Common Stock Code: 1718

CHINA MAN-MADE FIBER CORPORATION

2021 Annual report

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One. A Message to the Shareholders

I. The 2021 Business results

(I) Business plan execution and achievement

In 2021, the individual operating revenue is $10,685,164 thousand, the non-operating revenue is $1,524,387 thousand, the realized gain or loss with subsidiaries and affiliates is $947 thousand, operating cost and expenses is $11,980,260 thousand, the non-operating expense is $222,645 thousand and the profit before tax is $5,699 thousand. Profit for 2021 is $5,699 thousand.

In 2021, the consolidated revenue is NT$33,046,524 thousand, the expense is NT$28,375,096 thousand and the profit before tax is NT$4,671,428 thousand. In the Year 2021, the consolidated net profit in the present term came to NT$3,850,781 thousand.

(II) Budget implementation situation

* The Company

According to the Regulations Governing the Publication of Financial Forecasts of Public Companies, the Company does not need to disclose the financial forecast of 2021, so there is no analysis of budgeting of 2021.

* Consolidated companies

1. Pan Asia Chemical Corporation: The 2021 budgeting does not require the disclosure of financial forecasts.
2. Taichung Commercial Bank: Budgeting in 2021:
   (1) In 2021, the average balance of the New Taiwan dollar and foreign currency deposit amounted to NT$655,252 million, respectively, an increase of NT$27,349 million, accounting for a 103.94% growth.
   (2) In 2021, the average balance of New Taiwan dollar and foreign currency loans amounted to NT$479,140 million, respectively, an increase by NT$19,052 million, accounting for a 101.42% growth.
   (3) In 2021, the foreign currency transactions amounted to US$21,736 million, an increase by US$1,079 million, accounting for 120.42% growth.

(III) Financial income and expense and profitability analysis (individual information)

<table>
<tr><th colspan="3">Item</th><th>2021</th><th>2020</th></tr>
<tr><td rowspan="2">Financial structure (%)</td><td colspan="2">Debt to assets ratio</td><td>40.06</td><td>35.59</td></tr>
<tr><td colspan="2">Ratio of long-term capital to property, plant and equipment</td><td>307.98</td><td>280.36</td></tr>
<tr><td rowspan="3">Solvency analysis</td><td colspan="2">Current ratio (%)</td><td>52.73</td><td>48.77</td></tr>
<tr><td colspan="2">Liquid ratio (%)</td><td>35.53</td><td>33.56</td></tr>
<tr><td colspan="2">Interest coverage ratio</td><td>1.04</td><td>7.14</td></tr>
<tr><td rowspan="6">Profitability analysis</td><td colspan="2">Return on assets (%)</td><td>0.33</td><td>2.95</td></tr>
<tr><td colspan="2">Return on equity (%)</td><td>0.02</td><td>4.19</td></tr>
<tr><td rowspan="2">Paid-in capital Percentage (%)</td><td>Operating profit</td><td>(7.69)</td><td>(12.81)</td></tr>
<tr><td>Income before taxation</td><td>0.03</td><td>6.56</td></tr>
<tr><td colspan="2">Net profit rate (%)</td><td>0.05</td><td>12.60</td></tr>
<tr><td colspan="2">Earnings per share (NTD)</td><td>0.00</td><td>0.70</td></tr>
</table>

Financial income and expense and profitability analysis (consolidated information)

<table>
<tr><th colspan="2">Item</th><th>2021</th><th>2020</th></tr>
<tr><td>Financial structure (%)</td><td>Debt to assets ratio</td><td>91.04</td><td>91.3</td></tr>
<tr><td rowspan="5">Profitability analysis</td><td>Return on assets (%)</td><td>0.81</td><td>0.98</td></tr>
<tr><td>Return on equity (%)</td><td>5.57</td><td>6.38</td></tr>
<tr><td>Pre-tax profits to paid-up capital ratio (%)</td><td>27.70</td><td>30.35</td></tr>
<tr><td>Net profit rate (%)</td><td>24.76</td><td>33.93</td></tr>
<tr><td>Earnings per share (NTD)</td><td>0.00</td><td>0.70</td></tr>
</table>

(IV) Research and development

* The Company

1. Completed mass produce of eco-friendly pellets derived from recycled PET bottle chips, which can be provided to the spinning section and false twist section to manufacture eco-friendly yarns to boost the added values. By this, we virtually minimized waste, saved on energy and reduced carbon emission to be friendly toward the global environment.
2. Total implementation of our efforts toward refurbishment of double-suction pumps for cooling water circulation and the ceramic coating projects that would significantly save on power, boost efficiency and minimize power consumption.
3. The motor for the supply of dry compressed air system for spinning manufacturing was changed to the variable-frequency drive type, to benefit the increase in operating rate, raising the quality and energy saving performance.
4. Ceramic coating improvement project for cooling water pumps at the petrochemical plant, to increase pump efficiency to reduce power consumption and achieve carbon reduction.
5. Added the variable-frequency drive to the wastewater treatment plant discharge pump and middle tank circulating pump motor to reduce power consumption and achieve carbon reduction.

* Consolidated companies

1. Pan Asia Oil and Chemical Corporation:
   (1) Development of POY/SDY spinning oil agent
   (2) Development of esterified non-ionic surfactants
   (3) Development of anionic and cat-ionic surfactants
   (4) Development of nonionic surfactants for special products
   (5) Development of esterified products and surfactants for cosmetics and personal cleansing products
   (6) Development of esterified products for a variety of purposes
2. Taichung Commercial Bank:

   In the era of digital total solution, the Bank actively develops digital finance, regularly convenes the “FinTech Development Strategy Meeting,” reviews the Bank’s digital situation, close observations of the overall market environment changes, and formulates digital development strategies to provide customers an innovative and diverse lasting financial living experience.

   The Bank’s digital finance development vision is people-centered, conducting innovative business development and internal digital transition, proposed the five major structural strategy plan, namely, “Learning-based organization,” “Office mobility,” “Accelerated digitalization,” “Steady high performance system environment” and “Enhanced information security protection.” The Bank aims to expand new sources of customers and layout the finance ecosystem development in creating people-centered digital finance service.

II. Summary of business plan 2022

(I) Operating strategies

* The Company

1. Reduce costs and inventory and improve operating l efficiency.
2. Research and develop value-added products, accelerate the vertical integration of products and improve competitiveness.
3. Computerize the operations management, inspect various operating procedures, strengthen internal control and improve efficiency.
4. Strengthen marketing efforts and market development, and improve service quality and customer satisfaction.
5. Actively and prudently assess various investments and adjust the portfolios in a timely manner.
6. Control customers’ credit line to reduce the occurrence of bad debts.
7. Pay attention to employee welfare, promote labor-management coordination, emphasize occupational safety and fulfill social responsibilities.

*Consolidated companies

1. Pan Asia Chemical Corporation
   (1) Focus on core businesses, improve quality and enhance customer service.
   (2) Improve operational performance, integrate resources, study value-added products and improve competitiveness in the market.
   (3) Strengthen organizational operations, promote labor-management coordination and improve advantages for the Company's sustainability.
2. Taichung Commercial Bank: Please see page 4 for key production and sales policies.

(II) 2022 operational objectives and prospects.

* The Company

As the pandemic slows down in 2021, the vaccination rate increasing, economic activities are gradually recovering, and with each country's financial relief policies, last year, major countries and regional economic growth soared as compared to 2020. The outlook for this year, due to a higher base period, each country's finance policies are gradually exiting. On the other hand, the new wave of omicron worsen the pandemic, faced by labor shortages, supply chain problems and inflation pressure continue on the rise, these may tighten currency policies leading to increasing interest rate. Under the multiple challenges, this year the projected growth rate will in general become moderate, but performance is still expected for a steady growth.

On ethylene glycol, overall, due to the global market showing signs of economic recovery in Q4 of 2020, leading to the surge in oil price, driving the prices of fossil-fuel based products to climb. As the pandemic was severe in 2020, the base period was lower. Thus, in 2021, the revenue had a better growth than in 2020. Especially for the second half of the year after September, the intense repair period of the light oil cracking plant in Asia, the petroleum raw materials supplies were reduced. In addition, Mainland China's policy on Dual Control System of Total Energy Consumption and Energy Intensity and the power rationing policies inhibit the output capacity of ethylene glycol coal chemical series, a tight supply and demand, supported by high oil price. After Q3, as the polyester industry enters into its peak season, major manufacturers are optimistic with the estimation for polyester yarns in Spring 2022, after the embryo preparation began, it also benefit the demand to increase and resulted in the price and sales increase of diethylene glycol.

Looking ahead to this year, as the pandemic seems to be under better control the world over, oil prices risk continuously. Lifted by the supply-demand and cost, there are improvements to the ethylene glycol situation. However, from long term perspective, overseas facilities are gradually recovering, there are still many new sets of output capacity entering production subsequently, but operations remain tough.

On polyester yarns, since 2020 Q4, when brands' inventories were low, garment manufacturers were receiving blooming purchase orders, the demands for polyester yarns increased. Due to the surge in oil prices, prices for the polyester yarns were adjusted upwards. The economy gradually recovers from the bottom of the pandemic outbreak. The supply-demand was tight during the upper half of last year due to the power rationing and the dual energy control policies in Mainland China. Purchase orders were coming for up to Q1 of this year. For the second half of the year, even though there are many uncertain factors remaining for the market, as the vaccination rate gradually become general and various countries lifting the lockdown measures, the industry environment is moving towards positive development. The operating growth for this year is anticipated with prudent and optimism.

With the global brand customers committing to carbon reduction by 60% by 2030 and 100% green energy manufacturing business opportunities, environmental friendly and functional products are more favored (Note 1)(Note 2), our company has from this year began to invest in the production and sales of eco-friendly yarn, and our company has on January 26th officially passed and obtained the international GRS Global Recycled Standard certification. Initial target is a production of 600 tonnes/month, which can fill in for the idle production of SDY, increasing the ratio to over 30%. This can greatly raise the profits. In the future, will drive the recycled products further towards functional development. This helps to avoid the disadvantages in price competition for bulk specification with Mainland

China and ASEAN and it reduces the impact from the oil price volatility.

In 2022, we expect to sell 274,752 tons of ethylene glycol (EG), 20,370 tons of ethylene oxide (EO), 18,676 tons of non-phenol (NP), 45,090 tons of partially oriented yarn (POY), 20,528 tons of spin draw yarn (SDY), 26,166 tons of draw texturized yarn (DTY) and 10,168 tons of polyester chips, for a total of 415,750 tons.

Note 1: Currently all brand name manufacturers pay significant attention to the sustainability of fibers and in some cases, they would be in an overcritical demand for 40%~50% renewable and recyclable fibers to be contained within their products. These facts suggest that the recyclable fibers will play the role as the backbone in the entire textile industry.

Note 2: Against the backdrop of environmental agreements, renowned international brands such as Nike and Adidas have announced their decision to adopt eco-friendly, performance of corporate social responsibility, recyclable materials exclusively for all their textiles and fabrics starting in 2024 to honor their commitment to sustainability and environmental protection.

* Consolidated companies

1. Pan Asia Chemical Corporation
   EOD plant makes petrochemical EOD, esterification plant transforms them into new products, and the total expected sales is about 39,000 tons.
2. Taichung Commercial Bank

Item	2022 objectives
Deposits (including foreign currencies)	NT$634.216 billion
Lending (including foreign currencies)	NT$472.416 billion
Foreign Exchanges Operations	Annual amount USD18,000 million

(III) Important production and marketing policy

* The Company

1. Ethylene glycol: Continuous increase in the added production volume results in oversupply. Strictly monitor the prices of raw materials and products.
2. Ethylene oxide: Maintain quality and steady production supply.
3. Nonylphenol: Due to environmental awareness, some countries have limited the use of this product. It is difficult to explore new markets. The demands from the existing users continue to drop. Focus on maintaining steady sales.
4. (1) Will gradually enter the peak season of polyester yarn demand. Focus on production in full capacity and make timely price adjustments to achieve a balance between production and sales.
   (2) Strict control of inventories, production, sales and receiving purchase order.
   (3) Flexible adjustments of product combination. Full efforts in expanding the eco-friendly yarn market for rapid response to market demand.

* Consolidated companies

1. Pan Asia Chemical Corporation
   (1) Retain old customers, explore potential customers to co-develop new products and expand sales volume.
   (2) Esterification plant continues to develop and transform to develop products and markets which offer better return to improve the overall efficiency.
   (3) Continue to develop the market for spinning oil agents.
   (4) Coordinate the bargaining of purchase price of raw materials to reduce cost.
2. Taichung Commercial Bank
   (1) With corporate governance as the basis, introduced intellectual property management system, balancing finance service innovation and legal compliance to elevate information security protection capacity and establish the financial crimes prevention and behavior risk framework.
   (2) Expand diverse benefits by raising financial investment performance and securing

operations capacity for heightened profits, and actively deepen ESG operations to realize the green finance mission. It is a goal to create new revenues and new values.

(3) Continue to raise the Bank's capital adequacy ratio, regularly monitor credit risk changes, increase the risk mitigation effect and low (no) capital consuming business, and gradually introduce the Task Force on Climate-related Financial Disclosures (TCFD), to effectively conduct sustainable risk management.

(4) Going along with the flow into the post-pandemic era industrial changes and in cooperation with the national economic development policies, provide corporations diverse finance plans and finance products. Strengthen transaction type finance business and expansion of new import-export user accounts. There are also plans to continue to expand overseas branch locations to connect with the international finance market.

(5) Cultivate experienced and highly professional PM and market analysis team to create reasonable returns and protection for customers' assets, providing exclusive service to VIP members of wealth management. In addition, in cooperation with the competent authority's Trust 2.0 business project implementation plan, continue to promote total solution for trust.

(6) From the perspective of the customer's journey, we want to reach business revolution through introducing technologies and improve the procedures. By utilizing Open Data and API to conduct information integration to continue the expansion of core competitiveness in new technologies (AI, blockchain, and so on), we want to integrate the services into daily lives.

(7) The Bank is targeting customer groups to provide products with differentiated prices based on the market dynamic innovating for consumer finance products. With the development axis of low risk and advantageous competition, utilize digital channels to develop new sources of customers. It is a goal to enhance consumer finance operation ability and to increase returns.

(IV) Development strategy of the Company in the future

* The Company
  1. Investment in the manufacturing of products related to the upstream and downstream industries.
  2. Improve the integration of upstream, midstream and downstream products.
* Consolidated companies
  1. Pan Asia Chemical Corporation
     (1) EOD plant continues to promote value-added products.
     (2) Strengthen long-term collaboration with foreign customers to retain partners and expand sales channels to increase product sales.
     (3) Maintain the domestic market share. Increase the sales of specialized products and indirectly cultivate customers' export market. Co-develop products with downstream customers.
     (4) Vertical industry development. Continue to develop markets for esterification products, spinning oil agents and cleaning agents to improve revenue and standards and image of the industry and technologies.
  2. Taichung Commercial Bank

     During the time when the global economy is volatile and the finance market is full of uncertain risks, the Bank strives to maintain its risk management and asset product quality. By continuing to work under the three major principles, "Steady Operations, Friendly Innovations, and Sustainable Development," the Bank is moving towards its five major goals, namely, optimize finance monitoring, strengthen operation management effectiveness, refine organization resilience, accelerate digital transformation, and realize inclusive financing, In the pursuit of creating a total solution for a new digital generation.

(V) Subject to competition of external environment.

* The Company
  1. The market supply of EG is expected to gradually increase as a result of the large-scale

construction and commissioning of new plants in China. This competitive advantage is further aggravated by the current shortage of Ethylene in Taiwan coupled with limitations in the field of transportation.

2. More and more textile firms are moving to Vietnam and other ASEAN countries. In the future, the industry and supply chain may be affected. It is necessary to pay attention to the movements of downstream clients and respond to them early.
3. In the post-pandemic era, global brands will adopt the "concentrated procurement" method. Under the one-stop-purchase purchase order method, this is going to be beneficial for major manufacturers.

* Consolidated companies

1. Pan Asia Chemical Corporation

Faced with the continuing expansion of production capacity by both the foreign and domestic competitors, we will continue to develop new products and maintain quality to remain competitive and offer product diversification.

2. Taichung Commercial Bank

Besides the creation of FinTech, inclusive financing, green business opportunities and friendly legal environment in the new south-bound market, in recent years, on the overall financial system, the competent authority has promoted enhanced polices for risk control, internal control, anti-money laundering, information security and information threats. As the pandemic continues, it has accidentally stimulated the pace of digital transformation, such as electronic payment, digital accounts and various non-contact services to rise rapidly. The Financial Supervisory Commission promotes the "Finance Information Security Mobility Plan" in response to the new post-pandemic information security risks. Realizing monitoring mechanism under innovative application.

After entering into 2021, the global pandemic is gradually becoming under control. Our national economy recovery drove the stock market growth and the import-export sector was booming. The New Taiwan Dollar was also constantly going strong. The overall capital market was blistering. The base period was too high leading to the challenge of gradual decline of the growth curve. In addition, our overall national economy was masked by the booming export sector that the imbalance of internal and external demands became severe. Even though the global economy continues to gather, the future prospect remains with many downside risks. These include: the COVID-19 virus variant and spreading, the obstructions to various trade activities; Imbalance of the supply and demand in U.S. that leads to increasing inflation pressure and in turn affects the finance situation to tighten suddenly; the monitoring measures of Mainland China might have resulted in the interruptions to the output capacity of the manufacturing sector, affecting the global supply chain operations. All of these added to the uncertainties.

Under the ESG wave, for the purpose of exerting the role and function of the financial system in stimulating overall societal pursuit of sustainable development, the Financial Supervisory Commission released the "Green Finance Action Plan 2.0" and even announced the upcoming "Sustainable Development Roadmap for Listed Companies" in March 2022. It is hoped to align with the international development and build sustainable finance ecosystem.

The Bank sector not only acts as the golden power for supporting the growth of industries, but also needs to actively enhance its organization resilience, creating diverse innovative scenarios, becoming the important pushing hands for the overall market transformation wave. A more agile, user-friendly and refined service is to be welcoming the emerging business opportunities in the digital era.

(VI) Impact of regulatory environment and overall business environment.

* The Company

1. Rising base salaries lead to increasing labor costs and generate pressure and new challenges in the field of corporate management.
2. Domestic environmental awareness and the related regulations still have many restrictions on enterprises investing in new equipment. Communication with the

neighboring residents often faces great resistance.

3. The overall business environment, including the acquisition of land, investment in environmental equipment and other external environment factors is what all enterprises need to face in the domestic development.
4. In recent year the chemical fiber upstream raw materials, *e.g.,*PX and PTA have been rapidly increasing its outputs in China, leading the prices of downstream processed products to be highly suppressed. The personnel engaging in chemical fiber operations technology and management are aging. We are facing higher and higher tariffs and anti-dumping factors virtually at a disadvantage amidst mounting challenges.
5. The RCEP (Regional Comprehensive Economic Partnership Agreement) has been officially effective on January 1, 2022. While the FTA signed by and between The ASEAN and other member countries entered into force with the degree of openness reaching levels as significantly as 90%, the degree of further of openness for RCEP over the existing FTA would be virtually limited. Our concern should be aimed at the potential impact upon our country of facing unfair competitions in the relevant markets. Another pact known as CPTPP (Comprehensive and Progressive Trans-Pacific Partnership) already came into effect on December 30, 2018 where more than 70% of products have been reduced to zero tariffs. Taiwan has officially submitted the application on September 22 last year, CPTPP accounts for 25% of Taiwan's foreign trade value while RCEP accounts for 59%. Excluding the overlapping countries, the two multi-lateral free trade agreements virtually cover nearly 70% of Taiwan's foreign trade value. If Taiwan is excluded out of such regional economic integration, this would mean a very significant impact upon Taiwan in trade development or participation in the regional industry competition.
6. Competitors in those emerging countries have always taken advantage of economies of scale in the competitions. Notably the competitors in Mainland China have, as well, began to differentiate their products. The companies in Taiwan should continuously develop high-end specific products, in a small number of diverse, environmentally-friendly and functional products with high-level functionality to deal with the challenges. Under such policies, we should be able to continuously maintain the advantages in the global polyester filament industry supply chains.
7. The labor shortages overseas due to the pandemic would make it difficult to have a quick recovery in the short time. It is affecting the labor allocation and output capacity. The supply chain problems turn severe and pressure from inflation increases. The prices of food and energy continues to climb triggering the inflation pressure to increase greatly. Con-currently, as the quantitative easing policies of the U.S. and U.K. are gradually coming to a close, the U.S. Federal Reserve System expects to take back the quantitative easing before June this year and to raise the interest rate. These two economies will continue to raise interest rates in 2023.
8. The Textile Exchange is highly concerned with the carbon emissions of the textile industry. Using the 2020 emissions as the baseline, it is hoped that the global textile industry can achieve the greenhouse gases emission reduction target of 45% by 2030. Nike, on the other hand, established the zero carbon action plan targeting zero carbon emissions and zero wastes as its goals. The carbon emissions reduction topics are gradually becoming the focus concern of international and various countries. There is a need to follow closely and make early responses should it be introduced in the legislation.
9. In 2021, the international oil price has surged by close to 50% and it will continue into this year. Under the circumstances of insufficient output capacity and limited industrial investment, this might drive the oil price going up to over USD 100 for this year. However, there are many uncertain factors to the international oil prices especially regional conflicts. Recently, the impacts of the Russia-Ukraine war is the greatest, followed by others such as pandemic, inflation and constant supply chain problems. As the world is continuing to recover from the pandemic, it will become supportive to the oil price this year.

* Consolidated companies

1. Pan Asia Chemical Corporation

   The domestic product control policies on NP/NPEDO affect the Company's domestic sales of NPEOD. Attempt the development of NPEOD substitutes to maintain customer relationship and increase the development and sales of other new products to maintain a balance between production and sales.

   Applying the terms of ECFA, the tariff on Taiwan's export of nonionic surfactants is reduced to 0% (excluding PEG solid products), and China re-opened the foreign import of NP and NPE in early 2018, further increasing the Company's export to China and continuing the co-development of specialized products with customers to compensate for the lack of sales.
2. Taichung Commercial Bank: Please see page 5 for external competitive environment.

Chairman Kuei-Hsien Wang

Two. Company Profile

I. Date of establishment: May 11, 1955

II. Company History:

* The Company

1955 Factory set up in Toufen Township, with a paid-in capital of NT$40 million.

1957 The factory in Toufen produced its first man-made rayon fiber. With the technical support from Wanco of the US, the plant had a daily production rate of 4 ton in a total of 22 spinning machines.

1961 Added 2 spinning machines.

1962 The cellophane plant purchased a set of equipment from Chemtex of the US. The original design was at a spinning rate of 100M/m to have a daily output of 5 tons, but the larger factor control system resulted in operating only at 70M/m.

1966 Added 6 spinning machines.

1967 Added 10 spinning machines.

1970 Added 6 spinning machines and the cellophane plant had an additional set of equipment.

1971 In order to improve the quality of cellophane and increase production, collaborated with Mr. Watanabe of Japan to replace the defoamer machine.

1973 In line with the government's policies on developing petrochemical industry, the Company constructed its first ethylene glycol (EG) plant in Dashe District in Kaohsiung, with an annual output of 50,000 tons.

1974 The cellophane plant formed a technical collaboration with Olin of the US.

1976 The construction of the ethylene glycol plant was completed, officially starting the production. Rebuilt #1 cellophane machine.

1977 Rebuilt the #2 cellophane machine. Focused on the synchronized motor, #1 tank for flume type, PVC and three stainless steel lines, cluster roll, steam water heating roll and width control roll equipped with tension control.

1979 Planned an expansion to offer an annual production of 40,000 tons of ethylene oxide. Immediately started the construction and signed purchase contracts with HRI of the US and Mitsubishi from Japan.

1980 The air separation machinery supplied by HRI arrived at the plant in Kaohsiung. The delivery of the EO machinery supplied by Mitsubishi reached more than 85%.

1982 CMFC and Japan's Asia Corp. co-invested in Pan Asia Oil and Chemical Corporation, which mainly produced ethylene oxide derivatives (EOD) and the production started at the end of 1984 upon the completion of the plant construction.

1984 The installation of EOD machinery was completed, and trial production began.

1990 To diversify the risks of selling a single product and expand into a more diversified business, the Company adopted an additional cash capital increase and invested NT$550 million in the construction of a nonylphenol facility which can offer an annual production capacity of 25,000 tons and invested NT$1.2 billion in construction of a cogeneration facility which can generate 41,700KWH, both within the Kaohsiung plant.

1992 Formed a joint venture with Hung Chou Fiber Industry and Shan Fong Construction to build commercial buildings.

1993 Raised additional cash capital to construction a polyester product plant which can produce 120,000 ton per year.

1994 The construction of nonylphenol factory was completed and signed an agreement with UHDE of Germany to provide patent manufacturing technologies.

1996 The petrochemical plant in Kaohsiung obtained its ISO 9002 certification.

1997 The cogeneration facility was completed and started generating power. The polyester facility was completed and started mass production and sales.

1998 Raised additional cash capital to invest in Nan-Chung Petrochemical Corp. and Nan Ya Plastic Corp. to manufacture petrochemical products.

2000 Completed phase 2 expansion of polyester fiber facility, and began trial production of Nan-Chung Petrochemical.

2001 Toufen factory stopped production starting Q3 due to business efficiency considerations.

2004 Raised additional cash capital to construction an ethylene glycol plant with an annual production capacity of 400,000 tons.

2009 Petrochemical plant in Kaohsiung expanded production capacity for high-purity EO.

2010 Collaborated with Toyota Tsusho Corporation to co-invest in Taiwan Green Alcohols to venture into bio-energy business.

2011 Built a new ethylene glycol facility and false-twisting facility within the Kaohsiung plant zone.

2013 Built a cogeneration facility No. 2, completed the construction of false-twisting facility and began its production and completed the trial production of ethylene glycol facility.

2014 Increase investments to the bio-energy business of Greencol Taiwan Corporation and the glycol plant began official production.

2016 Consensual re-purchase of the Greencol Taiwan Corporation shares held by Toyota Tsusho Corporation becoming 100%-owned subsidiary.

2018 Engaging others to build on own land for the new construction for the New Taipei City Sanchung Plant Building Project.

2020 Energy conservation improvements (public consumption) construction in the polyester plant to achieve power saving and carbon reduction effects.

2021 In fulfilling the energy saving and carbon reduction earth protection policy, increased production for the eco-friendly pellets and eco-friendly yarn.

- Mergers and acquisitions and reorganization of the Company: not applicable.
- Effect upon and risk to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the Company has been transferred or has otherwise changed hands, or the changes in ownership: not applicable.
- Significant change in the mode of operations or business content: none
- Major events affecting the rights and privileges of the shareholders and the effect on the Company: none.
- Affiliates through re-investment: Please refer to page 266 of the annual report for information on affiliates.

* Consolidated companies

1. Pan Asia Chemical Corporation

1982 Joint venture of China Man-Made Fiber, Japan's Asia Corp. and the Bank of Communications invested in Pan Asia Oil and Chemical Corporation, with a total capital of NT$100 million.

1984 Completed the construction of the ethylene oxide derivatives (EOD) facility in Dashe Industrial Park and completed the trial testing.

1985 Established an in-house brand, Pannox, and completed license registration with the Bureau of Standards, Metrology and Inspection under the Ministry of Economic Affairs.

1987 After the Bank of Communications completed the counseling program, the equity was transferred.

1990 Japan Asia Group EOD transferred its equity.

1991 The company name was changed to Pan Asia Oil and Chemical Corporation. Cash capital increase of NT$530 million. The total paid-in capital became NT$630 million.

1992 Completed the plant expansion. The production capacity was increased to 52,000 tons and DCS automatic computerized control was adopted.

1993 Established Research and Development Section to be committed to developing new products.

1996 Obtained the ISO-9002 international quality certification.

1997 Applied for OTC trading with the Taipei Exchange.

1998 The Company was officially listed on the OTC for trading on May 20.

2002 Obtained ISO9001:2000 international quality certification (NO.4850-1996-AQ-RGC-RvA) through DNV of the Netherlands.

2010 Completed the construction of the esterification plant with annual output capacity of 10,000 metric tons.

2010 EOD plant expansion with output capacity increased to 100,000 metric tons.

2012 The product Pannox 73 passed carbon footprint inventory.

2017 Completed the establishment of TOSHMS/CNS 15506 Taiwan Occupational Safety and Health Management Systems.

2021 Completed the establishment of CNS 45001/ISO 45001 Occupational Health and Safety Management Systems.

- Mergers and acquisitions and reorganization of the Company: not applicable.
- Effect upon and risk to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the Company has been transferred or has otherwise changed hands, or the changes in ownership: not applicable.
- Significant change in the mode of operations or business content: none
- Major events affecting the rights and privileges of the shareholders and the effect on the Company: none.
- Affiliates through re-investment: Taichung Commercial Bank, Taichung Securities Investment Trust.

2. Taichung Commercial Bank

Formerly a cooperative savings company in Taichung established in April 1953, the predecessor of Taichung Bank started its operation in savings and loans in August 1st of the same year. The scope of business then covered Taichung City, Taichung County, Chang Hwa County before restructuring and Nantou County. In 1978, the Bank was reorganized as the "Taichung Small and Medium Business Bank" in response to the promulgation of the Bank Act and business development needs. On May 15 1984, the Bank publicly offered its shares at the centralized market to broaden the base of operations and public participation in equity. Since then, the Bank has laid down a solid foundation for development in the future.

The Taipei branch was set up in September 1995. The business scope spans regional small-medium enterprise bank operation restrictions to enter a new milestone. The business locations concentrated in central Taiwan were over the years subsequently relocated to the northern and southern regions, extending the business locations to the western half of Taiwan. With the collaborated efforts of all the employees, the business scale became increasingly robust. In December 1998, it was restructured into "Taichung Commercial Bank," became a well-known commercial bank. For the purpose of internationalization, the Company established its first overseas branches in October 2018, the Labuan branch and Kuala Lumpur Marketing Services Office in Malaysia, laying the foundation for its overseas expansion.

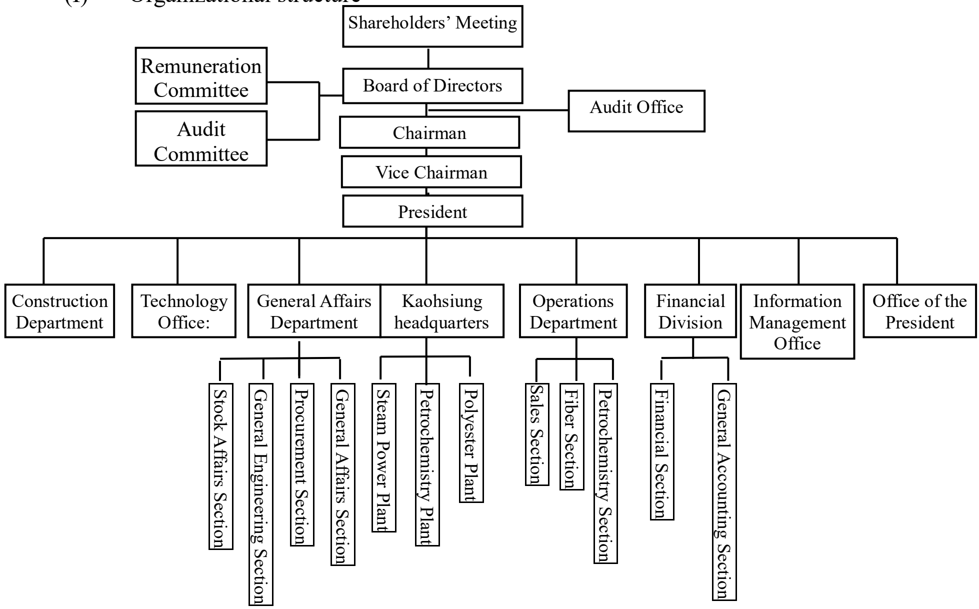
By the end of 2021, the paid-in capital of the bank was NT$ 45.385 billion, which had increased by many-fold from its inception of NT$ 500,000. The number of business locations had also seen an increase from five branches from its inception to 83 domestic and overseas branches and one offshore banking unit. For the upgrade of the competitive advantage in "local banking," "SME financing," "diversified banking," the Bank has invested to establish wholly owned "Taichung Bank Insurance Agency Co., Ltd.," "Taichung Commercial Bank Lease Enterprise," "Taichung Commercial Bank Leasing (Suzhou) Ltd.," "Taichung Bank Securities Co., Ltd. " and "Taichung Bank Venture Capital Co., Ltd." which in turn jointly invested to establish the "Taichung Bank Securities Investment Trust Co., Ltd." built up the framework of diversified banking for the accomplishment of the mission of sustainable corporate development and for gradually achieving the vision of extending its overseas business territories. The scope and volume of business of the Bank multiplied over the years. The variety and size of the operations far exceeded that at the time of its establishment as a cooperative saving company. The achievement was the feedback of the whole-hearted operation of the Bank. The growth and the excellence in operation of Taichung Commercial Bank is the recognition given by the society.

- The bank is without events of mergers and reorganization. The bank currently has seven re-investment conglomerates, including three subsidiaries: Taichung Bank Insurance Brokers, Taichung Bank Securities Inv. Trust Co., Ltd., and Taichung Bank Leasing Co., Ltd. The TCCBL CO., LTD. is a 100% shareholding re-investment of Taichung Commercial Bank Co., Ltd.; Taichung Bank Finance Leasing (Suzhou) Ltd. and Taichung Bank Securities Co., Ltd. with 100% shareholding reinvestment in Taichung Bank Venture Capital," three sub-subsidiaries.
- The re-investment conglomerate Taichung Bank Securities Inv. Trust Co., Ltd.
- Subordination to particular financial holding company: Nome.
- Any massive transfer or replacement of equity by directors or as required for declaration under Article 25-3 of the Banking Act in the most recent year to the date this report was printed.
- Change in the management, mode of operations or significant change in the content of business and any other that significantly affected the equity of shareholders: none.

Three. Corporate Governance

I. Organizational structure

(I) Organizational structure



(II) The responsibilities of various divisions

1. General Manager's Office: assists the General Manager in the business planning, personnel administration and human resources planning of the Company.
2. Information Dept.: administer the planning, configuration and operation of the IT system and banking information package software. Also responsible for the purchase and maintenance of hardware and software related to the Company's computers.
3. Finance Department: responsible for the Company's investments, capital allocation, assets custody, accounting, cost accounting and other related matters.
4. Operations Department: responsible for preparation of production and marketing plans, execution of domestic and overseas sales, market research, storage and transportation and other related matters.
5. Kaohsiung headquarters: responsible for production and inspection of petrochemical, polyester and cogeneration products, maintenance and improvement of manufacturing equipment, factory affairs, environmental protection, occupational safety and other safety-related issues.
6. General Affairs Department: responsible for procurement of raw materials, property management, leasing and general affairs.
7. Technology Office: responsible for improvement of manufacturing technologies and processes and other research and development issues.
8. Construction Department: responsible for construction of public housing, renting and leasing of commercial building, land investment and development and other related matters.
9. Auditing Office: internal audit.
10. Audit Committee: a functional committee established under the board of directors. Every member has a different specialization and the independence of the Committee helps the board in governing the Company and strengthening the occupational competence of the board.
11. Remuneration Committee: assists the board in reviewing salary and remuneration and provides recommendations.

II. Background information of the Director, President, Vice Presidents, Assistant Vice Presidents and heads of various departments and branches

(I) Profiles of Directors

February 28, 2022 Unit: Shares

Title	Nationality or place of registration	Name or Legal Persons	Gender, age	Date elected	Duration	Inauguration date	Shares at Election		Current shareholding		Current Shares Held by Spouse and Dependents		Shareholding under the title of a third party		Major (academic degree) experience	Current duties in The Company and in other companies	Other Chief or Directors with a Spousal or Other Immediate Relative			Remark
							Quantity	Ratio of Shareholdings	Quantity	Ratio of Shareholdings	Quantity	Ratio of Shareholdings	Quantity	Ratio of Shareholdings			Title	Name	Relationship	
Institutional Director	Taiwan R.O.C.	China Man-Made Fiber Investment Co., Ltd.	N/A	2019.6.5	3 years	2007.06.21	39,661,820	2.60%	43,929,431	2.61%	0	0	0	0	Director of PACC	Director of PACC	N/A	N/A	N/A	N/A
Institutional Director	Taiwan R.O.C.	Pan Asia Investment Co., Ltd.	N/A	2019.6.5	3 years	2007.06.21	47,303,844	3.11%	52,393,736	3.11%	0	0	0	0	Director of PACC	N/A	N/A	N/A	N/A	N/A
Chairman	Taiwan R.O.C.	Pan Asia Investment Co., Ltd. Representative: Kuei-Hsien Wang	Male, 51~60 years old	2019.6.5	3 years	2004.06.25	0	0	0	0	0	0	0	0	Chairman of Taichung Securities Investment Trust and CMFC, vice chairman of Taichung Commercial Bank. Department of Finance at Boston University and Department of Finance at New York University.	The Pan Asia Chemical Corporation, Chou-Chin Industrial Co., Ltd., Pan Asia Investment, Yu Hwei Technology Co., Ltd., DaFa Investment, Greenworld Food Co., Ltd., Jeou Chang Precision Mold Co., Ltd., Formosa Imperial Wineseller Corp., China Man-Made Fiber Corporation investment chairman, Nan Chung Petrochemical Corporation. Director.	Director	Kuei-Fong Wang	Second degree of kinship	N/A
Vice Chairman and President	Taiwan R.O.C.	China Man-Made Fiber Investment Co., Ltd. Representative: Ming-Shan Chuang	Male, 81~90 years old	2019.6.5	3 years	2011.5.6	4,398	0.00%	4,870	0.00%	789	0.00%	0	0	Vice chairman of Pan Asia ITOCHU Taiwan Corporation National Taiwan University	The Company's President Chairman of Mélasse	N/A	N/A	N/A	N/A
Managing Director (Independent Director)	Taiwan R.O.C.	Te-Wei Li	Male, 51~60 years old	2019.6.5	3 years	2013.6.19	0	0	0	0	0	0	0	0	Director of Hong Ying Investment, president of the Taiwan branch of the World Youth Alliance, president of Taipei Youth Labor Alliance, lecturer of Hsuan Chuang University. The Department of Political Science at the University of Northern Iowa	The current legislator, the company remuneration committee members.	N/A	N/A	N/A	N/A
Independent director	Taiwan R.O.C.	Li-Yeh Hsu	Male, 41~50 years old	2019.6.5	3 years	2016.6.8	0	0	0	0	0	0	0	0	Researcher of J.P. Morgan Chase's Hong Kong branch Bachelor's degree from the Department of Business Management, Tatung University	Vice General Manager of Limax International Inc., the company remuneration committee members.	N/A	N/A	N/A	N/A
Independent director	Taiwan R.O.C.	Chih-Ming Shih	Male, 61~70 years old	2020.6.2	3 years	2020.6.2	0	0	0	0	0	0	0	0	The KGI Commercial Bank Co., Ltd. Audit Office and branch manager; Aletheia University Department of Accounting and	The company remuneration committee members.	N/A	N/A	N/A	N/A

Title	Nationality or place of registration	Name or Legal Persons	Gender, age	Date elected	Duration	Inauguration date	Shares at Election		Current shareholding		Current Shares Held by Spouse and Dependents		Shareholding under the title of a third party		Major (academic degree) experience	Current duties in The Company and in other companies	Other Chief or Directors with a Spousal or Other Immediate Relative			Remark
							Quantity	Ratio of Shareholdings	Quantity	Ratio of Shareholdings	Quantity	Ratio of Shareholdings	Quantity	Ratio of Shareholdings			Title	Name	Relationship	
															Statistics.					
Director	Taiwan R.O.C.	Pan Asia Investment Co., Ltd. Representative: Kuei-Hsien Wang	Male, 51~60 years old	2019.6.5	3 years	2010.9.10	26,838	0.00%	29,725	0.00%	0	0	0	0	Chairman of CMFC, director of Taichung Commercial Bank, chairman of PACC. VP, Corporate Financing Dept., BNP Paribas Hong Kong; MBA of NYU	Chairman of Taichung Commercial Bank, director of PACC, Chou Chin Industrial Co., Ltd., Pan Asia Investment, supervisor of Hsu Tian Investment Co., Ltd., Chi Ta Investment Co., Ltd., Hsu Yi Investment Co., Ltd., and Yao Shang Investment Co., Ltd..	Chairman	Kuei-Hsien Wang	Second degree of kinship	N/A
Director	Taiwan R.O.C.	Pan Asia Investment Co., Ltd. Representative: Ming-Hsiung Huang	Male, 71~80 years old	2019.6.5	3 years	2011.5.6	34,665	0.00%	38,394	0.00%	0	0	0	0	Assistant general manager of Cosmos Bank. Department of International Trade at Tamkang University.	Vice chairperson of Taichung Bank Securities Investment, Managing Director of Taichung Commercial Bank, Director of Chou Chin Industrial Co., Ltd., Bomy, and JeouChang Co., Ltd..	N/A	N/A	N/A	N/A
Director	Taiwan R.O.C.	China Man-Made Fiber Investment Co., Ltd. Representative: Kuo-Ching Chen	Male, 51~60 years old	2019.6.5	3 years	2011.6.15	164,067	0.01%	171,320	0.01%	0	0	0	0	The Company's Vice President Department of Chemical Engineering at National Taiwan University	Pan Asia Chemical Corporation Executive Vice President	N/A	N/A	N/A	N/A
Director	Taiwan R.O.C.	China Man-Made Fiber Investment Co., Ltd. Representative: Hung-Yang Wu	Male, 51~60 years old	2019.11.19	3 years	2011.5.6	0	0	0	0	0	0	0	0	Assistant VP of CHINA MAN-MADE FIBER CORPORATION ; Department of Agricultural Machinery Engineering at National Chung Hsing University	Assistant VP of the Company; Director of Pan Asia Chemical Corporation, Nan-Chung Petrochemical Corp., Formosa Imperial Wineseller Corp. and Deh Hsing Investment Co., Ltd..	N/A	N/A	N/A	N/A

Remarks: Where the chairperson of the board of directors and the general manager or person of an equivalent post of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto in the remarks column: NA

Major shareholders of legal person directors and supervisors

February 28, 2022

Corporate shareholder Name	Major shareholder of corporate shareholder and shareholding Ratio of Shareholding thereof
Chung Chien Investment Co., Ltd.	Ta Fa Investment Co., Ltd. (28.08%); Pan Asia Investment Co., Ltd. (17.67%); Tung Hao Enterprises Corp. (15.64%); Chin-Yuan Huang (14.72%); Yu Hui Limited (10.52%); Hsu Tian Investment Co., Ltd. (9.57%); Kuei-Hsien Wang (1.75%); Kuei-Fong Wang (1.55%); Sheng Jen Knitted Textiles Co., Ltd. (0.44%); Tsai-Lien Cheng (0.06%).
Pan Asia Investment Co., Ltd.	Yu Hui Limited (47.42%), Ta Fa Investment Co., Ltd. (42.63%), Tsung Hao Enterprise Co., Ltd. (9.44%), Kuei-Hsien Wang (0.51%).

