232	18,134,544
Territory of America	9,615,136	9,234,010
Others	2,883,957	3,769,541
	$ 525,890,834	$ 495,633,279

Collateral	December 31, 2021	December 31, 2020
Non-secured	$ 83,184,331	$ 73,988,829
Secured		
Secured by property	389,570,276	373,358,179
Secured by Letter of Guarantee	18,341,803	17,302,660
Secured by Chattel	6,481,073	6,075,503
Secured by bonds	16,708,301	15,051,165
Notes receivable	1,906,758	1,656,269
Secured by stocks	5,375,785	4,634,756
Others	4,322,507	3,565,918
	$ 525,890,834	$ 495,633,279

(7) Write-off policy

Any non-performing loans or non-accrual loans shall be written off as bad debt after subtracting the estimated recoverable portion if one of the following conditions exists:

A. The loan cannot be recovered in full or in part because the debtors have dissolved, gone into hiding, reached a settlement, declared bankruptcy, or for other reasons.

B. The collateral and property of the primary/subordinate debtors have been appraised at a very low value or become insufficient to repay the loan after the subtraction of senior mortgages; or the execution cost approaches or possibly exceeds the amount that the consolidated company might collect [from the debtor(s)] where there is no financial benefit in execution.

C. The primary/subordinate debtor's collateral has failed to sell at successive auctions where the price of such collateral has been successively lowered, and there is no financial benefit to be derived from the consolidated company's taking possession of such collateral.

D. More than two (2) years have elapsed since the maturity date of the non-performing loans or non-accrual loans, and the efforts of collection have failed.

E. If the monthly minimum payment for credit cards is delayed by more than six (6) months from the specified payment deadline, all advances made thereto shall be written off within three (3) months thereafter.

(8) Information on credit risk quality

A. Discounts and loans and receivables credit quality analysis

December 31, 2021

	Discounts and loans				
	Stage 1	Stage 2	Stage 3		
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Products by category					
Corporate banking	$ 227,290,646	$ 2,322,566	$ 6,118,651	$ -	$ 235,731,863
Consumer banking	238,225,115	9,920,228	2,579,934	-	250,725,277
Others	29,546	1,028	2020	-	30,683
Total Book Value	465,545,307	12,243,822	8,698,694	-	486,487,823
Provision for impairment	(1,465,291)	(608,655)	(1,857,339)	-	(3,931,285)
Required impairment recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	(2,750,165)	(2,750,165)
Total	$ 464,080,016	$ 11,635,167	$ 6,841,355	($ 2,750,165)	$ 479,806,373

	Accounts receivable				
	Stage 1	Stage 2	Stage 3		
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Products by category					
Corporate banking	$ 12,160,742	$ 311,725	$ 712,609	$ -	$ 13,185,076
Consumer banking	1,683,488	22,751	37,488	-	1,743,727
Others	60,904,209	14	51,851	-	60,956,074
Total Book Value	74,748,439	334,490	801,948	-	75,884,877
Provision for impairment	(108,467)	(7,900)	(239,926)	-	(356,293)
Required impairment recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	(104,485)	(104,485)
Total	$ 74,639,972	$ 326,590	$ 562,022	($ 104,485)	$ 75,424,099

	Irrevocable undertaking of loan				
	Stage 1	Stage 2	Stage 3	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets		
Products by category					
Corporate banking	$ 7,175,795	$ 33,250	$ 85,019	$ -	$ 7,294,064
Consumer banking	1,652,079	-	-	-	1,652,079
Total Book Value	8,827,874	33,250	85,019	-	8,946,143
Provision for impairment	(40,877)	(661)	(12,005)	-	(53,543)
Required impairment recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	(4,221)	(4,221)
Total	$ 8,786,997	$ 32,589	$ 73,014	($ 4,221)	$ 8,888,379

	Credit card committee				
	Stage 1	Stage 2	Stage 3	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets		
Products by category					
Consumer banking	$ 13,827,884	$ 82,091	$ -	$ -	$ 13,909,975
Total Book Value	13,827,884	82,091	-	-	13,909,975
Provision for impairment	(5,046)	(1,915)	-	-	(6,961)
Required impairment recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	(422)	(422)
Total	$ 13,822,838	$ 80,176	$ -	($ 422)	$ 13,902,592

	Receivable guarantees				
	Stage 1	Stage 2	Stage 3	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets		
Products by category					
Corporate banking	$ 26,971,681	$ 90,332	$ 88,571	$ -	$ 27,150,584
Total Book Value	26,971,681	90,332	88,571	-	27,150,584
Provision for impairment	(171,880)	(7,782)	(33,375)	-	(213,037)
Required impairment recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	(84,926)	(84,926)
Total	$ 26,799,801	$ 82,550	$ 55,196	($ 84,926)	$ 26,852,621

	The payment of opened but unused letter of credit				
	Stage 1	Stage 2	Stage 3	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets		
Products by category					
Corporate banking	$ 3,870,866	$ -	$ -	$ -	$ 3,870,866
Total Book Value	3,870,866	-	-	-	3,870,866
Provision for impairment	(8,629)	-	-	-	(8,629)
Required impairment recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	(4,226)	(4,226)
Total	$ 3,862,237	$ -	$ -	($ 4,226)	$ 3,858,011

December 31, 2020

	Discounts and loans				
	Stage 1	Stage 2	Stage 3	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets		
Products by category					
Corporate banking	$ 222,080,175	$ 2,875,763	$ 5,459,606	$ -	$ 230,415,544
Consumer banking	217,504,666	11,981,206	2,951,357	-	232,437,229
Others	23,787	499	(346)	-	23,940
Total Book Value	439,608,628	14,857,468	8,410,617	-	462,876,713
Provision for impairment	(1,725,305)	(925,826)	(1,856,155)	-	(4,507,286)
Required impairment recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	(1,828,105)	(1,828,105)
Total	$ 437,883,323	$ 13,931,642	$ 6,554,462	($ 1,828,105)	$ 456,541,322

	Accounts receivable				
	Stage 1	Stage 2	Stage 3	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets		
Products by category					
Corporate banking	$ 9,499,476	$ 347,443	$ 224,116	$ -	$ 10,071,035
Consumer banking	2,164,465	23,982	37,115	-	2,225,562
Others	61,766,888	11	52,187	-	61,819,086
Total Book Value	73,430,829	371,436	313,418	-	74,115,683
Provision for impairment	(91,312)	(9,199)	(174,311)	-	(274,822)
Required impairment recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	(49,220)	(49,220)
Total	$ 73,339,517	$ 362,237	$ 139,107	($ 49,220)	$ 73,791,641

	Irrevocable undertaking of loan				
	Stage 1	Stage 2	Stage 3	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets		
Products by category					
Corporate banking	$ 7,906,111	$ 45,900	$ 42,651	$ -	$ 7,994,662
Consumer banking	1,040,000	-	-	-	1,040,000
Total Book Value	8,946,111	45,900	42,651	-	9,034,662
Provision for impairment	(54,238)	(5,349)	(2,555)	-	(62,142)
Required impairment recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	(2,536)	(2,536)
Total	$ 8,891,873	$ 40,551	$ 40,096	($ 2,536)	$ 8,969,984

	Credit card committee				
	Stage 1	Stage 2	Stage 3	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets		
Products by category					
Consumer banking	$ 12,726,008	$ 73,057	$ -	$ -	$ 12,799,065
Total Book Value	12,726,008	73,057	-	-	12,799,065
Provision for impairment	(4,730)	(1,856)	-	-	(6,586)
Required impairment recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	(796)	(796)
Total	$ 12,721,278	$ 71,201	$ -	($ 796)	$ 12,791,683

	Receivable guarantees				
	Stage 1	Stage 2	Stage 3	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets		
Products by category					
Corporate banking	$ 22,707,521	$ 78,172	$ 93,398	$ -	$ 22,879,091
Total Book Value	22,707,521	78,172	93,398	-	22,879,091
Provision for impairment	(168,958)	(4,799)	(36,355)	-	(210,112)
Required impairment recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	(25,851)	(25,851)
Total	$ 22,538,563	$ 73,373	$ 57,043	($ 25,851)	$ 22,643,128

	The payment of opened but unused letter of credit				
	Stage 1	Stage 2	Stage 3	Impairment difference recognized in accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets		Total
Products by category					
Corporate banking	$ 3,360,243	$ 70,000	$ -	$ -	$ 3,430,243
Total Book Value	3,360,243	70,000	-	-	3,430,243
Provision for impairment	(9,157)	(3,263)	-	-	(12,420)
Required impairment recognized in accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	(677)	(677)
Total	$ 3,351,086	$ 66,737	$ -	($ 677)	$ 3,417,146

B. Credit quality analysis on investment of debt instruments

December 31, 2021

	Financial assets at fair value through other comprehensive profit or loss			
	Stage 1	Stage 2	Stage 3	
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets	Total
Product category (Note)				
Investment grade bonds	$44,322,406	$ -	$ -	$44,322,406
Non-investment grade bonds	-	-	-	-
Total Book Value	44,322,406	-	-	44,322,406
Provision for impairment	(29,891)	-	-	(29,891)
Required impairment recognized in accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	-
Total	$44,292,515	$ -	$ -	$44,292,515

	Financial assets on the basis of cost after amortization			
	Stage 1	Stage 2	Stage 3	
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets	Total
Product category (Note)				
Investment grade bonds	$46,331,317	$ -	$ -	$46,331,317
Non-investment grade bonds	-	-	7,554	7,554
Other (Central Bank NCD)	63,790,000	-	-	63,790,000
Total Book Value	110,121,317	-	7,554	110,128,871
Provision for impairment	(23,109)	-	(7,554)	(30,663)
Required impairment recognized in accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	-
Total	$110,098,208	$ -	$ -	$110,098,208

Note: Bond rating is based on Moody's, Fitch, S&P and Taiwan Ratings, in order to obtain the current credit ratings.