Major Shareholders of Major Corporate Shareholder:

February 28, 2022

Corporate shareholder Name	Major shareholder of corporate shareholder and shareholding Ratio of Shareholding thereof
Da Fa Investment Company	Yu Hui Limited (42.93%), Pan Asia Investment Co., Ltd. (33.59%), Tsung Hao Enterprise Co., Ltd. (22.73%), Kuei-Hsien Wang (0.75%).
Pan Asia Chemical Corporation	China Man-Made Fiber Co., Ltd. (44.40%), Sheng Jen Knitted Textiles Co., Ltd. (6.20%), Chung Chien Investment Co., Ltd. (5.12%), Yu Hui Limited (1.75%), Sheng-Lu Lin (0.93%), HSBC entrusted with Morgan Stanley International Limited accounts (0.61%), Pan Asia Employee Welfare Committee (0.60%), Standard Chartered sales department serves as a custodian for Credit Suisse International (0.36%), Cheng-I Liu (0.23%), Chao-Ju Chen (0.23%).
General Pride Enterprise Co., Ltd.	Yu Hui Limited (44.44%), Chung Chien Investment Co., Ltd. (31.46%), Pan Asia Investment Co., Ltd. (17.30%), Chao-Chang Wang (5.16%), Kuei-Hsien Wang (1.12%), Ku-Yeh Wang (0.51%)
Yu Hwei Technology Co., LTD.	Kuei-Hsien Wang (99.99%), Chia-Ying Chen (0.01%)
Hsu Tian Investment Co., Ltd.	Chia-Chun Chiang (50%), Kuei-Fong Wang (50%).
Sheng Jen Knitted Textiles Co., Ltd.	Chung Chien Investment Co., Ltd. (53.47%), Yu Hui Limited (40.40%), Chao-Chang Wang (5.57%), Kuei-Hsien Wang (0.3%), Shang-Jr Chiang (0.15%), Shi-Yi Chiang (0.10%).

2. Information on the directors

(1) Information disclosure on the professional qualifications of the directors and status of independence of the independent directors

Condition / Name	Professional Qualifications and Experience	Status of Independence	Number of public companies where the person holds the title as independent director
Chairman, Kuei-Hsien Wang	Acts as the Company's Chairman for many years, specializes in leadership decision-making, operational judgements, management, crisis handling, petrochemical industry knowledge, risk management and international market perspectives and so on experiences and capabilities. Does not meet any conditions stated in Article 30 of the Company Act.	Not applicable	None
Ming-Shan Chuang, Vice Chairman	Acts as the Company's Vice Chairman for many years, possesses operations and decision-making judgements, petrochemical industry knowledge, risk management capability and so on practical experiences. Does not meet any conditions stated in Article 30 of the Company Act.	Not applicable	None
Director, Kuei-Fong Wang	Possesses background in management in financial industry, specializes in operational judgements, management administration, crisis handling, financial analysis capability and international market perspectives, etc. experiences and capabilities. Does not meet any conditions stated in Article 30 of the Company Act.	Not applicable	None
Director, Ming-Hsiung Huang	Possesses background in financial industry, specializes in financial analysis capability and risk management knowledge and capability. Does not meet any descriptions stated in Article 30 of the Company Act.	Not applicable	None
Director, Kuo-Ching Chen	Acts as the Executive Vice President of the subsidiary, possesses petrochemical industry knowledge, risk management capability and so on practical experiences. Does not meet any conditions stated in Article 30 of the Company Act.	Not applicable	None
Director, Hung-Yang Wu	Acts as the Company's Director of General Affairs Department, possesses petrochemical industry knowledge, risk management capability and so on practical experiences. Does not meet any conditions stated in Article 30 of the Company Act.	Not applicable	None
Te-Wei Li, Managing Director and Independent director	Possesses work experiences in business and politics, specializes in leadership decision-making, crisis handling, and risk management knowledge and capability. Does not meet any conditions stated in Article 30 of the Company Act.	1. Does not have spouse or relatives within second degree of kinship holding position as the director, supervisor or employee of the Company or its affiliates. 2. Does not hold the Company's shares by self, spouse, relatives within second degree of	None
Li-Yeh Hsu, Independent director	Possesses work experiences in business, specializes in operational judgement, management administration, and risk management knowledge and capability. Does not meet any conditions stated in Article 30 of the Company Act.		None

Name \ Condition	Professional Qualifications and Experience	Status of Independence	Number of public companies where the person holds the title as independent director
Chih-Ming Shih, Independent director	Possesses experiences in bank industry, specializes in accounting analysis capability and risk management knowledge and capability, is an Audit Committee member and possesses educational background in accounting related degree. Does not meet any conditions stated in Article 30 of the Company Act.	kinship, or in the name of others. 3. Does not hold position as a director, supervisor or employee of a designated company that has specified relationship with the Company. 4. Has not obtained compensation from providing business, legal, finance, or accounting services to the Company or its affiliates in the most recent two years.	None

(2) Diversity and independence of the Board of Directors

A. Diversity of the Board of Directors:

The Company's current Board of directors is composed of 9 directors, including 5 non-Executive directors, 3 Independent directors, and 1 Executive director (concurrently the Managing Director). Members have a wealth of experiences and professionalism in finance, business, management and so on disciplines. The diversity policy of the Company's Board of directors is considered from the point of view of the members' professional experiences, talents with practical experiences as priority, familiarity of the petrochemical industry and related business, and understands the company culture, all of these as the basis of selection. Due to the characteristics of the needs for talents in the petrochemical industry, and the extended results leading to lesser female directors. In the future, will place female directors as the goal to increase the board's gender diversity.

B. Independence of the Board of Directors:

The Company has 3 independent directors which account for one-third of the board. Besides Chairman, Kuei-Hsien Wang and Director, Kuei-Fong Wang are of second degree kinship, the other seven board members do not have any of the circumstances regulated under Paragraph 3 and 4, Article 26-3 of the Securities and Exchange Act, who are spouses or within second-degree relative to each other.

(II) Background information of the President, Vice Presidents, Assistant Vice Presidents and heads of various departments and branches

February 28, 2022 Unit: Shares

Title	Nationality	Name	Gender	Election Date	Quantity of Shares		Current Shares Held by Spouse and Dependents		Shareholding under the title of a third party		Major experiences Education Background	Positions with other companies	Other Chief, Supervisors or Directors with a Spousal or Other Immediate Relative			Remark
					Quantity	Ratio of Shareholdings	Quantity	Ratio of Shareholdings	Quantity	Ratio of Shareholdings			Title	Name	Affiliation	
President	Taiwan R.O.C.	Ming-Shan Chuang	Male	2018.7.16	4,870	0.00%	789	0.00	0	0	Vice chairman of Pan Asia ITOCHU Taiwan Corporation National Taiwan University	Chairman of Mélasse	N/A	N/A	N/A	N/A
VP Production Services Department	Taiwan R.O.C.	Jeh-Yi Wang	Male	2020.1.13	15,983	0.00%	0	0	0	0	Project manager of the Production Services Department of this Company Department of Business Administration, Fu Jen Catholic University	President of Pan Asia Chemical Corporation, Director of Pan Asia and Nan Chung Petrochemical Corp., and supervisor of Technic Investment (International) Ltd.	N/A	N/A	N/A	N/A
Director of General Affairs Department	Taiwan R.O.C.	Hung-Yang Wu	Male	2009.09.01	0	0	0	0	0	0	Department of Agricultural Machinery Engineering at National Chung Hsing University	Director of Pan Asia Chemical Corporation, Nan-Chung Petrochemical, Formosa Imperial Wineseller and Taiwan Silk Development	N/A	N/A	N/A	N/A
Chief Internal Auditor	Taiwan R.O.C.	Lai-Hsiang Tsai	Female	2010.10.04	197	0.00%	0	0	0	0	Cosmos Bank auditor Department of Business Administration, National Taiwan University	N/A	N/A	N/A	N/A	N/A
Chief financial officer	Taiwan R.O.C.	Po-Nien Lin	Male	2005.04.01	20,928	0.00%	0	0	0	0	Department of Economics, National Taiwan University	The Taichung Bank Securities Inv. Trust Co., Ltd. directors and Nan Chung Petrochemical Corporation supervisors.	N/A	N/A	N/A	N/A
Chief accountant	Taiwan R.O.C.	Kuo Hua Lin	Female	2017.06.19	38	0.00%	0	0	0	0	PACC chief accountant Accounting Department of Soochow University	N/A	N/A	N/A	N/A	N/A

III. Remuneration paid to Directors, the President and the Vice President in the latest year

1. Remuneration of directors and independent directors

Unit: NT$ thousand/ thousand shares

Title	Name	Remuneration to Directors								The sum of A, B, C, and D as a percentage of after-tax net profit		Remuneration in the capacity as employees								The sum of A, B, C, D, E, F and G in proportion to Earnings (%)		Remuneration received from the invested companies other than the subsidiaries and the parent company
		Director fees (A)		Pension (B)		Remuneration to directors (C)		For services (D)				Salaries, bonus and special subsidies (E)		Pension (F)		Remuneration to employees (G)						
		The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company		All companies mentioned in the financial statements		The Company	All companies mentioned in the financial statements	
																Cash	Stock	Cash	Stock			
Institutional Director	China Man-Made Fiber Investment Co., Ltd.	0	0	0	0	9	9	0	0	0.152	0.152	0	0	0	0	0	0	0	0	0.152	0.152	0
	Pan Asia Investment Co., Ltd.	0	0	0	0	9	9	0	0	0.152	0.152	0	0	0	0	0	0	0	0	0.152	0.152	0
Director	Kuei-Hsien Wang	3,563	3,563	0	0	0	0	0	0	0.625	0.625	0	0	0	0	0	0	0	0	0.625	0.625	0
	Ming-Shan Chuang	1,240	1,240	0	0	0	0	0	0	0.218	0.218	0	0	0	0	0	0	0	0	0.218	0.218	0
	Kuei-Fong Wang	0	9,684	0	0	0	0	0	3,826	0	2.371	0	0	0	0	0	0	0	0	0	2.371	0
	Ming-Hsiung Huang	0	6,122	0	0	0	0	0	425	0	1.149	0	0	0	0	0	0	0	0	0	1.149	0
	Hung-Yang Wu	0	0	0	0	0	0	0	0	0	0	1,624	1,624	63	63	0	0	0	0	0.296	0.296	0
	Kuo-Ching Chen	0	0	0	0	0	0	0	0	0	0	0	1,936	0	87	0	0	89	0	0	0.371	0
Independent director	Te-Wei Li	440	440	0	0	0	0	0	0	0.77	0.77	0	0	0	0	0	0	0	0	440	0.77	0
	Li-Yeh Hsu	450	450	0	0	0	0	0	0	0.79	0.79	0	0	0	0	0	0	0	0	450	0.79	0
	Chih-Ming Shih	450	450	0	0	0	0	0	0	0.79	0.79	0	0	0	0	0	0	0	0	450	0.79	0

1. Please describe the policy, systems, standards and structure of remuneration of independent directors; also, describe the relationship with the amount of remuneration according to the responsibilities, risks and invested time: Pursuant to the provisions set forth in Article 40 of the Articles of Incorporation, the Company shall appropriate 1% to 5% of its profits of the respective year as employee compensations. The board of directors shall determine the distribution ratios and methods (stocks or cash) and may appropriate a sum not exceeding 0.03 % of the aforementioned profits as director compensations. The amount of director compensations shall be adjusted in line with variations in pre-tax income. No director compensations were paid out due to a recorded loss this year. Directors therefore only received their fixed salaries, which is deemed reasonable.
2. Pay for services (such as non-employee consultant for the parent company/all of the companies in the financial statements/non-consolidated affiliates) specified in the financial statements provided by directors in the most recent year not specified above: none.

2. Remuneration to the President and Vice President Unit: NT$ thousand/ thousand shares

Title	Name	Salary (A)		Pension (B)		Bonuses and allowances etc (C)		Remuneration to employees (D)				The sum of A, B, C, and D as a percentage of after-tax net profit (%)		Remuneration received from the invested companies other than the subsidiaries and the parent company
		The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company		All companies mentioned in the financial statements		The Company	All companies mentioned in the financial statements	
								Cash	Stock	Cash	Stock			
President	Ming-Shan Chuang (Note 1)	1,240	1,240	0	0	0	0	0	0	0	0	0.218	0.218	0
Executive Vice President	Jeh-Yi Wang	0	1,321	0	87	0	615	0	0	89	0	0	0.371	0

Note 1: Ming-Shang Chuang, Vice Chairperson and General Manager of this Company only received salary payments for his position as Vice Chairperson.

3. Individual remuneration paid to each of the top five management personnel Unit: NT$ thousand/ thousand shares

Title	Name	Salary (A)		Pension (B)		Bonuses and allowances etc (C)		Remuneration to employees (D)				The sum of A, B, C, and D as a percentage of after-tax net profit (%)		Remuneration received from the invested companies other than the subsidiaries and the parent company
		The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company	All companies mentioned in the financial statements	The Company		All companies mentioned in the financial statements		The Company	All companies mentioned in the financial statements	
								Cash	Stock	Cash	Stock			
Executive Vice President	Jeh-Yi Wang	0	1,321	0	87	0	615	0	0	89	0	0	0.371	0
Assistant VP	Hung-Yang Wu	1,022	1,022	63	63	602	602	0	0	0	0	0.296	0.296	0
President	Ming-Shan Chuang	1,240	1,240	0	0	0	0	0	0	0	0	0.218	0.218	0
Chief financial officer	Po-Nien Lin	839	839	52	52	255	255	0	0	0	0	0.201	0.201	0
Chief accountant	Kuo Hua Lin	878	878	57	57	267	267	0	0	0	0	0.211	0.211	0

Name of the managers received remuneration and the distribution of remuneration
Unit: NT$ thousand/ thousand shares

	Title	Name	Stock	Cash	Total	As a percentage of net profit after tax (%)
Manager	Assistant VP	Hung-Yang Wu	0	0	0	0
	Chief accountant	Kuo Hua Lin				
	Chief financial officer	Po-Nien Lin				

4. Compare and disclose remunerations paid in the last 2 years by The Company and all companies included in the consolidated financial statements to The Company's Directors, Supervisors, President and Vice Presidents as a percentage of after-tax net profit. Describe the remuneration policy, standards and packages, the procedures for determining remuneration and their link to business performance.
   (1) 2021 remuneration of all directors was NT$7,830 thousand, accounting for 137.39% of the after-tax profit margin of 2021. The 2020 remuneration was NT$7,824 thousand, accounting for 0.831% of the after-tax profit margin.
   (2) 2021 remuneration of the general manager and assistant general managers was NT$1,240 thousand, accounting for 21.76 % of the after-tax profit margin of 2021. The 2010 remuneration was NT$1,239 thousand, accounting for 0.13% of the after-tax profit margin of 2020.
   (3) 2020 remuneration of all directors of all companies on the consolidated statements was NT$26,212

thousand, accounting for 2.78% of the after-tax profit margin. 2020 remuneration of the general manager and assistant general managers was NT$3,033.5 thousand, accounting for 0.32% of the after-tax profit margin of 2020. Please refer to the table above for the 2021 information.

(4) The amount of directors' remuneration is approved by the shareholders meeting. The remuneration of the general manager and assistant general managers is determined based on the industry standard.

(5) The operating performance of the Company will affect the appropriation of year-end bonuses for executives.

(6) Correlation of future risk: Will affect the appropriation of bonuses for executives.

IV. Corporate governance

(I) Functionality of the Board of Directors

The Board called 8 meetings in 2021. The attendance of directors is specified as follows:

Title	Name	Actual number of attendance	Attend through proxy	Attendance rate (%)	Remark
Chairman	Kuei-Hsien Wang	8	0	100	
Vice Chairman	Ming-Shan Chuang	8	0	100	
Managing Director (Independent Director)	Te-Wei Li	7	1	87.5	Please see the next page for the details of attendance of each board meeting in 2021.
Independent director	Li-Yeh Hsu	8	0	100	Please see the next page for the details of attendance of each board meeting in 2021.
Independent director	Chih-Ming Shih	8	0	100	Please see the next page for the details of attendance of each board meeting in 2021.
Director	Kuei-Fong Wang	6	2	75	
Director	Ming-Hsiung Huang	7	1	87.5	
Director	Kuo-Ching Chen	8	0	100	
Director	Hung-Yang Wu	8	0	100	

Other notes:

1. For the operation of the Board of Directors in any of the following circumstances, please specify the date, term, the contents of the proposals, the opinions of all independent directors, and the process of the opinions proposed by the independent directors:
   (1) The content of the particulars inscribed in Article14-3 of the Securities and Exchange Act:
   January 18, 2021 (10th meeting of the 26th term) Discussed the sale of some buildings in Dashe District, Kaohsiung City to the Pan Asia Chemical Corporation, one additional batch of purchase by the polyester plant, amended the sale and collection cycle operation internal control and internal audit, formulated the 2021 end-of-year bonuses for insiders and 2020 annual remuneration policy. The independent directors present passed the proposal without comments.
   March 15th, 2021 (11th meeting of the 26th term) Discussed the 2020 Statement of internal control system, ethylene glycol plant for recognize in impairment on asset based on IFRS, 2020 individual and consolidated financial statements, 2020 Earnings Distribution Proposal, capitalization of earnings issuing new shares, and amendments to partial articles of the “Rules of Procedure for Meetings of Board of Directors,” “Rules of Procedure for Shareholders Meetings,” “Articles of Incorporation,” “Procedures for Election of Directors,” passed without objection by attending independent directors.
   May 10, 2021 (12th meeting of the 26th term) Discussed the stock affairs operation internal control system. The independent directors present passed the proposal without comments.
   September 28, 2021 (15th meeting of the 26th term) Discussed participation in the cash capital increase of subsidiary Deh Hsing Investment Co., Ltd., the sale of land at Wugu Wang Section, Sanchung District, New Taipei City, passed without objection by attending Independent directors.
   November 8th, 2021 (17th meeting of the 26th term) Discussed subscription to cash capital increase of Taichung Commercial Bank, the service fees for appointing Deloitte Taiwan, internal audit plan, Passed without objection by attending independent directors.
   January 17th, 2022 (18th meeting of the 26th term) Discussed the budget for purchase of coal storage warehouse of the newly-built steam and electricity plant. The independent directors present passed the proposal without comments.

   (2) Except for the aforementioned matters, the resolutions reached by the Board of Directors with the objections or reservations of the independent directors documented or declared in writing: not applicable.
2. With respect to the avoidance of conflicting interest agendas, describe the names of directors, details of the relevant agendas, reasons for avoiding conflicting interest, and the voting decisions:
   January 18, 2021 The 2020 end-of-year bonus case was discussed. On the basis of self-interest involved, Chairman

Wang Kui-Hsien, Vice Chairman Chuang Ming-Shsan, Director Wu Hung-Yang, etc. left their seats.

August 13, 2021 The 2021 insider salary adjustment case was discussed. On the basis of self-interest involved, Director Wu Hung-Yang left his seat. Discussed the Company's 2020 earnings distribution and internal personnel remuneration distribution proposal, Chairman, Kuei-Hsien Wang, Director, Ming-Shan Chuang, Director, Ming-Hsiung Huang, Director, Kuei-Fong Wang, Director, Kuo-Ching Chen, and Director, Hung-Yang Wu recused themselves from the meeting due to a conflict of interest.

September 28, 2021 Discussion of participation in the subscription to common stock issued for cash by Technic Investment (International) Ltd. (directors Wang, Kuei-Shiang and Hung-Yang Wu recused themselves from the meeting due to a conflict of interest).

November 8, 2021 Discussed the subscription of Taichung Commercial Bank cash capital increase case. On the basis of avoidance of conflict of interest, directors Wang Kui-Feng and Huang Ming-Wei left their seats.

January 17, 2022 The 2021 end-of-year bonus case was discussed. On the basis of self-interest involved, Chairman Wang Kui-Hsien, Vice Chairman Chuang Ming-Shsan, Director Wu Hung-Yang, etc. left their seats.

3. TWSE/TPEx-Listed Companies shall disclose assessment cycles, periods, scope, methods, and contents for self or peer evaluation of the board of directors and record relevant details on attached form 2:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content	Scoring results
2021	2021.01.01~ 2021.12.31	Board of directors	The board meeting units carried out evaluations based on the actual board operation status	They are divided into six aspects, as described below: 1) Level of participation in company operations 2) Enhancement of the board decision quality 3) Board composition and structure 4) Director election and continuing education 5) Internal control.	The total score is 94.5 points, and the evaluation results are excellent. The evaluation results show that company's overall operations are quite comprehensive, which is in line with the corporate governance.
2021	2021.01.01~ 2021.12.31	Individual board of directors	Self-assessment by respective boards of directors.	They are divided into six aspects, as described below: 1) Firm grasp of company goals and missions 2) Clear understanding of director responsibilities 3) Level of participation in company operations 4) Management of internal relations and communication 5) Professionalism and continuing education of directors 6) Internal control.	The overall average score is 95, and the evaluation results are excellent. The evaluation results show that the company directors have positive evaluations of the various assessment indicators' operational efficiency and effectiveness.

4. The objective of enhancing the occupational function of the Board of Directors in current year and the most recent year, and assessing its implementation: Not evaluated.

Supplementary Notes: Details of attendance of each board meeting in 2021.

2021	1st time	2nd time	3rd time	4th time	5th time	6th time	7th time	8th time
Te-Wei Li	◎	◎	◎	◎	◎	☆	◎	◎
Li-Yeh Hsu	◎	◎	◎	◎	◎	◎	◎	◎
Chih-Ming Shih	◎	◎	◎	◎	◎	◎	◎	◎

◎In person☆: Attendance by substitution

(II) The operation of the Auditing Committee

The Auditing Committee convened for 6 times (A) in FY2021 The attendance of the independent directors is shown below:

Title	Name	Actual number of attendance	Attend through proxy	Attendance rate (%)	Remarks
Independent director	Te-Wei Li	5	1	83	
Independent director	Li-Yeh Hsu	6	0	100	
Independent director	Chih-Ming Shih	6	0	100	

Other notes:

1. If the operation of the Audit Committee is under any of the following circumstances, the date, term, proposal content, independent directors' dissenting opinions, reserved opinions or significant recommendations, resolution of the Audit Committee and the Company's handling of the Audit Committee's opinions should be described:
   (1) Issues listed in Article 14-5 of the Securities and Exchange Act:
   January 18, 2021 (9th meeting of the 2nd term) Discussed the sale of some buildings in Dashe District, Kaohsiung City to the Pan Asia Chemical Corporation, the polyester plant's purchase of a batch of equipment, and the revision of sales and collection cycling operations related internal control and internal audit and consented to submission to the board of directors for discussion.
   March 15th, 2021 (10th meeting of the 2nd term) Discussed the 2020 Statement of internal control system, 2020 individual and consolidated financial statements, 2020 Earnings Distribution Proposal, capitalization of earnings issuing new shares, and amendments to partial articles of the "Rules of Procedure for Meetings of Board of Directors," "Rules of Procedure for Shareholders Meetings," "Articles of Incorporation," "Procedures for Election of Directors," approval of submission to the board for discussion.
   May 10, 2021 (11th meeting of the 2nd term) Discussed the internal control system of stock affair operations and consented to its submission to the board of directors for discussion.
   September 28, 2021 (13th meeting of the 2nd term) Discussed participation in the cash capital increase of subsidiary Deh Hsing Investment Co., Ltd., the sale of land at Wugu Wang Section, Sanchung District, New Taipei City, approval of submission to the board for discussion.
   November 8th, 2021 (14th meeting of the 2nd term) Discussed the 2020 public expense of appointed Deloitte Taiwan and the subscription of the Taichung Commercial Bank's cash capital increase case and consented to submission to the board of directors for discussion.
   January 17th, 2022 (15h meeting of the 2nd term) Discussed the budget for purchase of coal storage warehouse of the newly-built steam and electricity plant. Approval of submission to the board for discussion.

   (2) In addition to the aforementioned motions, other motions without approval by the Auditing Committee but passed by the Board with 2/3 of the Directors: not applicable.
2. With respect to the avoidance of conflicting interest agendas, describe the names of independent directors, details of the relevant agenda, reasons for avoiding conflict of interest and the voting decisions: not applicable.
3. The Annual Work Focus of the Audit Committee:
   The operations of the Audit Committee adheres by the main objectives of supervising the appropriate expression of company financial statements, the independence and performance of CPA appointment (dismissal), the effective implementation of company internal control and the control of company compliance to laws and regulation and risk control.
   (1) Review of Financial Statements
   The board of directors shall present the 2021 Business Report, financial statement and surplus distribution cases. In particular, the inspection of financial statements by the appointed Deloitte Taiwan has been completed. The inspection report has also been presented. The above business reports, financial statements, surplus distribution cases have been deemed compliant upon inspection by the Audit Committee.
   (2) CPA Appointment (Dismissal) and Independence and Performance Evaluation
   The CPA appointment (dismissal) and annual evaluation and independence were supervised. The evaluation report along with the statement presented by the CPAs were reviewed by the Audit Committee on January 17, 2022. They were submitted to and passed by the board of directors on January 17, 2022.
   (3) Evaluation of Internal Control System Effectiveness
   The bank's Board of Directors Audit Office shall review the respective departments' internal control system self-inspection reports. They along with the internal control deficiencies and abnormal mater

improvement situations found by the Audit Office shall serve as references for the management level to evaluate the overall internal control system effectiveness and the Statement of Internal Control presented. In addition, the Audit Committee shall evaluate the policies and procedures of the company's internal control system.

4. Performance of communications by and between independent directors, internal audit head and Certified Public Accountant(s) (should include the Company's financial, business operation affairs, issued, methods and outcomes of communications among them):

There are direct communication channels between the independent directors and internal auditors, and the CPAs. Communications are in good status. The Chief Internal Auditor, based on the annual audit plan and implementation status, convenes the Audit Committee report meeting for interactions with the independent directors; The internal audit plan for the subsequent year will be proposed to the Audit Committee for review. Besides attending the Shareholders' meeting, the CPA will attend the meetings of Audit Committee, Board of directors or through other methods of meeting depending on the situation. The CPA will communicate and interact with the independent directors on the financial statements review or audit situation, or finance, taxation or internal control and related topics.

1. The Audit Office will send the audit report to the independent directors on a monthly basis based on the annual audit plan.
2. For the deficiencies discovered in the audit reports, the internal deficiencies and the improvement situations of the unusual matters need to be follow-up. Create the follow-up report for sending to the independent directors on a quarterly basis.
3. If it is discovered of major violations situations or when it is suspected that the company may suffer from major damages, shall create a report immediately for submission for review and notify the independent directors.
4. When there are questions or instructions by the independent directors after reviewing the audit report, they will make a phone call to the Chief Internal Auditor to inquire or inform of handling.

In summary, the independent directors can understand the company's operation situations (including finance and business situations) and audit situations through the audit reports provided to them on a regular basis by the Audit Committee or Board of directors and audit unit. They can also make sufficient communications on the audit execution situation and performance, and maintain good communications with the CPAs through meetings and other channels (such as: telephone, fax, emails and so on).

Summary of previous communications between independent directors and internal audit managers as following:

Date	Methods of communications	Targets in communications	Communication matters	Communicate results
2021/03/15	Meeting	CPA	The CPAs communicated and discussed on the important matters in the 2020 Consolidated Statement. The contents included: the responsibilities of governance departments, the scope of inspection, major accounting policies, major accounting estimations and major events or transactions, the identification of significant risks, key inspection matters, internal control inspection findings, and so on.	The independent directors have no comments on the current meeting.
2021/03/15	Audit Committee	Chief Internal Auditor	1. 2020 Q4 audit report and follow-up improvement report. 2. Issued the company's 2020 Statement of internal control system	The independent directors have no comments on the current meeting.
2021/05/10	Audit Committee	Chief Internal Auditor	2021 Q1 audit report and follow-up improvement report.	The independent directors have no comments on the current meeting.
2021/08/13	Audit Committee	Chief Internal Auditor	2021 Q2 audit report and follow-up improvement report.	The independent directors have no comments on the current meeting.

(III) How The Company's actual governance differs from The Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies and why:

* The Company

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
1. Will the Company based on the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" set up and disclose the Company's corporate governance best-practice principles?		V	The Company has not yet developed the plan.	If there are regulatory or necessary considerations, the provisions of the relevant laws and other regulations shall apply.
2. Shareholding structure and shareholders' equity				
(1) Does the Company have internal operating procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?		V	(1) The Company has a spokesperson, an acting spokesperson and full-time shareholder services personnel responsible for handling recommendations or questions from shareholders and the official website also has an "Investor Relations" section to answer questions.	Insignificant difference.
(2) Does the Company possess a list of principal shareholders and beneficial owners of these principal shareholders?	V		(2) The Company constantly monitors the shareholdings of directors, supervisors, managerial officers or principal shareholders owning more than 10% of the shares.	Meet the requirements.
(3) Has the Company built and executed a risk management system and "firewall" between the Company and its affiliates?	V		(3) Transaction management of interested parties, endorsement and guarantee and capital loans between the Company and its affiliates are governed by rules and there are internal control and audit measures developed in accordance with the Regulations Governing Establishment of Internal Control Systems by Public Companies, to monitor subsidiaries.	Meet the requirements.
(4) Has the Company established internal rules prohibiting insider trading on undisclosed information?	V		(4) The Company has established internal rules prohibiting insider trading on undisclosed information.	Meet the requirements.
3. The constitution and obligations of the board of directors				
(1) Has the Board of Directors formulated and implemented a diversity policy on membership?	V		(1) The board is composed of senior executives, each with different professional expertise and meeting the goals for diversification.	Meet the requirements.
(2) Will the Company, in addition to setting the Remuneration Committee and Audit Committee lawfully, have other functional committee set up voluntarily?		V	(2) Will discuss the possibility of establishment based on the Company's actual business needs.	Insignificant difference.
(3) Has the Company had the rules governing the performance evaluation of the board of directors and evaluation methods stipulated, the performance evaluation performed annually and regularly, the results of the performance evaluations reported to the board of directors, and the evaluation result		V	(3) The Company will formulate board performance appraisal guidelines and methods starting in 2020. The results of these appraisals will serve as a key reference for director remunerations and relevant requirements of nomination for reelection (Refer to pp.19 for detail).	Adequate.

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
applied as a reference for individual director's remuneration and nomination for re-election? (4) Will the Company have the independence of the public accountant evaluated regularly?	V		(4) The Company regularly reviews the independence of the certified accountant to check if the accountant is a director, supervisor or shareholder of the Company or receives salary from the Company, verifying that the accountant is not an interested person. The certified accountant must take a recusal action in the event there is a direct conflict of interests or interested relationship with the commissioned tasks and the rotation of accountants must comply with relevant regulations.	Meet the requirements.
4. Has the Company designated an adequate number of corporate governance personnel with appropriate qualifications and appointed a chief corporate governance officer as the most senior officer in charge of corporate governance affairs (including, but not limited to, provision of data required for the execution of relevant operations by the directors, assistance in legal compliance by directors, handling of matters pertaining to board meetings and shareholders meetings pursuant to relevant laws and preparation of minutes for board meetings and shareholders' meetings)?	V		As resolved and passed by the company's board of directors on March 18, 2019, Manager Lin Kuo-Hua served as the corporate governance supervisor. The supervisor had more than three years of experience as the financial department supervisor at a publicly offered company. The main responsibilities included: 1. Conduct board of directors meeting and shareholders' meeting related matters by law. 2. Produce minutes of board meetings and shareholder meetings. 3. Assist the board of directors in taking office and continuing education. 4. Provide the board of directors with information needed for implementing businesses. 5. Assist the board of directors in legal compliance. 6. Other matters set in accordance with laws and regulation, company regulations, or contracts. Corporate governance business implementation situations: 1. Assist in board of directors meeting and shareholders' meeting procedures and resolved legal compliance matters: (1) Report the corporate governance operation situations to the board of directors, independent directors, or the Audit Committee. Confirm if shareholders' meetings and board of directors' meetings convened are in line with relevant laws	Meet the requirements.

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
			and norms in the Code for Corporate Governance. (2) Assist in and remind directors in legal compliance at the time of implementing businesses or upon official resolution by the board of directors. Suggestions shall be proposed upon board resolution of violations. (3) Responsible for reviewing the release of major information on important board resolutions after the meeting. This is to ensure the compliance and correctness of important information contents and protect the equivalence of investors' transaction information. 2. Pursuant to the legally prescribed time limits, advance registration of the date of the shareholders meeting, uploading of the meeting notice and handbook 30 days in advance, and provision of meeting minutes within 20 days after the meeting. 3. Board of directors and Audit Committee related matters: (1) Agenda for the board and audit committee and other meeting information are submitted to the directors 7 days before the meeting, and the meeting minutes are completed within 20 days after the meeting. (2) The meeting standards have specified terms on recusal. Directors are reminded of recusal whenever topics presented have any conflict of interests. (3) Compile the resolutions and statements from the proceedings of each meeting and monitor the follow-up responsive measures taken by the relevant unit and report them. 4. Support directors: (1) All directors have completed the required hours of continuing professional education pursuant to the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE and TPEx-Listed Companies and receive constant	

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
			assistance in continuing education. (2) Continue to advocate compliance with the laws and regulation by the board of directors. (3) The current chairman, managers, and employed persons were advocated on December 1, 2021. The confidentiality of financial businesses shall be observed according to provisions in the "Code of Business Conduct for the Board of Directors and Managers" and the "Operational Procedures for Handling of Internal Major Information." Unauthorized and arbitrary release of information and explanations of the company's scope of internal major information, confidentiality operations, etc. are not allowed. 5. In order to establish sound corporate governance, assist the board of directors in performing duties and enhance the effectiveness of the board of directors, the company has set up the "Standard Operating Procedures for Handling Demands by Directors" in order to ensure the board procedures, all applicable laws and regulations, and rules are complied with and ensure sound information exchange among board members and between directors and the management department. The continuing education situation of corporate governance supervisors (see page 25 of this annual report)	
5. Has the Company established a communication channel with the stakeholders (including but not limited to the shareholders, employees, customers, and suppliers), set up a stakeholder section on the Company's website, and responded appropriately to the important corporate social responsibilities concerned by the stakeholders?	V		The Company offers communication channels for various entities (including interested parties) based on different circumstances, and they can be found on the Company's website. (Website: http://www.cmfc.com.tw).	Meet the requirements.
6. Has the Company commissioned a professional stock service agent to handle shareholders affairs?		V	The shareholder services of the Company are handled by specialized personnel, and the services are regularly audited by both the internal and external organizations and meet all requirements.	For the purpose of saving on operating cost, outsourcing is currently not considered.

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
7. Disclosure of information (1) Does the Company have a website setup and the financial business and corporate governance information disclosed?	V		(1) The Company's financials and disclosures are disclosed on the Exchange's website in accordance with the regulations, and the annual reports are also published on the Company's official website.	Meet the requirements.
(2) Has the Company adopted other methods of information disclosure (*e.g.,* setting up an English website, designating a specialist responsible for gathering and disclosing Company information, setting up a spokesperson system, uploading recordings of investor conferences onto the Company website)?	V		(2) The Company has assigned personnel responsible for the collection of disclosed information and implemented the spokesperson practice.	Meet the requirements.
(3) Has the Company publicly announced and filed its annual financial reports within two months after the close of the given fiscal year? Has it publicly announced and filed the financial reports for the first, second, and third quarter and the operational status reports for each month prior to the prescribed time limit?		V	(3) Pursuant to the provisions set forth in Article 36 of the Securities and Exchange Act, the Company currently publicly announces and files its annual financial reports within three months after the close of the given fiscal year. Financial reports for the respective quarter are publicly announced and filed within 45 days after the end of the first, second, and third quarters of each fiscal year, and operational status reports for the previous month are publicly announced and filed within the first ten days of each calendar month.	This is currently not planned due to manpower allocation considerations.
8. Are there any other important information (including but not limited to the interests of employees, employee care, investor relations, supplier relations, the rights of stakeholders, the advanced study of directors and supervisors, the implementation of risk management policies and risk measurement standards, the execution of customer policy, the purchase of liability insurance for the Company's directors and supervisors) that are helpful in understanding the corporate governance operation of the Company?	V		<u>Employees' rights and welfare</u>: To achieve sustainable operations and growth, the Company protects employees' welfare in accordance with the Labor Standards Act and other related measures and also establishes a Staff Welfare Committee to be responsible for various welfare measures to improve its overall care of employees. For example: 12 months of maternity subsidy, scholarship for employees' children, medical subsidies and others. <u>Investor Relations</u>: The Company treats all its investors with fairness and openness. Shareholders meetings are held annually in accordance with the requirements of the Company Act and the relevant laws and regulations. Investors are notified of attendance to shareholders meetings and encouraged to participate in the resolutions of all proposals of the meetings. In order to ensure that shareholders have full rights to know, participate and decide on key issues of the	Meet the requirements.

<table>
<tr><th rowspan="2">Items for evaluation</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>Company, a spokesperson and an acting spokesperson are assigned to properly handle all recommendations, questions and disputes.
Supplier relationship: maintain a good relationship based on the principle of good faith.
Rights of interested parties: they can contact us through the mailbox on the official homepage or directly contact us.
Continuing education of directors and supervisors: please see page 24 of this annual report for details.
Implementation of risk management policies and measurement criteria: the Company has established various internal management regulations in accordance with the law and conducted various risk management and assessment to effectively control the risks of the Company's operations.
Implementation of customer policies: The Company maintains a good relationship with its customers.
Purchase of liability insurance for directors and supervisors: the Company has purchased insurance policies in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies and disclosed them on the Market Observation Post System.</td><td></td></tr>
<tr><td colspan="5">9. Please describe the improvement performed according to the corporate governance evaluation results published by the Corporate Governance Center of Taiwan Stock Exchange in recent years and propose the matters with priority for improvement and the respective measures.
1. The corporate governance evaluation results published in 2020, for the 7th Term, by the Taiwan Stock Exchange Center for Corporate Governance show that the company's evaluation score is under the 51%–65% interval of TWSE listed companies. The company scored in 45 items and unscored in 37 items. In particular, the "Simultaneous release of English version material information" has been improved. The "Rules for Performance Evaluation of Board of Directors" has been set up. A self-evaluation shall be conducted at least once a year, with the evaluation results disclosed, continue to be listed as prioritized improvement items.
2. Since the promulgation of the 2021 (8th) evaluation results, the unscored indicators were listed as the prioritized strengthening items in corporate governance. In the future, corporate governance will continue to be improved, focusing on sustainable development.</td></tr>
</table>

Note: Continued education of directors:

Title	Name	Organizer	Course name	Training hours	Whether the training had complied with policies
Independent director	Te-Wei Li	The Independent Director Association Taiwan	In-depth analysis of the practical implications of the financial statements from the Chairperson's perspectives	3	Yes
		The Independent Director Association Taiwan	Enhance the Board of directors function from corporate governance 3.0	3	Yes
Independent director	Li-Yeh Hsu	The Independent Director Association Taiwan	In-depth analysis of the practical implications of the financial statements from the Chairperson's perspectives	3	Yes
		The Independent Director Association Taiwan	Enhance the Board of directors function from corporate governance 3.0	3	Yes
Independent director	Chih-Ming Shih	Digital Governance Association	Responsibilities and risks of financial statements	3	Yes
		Digital Governance Association	The impacts of commercial courts on the board of directors operations and the execution of duties by directors	3	Yes
Corporate Director representative	Kuei-Fong Wang	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Fair treatment of customers and ethical corporate management practice and compliance	3.5	Yes
		Taiwan, Taiwan Academy of Banking and Finance (TABF)	Board of directors operation practice and corporate governance seminar - Climate Change Risk	3	Yes
		The Independent Director Association Taiwan	Fair treatment of customers practice and case studies analysis	3	Yes
		The Independent Director Association Taiwan	Digital finance and information risk management	3	Yes
Corporate Director representative	Ming-Hsiung Huang	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Fair treatment of customers and ethical corporate management practice and compliance	3.5	Yes
		Taiwan, Taiwan Academy of Banking and Finance (TABF)	Board of directors operation practice and corporate governance seminar - Climate Change Risk	3	Yes
		The Independent Director Association Taiwan	Fair treatment of customers practice and case studies analysis	3	Yes
		The Independent Director Association Taiwan	Digital finance and information risk management	3	Yes
Corporate Director representative	Kuo-Ching Chen	Securities and Futures Development Foundation	Anti-Money Laundering and Countering Terrorism Financing	3	Yes
		Securities and Futures Development Foundation	The impact of the latest tax law changes on business operations	3	Yes
Corporate Director representative	Hung-Yang Wu	Securities and Futures Development Foundation	2021 Insider Trading Prevention Publicity Conference	3	Yes
		Digital Governance Association	International trend of net zero carbon emissions and Taiwan's method of promoting zero carbon transition	3	Yes

Note: The situation of continuing education of corporate governance supervisors

Title	Name	Organizer	Course name	Training hours	Whether the training had complied with policies
Corporate Governance Officer	Kuo Hua Lin	Chinese Enterprise Accounting Association	Discuss tax governance from international state	3	Yes
		Chinese Enterprise Accounting Association	IFRS Practice issues (IAS36 and IFRS9) (Accounting genre)	3	Yes
		Chinese Enterprise Accounting Association	Explanation and Practical Issues of the 2020 Draft Amendment to the Tax Collection Act	3	Yes
		Chinese Enterprise Accounting Association	Company Act - Limited partner	3	Yes

* Consolidated companies

1. Pan Asia Chemical Corporation

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
1. Will the Company based on the “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” set up and disclose the Company’s corporate governance best-practice principles?		V	The Company has not yet developed its own "Corporate Governance Best Practice Principles."	If there are regulatory or necessary considerations, the provisions of the relevant laws and other regulations shal apply.
2. Shareholding structure and shareholders’ equity				
(1) Does the Company have internal operating procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?		V	(1) The Company has a spokesperson, an acting spokesperson and full-time shareholder services personnel responsible for handling recommendations or questions from shareholders and the official website also has an "Investor Relations" section to handle recommendations or disputes.	Adequate.
(2) Does the Company possess a list of principal shareholders and beneficial owners of these principal shareholders?	V		(2) The Company constantly monitors the shareholdings of directors, supervisors, managerial officers or principal shareholders owning more than 10% of the shares.	Meet the requirements.
(3) Has the Company built and executed a risk management system and “firewall” between the Company and its affiliates?	V		(3) Transaction management of interested parties, endorsement and guarantee and capital loans between the Company and its affiliates are governed by rules, and there are internal control and audit measures developed in accordance with the Regulations Governing Establishment of Internal Control Systems by Public Companies, to monitor subsidiaries.	Meet the requirements.
(4) Has the Company established internal rules prohibiting insider trading on undisclosed information?	V		(4) In order to maintain the fairness in the securities trading market, the Company has established the "Procedures to Prevent Insider Trading" and the "Procedures for Handling Material Inside Information."	Meet the requirements.
3. The constitution and obligations of the board of directors				
(1) Has the Board of Directors formulated and implemented a diversity policy on membership?	V		(1) The Company values diversification of the board composition, and members are generally equipped with knowledge, skills and competencies necessary to perform their duties.	Meet the requirements.
(2) Will the Company, in addition to setting the Remuneration Committee and Audit Committee lawfully, have other functional committee set up voluntarily?		V	(2) Will discuss the possibility of establishment based on the Company's actual business needs.	Insignificant difference.