The consolidated company's debt instruments are financial assets at fair value through other comprehensive income and financial assets measured at amortized cost:

	Measured at fair values through other comprehensive income	Measured on the basis of cost after amortization
Total Book Value	$ 44,159,489	$ 110,128,871
Loss allowance	(29,891)	(30,663)
Cost after amortization	44,129,598	110,098,208
Fair value adjustment	162,917	-
	$ 44,292,515	$ 110,098,208

The current credit risk evaluation approach of the Consolidated Company and the total carrying amount of debt instrument investments with various credit ratings are shown as below:

				Total book value of December 31, 2021	
Credit rating	Definition	Basis for recognizing expected credit losses	Expected credit loss rate	Measured at fair values through other comprehensive income	Measured on the basis of cost after amortization
Normal (Stage 1)	The debtors' credit risk is low and also has sufficient capability to pay off contractual cash flows.	Anticipated credit loss in 12 months	0.00%~0.42 %	$ 44,159,489	$ 110,121,317
Abnormal (Stage 2)	Significant increase of credit risk after initial recognition	Lifetime expected credit loss (no credit impairment)		-	-
Default (Stage 3)	Evidence of credit impairment	Lifetime expected credit loss (with credit impairment)	100%	-	7,554
Write-off	There is evidence that the debtor is facing serious financial difficulties and the consolidated company cannot reasonably expect recovery.	Direct write-off		-	-

With respect to the consolidated company's debt instrument investments at fair value through other comprehensive income and measured at amortized cost, the information regarding the changes in loss allowance based on credit risk ratings are summarized as follows:

	Credit rating		
	Normal (12-month expected credit loss)	Abnormal (lifetime expected credit loss and no credit impairment)	Breach of contract (lifetime expected credit loss and with credit impairment)
Financial assets at fair value through other comprehensive profit or loss			
Balance as of January 1, 2021	$ 20,708	$ -	$ -
Changes to credit ratings of debt instruments recognized at the beginning of the year			
- Normal turns into Abnormal	-	-	-
- Abnormal turns into Default	-	-	-
- Default turns into Write-off	-	-	-
Purchase new debt instruments	11,833	-	-
de-recognition	(1,341)	-	-
Changes in model/risk parameters		-	-
Foreign exchange settlement and other changes	(1,309)	-	-
Loss allowance as of December 31, 2021	$ 29,891	$ -	$ -
Financial assets on the basis of cost after amortization			
Balance as of January 1, 2021	$ 26,472	$ -	$ 7,668
Changes to credit ratings of debt instruments recognized at the beginning of the year			
- Normal turns into Abnormal	-	-	-
- Abnormal turns into Default	-	-	-
- Default turns into Write-off	-	-	-
Purchase new debt instruments	1,523	-	-
de-recognition	(3,819)	-	-
Changes in model/risk parameters	-	-	-
Foreign exchange settlement and other changes	(1,067)	-	(114)
Loss allowance as of December 31, 2021	$ 23,109	$ -	$ 7,554

December 31, 2020

	Financial assets at fair value through other comprehensive profit or loss			
	Stage 1	Stage 2	Stage 3	
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets	Total
Product category (Note)				
Investment grade bonds	$ 37,854,441	$ -	$ -	$37,854,441
Non-investment grade bonds	-	-	-	-
Total Book Value	37,854,441	-	-	37,854,441
Provision for impairment	(20,708)			(20,708)
Required impairment recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-
Total	$ 37,833,733	$ -	$ -	$37,833,733

	Financial assets on the basis of cost after amortization			
	Stage 1	Stage 2	Stage 3	
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets	Total
Product category (Note)				
Investment grade bonds	$ 48,601,326	$ -	$ -	$ 48,601,326
Non-investment grade bonds		-	7,668	7,668
Other (Central Bank NCD)	64,970,000	-	-	64,970,000
Total Book Value	113,571,326	-	7,668	113,578,994
Provision for impairment	(26,472)	-	(7,668)	(34,140)
Required impairment recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-
Total	$ 113,544,854	$ -	$ -	$ 113,544,854

Note: Bond rating is based on Moody's, Fitch, S&P and Taiwan Ratings, in order to obtain the current credit ratings.

The consolidated company's debt instruments are financial assets at fair value through other comprehensive income and financial assets measured at amortized cost:

	Measured at fair values through other comprehensive income	Measured on the basis of cost after amortization
Total Book Value	$ 37,437,409	$ 113,578,994
Loss allowance	(20,708)	(34,140)
Cost after amortization	$ 37,416,701	$ 113,544,854
Fair value adjustment	417,032	-
	$ 37,833,733	$ 113,544,854

The current credit risk evaluation approach of the Consolidated Company and the total carrying amount of debt instrument investments with various credit ratings are shown as below:

Credit rating	Definition	Basis for recognizing expected credit losses	Expected credit loss rate	Total book value of December 31, 2020: Measured at fair values through other comprehensive income	Total book value of December 31, 2020: Measured on the basis of cost after amortization
Normal (Stage 1)	The debtors' credit risk is low and also has sufficient capability to pay off contractual cash flows.	Anticipated credit loss in 12 months	0.00%~ 0.44%	$ 37,437,409	$ 113,571,326
Abnormal (Stage 2)	Significant increase of credit risk after initial recognition	Lifetime expected credit loss (no credit impairment)		-	-
Default (Stage 3)	Evidence of credit impairment	Lifetime expected credit loss (with credit impairment)	100%	-	7,668
Write-off	There is evidence that the debtor is facing serious financial difficulties and the consolidated company cannot reasonably expect recovery.	Direct write-off		-	-

With respect to the consolidated company's debt instrument investments at fair value through other comprehensive income and measured at amortized cost, the information regarding the changes in loss allowance based on credit risk ratings are summarized as follows:

	Credit rating		
	Normal (12-month expected credit loss)	Abnormal (lifetime expected credit loss and no credit impairment)	Breach of contract (lifetime expected credit loss and with credit impairment)
Financial assets at fair value through other comprehensive profit or loss			
Balance as of January 1, 2020	$ 15,405	$ -	$ -
Changes to credit ratings of debt instruments recognized at the beginning of the year			
- Normal turns into Abnormal	-	-	-
- Abnormal turns into Default	-	-	-
- Default turns into Write-off	-	-	-
Purchase new debt instruments	8,900	-	-
de-recognition	(4,556)	-	-
Changes in model/risk parameters	-	-	-
Foreign exchange settlement and other changes	959	-	-
Loss allowance as of December 31, 2020	$ 20,708	$ -	$ -
Financial assets on the basis of cost after amortization			
Balance as of January 1, 2020	$ 24,185	$ -	$ 17,477
Changes to credit ratings of debt instruments recognized at the beginning of the year			
- Normal turns into Abnormal	-	-	-
- Abnormal turns into Default	-	-	-
- Default turns into Write-off	-	-	-
Purchase new debt instruments	1,777	-	-
de-recognition	(2,178)	-	(9,136)
Changes in model/risk parameters	-	-	-
Foreign exchange settlement and other changes	2,688	-	(673)
Loss allowance as of December 31, 2020	$ 26,472	$ -	$ 7,668

3. Liquidity risk

(1) Sources and definitions of liquidity risk

The consolidated company's current liability exceeds its current assets of NT$100,451,971 thousand. The consolidated company currently has unused borrowing limit sufficient to meet all contractual obligations, so there is no liquidity risk with being unable to raise funds to perform contractual obligations.

Liquidity risks of the merged company mainly stem from Taichung Bank. The term “liquidity risks” refers to potential losses generated by the inability of Taichung Bank to acquire capital to fund increases in assets or repay liabilities as they come due (e.g., withdrawals by depositors, credit drawdowns, other interest or expenses, or cash outflows associated with off-balance sheet transactions); measures to replenish capital and increase liquidity include sufficient cash-on-hand, immediately realizable securities, spread deployment, absorbed deposits, or financing loan channels.

(2) Taichung Bank liquidity risk management policies may be described as follows:

Taichung Bank develops capital movement strategies by adopting a conservative approach. It effectively spreads funding sources and deadlines, participates in the capital call market, maintains close contact with fund providers, and keeps fund-raising channels open to ensure a stable and reliable source of capital.

Taichung Bank has formulated relevant norms and regulations governing operating procedures for risk identification, measurement, monitoring, and reporting. The bank has established a limit monitoring mechanism and has set management indicators for liquidity ratios and cash flow gaps. It maintains a firm grasp of potential warning signals and conducts regular stress tests. Analysis of crisis scenarios with assumed impacts on capital flows serves as a reference for the assessment of liquidity buffer levels. Response measures are adopted in a timely manner.

The Asset and Liability Management Committee (hereinafter referred to as “This Committee”) is the dedicated management unit of Taichung Bank for liquidity risks. The Committee must adopt monitoring procedures as required based on liquidity risk management policies to ensure adequate liquidity and sufficient capital under normal conditions and specific stress scenarios and thereby guarantee fulfillment of the bank's payment obligations. The Committee must report regularly to the board of directors to ensure effective management of liquidity risks.

Non-derivative financial liabilities maturity analysis

The analysis on the cash outflow of the consolidated company's non-derivative liabilities is based on the remaining period from the consolidated balance sheet date to the contract maturity date as follows: The amount in the statements is based on the contractual cash flow; therefore, the amount of some items disclosed is not consistent with the respective items on the consolidated balance sheet.

December 31, 2021	0 to 30 days	31 to 90 days	91 to 180 days	181 days to 1 year	More than 1 year	Total
Due to Central Bank and other banks	$ 3,900,014	$ -	$ 730	$ 52,956	$ -	$ 3,953,700
Bills and bonds sold under repurchase agreements	401,059	804,865	-	-	-	1,205,924
Shot-term borrowings	3,018,074	6,363,664	2,026,101	4,009,587	3,695,692	19,113,118
Short-term notes payable	2,395,000	1,350,000	550,000	-	-	4,295,000
Long-term borrowings	82,000	999,800	223,325	1,305,703	4,912,200	7,523,028
Payables	9,084,033	1,929,586	791,380	395,101	276,052	12,476,152
Customer deposits and remittances	44,500,411	77,736,118	76,585,695	150,354,178	309,647,427	658,823,829
Financial bonds payable	-	-	-	65,375	16,500,000	16,565,375
Lease liabilities	16,775	33,137	48,841	94,606	974,088	1,167,447
Other matured capital outflow items	1,140,491	50,311	41,499	233,960	819,573	2,285,834

December 31, 2020	0 to 30 days	31 to 90 days	91 to 180 days	181 days to 1 year	More than 1 year	Total
Due to Central Bank and other banks	$ 6,349,048	$ 520,616	$ 730	$ 166,944	$ -	$ 7,037,338
Bills and bonds sold under repurchase agreements	500,808	1,800,700	-	-	-	2,301,508
Shot-term borrowings	2,342,034	4,626,276	1,491,893	4,180,870	2,028,267	14,669,340
Short-term notes payable	1,760,000	1,520,000	310,000	-	-	3,590,000
Long-term borrowings	33,000	648,685	1,718,710	1,027,893	4,114,374	7,542,662
Payables	5,812,611	1,441,515	451,608	473,430	273,148	8,452,312
Customer deposits and remittances	45,141,230	72,625,586	74,402,845	159,652,783	284,366,247	636,188,691
Financial bonds payable	-	-	-	64,553	11,500,000	11,564,553
Lease liabilities	26,610	53,004	77,851	146,607	1,049,192	1,353,264
Other matured capital outflow items	585,305	50,793	40,947	158,947	322,063	1,158,055

Derivative financial liabilities maturity analysis

(1) Derivative instruments cleared and settled at net value

The consolidated company's derivatives that are settled and cleared at net value include: FX derivatives: FX forwards and options

It is concluded that the contractual maturity is the essential element to understand all derivative financial instruments listed on the consolidated balance sheet. The amount in the statements is based on the contractual cash flow; therefore, the amount of some items disclosed is not consistent with the respective items on the consolidated balance sheet. Financial liabilities cleared and settled at net amount maturity analysis:

December 31, 2021	0 to 30 days	31 to 90 days	91 to 180 days	181 days to 1 year	More than 1 year	Total
Derivative financial liabilities at fair value through profit and loss - Foreign exchange derivatives	$ 20,678	$ 50,214	$ 67,220	$ 77,111	$ -	$ 215,223
Total	$ 20,678	$ 50,214	$ 67,220	$ 77,111	$ -	$ 215,223

December 31, 2020	0 to 30 days	31 to 90 days	91 to 180 days	181 days to 1 year	More than 1 year	Total
Derivative financial liabilities at fair value through profit and loss - Foreign exchange derivatives	$ 24,773	$ 44,804	$ 43,391	$ 69,429	$ -	$ 182,397
Total	$ 24,773	$ 44,804	$ 43,391	$ 69,429	$ -	$ 182,397

(2) Derivatives cleared and settled at total value

The consolidated company's derivatives that are settled at total value include:

Foreign exchange derivatives: Forward foreign exchange and foreign exchange swaps.

Illustrate the consolidated company's derivatives that are settled at total value in accordance with the remaining period from the consolidated balance sheet date to the contract maturity date. It is concluded that the contractual maturity is the essential element to understand all derivative financial instruments listed on the consolidated balance sheet. The amount in the statements is based on the contractual cash flow; therefore, the amount of some items disclosed is not consistent with the respective items on the consolidated balance sheet. Financial liabilities cleared and settled at total value maturity analysis:

December 31, 2021	0 to 30 days	31 to 90 days	91 to 180 days	181 days to 1 year	More than 1 year	Total
Derivative financial liabilities at fair value through profit and loss - Foreign exchange derivatives						
- Cash outflow	$ 1,860,409	$ 8,130,465	$ 847,551	$ 3,691,713	$ -	$14,530,138
- Cash inflow	1,845,858	8,057,050	831,979	3,615,157	-	14,350,044
Sub-total of cash outflow	1,860,409	8,130,465	847,551	3,691,713	$ -	14,530,138
Sub-total of cash inflow	1,845,858	8,057,050	831,979	3,615,157	-	14,350,044
Net cash flow	($ 14,551)	($ 73,415)	($ 15,572)	($ 76,556)	$ -	($ 180,094)

December 31, 2020	0 to 30 days	31 to 90 days	91 to 180 days	181 days to 1 year	More than 1 year	Total
Derivative financial liabilities at fair value through profit and loss - Foreign exchange derivatives						
- Cash outflow	$ 2,614,662	$ 3,270,267	$2,811,080	$ 3,880,455	$ -	$12,576,464
- Cash inflow	2,594,219	3,212,438	2,682,555	3,698,415	-	12,187,627
Sub-total of cash outflow	2,614,662	3,270,267	2,811,080	3,880,455	-	12,576,464
Sub-total of cash inflow	2,594,219	3,212,438	2,682,555	3,698,415	-	12,187,627
Net cash flow	($ 20,443)	($ 57,829)	($ 128,525)	($ 182,040)	$ -	($ 388,837)

4. The maturity analysis of items not on the statement

The analysis on the maturity date of the items not on the consolidated company's balance sheet in accordance with the remaining period from the consolidated balance sheet date to the contract maturity date. For financial guarantee contracts issued, the earliest time period that maximum amounts of the guarantee may be requested for guarantee performance. The amount in the statements is based on the contractual cash flows; therefore, the amount of some items disclosed is not consistent with the respective items on the consolidated balance sheet.

December 31, 2021	0 to 30 days	31 to 90 days	91 to 180 days	181 days to 1 year	More than 1 year	Total
Undisbursed credit committee	$ 10,420,397	$ 16,346,728	$ 27,465,124	$ 61,833,906	$ 44,497,984	$ 160,564,139
The balance of opened but unused letter of credit	1,149,591	2,504,565	195,332	21,378	-	3,870,866
Receivable guarantees	6,880,119	6,232,979	1,557,578	3,017,885	9,462,023	27,150,584
Lease contract commitments	1,427,851	149,460	12,454	82,249	-	1,672,014
Total	$ 19,877,958	$ 25,233,732	$ 29,230,488	$ 64,955,418	$ 53,960,007	$ 193,257,603

December 31, 2020	0 to 30 days	31 to 90 days	91 to 180 days	181 days to 1 year	More than 1 year	Total
Undisbursed credit committee	$ 7,704,768	$19,126,700	$29,632,011	$62,958,367	$37,007,287	$156,429,133
The balance of opened but unused letter of credit	979,316	2,071,735	347,453	31,739	-	3,430,243
Receivable guarantees	6,861,342	5,126,641	705,627	2,513,448	7,672,033	22,879,091
Lease contract commitments	1,814,198	222,188	10,582	64,393	10,283	2,121,644
Total	$17,359,624	$26,547,264	$30,695,673	$65,567,947	$44,689,603	$184,860,111

5. Cash flow risk estimated under interest rate changes

The future cash flow of assets and liabilities estimated based on mobile interest rate held and borne by the Consolidated Company might fluctuate and even generate risk due to the market interest rate changes. However, upon evaluation, the Consolidated Company, in practice, tends to control the net liquidity gap to reduce the cash flow risk resulting from the interest rate changes.

43. <u>Information on transfer of financial assets</u>

<u>Transferred financial assets not being removed in all</u>

In the routine transaction of the consolidated company, financial assets did not qualified under all the conditions have been transferred. Most are debt securities with R/P agreement or equity securities lent under the securities lending agreement. The cash flows from the contract of the aforementioned transactions received by the consolidated company have been transferred to a third party and reflected related liabilities of the consolidated company in the responsibility of repurchasing the financial assets already transferred at fixed price in the future. For this type of transactions, the consolidated company cannot use, sell or pledge the financial assets already transferred within the effective period of the trade, but the consolidated company shall still assume interest risk and credit risk and is not being removed in whole. The table below shows the financial assets not qualified under all conditions and related financial liabilities:

December 31, 2021					
Category of financial assets	Book value of transferred financial assets	Book value of related financial liabilities	Fair value of transferred financial assets	Fair value of related financial liabilities	Net fair value position
Financial assets on the basis of cost after amortization R/P agreement	$1,211,468	$1,205,559	$1,241,778	$1,205,559	$ 36,219

December 31, 2020					
Category of financial assets	Book value of transferred financial assets	Book value of related financial liabilities	Fair value of transferred financial assets	Fair value of related financial liabilities	Net fair value position
Financial assets on the basis of cost after amortization R/P agreement	$2,342,355	$2,300,077	$2,392,483	$2,300,077	$ 92,406

44. Offsetting of financial assets and liabilities

The consolidated company does not have transactions of offsetting financial instruments specified by IAS 32.42 as recognized by the FSC. The financial assets and liabilities related to such type of transactions are expressed in net on the balance sheet. The consolidated company has transactions that are or are similar to net settled master netting arrangements but do not meet the offsetting criteria. The above transactions are settled on a net basis after offsetting financial assets with financial liabilities if both parties of the transaction choose to use net settlement; the above transactions are settled on a gross basis if both parties do not choose to use net settlement. However, if one party breaches the contract, the counterparty can choose to use net settlement.

December 31, 2021

				Related amounts not offset in the balance sheet		
Financial Assets	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities offset in the balance sheet	Net amounts of financial assets presented in the balance sheet	Financial instruments	Cash collateral received	Net
Reverse repurchase and securities borrowing agreement	$11,258,439	$ -	$11,258,439	$11,258,439	$ -	$ -

				Related amounts not offset in the balance sheet		
Financial Liabilities	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets offset in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	Financial instruments	Cash collateral pledged	Net
Repurchase and securities lending agreement	$ 1,205,559	$ -	$ 1,205,559	$ 1,205,559	$ -	$ -

December 31, 2020

				Related amounts not offset in the balance sheet		
Financial Assets	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities offset in the balance sheet	Net amounts of financial assets presented in the balance sheet	Financial instruments	Cash collateral received	Net
Reverse repurchase and securities borrowing agreement	$12,773,121	$ -	$12,773,121	$12,773,121	$ -	$ -

				Related amounts not offset in the balance sheet		
Financial Liabilities	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets offset in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	Financial instruments	Cash collateral pledged	Net
Repurchase and securities lending agreement	$ 2,300,077	$ -	$ 2,300,077	$ 2,300,077	$ -	$ -

45. Information to be disclosed pursuant to Article 16 of the "Regulations Governing the Preparation of Financial Reports by Public Banks"

(1) Asset quality

Type \ Item			December 31, 2021 NPL amount (Note 1)	December 31, 2021 Total amount	December 31, 2021 NPL rate (Note 2)	December 31, 2021 Allowance for bad debt	December 31, 2021 Allowance for bad debt coverage rate (Note 3)	December 31, 2020 NPL amount (Note 1)	December 31, 2020 Total amount	December 31, 2020 NPL rate (Note 2)	December 31, 2020 Allowance for bad debt	December 31, 2020 Allowance for bad debt coverage rate (Note 3)
Corporate banking	Secured		306,832	152,601,348	0.20%	1,526,137	497.39%	452,737	153,180,159	0.30%	1,532,063	338.40%
Corporate banking	Non-secured		117,494	83,104,653	0.14%	2,298,392	1,956.18%	96,665	77,217,829	0.13%	2,597,748	2,687.37%
Consumer banking	Residential mortgage loans (Note 4)		32,377	64,795,172	0.05%	998,712	3,084.63%	55,380	57,329,436	0.10%	905,827	1,635.66%
Consumer banking	Cash card		-	2	-	1	-	-	10	-	1	-
Consumer banking	Small credit loans (Note 5)		1,018	957,115	0.11%	59,858	5,879.96%	456	893,160	0.05%	82,028	17,988.60%
Consumer banking	Others (Note 6)	Secured	257,503	154,572,466	0.17%	1,444,616	561.01%	361,301	150,343,195	0.24%	831,404	230.11%
Consumer banking	Others (Note 6)	No collateral	28,535	29,060,838	0.10%	353,147	1,237.59%	16,001	22,789,618	0.07%	385,922	2,411.86%
Total amount			743,759	485,091,594	0.15%	6,680,863	898.26%	982,540	461,753,407	0.21%	6,334,993	644.76%

Type \ Item	December 31, 2021 NPL amount	December 31, 2021 Balance of receivable accounts	December 31, 2021 NPL rate	December 31, 2021 Allowance for bad debt	December 31, 2021 Allowance for bad debt coverage rate	December 31, 2020 NPL amount	December 31, 2020 Balance of receivable accounts	December 31, 2020 NPL rate	December 31, 2020 Allowance for bad debt	December 31, 2020 Allowance for bad debt coverage rate
Credit card	2,573	738,561	0.35%	27,274	1,060.01%	3,192	742,507	0.43%	27,906	874.25%
Non-recourse factoring (Note 7)	-	271,434	-	4,645	-	-	154,805	-	5,805	-

NPL or non-performing receivable accounts exempted from report

	December 31, 2021 Total NPL exempted from report	December 31, 2021 Total non-performing receivable accounts exempted from report	December 31, 2020 Total NPL exempted from report	December 31, 2020 Total non-performing receivable accounts exempted from report
Amount exempted from report upon debt negotiation and performance (Note 8)	1,157	627	1,568	820
Performance of debt clearance program and rehabilitation program (Note 9)	10,515	17,630	8,303	19,280
Total	11,672	18,257	9,871	20,100

Note 1: The NPL amount is recognized according to "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans." The credit card NPL is recognized based on that provided under the Letter Jin-Guan-Yin (4) Zi No. 0944000378 dated July 6, 2005.

Note 2: Non-performing loan ratio = Non-performing loan/total loan amount. Non-performing credit card ratio = Non-performing amount/accounts receivable balance

Note 3: NPL Coverage Ratio = Allowance for bad debt appropriated for loans/Non-performing amount. Non-performing credit card receivables coverage ratio = Allowance for bad debt appropriated for credit card receivables/non-performing amount.

Note 4: Borrowers apply for residential mortgage loans for the purpose of purchasing or building residences or decorating houses. The loans shall be secured by the residence purchased (owned) by the borrower himself/herself, or his/her spouse or minor children in full, and the mortgage shall be pledged to the financial institution.

Note 5: Small credit loans mean those provided in the Letter under Jin-Guan-Yin (4) Zi No. 09440010950 dated December 19, 2005 and those other than small loans by credit cards/cash cards.