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
(3) Has the Company had the rules governing the performance evaluation of the board of directors and evaluation methods stipulated, the performance evaluation performed annually and regularly, the results of the performance evaluations reported to the board of directors, and the evaluation result applied as a reference for individual director's remuneration and nomination for re-election?	V		(3) The company set up the Rules for Performance Evaluation of Board of Directors on March 16, 2020. Thereafter, an evaluation was carried out periodically every year. The results were submitted to the board of directors and published on March 14, 2022. The results shall serve as a reference for the board of directors or during director nomination exercised by shareholders with more than 1% shareholding.	Meet the requirements.
(4) Will the Company have the independence of the public accountant evaluated regularly?	V		(4) The Finance Department assesses the independence of certified accountants on an annual basis. The main criteria include if the accountants and their relatives hold any significant financial interests of the Company, hold key positions within the Company the most recent two years or are relatives within the second degree of those in key positions of the Company and if the accountants have received donations or gifts at a great value from the Company and the results are reported to the board. The Finance Department finds that the qualifications of Wen-Ya Hsu and Su-Huan Yu, of Deloitte Taiwan, meet the standards of the Company on independence and determines that they are capable of serving as the Company's certified accountants.	Meet the requirements.
4. Has the TWSE/TPEx-Listed Company designated an adequate number of corporate governance personnel with appropriate qualifications and appointed a chief corporate governance officer as the most senior officer in charge of corporate governance affairs (including, but not limited to, provision of data required for the execution of relevant operations by the directors and supervisors, assistance in legal compliance by directors and supervisors, handling of matters pertaining to board meetings and shareholders meetings pursuant to relevant laws, corporate registration and amendment registration, and preparation of minutes for board meetings and shareholders meetings)?	V		The company's departments and offices have designated representatives to handle related corporate governance matters. As resolved and passed by the board of directors on March 15, 2021, Manager Wen Yu-Tao served as the corporate governance supervisor. The supervisor had more than three years of qualification as the financial department supervisor at a publicly offered company. The main responsibilities included supervising and implementing corporate governance operations. The corporate governance related matters included: 1. Conduct board of directors meeting and shareholders' meeting related matters by law. 2. Produce minutes of board meetings and shareholder	Meet the requirements.

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
			meetings. 3. Assist the board of directors in taking office and continuing education. 4. Provide the board of directors with information needed for implementing businesses. 5. Assist the board of directors in legal compliance. 6. Other matters set in accordance with laws and regulation, company regulations, or contracts. Corporate governance operation implementation situation: 1. Assist in board of directors meeting and shareholders' meeting procedures and resolved legal compliance matters: (1) Report the corporate governance operation situations to the board of directors, independent directors, or the Audit Committee. Confirm if shareholders' meetings and board of directors' meetings convened are in line with relevant laws and norms in the Code for Corporate Governance. (2) Assist in and remind directors in legal compliance at the time of implementing businesses or upon official resolution by the board of directors. Suggestions shall be proposed upon board resolution of violations. (3) Responsible for reviewing the release of major information on important board resolutions after the meeting. This is to ensure the compliance and correctness of important information contents and protect the equivalence of investors' transaction information. 2. Pursuant to the legally prescribed time limits, advance registration of the date of the shareholders meeting, uploading of the meeting notice and handbook 30 days in advance, and provision of meeting minutes within 20 days after the meeting. 3. Board of directors and Audit Committee related matters: (1) Agenda for the board and audit committee and	

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
			other meeting information are submitted to the directors 7 days before the meeting, and the meeting minutes are completed within 20 days after the meeting. (2) The meeting standards have specified terms on recusal. Directors are reminded of recusal whenever topics presented have any conflict of interests. (3) Compile the resolutions and statements from the proceedings of each meeting and monitor the follow-up responsive measures taken by the relevant unit and report them. 4. Support directors: (1) Continue assisting the board of directors in completing continuing education hours in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies." (2) Continue to advocate compliance with the laws and regulation by the board of directors. (3) The current chairman, managers, and employed persons were advocated in October 2021. The confidentiality of financial businesses shall be observed according to provisions in the "Code of Business Conduct for the Board of Directors and Managers" and the "Operational Procedures for Handling of Internal Major Information." Unauthorized and arbitrary release of information and explanations of the company's scope of internal major information, confidentiality operations, etc., are not allowed. 5. In order to establish sound corporate governance, assist the board of directors in performing duties and enhance the effectiveness of the board of directors, the company has set up the "Standard Operating Procedures for Handling Demands by Directors" in order to ensure the board procedures, all applicable	

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
			laws and regulations, and rules are complied with and ensure sound information exchange among board members and between directors and the management department. Corporate governance officers continuing education situation: Please refer to the annual report on the explanation of the situation of continuing education of corporate governance officers. (Note 1)	
5. Does the Company established a full- (or part-) time corporate governance unit or personnel to be in charge of corporate governance affairs (including but not limited to furnish information required for business execution by directors, handle matters relating to board meetings and shareholders' meetings according to laws, handle corporate registration and amendment registration, record minutes of board meetings and shareholders meetings and others)?	V		The Company offers communication channels for various entities (including interested parties) based on different circumstances, and they can be found in the "Stakeholders" section on the Company's website at http://www.pacc.com.tw.)	Meet the requirements.
6. Has the Company commissioned a professional stock service agent to handle shareholders affairs?		V	The shareholder services of the Company are handled by specialized personnel, and the services are regularly audited by both the internal and external organizations and meet all requirements.	For the purpose of saving on operating cost, outsourcing is currently not considered.
7. Disclosure of information (1) Does the Company have a website setup and the financial business and corporate governance information disclosed?	V		(1) The Company's financials and disclosures are disclosed on the OTC official website in accordance with the regulations and the annual reports are also published on the Company's official website. The Company's website is www.pacc.com.tw, with available links connecting to the Market Observation Post System.	Meet the requirements.
(2) Has the Company adopted other methods of information disclosure (*e.g.,* setting up an English website, designating a specialist responsible for gathering and disclosing Company information, setting up a spokesperson system, uploading recordings of investor conferences onto the Company website)?	V		(2) The Company has assigned personnel responsible for the collection of disclosed information and implemented the spokesperson practice.	Meet the requirements.
(3) Has the Company publicly announced and filed its annual financial reports within two months after the close of the given fiscal year? Has it publicly announced and filed the financial reports for the first, second, and		V	(3) Pursuant to the provisions set forth in Article 36 of the Securities and Exchange Act, annual financial reports are publicly announced and filed within three months after the close of the given fiscal year. Financial	In conformity with relevant laws and regulations; currently not planned due to manpower allocation considerations.

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
third quarter and the operational status reports for each month prior to the prescribed time limit?			reports for the respective quarter are publicly announced and filed within 45 days after the end of the first, second and third quarters of each fiscal year and operational status reports for the previous month are publicly announced and filed within the first ten days of each calendar month.	
8. Are there any other important information (including but not limited to the interests of employees, employee care, investor relations, supplier relations, the rights of stakeholders, the advanced study of directors and supervisors, the implementation of risk management policies and risk measurement standards, the execution of customer policy, the purchase of liability insurance for the Company's directors and supervisors) that are helpful in understanding the corporate governance operation of the Company?	V		Employees' rights and interests: comply with the Labor Standards Act and establish communication channels with employees, encourage employees to directly communicate with the management, directors and supervisors, properly reflect employees' opinions on the Company's operations and financial conditions or major decisions related to employees' interests. Employee care: comply with the Labor Standards Act, respect and maintain employees' legitimate rights and interests and establish communication channels. Investor relations: in operating its normal business and maximizing the shareholder interest, the Company respect and maintain investor's interests, conduct business operations with good faith, pay attention to the trading order on the securities market and have a high regard for the social responsibility of the Company. Supplier relationship: maintain a good relationship based on the principle of good faith. Rights of interested parties: they can contact us through the mailbox on the official homepage or directly contact us. Continuing education of directors and supervisors: please see this annual report for details (Note 2). Implementation of risk management policies and measurement criteria: the Company has established various internal management regulations in accordance with the law and conducted various risk management and assessment to effectively control the risks of the Company's operations. Implementation of customer policies: in addition to regular visits to customers and convening distributor meetings, the Company conducts annual customer satisfaction surveys to understand customers' actual responses to marketing,	Meet the requirements.

<table>
<tr><th rowspan="2">Items for evaluation</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>logistics management and technical support. Customers are invited to provide their recommendations to ensure that their needs are understood and met.
<u>Purchase of liability insurance for directors and supervisors</u>: the Company and its parent (China Man-Made Fiber Corporation) jointly take out professional liability insurance for directors, supervisors and key employees and disclose relevant information on the Market Observation Post System (MOPS).</td><td></td></tr>
<tr><td colspan="5">9. State of corrective action taken for responding to the results of the corporate governance assessment announced by Taiwan Stock Exchange Corporation in the Corporate Governance Center the most recent fiscal year, and the priority for improvement on issues pending further corrective action and related measures:
1. The Corporate Governance Center of Taiwan Stock Exchange Corporation has recently announced the evaluation of corporate governance for the 7th Term in 2020. The Bank’s ranking in the ranking range of listed companies is: the 21%~35% companies and the items not being scored were disclosed.
The following improvements have been implemented based on the 7th evaluation in 2020:
(1) The Company has already detailed the disclosure of the discussion matters of the Remuneration Committee and resolution results and the company’s response to the employees’ opinions.
(2) The Company’s annual report has already disclosed the remuneration of the President and Vice President.
2. As of the annual report publication date, the 2021 (8th Term) appraisal results have not yet been released. The Company will list the unscored indicators as the prioritized strengthening items in corporate governance based on its importance and evaluated rate of achievability.</td></tr>
</table>

Note 1: The situation of continuing education of corporate governance supervisors:

Title	Name	Organizer	Course name	Training hours	Whether the training had complied with policies
Corporate Governance Officer	Wen Yu-Tao	Accounting Research and Development Foundation of the R.O.C.	Legal liability and practical case analysis of enterprises applying the "The Taxpayer Rights Protection Act"	3	Yes
		Accounting Research and Development Foundation of the R.O.C.	Practice of corporate cooperation with CPA audit: "Considerations of compliance with laws and regulations" and "the work of adopting internal auditors"	3	
		Accounting Research and Development Foundation of the R.O.C.	Response practice for self-prepared financial statements: Accounting estimates and impairment on assets	3	
		Accounting Research and Development Foundation of the R.O.C.	Audit control practice of “cost saving” and “competition strategy” of corporations	6	
		Accounting Research and Development Foundation of the R.O.C.	Insider Seminar for GTSM and Emerging Stock Market-Listed Companies	3	

Note 2: Continued education of directors and supervisors:

Title	Name	Organizer	Course name	Training hours	Whether the training had complied with policies
Director	Hung-Yang Wu	Securities and Futures Development Foundation	2021 Insider Trading Prevention Publicity Conference	3	Yes
		Digital Governance Association	International trend of net zero carbon emissions and Taiwan’s method of promoting zero carbon transition	3	
Director	Kuei-Fong Wang	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Fair treatment of customers and ethical corporate management practice and compliance	3.5	Yes
		Taiwan, Taiwan Academy of Banking and Finance (TABF)	Board of directors operation practice and corporate governance seminar - Climate Change Risk	3	
		The Independent Director Association Taiwan	Fair treatment of customers practice and case studies analysis	3	
		The Independent Director Association Taiwan	Digital finance and information risk management	3	
Independent director	Kuo-Fu Hsiao	Securities and Futures Development Foundation	The norms and practices of the audit committee	3	Yes
		Digital Governance Association	The impacts of commercial courts on the board of directors operations and the execution of duties by directors	3	
Independent director	Lung-Teng Chen	Securities and Futures Development Foundation	The norms and practices of the audit committee	3	Yes
		Digital Governance Association	The impacts of commercial courts on the board of directors operations and the execution of duties by directors	3	
Independent director	Kuo-Ming Chang	Securities and Futures Development Foundation	The norms and practices of the audit committee	3	Yes
		Digital Governance Association	The impacts of commercial courts on the board of directors operations and the execution of duties by directors	3	

2. Taichung Commercial Bank

Items for evaluation	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for the Banking Industry and reasons
	Yes	No	Summary	
1. Equity structure and shareholders' equity (1) Has the Bank instituted an internal procedure for handling recommendations, queries, disputes of the shareholders and legal actions and comply with the procedure properly?	✓		(1) The Company has established its "Corporate Governance Best Practice Principles," which has a chapter dedicated to the topic of "Protect Shareholders" Rights." (2) The Company has assigned a spokesperson and an acting spokesperson to properly handle all recommendations from shareholders and a designated shareholder service organization responsible for handling questions and disputes. The contact information is listed on the Company's official webpage.	No difference
(2) Has the bank secured the list of main shareholders of the actual bank of control and the final controller of the main shareholders?	✓		Equity increase/decrease or changes in mortgage of shareholders with more than 5% shareholding and shareholders serving as directors shall be monitored at all times; the said information shall be entered into the "Market Observation Post System" and publicly disclosed in accordance with the provisions.	No difference
(3) Has the Bank established and implemented the risk control mechanism and firewall between the corporate headquarters and the affiliates?	✓		(1) The Company has formulated the "Information Management of Interested Parties and Credit Policies," "Management Standards of Non-credit Transactions with Interested Party" and so on regulations and co-developed a database on interests with the affiliates to comply with the requirements of Article 32 and 33 of the Banking Act and other related regulations. (2) Establish "Guidelines for Supervision of Subsidiaries" to regulate the operation, finances, sales and audit management and reported to the board quarterly.	No difference
2. The organization of the Board and their duties (1) Has the Board of Directors formulated and implemented a diversity policy on membership?	✓		(1) The bank's "Code or Banking Industry Corporate Governance Practice" in Chapter 4 "Strengthen Board Function," stipulates the policy of board of directors diversification; the "Regulations for Board of Directors Election and Appointment" has also been set up. The board makeup shall take diversification into consideration. An appropriate chairman candidate shall also be elected and appointed based on company operations, business type, and development needs. The standards for the chairman's election and appointment in two aspects include: basic condition and value (gender, age, etc.) and professional knowledge and skills (professional background). (2) The concrete management goals and implementation of the Company's diversity policy: (A) Not more than one-third of the directors are concurrently managers of the company: achieved. (B) Not less than one seat (inclusive) of female director: achieved, there are 2 seats of female directors of the Bank.	No difference

Items for evaluation	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for the Banking Industry and reasons
	Yes	No	Summary	
			(3) For the implementation status of the Board of directors' diversity policy, please refer to page 17-19 of the "Diversity and independence of the Board of Directors ." The information has been disclosed on the company official website under About us/Corporate Governance Area.	
(2) Further to the establishment of the Remuneration Committee and the Auditing Committee, has the Bank voluntarily established other functional committees?	✓		(1) The Company has set up the Remuneration Committee, Audit Committee and Risk Management Committee according to the laws and regulations. (2) In order to implement the promotion of corporate governance and strengthen the board of directors' election and appointment mechanism, the board of directors resolved and passed the setup of the "Corporate Governance and Nomination Committee" on January 14, 2021. It is intended to assist the board of directors in implementing integrity management and is committed to promoting sustainable management and adhering to the objectives of strengthening corporate governance constitution and sustainable development practice as goals.	No difference
(3) Has the TWSE/GTSM-listed Bank had the rules governing the performance evaluation of the board of directors and evaluation methods stipulated, the performance evaluation performed annually and regularly, the results of the performance evaluations reported to the board of directors, and the evaluation result applied as a reference for individual director's remuneration and nomination for re-election?	✓		(1) The Board Performance Appraisal Guidelines were approved on December 13, 2018 to facilitate implementation of corporate governance and strengthen the functions of the board of directors of the Bank, Appraisals are conducted internally once a year. External appraisals are conducted by an independent professional institution or a team of scholars and experts at least every three years. Performance appraisals must be completed prior to the end of the first quarter of the following year. A report must be delivered in a Corporate Governance and Nomination Committee and board meeting and implementation conditions and appraisal results must be disclosed on the Bank's official website or annual report. (2) The 2020 board of directors and functional committee performance evaluation results were submitted to the Corporate Governance and Nomination Committee on May 6, 2021 and Board of Directors on May 5, 2021. Based on the evaluation results, the bank continued to strengthen the board function and improve corporate governance implementation effectiveness, which shall serve as references for application in individual director remunerations and nomination and reappointment.	No difference
(4) Has the Bank assessed the independence of the commissioned certified public accountants regularly?	✓		(1) According to Paragraph 6 of Article 40 of the Corporate Governance Best Practice Principles: The appointment, dismissal or remuneration of certified accountants shall be approved by the board. The independence of appointed CPAs shall be periodically evaluated (at least once a year). (2) In accordance with Article 38 of the "Code or Banking Industry Corporate Governance Practice" and Article 3 Supervision Matters of the bank's "Audit	No difference

Items for evaluation	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for the Banking Industry and reasons
	Yes	No	Summary	
			Committee Organization Regulations" and in reference to Accounting Act related laws and regulations, the evaluation items were formulated to carry out a CPAs independence evaluation. It included whether there is direct or major financial interest with the bank, major abnormal lending or financing guarantee under unconventional business conducts, and the provision of the impacts of audit and non-audit services on independence, eight evaluation items in total. (3) The above-mentioned report along with the statement presented by the CPA were submitted to the 20th Auditor Committee (3rd session) on February 23, 2022. The case was approved at the 20th board of directors meeting (24th session) on February 24, 2022, which were in line with related internal and external independence norms.	
3. Has the Bank designated an adequate number of corporate governance personnel with appropriate qualifications and appointed a chief corporate governance officer as the most senior officer in charge of corporate governance affairs (including, but not limited to, provision of data required for the execution of relevant operations by the directors, supervisors, assistance in legal compliance by directors, handling of matters pertaining to board meetings and shareholders meetings pursuant to relevant laws and preparation of minutes for board meetings and shareholders meetings)?	✓		(1) The Board of Directors Office Division of Governance is a full-time unit. The corporate governance full-time (part-time) unit and personnel are responsible for corporate governance related matters. Upon resolution and approval by the board of directors on December 13, 2018, Vice General Manager Lin Kai-Yu with more than three years of qualification in legal affairs, finance, stock affairs, corporate governance and other management experiences served as the corporate governance senior supervisor. The main responsibilities included: 1. Handle matters relating to board meetings and shareholders meetings according to law. 2. Produce minutes of board meetings and shareholder meetings. 3. Assist directors in taking office and continuing education. 4. Provide directors with data needed to implement businesses. 5. Assist in the legal compliance of directors. 6. Other matters set according to company regulations or contracts. (2) Progress of relevant operations in 2021 can be summarized as follows: 1. Drafting and amendment of corporate governance related rules and regulations. 2. Assistance to independent directors in the communication with the chief audit executive or CPA. 3. Conduct continuing education related matters for the board of directors and assist the directors in implementing the continuing education mechanism. The continuing education hours allotted for 2021 are in compliance with the regulations. 4. Asist the board of directors in performing duties and in regulatory compliance. Based on requirements proposed by the board of directors, appropriate and timely replies shall be given in accordance with the bank's	No difference

Items for evaluation	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for the Banking Industry and reasons
	Yes	No	Summary	
			“Standard Guidelines for Handling Requirements of Board of Directors.” 5. Handling of matters and procedures pertaining to shareholders meetings, board meetings, managing director meetings and audit committee meetings in accordance with relevant regulations; reminder to directors to recuse themselves in case of conflicts of interest associated with proposal contents.	
4. Has the Bank established a communication channel with the stakeholders (including but not limited to the shareholders, employees, customers and suppliers), set up a stakeholder section on the Company’s website and responded appropriately to the important corporate social responsibilities concerned by the stakeholders?	✓		(1) The Bank has already disclose it on the Bank’s intranet pursuant to the Banking act and the competent authority’s requirements about limitation on the credit extended to stakeholders and also held the seminars for laws and regulations irregularly to enable the persons-in-charge to comply with and know the laws and regulations and request completion of the stakeholder information list immediately upon the stakeholder’s transfer. (2) The bank not only published information on the Market Observation Post System as provisioned; information is also published on the external official website for search by investors; an open and transparent contact channel is available on the external website (About us./Interested Parties Area). Different responsible units shall engage in exchanges with various interested parties, actively respond to issues of concern to interested parties and the main sources of issues of varying concern levels. The situation of communication with interested parties is periodically reported to the board of directors every year. (3) The actual discussions with interested parties in 2021 have been submitted to the Corporate Governance and Nomination Committee on February 23, 2022 and board of directors’ meeting on February 24, 2022. The submitted contents were disclosed in the interested party area on the external official website.	No difference
5. Disclosures (1) Has the Bank established a website for the disclosure of financial position, operation, and corporate governance?	✓		The bank’s financial businesses and corporate governance information have been disclosed on the external official website.	No difference
(2) Has the Bank adopted other means of disclosures (e.g., the installation of a website in English language, appointment of designated persons for the gathering and disclosure of information, the proper implementation of the spokesman system, and the minutes of the institutional investor’s conference on record posted on the website)?	✓		(1) For the proper handling of materiality and disclosure, the Bank has established the “Criteria for Handling Materiality” whereby relevant departments shall appoint designated personnel to handle materiality. (2) The bank convened four corporate seminars on March 15, 2021, May 24, 2021, August 30, 2021 and November 22, 2021. Related information was also disclosed on the external official website (About us./public information) and the Market Observation Post System. An English website was also set up to disclose finance, business, and corporate governance related information. (3) The Bank has established the spokesman system for release of information to ensure investors accessible to accurate information.	No difference

Items for evaluation	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for the Banking Industry and reasons
	Yes	No	Summary	
(3) Does the bank publish and declare annual financial statements within given deadlines at the end of an accounting year in accordance with relevant provisions in the Banking Act and Securities Trading Act? Are financial statements for the first quarter, second quarter, and third quarter and monthly operation situations published and declared in advance before given deadlines?	✓		The bank published the 2021 financial statement on February 25, 2022. The financial statements for the first quarter, second quarter and third quarter and the monthly operation situations were published within the given deadlines.	No difference
6. Any other vital information that helps to understand the status of corporate governance at the Bank (including but not limiting to the rights of employees, concern for the employees, investor relation, the rights of the stakeholders, continuing education of the directors and the supervisors, risk management policy and the implementation of risk assessment, the pursuit of customer policy, the liability insurance taken by the Bank for the protection of the Directors and Supervisors, donations to political parties, stakeholders and social charity groups)?	✓		(1) For information on the rights and privileges of the employees, refer to "important rights and privileges of the employees, labor-management agreement and implementation" on Page 101-102. (2) For the protection of rights and obligations, stakeholders are regulated on files in accordance with the Banking Act. In addition, there is also the provision for the avoidance of the conflict of interest for Board meetings. (3) The bank has set up the interested parties area on the external official website. Financial business and corporate governance related information has also been established to facilitate supplier relationships and an unobstructed communication channel with interested parties. In reference to the needs of foreign investor, the English version of corporate governance related information is also available, which will aid in protecting the rights and interests of interested parties. (4) For the status of further education and board meetings attendance of directors, please refer to the MOPS and page 44-46 of the annual report under "Continuing education of directors." (5) According to the Bank's "Procedures for handling material inside information," each year educational advocating shall be conducted at least once a year to the current directors on insider trading prevention and related laws and regulations. In April and September of 2021, advocating was carried out for the directors, managers and employees. The contents include "Procedures for handling material inside information" and "Standards on self-discipline of mergers and acquisition disclosure" to protect confidential information of finance and business, one shall not release information without authorization and explanation of the Company's internal material information scope, confidential processes and handling of violations. The related regulations are announced on the internal system. In 2021, advocacy was carried out to a total of 5,580 persons for a total of 2,790 hours. (6) The bank emphasizes customer service quality. A consumer complaint channel	No difference

Items for evaluation	Implementation Status			Deviation from the Corporate Governance Best-Practice Principles for the Banking Industry and reasons
	Yes	No	Summary	
			is provided on the external official website. The protection of consumer rights and interests is implemented in the operational processes. (7) The bank has set up the “risk management policy” resolved and passed by the board of directors. The dedicated departments and offices shall compile, gain an insight into, and analyze the departments’ risk management and risk exposure situations. Monitoring and necessary measures shall be adopted to cope with different types of risks, periodically compile and analyze bank-wide risk management situations and report to the Risk Management Committee and the Board of Directors. (8) The bank continued the directors and managers’ liability insurance policy, with the issued amount totaling US$20 million (insured period: May 1, 2021–May 1, 2022). (9) December 24, 2020 Signed "Institutional Investors' Due Diligence and Compliance Statement" on October 21, 2020 to continue monitoring investee companies and adopting shareholder activism to fulfill the responsibility of institutional investors. (10) The Company has formulated "Guidelines for Donation Practices" to specify donations to political parties, stakeholders and other public interest groups. Please see page 101 for details on “Implementation of sustainable development promotion,” or the Bank’s sustainable development report.	

7. Please describe the improvement performed according to the corporate governance evaluation results published by the Corporate Governance Center of Taiwan Stock Exchange in recent years and propose the matters with priority for improvement and the respective measures:
   (1) Taiwan Stock Exchange 2020 (7th) corporate governance evaluation results show the bank is listed as 6% to 20% TWSE listed companies.
   (2) The Bank has adopted the following measures to strengthen corporate governance:
      1. On January 14th, 2021, the Board of directors passed the resolution to set up the “Corporate Governance and Nomination Committee,” and disclosed its formation, responsibilities and operations.
      2. Set up intellectual property management plans linked to the operational goals. The TIPS importation took place in 2021 and has passed Grade A verification.
      3. Convened 4 investor conferences on 2021.3.15, 2021.5.24, 2021.8.30 and 2021.11.22, providing opportunities for two-way exchanges for the investors to express their opinions to the company. It is hoped to elevate corporate governance quality.
      4. Upholding the principle of responsible investment, the bank has increased the green bond investment ratio year by year. In addition, the ESG sustainable fund investment portfolio has been created. There are eight commodities in the 2021 investment green bonds. The bank will continue to support the low-carbon and green plans of invested enterprises through action.
   (3) Continued to refine each indicators, strengthening the Company’s corporate governance and sustainable development focus.

VIII. Others

(I) Continuing education of directors

Title	Name	Training date	Organizer	Course name	Hours
Chairman	Kuei-Fong Wang	2021.05.06	The Independent Director Association Taiwan	Digital finance and information risk management	3
		2021.07.15	The Independent Director Association Taiwan	Fair treatment of customers practice and case studies analysis	3
		2021.10.20	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Board of directors operation practice and corporate governance seminar - Climate Change Risk	3
		2021.12.16	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Board of directors operation practice and corporate governance seminar - Fair treatment of customers and ethical corporate management practice and compliance	3.5
Managing Director	Ming-Hsiung Huang	2021.05.06	The Independent Director Association Taiwan	Digital finance and information risk management	3
		2021.07.15	The Independent Director Association Taiwan	Fair treatment of customers practice and case studies analysis	3
		2021.10.20	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Board of directors operation practice and corporate governance seminar - Climate Change Risk	3
		2021.12.16	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Board of directors operation practice and corporate governance seminar - Fair treatment of customers and ethical corporate management practice and compliance	3.5
Managing Director	Wei-Liang Lin	2021.05.06	The Independent Director Association Taiwan	Digital finance and information risk management	3
		2021.05.11	Taiwan Corporate Governance Association	Board of directors' function and performance evaluation	3
		2021.07.15	The Independent Director Association Taiwan	Fair treatment of customers practice and case studies analysis	3
		2021.10.20	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Board of directors operation practice and corporate governance seminar - Climate Change Risk	3
		2021.12.16	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Board of directors operation practice and corporate governance seminar - Fair treatment of customers and ethical corporate management practice and compliance	3.5
Managing Director (Independent director)	Chien-An Shih	2021.05.06	The Independent Director Association Taiwan	Digital finance and information risk management	3
		2021.07.15	The Independent Director Association Taiwan	Fair treatment of customers practice and case studies analysis	3
		2021.10.20	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Board of directors operation practice and corporate governance seminar - Climate Change Risk	3
		2021.12.16	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Board of directors operation practice and corporate governance seminar - Fair treatment of customers and ethical corporate management practice and compliance	3.5
Independent	Hsin-	2021.03.23	The Independent Director Association	Enhance the Board of directors function from corporate governance	3

Title	Name	Training date	Organizer	Course name	Hours
director	Chang Tsai		Taiwan	3.0	
		2021.05.06	The Independent Director Association Taiwan	Digital finance and information risk management	3
		2021.07.15	The Independent Director Association Taiwan	Fair treatment of customers practice and case studies analysis	3
		2021.10.20	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Board of directors operation practice and corporate governance seminar - Climate Change Risk	3
		2021.12.16	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Board of directors operation practice and corporate governance seminar - Fair treatment of customers and ethical corporate management practice and compliance	3.5
Independent director	Li-Wen Lin	2021.05.06	The Independent Director Association Taiwan	Digital finance and information risk management	3
		2021.07.15	The Independent Director Association Taiwan	Fair treatment of customers practice and case studies analysis	3
		2021.10.20	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Board of directors operation practice and corporate governance seminar - Climate Change Risk	3
		2021.12.16	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Board of directors operation practice and corporate governance seminar - Fair treatment of customers and ethical corporate management practice and compliance	3.5
Independent director	Pi-Ya Chen	2021.01.15	Taiwan Corporate Governance Association	Unlock the key password in the financial statements	3
		2021.01.22	Taiwan Corporate Governance Association	Operations right competition and case analysis	3
		2021.05.06	The Independent Director Association Taiwan	Digital finance and information risk management	3
		2021.07.15	The Independent Director Association Taiwan	Fair treatment of customers practice and case studies analysis	3
		2021.10.20	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Board of directors operation practice and corporate governance seminar - Climate Change Risk	3
		2021.12.16	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Board of directors operation practice and corporate governance seminar - Fair treatment of customers and ethical corporate management practice and compliance	3.5
Director	Deh-Wei Chia	2021.05.06	The Independent Director Association Taiwan	Digital finance and information risk management	3
		2021.06.22	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Corporate Governance Lecture Hall - Fintech series (5th Term) from the merger of electronic payment and electronic card/tickets, discuss digital payment and financial business innovation	3
		2021.07.15	The Independent Director Association Taiwan	Fair treatment of customers practice and case studies analysis	3
		2021.10.20	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Board of directors operation practice and corporate governance seminar - Climate Change Risk	3

Title	Name	Training date	Organizer	Course name	Hours
		2021.12.16	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Board of directors operation practice and corporate governance seminar - Fair treatment of customers and ethical corporate management practice and compliance	3.5
Director	Yeh Shu Hui	2021.04.28	Taiwan Corporate Governance Association	From the perspectives and voting behaviors of overseas shareholders, sharing of how listed companies truly implement ESG	1
Director	Yeh Shu Hui	2021.05.06	The Independent Director Association Taiwan	Digital finance and information risk management	3
Director	Yeh Shu Hui	2021.07.15	The Independent Director Association Taiwan	Fair treatment of customers practice and case studies analysis	3
Director	Yeh Shu Hui	2021.08.31	Taiwan Corporate Governance Association	Opportunities and challenges for businesses to avoid climate catastrophe	1
Director	Yeh Shu Hui	2021.10.20	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Board of directors operation practice and corporate governance seminar - Climate Change Risk	3
Director	Yeh Shu Hui	2021.10.26	Taiwan Corporate Governance Association	The gap and responsibilities of directors for misstatements in financial statements	1
Director	Yeh Shu Hui	2021.12.14	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Risk-oriented money laundering prevention trend and influences	3
Director	Yeh Shu Hui	2021.12.16	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Board of directors operation practice and corporate governance seminar - Fair treatment of customers and ethical corporate management practice and compliance	3.5
Director	Yeh Shu Hui	2021.12.22	Taiwan Corporate Governance Association	The 17th Term Corporate Governance Summit - ESG practice for the implementation of governance and sustainable development	6
Director	Hsin-Ching Chang	2021.05.06	The Independent Director Association Taiwan	Digital finance and information risk management	3
Director	Hsin-Ching Chang	2021.07.15	The Independent Director Association Taiwan	Fair treatment of customers practice and case studies analysis	3
Director	Hsin-Ching Chang	2021.10.20	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Board of directors operation practice and corporate governance seminar - Climate Change Risk	3
Director	Hsin-Ching Chang	2021.12.16	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Board of directors operation practice and corporate governance seminar - Fair treatment of customers and ethical corporate management practice and compliance	3.5
Director	Shi-Yi Chiang	2021.05.06	The Independent Director Association Taiwan	Digital finance and information risk management	3
Director	Shi-Yi Chiang	2021.07.15	The Independent Director Association Taiwan	Fair treatment of customers practice and case studies analysis	3
Director	Shi-Yi Chiang	2021.10.20	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Board of directors operation practice and corporate governance seminar - Climate Change Risk	3
Director	Shi-Yi Chiang	2021.12.16	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Board of directors operation practice and corporate governance seminar - Fair treatment of customers and ethical corporate management practice and compliance	3.5

Title	Name	Training date	Organizer	Course name	Hours
Director	Li-Tzu Lai	2021.05.06	The Independent Director Association Taiwan	Digital finance and information risk management	3
		2021.07.15	The Independent Director Association Taiwan	Fair treatment of customers practice and case studies analysis	3
		2021.08.27	Taiwan Corporate Governance Association	How to develop D&O to the greatest value to protect directors and supervisors?	3
		2021.10.20	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Board of directors operation practice and corporate governance seminar - Climate Change Risk	3
		2021.12.16	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Board of directors operation practice and corporate governance seminar - Fair treatment of customers and ethical corporate management practice and compliance	3.5

(II) Continuing education and training of corporate governance senior supervisors (period: January 1, 2021–December 31, 2021)

Training date	Organizer	Course name	Hours
2021.04.27	The Independent Director Association Taiwan	How should Board of directors review the ESG sustainable development report	3
2021.05.06	The Independent Director Association Taiwan	Digital finance and information risk management	3
2021.07.15	The Independent Director Association Taiwan	Fair treatment of customers practice and case studies analysis	3
2021.10.13	The Securities and futures Institution	2021 Insider Equity Transaction Legal Compliance Advocacy and Briefing Session	3
2021.10.20	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Board of directors operation practice and corporate governance seminar - Climate Change Risk	3
2021.12.07	Taiwan Securities Exchange Corporation	2021 Cathay Sustainable Finance and Climate Change Summit	6
2021.12.16	Taiwan, Taiwan Academy of Banking and Finance (TABF)	Board of directors operation practice and corporate governance seminar - Fair treatment of customers and ethical corporate management practice and compliance	3.5

(IV) The operation of the Remuneration Committee:

1. Information on the members of the Remuneration Committee

February 28th, 2022

By identity \ Name \ Condition		Professional Qualifications and Experience	Status of Independence	Number of public companies where the members of the Remuneration Committee are also the members of the remuneration committees of these companies
Independent director	Te-Wei Li	Possesses work experiences in business and politics, specializes in leadership decision-making, crisis handling, and risk management knowledge and capability. Able to conduct assessment on the company's overall remuneration system.	1. Does not have spouse or relatives within second degree of kinship holding position as the director, supervisor or employee of the Company or its affiliates. 2. Does not hold the Company's shares by self, spouse, relatives within second degree of kinship, or in the name of others. 3. Does not hold position as a director, supervisor or employee of a designated company that has specified relationship with the Company. 4. Has not obtained compensation from providing business, legal, finance, or accounting services to the Company or its affiliates in the most recent two years.	None
Independent director	Li-Yeh Hsu	Possesses work experiences in business, specializes in operational judgement, management administration and risk management knowledge and capability. Able to conduct effective assessment and suggestions on the company's overall remuneration system.		None
Independent director	Chih-Ming Shih	Possesses experiences in the banking industry, specializes in accounting analysis capability and risk management knowledge and capability, is an Audit Committee member and possesses educational background in accounting related degree. Able to provide reasonable suggestions on the company's overall remuneration system.		None

2. Information on the operations of the Remuneration Committee

(1) The Remuneration Committee of the Company consists of 3 persons.

(2) Term of office of current remuneration committee members: The tenure of current members of the committee: July 9, 2019 to June 4, 2022. The committee has held 3 sessions lately (A).

Title	Name	Actual number of attendance (B)	Attend through proxy	Attendance rate (%) (B/A)	Remark
Independent director	Te-Wei Li	2	0	66.7	
Independent director	Li-Yeh Hsu	3	0	100	
Independent director	Chih-Ming Shih	3	0	100	

Other notes:

1. The Board may not accept the recommendations of the Remuneration Committee or revise the recommendations, specify the date of the Board meeting, the term, the content of the motion, the resolution of the Board, and the response of the Board towards the opinions of the Remuneration Committee (*e.g.,* the remuneration package passed by the Board is superior to the recommendation of the Remuneration Committee, specify the difference and the reasons): None.
2. If any of the members of the Remuneration Committee hold adverse opinions or qualified opinions on record or in written declaration against the resolutions of the committee, specify the date and the session of the committee meeting, the content of the motion, the opinions of all members and the response to the opinions of the members
   (1) January 18, 2021 (5th meeting of the 4th term) Discussion of the 2020 year-end bonus for insiders and the 2021 remuneration policy and system for directors and insiders – All members in attendance approved submission to the board for discussion.
   (2) March 15, 2021 (6th meeting of the 4th term) Discussion of the ratios of 2020 appropriated surpluses for director and employee compensations – All members in attendance approved submission to the board for discussion.
   (3) August 13th, 2021 (7th meeting of the 4th term) Discussion on the 2021 earnings distribution for directors and the 2020 remuneration distribution amount for internal employees. All members in attendance approved submission to the board for discussion.

(V) Differences in promoting sustainable development implementation from the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and the reasons therefor

1. The Company

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
1. Has the Company established a governance structure to promote sustainable development and set up a dedicated (part-time) unit to promote sustainable development, which is authorized by the Board of Directors to be handled by senior management and the supervision situation of the Board of Directors?	V		1. Describe the corporate framework of the company promoting sustainable development. 2. Describe the implementation by various organizations of the company, including but not limited to: (1) Promoting sustainable development dedicated (*ad-hoc*) unit, its name, set up time and board authorization. (2) The formation and operation of the promoting unit members and implementation for the year (*e.g.:* Work plan and management). (3) The frequency of reporting to the Board of directors by the promoting unit (at least once a year) or the dates of the year for reporting to the Board of directors. 3. Describe the supervision by the Board of directors on sustainable development, including but not limited to: Management guidelines, strategy and target establishment, review measures and so forth.	Not distinctive
2. Does the Company conduct risk assessments of environmental, social and corporate governance issues related to the company’s operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	V		The Company has formulated a Corporate Social Responsibility Policy which encompasses protection of the general public and the environment, emphasis on employee value, exercise of influence on partners and promotion of sustainability. Implementation by relevant units is supervised and implementation effects and continuing improvements are reviewed to ensure effective implementation of the CSR policy.	Not distinctive
3. Environmental issues (1) Does the Company have an appropriate environmental management system	V		(1) The environmental impact mainly comes from the Company's manufacturing processes, and the chimney of	In general, we meet the

<table>
<tr><th rowspan="2">Items for evaluation</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>established in accordance with its industrial character?</td><td></td><td></td><td>the cogeneration plant has a 24-hour exhaust gas monitoring device which is connected to the Department of Environmental Protection in order to jointly monitor the emissions quality. An environmental quality monitoring system (DAS) has been installed within the plant facility to scan for potential sources of leakage from manufacturing processes that have hazardous gases.</td><td rowspan="4">requirements of the Ethical Corporate Management Best Practice Principles for the Listed Companies.</td></tr>
<tr><td>(2) Is the Company committed to enhance the energy efficiency and use renewable materials that are with low impact on the environmental?</td><td>V</td><td></td><td>(2) The Company has adopted the use of recycled paper and online signing of internal work procedures to reduce paper use, and employees are required to bring their own cups or mugs.</td></tr>
<tr><td>(3) Does the Company assess the potential risks and opportunities of climate change for companies now and in the future, and take measures to address related issues?</td><td>V</td><td></td><td>(3) The environmental affairs are jointly managed by the Taipei office and the factory. Due to the risks of climate change, the operations have been adjusted accordingly, for example, the coal-fired boilers are installed with electrostatic precipitators and sulfur and nitrate removers, so the emissions quality can reach the national standards. The air inlet of boiler furnaces are installed with air preheaters to recover waste heat for re-use. The wastewater plant has a wastewater re-treatment and recovery system to save on huge water consumption. A reactive afterburner has been installed within the manufacturing processes to reduce odor dissipation of VOC (volatile organic matter) and the impact on the environment.</td></tr>
<tr><td>(4) Does the Company count greenhouse gas emissions, water consumption and total weight of waste over the last two years, and formulate policies for greenhouse gas reduction, water consumption reduction, or other waste management?</td><td>V</td><td></td><td>(4) “Bureau Veritas Certification” certifications indicate the following annual GHG emission amounts in the two-year period:
Unit: CO2e metric tons
<table><tr><th></th><th>2021</th><th>2020</th></tr><tr><td>Greenhouse gas</td><td>461,953.74(Note)</td><td>411,757.31</td></tr></table></td></tr>
</table>

<table>
<tr><th rowspan="2">Items for evaluation</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>Note: Certification has not been completed in 2021.
Water consumption and wastewater recovery amounts in the two-year period:
Unit: m3
<table><tr><th>Year</th><th>2021</th><th>2020</th></tr><tr><td>Total water consumption</td><td>2,047,028</td><td>2,048,326</td></tr><tr><td>Total amount of recovered water</td><td>132,348</td><td>114,266</td></tr><tr><td>Recovery rate (%)</td><td>6.46</td><td>5.57</td></tr></table>Weight of solid waste over the two-year period:
Unit: metric tons
<table><tr><th>Item</th><th>2021</th><th>2020</th></tr><tr><td>Total amount of process waste</td><td>21,348</td><td>18,900</td></tr><tr><td>Total amount of domestic waste</td><td>129</td><td>169</td></tr><tr><td>Total amount of hazardous industrial waste</td><td>0.1</td><td>0</td></tr><tr><td>Total amount of solid waste</td><td>21,477.1</td><td>19,069</td></tr></table>Energy policy of the Company: Continuing improvement of energy performance, enhancement of energy usage efficiency, compliance with relevant laws and regulations, preferential procurement of energy-saving equipment, guarantee of organizational resource acquisition, review of energy goals and targets, staff participation in energy conservation and carbon reduction, reinforcement of energy conservation concepts of staff members, building of</td><td></td></tr>
</table>

Items for evaluation	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary	
			a green corporate culture and pursuit of sustainability.	
4. Social issues (1) Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?	V		(1) The Company has established work rules for employees and complied with the Labor Standards Act to protect the legitimate rights and interests of its employees. The proper management measures and procedures and the implementation are in these areas: 1. Provide employees with a reasonable salary and bonus structure. 2. Hold employee education and training sessions. 3. Implementation of holiday and attendance policies. 4. Allocate pension payment in accordance with the law.	Not distinctive
(2) Has the Company formulated and implemented reasonable employee benefits measures (including remuneration, vacation and other benefits, etc.) and appropriately reflect operating performance or results in employee remuneration?	V		(2) The Company has established rules and measures to form a fair salary and remuneration policy and also sets up a reward and punishment system for fighting corruption and fraudulent behaviors to facilitate social stability and putting corporate ethics and social responsibility in full practice.	
(3) Does the Company provide employees with a safe and healthy work environment and provide safety and health education to employees regularly?	V		(3) Apply the following measures to provide employees with a safe and health working environment: 1. Arrange regular health examination and education sessions for employees. 2. Purchase accidental and medical insurance policies for employees. 3. Assign a supervisor responsible for occupational safety and health affairs and employ personnel who have occupational safety and health certification.	
(4) Does the Company have an effective career capacity development training program established for the employees?	V		(4) The Company provides internal and external specialized education and training sessions to enrich employees' professional competence. The Company also encourages employees to assess their interests, skills, values and goals and communicate their career goals with administrators to plan for their long-term career.	