Note 6: The "Other" consumer finance refers to the secured or unsecured consumer finance loans other than the "residential mortgage loans", "cash cards", and "small credit loans", excluding credit cards.

Note 7: According to the Letter under Jin-Guan-Yin (5) Zi No. 094000494 dated July 19, 2005, factoring without recourse shall be recognized as NPL within three months after the factoring Consignee or insurance company confirms that no compensation should be granted.

Note 8: Total NPL exempted from report upon debt negotiation and performance and the balance of total non-performing receivable accounts exempted from report upon debt negotiation and performance were disclosed pursuant to the Letter under Jin-Guan-Yin (1) Zi No. 09510001270 dated April 25, 2006.

Note 9: The balance of total NPL exempted from report upon performance of debt clearance program and rehabilitation program and balance of total non-performing receivable accounts exempted from report upon performance of debt clearance program and rehabilitation program were disclosed pursuant to the Letter under Jin-Guan-Yin (1) Zi No. 09700318940 dated September 15, 2008.

(2) Status of credit risk concentration

December 31, 2021

Unit: NTD thousand

Rank (Note 1)	Business type of company or group (Note 2)	Total balance of loan (Note 3)	December 31, 2021 Ratio of net worth
1	Group A 016700 Real estate development	$ 4,547,089	7.17%
2	Group B 016700 Real estate development	2,920,143	4.60%
3	Group C 016700 Real estate development	2,604,314	4.10%
4	Group D 016700 Real estate development	2,171,767	3.42%
5	Group E 012411 Iron and steel manufacturing	2,114,558	3.33%
6	Group F 010892 Noodle products manufacturing	1,919,501	3.02%
7	Group G 014290 Civil engineering	1,791,518	2.82%
8	Group F 015510 Short-term accommodation service	1,716,097	2.70%
9	Group I 012699 other electronic parts and components manufacturing without classification	1,692,553	2.67%
10	Group J 015010 Vessel Carriers	1,607,055	2.53%

December 31, 2020

Unit: NTD thousand

Rank (Note 1)	Business type of company or group (Note 2)	Total balance of loan (Note 3)	December 31, 2020 Ratio of net worth
1	Group A 016700 Real estate development	$ 4,673,280	8.15%
2	Group C 016700 Real estate development	2,453,570	4.28%
3	Group B 016811 Real estate lease and sale	2,448,265	4.27%
4	Group E 012411 Iron and steel manufacturing	2,349,850	4.10%
5	Group D 016700 Real estate development	2,257,493	3.94%
6	Group K 016700 Real estate lease and sale	1,839,582	3.21%
7	Group F 010892 Noodle products manufacturing	1,833,471	3.20%
8	Group L 012630 Printed circuit board manufacturing	1,761,013	3.07%
9	Group M 014612 Wholesale of brick and tiles, gravels, cement, and their products.	1,608,781	2.81%
10	Group N 013822 Hazardous waste treatment industry	1,370,909	2.39%

Note 1: The top ten enterprises other than public or state enterprises were identified according to rank of the total balance of loans to these enterprises. If the account refers to a group, the loan to the group should be identified and summed up, and disclosed in the form of "code" and "business type." In the case of group, the business type of the group with the maximum exposure should be disclosed. The business type shall be specified in "detailed item" according to the business classification defined by Directorate General of Budget, Accounting and Statistics (e.g. Company (Group) A, real estate development).

Note 2: The enterprises mean those defined in Article 6 of "Supplementary Rules of TSEC's Criteria for Reviewing Listing of Marketable Securities".

Note 3: The balance of total credit extension means the total balance of the various loans (including import negotiation, export negotiation, discount, overdraft, short-term loans, short-term secured loans, receivable securities financing, mid-term loans, mid-term secured loans, long-term loans, long-term secured loans, Delinquent loans), inward remittances, factoring without recourse, Acceptances receivable and guarantee payments.

(3) Interest rate sensitivity information

Interest rate sensitivity assets and liabilities analysis data (NTD)

December 31, 2021

Unit: NTD thousand, %

Item	1 to 90 days (inclusive)	91 to 180 days (inclusive)	181 days to 1 year (inclusive)	Over 1 year	Total
Interest rate sensitivity assets	517,659,733	9,375,584	10,814,138	99,617,497	637,466,952
Interest rate sensitivity	138,013,894	358,827,497	95,835,145	12,243,899	604,920,435

liabilities					
Interest rate sensitivity gap	379,645,839	(349,451,913)	(85,021,007)	87,373,598	32,546,517
Net value					63,459,985
Interest rate sensitivity assets and liabilities rate					105.38%
Interest rate sensitivity gap and net worth rate					51.29%

December 31, 2020

Unit: NTD thousand, %

Item	1 to 90 days (inclusive)	91 to 180 days (inclusive)	181 days to 1 year (inclusive)	Over 1 year	Total
Interest rate sensitivity assets	494,400,748	11,473,341	12,395,589	89,911,813	608,181,491
Interest rate sensitivity liabilities	141,248,259	332,636,992	104,373,534	7,963,232	586,222,017
Interest rate sensitivity gap	353,152,489	(321,163,651)	(91,977,945)	81,948,581	21,959,474
Net value					57,321,753
Interest rate sensitivity assets and liabilities rate					103.75%
Interest rate sensitivity gap and net worth rate					38.31%

Note: 1. The table specifies the amount in NTD (exclusive of foreign currencies) of Taichung Bank Head Office and local branches.
2. Interest rate sensitivity assets and liabilities mean the assets and liabilities with interest of which the income or cost varies depending on the interest rate.
3. Interest rate sensitivity gap=Interest rate sensitivity assets - Interest rate sensitivity liabilities.
4. Ratio of interest-rate-sensitive assets to liabilities = Interest-rate-sensitive assets ÷ Interest-rate-sensitive liabilities (denominated in NT$)

Interest rate sensitivity assets and liabilities analysis data (USD)

December 31, 2021

Unit: USD thousand; %

Item	1 to 90 days (inclusive)	91 to 180 days (inclusive)	181 days to 1 year (inclusive)	Over 1 year	Total
Interest rate sensitivity assets	1,508,953	263,646	124,857	266,753	2,164,209
Interest rate sensitivity liabilities	658,739	1,373,881	184,159	40	2,216,819
Interest rate sensitivity gap	850,214	(1,110,235)	(59,302)	266,713	(52,610)
Net value					2,292,547
Interest rate sensitivity assets and liabilities rate					97.63%
Interest rate sensitivity gap and net worth rate					(2.29%)

December 31, 2020

Unit: USD thousand; %

Item	1 to 90 days (inclusive)	91 to 180 days (inclusive)	181 days to 1 year (inclusive)	Over 1 year	Total
Interest rate sensitivity assets	1,301,782	251,958	97,215	346,387	1,997,342
Interest rate sensitivity liabilities	446,709	1,232,085	310,522	-	1,989,316
Interest rate sensitivity gap	855,073	(980,127)	(213,307)	346,387	8,026
Net value					2,039,993
Interest rate sensitivity assets and liabilities rate					100.40%
Interest rate sensitivity gap and net worth rate					0.39%

Note: 1. This table reports the total amount, in US$, held by the headquarters and domestic branches of Taichung Commercial Bank, its international financial business branches and overseas branches, excluding contingent assets and contingent liabilities.
2. Interest rate sensitivity assets and liabilities mean the assets and liabilities with interest of which the income or cost varies depending on the interest rate.
3. Interest rate sensitivity gap=Interest rate sensitivity assets - Interest rate sensitivity liabilities.

4. Ratio of interest-rate-sensitive assets to liabilities = Interest-rate-sensitive assets ÷ Interest-rate-sensitive liabilities (denominated in US$)

(4) Profitability:

Unit: %

Item		December 31, 2021	December 31, 2020
Return on assets	Before Income Tax	0.73	0.67
	After Income Tax	0.64	0.57
ROE	Before Income Tax	9.03	8.59
	After Income Tax	7.94	7.41
Net profit rate		38.06	37.52

Note: 1. ROA = Income before (after) taxation/Average total assets
2. ROE=Income before (after) taxation / Average net worth
3. Profit (loss) rate = Income after taxation/income-net
4. Income before (after) taxation means the income accumulated from January of the current year until the current quarter

(5) Analysis on maturity of assets and liabilities

Analysis of maturity structure of NTD
December 31, 2021

Unit: NTD thousand

	Total	Remaining balance to maturity					
		0 to 10 days	11 to 30 days	31 to 90 days	91 to 180 days	181 days to 1 year	More than 1 year
Main capital inflow upon maturity	690,862,419	79,528,105	64,951,354	35,311,526	55,348,265	107,707,741	348,015,428
Main capital outflow upon maturity	821,876,223	29,606,148	31,996,179	85,726,703	106,179,429	183,229,351	385,138,413
Gap	(131,013,804)	49,921,957	32,955,175	(50,415,177)	(50,831,164)	(75,521,610)	(37,122,985)

December 31, 2020

Unit: NTD thousand

	Total	Remaining balance to maturity					
		0 to 10 days	11 to 30 days	31 to 90 days	91 to 180 days	181 days to 1 year	More than 1 year
Main capital inflow upon maturity	660,315,443	91,325,237	54,943,741	32,175,308	53,461,993	105,310,358	323,098,806
Main capital outflow upon maturity	782,299,588	27,709,161	30,881,366	82,879,363	103,396,608	188,375,958	349,057,132
Gap	(121,984,145)	63,616,076	24,062,375	(50,704,055)	(49,934,615)	(83,065,600)	(25,958,326)

Note: The table only specifies the amount in NTD (exclusive of foreign currencies) of Taichung Bank Head Office and local branches.

Analysis of maturity structure of USD
December 31, 2021

Unit: USD thousand

	Total	Remaining balance to maturity				
		0 to 30 days	31 to 90 days	91 to 180 days	181 days to 1 year	More than 1 year
Main capital inflow upon maturity	2,789,842	602,590	472,159	278,131	385,425	1,051,537
Main capital outflow upon maturity	3,345,308	525,117	1,021,530	533,336	885,719	379,606
Gap	(555,466)	77,473	(549,371)	(255,205)	(500,294)	671,931

December 31, 2020

Unit: USD thousand

	Total	Remaining balance to maturity				
		0 to 30 days	31 to 90 days	91 to 180 days	181 days to 1 year	More than 1 year
Main capital inflow upon maturity	2,453,883	324,701	263,584	348,501	333,487	1,183,610
Main capital outflow upon maturity	3,092,693	437,764	787,792	584,280	986,987	295,870
Gap	(638,810)	(113,063)	(524,208)	(235,779)	(653,500)	887,740

Note: 1. The table specifies the total amount in USD of Taichung Bank Head Office, local branches and International Banking Branch. Unless otherwise provided, it shall be stated at the Book Value, and it is not necessary to include any accounts that are not stated in the table (e.g. negotiable certificates of deposit, bonds or stocks scheduled to be issued).

2. Where offshore assets account for more than 10% of the Bank's total assets, it is necessary to provide supplementary disclosure.

46. Capital risk management

The consolidated company manages capital to ensure the Group's enterprises to maximize shareholder's returns by optimizing the balance of debt and equity under the precondition of continuing operation.

The capital structure of the consolidated company consists of the net debt (borrowings less cash and cash equivalents) and the interests (equity, capital reserve, retained earnings and other equity items) of the Company's owners.