<table>
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<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>(5) Regarding customer health and safety, customer privacy, marketing and labeling of products and services, does the Company comply with relevant regulations and international standards and formulate relevant consumer protection or customer interests policies and appeal procedures?
(6) Has the Company formulated a supplier management policy that required suppliers to follow relevant norms on specific issues, such as, environmental protection, occupational safety and health or labor rights, and their implementation?</td><td>V

V</td><td></td><td>(5) All products of the Company are labeled pursuant to relevant norms and specifications to ensure conformity with national and international regulations. Customer complaints are handled by relevant personnel to safeguard consumer rights and interests.
(6) The Company will request suppliers to provide products with energy-saving and carbon reduction features to improve the CSR practices.</td><td></td></tr>
<tr><td>5. Does the Company refer to international criteria or guidelines for the preparation of reports and compile reports on corporate non-financial information, such as, sustainable reports? Did the aforementioned reports obtain the assurance or guarantee opinion of a third-party verification institute?</td><td>V</td><td></td><td>The Company has compiled reports that disclose non-financial information such as CSR reports with reference to universal international report preparation criteria or guidelines. No assurance statements issued by a third-party certification body have been acquired for the aforementioned reports.</td><td>Not distinctive</td></tr>
<tr><td colspan="5">6 If the Company has established its sustainable development code of practice according to the "Sustainable Development Best Practice Principles for Listed Companies," please describe the operational status and differences: The Company has not yet established its own Corporate Social Responsibility Best Practice Principles.</td></tr>
<tr><td colspan="5">7. Other important information for facilitating the understanding of Sustainable Development and its implementation: Please refer to the key information on the implementation of corporate governance and the CSR report.
(1) Amount committed to the community-friendly policy in 2021: Local give-back rewards and subsidies to the local groups and schools for a total of NT$3,736 thousands.
(2) Employment opportunities to local residents in 2021:
<table><tr><th>Dashe</th><th>Nanzih</th><th>Renwu</th><th>Total</th><th>% of the whole plant</th></tr><tr><td>81 persons</td><td>93 persons</td><td>37 persons</td><td>211 persons</td><td>41%</td></tr></table></td></tr>
<tr><td colspan="5">8. Describe the criteria undertaken by any institution to certify the company's corporate responsibility reports: None.</td></tr>
</table>

Note 1: If a check is made for “yes” for the implementation, please explain the adopted important policies, strategies, measures and implementation; If a check is made for “no,” please explain the deviation and causes in the column for “Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/GTSM Listed Companies,” and explain future adopted related policies, strategies and measures plan.

Note 2: Materiality refers to environmental, social and corporate governance issues that have a significant impact on the Company's investors and other stakeholders.

Note 3: For disclosure method, please refer to the best practice reference on the Corporate Governance Center website of the Taiwan Securities Exchange Corporation.

* Consolidated companies

1. Pan Asia Chemical Corporation

<table>
<tr><th rowspan="2">Promotion item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/ GTSM Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>1. Has the Company established a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, which is authorized by the Board of Directors to be handled by senior management and the supervision situation of the Board of Directors?</td><td>V</td><td></td><td>The vision and mission of the Company for complying to the ESG policies. Since 2015, the Treasury Dept. is appointed as the sustainable development promotion ad-hoc unit for the Company. Its responsibilities is to inform designated sustainable development personnel of various units on related matters for discussions on a regular basis. It also has to prepare the sustainable development report and send to the Chairman for review.
Through each meeting, identify sustainable topics of concern to company operations and stakeholders and formulate corresponding strategies and work policies.</td><td>Not distinctive</td></tr>
<tr><td>2. Does the Company conduct risk assessments of environmental, social and corporate governance issues related to the company’s operations in accordance with the materiality principle and formulate relevant risk management policies or strategies? (Note: Materiality refers to environmental, social and corporate governance issues that have a significant impact on the Company's investors and other stakeholders.)</td><td>V</td><td></td><td>1. The disclosed information covers the company’s sustainable development performance from January 2021 to December 2021. Risk assessment is based on the Company.
2. Analysis is conducted based on the materiality principles of the sustainable development report, communicated with internal and external stakeholders. Through review and integrate the assessment information of various departments, assess ESG topics with materiality. Corresponding risk strategies are also proposed.
3. Establish related risk management policies or strategies for the risk from assessment:
<table>
<tr><th>Major issues</th><th>Risk assessment items</th><th>Remark</th></tr>
<tr><td>Environment</td><td>Environmental impacts and management</td><td>1. The Company has effectively lowered the pollution emissions and its impacts to the environment through implementing</td></tr>
</table></td><td>Not distinctive</td></tr>
</table>

Promotion item	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/ GTSM Listed Companies
	Yes	No	Summary	
			manufacturing safety management and systemized management circulation. 2. Adopt pollution prevention measures, install Continuous Emission Monitoring Systems (CEMS), test the control value, committed to mitigate air pollution harm to the environment. 3. Conduct instant testing for the water quality of the wastewater for release, to ensure the release water quality complies with the competent authorities regulations. 4. Conduct proper waste sorting management. For waste that are recyclable for reuse or of value, they can be recycled and reused through internal contacts and recycling vendor's survey, striving towards low emissions. 5. When there are no wastes of recycling value, commission qualified clearing and treatment vendor to carry out clearance and transportation	

<table>
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<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td></td><td></td><td>and treatment of wastes, and list under management and file as follow-up item.
6. Annual planning of internal audit plan for all relevant environmental laws and regulations that the Company needs to comply with, and audit various work procedures for compliance.</td></tr>
<tr><td rowspan="2">Society</td><td>Occupational safety</td><td>1. In 2021, there was one violation matter of related laws and regulations, but no employee encountered events of occupational injury or disease.
2. Plant area completed the “ISO45001 Occupational health and safety management system” certification.
3. Regular organization of fire drills and safety educational training, cultivating employees emergency response and self-management in safety capability.</td></tr>
<tr><td>Product safety</td><td>1. Every stages from the raw materials procurement to the product sales, the company</td></tr>
</table>
</td><td></td></tr>
</table>

Promotion item	Implementation Status						Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/ GTSM Listed Companies
	Yes	No	Summary				
						values the importance of the customer's health and safety. Continuous improvement of the production procedures and align with the market trends and demands of downstream customers, moving towards no toxic production, environmental friendly and green energy products, so on development trends. 2. Products for production and sales, their function specifications and attention on use are listed in the physical properties and safety data sheet (SDS) to enable customers to understand safety use method. The inquiry hotline is listed. We put in all efforts in supporting customer in acquiring the required information. All products are labeled 100% in compliance of relevant laws and regulation.	
				Corporate Governance:	Society, economics and legal compliance	Ensure all of the employees and processes truly comply with related laws and regulations through governance organization and implementing	

<table>
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<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td><table>
<tr><td rowspan="3"></td><td></td><td>internal control system.</td></tr>
<tr><td>Enhance the directors' function</td><td>1. Plan related further education topics for the directors. Each year provide the directors the latest laws and regulations, system development and policies.
2. Purchase liability insurance for the directors to protect from litigation or compensation situations.</td></tr>
<tr><td>The interested party Communication</td><td>1. To avoid the difference in positions between the stakeholders and the Compan resulting in misunderstanding or litigation risks, the Company will analyze the material topics of concern for important stakeholders each year.
2. Provide communications channels to reduce oppositior and misunderstandings. Establish investment areas an spokesperson or dedicated personnel will handle and response.</td></tr>
</table></td><td></td></tr>
<tr><td>3. Environmental issues
(1) Does the Company have an appropriate environmental management system established in accordance with its industrial character?</td><td>V</td><td></td><td>(1) Conduct regular inspection for emissions of volatile organic compounds throughout the entire plant once every quarter.</td><td>Not distinctive</td></tr>
</table>

Promotion item	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/ GTSM Listed Companies
	Yes	No	Summary	
			Conduct regular inspection to monitor pollution and emissions from the facilities at the site and pollution discharges once a year. The whole factory has installed 38 sets of pollutant concentration monitoring systems to forecast potential environmental pollution for immediate response. Regularly dispose of waste at the factory at least once a month and commission qualified vendors to conduct proper treatment and disposal to prevent environmental pollution. Conduct concentration inspection of the on-site working environment quality at least twice a year.	
(2) Is the Company committed to enhance the energy efficiency and use renewable materials that are with low impact on the environmental?	V		(2) 1. Replace paper signing with electronic signing and actively promote paperless office practices. 2. Interior lighting switches to the use of energy saving light tubes. 3. Introduced circulating use of the water used by production's cooling system to reduce water resources waste.	
(3) Does the Company assess the potential risks and opportunities of climate change for companies now and in the future, and take measures to address related issues?	V		(3) The Company has already identified potential risk factors and relevant improvement opportunities and measures. It has also defined indicators for GHG emission reductions, water and energy conservation and waste reduction and actively strives to achieve these target values. It also conducts rolling reviews thereof. 1. Continue to use clean natural gas fuel as the Company's source of energy. 2. Continue to promote waste sorting and reduction and recycling strategies to lower indirect greenhouse gas emissions volume. 3. Continue statistics analysis on the correlation of energy and output capacity, and greenhouse gas emissions to	

<table>
<tr><th rowspan="2">Promotion item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/ GTSM Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>analyze energy utilization rate.</td><td></td></tr>
<tr><td>(4) Does the Company count greenhouse gas emissions, water consumption and total weight of waste over the last two years, and formulate policies for greenhouse gas reduction, water consumption reduction, or other waste management?</td><td>V</td><td></td><td>(4) Implement factory site pollution and emissions control in accordance with regional environment changes and policies from the authority.
Set temperature control policies for indoor air-conditioning to prevent waste of electricity.
Carry out inspection of greenhouse gas emissions from the manufacturing processes and conduct energy-saving and carbon-reduction measures based on policies from the authority.
Use automatic detection devices to change the time of using supplementary lightning depending on the season.
Garbage sorting is promoted and implemented to reduce the amount of generated waste. Processes are improved to decrease the amount of process waste. A constant pursuit of technical feasibility of waste re-use in Taiwan serves the purpose of minimizing environmental burdens.
To make resources sustainable, environmental protection has become a key topic in the world. To reduce energy and resources consumption and emissions of greenhouse gas and improve product efficiency and competitiveness, the factory plans to save at least 3% in electricity consumption, reduce 15% of greenhouse gas emissions and cut down waste by 5% within 5 years. The factory will put energy-saving, carbon reduction and waste recycling to full practice, fulling the duties of global citizens.
State of annual greenhouse gases emissions over two years' time:
Unit: $CO2_e$ metric tons
<table><tr><th>Year</th><th>2020</th><th>2021</th></tr><tr><td>Carbon dioxide</td><td>309.3043</td><td>372.6372</td></tr></table></td><td></td></tr>
</table>

Promotion item	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/ GTSM Listed Companies
	Yes	No	Summary	
			(see below)	

Greenhouse gas emissions volume (Scope 1)	309.6206	373.0108
Unit product emissions volume (kgCO2e/ton)	77.6	75.2

The above information are based on self-inventory and has not been verified by external party; Although it has not been assured by external third party, we assure the accuracy of the information data in the report through rigorous internal control and audit mechanism.

The 2021 greenhouse gas emission volume per unit product is 75.2 (kgCO2e/ton), which is lower than the 2020 emissions volume 77.6 (kgCO2e/ton). Mainly due to the emissions reduction plan measures include continuous manufacturing optimizing and improvement, reduced the use of fluorine gas, and refining the maintenance and management of combustion and destruction equipment, to strengthen energy saving and carbon reduction performance of manufacturing.

In summary, the 2021 absolute carbon reduction declined by 3.1% as compared to the same period last year.

The Company has not yet use renewable energy. Other efforts in response to climate change and driving the company's sustainable management are: Eliminate equipment with high energy consumption and replace with equipment with low energy consumption, including manufacturing equipment, electronic equipment, lightings and so on, eliminate old temperature insulating packaging materials and use high efficiency insulating packaging materials. This can lower the times the equipment renew the heating or cooling due to temperature loss, which increases unnecessary energy consumption. By doing so can raise the energy usage

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<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>efficiency.
On using recycled materials, enhance the recycling rate of recycled secondary product packaging, and enhance the recycling of recyclable wastes for re-manufacturing transferring them to recycling vendors for use as raw materials in implementing the circular economy.

Water consumption in the two-year period:
Unit: metric tons
<table><tr><th>Year</th><th>2020</th><th>2021</th></tr><tr><td>Running water amount</td><td>123,316</td><td>115,693</td></tr><tr><td>Water consumption volume of unit product (M3/ton)</td><td>3.51</td><td>3.08</td></tr><tr><td>Wastewater amount</td><td>58,430</td><td>63,451</td></tr></table>The Company has invested in many improvement measures, which include improvements to the manufacturing equipment eliminating and reducing water use, concentrated production of products of the same nature, reducing usage of cleaning and cleaning water for the systems, and reduce the wastewater generation at the same time. Under the implementation of the 2021 water resource utilization management and water saving technology, the water usage from public utility is 7,623 tons lesser as compared to 2020, with a drop over 6.2%.

Total weight of waste in the two-year period:
Unit: metric tons
<table><tr><th></th><th>2020</th><th>2021</th></tr><tr><td>General domestic waste</td><td>54.56</td><td>47.11</td></tr><tr><td>General industrial waste</td><td>315.37</td><td>376.09</td></tr></table></td><td></td></tr>
</table>

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<tr><td></td><td></td><td></td><td>
<table>
<tr><td>Special industrial waste (hazardous)</td><td>50.71</td><td>0</td></tr>
<tr><td>Recycled and reused waste</td><td>13.43</td><td>18.01</td></tr>
<tr><td>Production output per unit product (kg/ton)</td><td>0.012</td><td>0.011</td></tr>
</table>
The Company’s ultimate goal for waste management is “Zero Waste.” To achieve sustainable resource and recycling, the Company adopts the strategy of reduction in overall waste volume and turning waste into resource as its strategy, prioritize recycling and reuse for use within the plant, and reduce the consumption volume of raw materials and packaging; followed by engaging external vendors for recycling and re-use. Lastly, the wastes that cannot be recycled and re-used are sent for burning at an incinerator or for landfill. The various paths as major policies. In concert with continuous optimization of manufacturing for manufacturing improvements, we start from lowering the waste generation at the source. The 2021 waste generation per unit product was 0.011 (kg/ton), which is lower than the 2020 waste generation per unit product of 0.012 (kg/ton), which is a drop of 6%.</td><td></td></tr>
<tr><td>4. Social issues
(1) Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?</td><td>V</td><td></td><td>(1) The Company complies to related government laws and regulations, supports and respects the “UN Universal Declaration of Human Rights,” “United Nations Global Compact, UNGC,” “United Nations Guiding Principles on Business and Human Rights,” “International Labor Organization” and other international human rights conventions. We have established and implemented related policies to human rights, prohibit any forms of forced labor,</td><td>Not distinctive</td></tr>
</table>

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<tr><td></td><td></td><td></td><td>unlawful discrimination and prohibit the use of child labor.
The Company complies to relevant laws and regulations in ensuring the legal rights of the employees, adopting two-way communications method in managing employees.
The Company’s human rights management and concrete plan summary as follows:
<table><tr><th>Human rights management policies</th><th>Concrete plan</th></tr><tr><td>Provide a safe and healthy working environment

Assist employees to maintain physical and mental health and work-life balance</td><td>* Established safety and health policy to guarantee employees and related process personnel’s safety and health.
* One hour lunch break to give sufficient resting time for employees.
* Regular and irregular health examinations for employees are arranged to maintain employees' health.</td></tr><tr><td>Prohibit forced labor, abiding with the government’s labor act.</td><td>Implement the leave system, encourage employees to value work life balance.</td></tr><tr><td>Established the “Standard for Supplier Corporate Social Responsibility” requesting suppliers to sign and commit.</td><td>From the human rights, legal compliance, and environment aspects, and under the principles of timely, appropriate value, appropriate volume, and appropriate price, prioritize suppliers who adopt TOSHMS, CNS-45001, ISO-45001 and so forth occupational safety, energy and environmental management systems. We hope to work with partners in</td></tr></table></td><td></td></tr>
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<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td><table><tr><td></td><td>committing to the duties of corporate social responsibilities together.</td></tr></table></td><td></td></tr>
<tr><td>(2) Has the Company formulated and implemented reasonable employee benefits measures (including remuneration, vacation and other benefits, etc.), and appropriately reflect operating performance or results in employee remuneration?</td><td>V</td><td></td><td>(2) <u>Employees’ remuneration</u>
Employee welfare policies of the Company are positively correlated with individual abilities, contributions to the company, individual performance, and business performance. For instance, 5% of annual surpluses are appropriated as employee compensation. The Company gives back to its employees based on its business performance and results in an adequate manner.
<u>Staff fringe benefits</u>
The company has established the Employee Welfare Committee. Each year, 0.05% of the revenues will be appropriated to the Committee for use. The Committee plans a series of welfare benefits for the employees, such as: Employee travel subsidies, birthday gifts, wedding subsidies, maternity subsidies, funeral subsidies, educational subsidies for children, other benefits and so forth.
On the leave system, on the basis of the fixed two-day weekend, employees will receive special leaves after they assume office for a specific period of time. In giving employees a peace of mind in raising children below three years old, depending on one’s circumstances, employees can apply for unpaid parental leave in writing after assuming post for six months. This enables them to take care of the young child and guarantees their work rights after the parental leave. Employees can during the period or after, apply for reinstatement, balancing the needs for individual and family care.
<u>Workplace diversity and equality</u></td><td></td></tr>
</table>

Promotion item	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/ GTSM Listed Companies
	Yes	No	Summary	
(3) Does the Company provide employees with a safe and healthy work environment and provide safety and health education to employees regularly?	V		Realize equal pay for equal work between male and female employees for rewards and compensation conditions and equal promotion opportunities, driving sustainable and inclusive economic growth. Female employees account for 16.82% in 2021. Females in managerial positions account for 8.41%. <u>Operating performance reflects employees' compensation</u> Article 19 of the Articles of Incorporation: Based on the profit situation for the year, the Company will first set aside the amount to make up for the accumulated losses. If there are remainders, between 1% to 5% shall be appropriated for the employees remunerations and not more than 0.3% to be appropriated for the directors remuneration. (3) <u>Occupational Safety and Health Policy</u> The Company has established the safety and health policies and respected the request of related stakeholder groups on occupational safety and health, in order to build a safe and healthy work environment. The Company's core philosophy is based on disaster prevention and response. By using suitable management tools and mature technology and usable resources, integrate the occupational safety and health problems within the plant area, to propose effective policies and continue to improve the promotion of occupational safety culture. Furthermore, heighten prevention management of operation personnel to create a zero disaster environment. There are 0 incidents of personnel disaster in 2021, 0 persons (account for 0% of the 2021 total employees at end of year), achieved the 0 disaster annual target. <u>Workplace environmental monitoring</u> To guarantee labors are free from harm from hazardous	

Promotion item	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/ GTSM Listed Companies
	Yes	No	Summary	
			substances in the work place, provide labors a healthy and comfortable work environment. Each year, will carry out 2 times the work environment monitoring to gradually understand the state of exposure of the employees. Regular health examination for employees. Work safety audit The Company has established the annual work safety internal audit work plan. The factory manager will act as the chief convenor. The work safety audit team will compile the audit suggestions and improvement matters and specific improvement situations of the various audit reports and enter them into the "internal audit system." Each unit will have to conduct the follow-up and improvements. Every quarter, the unit will review deficiencies at the Safety and Health Management Meetings based on the audit suggestions and improvement matters. Work safety audit process: - Daily irregular patrol inspection - Firefighting equipment practice and drills every quarter - General inspection of large size public hazardous materials twice every year Equipment safety management Conduct comprehensive safety check and testing once a year for high-risk machinery and equipment. Set up rules for the use of occupational safety gears and equipment so employees can properly wear their personal protective equipment, ensuring their own safety. Occupational safety education and training sessions are regularly held for employees. Work safety educational training and advocacy in the recent	

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<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>three years
<table><tr><th>Year</th><th>Number of persons for education and training</th><th>Hours of education and training</th></tr><tr><td>2019</td><td>380</td><td>1359</td></tr><tr><td>2020</td><td>309</td><td>1019</td></tr><tr><td>2021</td><td>285</td><td>1205</td></tr></table>Certifications:
The Company's plant area has obtained ISO 45001 certifications.</td><td></td></tr>
<tr><td>(4) Does the Company have an effective career capacity development training program established for the employees?</td><td>V</td><td></td><td>(4) The Company provide related internal and external professional educational trainings to all management and employees to enhance employees' occupational training for career skills. Trainings include new employees orientation, professional occupational trainings, managerial skills training, and so on. It is hoped to support employees to continue to learn and grow through diverse learning methods and to encourage employees assess their own interests, skills, values, and goals. They can communicate their personal career intention to their managers for future career plans. For the number of persons and total hours participating in the 2021 career development and educational training, please refer to the "2021 Pan Asia Chemical Corporation Sustainable Development Report."</td><td></td></tr>
<tr><td>(5) Regarding customer health and safety, customer privacy, marketing and labeling of products and services, does the Company comply with relevant regulations and international standards and formulate relevant consumer protection or customer interests policies and appeal procedures?</td><td>V</td><td></td><td>(5) Every stage from the raw materials procurement to product sales, the Company values the importance of the customer's health and safety. Continuous improvement of the production procedures and align with the market trends and demands of downstream customers, moving towards no toxic production, environmental friendly and green energy products, development trends, etc.
The Company's products for production and sales, their</td><td></td></tr>
</table>

Promotion item	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/ GTSM Listed Companies
	Yes	No	Summary	
			function specifications and attention on use are listed in the physical properties and safety data sheet (SDS) to enable customers to understand safety use method. The inquiry hotline is listed. We put in all efforts in supporting customers in acquiring the required information. All products are labeled 100% in compliance of relevant laws and regulation. The Company strives to achieve "Customer Satisfaction" and "Customer privacy" and values and immediately handles customer complaints to provide customer with comprehensive product information. The customers' customized products or processed product information are kept confidential to avoid customer transaction related-information leaks. Strictly comply with the government's relevant laws and regulations to manage and protect the customer's privacy. Before transaction, the Company must confirm the product specification. After production, there will be analysis for random samples. Business employees will handle customer's appeal cases to better maintain the work for protecting customers' rights.	
(6) Has the Company formulated a supplier management policy that required suppliers to follow relevant norms on specific issues, such as, environmental protection, occupational safety and health or labor rights, and their implementation?	V		(6) The Company has established the "Standard for Supplier Corporate Social Responsibility" and requested suppliers to sign and commit. From the human rights, legal compliance, and environment aspects, and under the principles of timely, appropriate value, appropriate volume, and appropriate price, prioritize suppliers who adopt TOSHMS, CNS-45001, ISO-45001 and so forth occupational safety, energy and environmental management systems. We hope to work with partners in committing to the duties of corporate social responsibilities together. <u>Selection of suppliers:</u>	

Promotion item	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/ GTSM Listed Companies
	Yes	No	Summary	
			Obtained ISO environmental management, occupational safety management, energy management system, etc to show declaration statements. Obtained ISO 9000 quality management system, show declaration statement. Monitor the performance of suppliers and include the grading into the supplier assessment. Implement supplier appraisal every half year. <u>Safety management:</u> The Company place special value on contractor safety management. All contractor contracts consist of related safety management articles requesting contractors to truly implement safety management based on related regulations. Before construction begins, there is a need to convene negotiating organization meetings to ensure the safety during the joint operations and to conduct appraisal of the following items: Comply with safety and health related matters performance, take an active approach to provide safety and health related management information on its situations, vendor safety and health management capability. <u>Supplier appraisal:</u> Advocacy on the sustainable environment and occupational safety and health policy. Request for safety data sheet (SDS) when providing hazardous substance information. Raise the materials recycling ratio to increase materials circular use and reduce the generation of wastes. Pay attention to the latest restricted substances to ensure the non-use of restricted substances. A priority to use manufacturers with ISO 14001 or TOSHMS certification.	

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<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>A priority to use manufacturers with good management on environment and hazardous substances.
If suppliers produce negative impacts to the environment, suspend the transaction. Decide whether to continue collaboration relationship after renewed assessment.
Besides signing the supplier corporate social responsibility commitment declaration, continue to advocate to suppliers to truly commit and act accordingly to the declaration contents.
Regularly coordinate material preparation mechanism with the supplier, and establish long term strategic collaboration relationship with the supplier.
A priority to use good suppliers, cease collaboration relationships with misrepresented vendors.</td><td></td></tr>
<tr><td>5. Does the Company refer to international criteria or guidelines for the preparation of reports and compile reports on corporate non-financial information, such as, sustainable reports? Did the aforementioned reports obtain the assurance or guarantee opinion of a third-party verification institute?</td><td>V</td><td></td><td>The Company referenced the spirit of Global Reporting Initiative's (GRI) GRI Standards - Core option to prepare the "2021 Pan Asia Chemical Corporation Sustainable Development Report" to disclose the company's non-financial information. The 2021 Sustainable Development Report shall obtain the CPA's audit report based on the Standard of the Accounting Research and Development Foundation of the R.O.C.. As of the annual report publication date, preparation of the sustainable development report has not yet completed.</td><td>Not distinctive</td></tr>
<tr><td colspan="5">6. If the Company has established its sustainable development code of practice according to the "Sustainable Development Best Practice Principles for Listed Companies," please describe the operational status and differences: the Company has not yet established its own Development Best Practice Principles.</td></tr>
<tr><td colspan="5">7. Other important information for facilitating the understanding of Sustainable Development and its implementation: please refer to the sustainable development report.
https://www.pacc.com.tw/social_tw.php?id=4
(1) Amount committed to the community-friendly policy in 2021: Local give-back rewards for NT$1,076 thousand and subsidies to the local groups and schools for NT$206 thousands.
(2) Employment opportunities to local residents in 2021:</td></tr>
</table>

Dashe	Nanzih	Renwu	Number of people in Kaohsiung.	% of the whole plant

Promotion item	Implementation Status			Deviation and causes of deviation from the Corporate Sustainable Development Best-Practice Principles for TSEC/ GTSM Listed Companies
	Yes	No	Summary	

6 persons	14 persons	4 persons	93 persons	25.81%

2. Taichung Commercial Bank

Items for evaluation	Implementation Status			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/ GTSM Listed Companies" and reasons
	Yes	No	Summary	
1. Has the Bank established a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, which is authorized by the Board of Directors to be handled by senior management, and the supervision situation of the Board of Directors?	✓		To accomplish the sustainable development management philosophy, the "Corporate Governance and Nomination Committee" under the Board of directors is the monitoring unit. According to the Bank's "Sustainable Development Code of Practice," the Business Department will be the integrating unit, supporting various departments of corporate governance, human resource, general affairs, legal affairs and legal compliance, credit, risk management and so forth to implement sustainable development related topics. The unit will also regularly report to the Corporate Governance and Nomination Committee and Board of directors on the sustainable development implementation outcomes each year.	No difference
2. Does the Bank conduct risk assessments of environmental, social and corporate governance issues related to the company's operations in accordance with the materiality principle and formulate relevant risk management policies or strategies?	✓		According to Article 3 of the "Sustainable Development Code of Practice," on material principles, the Company will conduct risk assessment for material topics. The related risk management strategies will be established after the assessment and to be disclosed on the Bank's official website and sustainable development report.	No difference
3. Environmental issues (1) Has the Bank established a suitable environment management system by nature of the industry?	✓		The bank's "Sustainable Development Code of Practice" stipulates that the Department of General Affairs shall serve as the dedicated unit of environmental management. Related environment management systems shall be formulated, promoted, and maintained, with specific action plans, while assisting in environmental education courses. The Bank has also established the "Particulars for the Management of Corporate Headquarters Building" and "Rules for Occupational Safety and Health."	No difference
(2) Is the Bank committed to enhance the energy efficiency and use renewable materials that are with low impact on the environmental?	✓		The bank prioritizes the procurement of renewable material, recycled materials, or energy-saving environmentally friendly products. In procurement tenders, procurements from manufacturers that have obtained Green Mark Use Permit recognized by the government, or whose processes and waste disposal meet renewable material, recycled material, low-pollution, or energy-saving requirements are prioritized in order to increase social benefits and reduce social costs. In terms of interior decoration, minimizing the amount of interior decoration is to be encouraged, while existing office furniture are to be integrated with the new space, which not only reduces waste, re=-utilizes items, but also meets the environmental protection appeal. Note: during interior decoration planning, building materials with the Green Mark from at	No difference

Items for evaluation	Implementation Status			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/ GTSM Listed Companies" and reasons
	Yes	No	Summary	
			home and abroad and Green Mark Building are adopted. Waste produced from decoration should be properly classified to reduce environmental impacts.	
(3) Does the Bank assess the potential risks and opportunities of climate change for companies now and in the future, and take measures to address climate-related issues?	✓		The bank has included the Environmental, Social and Governance (ESG) criteria in its due diligence governance policy. In addition, the risk management policy shall be formulated and amended to include climate change risks, and include ESG in the credit review procedures in order to improve asset quality and business development.	No difference
(4) Has the Bank kept statistics on the greenhouse gas emission volume, water consumption volume and total weight of wastes over the last 2 years and mapped out the policies for managing the reduction of carbon, greenhouse gas emission, water consumption and the generation of wastes?	✓		(1) In response to the low-carbon economy, the bank has imported the ISO 14064-1:2006. The "Taiwan Green Productivity Foundation" has been outsourced to assist in the head office's greenhouse gas inventory taking, obtained the British Standards Institute (BSI) certification on September 15th, 2021 and maintain the global ecological environment balance (renewing certification). (2) Invested in energy saving and green energy related eco-friendly and sustainable major machinery equipment: Set up solar renewable energy equipment at Shengang branch (25.92KW) and Wufeng branch (18.72KW).	No difference
4. Social issues (1) Has the Bank established related management policy and procedure in accordance with applicable legal rules and international conventions on human rights?	✓		The Company has established its "Sustainable Development Code of Practice" according to the "Sustainable Development Best Practice Principles for Listed Companies" and disclosed the human rights policy on the official website.	No difference
(2) Has the Bank formulated and implemented reasonable employee benefits measures (including remuneration, vacation and other benefits, etc.) and appropriately reflect operating performance or results in employee remuneration?	✓		(1) Regarding related welfare measures, see page 103-104 for various employee welfare measures, retirement systems, and implementation situations. (2) The bank has set up the "Guidelines for Employee Assessment" and the "Directions for the Promotion of Incumbents." According to the corporate operation performance situation, personal performance and in reference to salary standards in the same industry, the employees' rank and salary shall be adjusted after thorough consideration. (3) The bank's holiday system, in addition to the Labor Standards Act as the reference, marriage leave, funeral leave and general injury and sick leave are also granted.	No difference
(3) Has the Bank provided a safe and health work environment for the employees and provided education on labor safety and health regularly?	✓		(1) CO2 content testing in the head office has been implemented on a regular basis to ensure employee workplace comfort.	No difference

Items for evaluation	Implementation Status			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/ GTSM Listed Companies" and reasons
	Yes	No	Summary	
			(2) The interior decoration is based on simplicity and practicality. Building material with the Green Mark from at home and abroad and Green Mark Building are adopted. The use of low-pollution and recycled building materials is also required. (3) In accordance with provisions in the "Laborer Health Protection Rules," employees should regularly perform employee health checkups according to age and frequency. The bank provides a health checkup free of charge for all the employees every two years.	
(4) Has the Bank established the training program for the effective planning of career development for the employees?	✓		Based on the strategic development and career mapping of each employee, the Company establishes annual education and training plans to promote exclusive training sessions of each function. Every year, outstanding talents are selected to be nurtured through individual development plan (IDP) to handle future managerial duties.	No difference
(5) Regarding customer health and safety, customer privacy, marketing and labeling of products and services, does the Company comply with relevant regulations and international standards, and formulate relevant consumer protection or customer interests policies and appeal procedures?	✓		(1) Concerning related financial commodities or services, the bank attaches importance to marketing ethics. In compliance with relevant regulations and international standards, relevant implementation strategies and specific measures have been set up by fair and reasonable means, which have been implemented in business activities. (2) The bank's norms on customer privacy has been set up in accordance with relevant provisions in the "Personal Information Protection Act," which shall serve as criteria for implementing personal information protection. The PIMS (Personal Information Management Standards) have been imported; the "BS 10012: 2017 personal Information Management System" standard certification has also been obtained. (3) In view of the protection of consumer rights and interests, the bank has set up the "consumer protection policy" and the "fair treatment of customers principle policy and strategy." The customer opinion and complaint channel and dispute handling procedures are also explicitly regulated. (4) In order to enhance customer complaint handling efficiency, the bank has set up the "Taichung Commercial Bank Consumption Dispute Handling System" and the "Directions for Taichung Commercial Bank Customer Complaint Handling." They explicitly stipulate customer opinion and complaint channels and dispute handling procedures. The "Customer Complaint Handling Team" has also been set up, which is the dedicated unit for assisting the departments in handling customer complaint cases, making them feel the banks attention and concern.	No difference

Items for evaluation	Implementation Status			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/ GTSM Listed Companies" and reasons
	Yes	No	Summary	
(6) Has the Bank established the supplier management policy to demand suppliers observe applicable rules and regulations governing environmental protection, occupational safety and health, or labor rights, and the state of implementation?	✓		In procurement tenders, procurements from manufacturers that have obtained Green Mark Use Permit recognized by the government or whose processes and waste disposal meet renewable material, recycled material, low-pollution, or energy-saving requirements are prioritized in order to increase social benefits and reduce social costs. In order to implement the bank's supply management commitment and responsibilities, jointly observe good ethical standards with suppliers, focus on the goals of labor human rights and environmental sustainability promotion, and encourage the bank's suppliers to jointly endeavor or sustainable development fulfillment. Beginning 2019, manufacturers' signing of commitments in compliance with environmental protection, occupational safety and hygiene, labor rights and ethical corporate management, human rights and environment commitment declaration and other related norms has been promoted.	No difference
5. Does the bank refer to international criteria or guidelines for the preparation of reports, and compile reports on corporate non-financial information, such as, sustainable reports? Did the aforementioned reports obtain the assurance or guarantee opinion of a third-party verification institute?	✓		(1) The Bank's sustainability report (since 2022 the corporate social responsibility report has been renamed to sustainability report) has been written in accordance with the core items of the Global Reporting Initiatives (GRI) Sustainability Reporting Standards, including the "Sustainable Development Best-Practice Principles for TWSE/GTSM Listed Companies. All financial data uses New Taiwan dollar as the unit of calculation. Financial statements are compiled in compliance with the International Financial Reporting Standards (IFRSs). In addition, the British Standards Institution (BSI) has been commissioned to verify this report according to the GRI Sustainability Reporting Standards and the AA1000 Assurance Standard Type I Moderate Level Assurance. (2) The Sustainable Development report has since 2015 passed BSI certification every year, with the independent assurance opinion statement issued. However, the 2021 Sustainable Development report, as of the printing date, has been has not been released.	No difference
6. If the Company has established sustainable development code of practice based on the Sustainable Development Best Practice Principles for the Listed Companies, please describe any discrepancies between the policies and their implementation in the Company: The Bank has established the "Sustainable Development Code of Practice" according to the "Sustainable Development Best Practice Principles for Listed Companies" to fulfill sustainable development and there are no differences with the establishment.				
7. Other important information to facilitate better understanding of the Company's implementation of sustainable development: Please refer to Five. Business performance, Three. Implementation of Sustainable Development, or the Bank's sustainability report.				

(VI) The Company's ethical corporate management performance and its difference from the "Ethical Corporate Management Best-Practices Principles for TWSE/GTSM Listed Companies" and the root causes

1. The Company

Assessment items	Implementation Status			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	
1. The policy and plan of business integrity (1) Does the Company explicitly state policies and methods of ethical corporate management in its approved ethical corporate management policies, rules and regulations, and external documents and is the commitment of the board and management level to active implementation of such policies clearly stipulated? (2) Has the Company had established a risk assessment mechanism against unethical conduct, regularly analyzed and assessed business activities within the business scope which were at a higher risk of being involved in unethical conduct and established prevention programs accordingly that at least included the preventive measures against the conducts specified in Article 7, paragraph 2 of the "Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies?" (3) Has the Company specified the operating procedures, guidelines for conducts punishment and appeal system for violations in the prevention programs, have they been implemented accordingly and regularly reviewed and revised the aforementioned programs?	 V V	 V	(1) The Company has not yet clearly defined matters related to ethnical business management but has required directors and executives to lead by example, follow the principle of good faith and build a corporate culture of sincerity and integrity. (2) The code of conduct for employees also specifies reward and punishment measures to prevent any dishonest behaviors. (3) The Company also complies with the laws and regulations, requiring each donation and sponsorship to be reported and authorized by the proper authorization levels before being approved. The Company adheres to the business philosophy of integrity, transparency and responsibility, continues to promote policies based on good faith and establish robust corporate governance and risk control measures to create a sustainable business environment.	Not distinctive
2. The Materialization of Business Integrity (1) Does the company have the integrity of the trade counterparty assessed and with the code of integrity expressed in the contract signed? (2) Does the Company have a specific (part-time) unit setup under the board of directors to advocate the code of integrity and to report on its implementation to the Board on a regular basis?	 V	 V	(1) The Company engages in transactions and purchases in accordance with the laws and regulations to prevent the engagement with those who have had records of unethical conduct. (2) No dedicated unit has been designated	Not distinctive

Assessment items	Implementation Status			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	
(3) Does the Company set up a unit dedicated to promoting ethical corporate management under the board of directors, and regularly (at least once a year) report to the board of directors its ethical corporate management policies and unethical conduct preventive action and the implementation of supervision? (4) Does the Company have established an effective accounting system and internal control system for the implementation of ethical corporate management and the internal audit unit based on the assessed risk of unethical conduct to formulate relevant audit plans, and check the compliance with the unethical conduct preventive action or commission an accountant to perform the check? (5) Has the Company organized corporate management internal and external education and training programs on a regular basis?	V V V		(3) No dedicated unit has been designated; to prevent conflicts of interest, it can be stated through administrative reporting channels whether a potential conflict of interest that is likely to prejudice the interest of the Company exists. (4) The Company's Audit office conducts auditing procedures based on the Regulations Governing Establishment of Internal Control Systems by Public Companies and assigns audit personnel according to the annual audit plan. (5) The Company provides regular education and training for its employees every year. It also encourages relevant personnel to participate in off-the-job training on relevant issues.	
3. The operations of the Company's Report System (1) Does the Company have a specific report and reward system stipulated, a convenient report channel established and a responsible staff designated to handle the individual being reported? (2) Has the Company established standard operating procedures for investigating reported events, follow-up measures to be taken after the investigation was completed, and related confidentiality mechanisms? (3) Has the Company taken proper measures to protect the whistle-blowers from suffering any consequence of reporting an incident?	V V V		(1) If unethical conduct is detected, employees may directly report malpractices or improper conduct to top executives or the HR Department. (2) The Company has a disciplinary system and enables employees to file grievances through regular administrative procedures. Disciplinary action is taken against violators and dedicated personnel is designated for the handling of relevant cases to ensure full implementation of the confidentiality mechanism. (3) Relevant measures are adopted pursuant to HR rules and regulations of the Company based on the principle of protecting the innocent and punishing the guilty to prevent retaliation and safeguard the rights and interests of employees.	No difference
4. Enhancing Information Disclosure Does the Company have the contents of corporate management and its implementation disclosed on the website and MOPS?	V		The Company has already disclosed its "Code of Ethics" on its official website.	No difference
5. If the company has established corporate governance policies based on the Ethical Corporate Management Best Practice Principles for the Listed Companies, please describe any discrepancy between the policies and their implementation in the Company: The Company has not defined its code of ethical business management but the operations				

Assessment items	Implementation Status			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	

follow the Ethical Corporate Management Best Practice Principles for the Listed Companies.

6. Other vital information that helps to understand the practice of business integrity of the Company (*e.g.,* the review and revision of the best-practice principles of the Company in business integrity):

China Man-Made Fiber Code of Ethical Conduct

It was resolved in the Board meeting on March 16, 2015

Article 1 (Purpose and basis)

This code of conduct is developed to guide the directors, supervisors (or independent directors), managers and employees to meet ethical standards and also allow the Company's stakeholders to gain more awareness of the Company's ethical standards.

Article 2 (Subject of Application)

This code of conduct applies to directors, supervisors (or independent directors), managers and employees. The above-mentioned subjects are hereinafter referred to as the company personnel.

Article 3 (Principle of Good Faith)

The Company personnel shall abide by the regulatory requirements and this code of conduct when performing their duties and maintain active, positive and responsible attitude, have empathy, value teamwork and principle of good faith and hold themselves to high ethical standards.

Article 4 (Preventing Conflict of Interest)

The Company personnel shall handle tasks in an objective and efficient manner and shall not direct improper benefits to themselves, spouses, parents, children or blood relatives within the second degree while holding positions in the Company.

If the abovementioned people work for affiliates who have capital transactions, major assets transactions and buying and selling with the Company or the Company provides guarantee to the affiliates, the Company personnel shall take the initiative to explain if there is any potential conflict of interest and report the relation to the superiors or managers to prevent conflict of interest.

Article 5 (Self-Interest Not Allowed)

When the Company has an opportunity for profit, it is the responsibility of the Company personnel to maximize the reasonable and proper benefits that can be obtained by the Company.

Company personnel shall not conduct the following acts:

1. Obtaining personal gain by using company property or information or taking advantage of their positions.
2. Engagement in competition with the Company.

Article 6 (Confidentiality)

1. The Company personnel shall be bound by obligation to maintain the confidentiality of any information regarding the Company or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the Company or the suppliers and customers.
2. The Company personnel shall keep secret information, technical data, personal data or other business information unknown to the public (whether verbal, in writing or with or without being marked with "Confidential") of the third-party, affiliates, users of affiliates or the Company confidential. Except for the performance of their tasks, the information shall not be arbitrarily inquired or used. Confidential information shall not be duplicated or produced in additional backup without the prior written consent of the Company. The information shall not be disclosed, mentioned or transferred to others in any way or published in any format.

Assessment items	Implementation Status			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	

Article 7 (Fair Trade)

1. Company personnel shall treat all suppliers and customers, competitors and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.
2. Company personnel are expected to abide by the Company's ethical standards and principle of fair trade in their daily work and business operations. Pay attention to the following matters when accepting gifts or hospitality from companies who are interested parties:
   (1) Do not request or expect or accept bribes, kickbacks, gifts or other illegitimate gains through the job position.
   (2) If the gifts or hospitality from companies are found to be in violation of social etiquette or custom, they shall be rejected right away, and it is strictly forbidden to accept cash or negotiable securities as gifts.
   (3) If, due to force majeure or the gifts or hospitality from companies are found to be in violation of social etiquette or custom after being accepted, the incident shall be reported to the superiors, and at the same time the top auditing supervisor shall be notified to determine further actions.

Article 8 (Proper Protection and Use of Company Assets)

Company personnel have the responsibility to safeguard company assets and ensure that they can be effectively and lawfully used for official business purposes to prevent any theft, negligence in care or waste of the assets.

Article 9 (Regulatory Compliance)

All Company personnel shall abide by all laws and regulations governing company activities, company policies and the Securities and Exchange Act and regulations on anti-insider trading shall be advocated. The Company's key undisclosed information shall not be used to be engaged in securities trading.

Article 10 (Encouraging Reporting on Illegal or Unethical Activities)

Incidents suspected of or are found to be in violation of regulations or any code of ethical conduct shall be reported to supervisors or audit committee, managerial officers, human resources units, internal head of auditing or other appropriate individual, and sufficient information shall be provided to enable further responsive measures.

The Company will handle the reported cases in a confidential manner and do its best to protect the safety of the person filing the grievance. For those who make malicious or false reports, the Company will provide counseling or, if necessary, carry out punishment. Retaliation, threat or harassment as a result of the above shall be immediately reported to the superiors or managers, and the Company will immediately take appropriate measures.

Article 11 (Penalty and Remedy)

If the Company personnel are suspected of violating the code of ethical conduct, the Company shall handle the issues according to the related regulations. However, anyone who violates this code of conduct may file an appeal, and the Company may provide remedies for violations of the ethical code of conduct.

Article 12 (Procedures for Exemption)

If the directors, supervisors and managers are to be exempt from the requirements of this code of conduct, they shall be first approved by the board of directors.

The date of approval by the board for exemption, objection or reservation of the independent directors, exemption period and reasons and the applicable criteria shall be disclosed on the Market Observation Post System.

Article 13 (Disclosure Method)

This Code shall be published internally within the Company and disclosed in the annual report, prospectus and the Market Observation Post System, and the same applies to the amendment.

Article 14 (Enforcement)

This code of ethical conduct is to be implemented after the approval by the board, and the same applies to the amendment.

(VII) Inquiry for code of corporate governance and the related regulations: The Company has not yet established the procedures but will handle issues according to the regulations established by the authority.

(VIII) Important information regarding the Company's governance operations and the inquiry method: http://www.cmfc.com.tw

* Consolidated companies

1. Pan Asia Chemical Corporation

Assessment items	Implementation Status			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	
1. The policy and plan of business integrity (1) Has the Company formulated an ethical corporate management policy that was approved by the board of directors, and clearly specified in the rules and external document the ethical corporate management policies and strategies and the commitment by the board of directors and senior management on rigorous and thorough implementation of the policies in internal management and in commercial activities?		V	(1) Conceived with the corporate philosophy of integrity, transparency and accountability, the Company established its corporate policy on the basis of honesty and sincerity and has properly developed the mechanisms of corporate governance and risk control for cultivating the operation environment of sustainable development. The Company has developed its Code of Ethical Conduct and required directors and executives to lead by example, follow the principle of good faith and build a corporate culture of sincerity and integrity.	Adequate.
(2) Has the Company had established a risk assessment mechanism against unethical conduct, regularly analyzed and assessed business activities within the business scope which were at a higher risk of being involved in unethical conduct and established prevention programs accordingly that at least included the preventive measures against the conducts specified in Article 7, paragraph 2 of the "Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies?"	V		(2) The Company first assesses the legality and the past transaction records based on good faith of the companies before establishing business relationships in order to avoid dealing with those who have flawed records. The Company also complies with the laws and regulations, requiring each donation and sponsorship to be reported and authorized by the proper authorization levels before being approved.	
(3) Has the Company specified the operating procedures, guidelines for conducts punishment and appeal system for violations in the prevention programs, have they been implemented accordingly and regularly reviewed and revised the aforementioned programs?	V		(3) The code of conduct for employees also specifies reward and punishment measures to prevent any dishonest behavior.	
2. The Materialization of Business Integrity (1) Does the company have the integrity of the trade counterparty assessed and with the code of integrity expressed in the contract signed?	V		(1) The Company engages in transactions and purchases in accordance with the laws and regulations and reviews the contract performance of suppliers to prevent the engagement with those who have had records of unethical conduct.	Adequate.
(2) Has the Company set up a unit dedicated to promoting ethical corporate management under the board of directors, and regularly (at least once a year) report to the board of directors its ethical corporate management		V	(2) The Company has not yet established any dedicated team or team concurrently responsible for ethical corporate conduct to report to the board on a regular basis. For the purpose of sustainable management, the	

Assessment items	Implementation Status			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	
policies and unethical conduct preventive action and the implementation of supervision? (3) Has the Company have developed policies to prevent conflicts of interest, provided adequate channel for communication, and substantiated the policies? (4) Does the Company have established an effective accounting system and internal control system for the implementation of ethical corporate management and the internal audit unit based on the assessed risk of unethical conduct to formulate relevant audit plans, and check the compliance with the unethical conduct preventive action or commission an accountant to perform the check? (5) Has the Company organized corporate management internal and external education and training programs on a regular basis?	V V V		appointment of managers values ethics as the priority. Any violations of ethical management shall be punished and reported to the board. (3) Administrative reporting procedures can be used to explain whether there is a potential conflict of interest with the Company. (4) The Company's Audit office conducts auditing procedures based on the Regulations Governing Establishment of Internal Control Systems by Public Companies and assigns audit personnel according to the annual audit plan. (5) The Company advocates for the principle of ethical business management and conveys the value to employees through meetings.	
3. The operations of the Company’s Report System (1) Does the Company have a specific report and reward system stipulated, a convenient report channel established and a responsible staff designated to handle the individual being reported? (2) Has the Company established standard operating procedures for investigating reported events, follow-up measures to be taken after the investigation was completed, and related confidentiality mechanisms? (3) Has the Company taken proper measures to protect the whistle-blowers from suffering any consequence of reporting an incident?	V V V		If there is any act of dishonesty, employees can directly report fraud or misconduct to the high-rank executives. The Company also keeps the identity of informant and the content of grievance filing confidential to prevent any retaliation. The Company has a disciplinary system of which formal administrative procedures can be followed to take disciplinary action against violators. The Company is responsible for the confidentiality of the person filing grievances and will not take any improper handling procedures.	Adequate.
4. Enhancing Information Disclosure (1) Does the Company have the contents of corporate management and its implementation disclosed on the website and MOPS?	V		The Company has already disclosed its "Code of Ethics" on its official website.	Adequate.
5. If the company has established corporate governance policies based on the Ethical Corporate Management Best Practice Principles for the Listed Companies, please describe any discrepancy between the policies and their implementation in the Company: The Company has not defined its code of ethical business management but the operations follow the Ethical Corporate Management Best Practice Principles for the Listed Companies.				
6. Other vital information that helps to understand the practice of business integrity of the Company (*e.g.,* the review and revision of the best-practice principles of the Company in business integrity): Pan Asia Oil Chemical Corporation Code of Ethical Conduct Approved by the board on March 16, 2015				

Assessment items	Implementation Status			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	

1. Purpose of institution and normative reference
   To help the Company's directors, supervisors, managerial officers (including general managers or their equivalents, assistant general managers or their equivalents, department directors or their equivalents, chief financial and chief accounting officers and other persons authorized to manage affairs and sign documents on behalf of a company) and other employees to act in line with ethical standards and to help interested parties better understand the ethical standards of the Company, this code of conduct is developed in accordance with the Guidelines for the Adoption of Codes of Ethical Conduct for the Listed Companies.
2. Subject of Application
   This code of conduct applies to directors, supervisors, managers and other employees. The above-mentioned subjects are hereinafter referred to as the company personnel.
3. The content
   The Company's code of ethics includes the following eight aspects:
   (1) Prevention of the conflict of interest:
   The Company personnel shall handle tasks in an objective and efficient manner and shall not direct improper benefits to themselves, spouses, parents, children or blood relatives within the second degree while holding positions in the Company.
   If the abovementioned people work for affiliates who have capital transactions, major assets transactions and buying and selling with the Company or the Company provides guarantee to the affiliates, the Company personnel shall take the initiative to explain if there is any potential conflict of interest and report the relation to the superiors.
   (2) Avoidance of seeking personal interest:
   1. Company personnel shall not conduct the following acts
      (1) Seeking opportunities for personal interest with the use of company assets, information or the duties and functions they performed.
      (2) Acquisition of personal interest with the use of company assets, information, or the duties and functions they performed.
      (3) Engagement in competition with the Company.
   2. When there is an opportunity for the Company to generate profits, the Company's staff should strive to help generate legitimate interests for the Company.
   (3) Confidentiality
   The Company personnel shall be bound by obligation to maintain the confidentiality of any information regarding the Company or its suppliers and customers, except when authorized or required by law to disclose such information. Information for non-disclosure includes the undisclosed information possibly be used by competitors or the disclosure of which may cause damage to the Company or the customers.
   The Company personnel shall keep secret information, technical data, personal data or other business information unknown to the public (whether verbal, in writing or with or without being marked with "Confidential") of the third-party, affiliates, users of affiliates or the Company confidential. Except for the performance of their tasks, the information shall not be arbitrarily inquired or used. Confidential information shall not be duplicated or produced in additional backup without the prior written consent of the Company. The information shall not be disclosed, mentioned or transferred to others in any way or published in any format.
   (4) Fair Trade
   Company personnel shall treat all suppliers and customers, competitors and employees fairly, and may not obtain improper benefits through manipulation, non-disclosure or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.
   (5) Protection and appropriate use of company assets:
   Company personnel have the responsibility to safeguard company assets and ensure that they can be effectively and lawfully used for official business purposes to prevent any theft, negligence in care or waste of the assets.
   (6) Compliance with applicable laws

Assessment items	Implementation Status			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	
Company personnel shall abide by the Securities and Exchange Act and other related regulations. (7) Encourage the reporting of any illegal act or act of defiance of the Code of Conduct: Incidents suspected of or are found to be in violation of regulations or any code of ethical conduct shall be reported to supervisors, managerial officers, human resources units, internal head of auditing or other appropriate personnel. Sufficient information shall be provided to enable further responsive measures. The Company will handle the reported cases in a confidential manner and do its best to protect the safety of the person filing the grievance. For those who make malicious or false reports, the Company will provide counseling or, if necessary, carry out punishment. Retaliation, threat or harassment as a result of the above shall be immediately reported to the superiors or managers and the Company will immediately take appropriate measures. (8) Penalty: If the Company personnel are suspected of violating the code of ethical conduct, the Company shall handle the issues according to the related regulations. However, anyone who violates this code of conduct may file an appeal, and the Company may provide remedies for violations of the ethical code of conduct. 4. The Waiver Procedure If the directors, supervisors and managers are to be exempt from the requirements of the Company's code of conduct, they shall be first approved by the board of directors. The date of approval by the board for exemption, objection or reservation of the independent directors, exemption period and reasons and the applicable criteria shall be disclosed on the Market Observation Post System. 5. Means of Disclosure This code of ethical conduct shall be disclosed in the Company's official website, annual report, prospectus and the Market Observation Post System and the same applies to the amendment. 6. Implementation This code of ethical conduct is to be implemented after the approval by the board, and the same applies to the amendment.				

(VII) Corporate Governance Practices and the relevant regulations: Please refer to http://newmops.tse.com.tw/ corporate governance

(VIII) Important information regarding the Company's governance operations and the inquiry method: http://www.pacc.com.tw

2. Taichung Commercial Bank

Items for evaluation	Implementation Status			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	
1. The policy and plan of business integrity (1) Has the Bank formulated an ethical corporate management policy that was approved by the board of directors, and clearly specified in the rules and external document the ethical corporate management policies and strategies and the commitment by the board of directors and senior management on rigorous and thorough implementation of the policies in internal management and in commercial activities?	✓		(1) The bank resolved on and approved the set-up of the “Code for Integrity Management” on December 18, 2019. It stipulates the prohibition of dishonest conducts by the chairman, managers, employed persons, appointed persons, or those with de facto control during the process of business practices, kk integrity management policies and practices, and the board and senior management’s commitment to implement integrity management policies; employees shall comply with integrity management policies based on employment conditions. (2) The Company has made declaration at the website and in the declaration of internal control that it shall duly observe the regulation governing internal control and internal audit system of financial holding companies and banks, and announced the issues requiring additional internal control and corrective action for improvement.	No difference
(2) Has the Bank had established a risk assessment mechanism against unethical conduct, regularly analyzed and assessed business activities within the business scope which were at a higher risk of being involved in unethical conduct and established prevention programs accordingly that at least included the preventive measures against the conducts specified in Article 7, paragraph 2 of the “Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies?”	✓		(1) In order to implement integrity management policies and actively prevent dishonest conducts, the “Integrity Management Operational Procedures and Guidelines for Conduct” and the “Code of Business Conduct for the Board of Directors and Manager.” They stipulate matters to pay attention to during business execution by the chairman, managers, and employed persons. In addition, the good manager should fulfill duty of care, supervise the company to prevent dishonest conduct, timely review implementation results and continue to make improvement to ensure the implementation of integrity management. (2) The bank has established the dishonest conduct risk assessment mechanism. Through it, business activities involving higher dishonest conduct risks within the business scope are periodically analyzed. Prevention plans have been accordingly set up. The appropriateness and effectiveness of the prevention plans are periodically reviewed. They also cover the “prohibition of provision or acceptance of illegitimate profit, “integrity management evaluation before establishing business relations,” “prohibition of facilitation payment,” “prohibition of insider trading,” “intellectual property management and retention, confidentiality operations” and related preventive measures. The bank-	No difference

Items for evaluation	Implementation Status			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	
			wide dishonest conduct risk evaluation report was submitted to the board of directors on February 24, 2022. (3) The bank has set up the “Operating Standards for External Donations” in accordance with relevant laws and regulation. The donation recipients and approved amounts shall be in accordance with the said standards. The “Directions for Professional Ethics and Conducts of Financial Management Personnel” have been set up. They clearly state that employees recommend and recruit financial management businesses according to the principle of integrity; (4) In the “Standards for Employee Conduct,” a chapter on fair trading principles has been created, which explicitly stipulates matters not to engage in during various operations, trading conducts or duty fulfillment. At the same time, the principles of fairness, reasonability, equality, mutual benefits, and integrity shall be abided by to maintain fair trading order.	
(3) Has the Bank specified the operating procedures, guidelines for conducts punishment and appeal system for violations in the prevention programs, have they been implemented accordingly and regularly reviewed and revised the aforementioned programs?	✓		(1) Relevant operational handling procedures, rewards and punishment, complaint system, and disciplinary disposal have been established in the bank’s “Operational Procedures for Integrity management and Guidelines for Conduct.” Arrangements are also made for the chairman, managers, or senior management to periodically convey to importance of integrity to the board of directors, employed persons, and appointed persons. In case of serious offenses of bank employees in violation of integrity, the said employees shall be demoted or dismissed according to relevant laws and regulation or the company’s personnel regulations. (2) The bank actively prevents dishonest conducts and includes integrity management policies into employee assessment. An explicit and effective punishment and complaint system shall be set up for periodic implementation and review.	No difference
2. The Materialization of Business Integrity (1) Has the Bank evaluated the record on ethical practices of its counterparties, and has specified the clause of business ethic in the agreements binding the Bank and its counterparties?	✓		Has the Bank paid attention to the record of ethical practices of contractors in procurement or tender invitation, and has signed the clauses in the agreements on the consequences of the violation of ethical practices, and signed the “Letter of Commitment for Ethical Corporate Management, Human Rights, and Environmental Sustainability.”	no difference

Items for evaluation	Implementation Status			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	
(2) Has the Bank set up a unit dedicated to promoting ethical corporate management under the board of directors, and regularly (at least once a year) report to the board of directors its ethical corporate management policies and unethical conduct preventive action and the implementation of supervision?	✓		(1) The board of directors' office promotes integrity management policies, assists the board of directors and management level in setting up and supervising integrity management policies and prevention plans. The implementation situation shall be reported to the Corporate Governance and Nomination Committee and the board of directors every year. It is mainly responsible for the following matters: 1. Assist the incorporation of integrity and ethical value into corporate operation strategies. Set up related fraud prevention measures in conjunction with the legal system. 2. Periodically analyze and evaluate dishonest conduct risk within the business scope in order to set up dishonest conduct prevention plans. In the plans, work related standard operating procedures and guidelines or conduct shall be set up. 3. Plan internal organization, preparation and responsibilities, or business activities involving higher dishonest conduct risk within the business scope, set up a mutual supervision and balancing mechanism. 4. The promotion and coordination of integrity policy advocacy and training. 5. Plan the reporting system to ensure implementation effectiveness. 6. Assist the board of directors and senior management in inspecting and evaluating whether preventive measures for integrity management implementation are operating effectively. The compliance situation of relevant business processes shall also be periodically evaluated and made into a report. (2) The 2021 integrity management and corporate governance implementation situation has been submitted to the Corporate Governance and Nomination Committee on February 23rd, 2022 and to the board of directors on February 24th, 2022.	No difference
(3) Has the Bank mapped out the policy for the avoidance of the conflict of interest and has provided suitable channels for such purpose, and properly pursued the policy?	✓		(1) Control and archiving of stakeholder information is based on the Bank's Policy Governing Control of Stakeholder Information and Lending. The Bank has also formulated a Policy Governing the Management of Transactions with Stakeholders Other than Lending to prevent conflicts of interest. The Code of Conduct for Directors and Managers also contains provisions stipulating recusal to avoid conflict	No difference

Items for evaluation	Implementation Status			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	
			of interest and thereby facilitate implementation of ethical corporate management. Directors are also required to exercise self-discipline and refrain from mutual support in improper dealings. (2) The bank has a designated spokesperson, acting spokesperson contact hotline, and Audit Committee contact hotline on the bank's external official website, thereby providing a channel for making statements.	
(4) Has the Bank have established an effective accounting system and internal control system for the implementation of ethical corporate management, and the internal audit unit based on the assessed risk of unethical conduct to formulate relevant audit plans, and check the compliance with the unethical conduct preventive action or commission an accountant to perform the check?	✓		In accordance with the bank's "Guidelines for Internal Audit System Implementation," periodic inspection shall be conducted and the annual audit plan shall be formulated. Improvement suggestion shall also be timely provided. The audit business should be reported to the board of directors and the Audit Committee every six months. The "Department of Accounting" has been set up, and the bank's "accounting system" has been set. There should be no external accounts of confidential accounts. Furthermore, the Deloitte Taiwan has been appointed to periodically inspect financial statements.	No difference
(5) Has the Bank organized internal and external training on ethical corporate management?	✓		(1) The bank regularly holds integrity management related educational training, such as personal information protection system, money laundering prevention, consumer banking and credit business, principle to treat clients fairly, business integrity policy, whistleblower protection and important customer rights and so on. The issues shall be listed as internal educational training teaching material. Personnel shall also be timely dispatched to attend related courses organized by external agencies. The 2021 education training conduction situation is as follows: 1. All the employees are required to join the aforementioned online course and pass the test (every person is required to complete more than 12 hours of courses and complete the test every year). A total of 2,663 people completed the training, with 43,939 hours of training in total. 2. In July 2021, engaged the Independent Director Association Taiwan to conduct the 3-hour "Fair treatment of customers practice and case studies analysis" course. The course content includes the nine principles in fair treatment of customers and frequently seen practice case analysis. Participating personnel are directors, corporate governance officers, managerial personnel, subsidiaries' directors, supervisors and legal compliance managers and personnel of related	No difference

Items for evaluation	Implementation Status			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	
			departments and offices; In December 2021, engaged the Taiwan Academy of Banking and Finance (TABF) to conduct 3.5-hour course on "Fair treatment of customers and ethical corporate management practice and compliance." The course content include Financial Consumer Protection Act, financial industry case analysis and the preventive measures to be taken, international anti-corruption trends and outlook and non-ethical behavior on major fraud case analysis. The participating personnel are directors, corporate governance officers, managers, subsidiaries' directors and supervisors and legal compliance managers and personnel of related departments and offices. A total of 74 persons participated in the trainings for a total of 239 hours. 3. Advocacy on the bank's integrity management policy was conducted in October 2021. The contents included: "the guideline for conduct of integrity management and dishonest conducts and preventive plans." (2) Self-auditor workshops are organized regularly every year and "three lines of defense" concepts are reinforced and implemented through case studies to ensure effective implementation of self-audits, strengthen internal control of business units and prevent the occurrence of unethical conduct. (3) Legal compliance awareness of employees is strengthened through education on cases of fines and sanctions in the financial industry and the main focus of inspections and internal audits of domestic banks made public by the competent authority.	
3. The reporting system of the Bank in action (1) Has the Bank established a reporting and reward system and the channels for facilitating the report on unethical practices, and has appointed designated personnel to handle the subject of reporting? (2) Has the Bank established the standard operation procedures for the investigation of complaints as reported, follow-up actions after the investigation, and related mechanisms for confidentiality?	✓ ✓		In accordance with the "Regulations to Handling of Reported Cases, the "Employee Work Rules" stipulates reporting and rewarding systems. Reporting hotline, reporting email, and email box acceptance, and other acceptance channels have also been set up. The dedicated unit shall accept and track reported matters. (1) The Bank has established the "Regulation for Human Resources Evaluation and the Establishment of the Evaluation Committee" and the "Regulation Governing the Complaints of Sexual Harassment and Related Punishment" and also the review and investigation procedure,	No difference

Items for evaluation	Implementation Status			Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity
	Yes	No	Summary	
			provisions for the avoidance of the conflict of interests by stakeholders, and confidentiality and no-disclosure mechanism. (2) In accordance with the “Regulation to Handling of Reported Cases,” the “Reported Case Review Committee” responsible for reviewing reported cases has been set up. It is stipulated that for reported events verified to be true, the whistleblower shall be given appropriate rewards according to the employee work rules; for reported cases that are falsely reported or with false evidence, the cases will be transferred to the “the Personnel Arbitration and Assessment Committee” or disposal. The dedicated department or office shall request relevant business management units to review the internal control system and operational procedures and propose improvement measures. In case of major violations or matters that subject the bank to major damage, the matters will be reported to the independent directors. The disposal method and review and improvement measures shall be reported to the board of directors. (3) When stipulating reported case acceptance and investigation procedures, the whistleblower’s identity and reported content should be kept confidential. Information that adequately leads to the whistleblower’s identity shall not be disclosed. Unless otherwise provisioned by law, browsing or copying by a third party is prohibited.	
(3) Has the Bank taken protection measures to protect the informant from improper treatment after reporting on unethical practices?	✓		(1) Under the “Regulations Governing the Implementation of Compliance System”, the heads of all functional units shall not take any revenge or harmful action against the Compliance Officer. The Legal and Compliance Department shall pay close attention to safeguard the rights and interest of the compliance officers of relevant functional units. (2) The “Regulations Governing the Handling of Reporting Cases” specify it is mandatory for the whistleblower identity confidentiality. The whistleblower shall not be discharged, dismissed, demoted, receive reduced pay as a result. The whistleblower shall not be deprived of rights and interests entitled by law, contract, or custom or be subject to adverse action of a punitive nature.	No difference

<table>
<tr><th rowspan="2">Items for evaluation</th><th colspan="3">Implementation Status</th><th rowspan="2">Difference with other companies listed in TWSE/GTSM in best-practice principles of business integrity</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>4. Enhancing Information Disclosure
Has the Bank disclosed the content of ethical corporate management best practice principles and the result at its official website and MOPS?</td><td>✓</td><td></td><td>The Bank discloses ethical corporate management related regulations and practices on its official website and MOPS. This includes Ethical Corporate Management Best Practice Principles, Procedures for Ethical Management and Guidelines for Conduct, Code of Conduct for Directors and Managers, Procedures for Handling Material Inside Information, Rules of Procedure for Board of Directors Meetings, the Audit Committee Charter, due care and fiduciary duties of directors, managers and employees as good administrators, performance of operations based on principles of good faith and trust, recusal of directors if an interested party relationship exists with regard to an agenda item of a board meeting, and faithful exercise of duties by audit committee members with the due care of good administrators.</td><td>No difference</td></tr>
<tr><td colspan="5">5. If the Company has established corporate governance policies based on the Ethical Corporate Management Best Practice Principles for the Listed Companies, please describe any discrepancy between the policies and their implementation in the Company:
The Company has established its ethical corporate management principles in accordance with the Ethical Corporate Management Best Practice Principles for the Listed Companies.</td></tr>
<tr><td colspan="5">6. Additional important information that may assist in the understanding of corporate business integrity operations:
The code content of the bank's "Code for Integrity Management" is irregularly revised based on regulatory requirements and practical needs. The integrity management implementation situation shall be periodically reported to the Corporate Governance and Nomination Committee and board of directors.</td></tr>
</table>

(VIII) The disclosed items based on the Bank's Corporate Governance Practices and the relevant regulations, please refer to the Bank's official website (Website: https://www.tcbbank.com.tw) About Taichung Bank/Corporate Governance; Open information/legally disclosed matters.

(IX) Corporate Governance Practices and the relevant regulations:
Please visit the Market Observation Post System at http://mops.twse.com.tw for corporate governance.

(X) Other major Information:
Please visit the Market Observation Post System at http://mops.twse.com.tw for important messages and announcements.

(IX) The following shall be disclosed in the pursuit of the internal control system

1. Declaration of Internal Control Policies

CHINA MAN-MADE FIBER CORPORATION

Statement of Declaration of Internal Control System

Date: March 14, 2022

The following declaration is based on the 2021 self-audit over the Company's internal control policies:

I. The Company is aware that the establishment, execution, and maintenance of its internal control policies are the responsibilities The Company's board of directors and managers. These policies were implemented throughout The Company. The purpose is to provide reasonable assurance on the achievement of operating effectiveness and efficiency (including profits, performance, and assets safeguarding), reporting matters with reliability, timeliness, and transparency, and compliance with the relevant law and regulations.

II. Internal control policies are prone to limitations. No matter how robustly designed, effective internal control policies merely provide reasonable assurance to the achievements of the three goals above. Furthermore, environmental and situational changes may affect the effectiveness of internal control policies. However, self-supervision measures were implemented within The Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.

III. The Company has based on the criteria of the internal control system effectiveness in the "Regulations Governing the Establishment of Internal Control System by Public Companies" (referred to as the Regulations" hereinafter) to determine the effectiveness of the internal control system design and implementation. The criteria introduced by "The Governing Principles" consisted of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation and response, 3. Procedural control, 4. Information and communication, 5. Supervision. Each element further contains several items. Please refer to "The Governing Principles" for details.

IV. The Company adopted the abovementioned criteria to evaluate the effectiveness of its policy design and execution.

V. Exactly pursuant to the evaluation results of the preceding paragraph, the Company firmly believes that the Company's internal control system (including the supervision and management of subsidiaries) as of December 31, 2021, including awareness of the effectiveness of operations and the extent to which the efficiency goals are achieved where the reporting system proves reliable in real-time, transparent and consistent with laws and ordinances concerned, the design and implementation of the relevant internal control system and the like are effective enough to reasonably ensure the successful achievement of the aforementioned goals.

VI. The "Internal Control System Declaration" will be the main content of the Company' annual report and prospectus for the reference of the public. Any misrepresentation or concealment of the aforementioned disclosures shall be liable to violation of Articles 20, 32, 171 and 174 of the Securities and Exchanges Act and the legal consequences thereof.

VII. This declaration was approved by The Company's Board of Directors in the meeting dated March 14, 2022. None of the 9 directors present to the meeting held any objections, and had unanimously agreed to the contents of this declaration.

CHINA MAN-MADE FIBER CORPORATION

Chairman Hsun-Sheng Wang

President: Ming-Shan Chuang

2. For the CPAs specifically commissioned to review the internal control system, the Independent Auditor's Report should be disclosed.

(X) Penalties incurred by the Company and its employees pursuant to relevant laws or penalties imposed by the Company for violations of internal control system regulations by its employees in the most recent fiscal year up to the date of printing of annual reports must be listed with detailed information on relevant contents, major deficiencies and improvements provided that the results of such penalties have a significant impact on shareholders' equity or security prices: NA

(XI) Important Resolution of the Board of Directors and implementation as of the Publication Date of the Annual Report:

1. The important resolutions reached in the 2021 shareholders' meeting and their implementation:
   (1) Confirm the Company's 2020 business report and financial report.
   (2) Acknowledging the Company's 2020 Earnings Distribution.
   Implementation status: November 2, 2021 has been set as the distribution base date; distribution was initiated on November 30, 2021 as per shareholders meeting resolution. (Cash dividends of NT$ 0.1 per share)
   (3) Passed the resolution of the amendments to the "Articles of Incorporation," Company's "Shareholders' Meeting Procedure Rules" and "Regulations Governing Director Election."
   Implementation status: Handling in accordance with amended laws, regulations, and procedures
   (4) Pass the capitalization of profit to issue new shares.
   Implementation status: November 2, 2021 has been set as the distribution base date; amendment registration for capital increase at the Ministry of Economic Affairs was completed on November 12, 2021 and distribution was initiated on November 30, 2021. (Stock dividends of NT$ 0.4 per share)
2. Major Board of Directors' resolutions:

Passed the sale of some buildings in Dashe District, Kaohsiung City to the Pan Asia Chemical Corporation, the polyester plant's purchase of a batch of equipment, the revision of sales and collection cycling operations related internal control and internal audit, 2020 end-of-year bonuses for insiders, and the formulation of 2021 annual salary remuneration policy for directors and internal personnel on January 18, 2021.

March 15th, 2021 Passed the 2020 Statement of internal control system, ethylene glycol plant to recognize impairment on asset based on IFRS, 2020 individual and consolidated financial statements, 2020 Earnings Distribution Proposal, capitalization of earnings issuing new shares, 2020 Directors and Employees Remuneration Distribution Proposal and amendments to partial articles of the "Rules of Procedure for Meetings of Board of Directors," "Rules of Procedure for Shareholders Meetings," "Articles of Incorporation," "Procedures for Election of Directors," established 2021 shareholders meeting date and motion content.

May 10th, 2021 Passed the revision of the internal control system for stock affairs.

July 12th, 2021 Passed the re-establishment of 2021 shareholder meeting date.

August 13th, 2021 Passed the Company's internal personnel 2021 salary adjustment proposal and 2020 directors earnings distribution and internal employees remuneration distribution amount.

September 28th, 2021 Passed the participation in the cash capital increase of subsidiary Deh Hsing Investment Co., Ltd., the sale of land at Wugu Wang Section, Sanchung District, New Taipei City.

October 8th, 2021 Passed the establishment of 2020 Capitalization of earnings, ex-right for cash dividend and ex-dividend date, and distribution schedule.

November 8th, 2021 Passed the Taichung Commercial Bank Co., Ltd. cash capital increase case, the 2021 public expense of appointed Deloitte Taiwan, the 2022 annual budget case, the 2022 internal audit work plan.

January 17th, 2022 Passed the budget for purchase of coal storage warehouse of the newly-built steam and electricity plant, formulated the 2021 year-end bonuses for the Company's insiders. Formulated the preparation for 2022 salary and remuneration of the Company's directors and insiders.

(XII) If the directors or supervisors have different opinions on the resolutions reached by the Board of Directors with a record or written statement made in the most recent year and up to the printing date of the annual report, please state the content of the opinion: Not applicable.

(XIII) Resignation and dismissal of persons connected to financial statements in the most recent fiscal year up to the date of printing of annual reports (incl. Chairperson, General Manager, and chief accounting, finance, internal audit, governance, and R&D officers): NA

(XIV) Procedures for handling material inside information

At the 12th meeting of the 22nd term of the board on December 22, 2009, the board passed the Procedures to Prevent Insider Trading and has notified all employees, managers and directors of the regulation to prevent violations due to insider trading. The procedures for handling material information specified in Article 5 are as follows:

1. To establish a robust handling and disclosure mechanism for material inside information. Prevent improper disclosure of information. Ensure the consistency and correctness of information released by the Company to the general public.
2. The Company shall handle and disclose the material inside information in accordance with applicable laws and regulations, the rules and regulations of the Taiwan Stock Exchange Corporation or the Taipei Exchange.
3. The material inside information referred to in these Procedures are based on the Securities and Exchange Act and the related laws and orders and the regulations of the TWSE or Taipei Exchange.
4. The Finance Department is responsible for handling material inside information, and its obligations include the following:
   (1) Responsible for formulating and amending the drafts of these Procedures.
   (2) Responsible for receiving inquiries in connection with the methods of handling material inside information, and for consultation, review, and recommendations relating to these Procedures.
   (3) Responsible for receiving reports on unauthorized disclosures of material inside information and formulation of corresponding measures.
   (4) Responsible for designing a system for preserving all documents, files, electronic records and other materials related to these Procedures.
   (5) Other activities related to these Procedures.
5. The directors, supervisor, managerial officers and employees of the Company shall exercise duty of care and duty of loyalty and act in good faith when performing their duties and shall sign confidentiality agreements.

   No director, supervisor, managerial officer or employee with knowledge of material inside information of the Company may divulge the information to others.

No director, supervisor, managerial officer, or employee of the Company may inquire about or collect any non-public material inside information not related to their individual duties from a person with knowledge of such information, nor may they disclose to others any non-public material inside information of the Company of which they become aware for reasons other than the performance of their duties.

6. Proper protection of confidentiality shall be given to files and documents containing the Company's material inside information when transmitted in written form. When transmitted by e-mail or other electronic means, such files and documents must be processed with appropriate security technology such as encryption or electronic signatures. Files and documents containing the Company's material inside information shall be backed up and stored in a secure location.
7. Any organization or person outside of the Company involved in any corporate action of the Company relating to a merger or acquisition, major memorandum of understanding, strategic alliance, other business partnership plans or the signing of a major contract shall be required to sign a confidentiality agreement, and may not disclose to another party any material inside information of the Company's thus acquired.
8. The Company shall comply with the following principles when making external disclosures of material inside information:
   (1) The information disclosed shall be accurate, complete, and timely.
   (2) There shall be a well-founded basis for the information disclosure.
   (3) The information shall be disclosed fairly.
9. Any disclosure of the Company's material inside information, unless otherwise required by law or regulation, shall be made by the spokesperson or the acting spokespersons in a confirmed sequential order. When necessary, the disclosure may be made directly by a responsible person of the Company.
   The Company's spokesperson or acting spokespersons shall communicate to outside parties only information within the scope authorized by the Company, and no personnel other than those serving as the responsible person, spokesperson, or acting spokespersons may disclose any material inside information of the Company to outside parties without authorization.
10. The Company shall keep records of the following in respect of any disclosure of information to outside parties:
    (1) The person who discloses the information and the date and time of disclosure.
    (2) How the information is disclosed.
    (3) What information is disclosed.
    (4) What written material is delivered.
    (5) Any other relevant details.
11. If the contents of the media report are inconsistent with the those disclosed by the Company, the Company shall promptly issue a clarification on the Market Observation Post System and request the media agency to correct the information.
12. Any director, supervisor, managerial officer, or employee of the Company that becomes aware of any unauthorized disclosure of the material inside information shall report to the responsible unit and the internal audit department as soon as possible.
    Upon receipt of a report made pursuant to the preceding paragraph, the responsible unit shall formulate corresponding measures. When necessary, it may invite members from the internal audit and other departments to meet for discussion of the measures, and shall keep a record of the results of the measures for future reference. The internal auditors shall also perform such audits as their duties may require.
13. The Company shall take measures to find those responsible and take appropriate legal

action against any personnel under any of the following circumstances:

(1) Company personnel who disclose material inside information without authorization to any outside party, or otherwise violate these Procedures or any other applicable law or regulation.

(2) The spokesperson or acting spokesperson of the Company communicates to any outside party any information beyond the scope authorized by the Company, or otherwise violates these Procedures or any other applicable law or regulation.

(3) If any person outside the Company divulges any material inside information, thereby causing damage to any property or interest of the Company, the Company shall pursue appropriate measures to hold the person divulging the information legally liable.

V. Disclosure of CPAs' remuneration

Unit: NT$

Firm Name	CPA Name	The duration of the audit	Auditing fee	Non-Auditing fee	Total	Remark
Deloitte and Touche	Wen-Ya Hsu	2021.01.01 to 2021.12.31	4,870	959	5,829	1. Maintenance fees for offshore companies and agent fees 2. Opinions on recapitalization of earnings 3. Report on transfer pricing
	Su-Huan Yu					

1. Commissioned a new CPA Firm to serve for an audit fee less than the year before: Not applicable.
2. Audit fee of current year is more than 10% less than the year before: not applicable.

VI. Change of CPA: None.

VII. Any of the Company's Chairman, General Manager, or managers involved in financial or accounting affairs being employed by the auditor's firm or any of its affiliated company within the recent year: Not applicable.

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

(I) Changes in shareholdings

Title	Name	2021		Until February 28, 2022	
		Increase (decrease) in No. of Shares	Increase (decrease) in No. of Pledged Shares	Increase (decrease) in No. of Shares	Increase (decrease) in No. of Pledged Shares
Institutional Director	Chung Chien Investment Co., Ltd.	1,689,593	0	0	0
Institutional Director	Pan Asia Investment Co., Ltd.	2,015,143	0	0	0
Director	Kuei-Fong Wang	1,147	0	0	0
Vice Chairman and President	Ming-Shan Chuang	187	0	0	0
Executive Vice President	Jeh-Yi Wang	614	0	0	0
Assistant VP	Hung-Yang Wu	0	0	0	0
Chief accountant	Kuo Hua Lin	1	0	0	0
Chief financial officer	Po-Nien Lin	(9,196)	0	0	0
Major Shareholder	Pan Asia Chemical Corporation	10,057,954	0	0	0

(II) Information of shares ownership transfer: not applicable, because the counterparts of said shares ownership transfer are not stakeholders.

(III) Information of shares ownership pledge: Not applicable, because the counterparts of said shares ownership pledge are not stakeholders.

IX. The top 10 shareholders by proportion of shareholding and information on their affiliations

February 28, 2022

Name	Own shareholdings		Shares Held by Spouse and Dependents		Shareholdings under the title of a third party		Title, name and relationship of the top ten shareholders who have mutual relationship as spouse or blood relative within the second degree.		Remark
	Quantity	Ratio of Shareholdings	Quantity	Ratio of Shareholdings	Quantity	Ratio of Shareholdings	Name	Relation	
Pan Asia Chemical Corporation	261,506,828	15.51%	0	0	0	0	Shen-Ren Knitting Factory Co., Ltd. Chung Chien Investment Co., Ltd. Yu Hwei Technology Co., LTD. Deh Hsing Investment Co., Ltd.	Corporate director of the Pan Asia Chemical Corporation Corporate director of the Pan Asia Chemical Corporation Same responsible person Same responsible person	
Chou Chin Industrial Co., Ltd.	61,487,744	3.65%	0	0	0	0	Pan Asia Chemical Corporation Chung Chien Investment Co., Ltd. Pan Asia Investment Co., Ltd. Yu Hwei Technology Co., LTD. Deh Hsing Investment Co., Ltd.	Substantial related party Same responsible person Same responsible person Same responsible person Same responsible person	
Pan Asia Investment Co., Ltd.	52,393,736	3.11%	0	0	0	0	Chou Chin Industrial Co., Ltd. Chung Chien Investment Co., Ltd. Pan Asia Chemical Corporation Yu Hwei Technology Co., LTD. Deh Hsing Investment Co., Ltd.	Same responsible person Same responsible person Same responsible person Same responsible person Same responsible person	
Chung Chien Investment Co., Ltd.	43,929,431	2.61%	0	0	0	0	Pan Asia Investment Co., Ltd. Pan Asia Chemical Corporation Chou Chin Industrial Co., Ltd. Yu Hwei Technology Co., LTD. Deh Hsing Investment Co., Ltd.	Same responsible person Institutional Director of Pan Asia Chemical Corporation Same responsible person Same responsible person Same responsible person	

Yu Hwei Technology Co., LTD.	16,511,952	0.98%	0	0	0	0	Chou Chin Industrial Co., Ltd. Chung Chien Investment Co., Ltd. Pan Asia Chemical Corporation Pan Asia Investment Co., Ltd. Deh Hsing Investment Co., Ltd.	Same responsible person Same responsible person Same responsible person Same responsible person Same responsible person	
Deh Hsing Investment Co., Ltd.	11,619,530	0.69%	0	0	0	0	Chou Chin Industrial Co., Ltd. Chung Chien Investment Co., Ltd. Pan Asia Chemical Corporation Yu Hwei Technology Co., LTD. Pan Asia Investment Co., Ltd.	Same responsible person Same responsible person Same responsible person Same responsible person Same responsible person	
Chou Chin Industrial Co., Ltd., China Man-Made Fiber Investment Co., Ltd. Pan Asia Investment Co., Ltd., Yu Hwei Technology Co., LTD., Pan Asia Investment Co., Ltd. and Pan Asia Chemical Corporation Chairman: Kuei-Hsien Wang	0	0	0	0	0	0	N/A	N/A	
Shen-Ren Knitting Factory Co., Ltd.	73,601,678	4.36%	0	0	0	0	Pan Asia Chemical Corporation	Institutional Director of Pan Asia Chemical Corporation	
Shen-Ren Knitting Factory Co., Ltd. Chairman: Hsiao-Chieh Lin	0	0	0	0	0	0	N/A	N/A	
JP Morgan Chase Taipei branch as a custodian for Vanguard Emerging Markets Stock Index Fund Investor Shares managed by the Vanguard Group	20,023,016	1.19%	0	0	0	0	N/A	N/A	
JP Morgan Chase N.A., Taipei Branch as a custodian for Vanguard Total International Stock Index Fund	17,153,236	1.02%	0	0	0	0	N/A	N/A	
Ya-Ping Cheng	12,965,680	0.77%	0	0	0	0	N/A	N/A	

X. Investments jointly held by The Company, The Company's directors, supervisors, managers, and enterprises directly or indirectly controlled by The Company. Calculate shareholdings in aggregate of the above parties

Unit: Thousand Shares; %

Investee	Invested by The Company		Held by directors, supervisors, managers and directly or indirectly controlled enterprises		Combined investment	
	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding
Taichung Commercial Bank	987,604	22	290,696	6	1,278,300	28
Pan Asia Chemical Corporation	145,651	44	16,808	5	162,459	49
Deh Hsing Investment Co., Ltd.	180,000	100	0	0	155,000	100
Taichung Securities Investment Trust Co., Ltd.	922	3	14,695	47	15,617	50
Nan Chung Petrochemical Corp.	100,000	50	0	0	100,000	50
Chou Chin Industrial Co., Ltd.	35,235	47	3,000	3	38,235	50
	0	0	0	0	0	0
EUREKA INVESTMENT COMPANY LIMITED Melasse	1,450	50	1,450	50	2,900	100

Note: The Company's investment in the equity method

Four. Funding Status

I. Capital and outstanding shares

(I) Capital Sources

Year /month	Issuing price	Authorized shares capital		Paid-in shares capital		Remark		
		Stock	Amount	Stock	Amount	Sources of shares and dividends	Paid in properties other than cash	Others
2021/11	10	2,100,000,000	21,000,000,000	1,686,209,745	16,862,097,450	November 12, 2021 Jing-Shou-Shang-Zhi Document #11001206600 approved recapitalization of earnings at NT$648,425,280.	N/A	N/A

Stock Type	Authorized shares capital			Remarks
	Outstanding shares	Unissued Shares	Total (Note)	
Common stock	1,686,209,745	413,790,255	2,100,000,000	Shares outstanding are all publicly traded.

Self-registration system information: none

(II) Composition of Shareholders

February 28, 2022

Composition of Shareholders / Amount	Government Apparatus	Financial Institution	Other Juridical	Individual	Foreign Institution and Foreigner	Total
No. of Person	1	0	295	158,711	178	159,185
Quantity of Shares	9,898	0	553,975,850	985,044,711	147,179,286	1,686,209,745
Ratio of Shareholding	0.00%	0%	32.85%	58.42%	8.73%	100%

(III) Equity Distribution

February 28, 2022

Range of Shares	No. of Shareholders	Shareholding	Ratio of Shareholding
1 to 999	70,958	14,298,053	0.85%
1,000 to 5,000	53,286	113,713,768	6.76%
5,001 to 10,000	14,516	93,301,029	5.53%
10,001 to 15,000	8,756	99,061,865	5.87%
15,001 to 20,000	2,403	40,397,473	2.40%
20,001 to 30,000	3,742	86,052,044	5.10%
30,001 to 40,000	1,618	54,163,492	3.21%
40,001 to 50,000	789	34,635,249	2.05%
50,001 to 100,000	1,756	114,353,911	6.78%
100,001 to 200,000	809	106,476,403	6.31%
200,001 to 400,000	318	82,609,171	4.90%
400,001 to 600,000	90	43,516,245	2.58%
600,001 to 800,000	46	31,383,066	1.86%
800,001 to 1,000,000	17	14,975,485	0.89%
1,000,001 and above	81	757,272,491	44.91%
Total	159,185	1,686,209,745	100.00%

Preferred stock: Not issued.