Among the merged companies, in addition to Taichung Commercial Bank Co., Ltd. Corporation that has minimum capital requirements by law, the other companies are not required to comply with other external capital regulations. The Taichung Commercial Bank Co., Ltd.'s qualified self-owned capital sufficiently meets regulatory requirements and reach the minimum statutory capital adequacy ratio. Relevant qualified self-owned capital and statutory capital shall be handled according to provisions of competent authorities.

The management of the consolidated company re-examines the Group's capital structure on a quarterly basis, including considering various capital costs and the related risks. The consolidated company based on the suggestions of management has the overall capital structure balanced by paying dividends, issuing new shares, buying back shares and issuing new debts or paying back old debts.

47. Information about foreign exchange of foreign currency financial assets and liabilities

The information about foreign currency financial assets and liabilities rendering material effect on the Consolidated Company:

	December 31, 2021						
	USD	RMB	JPY	AUD	EUR	Other foreign currencies	Total
Foreign currency financial assets							
Cash and cash equivalents	$6,133,538	$ 819,384	$ 344,755	$ 178,519	$ 150,270	$1,119,52[illegible]	$8,725,991
Due from Central Bank and lend to Banks	1,181,979	86,880	-	140,560	-	225,289	1,634,708
Financial assets at fair value through profit and loss	1,203,661	-	-	-	1,098	5,439	1,210,198
Financial assets at fair value through other comprehensive profit or loss	1,373,965	1,938,370	-	117,670	-	-	3,430,005
Discounts and loans	32,874,107	874,568	1,234,805	75,300	1,215,774	615,252	36,889,806
Accounts receivable	2,415,327	3,327,170	109,965	10,772	11,751	33,762	5,908,747
Assets measured on the basis of cost after amortization	18,899,657	3,213,098	-	1,344,923	-	779,584	24,237,262
Other assets	301,792	-	-	-	-	896	302,688
Foreign currency financial liabilities							
Funds borrowed from Central Bank and other banks	-	2,803,782	-	-	-	-	2,803,782
Customer deposits and remittances	60,943,986	3,721,575	901,938	1,980,223	703,282	1,918,283	70,169,297
Financial liabilities at fair value through profit and loss	280,123	19,722	-	-	1,162	5,438	306,445
Payables	742,278	144,431	106,541	1,314	7,629	3,529	1,005,722
Lease liabilities	-	35,879	-	-	-	4,524	40,403
Liability reserve	22,520	-	-	-	-	-	22,520
Other liabilities	156,307	26,646	2,524	-	16,918	-	202,395
Taiwan Dollar exchange rates	27.68	4.34	0.24	20.08	31.32		

	December 31, 2020						
	USD	RMB	JPY	AUD	EUR	Other foreign currencies	Total
<u>Foreign currency financial assets</u>							
Cash and cash equivalents	$4,722,500	$ 502,582	$ 384,202	$ 135,056	$ 217,136	$ 496,071	$6,457,547
Due from Central Bank and lend to Banks	73,057	86,340	-	-	-	374,987	534,384
Financial assets at fair value through profit and loss	1,189,924	-	-	-	3,509	90,688	1,284,121
Financial assets at fair value through other comprehensive profit or loss	1,736,382	1,928,804	-	132,488	-	-	3,797,674
Discounts and loans	31,203,325	1,112,690	413,612	81,659	1,176,027	1,017,500	35,004,813
Accounts receivable	1,363,200	2,971,928	209,852	14,156	445,269	68,749	5,073,154
Assets measured on the basis of cost after amortization	18,565,402	3,842,754	-	1,428,655	-	941,953	24,778,764
Other assets	495,580	86,340	-	-	-	1	581,921
<u>Foreign currency financial liabilities</u>							
Due to Central Bank and banks	702,478	-	408,753	-	-	-	1,111,231
Funds borrowed from Central Bank and other banks	-	2,222,528	-	-	-	-	2,222,528
Customer deposits and remittances	54,085,876	4,231,763	635,885	2,261,598	563,925	2,236,821	64,015,868
Financial liabilities at fair value through profit and loss	304,098	36,706	-	-	3,780	2,154	346,738
Payables	1,095,773	204,444	198,722	162,732	61,890	59,780	1,783,341
Lease liabilities	-	41,981	-	-	-	5,529	47,510
Bills and bonds sold under repurchase agreements	1,096,485	-	-	-	-	-	1,096,485
Liability reserve	21,174	-	-	-	-	-	21,174
Other liabilities	109,079	7,932	234		8,518		125,763
Taiwan Dollar exchange rates	28.48	4.38	0.28	21.95	35.02		

The consolidated company's gain on foreign currency exchange (realized and unrealized) in 2021 and 2020 were NT$110,940 thousand and NT$231,314 thousand, respectively. Due to the wide variety of foreign currency transactions, it is difficult to disclose all exchange gains or losses based impact significance.

48. Disclosures

1. Loans to others:

Unit: NTD thousand, unless otherwise noted

Item No. (Note 1)	Lender	Borrower	Transaction title (Note 2)	Are they related parties	Maximum Balance in Current Period (Note 3)	Balance - ending (Note 8)	The actual amounts disbursed	Interest Rate Collars	Nature of Loan (Note 4)	Amount of Business Transaction (Note 5)	Reasons necessary for offering short-term loan (Note 6)	Amount of allowance for bad debt	Collateral		Limit of loan to particular borrower (Note 7)	Total limit of financing (Note 7)	Remark
													Name	Value			
1	Taichung Commercial Bank Lease Enterprise	Megaful Co., Ltd.	Other receivables	No	$121,829	$51,018	$51,018	4%-10%	Necessary for offering short-term loan	$ -	Working capital	$ 510	Property	$ 8,610	$ 203,533	$ 814,130	Note 9
1	Taichung Commercial Bank Lease Enterprise	DA FANG SKILL COLOR MARKETING CONSULTANT CO., LTD.	”	”	180,000	176,294	176,294	4%-10%	”	-	”	1,763	Property	180,000	203,533	814,130	”
1	Taichung Commercial Bank Lease Enterprise	TRYIIT CO., LTD.	”	”	180,000	174,424	174,424	4%-10%	”	-	”	1,744	Property	326,301	203,533	814,130	”
1	Taichung Commercial Bank Lease Enterprise	TCCBL Co., Ltd. (B.V.I.)	Other receivable - related parties	Yes	9,534	9,250	9,250	-	”	-	”	93	N/A	-	203,533	814,130	”
2	TCCBL Co., Ltd. (B.V.I.)	CROSS BORDER PROFITS LIMITED	Other receivables	No	5,395	-	-	4%-10%	”	-	”	-	Refundable deposits	2,768	82,629	330,518	Note 10
3	Chou Chin Industrial Co., Ltd.	Noble House Glory	Related party receivables	Yes	43,000	43,000	43,000	2%	”	-	”	-	N/A	-	343,500	686,999	Note 11
3	Chou Chin Industrial Co., Ltd.	Noble House Glory	”	”	42,000	-	-	2%	”	-	”	-	N/A	-	343,500	686,999	Note 11
4	Bomy Shanghai	Shanghai Bangyi International Trading Co., Ltd.	”	”	129,840	51,936	51,936	5%	”	-	”	-	N/A	-	243,123	243,123	Note 12

Note 1: The column for numbering is elaborated below:
(1) Fill in 0 for the issuer.
(2) The investees are sequentially numbered from 1 and so forth.

Note 2: The receivables-affiliates, receivables-related parties, shareholders accounts, prepayments, temporary payments and others as stated in book shall be filled in here if they are classified as financing.

Note 3: Maximum balance of financing a third party in current period.

Note 4: Specify if the nature of financing is for business transactions or short-term financing is necessary.

Note 5: If the nature of financing is for business transactions, specify the amount of business transactions. The amount of business transactions shall be the amount of business conducted between the lender and the beneficiary of financing.

Note 6: If it is necessary for short-term financing, specify the reasons and the beneficiary of financing and the use of the fund, such as: retirement of loans, procurement of equipment, and working capital.

Note 7: Specify the Procedure for Financing Third Parties and the upper limit of financing in favor of particular beneficiary and the total limit of financing, and also the method for the calculation of the upper limit of financing in favor of particular beneficiary and the total limit of financing in the space provided in this field.

Note 8: For public companies proposed the lending of funds before the Board for resolution case by case pursuant to Article 14-1 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies,” the amount approved by the Board but not yet being drawn shall still be included in the amount for announcement for the disclosure of risk being assumed. If the loans are being retired in the future, disclose the outstanding balance to reflect the adjustment of risk. For public companies proposed the lending of funds before the Board for resolution case by case pursuant to Article 14-2 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” whereby the Board resolved to authorize the Chairman to effect the drawdown or in revolving credit in tranches within specific limit and in the year, the amount and the limit approved by the Board shall still be announced as the outstanding balance. In subsequent retirement of loans, repeated drawdown shall still be considered and the amount and the limit approved by the Board shall still be announced as the outstanding balance.

Note 9: The loaning of TCB Leasing Co., Ltd. to a particular enterprise shall be up to 10% of the net worth of the Company. The total amount of loaning of funds shall not exceed 40% of the net worth of TCB Leasing Co., Ltd.

Note 10 : TCCBL Co., Ltd. The total amount of loaning of funds by (B.V.I.) to any particular enterprise shall not exceed to that of TCCBL Co., Ltd. Limited to 10% of net worth of (B.V.I.) The total amount of loaning of funds shall not exceed 40% of the net worth of TCCBL Co., Ltd. (B.V.I.).

Note 11: The total amount of funds lent by Chou Chin Industrial Co., Ltd. to a single enterprise must not exceed 20% of the net worth of Chou Chin. Total loan amounts must not exceed 40% of the net worth of Chou Chin.

Note 12: The total amount of funds lent by Shanghai Bomy Food to a single enterprise must not exceed 80% of the net worth of Shanghai Bomy Food. Total loan amounts must not exceed 80% of the net worth of Bomy Shanghai.

2. Endorsements/guarantees to others:

Unit: NTD thousand, unless otherwise noted

Item No.	Name of Endorser/ Guarantor	Endorsed/Guaranteed		Limit of endorsement/ guarantee to a single enterprise (Note 1)	Maximum balance in current period (Note 3)	Balance-ending	The actual amounts disbursed	Endorsement/ guarantee with collateral	Accumulated amount of endorsement/ guarantee in proportion to the net worth stated in the financial statements of the most recent period	Upper limit of endorsement/ guarantee (Note 2)	Guarantee and endorsement of parent company to subsidiary (Note 4)	Guarantee and endorsement by subsidiary to parent company (Note)	Guarantee and endorseme nt in Mainland China (Note)
		Company name	Affiliation										
1	Chou Chin Industrial Co., Ltd.	GREENWORLD FOOD CO., LTD.	Subsidiary of Chou Chin Industrial Co., Ltd.	$ 1,017,976	$ 15,000	$ 15,000	$-	$ -	0.74	$ 2,035,952	—	—	—
2	Taichung Commercial Bank Lease Enterprise	TCCBL Co., Ltd. (B.V.I.)	100% and directly owned subsidiary	12,211,950	632,228	539,780	-	-	26.52	20,353,250	—	—	—
2	Taichung Commercial Bank Lease Enterprise	Taichung Commercial Bank Leasing (Suzhou) Ltd.	100% and indirectly owned subsidiary	12,211,950	2,587,868	2,438,244	1,627,280	-	119.80	20,353,250	—	—	Y

Note 1: Chou Chin Industrial stipulated in its Operating Procedures for Endorsement Guarantee that its endorsement guarantee for an enterprise shall not exceed 50% of the net value of the latest financial statements. If the guarantee is for business transaction relationships, the amount shall not exceed the total transaction in the most recent year. Taichung Bank Leasing stipulated in its Operating Procedures for Endorsement Guarantee that its endorsement guarantee for an enterprise shall not exceed six times the net value of the latest financial statements.