(IV) List of major shareholders

February 28, 2022

Name of Principle shareholder \ Stock	Shareholdings	Ratio of Shareholding
Pan Asia Chemical Corporation	261,506,828	15.51%
Sheng Jen Knitted Textiles Co., Ltd.	73,601,678	4.36%
Chou Chin Industrial Co., Ltd.	61,487,744	3.65%
Pan Asia Investment Co., Ltd.	52,393,736	3.11%
Chung Chien Investment Co., Ltd.	43,929,431	2.61%
JP Morgan Chase Taipei branch as a custodian for Vanguard Emerging Markets Stock Index Fund Investor Shares managed by the Vanguard Group	20,023,016	1.19%
JP Morgan Chase N.A., Taipei Branch as a custodian for Vanguard Total International Stock Index Fund	17,153,236	1.02%
Yu Hwei Technology Co., LTD.	16,511,952	0.98%
Ya-Ping Cheng	12,965,680	0.77%
Deh Hsing Investment Co., Ltd.	11,619,530	0.69%

(V) Market price, net value, earnings, dividends per share and related information in the last 2 years

Unit: NTD

Item \ Year			2021	2020 (Note 8)
Market Price Per Share	The Highest		14.15	12.00
	The Lowest		8.21	4.68
	Average		10.30	7.39
Net Value Per Share	Before Distribution		17.39	17.83
	After dividends distribution (Note 1)		Note 1	17.70
Earnings per share	Weighted average shares (in thousand shares)		1,341,680	1,341,806
	Before adjustment		0.00	0.73
	Post-adjustment (Note 1)		Note 1	0.7
Dividends Per Share (Note 2)	Cash dividends		0.00	0.10
	Free-Gratis Dividends	Retained Shares Distribution	0	0.4
		Capital Reserve Shares Distribution	0	0
	Retained Dividends		0	0
Return on investment Analysis	P/E ratio (Note 3)		2575.00	10.56
	Dividends Yield (Note 4)		0.00	102.30
	Cash Dividends Yields (Note 5)		0.00	0.01

Note 1: The shareholder meeting resolved that the cash dividends would be deducted first before further calculation.

Note 2: Annual profit distribution.
Note 3: P/E ratio = Average closing price per share for the year / earnings per share.
Note 4: Price to dividend ratio = Average closing price per share for the year / cash dividends per share.
Note 5: Cash dividend yield = Cash dividend / average closing price per share for the current year.

(VI) The company's dividend policies and execution

1. Dividend policies

If the Company is profitable in the fiscal year, it shall allocate 1% to 5% of the profit as the remuneration of employees in the form of stocks or cash as resolved by the board. Employees of subsidiaries are also entitled to receive remuneration, provided that they meet the criteria specified by the board of directors. Up to 0.3% (inclusive) of the aforementioned profit may be distributed as director remuneration at the discretion of the board of directors. The proposal for distributing the remuneration to employees, directors and supervisors shall be submitted to the shareholders' meeting. However, if the Company still as accumulated losses, the amount shall be retained for compensation, and then appropriated as remuneration to employees, directors and supervisors based on the percentages mentioned above.

If there is profit, the Company pays taxes and makes up for the accumulated losses in accordance with the law before allocating 10% as an earnings reserve. However, the legal reserve shall not be allocated once it reaches the amount of the Company's paid-in capital. The rest will be recognized or reversed as special earnings reserve. The reversed special earnings reserve is consolidated into undistributed surplus before being distributed. If there is a balance, it is consolidated into the accumulated undistributed earnings in the previous year. The board may propose a profit distribution proposal, depending on the actual situation and request the shareholders meeting to determine the distribution of dividends to shareholders.

The Company's dividend policy is in line with the current and future development plans and considers the investment environment, long-term financial planning and shareholders' equity. The annual dividends distribution is mainly in the form of cash and it may be distributed in the form of stocks. However, the proportion of stock dividends is not higher than 95% of the total dividends.

2. Dividend distribution proposal of this shareholders meeting: It is recommended not to distribute stock dividends and cash dividends
3. Significant changes to the expected dividends policy: None.

(VII) The impact of bonus shares proposed by the shareholder meeting on the Company's operating performance and earnings per share: The Company has not prepare and announce the 2021 financial forecast and is not required to disclose such information in accordance with Tai-Chai-Cheng (1) Document #00371 of February 1, 2000 (89) specified by the Securities and Futures Bureau of the Ministry of Finance.

(VIII) Remuneration for directors and supervisors

1. The percentage or scope of remuneration to the employees, Directors, and Supervisors as stated in the Articles of Incorporation: Refer to the dividends policy.
2. The estimation basis of remuneration to employees, directors and supervisors for the current period, and the accounting process when there is discrepancy between the calculation basis and actual distribution amount of employee remuneration distributed by shares and the estimated value:

The Company's estimate of remuneration payable to employees, directors and supervisors is based on the requirements of the articles of incorporation. At the end of the fiscal year, where the directors' meeting resolves the actual allocated amount different from the estimate, the changes shall result in the adjustment of the expenses provided for the current year. Where the shareholders' meeting resolves the actual allocated amount different from the estimate, it shall be stated as the change in accounting valuation in the year of the resolution made by the shareholders' meeting. If the shareholders' meeting resolves to allocate stock as the employees' bonus, the quantity of stock shall be determined based on the amount of the employee bonus divided by fair value of the stock. The fair value of the stock is based on the closing price on the day prior to the day of resolution made by the shareholders' meeting and takes the effect of ex-right and ex-dividends into consideration

3. Remuneration to be distributed as resolved in the board of directors:
   (1) Remunerations for employees, directors and supervisors distributed in cash or stocks. (If there is a difference with the annual estimate of the recognized expenses, disclose the difference, reasons and ways to handle the circumstances): For the year ended 2021, the remuneration for employee is NT$58 thousand and for directors and supervisors, it is NT$17 thousand. The shareholder meeting resolved that if there is a difference with the actual distributed amount, the difference will be used as the change in accounting estimate of 2022.
   (2) The proportion of amount equivalent to the stock distributed as compensation for employees in the earnings after tax in the individual or single financial statement of the period and the total amount of compensation for employees: not applicable.
4. The actual distribution of remuneration for employees, directors and supervisors in the previous year (including the number of shares, amount and share price when distributed), difference with the recognized remuneration for employees, directors and supervisors and the description on the difference, reasons and ways to handle the circumstances: for the year ended 2020, the remuneration for employee is NT$10,778 thousand and for directors and supervisors, it is NT$3,234 thousand.

(IX) Buy-back of the Company's shares by the company:

As of the annual report publication date, the Company has accumulated number of shares held at 304,000 shares, which account for 0.02% of the total issued shares proportion. The shares were obtained in 2020.

II. Any offering of corporate bonds (including offshore bonds): None.

III. Disclosure relating to preference shares: none.

IV. Disclosure relating to depository receipts: none.

V. Employee stock warrants: none.

VI. Restricted stock awards: none.

VII. Disclosure on new shares issued for the acquisition or transfer of other shares: none.

VIII. Progress on the use of funds: none.

Five. Business performance

I. Content of business

(I) Business scope

* The Company

1. Principal business activities
   (1) Manufacturing, processing and buying and selling of man-made fiber, cellophane, polyamine fiber, polyester fiber, chemicals and the raw materials.
   (2) Development, manufacturing and buying and selling of machinery used for the above products.
   (3) Manufacture and trading of ethylene glycol, eto ethylene oxide, nonylphenol, ethylene, LGP and petrochemical industry-related products;
   (4) Commission construction firms to build residential and commercial buildings to be rented or for sale.
   (5) Distribution, sorting and storage of various products.
   (6) Operate supermarkets which sell fresh food, vegetables, fish, meat, cooking garnishes and spices and seasonings.
   (7) Manufacturing and sales of steam and industrial and commercial electricity by cogeneration (electricity shall not be sold to energy users).
   (8) Agency, distribution and contract bidding for installation of cogeneration and pollution control equipment.
   (9) Manufacturing and sales of oxygen, liquid oxygen, nitrogen, liquid nitrogen, air argon, liquid argon, carbon dioxide and compressed air.
   (10) F212011 Gas station.
   (11) D201021 Gas station.
   (12) Non-prohibited or non-restricted businesses, in addition to the permitted businesses.
2. Percentage of current business

   In the Company's 2021 business operations, chemical products account for 70%, chemical fiber products account for 29% and the rest account for 1%.
3. Current product line

Type	Item
Chemical products	Ethylene glycol, ethylene oxide, nonylphenol
Chemical fibers	Polyester pellet, polyester filament

4. New products planned for development

   Continuing the development of oriented yarn, we plan to manufacture products made of oriented yarn and develop another new type of product, textured yarn, which retains the characteristics of oriented yarn and improves the texture and comfort.
   (1) Draw textured color yarn:

   Polyester color yarn is dyed before spinning, so it does not fade easily. It offers good color fastness against sunlight, water and rubbing. It does not require post-dyeing processing, so there is no waste water pollution. DTY with colors offers good texture feel and a variety of applications, such as in home decoration, curtains, luggage, backpacks and others.
   (2) Moisture absorption and wicking DTY fibers:

   Offer better moisture absorption and quick drying than the oriented yarn, improving the wearing comfort of the fabric. It uses irregular cross-section with high surface area and capillary effect to accelerate the sweat wicking, keeping body dry and comfortable.
   (3) DTY high denier count fiber:

   The thinner the denier, the softer the fiber, offering better texture of fabric and products will have better added value. In addition to retaining the original characteristics of oriented yarn, it offers even better texture and softness and can be widely used in high-end dresses for females.

(4) DTY FD dull yarn:

By adding high-concentration inorganic particles, the gloss of the fiber is reduced, at the same time enhancing the suspension of fiber. FD dull yarn is mainly used in sportswear.

(5) DTY CD yarn:

By using cationic dye particles, fiber in dark and vivid color effect can be spun, creating a softer touch with better fastness. CD yarn is mostly used in sportswear, casual wear, jackets and coats.

(6) DTY antibacterial and mold resistant yarn:

Antibacterial materials are added according to different needs, and the yarn does not get decomposed by ultraviolet rays, acids, alkalis or organic solvents. It provides long-term antibacterial and mold resistant effects and is mainly used in sportswear, underwear, medical fabrics, bedding fabrics and shoe materials.

(7) UV resistant fiber:

UV-resistant fiber offers the best protection for skin, as UV-A and UV-B with a wavelength of 200-400nm may penetrate the ozone layer and cause great damage to human skin. They can lead to melanogenesis, skin aging and even skin cancer.

(8) Hollow fiber:

The lightweight and warm hollow fiber is a new type of material of which the cross-section is hollow. The inner air layer blocks the loss of body temperature, so that the surface temperature of the skin is not quickly lost due to the harshness of weather conditions, hence the insulation effect.

(9) SDY and DTY environmental protection yarn:

Use eco-friendly yarns used in woven fabric made of eco-friendly pellets, reduce reliance on petrochemical raw materials, carbon dioxide and the use of energy and risk of warming climate.

(10) Eco-friendly pellets:

Use recycled PET bottles for circular manufacturing and use, produce eco-friendly polyester pellet of spinning raw materials, to provide for downstream to produce yarn.

* Consolidated companies

1. Pan Asia Chemical Corporation

(1) The main contents of the business service:

A. C801020 Petrochemical manufacturing.
B. C802090 Cleaning products manufacturing.
C. D101050 Steam and electricity paragenesis.
D. F212011 Gas station.
E. F212061 Automobile liquefied petroleum gas station.
F. H701010 Residence and buildings lease construction and development
G. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval

(2) Percentage of current business

Nonionic surfactants account for about 80% of the revenue and esterified products account for about 20%.

(3) Current products

Polyethylene glycol and alkane ether, polyethylene glycol and alkyl ether, castor oil EO addenda, polyethylene glycol propanamine, polyethylene glycol and fatty acid esters, polyethylene glycol, poly-propylene glycol and polyethylene glycol, trimethylolpropane EO additive, polyol EO, PO addenda, spinning oil agent, lubricating oil esters, plastic slip agents, cosmetic esters, cleaning agent esters and bath softeners.

(4) New products planned for development

Polyethylene glycol derivatives, spinning oil agents, fiber softeners, esterified products.

2. Taichung Commercial Bank

(1) The main contents of the business service:

Deposits, corporate finance, consumer banking, foreign exchange, wealth management, digital finance, trust and investment, finance products marketing business.

(2) Percentage of current business: 100% in banking.

(3) Current products: Not applicable.

(4) New products under development: Not applicable.

(II) Industry overview

* The Company

1. Present state of the industry and development

(1) Ethylene glycol: The supply in market has increased and the competition has become more significant.

(2) Polyester yarns:

A. In the face of depleting earth's resources and global warming, issues related to green environmental protection must be faced by mankind. Therefore, businesses in Taiwan have actively promoted laying down roots the concept of circular economies in industrial development. From product design to production, they will move in the direction of re-use, recycle, waste reduction, and energy conservation. Green environmental products have become mainstream in the research and development of polyester products in Taiwan.

B. In recent years, domestic polyester manufacturers have undergone a series of consolidation, somewhat easing pressure on the industry. In particular, the oversupply of Polyester yarns has been significantly improved. It is necessary to take this opportunity to expand the existing customer base and conduct proper screening to find long-term and stable customers who are willing to collaborate for win-win situations. Besides timely grasping the market trends, adjusting prices and being flexible in accepting orders, the Company should continue to improve the automation of equipment and technical R&D, reduce defects, abnormality and production cost, produce high-quality and value-added product with good economies of scale and collaborate with downstream players to quickly respond to the market in order to maintain good competitiveness in the industry.

C. Emerging Asian countries have heavily invested in man-made fiber industrial development, with fierce competition in the supply and demand markets.

D. The COVID-19 pandemic has accelerated a second industry outflux of the domestic textile fiber industry, which has dispersed its dependence on China's textile product supply chain.

E. Orders for ready-to-wear garments have gradually shifted to China or Southeast Asia (especially in Vietnam), and domestically, functional and industrial fabrics (shoes) have better competitive advantages. However in recent years, the value chain in Vietnam and other places have formed, and the level of technologies in those countries have been improved. Orders from the European and American brands no longer favor Taiwan. The advantages of the abovementioned products will gradually disappear, further impacting the growth of the man-made fibers industry on the upstream.

(3) Nonylphenol: Provided as an additive to industrial products, and the demand is stable.

2. The association of industries from upstream to downstream:

(1) The Company obtains ethylene from CPC Corporation and Formosa Petrochemical Corp. to produce ethylene glycol and ethylene oxide. The produced ethylene glycol is used at the Company's polyester plant and sold to other polyester plants in Asia. Ethylene oxide is sold to surfactant manufacturers.

(2) Nonene and Phenol raw materials are sourced from other companies both at home and abroad to produce nonylphenol, which is then sold to the other domestic and foreign surfactant manufacturers.

(3) Polyester yarn is supplied to other domestic and foreign processing fiber plants and textile mills.

3. Trends of development of various products and competition
   (1) Ethylene glycol: Stable downstream customers. Reinforce the supply-demand relationship.
   (2) Nonylphenol: the booming development of the textile industry in Asia drives the demand for textile additives. Build a quality brand image and produce in volume to reduce cost.
   (3) Polyester fiber: product customization, diversification, refinement, differentiation and market segmentation.

* Consolidated companies

1. Pan Asia Chemical Corporation
   (1) Industrial status and development:
   The global market was subject to impact from COVID-19 in 2021. Despite changes in supply and demand took place in the markets of Asian countries, the overall sales remain the same as the previous year.
   (2) Correlation of upstream, midstream and downstream industry:
   Non-ionic surfactants serve as a bridge between the upstream petrochemical industry and the downstream consumer and industry product industries and they are irreplaceable to the growth of industries.
   (3) Developing trend and competitiveness of products:
      A. Non-ionic surfactants are essential for economic development and are less susceptible to the impact from economic fluctuations.
      B. The industry requires the advantages of having EO plants and the Company has the competitive advantage.
      C. Due to the zero tariff between the member countries in the ASEAN–China Free Trade Area starting 2009, the Company has faced challenges in terms of the pricing.
2. Taichung Commercial Bank: Not applicable.

(III) Technological research and development

* The Company

1. Research and development expenses
   Research and development expenses committed the past two years: no research and development expenses.
2. Successfully developed technologies or products: None.
3. Expected R&D program in the future and the forecast R&D expenses: no R&D program.

* Consolidated companies

1. Pan Asia Chemical Corporation
   (1) R&D expenses: NT$17,579 thousand.
   (2) Technologies or products successfully developed: environmentally friendly plasticizer-DOTP, metal cleaning agent, spinning oil agent, lubricating oil esters, plastic slip agents, cleaning agent esters and bath softeners.
2. Taichung Commercial Bank
   (1) R&D expenses the past two years:

Unit: NTD thousand

Year	2020	2021
Amount	123,867	143,473

   (2) R&D results the past two years:
      A. Personalized Mydata digital service: The bank has developed connection Mydata digital service to make it convenient for customers applying for online businesses to use personalized certification documents, reduce having to have extra photos taken, file transfer, upload and other cumbersome processes.
      B. Interbank transfer via a mobile number: Customers can bundle their mobile number with the financial account on the Bank's ATM and internet banking. After that, the mobile number can be used as the receiving account number replacing the original bank deposit account number that is very long. Customers can enjoy a convenient new transfer service option.

C. Text-based Intelligent Customer Service:
   (A) Internal text-based customer service system: Provide the Bank's internal personnel business knowledge search, to expedite one's level of grasp of the business and affairs handling speed.
   (B) External text-based customer service system: Provide the customer a quicker and more convenient finance service inquiry interface, and to reduce real person customer service process burden.
D. Web application program firewall set up program: To heighten the Bank's website application program safety. The firewall system set up for the website application has already been completed.
E. Robotic Process Automation (RPA): RPA assists in daily manual operations to achieve efficient, reliable, and cost-effective operational quality.
F. Mobile office system upgrade project set up: Use front and rear separation structure to provide mobile signing and approval functions. This can offer every office application system service which is of higher efficiency, flexibility and usability. Personnel with authority are not restricted by time and location and they can conduct internal system process handling.
G. Online branch service area: Built the "Online branch service area," to provide the pre-fill form function for the counter account opening, guide customers who have the need to open an account with the bank to pre-fill the information before going to the counter. This can increase the autonomy of the customers in the preceding operations, and to provide internet banking, mobile banking related online application services. Through online pre-filling of information and submitting of documents, it can effectively reduce the waiting time for the customers at the operation unit which in turn reduce pandemic contact.
H. The expansion and integration of passbook deposit system control measures to reduce the operation burdens of counter personnel.
   (A) 3-in-1 checking control for deposit and withdrawal (customer transaction control of special countries, increase agent transactions, control of substantial beneficiaries as designated sanctioned individuals of existing institutional customers).
   (B) In order to control the customer's non-over-the-counter transaction expenditures, the passbook joint deposit, withdrawal, transfer (32220) and links, increase judgement for besides the other bank collection service's paying account, account by facsimile Instructions, reserve account and the remaining non-over-the-counter payment customers, the "non-over-the-counter expenditures reason" needs to be entered.
   (C) Control items for rejection to open account (increase deposit and withdrawal, open account transaction control and follow-up control system after settings)
   (D) Conduct improvement work based on the suggested matters from the audit of the AML/CFT project.
I. Enhancing the information security of the central management system of the passbook entry machine: In response to the Windows operating system, SQL Server database software version upgrade and information security related topics, the Bank's passbook entry machine system was enhanced.
J. Optimize corporate internet banking service: Added the foreign currency batch non-designated account transfer function, provides corporate customer batch account handling which will be transferred from the counter transaction to internet banking for processing. This can effectively reduce branch counter process volume and raises convenience to customers.
K. Foreign exchange system enhancement project: Optimized functions of the foreign exchange system will simplify foreign exchange system procedures and enhance real-time backup capabilities.
L. The system replaces original manual work for foreign currency loans and interest collection, repayment, and interest rate change: the original interest

collection method for foreign currency loans provides maturity date and fixed date interest collection, the system adds two more options, namely, the designated date and relative day.

M. Foreign currency internet banking bank slip printing: the bank slip for over-the-counter transactions can also be printed via internet banking, providing internet banking customers a more convenient service.

N. Foreign currency internet banking one debit to multiple credit bulk operation: provides internet banking customers bulk payment service, self-transfer of funds to multiple credit accounts from a single debit account non-designated account transfer function.

O. Financial information system for derivatives: provision of diversified product trading and risk control mechanisms.

P. Overseas securities ETF system optimization operations: equity-type products (ETF, offshore common stock and preferred stock) added the good-till-cancelled order function for one order and multiple matching and allow 24-hour transaction, enabling investors more time to response to instant international major events for rapid response reflecting on the investment transaction.

Q. Corporate Finance Service Platform establishment: the first stage for note to pay interest has gone live, enabling corporate finance personnel to search and build related information. It is not necessary to use the finance terminal to do related entry and typing, and search. Its use becomes more convenient for consumer finance personnel. Subsequent functions will continue to be developed.

R. Quintuple stimulus vouchers business:

(A) Physical quintuple stimulus voucher exchange system: provide the bank receive quintuple stimulus voucher input, tally, and reporting platform.

(B) Digital quintuple stimulus voucher platform: provide the Bank’s credit card and VD card holder to join the quintuple stimulus voucher personal bundling, joint bundling, consumer accumulation for review, appropriation and quota run out notifications, marketing activities.

(C) Digital quintuple stimulus voucher API interface: the bank’s external official website and government API interface individuals and households binding, unbinding, amount inquiry services.

S. COVID-19 pandemic related programs:

(A) Credit review system adjustment functions.

(B) Flexible personnel and attendance adjustments.

(C) Government Relief Loan Plan: online loan application and incoming documents RWD version, verification, guarantor verification, online additional documentations and so on functions, added convenience to the mobile online loan application, and increase the loan business channel.

T. Global trade sharing blockchain: collaborate with finance industry peer in the “Global trade sharing blockchain platform” trial project. Through shared trade business related information to enhance verification for related corporate logistics, cash flow and so on trade information credibility.

U. Custom-trade e-invoice platform and electronic statements for credit card acceptance of designated stores, 2021 March to December business tax mitigation benefits are NT$2,607,802. .

V. “Taichung e Pass” digital citizen platform: in cooperation with the Taichung City government in promoting mobile payment policy, connects the Taiwan Clearing House finance business for payment collection instant service platform, enabling the Bank’s collection for schools from parents who can utilize mobile payment tools to pay the school and miscellaneous fees, eliminating the trivial physical payment procedures, providing diverse channel for payment of school and miscellaneous fees.

(3) Future Plan

A. Digital deposit account and digital bank: to gain more younger customer groups and to enhance digital experience for existing customers, based on the appeal for "The bank to realize your dreams," design the interface and functions through games concept to realize wealth management, foreign currency, insurance, loans, fixed deposit, credit card and various finance business, and in concert with the social media operations and digital marketing promotion and expansion, further create the Bank's exclusive finance ecosystem.
B. Internet banking/mobile bank platform optimization:
   (A) For the purpose of enhancing customers' use experience, conduct market survey to propose UI/UX optimization or plan for renew version. Continue to optimize platform and add new functions to raise customer satisfaction.
   (B) For the purpose of heightening the Bank's internet service performance and quality, conducted system performance assessment and optimization processes for the current internet banking and mobile bank, and system environment upgrade. This is to enhance the platforms and system environment information security.
C. Diverse payment method:
   (A) Collaborate with third party payment and electronic payment businesses: Conduct account bundling, account connection for deduction, transfer and so on business collaborations, increase the Bank's diverse payment channel options for customer use, creating an integrated payment circle.
   (B) QR CODE payment platform: Collaborate with finance companies to add QR CODE payment platform, to increase transfer and payment collection option for customers using mobile banking payment and further extend to develop new QR CODE fee payment log-in and so on services. It is hoped to deepen customer's bond with the company and their willingness to use mobile banking.
D. FIDO internet identity recognition application: using biometric identification method, enable customers to use biometric identification to verify identity directly without the need to use passwords.
E. Smart accounting opening platform system: provide the department with total account opening solutions to achieve the directions of paperless, automated, diversified, and mobile. At the same time, the multi-system, multi-interface, multi-certification, fault, and error problems can be solved. The three goals of paper reduction, internal system integration and process simplification can in turn be achieved.
F. Foreign exchange host operating system and database transfer project: in maintaining foreign exchange system's normal operations, to avoid the risks of no parts available for replacement in old machines and in conforming to the information security regulations of the competent authority, there are plans to change the foreign exchange system server to virtual host and to change the operating system to Linux.
G. SWIFT ISO 20022 MX telegraph integration project: in cooperation with the SWIFT organization CBPR + telegraph will go live in November 2022. The Bank adopts adjustments to various business systems for direct generation or reception handling of corresponding ISO 20022 MX telegraphs. SWALLOW GW system and SWIFT system need to fit with related telegraph for integrated adjustments.
H. Bond fund over-the-counter transaction system WEB-based: will change the current branch bond fund over-the-counter transaction system to WEB-based input interface, providing the branch a more friendly control interface. The transactions will have direct connections with the trust host, reducing the risks from transfer of information by different systems. This can enhance the system's stability.

I. Mobile finance consultant:
   (A) To upgrade digitalized service: the finance consultant can approach customers to provide professional wealth management consultancy service, breaking through the restrictions of time and space.
   (B) Integrate the bank's various internal systems: the finance consultant can obtain customers' integrated information through one device.
   (C) Integrate wealth management plans and order placement transactions: enable the finance consultant to use integrated market information in assisting customers to make exclusive wealth management plans and to place order instantly.

J. Re-introduce sky branch financial consultant system: re-activate the sky branch financial consultant system which its external service was terminated originally. In response to the transaction model changes due to the pandemic, to achieve the purpose of zero contact and dedicated personnel service at the same time.

K. The ten commandments of financial consulting internal control management platform is to assist the legal compliance department and management consultants to establish an integrated related internal control and monitoring mechanism.

L. Smart form filling system: in conjunction with the government policy, customers' over-the-counter transaction time has been shortened to decrease customers' over-the-counter writing situation. The operation inspection process in legal compliance and money laundering prevention automatic inspection have been imported in order to strengthen transaction security.

M. Introduction of big data in machine learning:
   (A) Precision marketing: targets are consumer finance and digital finance.
   (B) Risk control and semantic analysis, public opinion analysis, OCR identification, AML/KYC enhanced assistance and so forth.
   (C) Assist data cleaning and normalization project matters.

N. Credit system platform enhancement plan:
   (A) New credit platform plan adopts self-development + outsourced manpower for development and establishment.
   (B) Incoming documents, credit review, loan allocation, and creditor's rights management. The target is to provide a process integration system platform that is highly flexible and can quickly respond.

O. API management platform project:
   (A) APIM servers will be enhanced and backup environments will be set up to increase APIM stability and effectiveness and achieve the goal of uninterrupted services. Continued adoption of container technology by application systems will be assessed and applied in a way to facilitate the future creation of a comprehensive microservice ecosystem.
   (B) Application system to connect OAUTH utilization management establishment.

P. ESB (BM WebSphere Message Broker centralized intermediary system service) upgrade:
   (A) Build system for high availability environment, lower the service disruption risks and elevate service availability.
   (B) Introduce containerized platform to optimize current system structure, build system micro-service foundation, increase agility, scalability, and flexibility, accelerating digital transformation progress.
   (C) Modular system external connecting function, integrate corporate internal audit system to achieve automated procedures, which can effectively lower the cost of similar projects in the future.

Q. SMS system optimization and upgrading project: In concert with the regulations of competent authority, there is a need to differentiate transaction type and marketing type SMS into different numbers for sending. In addition, upgrade the current SMS system version to optimize the SMS system and improve operations.

R. FXML payment flow platform establishment project: Strengthen the Bank's payment flow transaction service quality to provide diversified transaction channels, establish a remittance system for mutual backup channel and strengthen transaction security management and monitoring mechanism. Establish the FXML payment flow transfer service channel platform.

S. Webpage tamper resistance system upgrade: upgrade the Bank's website tamper resistance monitoring device, enhance the Bank's external webpages application service system's information security protection.

T. Remote visual and audio service application: in response to the pandemic and cooperate for business development, establish the remote visual and audio service application system, providing financial personnel online customer identity verification process through mobile APP. This can reduce unnecessary contacts with people and can expedite business handling procedures.

U. Real estate trust project:

(A) Establish exclusive real estate trust business system: contract document signing and approval/management, deeds management/engineering development/funds control, pre-sale housing sales contract management, these can elevate management benefits and reduce risks in operation errors.

(B) Establish real estate price of sale branch business system: real estate price of sale branch contract signing, automated money received comparison, and automated money sent SMS notification.

(C) Automated SMS connection reduces risks from operation errors: construction companies and sales organization information automated import, account money received automation, auto-generation of contents for form notification.

(D) Complied with laws and regulations of competent authority: in concert with current competent authority's information transfer for filing, such as: second generation health insurance, business tax filing, tax filing.

V. Debit card (VD) transaction was originally transferred by Financial Information Service Co., Ltd. (FISC) and has changed to National Credit Card Center (NCCC). The estimated expenses has dropped to NT$2,950,000 in 2020.

W. Expand the national payment's internet payment channel: to provide the payers of the Bank's collection service corporate accounts more diverse fee payment channels. There are plans for the interface of national payment net's diverse fee payment items to provide payers payment experience not restricted by time and space.

X. Added multi languages interface for ATM: In cooperation with the government's new southbound policy and in response with international trends, there are plans to add multi languages options to the ATM interface (such as: Japanese, Korean, Thai, Vietnamese and Indonesian). Foreigners can select their mother tongue language and the interface will switch to the designated language instantly for easy completion of transactions. Customers can enjoy a convenient and thoughtful finance service.

Y. Visually impaired friendly ATM: to enhance the friendly finance environment, it is planned starting from 2022 based on the priority venues suggested by the competent authority to gradually install visually impaired voice card. With guidance for operating the ATM from the voice control guide, visually impaired users can enjoy a friendly environment and warm service.

(IV) Long and short-term business development plans

1. Ethylene glycol: good market stability

Short-term: conduct sales planning for products.

Long-term: increase sales volume and market share in the market of ethylene glycol through investments and collaboration.

2. Nonylphenol

Short-term: establish collaboration with downstream partners, for example, outsource the contract manufacturing of surfactants to downstream partners or help them to promote products.

Long-term: form long-term partnership with downstream players so both parties benefit from long-term interests.

3. Polyester yarns

Short-term: environmental Protection and Develop special-purpose yarns to diversify products and increase operating profit.

Long-term:

A. Make products more refined, diversified and technological to gain higher profit.

B. Adequate adjustment of order and product mixes to facilitate selection of high-profit orders.

C. Integrated development with the upstream and downstream partners to take advantage of vertical integration.

*Consolidated companies

1. Pan Asia Chemical Corporation

(1) Short-term: increase the proportion of sales of EOD and esterified products which are value-added to increase overall revenue and profit.

(2) Long-term: improve the technology level of products, develop vertical integration to explore new fields in the market.

2. Taichung Commercial Bank

(1) Short-term: please refer to (II) Expected sales and its basis on page 4.

(2) Long-term: please refer to (IV) Future development strategies on page 5.

II. Market and sales overview

(I) Market analysis

* The Company

1. The regions for the sale of premium products

(1) Ethylene glycol: supply domestic companies (35%) and export to countries in Asia (65%).

(2) Ethylene oxide: mainly supply domestic downstream companies who manufacture ethylene oxide derivatives.

(3) Nonylphenol: about 30% for domestic market, 65% export to other countries in Asia, 5% for other countries.

(4) Polyester yarns: about 80% for domestic market and 20% is for export.

(5) Electricity: sold to Taipower beside the proportion for in-house use.

2. Market share

Product portfolio	Market share (domestic)	Product portfolio	Market share (domestic)
Ethylene glycol	20 %	Nonylphenol	50 %
Ethylene oxide	30 %	Polyester yarns	8 %

3. Future market supply/demand and growth potentials

(1) Ethylene glycol: Polyester fiber for the domestic downstream partners. At present, the production capacity is not increased.

(2) Ethylene oxide: stable demand from downstream customers. Expect to maintain stable sales volume.

(3) Nonylphenol: bigger fluctuation in price of raw material. Fierce competition for products in the market.

(4) Electricity: domestic power supply has been insufficient.

(5) Polyester yarn: will gradually enter the peak demand for polyester yarn in Q2, which should drive market growth.

4. Competitive advantage

Focus on production in full capacity and sales in full capacity. Reduce production cost. Improve product quality and competitiveness.

5. Favorable and unfavorable factors and response policy of development vision
   (1) Favorable conditions: the demand for polyester fiber will gradually increase, further driving the demand for ethylene glycol. Competitors in polyester market will gradually withdraw from the market, which will increase the Company's market share and selling price.
   (2) Unfavorable conditions: main product materials come from CPC and the contracted quantity is insufficient.
   (3) Responsive measures: find other import channels or purchase from Formosa Petrochemical to avoid the insufficient supply of CPC.

* Consolidated companies

1. Pan Asia Chemical Corporation
   (1) The regions for the sale of premium products
      A. Domestic sales: about 42%, through other distributors or by the Company.
      B. Export: about 58%, with the most comes from China, followed by Southeast Asia, the Middle East and Australia.
   (2) Market share: about 40% in the domestic market.
   (3) Future market supply and demand and the growth
      A. Supply and demand situation: in 2021, the global market was under the impact of COVID-19. Changes in the supply and demand of markets in Taiwan, China and other countries and regions rose, but the overall sales remain the same as in the previous year.
      B. ECFA reduced the import tariff of China to 0%. Very helpful for some of the Company's products sold to China.
   (4) Competitive advantage
      A. Stable supplies of raw materials of EO, NP, DEG and natural alcohol.
      B. Stable quality. Competitive price. Seamless marketing channels.
   (5) Favorable and unfavorable factors and response policy of development vision
      A. Favorable factors
         a. Diversified products. Wide variety of demands in the industry, and it is less susceptible to the impact from economic fluctuation.
         b. Higher levels of technology than China and Southeast Asia. Stable production and supply. Stable export volumes to China and Southeast Asia every year.
         c. Strong sales channels and relationships. Products are sold to various industries both domestically and internationally.
         d. Secure supply of raw materials. The supply of main raw materials, NP and petrochemical EO, comes from a long-term partner, CMFC's production line.
      B. Unfavorable factors
         a. Environmental awareness is still high. Large fluctuation in the price of global crude oil. Stronger competition among industry players both at home and abroad. The Company will quickly adjust the sales proportion of main products and increase the sales volume of specialty products which offer higher gross margin to stimulate the overall revenue.
         b. The domestic industries continue to move out, further reducing the demand. Our company actively cooperate with customers to develop and export to overseas market in the hope to maintain and elevate sales volume.
         c. The domestic environmental protection policy limits the use of nonylphenol products and the textiles sold to Europe are prohibited from using nonylphenol additives. Our company actively develop alternative products for nonylphenol series and cooperate with customers to develop new products or new purpose.
      C. Countermeasures
         a. Develop natural alcohol-based products in response to the trend of environmental protection to reduce the impact from the increasing price

of petrochemical raw materials.

b. Develop high value-added products and contract manufacturing products in response to the industry upgrade and customer demands to improve the competitiveness in the industry.

2. Taichung Commercial Bank

(1) Territories of banking business

As the end of 2020, the bank has 82 branches and one international financial business branch at home and the Labuan Branch in Malaysia and the Kuala Lumpur Marketing Office abroad. Diverse businesses including personal finance, corporate finance, wealth management, and so on are provided. Through the regional characteristics, sophisticated financial commodities, and business field expansion, customers are provided with financial services of higher quality and convenience through dedicated professional operations.

(2) Supply and Demand of the market and growth in the future

A. Market supply:

The 2021 global economy performance is still tightly linked to the COVID-19 pandemic. With the birth of the vaccines, every country are loosening the large scale lockdown control measures, and easing monetary policy is driving the global hot money into the finance market. It has infused active water to the long stagnant economy, on top of it, the low base period effect multiplies, and the economy is picking up at a better rate than expected. Nonetheless, the COVID-19 new variants and inflation problems bring about economic variable. The supply chain shortages lead to the market demand greatly exceed the supply and the inflation spike. As the world enters the post-pandemic era, such as embracing the "new norm," the quarantine policy has led to changes in lifestyle and consumption model which cannot be reversed. Various financial service types have also changed, which have driven the pace of financial technology that had slower development in the past due to the convenience of domestic financial services. This has in turn given rise to good development opportunities in terms of digitalization acceleration.

B. Market demand:

Relying on the proper pandemic control in Taiwan, the government encourage overseas capital to be remitted back and the US-China trade war and many factors, willingness of Taiwanese businesses returning to invest soar and the post-pandemic recovery demand is strong. The Taiwan import-export is vibrant creates a glittering performance. The future outlook shows that the domestic semiconductor manufacturers are continuing to expand their investments in Taiwan which exacerbates the green energy development trend to climb. There is anticipation that the domestic investment momentum will increase. As the emerging technological applications continue to expand, competent authority loosens related laws and regulations. This helps the bank operators to get into FinTech innovation responding to the demands for use of the digital era, creating convenient financial service in people's lives.

(3) The competitive edge, factors favorable and unfavorable for development in the long run, and responses

A. Favorable factors

a. The Bank has, for a long time, cultivated its business relation with the small and medium enterprises in central Taiwan and hence has the distinctive advantage and a strong and stable clientele base.

b. The experience of the Bank in servicing small and medium enterprises helps to focus its customer groups and develop differentiated mode of operations.

c. The global economy momentum is slowing down, but it remains in the expansion cycle, it is anticipated to continue to get better.

d. Diversity of the banking service system is beneficial for integrated marketing of the organization and will yield better result.

e. The asset quality of the Bank is constantly improving and business development is increasingly stable.
f. A gradual loosening of the financial laws and regulations by the government will be conducive to shaping a friendly FinTech development ecosystem.

B. Unfavorable factors
a. The COVID-19 pandemic becomes the key variant factor of the global economy. The uncertainties in the finance market surge.
b. The globalization of banking and finance and the cross-industry competition of financial holding companies narrow the space for the existing market of small and medium banks in banking service.
c. The high degree of homogeneity of products and the keen competition in the financial and banking sector make it difficult to broaden the interest spread.
d. The global investment risk increases, various geopolitics become tensed, and the stock exchange market undergoes volatile changes large, investments and loans' risk exposure amount will rise again, affecting profits.

C. Countermeasures

When considering the risk control and asset quality, the Bank extends its principles, "Steady operations, friendly finance and sustainable development, to optimize the finance governance, strengthen operations management effectiveness, refine organization resilience, accelerate digital transformation and realize inclusive financing as the five major goals. Through which to achieve the extending development layout of various businesses and solidify the operation development momentum of bank.

(II) Intended use and production processes of the main products

* The Company

1. Intended use of the main products
(1) Monoethylene glycol (MEG): Mainly used as the raw material of polyester fiber, and it can also be used to manufacture antifreeze, high temperature coolant, ice and snow remover and explosive.
(2) Diethylene glycol (DEG): It is mainly used as a basic raw material for plastics, and can also be used to manufacture ink solvents, brake oils, solvent oils, gas water removers, fiber softeners and plastic fillers.
(3) Triethylene glycol (TEG): Mainly used as a regulator, for air treatment and as a wetting agent.
(4) Ethylene oxide (EO): Mainly used as raw materials for surfactants, glycol ethers and others.
(5) Nonylphenol (NP): Mainly used as a raw material for surfactant, antioxidant, stabilizer, phenol formaldehyde resin, lubricant additives and others.
(6) Polyester yarn: Mainly used to make garment fabric, woven bags (straps), industrial fabric, shoe materials and others.
(7) Electricity: Energy supply.

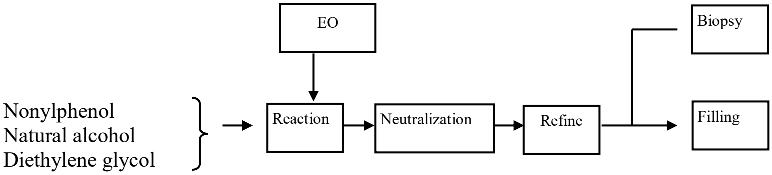
2. Manufacturing process
(1) Ethylene + Oxygen ---> Ethylene oxide
(2) Ethylene oxide + Water ---> Monoethylene glycol
(3) Monoethylene glycol + Ethylene oxide ---> Diethylene glycol
(4) Diethylene glycol + Ethylene oxide ---> Triethylene glycol
(5) Phenol + terpene ---> Nonylphenol
(6) Ethylene glycol + PTA ---> Polyester pellet
(7) Electricity: A cogeneration system that generates steam and electricity by burning coal.

* Consolidated companies

1. Pan Asia Chemical Corporation
(1) Intended use of the main products:

Main products	Polyethylene glycol alkylphenol ether, polyethylene glycol alkyl ether, castor oil EO addenda, polyethylene glycol propanamine, polyethylene glycol and fatty acid esters, polyethylene glycol, poly-propylene glycol and polyethylene glycol, trimethylolpropane, EO additive, spinning oil agent, lubricating oil esters, plastic slip agents, cosmetic esters, cleaning agent esters and bath softeners.	
Main applications	Household cleaners	Detergent, penetrant, emulsifier, wetting agent, softener
	Personal toiletries	Detergent, penetrant, emulsifier, wetting agent, softener
	Fiber industry	Detergent, penetrant, dyeing auxiliary, emulsifier, bath softener
	Metal industry	Cleaning agent, emulsifier, additives for electroplating
	Pulp and paper industry	Degreaser, deinking agent, wetting agent
	Plastic industry	Emulsified polymeric emulsifier, internal and external lubricants for plastic
	Rubber industry	Additives, release agents
	Paint industry	Dispersant, emulsifier
	Cosmetic industry	Cleaning agent, emulsion, base material, wetting agent
	Electronics industry	Cleaning agent
	Polymer industry	Modifier, emulsifier, antistatic agent

(2) Manufacturing process



2. Taichung Commercial Bank: not applicable.

(III) The supply of main raw materials

* The Company

1. The petrochemical plant in Kaohsiung obtains ethylene from CPC Corporation, a long-term supplier, to produce ethylene glycol.
2. The raw materials for nonylphenol are terpene and phenol. At this point, the supply of terpene comes from import from a variety of sources to diversify risk. As for phenol, the Formosa Chemicals and Fiber is a stable long-term supplier.
3. The main raw material for cogeneration is coal which is imported. The Company maintains long-term stable relationship with suppliers to ensure no interruption to supply.

*Consolidated companies

1. Pan Asia Chemical Corporation
   (1) Ethylene oxide: Supply contract with CMFC.
   (2) Nonylphenol: the source of supply is CMFC, and the current status of supply is good.
   (3) Natural alcohol: there is no domestic manufacturer so it is imported from various sources.
2. Taichung Commercial Bank: not applicable.

(IV) The list of any companies accounting for 10 percent or more of the Company's total purchase (or sales) amount in the last two years

* The Company

Main suppliers the most recent two years

	2020				2021			
Item	Name	Amount	Percentage of the net purchase of the year (%)	Affiliation with issuer	Name	Amount	Percentage of the net purchase of the year (%)	Affiliation with issuer
1	Nan-Chung Petrochemical Corp.	2,053,199	27%	Investee valued under equity method	Nan-Chung Petrochemical Corp.	3,132,235	29%	Investee valued under equity method
2	A	1,352,350	18%	N/A	A	1,934,539	18%	N/A
3	B	885,189	12%	N/A	B	1,563,669	14%	N/A
4	Others	2,741,845	43%		Others	4,281,109	39%	
	Purchase - net	7,032,583	100%		Purchase - net	10,911,552	100%	

Note: List the suppliers accounting for 10 percent or more of the Company's total purchase amount in the last two year and the purchase amount and the percentage of the total purchase. Replace the suppliers' names with codes if, due to contractual obligation, the names cannot be disclosed or the transaction counterparty is an uninterested individual.

The main customers for sales within the last two years

Unit: NTD thousand

	2020				2021 (Note)			
Item	Name	Amount	Percentage of the net sales of the year (%)	Affiliation with issuer	Name	Amount	Percentage of the net sales of the year (%)	Affiliation with issuer
1	A	893,136	12%	N/A	A	779,281	7%	N/A
2	Others	6,583,465	88%		Others	9,905,883	93%	
	Sales - net	7,476,601	100%		Sales - net	10,685,164	100%	

Note: state the name of the customers with over 10% of the total sale amount within the last two years, and their sale amount and ratio. However, since the name of the customers may not be disclosed due to the contract signed or the counterparty of the transaction is an individual and is not a related party, it can be identified with a code number.

Note: there were no customers with net sales amount over ten percent in 2021.

* Consolidated companies

1. Pan Asia Chemical Corporation

Main suppliers the most recent two years

Unit: NTD thousand

	2020				2021			
Item	Name	Amount	Percentage of the net purchase of the year (%)	Affiliation with issuer	Name	Amount	Percentage of the net purchase of the year (%)	Affiliation with issuer
1	China Man-Made Fiber Corporation	601,055	60	The parent company	China Man-Made Fiber Corporation	755,002	54	The parent company
2	Others	395,383	40		Others	648,537	46	
	Purchase - net	996,438	100		Purchase - net	1,403,539	100	

Note: List the suppliers accounting for 10 percent or more of the Company's total purchase amount in the last two year and the purchase amount and the percentage of the total purchase. Replace the suppliers' names with codes if, due to contractual obligation, the names cannot be disclosed or the transaction counterparty is an uninterested individual.

The main customers for sales within the last two years

Unit: NTD thousand

	2020				2021			
Item	Name	Amount	Percentage of the net sales of the year (%)	Affiliation with issuer	Name	Amount	Percentage of the net sales of the year (%)	Affiliation with issuer
1	A	255,138	18	N/A	A	180,844	10	N/A
2	Others	1,202,543	82		Others	1,546,733	90	
	Sales - net	1,457,681	100		Sales - net	1,727,577	100	

Note: state the name of the customers with over 10% of the total sale amount within the last two years, and their sale amount and ratio. However, since the name of the customers may not be disclosed due to the contract signed or the counterparty of the transaction is an individual and is not a related party, it can be identified with a code number.

2. Taichung Commercial Bank: not applicable.

(V) Manufacturing scale of products in the last two years

* The Company

Volume - Metric tons
Unit: NTD thousand

Year / Production volume and value / Main products	2020			2021		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Ethylene glycol	264,000	99,186	1,739,345	264,000	105,948	2,252,297
Ethylene oxide	50,000	19,985	488,046	50,000	20,444	594,568
Nonylphenol	22,500	18,936	570,288	22,500	10,939	392,442
Partially oriented yarn (POY)	80,000	37,112	986,091	80,000	54,829	1,771,255
Spin draw yarn (SDY)	50,000	17,366	589,101	50,000	18,302	745,317
Polyester chips	99,000	17,199	367,303	99,000	18,067	453,281
Draw texturized yarn (DTY)	32,400	19,421	763,116	32,400	21,763	1,006,284
Total	597,900	229,205	5,503,290	597,900	250,292	7,215,444

* Consolidated companies

1. Pan Asia Chemical Corporation

Volume - Metric tons
Unit: NTD thousand

Year / Production volume and value / Main Products	2020			2021		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Nonionic surfactants	35,000	31,135	987,372	35,000	32,656	1,247,580
Others	6,300	3,989	190,642	6,300	4,962	296,047
Total	41,300	35,124	1,178,014	41,300	37,618	1,543,627

2. Taichung Commercial Bank: not applicable.

(VI) Sales volume and value of main products the past two years

* The Company

Volume - Metric tons
Unit: NTD thousand

Year / Sales Volume/Value / Main products	2020				2021			
	Domestic sales		Exports		Domestic sales		Exports	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Ethylene glycol	127,209	1,698,095	167,900	2,309,853	107,216	2,055,801	222,304	4,249,369
Ethylene oxide	20,027	460,983	0	0	20,414	573,535	0	0
Nonylphenol	4,478	143,511	12,887	449,051	3,978	161,309	8,937	404,691
Partially oriented yarn (POY)	20,093	485,475	181	6,847	30,424	945,144	52	1,595
Spin draw yarn (SDY)	16,818	582,319	1,324	37,801	16,711	662,454	1,623	57,540
Polyester chips	1,257	24,053	16,570	328,250	898	22,942	17,059	459,448
Draw texturized yarn (DTY)	20,477	726,546	198	5,797	21,196	915,858	15	319
Others	115,263	217,431	69	588	85,112	174,520	68	639
Total	325,622	4,338,413	199,129	3,138,187	285,949	5,511,563	250,058	5,173,601

* Consolidated companies

1. Pan Asia Chemical Corporation

Volume - Metric tons
Unit: NTD thousand

Year / Sales Volume/Value / Main Products	2020				2021			
	Domestic sales		Exports		Domestic sales		Exports	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Surfactants	12,515	486,914	19,557	753,597	13,447	589,503	17,593	832,504
Others	1,406	75,006	3,054	142,164	1,702	109,768	3,324	195,802
Total	13,921	561,920	22,611	895,761	15,149	699,271	20,917	1,028,306

2. Taichung Commercial Bank: not applicable.

III. Employees

* The Company

(1) Employees' information

Year		2020	2021	Until February 28, 2022
Employee No.	Staff	184	179	181
	Workers	398	396	396
	Total	582	575	577
Average age		45.1	45.91	46.06
Average seniority		14.86	15.54	15.67
Education Proportion	Doctoral Degree	0%	0%	0%
	Master	2.10%	2.10%	2.10%
	College	61.34%	61.7%	61.08%
	Senior High School	36.25%	36.0%	35.08%
	Below Senior High School	0.34%	0.2%	0.20%

(II) With respect to personnel handling the transparency of financial information, the certification they obtained as specified by the authority:

Certificate and license name	Number of people in finance and accounting	Number of people in internal audit
Passed internal control and internal audit examinations organized by the Taiwan Academy of Banking and Finance.	0	1
Senior Professional and Technical Exams hosted by the Ministry of Examination - Accountant	1	0
Junior Professional and Technical Exams hosted by the Ministry of Examination - Bookkeeper	1	0

* Consolidated companies

(I) Pan Asia Chemical Corporation

Year		2020	2021	As of February 28, 2022
Employee No.	Employees	48	48	47
	Workers	60	59	57
	Total	108	107	104
Average age		43.686	44.707	45.154
Average seniority		14.214	14.587	14.924
Academic qualification	PhD	0.00%	0.00%	0.00%
	Masters	8.16%	8.25%	8.51%
	Tertiary institution	72.45%	73.20%	74.47%
	Senior High School	19.39%	20.62%	21.28%
	Below Senior High School	0.00%	0.00%	0.00%

(II) Taichung Commercial Bank:

Year		2020	2021	Until February 28, 2022
Employee No.	More than 50 years old	612	690	694
	More than 40 years old	606	602	596
	More than 30 years old	581	558	544
	More than 20 years old	863	925	918
	Less than 20 years old	10	3	1
	Total	2,672	2,778	2,753
Average age		38.10	38.20	38.30
Average seniority		10.00	9.90	10.00
Education Background	Masters	12.60%	13.30%	13.30%
	Bachelor	68.20%	68.90%	69.10%
	College	14.50%	13.80%	13.70%
	Senior High School	4.70%	3.90%	3.70%
	Junior High School	0.10%	0.10%	0.10%
Professional designation and licensing and number of such employees	Securities sales traders	301	286	283
	Investment Insurance Products	1,154	1,162	1,143
	Securities investment trust/investment advice sales traders	1,210	1,592	1,586
	Initial credit extension personnel's professional ability	882	894	885

Year		2020	2021	Until February 28, 2022
	Advanced credit extension personnel's professional ability	46	41	41
	Futures sales traders	163	173	169
	Life Insurance Agent	2,089	2,127	2,085
	Bond sales qualified in professional ability test	25	32	32
	Initial foreign exchange personnel's professional ability	926	992	1,009
	Wealth management and planning personnel	456	445	438
	Trust Operations Personnel	1,987	2,174	2,145
	Bank's internal control basic test	1,569	1,881	1,868
	Senior Securities sales traders	211	220	213
	Property Insurance Agent	1,882	2,216	2,201
	Notes and bills traders	41	44	45
	Marketable securities, financing and financial instruments sales traders	8	5	5
	Internal auditor	2	1	1
	Stock affairs personnel qualified in professional ability test	28	33	34
	Foreign exchange professional ability	13	14	14
	Financial personnel's professional ability in appraising collaterals for credit extension	11	8	8
	Proficiency test for debt collection personnel	144	157	154
	Test for anti-money laundering and counter-terrorism financing professionals	1,030	1,027	1,030
	Qualification test for derivatives sales personnel	1,384	1,688	1,673

IV. Environmental Protection Expenditure.

* The Company

(I) Losses caused by environmental pollution in the most recent fiscal year until February 28, 2022: None.

(II) Future countermeasures: none.

(III) ROHS information: No impact on the Company.

* Consolidated companies

(I) Pan Asia Chemical Corporation

1. Within the latest year and as of February 28, 2022, the loss and impairment undergone by the Company as a result of environmental pollution (including compensation and environmental protection audit results in violation of environmental protection laws and regulations, the punishment date, file number of penalty, provisions of violated regulations,

the content of violated regulations, content of penalty). The Company shall, as well, disclose the estimated amount and countermeasures for a potential occurrence in the future. Where such impairment is unable to be estimated, the Company shall explain the facts why it could not be estimated in a rational manner: None.

2. Future countermeasures: none.
3. ROHS information: no impact on the Company.

(II) Taichung Commercial Bank: not applicable.

V. Employer and employee relationships

* The Company

(I) The implementation of employee welfare policy, continuing education and training, and retirement system, and labor-management coordination and the protection of the rights of the employees:

1. Continuing education and training of employees: The Company has always spared no effort in the education and training of employees. Some employees engaged in specialized functions are assigned to attend external training sessions and they are regularly monitored and retrained from time to time. The Company provides the education and training sessions for department or specified units as needed to reinforce the occupational competence of employees at all levels.
   Details on the education and training (specialized and general) of employees in 2021:

Gender	Male	Female
Average number of persons throughout the company	516	80
Training category	Training hours (hr)	
Training of specialized occupational competence (preliminary training and re-training for occupational and environmental safety and firefighting certification)	1437	39
Toxic and chemical hazards training (external drills and training)	20	0
Firefighting education and training (annual dumpster firefighting training)	0	0
General knowledge training (education and training sessions for new hires)	57	9
Occupational safety and health regulation training	189	115
Course for accounting personnel	0	102
Continuing education courses for internal auditing personnel	288	30
Total hours of training (hr)	1991	193
Average number of hours (hr/number of people)	3.86	3.69

2. Employee behaviors or code of ethics: The Company has developed a "Work Rules" manual for employees and personnel management rules, so that employees can clearly understand their rights and the standards on behaviors to be observed.
3. Work environment and employees' personal safety protection measures:
   (1) Access control security: A strict access control and monitoring system is available at all time, and a security patrol company is contracted to maintain the security and safety at night and during the weekend.
   (2) Maintenance and inspection of equipment: In accordance with the Regulations for Inspecting and Reporting Public Safety of Buildings, professional firms are contracted to conduct public safety inspection every two or four years. In accordance with the Fire Services Act, firefighting equipment inspection is contracted out to be conducted every year. In accordance with the Occupational Safety and Health Act, the Company regularly conducts maintenance and inspection of air-conditioning, firefighting and various equipment.

(3) Physiological / psychological health: The Company prohibits smoking at the job site, in line with the government's policies. Non-smoking signs are posted to remind employees not to smoke at work to maintain the quality of working environment. Regular and irregular health examinations for employees are arranged to maintain employees' health.

(4) Insurance: Purchase labor insurance (including occupational disaster insurance), health insurance, group insurance according to law. In the event of any casualties, the personnel unit will assist in handling issues related to insurance.

(5) Employee benefits: the Company established an employee welfare committee on December 15, 1976, which is responsible for the welfare of all employees. The measures include welfare assistance, education scholarships, cultural and recreational activities and other welfare subsidies. The budgeting, expenditures and arrangement of welfare benefits every year are discussed and monitored by committee members of the employee welfare committee every three month in their meetings, providing positive stabilizing effect to employees' mental state. Currently, the committee provides 12 months of maternity subsidy, scholarships for employees' children based on their education levels every semester, confinement benefit payment for daily medical and hospitalization expenses and others. Based on the financial conditions of the committee, domestic group tours are held for employees to develop the bonding.

(6) Employee retirement systems: the company rewards employees for their professional services and secures their livelihood while in service or after retirement.

Regulations to Retirement, pensions, and repatriation have been set up in accordance with the Labor Standards Act and other relevant laws and regulations. In terms of retirement measures for the existing employees who choose the old pension plan and the tenure payment of the old pension plan of the existing employees who choose the newer pension plan, the Company appropriates the proper amount of pension payment in accordance with the Labor Pension Act to the escrow account at Bank of Taiwan. Effective July 1, 2005, the Company has established a defined contribution pension plan under the Labor Pension Act, allocating 6% of monthly salaries and wages of new hires and the existing employee who selected the newer pension plan to the retirement fund personal account at Bureau of Labor Insurance. The application procedures for retirement is stipulated in the Labor Standards Act: those who have reached the age of 55 and worked for more than 15 years or those who have worked for more than 25 years, may apply for retirement. Pension benefits are based on the number of ears of service tenure, and two base units are accrued for each year of service. But for the rest of the service years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than 45. The Company also has formed a Supervisory Committee of Labor Retirement Reserve and allocated monthly an amount in accordance with the rules above to a retirement fund at the Bank of Taiwan. In terms of consolation measures, if an employee dies of occupational injury or disease, the Company pays funeral subsidy equal to five months of average wage and a lump sum survivors compensation equal to forty months of average wage to his/her survivors. Condolence payment is given to those who die not of occupational injury or disease. Various amounts of condolence payment are given according to the circumstances. In terms of severance packages, the issuance of severance is based on the service tenure. One month of average salary is given for every one year of service. For those who have not worked more than one year at the Company, the payment is at a pro-rated amount.

(II) Any labor disputes or loss sustained as a result of labor disputes in the most recent fiscal year and up to February 28, 2022: None.

*Consolidated companies

(I) Pan Asia Chemical Corporation

1. The implementation of employee welfare policy, continuing education and training, and retirement system, and labor-management coordination and the protection of the rights of the employees:

(1) The Company established an employee welfare committee on July 17, 1991, which

is responsible for the welfare of all employees. The measures include welfare assistance, education scholarships, cultural and recreational activities and other welfare subsidies. The budgeting, expenditures and arrangement of welfare benefits every year are discussed and monitored by committee members of the employee welfare committee every three month in their meetings, providing positive stabilizing effect to employees' mental state.

(2) To encourage employees to enrich their professional knowledge and skills and improve work quality and efficiency, the Company has developed training management measures to support the Company's sustainable management and development. The education and training program includes internal and external training courses. The planning and implementation of education, training and continuing education programs are carried out in accordance with the different needs of units within the Company. There are internal group training sessions and participation in the external professional courses, and the details regarding the participation in the external professional training courses are described below:

Item	Total number of person	Total hours	Total cost
Training for new recruits	4	56.0	0
Professional competence training	107	593.0	78,480
Managerial skills training	80	623.5	109,220
General knowledge training	160	325.0	8,500
Total	354	1,597.5	196,200

The course expenses are supported by the Company and there are a variety of external free professional courses of which employees are encouraged to attend.

(3) The Company has develop retirement, consolation and severance measures in accordance with the Labor Standards Act and the Labor Pension Act to offer employees with on-the-job and retirement benefits to appreciate their dedication in providing professional services.

(A) In terms of retirement measures:

a. For those who are eligible for the old pension plan, they may apply for retirement if they have reached the age of 55 and worked for more than 15 years or have worked for more than 25 years or have reached the age of 60 and worked for more than 10 years. Pension benefits follow the Labor Standards Act and are based on the number of years of service tenure, and two base units are accrued for each year of service. But for the rest of the service years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than 45. The Company also has formed a Supervisory Committee of Labor Retirement Reserve and allocated an amount to the retirement reserve fund on a monthly basis.

b. For those who are eligible for the new pension plan, the Company allocated 6% of the salary based on the Scale Tables of Monthly Deposit for Labor Pension to the retirement reserve fund. Once the employees reach the age of 60, they may apply for withdrawal from the Bureau of Labor Insurance themselves.

(B) In terms of consolation measures:

If an employee dies of occupational injury or disease, the Company pays funeral subsidy equal to five months of average wage and a lump sum survivors compensation equal to forty months of average wage to his/her survivors. Condolence payment is given to those who die not of occupational injury or disease. Various amounts of condolence payment are given according to the circumstances.

(C) In terms of severance measures:

a. The issuance of severance is based on the service tenure. One month of average salary is given for every one year of service. For those who have not worked more than one year at the Company, the payment is at a prorated amount.

b. For those who select or are eligible for the new pension plan, the issuance of severance is based on the service tenure. Half month of average salary is given for every one year of service. For those who have not worked more than one year at the Company, the payment is at most limited to six months of average salary.

(4) Working environment and personal safety protection measures: For the purpose of ensuring the protection for working environment and employee safety, the Company has continuously implemented the following measures:

(A) Environmental protection work: The factory has a wastewater treatment equipment to discharge wastewater from the manufacturing processes to the treatment plant of the industrial park through an effluent.

(B) Employee personal safety and protection:

a. Establish procedures for safety and health self-inspection, machinery inspection and maintenance, education and training, health examination, emergency response and firefighting drills, workplace and work rules, work permit, contractor management, standard operations and others.

b. Conduct comprehensive safety check and testing once a year for high-risk machinery and equipment.

c. Set up rules for the use of occupational safety gears and equipment so employees can properly wear their personal protective equipment, ensuring their own safety.

d. Job site permit, fire permit, permit-required confined space, locking permit form for electrical work, work at heights permit and other types of safety permits to ensure workers' safety.

e. Establish standard operating safety procedures for workers to abide by.

f. Conduct on-site work audit for all workers at least once a day. Report immediately if deficiencies with the facilities, work or environment are found and implement remedies and improvements.

g. Conduct training sessions for employees' professional skills and certification based on the annual education and training program and schedule.

h. Assign on-site operators to participate in on-the-job training for 3 to 6 hours in accordance with their job characteristics and conduct regular health examination.

(5) Regulation of employee conduct or formulation of ethical guidelines: the Company has formulated numerous employee management rules and regulations including work rules and Code of Ethical Conduct. All employees are required to sign a confidentiality agreement when reporting for duty. The Company strives to provide employees with a clear understanding of the rights and interests and relevant codes of conduct. .

2. Any labor disputes or loss sustained as a result of labor disputes in the most recent fiscal year and up to February 28, 2022: none.

(II) Taichung Commercial Bank:

1. Employees' continuing education:

(1) The Company organizes training courses for various business operations (such as depository, credit issuance, wealth management and others). Qualified employees are selected to serve as lecturers to conduct internal training and education to help employees in their job planning and career development. In response to the ever-changing trends in the financial markets, employees are encouraged to learn the latest financial knowledge, product information, regulatory systems and markets to provide customer with quality and professional services. Employees are frequently assigned to participate in external training courses. In 2021, a total of 16,793 people were assigned to attend external courses.

(2) Conceived with the corporate philosophy of “We do our best for you,” the Bank has

upgraded its belief to "Whole-hearted concern for a bright future" and makes service attitude and common courtesy an integral part of routine training. Through the professional code of conduct and legal education, the Bank makes self-discipline and affection an integral part in customer reception so that each competent employee with integrity will be the foundation of the Bank in sustainable development.

2. Employee Code of Conduct and Ethical Corporate Management Best Practice Principles: Announced on the Company's internal port for all employees to inquire.
   (1) All employees shall be law abiding and perform their duties with utmost effort.
   (2) The principles of honesty, integrity, caution, diligence shall be duly observed by all and there shall be no arrogance, greed, luxury, unrestrained, loitering and gambling at the expense of the reputation of the Bank. Be humble and courteous in treating the customers and efficient at work.
   (3) All employees shall keep the information on the business of the Bank, the customers and their transactions, and any other secretive activities in strict confidence, and shall not disclose to any third party. This code shall be applicable to employees who resigned or discharged from the Bank.
   (4) Employees shall not have transaction with current customers of the Bank in lending and borrowing, or shall not act as guarantor or the subject of guarantee.
   (5) Employees shall not act as guarantor under their occupational title.
   (6) Employees shall not undertake any part-time work beyond the duties of the Bank unless otherwise approved by the Bank.
   (7) Employees shall not run business homogenous to the operation of the Bank, and shall not engage in any speculative works privately.
   (8) Except in weekend and recognized holidays, employees shall report to duties in designated span of time, and shall be punctual and shall not leave their duties before the end of the working day. In addition, no employee may be absent from their duties without the approval of the supervisor.
3. Work environment and employees' personal safety protection measures:

Item	Contents
Entrance guard safety	1. A strict access control and monitoring system is available at all time. 2. Contract with the security company to maintain the safety of the office premises at nighttime and holidays. 3. Access to the police authority hotline for caution.
Maintenance and inspection of equipment	1. According to the Building Public Safety Inspection and Declaration Rules, the Bank will commission the profession service provider to conduct the public safety inspection and report per two or four years. 2. According to Fire Act, the Bank will outsource the fire inspection per year. 3. Proceed to the maintenance and inspection of company cars, high and low voltage electrical appliances, elevators, air-conditioners, water fountain machine, fire safety equipment and related equipment in accordance with applicable laws governing occupational safety and health.
Disaster prevention measures and response actions	The Bank has defined the instructions to rescue disasters and reporting procedure for occupational accidents, such as "Disaster Urgent Response Action Manual," "Guidelines for Dealing with Important Contingencies," "Instructions to Safety Protection and Organization of Relevant Business Units," "Labor Safety and Health Automatic Inspection Plan" and "Instructions to Maintenance of Facility Safety," expressly defining the job responsibilities to be taken by the Bank's staff before and after important events, such as force majeure and robbery, and also requiring the various business units to perform the robbery-proof drills and natural calamity.
Physical/mental health	1. The Bank provides the in-service staff with the health inspection service per two years. 2. Working environment sanitation: Smoking is banned in the business premises. Develop grievance filing procedures and the related penalty measures in accordance with the Sexual Harassment Prevention Act and Preventive Plan for Violations During Performance of Tasks. 3. Set up the inter-bank forum as the opinion exchange platform.
Insurance	Be enrolled in the labor insurance and health insurance programs pursuant to laws. In the case of any casualty, it is necessary to designate the dedicated

	personnel to safeguard evidence, contact the insurance company, work with the accidental liability insurance investigation conducted by the employer, filing of the claims and report to the competent authority.

4. Labor-management dispute: There have been no labor-management disputes in 2021.

VI. Cyber Security Management

(I) Describe the cyber security risks management structure, cyber security policy, concrete management plan and resources invested in cyber security management.

* The Company

(1) Cyber security risks management structure and organization structure

China Man-Made Fiber Corporation has established the Information Management Office (IMO) to coordinate information safety policy, plans, resource allocation and so on matters, and for research and discussions. One senior management personnel was appointed to be responsible for the coordination and promotion of information security management matters. The highest management of the IMO will report to the Board of directors and Audit Committee on the outcomes and related issues of information security management for proposing adjustments to information security policies and amendments. The Audit Office is responsible for reviewing and deciding information security and information protection guidelines and policies, refining the effectiveness of information security management measures.

(2) Cyber security policies

To ensure the integrity, confidentiality and availability of the corporation's information, information security policies have been established regulating information security segregation of duties, personnel management and information security educational training, computer system security management, network security management, system access control management, system development and maintenance of security management, information assets security management, physical and environment security management, business sustainable operations plan management, and information security audit; It is a goal to fulfill monitoring and audit matters to ensure the continuous effectiveness of information security regulations.

(3) Concrete management plan

A. All computers of the entire Company have been installed with anti-virus software and have been updated with virus codes on a regular basis. The Company has further set up a network firewall to prevent hackers, virus attacks and or any sorts of damage.

B. The Company has elaborately built virtualized server environment along with a fault-tolerant environment to maximize availability. For the data backup of application software and database, the Company has adopted an automatic backup mechanism and a regular version to exercise the disaster recovery plan on an annual basis to minimize the potential risk.

C. The Company has developed system access control and password mechanisms to avoid potential information security risks.

D. The computer mainframe room has been equipped with sound access control system, redundant air conditioning equipment and backup uninterruptible power system protection. The temperature sensing alarm notification system is linked up to the automatic gas firefighting equipment to assure the uninterrupted normal operation of the system all the time.

E. The Company puts into implementation thoroughly information security advocacy to strengthen employees' personal awareness and watchfulness of information security to minimize potential human risks.

* Consolidated companies

1. Pan Asia Chemical Corporation

(1) Cyber security risks management structure and organization structure

The Company has established the Management Department to coordinate information safety policy, plans, resource allocation and so on matters and for research and discussions. One senior management personnel was appointed to be responsible for the coordination and promotion of information security management matters. The highest management of the IMO will report to the Board of directors and Audit Committee on the outcomes and related issues of information security management for proposing adjustments to information security policies and amendments. The Audit Office is responsible for reviewing and deciding information security and information protection guidelines and policies, refining the effectiveness of information security management measures.

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E. The Company puts into implementation thoroughly information security advocacy to strengthen employees' personal awareness and watchfulness of information security to minimize potential human risks.

2. Taichung Commercial Bank

(1) Information security risk management structure

The highest strategy unit of the Bank's risk management organization structure is the Board of directors. The Risk Management Committee is established to coordinate risk management of the Bank. The Chief Information Security Officer acts as the convener for the Bank's Information Security Promotion Committee. The managerial officer of the Information Operation and Maintenance Department acts as the deputy convener. Under the Committee's administration is the information security execution team, information security promotion sub-team and emergency response team. There is also a dedicated "Information Security Section" established within the Information Operation and Maintenance Department. The Section's responsibilities are to coordinate and plan information security strategies, policies, and promotion. The purpose is to enhance employees' awareness to information security, collect and improve the Bank's information security management system performance and regulations, technologies, the confidentiality, integrity, availability and conformance effect of products, aligning with the Bank's business goals. The information security management audit meetings will be held twice each year to ensure the implementation of information security meets the requirements of the goals.

(2) Information security policies
To employ information security management, the Bank has established the information security operation and so on regulations and procedures. It is in the hope to achieve the following policy goals with joint efforts of the entire company employees:

A. Confidentiality: Protect sensitive information from unauthorized disclosure or use.
B. Availability: assure that information and important services are accessible when needed by users.
C. Integrity: appropriate security and protection measures to prevent improper alterations to information. These measures provide assurance in the accuracy and completeness of data.
D. Compliance: ensure that the execution by the Bank's various business service is in compliance the requirements of relevant laws and regulations.

(3) Continuous improvement structure
In response to the information security risks generated from the rapid changes of FinTech, the Bank has already set up an information security risk management structure. To align the Bank's information security management system with international standards, the Bank has obtained ISO 27001 Information Security Management System (ISMS) certification. There are regular secondary audit and re-audit each year to maintain its effectiveness. The information security control is based on the information security risk management structure, assessments of the information security management capability are conducted on a regular basis. These demonstrate the Bank's value and efforts in information security.

(4) Concrete management plan
The Bank's finance strategy and development goals are to provide customers with information services that are trustworthy and uninterrupted, prevent internal information security threats and enhance information security awareness of personnel. The information security control measures are established in pursuit of these service goals. Concrete management methods are elaborated as below:

A. Identity
AD account management is used for the Bank's employees. There are restrictions to the computer's online behavior and outgoing email review which with the use of antivirus software, this can lower the known risks. In addition, before the system is live, certain work procedures such as penetration testing, source code and weakness scanning, repair, and mobile APP are conducted regularly each year. Each year the social engineering drill and educational trainings are conducted regularly to cultivate employees awareness on information security.

B. Protect
The Bank has a few setups for in-depth defense, such as web application firewall, intrusion prevention and detection system, and firewall. The responsible unit will review and discharge on information protection. Access control is managed by privileged account to prevent non-authorized users from using the system. The physical security management for engine room is maintained through isolation and door access restrictions control. In principle, prohibit the use of USB.

C. Detect
To lower the chances of the Bank's customers from becoming victims of frauds via fake service platforms, the Bank has established web fraud detection system, ATM whitelist control and ATM monitoring management system.

D. Respond
To effectively monitor the behavior of various systems and incorporating all internal and external information security threat intelligence investigation, the

Bank's SIEM system provides monitoring report and dairy log for preservation and analysis. The system will gradually upgrade and strengthen becoming an automated association analysis alarm mechanism.

E. Recover

To raise the disaster response capability and shorten the recovery time, the structure of the Bank's information system is setup with three centers at two locations. Different drill plans are formulated for various systems. The drills are conducted each year to ensure its effectiveness. The information security events forensic investigation, and digital forensic appointment services are available for emergency responses to information security events. This is to ensure that the Bank builds up information security joint defense system when information security events occurred, lowering the losses.

For every quarter each year, the Bank will appoint a third party for assessment and to issue information security overall implementation status report which will be reported to the Board of directors. The information security maturity assessment will be completed. The implementation of information protection is achievable through the ISO 27001 Information Security Management System (ISMS) which is continuously improved and refined using the PDCA approach, compliance to the BS 10012 (PIMS) system and its relevant regulations.

(5) Invested resources

A. Complete 3 terms of information security awareness educational training for new employees.

B. Over 2,700 bank employees participated in the information security educational training.

C. Implement 2 times social engineering drills.

D. 32 work points, 35 procedures, information security regulations.

E. Passed the ISO 2700:2013 Information security management system certification.

F. Over 400 hours of professional educational trainings for information security professional personnel.

G. Information security license ISSP and CISM, 17 ISO 27001 LA, and 4 CEH.

H. Established the information security intelligence column for employees to read. A total of over 40 pieces of information security information, case studies and formal announcements for advocate were shared.

I. Outsourced the implementation of information security overall assessment and assessments on technology, compliance and so forth.

(II) In recent two years and as of the annual report publication date, losses arising from material information security events, its possible impacts and countermeasures. If unable to give a reasonable estimation, explain the reasons for being unable to give a reasonable estimation.

* The Company

Since 2021, China Man-Made Fiber Corporation has passed both internal and external cyber security audit and there are no discovery of significant deficiencies. There have been no occurrences of information security events such as penalties as a result of data leakage from information security breaches.

* Consolidated companies

1. Pan Asia Chemical Corporation

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2. Taichung Commercial Bank

On a weekend evening in June 2021, the Bank's customer service center had received a phone call from a customer responding on having received a SMS alert for a purchase transaction. The message requested the customer to log onto the internet banking website as provided to execute the transaction confirmation. After the Bank received the report and verified the information, it was discovered that the links contained in the SMS message were fake websites of the bank, and there were three websites, namely, www.tcbbanktw.com, www.tcbbanktw.org, www.tcbbanktw.net. The information had been forwarded to the relevant unit immediately.

Upon analysis, it was known that the 3 fake websites were created from cloud services overseas. To prevent customers from accidentally clicking on the link, the relevant information security unit had been notified immediately. The information security service provider and law enforcement authority then blocked the phishing websites. In fulfilling the duty to inform, the Bank took actions to remind customers to beware, through press release, and announcement on the homepage of official website and internet/mobile bank. Analysis and follow-up were conducted after the event and there were no customers experiencing losses.

VII. Major contracts

* The Company

Major Agreements	The parties	Contract start and end dates	Term of Agreement	Restriction clauses
Product Purchase Agreement	Pan Asia Chemical Corporation	2020.7.1～2025.6.30	Ethylene Oxide Sale Agreement	The buyer shall not resell products purchased from seller
Product Purchase Agreement	Pan Asia Chemical Corporation	2020.7.1～2025.6.30	Nonyl Phenol Sale Agreement	The buyer shall not resell products purchased from seller
Product Purchase Agreement	Pan Asia Chemical Corporation	2020.7.1～2025.6.30	Contracts for the sale of pure water, electricity, steam, and nitrogen and wastewater treatment.	The buyer shall not resell products purchased from seller
Technical cooperation	SHELL RESEARCH LTD.	From 2003.12.4	Shell EO/EG Process Use License and Engineering Service Permit	Conferred rights shall not be transferred to third parties
Raw material supply	CPC Corporation, Taiwan	2021.1.1~2021.12.31	Ethylene and Methane Purchase Agreement	Limited to petrochemical industry
Technical cooperation	SHELL RESEARCH LTD.	From May 19, 2011	Shell EO/EG Process Use License and Engineering Service Permit	Conferred rights shall not be transferred to third parties
Product Purchase Agreement	Air Liquide Far Eastern Ltd.	From July 29, 2011	Supply Contract for Oxygen and Nitrogen required for EG3 Plant	The buyer shall not resell products purchased from seller
Product Purchase Agreement	ShinHsiung Natural Gas Co., Ltd.	2020.10.31～2030.10.30	Agreement for Installation of Natural Gas Pipeline and Purchase of Natural Gas	The buyer shall not resell products purchased from seller
Construction	EARTH POWER Co., Ltd.	From August 14, 2018	Sanchung Plant New Construction Project	Non-restriction clauses
Product Purchase Agreement	PARTICO MACHINERY, INC.	From 2021.3.8	3-in-1 Die-Face Cutting Recycling & Pelletizing Machine	Non-restriction clauses

* Consolidated companies

1. Pan Asia Chemical Corporation

Major Agreements	Nature of agreement	Contract start and end dates	Term of Agreement	Limitation Article
Distributor contract	Dong-Fang Trading Co., Ltd.	1. 2021.1.1~ 2021.12.31 2. Both parties may agree to priority renewal upon the expiration of the contract 3. The contract became effective in 1984	1. Distribute products 2. Quantity of distribution 3. Price of distribution 4. Sales region	Party B shall not deal the same type of, similar or competitive products from other manufacturers.
Distributor contract	Chin Yee Chemical Industries Co., Ltd.	1.2021.1.1~ 2021.12.31 2. Both parties may agree to priority renewal upon the expiration of the contract 3. The contract became effective in 1984	1. Distribute products 2. Quantity of distribution 3. Price of distribution 4. Sales region	Party B shall not deal the same type of, similar or competitive products from other manufacturers.
Distributor contract	Yuan Jen Enterprises Co., Ltd.	1.2021.1.1~ 2021.12.31 2. Both parties may agree to priority renewal upon the expiration of the contract 3. The contract became effective in 1984	1. Distribute products 2. Quantity of distribution 3. Price of distribution 4. Sales region	Party B shall not deal the same type of, similar or competitive products from other manufacturers.
Distributor contract	Bun Hong Trading Co., Ltd.	1.2021.1.1~ 2021.12.31 2. Both parties may agree to priority renewal upon the expiration of the contract 3. The contract became effective in 1984	1. Distribute products 2. Quantity of distribution 3. Price of distribution 4. Sales region	Party B shall not deal the same type of, similar or competitive products from other manufacturers.
Purchase contract	China Man-Made Fiber Corporation	1. 2020.7.1～2025.6.30 2. Automatic extension for one year if both parties do not negotiate to terminate the contract upon the expiration of the contract period.	Purchase EO materials	In-house use, not for resale
Purchase contract	China Man-Made Fiber Corporation	1. 2020.7.1～2025.6.30 2. Automatic extension for one year if both parties do not negotiate to terminate the contract upon the expiration of the contract period.	Purchase NP materials	In-house use, not for resale
Purchase contract	China Man-Made Fiber Corporation	1. 2020.7.1～2025.6.30 2. Automatic extension for one year if both parties do not negotiate to terminate the contract upon the expiration of the contract period.	Contracts for the purchase of pure water, electricity, steam and nitrogen and wastewater treatment.	In-house use, not for resale

2. Taichung Commercial Bank

Major Agreements	The parties	Contracting Parties	Term of Agreement	Restriction clauses
Labor service procurement contracts	Yu Hsiao-lan Architects Office	2016.1.05- Construction completed	Appointment of supervision and technical design services for the construction of the corporate headquarters new building	N/A
Engineering Purchase Agreement	Da-Cin Construction Co., Ltd. EARTH POWER Co., Ltd.	2019.03.29~2023.06.05	The construction of the new building for the corporate headquarters	N/A
Consultation contract	Ares International Corporation	2020.02.01~2021.01.31	SWIFT consultation service	N/A
Lease contract	AT&T Taiwan	2018.07.13~2021.07.13	SWIFT network equipment and lines	N/A
Maintenance contract	Mercuries Data Systems	2021.01.01~112.12.31	Maintenance fee for ATMs and automatic passbook printers	N/A
Maintenance contract	NEC Taiwan Ltd.	2019.01.01~2023.12.31	Maintenance of interbank interface software	N/A
Maintenance contract	NEC Taiwan Ltd.	2019.01.01~2021.12.31	Remote backup support for foreign exchange server	N/A
Maintenance contract	NEC Taiwan Ltd.	2021.01.01~2021.12.31	Foreign exchange mainframe system update maintenance	N/A
Maintenance contract	NEC Taiwan Ltd.	2018.03.21~2021.03.20	Internal cloud storage and equipment	N/A
Maintenance contract	NEC Taiwan Ltd.	2018.09.15~2021.09.14	Maintenance for NX7700i host system	N/A
Service agreement	G4S Taiwan (Security)	2019.09.01~2021.08.31	Security guards at corporate headquarters	N/A
Service agreement	G4S Taiwan (Security)	2019.09.01~2021.08.31	Security guards at the banking locations	N/A
Service agreement	Leebao Security Co., Ltd.	2020.06.01~2021.05.31	Outsourced fund delivery	N/A
Service agreement	Leebao Security Co., Ltd. Anfeng Enterprise Co., Ltd.	2020.03.04~2022.03.03	ATM cash loading and problem elimination service	N/A
Service agreement	Transnational Group of Companies	2020.07.01~2022.06.30	Outsourced financial instruments and documents courier service	N/A
Property procurement contracts.	SYSTEX SOFTWARE & SERVICE CORPORATION	2020.05..22~2022.02.16	Expansion of cloud storage equipment and new remote backup plans.	N/A
Service agreement	Deloitte and Touche	2020.08.12~2021.08.11	Robotic Process Automation (RPA) consultancy services.	N/A
Service agreement	M-POWER INFORMATION CO., LTD.	2020.08.24~2021.08.23	Robotic Process Automation (RPA) rental services.	N/A

Six. Financial summary

I. Condensed balance sheets and statements of comprehensive income (consolidated information from different industries)

(I) Brief Balance Sheet

Unit: NTD thousand

Item \ Year		Financial information for the last five year				
		2017	2018	2019	2020	2021
Current assets		542,862,601	561,120,444	538,261,854	573,571,299	604,324,432
Property, plant and equipmen (Note 1))		22,382,631	22,428,871	23,585,296	23,932,395	24,907,282
Intangible assets		190,332	192,246	181,823	246,491	253,813
Other assets (Note 1)		126,293,656	137,165,381	149,875,263	165,340,881	171,652,728
Total assets		691,729,220	720,906,942	711,904,236	763,091,066	801,138,255
Current liabilities	Before Distribution	611,282,167	641,141,266	631,868,016	678,322,996	704,776,403
	After Distribution (Note 2)	611,425,116	641,293,507	631,868,016	678,485,102	Note 2
Non-current liabilities		27,047,662	21,484,888	19,433,814	18,367,919	24,585,824
Total liabilities	Before Distribution	638,329,829	662,626,154	651,301,830	696,690,915	729,362,227
	After Distribution (Note 2)	638,472,778	662,778,395	651,301,830	696,853,021	Note 2
Equity of the parent company		20,928,980	22,413,508	22,003,763	22,998,010	23,327,084
Capital stock		14,294,934	15,224,105	16,213,672	16,213,672	16,862,097
Capital surplus		1,677,818	1,694,875	1,710,808	1,663,531	1,656,687
Retained earnings	Before Distribution	6,394,939	6,906,131	5,012,171	5,921,888	5,137,520
	After Distribution (Note 2)	6,251,990	6,753,890	5,012,171	5,759,782	Note 2
Other equity		(210,802)	(183,694)	295,021	335,721	807,582
Treasury stock		(1,227,909)	(1,227,909)	(1,227,909)	(1,136,802)	(1,136,802)
Non-controlling interest		32,470,411	35,867,280	38,598,643	43,402,141	48,448,944
Total equity	Before Distribution	53,399,391	58,280,788	60,602,406	66,400,151	71,776,028
	After Distribution (Note 2)	53,256,442	58,128,547	60,602,406	66,238,045	Note 2

Note 1: For those who have revaluation of assets in the current year, specify the revaluation date and the value of appreciation.

Note 2: The “amount after distribution” in the preceding paragraph refers to the amount resolved in the shareholders’ meeting in the following year.

(II) Condensed statements of comprehensive income (consolidated information from different industries)

Unit: NT$ 1000 (except for the earnings per share)

Item \ Year	Financial information for the last five year				
	2017	2018	2019	2020	2021
Income	37,038,326	41,549,187	35,732,022	30,816,399	33,046,524
Expenses	32,831,382	36,404,425	32,615,940	25,895,694	28,375,096
Income before tax from continuing operations	4,206,944	5,144,762	3,116,082	4,920,705	4,671,428
Income tax expenses	(743,253)	(735,127)	(535,258)	(871,997)	(820,647)
Net income or loss for current period	3,463,691	4,409,635	2,580,824	4,048,708	3,850,781
Current period other comprehensive income (post-tax profit or loss)	204,282	4,211	592,861	345,080	625,647
Current period other comprehensive income (Gross)	3,667,973	4,413,846	3,173,685	4,393,788	4,476,428
Net profit attributable to parent company	793,987	1,372,035	(729,764)	942,047	5,699
Net profit attributable to non-controlling interest	2,669,704	3,037,600	3,310,588	3,106,661	3,845,082
Total comprehensive income attributable to owners of the parent company	872,456	1,365,286	(273,437)	1,004,138	500,302
Comprehensive income, gross, attributable to non-controlling interest	2,795,517	3,048,560	3,447,122	3,389,650	3,976,126
Earnings per share	0.66	1.06	(0.57)	0.70	0.00

* The Company has prepared individual financial statement; therefore, the below condensed individual balance sheets and Income Statement within five years are provided otherwise.

* For financial information adopting the International Financial Reporting Standards (IFRS) for less than 5 years, shall prepare separately in Table (2) below with financial information adopting Taiwan's Enterprise Accounting Standard.

Note 1: Any year that has not been audited and attested by CPAs should be noted.

Note 2: TWSE or TPEx listed companies should disclose the financial information of the most recent period that has been audited and verified by CPA as of the publication date of the annual report.

Note 3: Losses from discontinued operations are stated after deducting income tax.

Note 4: For the financial data corrected or recomposed internally upon the notice of the competent authorities, the corrected or recomposed amount should be applied to prepare the financial report with the fact and reason for correction or re-composition noted.