Note 2: Chou Chin Industrial stipulated in its Operating Procedures for Endorsement Guarantee that its total endorsement guarantee shall not exceed the net value of the latest financial statements. Taichung Bank Leasing stipulated in its Operating Procedures for Endorsement Guarantee that its total endorsement guarantee shall not exceed ten times the net value of the latest financial statements.

Note 3: The highest balance of endorsements and/or guarantees in the current year.

Note 4: For guarantee and endorsement from parent company to subsidiaries, from subsidiaries to parent company, and to Mainland China, as in the case of TWSE/GTSW-listed companies, fill in Y.

3. Marketable securities held – end of year

Unit: thousand shares/ NTD thousand

Account Title	Type and Name of Securities	Holder of Securities	Affiliation with Securities Issuer	Ending				Remark
				Quantity	Book Value	Shareholding %	Fair value	
Financial assets at fair value through profit or loss-current	<u>Shares traded on the Taiwan Stock Exchange or OTC exchange</u>							
	Taiwan Business Bank	CHINA MAN-MADE FIBER CORPORATION	N/A	1	$ 8	-	$ 8	
	<u>Non listed (OTC) domestic stock</u>							
	EVERSOL CORP.	”	N/A	35	-	1	-	
	<u>Beneficiary certificate</u>							
	Chinese Selected Growth Equity Fund	”	Fund managed by Taichung Securities Investment Trust Co., Ltd.	3,154	52,511	-	52,511	
	The RSIT Digital Fund	”	”	1,000	55,060	-	55,060	
	Dah-Fa Fund	”	”	1,000	54,330	-	54,330	
	Taiwan Main Stream Small and Medium cap Fund	”	”	2,000	78,720	-	78,720	
	<u>Beneficiary certificate</u>							
	Reliance Taiwan Main Stream Small & Medium Cap Fund	Pan Asia Chemical Corporation	Fund managed by Taichung Securities Investment Trust Co., Ltd.	743	29,251	-	29,251	
	TAROBO Robotics Quantitative Chinese Fund	”	”	1,319	24,146	-	24,146	
	The RSIT Digital Fund		”	420	23,141	-	23,141	
	<u>Beneficiary certificate</u>							
	The RSIT Enhanced Money Market Fund	Taichung Securities Investment Trust Co., Ltd.	Fund managed by Taichung Securities Investment Trust Co., Ltd.	1,563	18,867	-	18,867	
	Dah-Fa Fund	”	”	30	1,654	-	1,654	
Financial assets at fair value through profit or loss-current	The RSIT Digital Fund	Taichung Securities Investment Trust Co., Ltd.	Fund managed by Taichung Securities Investment Trust Co., Ltd.	23	1,253	-	1,253	
	Chinese Selected Growth Equity Fund	”	”	1,118	18,606	-	18,606	
	Taiwan Main Stream Small and Medium cap Fund	”	”	37	1,469	-	1,469	
	<u>Beneficiary certificate</u>							
	Neuberger Berman Disruptive Innovation Equity Securities Investment Trust Fund	Chou Chin Industrial Co., Ltd.	N/A	450	4,495	-	4,495	
					$ 363,511		$ 363,511	Note

(Continued on next page)

(Continued from previous page)

Account Title	Type and Name of Securities	Holder of Securities	Affiliation with Securities Issuer	Ending				Remark
				Quantity	Book Value	Shareholding %	Fair value	
Equity instrument investments measured at fair value through other comprehensive income- non-current	Shares traded on the Taiwan Stock Exchange or OTC exchange							
	Hua Nan Financial Holding	CHINA MAN-MADE FIBER CORPORATION	CHINA MAN-MADE FIBER CORPORATION is its corporate supervisor.	70,055	$ 1,485,172	1	$ 1,485,172	1,148 thousand shares pledged
	Maxigen Biotech Inc.	”	N/A	519	26,948	1	26,948	
	Taiwan Tea Corporation	”	Chou Chin Industrial Co., Ltd., a subsidiary of China Man-Made Fiber Corporation	17,200	349,160	2	349,160	15,000 thousand shares pledged
	Bank of Kaohsiung Preferred Stock A	”	N/A	1,200	29,100	2	29,100	
	Non listed (OTC) domestic stock							
	Sunny Bank	”	N/A	2,876	27,642	-	27,642	
	Formosa Imperial Wineseller Corp.	”	Affiliate	1,900	-	10	-	
	Taiwan Silk & Filament Weaving Development Co. (common shares)	”	CHINA MAN-MADE FIBER CORPORATION is its corporate director.	10,878	23,497	19	23,497	
Equity instrument investments measured at fair value through other comprehensive income- non-current	Taiwan Silk and Filament Weaving Development Co. (Preferred shares)	CHINA MAN-MADE FIBER CORPORATION	CHINA MAN-MADE FIBER CORPORATION is its corporate director.	332	4,407	9	4,407	
	WK Technology Fund	”	N/A	30	293	3	293	
	Pu Shih Joint Venture	”	”	170	254	2	254	
	Minchali Metal Industrial Co., Ltd.	”	”	7,193	95,880	3	95,880	
	TWSE	”	”	1,492	135,862	-	135,862	
	Everterminal Co., Ltd.	”	”	149	5,014	-	5,014	
	China Trade and Development Corp.	”	”	756	-	1	-	
	Chia Hsin Food and Synthetic Fiber Co., Ltd.	”	”	103	-	-	-	
	Taitung Business Bank	”	”	4,027	-	1	-	
	Non-listed (OTC) overseas stock							
	UNFON CONSTRUCTION CO., LTD (Hong Kong)	”	Affiliate	3,250	7,507	18	7,507	
	Shares traded on the Taiwan Stock Exchange or OTC exchange							
	CHINA MAN-MADE FIBER CORPORATION	Deh Hsing Investment Co., Ltd.	Parent company of Deh Hsing Investment Co., Ltd.	11,620	117,938	1	117,938	
	Pan Asia Chemical Corporation	”	A subsidiary of CHINA MAN-MADE FIBER CORPORATION	-	2	-	2	

(Continued on next page)

(Continued from previous page)

Account Title	Type and Name of Securities	Holder of Securities	Affiliation with Securities Issuer	Ending				Remark
				Quantity	Book Value	Shareholding %	Fair value	
	Taiwan Tea Corporation	”	Chou Chin Industrial Co., Ltd., a subsidiary of China Man-Made Fiber Corporation	13,177	$ 267,494	2	$ 267,494	
	Non listed (OTC) domestic stock							
	Formosa Imperial Wineseller Corp.	”	Affiliate	2,000	-	10	-	
	Wan Tai Lease Co., Ltd.	”	N/A	628	-	3	-	
	FunTeam Industrial CO., LTD	”	Affiliate	18	108	18	108	
	Chung Chien Recreation Investment Co., Ltd.	”	”	90	900	18	900	
Equity instrument investments measured at fair value through other comprehensive income-non-current	Shares traded on the Taiwan Stock Exchange or OTC exchange							
	CHINA MAN-MADE FIBER CORPORATION	Pan Asia Chemical Corporation	Parent company of Pan Asia Chemical Corporation	261,501	2,654,233	16	2,654,233	77,954 thousand shares pledged
	Shares traded on the Taiwan Stock Exchange or OTC exchange							
	Taiwan Tea Corporation	”	Chou Chin Industrial Co., Ltd., a subsidiary of China Man-Made Fiber Corporation	11,800	239,540	1	239,540	
	Non listed (OTC) domestic stock							
	TWSE	”	N/A	309	28,098	-	28,098	
	Chung Chien Investment Co., Ltd.	”	Affiliate	12,000	75,000	18	75,000	
	Chung Shing Textile Co., Ltd.	”	N/A	120	-	-	-	
	Non listed (OTC) domestic stock	Taichung Securities Investment Trust Co., Ltd.						
	Taiwan Futures Exchange		N/A	1,470	136,709	-	136,709	
	Shares traded on the Taiwan Stock Exchange or OTC exchange							
	Taiwan Business Bank	Chou Chin Industrial Co., Ltd.	N/A	1,101	10,896	-	10,896	
	Taichung Commercial Bank Co.	”	A subsidiary of CHINA MAN-MADE FIBER CORPORATION	8,768	106,536	-	106,536	2,000 thousand shares pledged
	CHINA MAN-MADE FIBER CORPORATION	”	Ultimate parent of Chou Chin Industrial Co., Ltd.	61,488	624,101	4	624,101	45,000 thousand shares pledged
	Hua Nan Financial Holding	”	CHINA MAN-MADE FIBER CORPORATION is its corporate supervisor.	27,407	581,025	-	581,025	19,500 thousand shares pledged
	Taiwan Tea Corporation	”	Chou Chin Industrial Co., Ltd., a subsidiary of China Man-Made Fiber Corporation	21,215	430,665	2	430,665	15,200 thousand shares pledged

(Continued on next page)

(Continued from previous page)

Account Title	Type and Name of Securities	Holder of Securities	Affiliation with Securities Issuer	Ending				Remark
				Quantity	Book Value	Shareholding %	Fair value	
Equity instrument investments measured at fair value through other comprehensive income-non-current	<u>Non listed (OTC) domestic stock</u> Sunny Bank	Chou Chin Industrial Co., Ltd.	N/A	1,438	$ 13,821	-	$ 13,821	
	<u>Shares traded on the Taiwan Stock Exchange or OTC exchange</u> Taichung Commercial Bank Co.	Chou Chang Corporation	A subsidiary of CHINA MAN-MADE FIBER CORPORATION	15,139	183,940	-	183,940	10,000 thousand shares pledged
	CHINA MAN-MADE FIBER CORPORATION	”	Ultimate parent of Chou Chin Industrial Co., Ltd.	9,618	97,618	1	97,618	
	<u>Non listed (OTC) domestic stock</u> Hsin Tung Yang	”	N/A	64	691	-	691	
	Chou Chin Industrial Co., Ltd.	”	The investor evaluating Chou Chang Corporation under equity method	514	2,603	1	2,603	
					7,762,654		7,762,654	Note
Debt instrument investments measured at fair value through other comprehensive income-non-current	<u>Domestic corporate bonds</u> Taichung Commercial Bank financial bonds	CHINA MAN-MADE FIBER CORPORATION	A subsidiary of CHINA MAN-MADE FIBER CORPORATION	110,000	110,000	-	110,000	
	<u>Domestic corporate bonds</u> Taichung Commercial Bank financial bonds	Pan Asia Chemical Corporation	A subsidiary of CHINA MAN-MADE FIBER CORPORATION	200,000	200,000	-	200,000	
	<u>Domestic corporate bonds</u> Taichung Commercial Bank financial bonds	Chou Chin Industrial Co., Ltd.	A subsidiary of CHINA MAN-MADE FIBER CORPORATION	850,000	853,255	-	853,255	NT$790,000 thousand pledge
	<u>Domestic corporate bonds</u> Taichung Commercial Bank financial bonds	Chou Chang Corporation	A subsidiary of CHINA MAN-MADE FIBER CORPORATION	350,000	356,797	-	356,797	NT$ 350,000 thousand pledge
					$ 1,520,052		$ 1,520,052	Note

Note: Taichung Commercial Bank and its subsidiaries are exempt from disclosure due to that they are in the financial, insurance and securities businesses.

4. Cumulative amount of the same marketable securities purchased or sold reaching NT$300 million or more than 20% of the Paid-in shares capital. Unit: NTD thousand\ thousand shares

Buyer/Seller	Type and Name of Securities	Account Title	Trading Counterpart	Affiliation	Beginning		Bought		Sold				End of period (Note 1)	
					Quantity (Thousand Shares)	Amount	Quantity (Thousand Shares)	Amount	Quantity (Thousand Shares)	Amount	Cost	Gain (loss) from disposal	Shares (in Thousand shares)	Amount
Hammock (Hong Kong) Company Limited	Hebei Hanoshi Contact Lens Co., Ltd. common shares	Investments adopting the equity method / consolidated and individual	Bomy Shanghai	Affiliated enterprises	15,000	$346,411 (RMB79,143)	-	$ -	- (Note 1)	$ -	$ -	$ -	15,000	$346,411 (RMB78,126) (Note 2)
CHINA MAN-MADE FIBER CORPORATION	Taichung Commercial Bank common stocks	Investments adopting the equity method / consolidated and individual	Taichung Commercial Bank Co.	Subsidiaries	913,493	12,639,058	33,004	367,998	-	-	-	-	987,604 (Note 3)	13,837,165 (Note 3)

Note 1: It is adjustments to the investment framework among the groups. The original acquisition agreement price is US$18,000 thousand, the adjusted price is US$16,000 thousand, a total of 15,000 thousand shares. Due to the need to conform to review by local legislations, official announcement is to be made after the State Administration of Foreign Exchange completed all procedures for the review and approval. After the payment is completed for the full amount, Bonny Shanghai can officially take over the management rights of Hebei Hanoshi. Bomy Shanghai had paid US$15,000 thousand. The remaining balance was cleared on January 11th, 2022 and has obtained the management rights of Hebei Hanoshi.

Note 2: End of period amount includes the recognized amount for the investment profit and loss, and exchange effects for the current period.

Note 3: The number of shares at the end of period includes stock dividends allocated in the period. The amount at the end of period includes the profit and loss and the other comprehensive income of subsidiaries, associate companies and joint venture adopting the equity method.

5. Acquisition amount of real estate reaching NT$300 million or more than 20% of the Paid-in shares capital (None)
6. Amount on disposal of real estate reaching NT$300 million or more than 20% of the Paid-in shares capital. (None)

7. Amount on purchase from and sale to related parties reaching NT$100 million or more than 20% of the Paid-in shares capital

Unit: NTD thousand

Purchaser/Seller	Trading Counterpart	Affiliation	Status				Distinctive terms and conditions of trade and the reasons		Receivable (payable) accounts/notes		Remark
			Purchase (sale)	Amount	Percentage in total purchase (sale) amount %	Duration	Unit Price	Duration	Balance	Percentage in total receivable (payable) accounts/notes %	
CHINA MAN-MADE FIBER CORPORATION	Nan Chung Petrochemical Corp.	The Company's investee under equity method	Purchase	$ 3,132,235	31%	30~60 days	Not distinctive	30~90 days for the general transactions	($ 367,169)	34%	
CHINA MAN-MADE FIBER CORPORATION	Pan Asia Chemical Corporation	A subsidiary of CHINA MAN-MADE FIBER CORPORATION	Sale	(790,366)	(7%)	30~60 days	”	”	130,201	7%	
Pan Asia Chemical Corporation	CHINA MAN-MADE FIBER CORPORATION	Parent company of Pan Asia Chemical Corporation	Purchase	790,366	52%	30~60 days	”	”	(130,201)	(76%)	
Chou Chin Industrial Co., Ltd.	GREENWORLD FOOD CO., LTD.	Subsidiary of Chou Chin Industrial Co., Ltd.	Sale	(1,334,991)	(47%)	A/C 120 days	-	-	207,793	57%	
GREENWORLD FOOD CO., LTD.	Chou Chin Industrial Co., Ltd.	Parent company of GREENWORLD FOOD CO., LTD.	Purchase	1,334,991	73%	A/C 120 days	-	-	(207,793)	(82%)	

Note: The above transactions have been written off in the consolidated statement.

8. Accounts receivable-related party reaching NT$100 million or more than 20% of the Paid-in shares capital.

Unit: NTD thousand

Company of receivables on book	Trading Counterpart	Affiliation	Balance of receivables with related party	Turnover Rate	Overdue receivables with related party		Receivables with related party after period collection	Amount of allowance for bad debt
					Amount	Mode of Processing		
CHINA MAN-MADE FIBER CORPORATION	Pan Asia Chemical Corporation	A subsidiary of CHINA MAN-MADE FIBER CORPORATION	$ 130,201	6.97	$ -	—	$ 126,616	$ -
Chou Chin Industrial Co., Ltd.	GREENWORLD FOOD CO., LTD.	A subsidiary of Chou Chin Industrial Co., Ltd.	207,793	6.66	-	—	207,503	-

Note: The above transactions have been written off in the consolidated statement.

9. Transactions in engaging in derivative financial instruments. (Note 8)

10. Other: Business relationship and main dealings between the parent and its subsidiaries

Unit: NTD thousand

Item No. (Note 1)	Trader's name	Counterparty	Relationship with trader (Note 2)	Transactions			
				Title	Amount (Note 3)	Terms and conditions	Percentage in consolidated total revenue or total assets (Note 4)
	2021						
0	CHINA MAN-MADE FIBER CORPORATION	Pan Asia Chemical Corporation	1	Sales revenue	$ 790,336	No significant difference from the general customer	2%
0	CHINA MAN-MADE FIBER CORPORATION	Pan Asia Chemical Corporation	1	Accounts receivable	130,201	No significant difference from the general customer	-
0	CHINA MAN-MADE FIBER CORPORATION	Taichung Commercial Bank Co.	1	Cash and cash equivalents	79,817	No significant difference from the general customer	-
1	Taichung Commercial Bank Co.	Taichung Commercial Bank Insurance Broker Co., Ltd.	3	Customer deposits and remittances	1,397,479	No significant difference from the general customer	-
1	Taichung Commercial Bank Co.	Taichung Commercial Bank Insurance Broker Co., Ltd.	3	Income from handling fees	200,000	No significant difference from the general customer	1%
1	Taichung Commercial Bank Co.	Taichung Commercial Bank Securities Co., Ltd.	3	Customer deposits and remittances	574,319	No significant difference from the general customer	-
1	Taichung Commercial Bank Co.	Taichung Commercial Bank Lease Enterprise	3	Customer deposits and remittances	174,719	No significant difference from the general customer	-
1	Taichung Commercial Bank Co.	Taichung Bank Venture Capital Co., Ltd.	3	Customer deposits and remittances	119,955	No significant difference from the general customer	-
1	Taichung Commercial Bank Co.	Taichung Securities Investment Trust Co., Ltd.	3	Customer deposits and remittances	114,944	No significant difference from the general customer	-
2	Chou Chin Industrial Co., Ltd.	GREENWORLD FOOD CO., LTD.	3	Sales revenue	1,334,991	No significant difference from the general customer	4%
2	Chou Chin Industrial Co., Ltd.	GREENWORLD FOOD CO., LTD.	3	Royalty revenue	152,463	No significant difference from the general customer	-
2	Chou Chin Industrial Co., Ltd.	GREENWORLD FOOD CO., LTD.	3	Accounts receivable	207,793	No significant difference from the general customer	-
2	Chou Chin Industrial Co., Ltd.	GREENWORLD FOOD CO., LTD.	3	Other income	92,714	No significant difference from the general customer	-
3	GREENWORLD FOOD CO., LTD.	Chou Chin Industrial Co., Ltd.	3	Lease liabilities	62,450	No significant difference from the general customer	-
4	Bomy Shanghai	Hammock (Hong Kong) Company Limited	3	Prepayments	418,170	No significant difference from the general customer	-

Note 1: The information about transactions between parent company and subsidiaries shall be numbered and noted in the following manner in the box of numbers:
1. 0 is for the Parent Company.
2. Subsidiaries are numbered from number 1.

Note 2: The relationship with the trade party is classified into three categories as follows:
1. Parent Company to subsidiaries.
2. Subsidiaries to Parent Company.
3. Subsidiaries to subsidiaries.

Note 3: Written-off upon consolidation.

Note 4: For computing the ratio of trade amount to total sales revenue or total assets, if it is for asset and liability account, the computation is based on the ratio of ending balance to total consolidated assets; however, if it is for income and expense account, the computation is based on the ratio of interim cumulative amount to total consolidated revenue.

Note 5: Major transactions refer to those reaching NT$60,000 thousand and shall be disclosed.

11. Information about the investee's name, location….. Unit: NTD thousand

Investor	Investor	Location	Major Business Lines	Initial Investment Amount		Equity Ownership by the Company			Current period net gain (loss) of the investee	Investment gain (loss) recognized in current period	Remark
				Current period-ending	Previous period-ending	Quantity	Percentage %	Book Value			
CHINA MAN-MADE FIBER CORPORATION	Taichung Commercial Bank	Taichung City	Banking business	$ 7,170,165	$ 6,802,167	987,604	22	$ 13,837,165	$ 4,796,274	$ 1,054,225	347,050 thousand shares pledged
	Pan Asia Chemical Corporation	Taipei City	Petrochemical business	968,472	968,472	145,651	44	1,487,752	343,038	141,145	
	Nan Chung Petrochemical Corp.	Yunlin County	Petrochemical business	1,000,002	1,000,002	100,000	50	1,128,072	51,560	25,780	10,000 thousand shares pledged
	Deh Hsing Investment Co., Ltd.	Taipei City	General investment business	1,800,000	1,550,000	180,000	100	1,778,230	15,154	14,037	
	Taichung Securities Investment Trust Co., Ltd.	Taipei City	Securities investment trust business	6,295	6,295	922	-	12,664	(1,649)	(49)	
	Chou Chin Industrial Co., Ltd.	New Taipei City	Manufacturing and trading	176,430	176,430	35,235	47	627,825	250,129	113,542	
	EUREKA INVESTMENT COMPANY LIMITED	Taipei City	General investment business	-	37,500	-	-	-	(13)	(13)	
	Melasse	Taipei City	Cosmetics and cleaning appliances manufacturing	14,500	14,500	1,450	50	10,721	(6,633)	(3,317)	
Pan Asia Chemical Corporation	Taichung Commercial Bank	Taichung City	Banking business	1,551,763	1,457,394	253,261	6	3,541,067	4,796,274	270,402	
	Taichung Securities Investment Trust Co., Ltd.	Taipei City	Securities investment trust business	15,738	15,738	979	3	13,481	(1,649)	(51)	
	Melasse	Taipei City	Cosmetics and cleaning appliances manufacturing	14,500	14,500	1,450	50	10,721	(6,633)	(3,316)	
Taichung Commercial Bank	Taichung Commercial Bank Lease Enterprise	Taipei City	Leasing industry	1,800,000	1,800,000	198,964	100	2,035,325	100,258	100,258	
	Taichung Bank Insurance Agency Co., Ltd.	Taichung City	Insurance agency	6,000	6,000	128,600	100	1,901,022	217,094	217,094	
	Taichung Commercial Bank Securities Co., Ltd.	Taichung City	Securities business	1,500,000	1,500,000	146,748	100	1,962,752	462,797	462,797	
	Taichung Securities Investment Trust Co., Ltd.	Taipei City	Securities investment trust business	120,000	120,000	12,000	38	165,124	(1,649)	(592)	

Investor	Investor	Location	Major Business Lines	Initial Investment Amount		Equity Ownership by the Company			Current period net gain (loss) of the investee	Investment gain (loss) recognized in current period	Remark
				Current period-ending	Previous period-ending	Quantity	Percentage %	Book Value			
Taichung Commercial Bank Lease Enterprise	TCCBL Co., Ltd.	British Virgin Islands	Financing, leasing and investments.	893,373	893,373	30,000	100	826,294	41,185	41,185	
Taichung Commercial Bank Securities Co., Ltd.	Taichung Bank Venture Capital Co., Ltd.	Taipei City	Venture Investment	210,000	210,000	21,000	100	208,594	(6,138)	(6,138)	
Deh Hsing Investment Co., Ltd.	Taichung Commercial Bank	Taichung City	Banking business	86,017	86,017	13,527	-	194,870	4,796,274	14,403	4,500 thousand shares pledged
	Taichung Securities Investment Trust Co., Ltd.	Taipei City	Securities investment trust business	20,162	20,162	1,716	6	23,613	(1,649)	(91)	
	Chou Chang Corporation	Taipei City	Distribution and warehousing of beverages	44,000	44,000	4,000	15	52,074	13,486	1,967	
	Chou Chin Industrial Co., Ltd.	New Taipei City	Manufacturing and trading	10,243	10,243	1,883	1	51,455	250,129	6,254	
	Xiang-Feng Development	Taipei City	General investment business	313,000	313,000	60,300	100	581,746	(1,291)	(1,291)	
	Wei-Kang International	Taipei City	Retail	5,000	5,000	300	30	4,756	1,602	481	
	IOLITE COMPANY Ltd.	Samoa	General investment business	595,750	595,750	19,005	100	448,340	(5,613)	(5,613)	
	Storm Model Management	Taipei City	General Advertising Services	8,000	8,000	400	40	6,132	(3,270)	(1,308)	
IOLITE COMPANY Ltd.	Hammock (Hong Kong) Company Limited	Hong Kong	General investment business	470,685	470,685	15,000	100	345,591	(4,450)	(4,450)	
	Precious Wealth International Limited	Samoa	General investment business	10,969	10,969	USD375	100	9,531	(1,127)	(1,127)	
Xiang-Feng Development	Tou-Ming Industry	Taipei City	Real estate trading and leasing industry	251,900	251,900	25,190	99	277,658	(1,077)	(1,068)	
Tou-Ming Industry	Jin-Bang-Ge Industry	Taipei City	Real estate trading and leasing industry	$ 172,000	$ 172,000	17,200	99	$195,703	$ (931)	$ (922)	
Chou Chin Industrial Co., Ltd.	GREENWORLD FOOD CO., LTD.	Taichung City	Food manufacturing, and distribution and warehousing of	233,530	233,530	17,567	99	174,598	63,943	58,524	

Investor	Investor	Location	Major Business Lines	Initial Investment Amount		Equity Ownership by the Company			Current period net gain (loss) of the investee	Investment gain (loss) recognized in current period	Remark
				Current period-ending	Previous period-ending	Quantity	Percentage %	Book Value			
			beverages								
	Chou Chang Corporation	Taichung City	Distribution and warehousing of beverages	308,796	307,977	13,142	49	171,114	13,486	6,550	
	Pan-Feng Industry	Taipei City	Restaurant industry	-	14,897	1,500	100	-	(599)	(599)	
	Bomy Enterprise	British Virgin Islands	General investment business	223,248	223,248	10,000	49	227,699	167,970	78,287	
	Yuju Universal Corporation	Samoa	General investment business	24,573	24,573	810	90	7,016	(5,994)	(5,401)	
	BONWELL PARISE Co., Ltd.	Samoa	International trade	3,218	3,218	104	40	633	15	6	
Yuju Universal Corporation	Noble House Glory	Japan	Short-term accommodation service	24,345	24,345	1,800	100	7,016	(5,401)	(5,401)	
GREENWORLD FOOD CO., LTD.	Chou Chang Corporation	Taichung City	Distribution and warehousing of beverages	1,470	1,470	51	-	328	13,486	-	
	Bomy Enterprise	British Virgin Islands	General investment business	52,306	52,306	2,650	13	60,362	167,970	21,667	
Chou Chang Corporation	GREENWORLD FOOD CO., LTD.	Taichung City	Food manufacturing, and distribution and warehousing of beverages	11,224	11,224	1,133	6	13,822	63,943	3,718	

12. Information on main shareholders

December 31, 2021

Name of Principle shareholder	Shares	
	Quantity of Shares	Ratio of Shareholding
Pan Asia Chemical Corporation	261,500,828	15.51%

(3) Information about investment in Mainland China:

1. Name of the investee company in the Mainland Area, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains and limit on the amount of investment in the Mainland Area.

Unit: NTD thousand and foreign currency thousand

Investee	Major Business Lines	Paid-in capital	Mode of investment	Amount remitted from Taiwan in accumulation at beginning of the present term	Investment Remittance or Regain during the current period		Amount remitted from Taiwan in accumulation at ending of the present term	Current period net gain (loss) of the investee	The Company's Direct or Indirect Investment Holding Ratio %	Investment gain (loss) recognized in current period (Note 3)	Book Value of Investment at the End of the Period	Investment return already remitted back as of the present term
					Remittance	Regain						
Bomy Shanghai	OEM, production and marketing of canned vegetable and fruit juice and beverages	$ 645,000 (USD 20,000)	Invested through the third area	$ 638,972 (USD 19,850)	$ -	$ -	$ 638,972 (USD 19,850)	$ 169,352 (USD 6,046)	28% (Note 1)	$ 47,706 (USD 1,703) (2)B	$ 132,196 (USD 4,776)	$ -
Shanghai Bomy Consultancy Management Co., Ltd.	Consultation service		Self-owned capital investment of Shanghai Bomy Foodstuff Co., Ltd.	-	-	-	-	-	28% (Note 2)	-	-	-
Shanghai Bangyi International Trading Co., Ltd.	International trade	4,305 (RMB1,000)	"	-	-	-	-	(1,791) (RMB 413)	28% (Note 2)	(508) (RMB 117) (2)B	725 (RMB 167)	-
Chou Chin Shanghai	Manufacturing, processing and sale of modem, PC, computer shell and related metal stamping, interface, main frame and fiber optical system appliances	30,355 (USD 1,001)	Invested through the third area	14,486 (USD 450)	-	-	14,486 (USD 450)	-	49% (Note 3)	-	-	-
Hebei Hanoshi Contact Lens Co., Ltd.	Manufacturing and trading	470,685 (USD 15,000)	"	470,685 (USD 15,000)	-	-	470,685 (USD 15,000)	(4,416) (RMB1,017)	100%	(4,416) (RMB1,017) (2)B	346,411 (RMB 78,126)	-
Qian Teng PR Planning (Shanghai), Co., Ltd.	Exhibition design, corporate marketing consultation and advertising copy planning	7,408 (USD 250)	"	3,147 (USD 100)	-	-	3,147 (USD 100)	54 (RMB 13)	40% (Note 4)	22 (RMB 5) (3)	733 (RMB 169)	-
Taichung Bank Leasing (Suzhou)	Financing Leasing and investments	893,373 (RMB186,329)	"	893,373 (RMB 186,329)	-	-	893,373 (RMB 186,329)	40,289 (RMB9,304)	29% (Note 5)	11,684 (RMB2,298) (2)B	226,659 (RMB 15,131)	-
Shanghai Nianjia Cultural Diffusion Co., Ltd.	Culture and art exchanges and PR activity planning	419 (RMB 100)	Investment in the Chinese company was made with Qian Teng PR Planning (Shanghai)'s own funds	-	-	-	-	(9) (RMB 2)	40%	(4) (RMB 1) (3)	34 (RMB 8)	-

Amount accumulated, remitted from Taiwan for investment in Mainland China at the end of the current term	Investment Amount Approved by Investment Commission of MOEA	Mainland China Investment Ceiling As Regulated by Investment Commission of MOEA (Note 4)
$ 2,020,663 (US$35,400 and RMB186,329)	$ 2,204,953 (US$ 41,400 and RMB$ 186,329)	$ 3,467,981

Note 1: The consolidated shareholding calculated based on the reinvestment by Chou Chin Industrial Co., Ltd. and GREENWORLD FOOD CO., LTD. through Bomy Enterprise.

Note 2: The comprehensive shareholding ratio of Bomy International Co., Ltd. And Shanghai Bomy Foodstuff Co., Ltd. Calculated based on the reinvestment method.

Note 3: The consolidated shareholding calculated based on the reinvestment by Chou Chin Industrial Co., Ltd. and Chou Chang Corporation through a third area.

Note 4: Percentage of comprehensive cross holding of Chou Chin Industrial Co., Ltd. through investment in companies in the third region.

Note 5: Percentage of comprehensive cross holding of Taichung Bank Leasing through investment in companies in the third region.

Note 6: Recognized as gains or losses on investment in current period:

(1) Please note if the investee is still under preparation and there was no investment gain or loss.

(2) The basis of recognition of investment income is classified into following three types, which should be marked out:

A. Financial statements audited and audited and attested by an international accounting firm that has a cooperative relationship with a certified public accounting firm registered in the Republic of China.

B. Financial statements audited and attested by the independent accounts of the parent company.

(3) Not audited by a CPA

Note 7: The ceiling calculated by the applicant, Chou Chin Industrial Co., Ltd., Taichung Commercial Bank Lease Enterprise and Deh Hsing Investment Co., Ltd. according to the "Regulations Governing the Review of Investment or Technical Cooperation in Mainland China" of Investment Commission, MOEA.

Note 8: The foreign currency, if any, has been translated into NTD (USD1=NT27.68, USD1=NT$28.01, CNY1=NT$4.34, CNY1=$4.34) at the foreign exchange rate-ending and average foreign exchange rate prevailing on the date of the financial statement.

49. Segment information

(1) Revenues and operating results of segments

Revenues and operating results of the consolidated company's continuing units are analyzed in accordance with segments to be reported, which are summarized as follows:

	Department income		Gain (loss) from operation	
	2021	2020	2021	2020
Chemical Industry Dept.	$ 9,177,083	$ 6,523,249	($ 594,631)	($ 1,221,298)
Chemical Fiber Department	3,070,571	2,202,029	(306,859)	(617,548)
Bank departments	16,689,729	15,494,078	5,569,209	4,758,430
Other Depts.	4,109,141	6,597,043	3,709	2,001,121
Total	$ 33,046,524	$ 30,816,399	$ 4,671,428	$ 4,920,705

Revenues reported above are generated from transactions with external customers. There were no inter-departmental sales generated on 2021 and 2020.

The term department profits refers to profits earned by each department, which does not include income tax expenses. The measured figures are provided for main decision makers to allocate resources to segments and evaluate the performance of each segment.

(2) Departmental total assets

	December 31, 2021	December 31, 2020
Segment assets		
Chemical Industry Dept.	$ 3,784,395	$ 4,034,805
Chemical Fiber Department	1,298,345	1,311,189
Construction Dept.	2,043,503	1,849,924
Bank departments	772,678,393	736,770,021
Others	21,333,619	19,125,127
Total segment assets	$ 801,138,255	$ 763,091,066