1-1 Condensed balance sheet and income statement (standalone information)

(I) Brief Balance Sheet

Unit: NTD thousand

Item / Year		Financial information for the last five year				
		2017	2018	2019	2020	2021
Current assets		8,488,418	9,994,209	6,994,181	4,258,104	5,622,500
Property, plant and equipment (Note 1)		11,357,316	11,286,138	10,917,846	9,622,004	9,173,654
Intangible assets		45	9	0	0	0
Other assets (Note 1)		16,331,738	17,604,254	19,670,814	21,826,922	24,119,102
Total assets		36,177,517	38,884,610	37,582,841	35,707,030	38,915,256
Current liabilities	Before Distribution	7,737,033	10,597,605	10,592,837	8,730,398	10,662,262
	After Distribution (Note 2)	7,879,982	10,749,846	10,592,837	8,892,504	Note 2
Non-current liabilities		7,488,514	5,852,347	4,963,337	3,956,551	4,904,336
Other liabilities		22,990	21,150	22,904	22,071	21,574
Total liabilities	Before Distribution	15,248,537	16,471,102	15,579,078	12,709,020	15,588,172
	After Distribution (Note 2)	15,391,486	16,623,343	15,579,078	12,871,126	Note 2
Equity of the parent company		20,928,980	22,413,508	22,003,763	22,998,010	23,327,084
Capital stock		14,294,934	15,224,105	16,213,672	16,213,672	16,862,097
Capital surplus		1,677,818	1,694,875	1,710,808	1,663,531	1,656,687
Retained earnings	Before Distribution	6,394,939	6,906,131	5,012,171	5,921,888	5,137,520
	After Distribution (Note 2)	6,251,990	6,753,890	5,012,171	5,759,782	Note 2
Other equity		(210,802)	(183,694)	295,021	335,721	807,582
Treasury stock		(1,227,909)	(1,227,909)	(1,227,909)	(1,136,802)	(1,136,802)
Total equity	Before Distribution	20,928,980	22,413,508	22,003,763	22,998,010	23,327,084
	After Distribution (Note 2)	20,786,031	22,261,267	22,003,763	22,835,904	Note 2

Note 1: For those who have revaluation of assets in the current year, specify the revaluation date and the value of appreciation.

Note 2: The “amount after distribution” in the preceding paragraph refers to the amount resolved in the shareholders’ meeting in the following year.

(II) Brief Income Statement

Unit: NT$ 1000 (except for the earnings per share)

Year / Item	Financial information for the last five year				
	2017	2018	2019	2020	2021
Operating revenue	16,904,870	20,064,863	13,591,338	7,476,601	10,685,164
Gross profit (loss)	695,946	810,696	(1,677,345)	(1,618,381)	(762,730)
Operating gains (losses)	48,866	56,391	(2,380,187)	(2,077,532)	(1,296,043)
Non-operating gain and loss in expenses	759,023	1,293,085	1,276,084	3,141,391	1,301,742
Net income before tax (net loss)	807,889	1,349,476	(1,104,103)	1,063,859	5,699
Income (loss) before tax of the continuing business units	793,987	1,372,035	(729,764)	942,047	5,699
Profit or loss from discontinued operations	0	0	0	0	0
Net income (loss) for current period	793,987	1,372,035	(729,764)	942,047	5,699
Current period other comprehensive profit or loss	78,469	(6,749)	456,327	62,091	494,603
Current period other comprehensive income (Gross)	872,456	1,365,286	(273,437)	1,004,138	500,302
Earnings per share	0.66	1.06	(0.57)	0.73	0.00

(III) Names and opinions of auditors:

Year	CPA	Auditor's opinions
2017	Oscar Shih, Jin-Yen Wang	Unqualified opinion (Emphasis of matter or others)
2018	Oscar Shih, Wen-Ya Hsu	Unqualified opinion (Emphasis of matter or others)
2019	Wen-Ya Hsu, Oscar Shih	Unqualified opinion (Other information)
2020	Wen-Ya Hsu and Su-Huan Yu	Unqualified opinion (Other information)
2021	Wen-Ya Hsu and Su-Huan Yu	Unqualified opinion (Other information)

II. Financial analysis for the latest 5 years

(I) Consolidated information from different industries

Analytical items	Year	Financial Analysis for the most recent five years				
		2017	2018	2019	2020	2021
Financial structure (%)	Debt to assets ratio	92.28	91.92	91.49	91.30	91.04
	Long-term fund to property, plant and equipment ratio	Note	Note	Note	Note	Note
Solvency (%)	Current ratio	Note	Note	Note	Note	Note
	Liquid ratio	Note	Note	Note	Note	Note
	Interest coverage ratio	Note	Note	Note	Note	Note
Operating ability	Account receivable turnover (times)	Note	Note	Note	Note	Note
	Days sales in account receivable	Note	Note	Note	Note	Note
	Inventory turnover (times)	Note	Note	Note	Note	Note
	Average payables turnover (times)	Note	Note	Note	Note	Note
	Average inventory turnover days	Note	Note	Note	Note	Note
	Property, plant, and equipment turnover (times)	0.92	1.08	0.78	0.50	0.64
	Total assets turnover (times)	0.03	0.03	0.03	0.02	0.02
Profitability	Return on assets (%)	1.02	1.17	0.95	0.98	0.81
	Return on equity (%)	6.64	7.9	4.34	6.38	5.57
	Pre-tax income to paid-in capital (%)	29.43	33.79	19.22	30.35	27.70
	Net profit rate (%)	16.75	18.21	14.39	33.93	24.76
	Earnings per share (NTD)	0.66	1.06	(0.57)	0.70	0.00
Cash flow	Cash flow ratio (%)	Note	Note	Note	Note	Note
	Cash flow adequacy ratio (%)	Note	Note	Note	Note	Note
	Cash flow reinvestment ratio (%)	Note	Note	Note	Note	Note
Leverage	Operating leverage	Note	Note	Note	Note	Note
	Financial leverage	Note	Note	Note	Note	Note

Reasons for the changes in the financial ratios in the past two years (increased or decreased by more than 20%):

1. Increased real estate, plants, equipment turnover rates compared to the previous period: due to increased sales revenues of parent company China Man-Made Fiber Corporation.
2. Decreased profitability compared to the previous period: due to profit from land sold in previous period by parent company China Man-Made Fiber Corporation.

Note: The consolidated statements of the Company are from the consolidation of different industries, and the ratio is not applicable to the financial industry.

1. Financial structure
   (1) Liabilities to total assets =Total liabilities/total assets.
   (2) Ratio of long-term capital to property, plant and equipment＝(Total equities＋noncurrent liabilities) / property, plant and equipment.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio＝(current assets－inventories－prepaid expense) / current liabilities
   (3) Interest coverage ratio = net profit before interest and tax / interest expenses for the current period.
3. Operating ability
   (1) Receivable (including accounts receivable and notes receivable arising from business operation) Turnover = Net sales / average receivable (including accounts receivable and notes receivable arising from business operation) balance
   (2) Days sales in account receivable = 365 / Account receivable turnover (times)
   (3) Inventory turnover (times) = Cost of goods sold / average inventory amount
   (4) Payable (including accounts payable and notes payable arising from business operation) Turnover = Cost of goods sold / Average payable (including accounts payable and notes payable arising from business operation) balance
   (5) Average days in sales = 365 / Inventory turnover (times)
   (6) Property, plant, and equipment turnover (times) = Net sales / Net average property, plant, and equipment
   (7) T Total assets turnover (times) = Net sales / Average total assets
4. Profitability
   (1) Return on assets = (after tax net profit + interest expenses x (1- tax rate)) / average asset balance.
   (2) Return on shareholders' equity = after tax net profit/ total average equity.
   (3) Profit ratio＝net income / net sales
   (4) Earnings per share＝(profits or loss attributable to owners of the parent company－preferred stock dividend) / weighted average stock shares issued)
5. Cash flow
   (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
   (2) Cash flow adequacy ratio=net cash flow from operating activities within five years / (capital expenditure + inventory increase + cash dividend) within five years
   (3) Cash re-investment ratio＝(net cash flow from operating activity－cash dividend) / (gross property , plant, and equipment＋long-term investment＋other noncurrent assets＋working capital)
6. Leverage:
   (1) Operating leverage = (Net operating revenue-variable operating costs and expenses)/Operating profit
   (2) Financial leverage = Operating profit / (Operating profit - interest expense)

(II) Individual information

<table>
<tr><th colspan="3" rowspan="2">Year
Analytical items</th><th colspan="5">Financial Analysis for the most recent five years</th></tr>
<tr><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th></tr>
<tr><td rowspan="2">Financial structure (%)</td><td colspan="2">Debt to assets ratio</td><td>42.15</td><td>42.36</td><td>41.45</td><td>35.59</td><td>40.06</td></tr>
<tr><td colspan="2">Long-term Fund to Property, Plant and Equipment (%)</td><td>250.42</td><td>250.63</td><td>247.21</td><td>280.36</td><td>307.98</td></tr>
<tr><td rowspan="3">Solvency (%)</td><td colspan="2">Current ratio</td><td>109.71</td><td>94.31</td><td>66.03</td><td>48.77</td><td>52.73</td></tr>
<tr><td colspan="2">Liquid ratio</td><td>75.90</td><td>65.04</td><td>49.23</td><td>33.56</td><td>35.53</td></tr>
<tr><td colspan="2">Interest coverage ratio</td><td>5.83</td><td>9.09</td><td>(4.92)</td><td>7.14</td><td>1.04</td></tr>
<tr><td rowspan="7">Operating ability</td><td colspan="2">Account receivable turnover (times)</td><td>8.38</td><td>8.20</td><td>6.00</td><td>5.68</td><td>7.71</td></tr>
<tr><td colspan="2">Days sales in account receivable</td><td>43.56</td><td>44.51</td><td>60.83</td><td>64.26</td><td>47.34</td></tr>
<tr><td colspan="2">Inventory turnover (times)</td><td>11.38</td><td>9.68</td><td>8.79</td><td>9.08</td><td>11.10</td></tr>
<tr><td colspan="2">Account payable turnover (times)</td><td>9.47</td><td>10.43</td><td>10.23</td><td>9.94</td><td>12.56</td></tr>
<tr><td colspan="2">Average inventory turnover days</td><td>32.07</td><td>37.72</td><td>41.51</td><td>40.21</td><td>32.89</td></tr>
<tr><td colspan="2">Property, plant and equipment
Turnover ratio (times)</td><td>1.48</td><td>1.77</td><td>1.22</td><td>0.73</td><td>1.14</td></tr>
<tr><td colspan="2">Total assets turnover (times)</td><td>0.47</td><td>0.53</td><td>0.36</td><td>0.2</td><td>0.29</td></tr>
<tr><td rowspan="6">Profitability</td><td colspan="2">Return on assets (%)</td><td>2.62</td><td>4.01</td><td>(1.52)</td><td>2.95</td><td>0.33</td></tr>
<tr><td colspan="2">Return on equity (%)</td><td>3.88</td><td>6.33</td><td>(3.29)</td><td>4.19</td><td>0.02</td></tr>
<tr><td rowspan="2">Ratio to issued capital stock (%)</td><td>Operating profit</td><td>0.34</td><td>0.37</td><td>(14.68)</td><td>(12.81)</td><td>(7.69)</td></tr>
<tr><td>Income before taxation</td><td>5.65</td><td>8.86</td><td>(6.81)</td><td>6.56</td><td>0.03</td></tr>
<tr><td colspan="2">Net profit rate (%)</td><td>4.7</td><td>6.84</td><td>(5.37)</td><td>12.6</td><td>0.05</td></tr>
<tr><td colspan="2">Earnings per share (NTD)</td><td>0.66</td><td>1.06</td><td>(0.57)</td><td>0.70</td><td>0</td></tr>
<tr><td rowspan="3">Cash flow</td><td colspan="2">Cash flow ratio (%)</td><td>2.54</td><td>1.55</td><td>4.06</td><td>(0.37)</td><td>(15.18)</td></tr>
<tr><td colspan="2">Cash flow adequacy ratio (%)</td><td>54.23</td><td>40.81</td><td>42.20</td><td>1.95</td><td>(19.17)</td></tr>
<tr><td colspan="2">Cash flow reinvestment ratio (%)</td><td>0.64</td><td>0.08</td><td>0.91</td><td>(0.11)</td><td>(5.78)</td></tr>
<tr><td rowspan="2">Leverage</td><td colspan="2">Operating leverage</td><td>24.04</td><td>20.12</td><td>Note</td><td>Note</td><td>Note</td></tr>
<tr><td colspan="2">Financial leverage</td><td>(0.41)</td><td>(0.51)</td><td>Note</td><td>Note</td><td>Note</td></tr>
</table>

Reasons for the changes in the financial ratios in the past two years (increased or decreased by more than 20%):

1. Decreased in interest coverage ratio and profitability compared to the previous period: due to profit from land sold in previous period.
2. Increased account receivable turnover and inventory turnover as compared to the previous period: Mainly due to the sales revenue having a larger growth than accounts receivable, and the cost of goods sold having a larger growth than inventory.
3. Increased account payable turnover as compared to the previous period: Mainly due to the increase in cost of goods.
4. Increased real estate, plants, equipment turnover rates and total assets turnover as compared to the previous period: Mainly due to increased sales revenues.
5. Decreased cash flow ratio, cash re-investment ratio, and cash flow adequacy ratio for the period as compared to the previous period: This can mainly be attributed to an increase in accounts receivable and inventories as compared to the previous period, which in turn resulted in increased net cash outflow from operating activities as compared to the previous period.

Note: Operating profits were negative.

The financial analysis formulas are as follows:

1. Financial structure
   (1) Liabilities to total assets =Total liabilities/total assets.
   (2) Ratio of long-term capital to property, plant and equipment＝(Total equities＋noncurrent liabilities) / property, plant and equipment.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio＝(current assets－inventories－prepaid expense) / current liabilities
   (3) Interest coverage ratio = net profit before interest and tax / interest expenses for the current period.
3. Operating ability
   (1) Receivable (including accounts receivable and notes receivable arising from business operation) Turnover = Net sales / average receivable (including accounts receivable and notes receivable arising from business operation) balance
   (2) Days sales in account receivable = 365 / Account receivable turnover (times)
   (3) Inventory turnover (times) = Cost of goods sold / average inventory amount
   (4) Payable (including accounts payable and notes payable arising from business operation) Turnover = Cost of goods sold / Average payable (including accounts payable and notes payable arising from business operation) balance
   (5) Average days in sales = 365 / Inventory turnover (times)
   (6) Property, plant, and equipment turnover (times) = Net sales / Net average property, plant, and equipment
   (7) T Total assets turnover (times) = Net sales / Average total assets
4. Profitability
   (1) Return on assets = (after tax net profit + interest expenses x (1- tax rate)) / average asset balance.
   (2) ROE = Income after taxation/Average net equity.
   (3) Profit ratio＝net income / net sales
   (4) Earnings Per Share = (earnings – dividends from preferred shares)/weighed average quantity of outstanding shares.
5. Cash flow
   (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
   (2) Cash flow adequacy ratio=net cash flow from operating activities within five years / (capital expenditure + inventory increase + cash dividend) within five years
   (3) Cash re-investment ratio＝(net cash flow from operating activity-cash dividend) / (gross property, plant, and equipment + long-term investment + other noncurrent assets＋working capital)
6. Leverage:
   (1) Operating leverage = (Net operating revenue-variable operating costs and expenses)/Operating profit
   (2) Financial leverage = Operating profit / (Operating profit - interest expense)

III. Audit Committee' Review Report

Audit Committee' Review Report

The board of directors has submitted the Company's 2021 business and financial reports (including the consolidated financial reports) and profit distribution table. Among them, the financial reports (including the consolidated financial reports) have been audited and validated by the certified public accounts, Wen-Ya Hsu and Su-Huan Yu, of Deloitte Taiwan. The reports are to be presented in accordance with Article 14-4 of the Securities and Exchange Act.

To:

The 2022 Annual General Shareholders' Meeting

Audit Committee

Convener: Te-Wei Li

March 14, 2022

IV. Auditor's report, consolidated financial report and summary of notes for the most recent fiscal year

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

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**				
	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

		Equity of the company										
		Capital stock		Retained earnings			Other equity					
Code		Common stock	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences from the translation of financial statements of foreign operations	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

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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. <u>Major sources leading to major accounting judgments and uncertainties in estimate</u>

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. <u>Cash and cash equivalents</u>

	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	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	Shareholding and voting right ratio 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. <u>Business units in continuing operation income</u>

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

	2021	2020
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
Deferred tax liabilities				
Temporary difference				
Allowance for land increment value tax	$ 1,021,567	($ 1,535)	$ -	$ 1,020,032

2020

Deferred income tax assets	Balance, beginning of year	Recognized in the profit or loss	Recognized in the other comprehensive profit of loss	Balance, end of year
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

Unit: Thousand Shares

	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	-	-	"	"
			1 3 8					
	Chiu OO	1,500	-	-	-	13	"	"
			1 3 8					
	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	"	"
				1 3 8				
	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		Total
	Derivatives	Equity instruments	Debt instruments	Equity instruments	Debt instruments	
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:

Quantified indicators

(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.

Quality indicators

(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.

Quantified indicators

(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.

Quality indicators

(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.

Measurement of anticipated credit loss

(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	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	$ 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	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	$ 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	Total
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets		

				Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	
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		
	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					
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		
	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	$ 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		
	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	$ 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		
	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	$ 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		
	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	$ 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		
	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	$ 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		
	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					
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		
	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	$ 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:

Credit rating	Definition	Basis for recognizing expected credit losses	Expected credit loss rate	Total book value of December 31, 2021: Measured at fair values through other comprehensive income	Total book value of December 31, 2021: 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:

				Total book value of December 31, 2020	
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%~ 0.44%	$ 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. Information on transfer of financial assets

Transferred financial assets not being removed in all

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

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	Related amounts not offset in the balance sheet		Net
				Financial instruments	Cash collateral received	
Reverse repurchase and securities borrowing agreement	$11,258,439	$ -	$11,258,439	$11,258,439	$ -	$ -

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	Related amounts not offset in the balance sheet		Net
				Financial instruments	Cash collateral pledged	
Repurchase and securities lending agreement	$ 1,205,559	$ -	$ 1,205,559	$ 1,205,559	$ -	$ -

December 31, 2020

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	Related amounts not offset in the balance sheet		Net
				Financial instruments	Cash collateral received	
Reverse repurchase and securities borrowing agreement	$12,773,121	$ -	$12,773,121	$12,773,121	$ -	$ -

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	Related amounts not offset in the balance sheet		Net
				Financial instruments	Cash collateral pledged	
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		December 31, 2020	
	Total NPL exempted from report	Total non-performing receivable accounts exempted from report	Total NPL exempted from report	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 liabilities	138,013,894	358,827,497	95,835,145	12,243,899	604,920,435
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	$ 1,119,525	$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 endorsement 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	Shares traded on the Taiwan Stock Exchange or OTC exchange							
	Taiwan Business Bank	CHINA MAN-MADE FIBER CORPORATION	N/A	1	$ 8	-	$ 8	
	Non listed (OTC) domestic stock							
	EVERSOL CORP.	”	N/A	35	-	1	-	
	Beneficiary certificate							
	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	
	Beneficiary certificate							
	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	
	Beneficiary certificate							
	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	
	Beneficiary certificate							
	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

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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>Shares traded on the Taiwan Stock Exchange or OTC exchange</u>							
	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	
	<u>Non listed (OTC) domestic stock</u>							
	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	-	
	<u>Non-listed (OTC) overseas stock</u>							
	UNFON CONSTRUCTION CO., LTD (Hong Kong)	”	Affiliate	3,250	7,507	18	7,507	
	<u>Shares traded on the Taiwan Stock Exchange or OTC exchange</u>							
	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	

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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

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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	Non listed (OTC) domestic stock							
	Sunny Bank	Chou Chin Industrial Co., Ltd.	N/A	1,438	$ 13,821	-	$ 13,821	
	Shares traded on the Taiwan Stock Exchange or OTC exchange							
	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	
	Non listed (OTC) domestic stock							
	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	Domestic corporate bonds							
	Taichung Commercial Bank financial bonds	CHINA MAN-MADE FIBER CORPORATI ON	A subsidiary of CHINA MAN-MADE FIBER CORPORATION	110,000	110,000	-	110,000	
	Domestic corporate bonds							
	Taichung Commercial Bank financial bonds	Pan Asia Chemical Corporation	A subsidiary of CHINA MAN-MADE FIBER CORPORATION	200,000	200,000	-	200,000	
	Domestic corporate bonds							
	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$790,000 thousand pledge
	Domestic corporate bonds							
	Taichung Commercial Bank financial bonds	Chou Chang Corporation	A subsidiary of CHINA MAN-MADE FIBER CORPORATION	350,000	356,797	-	356,797	NT$ 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	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			
			warehousing of 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.

2. With Mainland China, major transactions and other prices, payment conditions, unrealized gains and losses that happened directly or indirectly through the third region by the investment company.

(1) Input amounts, percentages, balance and percentages of relevant payable at end of the term. (None)

(2) Sales amounts, percentages, balance, & percentages of relevant receivables at end of the term. (None)

(3) Amount of property transaction and amount of the profit and/or loss so incurred. (None)

(4) Balance and purposes of endorsements/guarantees or collateral provided at end of the term. (See page 203 for details)

(5) The highest balance of fund financing balance at end of the term, range of interest rates and total amount of interest in the current term. (None)

(6) Other transactions having significant effect upon profit and/or loss or financial standing of the current term, e.g., provision or acceptance of services. (None)

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

V. Individual financial statements and summary of notes for the most recent fiscal year audited and validated by a certified public accountant

Independent Auditor's Audit Report

To CHINA MAN-MADE FIBER CORPORATION:

Audit opinions

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

In my opinion, the financial statements as referred to, on the basis of my audit findings and the audit reports compiled by other certified public accountants, present fairly, in all material aspects, the financial position of China Man-Made Fiber Co., Ltd. as of December 31, 2021 and 2020, and the results of its operation and cash flows for the year then ended in conformity to the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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 separate financial statements. We are independent of China Man-Made Fiber Co., Ltd. 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 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 individual financial statements of China Man-Made Fiber Co., Ltd. in 2021. These matters were addressed in the content of our audit of the individual 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 individual financial statements of China Man-Made Fiber Co., Ltd. in 2021 included:

<u>Authenticity of specific sales revenue</u>

Notes to key audit matters

Within the Year 2021, China Man-made Fiber Corporation received NT$4,255,556 thousand sales revenues from specific customers, accounting for 40% of the net individual sale revenues. Besides, sales revenues from such specific customers prove relatively higher in gross profit margin. Accordingly, the authenticity of sales revenues from such specific customers is taken as the one of the very key points in audit. Please refer to Note 4 (14) of the financial statements for the accounting policies on sales revenue recognition.

Audit response

1. Awareness of the design and implementation of the internal control systems related to the recognition of sales revenues.
2. The efforts to obtain details of the sales revenues account for specific customers 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.

<u>Adopt the equity method to assess the impairment of discounting and advances.</u>

Notes to key audit matters

As stated in Note 13 of the standalone financial statements, the amount of investment in Taichung Commercial Bank by China Man-Made Fiber adopting the equity method was NT$13,837,165 thousand, accounting for 36% of the total assets as of December 31, 2021. Therefore, the financial performance of Taichung Commercial Bank will significantly impact China Man-Made Fiber's number in subsidiaries, affiliates and joint ventures by equity method.

For discounts and balances of the loans, Taichung Commercial Bank Co., Ltd. amortized the anticipated credit losses in the Year 2021 in the amounts of NT$479,806,373 thousand and NT$1,040,130 thousand, respectively. In comprehensive consideration for a decision to determine the loss from impairment by Taichung Commercial Bank Co., Ltd. involves the major estimate and judgment by its management, including the probability of default and the default loss rates where that Bank should faithfully comply with the laws and regulations concerned of the competent authority(ies) and the specifications of their decrees and letters. The outcome of the impairment evaluation would significantly affect the financial performance by Taichung Commercial Bank Co., Ltd. Accordingly, we, the certified public accountant, determine to take the anticipated credit loss for the Bank’s discount and loans as the very key points in audit.

Audit response

1. Understand and test the internal control system adopted by Taichung Commercial Bank 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 Taichung Commercial Bank, understand and test 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 standalone financial statements of China Man-Made Fiber 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 standalone 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, both accounting for 3% of the total assets. 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, accounting for 5% and (5%) of the total comprehensive income, respectively. Meanwhile, certain information related to the re-investees’ business disclosed under Note 35 of the individual financial statement is, as well, disclosed based on the audit reports of other certified public accountants.

Responsibilities of Management and Those in Charge with Governance of the Individual Financial Statements

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

In preparing the individual financial statements, the management is responsible for assessing the ability of China Man-Made Fiber Co., Ltd. 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. 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..

Auditor’s Responsibilities for the Audit of the Individual Financial Statements

Our objectives are to obtain reasonable assurance about whether the individual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue and 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 individual 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 individual financial statements, whether or not 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..
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 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 individual 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. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the individual statements, including related notes, whether the individual statements represent the underlying transactions and events in a matter that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence on the financial information of business entities within the China Man-Made Fiber Co., Ltd. in order to express an opinion on the individual 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..

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 individual financial statements of China Man-Made Fiber Co., Ltd. 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

CHINA MAN-MADE FIBER CORPORATION
Individual Balance Sheets
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 30)	$ 1,433,954	4	$ 1,543,392	4
1110	Financial assets through profit and/or loss with measuring for the faire values-current (Note 4 and 7)	240,629	1	400,278	1
1150	Notes receivable (Note 4 and 10)	135,693	-	25,432	-
1170	Accounts receivable (Note 4 and 10)	1,682,749	4	700,927	2
1180	Accounts receivable - non-related parties (Note 4, 10 and 30)	130,201	-	96,470	-
1200	Other receivable (Note 4 and 10)	30,549	-	26,188	-
1210	Other receivable - related parties (Note 4, 10 and 30)	204	-	461	-
1220	Current income tax asset (Notes 4 and 25)	1,081	-	1,653	-
130X	Inventory (Note 4 and 11)	1,228,413	3	834,574	2
1410	Prepaid (Note 12)	605,696	2	493,443	2
1470	Other current assets (Note 18 and 31)	133,331	-	135,286	1
11XX	Total current assets	5,622,500	14	4,258,104	12
	Non-Current assets				
1517	Financial assets at fair value through other comprehensive income- non-current (Note 3, 8 and 31)	2,300,736	6	1,933,259	5
1550	Investment by equity method (Note 4, 13 and 31)	18,882,429	48	17,055,023	48
1600	Real estates, plant and equipment - net (Notes 4, 14 and 31)	9,173,654	24	9,622,004	27
1755	Right-of-use assets (Note 4 and 15)	2,690	-	12,629	-
1760	Real estate investments - net (Note 4, 16 and 31)	2,043,503	5	1,849,924	5
1780	Intangible assets – net (Note 4 and 17)	-	-	-	-
1840	Deferred income tax assets – net (Note 4 and 25)	651,043	2	650,514	2
1990	Other current non-assets (Note 18)	238,701	1	325,573	1
15XX	Total non-current assets	33,292,756	86	31,448,926	88
1XXX	Total assets	$ 38,915,256	100	$ 35,707,030	100
Code	**Liabilities and equity**				
	Current liabilities				
2100	Short-term loans (Note 19 and 31)	$ 6,548,247	17	$ 4,313,689	12
2110	Short-term bills payable (Note 19)	848,431	2	748,824	2
2150	Payable notes	2,629	-	254	-
2160	Payable notes - related parties (Note 30)	5,587	-	-	-
2170	Accounts payable	689,548	2	763,358	2
2180	Accounts payable - related parties (Note 30)	361,746	1	-	-
2219	Other accounts payable (Note 20)	297,793	-	271,533	1
2280	Lease liabilities – current (Note 4 and 15)	1,531	-	10,057	-
2320	Long-term liability due in one year or one business cycle (Note 19 and 31)	1,869,028	5	2,578,238	8
2399	Other current liabilities	37,722	-	44,445	-
21XX	Total of current liabilities	10,662,262	27	8,730,398	25
	Non-current liabilities				
2540	Long-term loans (Note 19 and 31)	3,822,200	10	2,868,574	8
2550	Liability reserve (Note 4 and 21)	214,929	1	219,239	1
2570	Deferred tax liabilities (Note 4 and 25)	866,019	2	866,019	2
2580	Lease liabilities – non-current (Note 4 and 15)	1,188	-	2,719	-
2670	Other liabilities (Note 4 and 22)	21,574	-	22,071	-
25XX	Total non-current liability	4,925,910	13	3,978,622	11
2XXX	Total liabilities	15,588,172	40	12,709,020	36
	Equity (Note 23)				
3110	Common stock capital	16,862,097	44	16,213,672	45
3200	Capital surplus	1,656,687	4	1,663,531	5
	Retained earnings				
3310	Legal reserve	946,448	2	855,476	2
3320	Special reserve	1,934,645	5	1,940,822	5
3350	Undistributed earnings	2,256,427	6	3,125,590	9
	Other equity				
3410	Exchange differences from the translation of financial statements of foreign operations	(112,220)	-	(116,241)	-
3420	Unrealized gain or loss on financial assets at fair value through other comprehensive profit or loss	919,802	2	451,962	1
3500	Treasury stock	(1,136,802)	(3)	(1,136,802)	(3)
3XXX	Total equity	23,327,084	60	22,998,010	64
	Total Liabilities and Equity	$ 38,915,256	100	$ 35,707,030	100

The notes attached shall constitute an integral part of this individual 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
Individual Income Statement
January 1 to December 31, 2021 and 2020

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

Code		2021 Amount	2021 %	2020 Amount	2020 %
4000	Operating income (Note 4 and 30)	$ 10,685,164	100	$ 7,476,601	100
5000	Operating expenses (Note 4, 11, 24 and 30)	(11,447,894)	(107)	(9,094,982)	(122)
5900	Gross losses	(762,730)	(7)	(1,618,381)	(22)
5910	Unrealized gain on the subsidiary, affiliated company and joint ventures (Note 4)	(960)	-	-	-
5920	Realized gain on the subsidiary, affiliated company and joint ventures (Note 4)	13	-	-	-
5950	Realized gross losses	(763,677)	(7)	(1,618,381)	(22)
	Operating expenses (Note 4, 10 and 24)				
6100	Marketing expenses	(383,568)	(4)	(352,158)	(5)
6200	Administrative and general affairs expenses	(147,776)	(1)	(192,670)	(2)
6450	Expected credit impairment loss (gains)	(1,022)	-	85,677	1
6000	Total operating expenses	(532,366)	(5)	(459,151)	(6)
6900	Operating losses	(1,296,043)	(12)	(2,077,532)	(28)
	Non-operating revenues and expenses				
7070	Amounts of profit and/or loss of subsidiaries recognized in equity method, associates and the share of the profit or loss of joint ventures (Note 4)	1,345,350	13	1,017,225	14
7100	Interest revenues (Note 4 and 30)	8,037	-	10,248	-
7130	Dividend income (Note 4)	28,510	-	40,546	1
7190	Other gains and losses (Note 24 and 30)	84,138	1	23,858	-
7215	Capital gain from disposition of investment property (Note 16)	-	-	2,863,685	38
7230	Foreign exchange gain (loss) – net	(31,651)	-	(60,496)	(1)
7235	Gain (loss) on financial assets and liabilities at fair value through profit and loss (Note 4 and 24)	57,437	-	24,814	-
7610	Gain (loss) in disposal of real estate, plant buildings, equipment & facilities	915	-	(2)	-
7673	Impairment loss of property, plant and equipment (Note 4 and 14)	(44,244)	(1)	(605,359)	(8)
7510	Financial cost (Note 4 and 24)	(146,750)	(1)	(173,128)	(2)
7000	Total non-operating revenues and expenses	1,301,742	12	3,141,391	42
7900	Income before tax from continuing operations	5,699	-	1,063,859	14
7950	Income tax expenses (Note 4 and 25)	-	-	(121,812)	(2)
8200	Net profits of the current year	5,699	-	942,047	12
	Other comprehensive profit or loss				
	The items that are not re-classified as profit or loss				
8311	Determined Benefit Plan Reevaluation (Note 4 and 21)	(2,645)	-	(8,509)	-
8316	Unrealized valuation of the capital gain/loss from equity instrument at fair value through comprehensive income statement as other comprehensive income	324,684	3	(148,504)	(2)
8330	The proportion of other comprehensive incomes from subsidiaries, associates, and equity joint-ventures accounted for under the equity method – not reclassified as profit and loss	231,140	2	190,468	3
8349	Income tax related to titles without reclassification (Notes 4 and 25)	529	-	1,702	-
8310		553,708	5	35,157	1
	Items that may be re-classified subsequently under profit or loss				
8361	Exchange differences from the translation of financial statements of foreign operations	4,021	-	(29,246)	(1)
8380	The proportion of other comprehensive income of subsidiaries, associates, and equity joint ventures accounted for under the equity method – may be reclassified as profit and loss.	(63,126)	-	56,180	1
8360		(59,105)	-	26,934	-
8300	Other comprehensive income of the current year (net amount after taxation)	494,603	5	62,091	1
8500	Total amount of comprehensive income of the current year	$ 500,302	5	$ 1,004,138	13
	Earnings per share (Note 26)				
9750	Basic earnings per share	$ -		$ 0.70	
9850	Diluted earnings per share	$ -		$ 0.70	

The notes attached shall constitute an integral part of this individual 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
Individual Statements of Changes in Shareholders' Equity
January 1 to December 31, 2021 and 2020

Unit: NTD thousand

Code		Capital stock		Retained earnings			Other equity			
		Common stock	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences from the translation of financial statements of foreign operations	Unrealized gain or loss on financial assets at fair value through other comprehensive profit or loss	Treasury stock	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
	The 2019 appropriation and distribution of earnings									
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)
D1	2020 Profit	-	-	-	-	942,047	-	-	-	942,047
D3	Other comprehensive net income in 2020 (after tax)	-	-	-	-	(15,146)	(29,246)	106,483	-	62,091
L1	Repurchase of treasury stock	-	-	-	-	-	-	-	(1,745)	(1,745)
M5	The differences between carrying amount and market price of disposal of shares in subsidiaries	-	(6,270)	-	-	(47,133)	-	-	92,852	39,449
M7	Changes in the ownership equity on a subsidiary	-	(41,007)	-	-	(5,832)	-	-	-	(46,839)
Q1	Disposal of equity instrument investments measured at fair value through other comprehensive income:	-	-	-	-	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
	The 2020 appropriation and distribution of earnings									
B1	Legal reserve appropriated	-	-	90,972	-	(90,972)	-	-	-	-
B5	Cash dividends	-	-	-	-	(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
D1	2021 Profit	-	-	-	-	5,699	-	-	-	5,699
D3	Other comprehensive net income in 2021 (after tax)	-	-	-	-	(3,187)	4,021	493,769	-	494,603
M1	Dividends distributed to the subsidiaries adjusted to the additional paid-in capital	-	15,826	-	-	-	-	-	-	15,826
M7	Changes in the ownership equity on a subsidiary	-	(22,670)	-	-	(2,421)	-	-	-	(25,091)
Q1	Disposal of equity instrument investments measured at fair value through other comprehensive income:	-	-	-	-	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

The notes attached shall constitute an integral part of this individual 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
Individual Statements of Cash Flow
January 1 to December 31, 2021 and 2020

Unit: NTD thousand

Code		2021	2020
	Cash flow from operating activities		
A10000	Current year net profit before taxation	$ 5,699	$ 1,063,859
A20100	Depreciation expenses	587,305	646,732
A20300	Expected credit reversal benefit (loss)	1,022	(85,677)
A23900	Unrealized sales gain on the subsidiary, affiliated company and joint ventures	948	-
A20400	Gain (loss) on financial assets and liabilities at fair value through profit and loss	(57,437)	(24,814)
A20900	Financial costs	146,750	173,128
A21200	Interest revenue	(8,037)	(10,248)
A21300	Dividend income	(28,510)	(40,546)
A22400	Shareholding in profit of subsidiaries, affiliated company and joint ventures under the equity method	(1,345,350)	(1,017,225)
A22500	Gain (loss) in disposal of real estate, plant buildings, equipment & facilities	(915)	2
A22700	Capital gain from disposition of investment property	-	(2,863,685)
A23700	Loss in impairment of non-financial assets	51,676	585,505
	Net change in operating assets and liabilities		
A31115	Financial assets mandatorily measured at fair value through profit or loss	217,086	224,382
A31180	Accounts receivable	(1,131,963)	1,059,898
A31200	Inventory	(401,271)	354,456
A31230	Prepayments	(112,253)	116,373
A31240	Other current assets	826	(1,972)
A32180	Payables	321,681	(330,915)
A32200	Liability reserve	-	64,908
A32230	Other current liabilities	(6,723)	11,364
A32240	Net determined benefit liability	(6,955)	(16,580)
A33000	Cash generated from operating activities	(1,766,421)	(91,055)
A33100	Interest received	9,060	11,271
A33200	Dividends received	284,662	341,140
A33300	Interest payment	(146,273)	(174,038)
A33500	Income tax received (paid)	572	(119,305)
AAAA	Net cash outflow from operating activities	(1,618,400)	(31,987)
	Cash flow from investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive profit or loss	(59,925)	(1,763)
B00020	Disposal of financial assets at fair value through other comprehensive profit or loss	12,622	9,227
B00030	De-capitalization refunded monies of financial assets at fair value through other comprehensive profit or loss (decrease)	12,187	809
B01800	Acquisition of investment under the equity method	(617,998)	(446,524)
B01900	Disposal of long-term equity investments under the equity method	34,015	-
B02700	Acquisition of property, plant and equipment	(172,796)	(417,263)
B02800	Disposal of property, plant and equipment	1,669	-
B03700	Decrease (increase) in Refundable deposits	1,280	(540)
B05400	Acquisition of investment property	(194,797)	(264,154)
B05500	Disposition of investment property	-	3,633,295
B06800	Decrease (increase) in other assets	86,784	(228,017)
BBBB	Net cash inflow (outflow) from investing activities	(896,959)	2,285,070
	Cash outflow from financing activities		
C00200	Increase (decrease) in short-term loans	2,234,558	(2,127,324)
C00500	Increase in short-term notes payable	99,607	100,539
C01600	Proceeds from long-term loan	3,285,000	7,558,828
C01700	Re-payments of long-term borrowings	(3,040,584)	(8,129,839)
C03100	Decrease in guarantee deposits	(497)	(833)
C04020	Repayment of rental principal	(10,057)	(12,314)
C04500	Cash dividend released	(162,106)	-
C04900	Cost of treasury stock repurchase	-	(1,745)
CCCC	Net cash inflow (outflow) from financing activities	2,405,921	(2,612,688)
EEEE	Net decrease in cash and cash equivalents	(109,438)	(359,605)
E00100	Cash and cash equivalents balance – beginning of year	1,543,392	1,902,997
E00200	Cash and cash equivalents balance – end of year	$ 1,433,954	$ 1,543,392

The notes attached shall constitute an integral part of this individual 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 the Individual Financial Statements

January 1 to December 31, 2021 and 2020
(In Thousands of New Taiwan Dollars, Unless Otherwise Noted)

1. Company Profile
   (1) The Company 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) The Company is primarily engaged in the following business lines:
      1. Manufacturing, processing and buying and selling of man-made fiber, cellophane, polyamine fiber, polyester fiber, chemicals and the raw materials.
      2. Development, manufacturing and buying and selling of machinery used for the above products.
      3. Manufacturing and buying and selling of ethylene glycol, ethylene oxide, nonylphenol, ethylene, liquefied petroleum gas and the related petrochemical industry products.
      4. Lease and sale of national housing and commercial buildings constructed by commissioned contractors;
      5. Distribution, sorting and storage of various products.
      6. Management of supermarkets, trading of fresh foods, vegetables, fish, dried merchandise and various seasonings;
      7. Manufacturing and sales of steam and industrial and commercial electricity by cogeneration (electricity shall not be sold to energy users).
      8. Agency, distribution and contract bidding for installation of cogeneration and pollution control equipment.
      9. Manufacturing and sales of oxygen, liquid oxygen, nitrogen, liquid nitrogen, air argon, liquid argon, carbon dioxide and compressed air.
      10. Gas station.
   (3) This parent company only financial statement is denominated in NT Dollar, the functional currency of the Bank.
2. Financial reporting date and procedures

   The individual financial statements were approved for publication by the board of directors 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 (abbreviated collectively as "IFRSs") endorsed and published by the Financial Supervisory Commission (abbreviated as "the FSC" in the following context) for the first time.

   In addition to the descriptions below, the IFRSs to which the amendment is applicable and recognized and promulgated to take effect by the Financial Supervisory Commission, R.O.C. (Taiwan) will not cause major changes in the company's accounting policy.

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

   The Company has 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 Company applies 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 or not 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 1, 2022 (Note 1)
Amendment to IFRS 3 "Reference to the conceptual framework"	January 1, 2022 (Note 2)
IAS 16 amended “Real estate and plants and equipment: reaching the price before the scheduled use status.”	January 1, 2022 (Note 3)
IAS 37 amended “Onerous contracts-cost for contract fulfillment.”	January 1, 2022 (Note 4)

Note 1: An amendment of IFRS 9 is applicable to the exchange or clause modification of financial liabilities in the annual reporting period beginning after January 1, 2022; an amendment to IAS 41 “Agriculture” is applicable to the annual reporting period beginning after January 1, 2022 focusing on the fair value measurement. An amendment to IFRS 1 “adopting IFRSs for the first time” is applicable, retrospectively, to the annual reporting period beginning after January 1, 2022.

Note 2: This amendment applies to business merger of which the acquisition date starts after January 1, 2022 during the annual reporting period.

Note 3: The factory, real estate and equipment that are required to reach the necessary location and state of the management’s expected operating mode after January 1, 2021 are subject to this amendment.

Note 4: This amendment applies to contracts that have not been fulfilled for all obligations as of January 1, 2022.

The assessment of individual company on above IFRSs as of the day this individual 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 1, 2023 (Note 2)
IAS 8 amended “Definition of accounting estimations.”	January 1, 2023 (Note 3)
Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023 (Note 4)

Note 1: Unless otherwise stated, the aforementioned new / revised / amended standards or interpretations 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 said amendment expressly stipulates that the Company should determine the significant accounting policy information that should be disclosed based on the definition of materiality. 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:

- The accounting policy information related to non-significant transactions, other issues or circumstances is attributed as non-significant and the Company is not required to disclose such information.
- The Company may judge and determine that the relevant accounting policy information is significant as a result of the attribute of the transaction, other issues or circumstances even if the amount is not significant.
- 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 Company changed its accounting policy during the reporting period where such change resulted in a significant change in the financial statement information;
2. The Company selects its own applicable accounting policy from the provided options allowed by the standard;
3. Amidst the inadequate specific standards, the Company has established accounting policies in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors;"
4. The Company discloses relevant accounting policies where it shall adopt significant judgments or assumptions to determine; 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 above effects, as of the release date of the individual financial report, the company continues to evaluate the impact on the financial position and performance from the abovementioned standards and interpretations, and the relevant impacts will be disclosed when the evaluation is completed.

4. Summary of important accounting policies

(1) Statement of Compliance

The individual financial statements were prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

(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 individual 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.

The Company when preparing the individual financial statements has the investment in subsidiaries and affiliated companies processed under the equity method. To align the individual financial statements to be identical to the current year's loss or gain, other general loss or gain and equity and the company's consolidated statements belonging to company owner's current year's loss or gain, other general loss or gain and equity, under the individual basis and consolidation basis, those involving accounting processing variations pertain to adjusting "investment adopting the equity method," "share amounts of subsidiaries, affiliated enterprises adopting the equity method" and related equity items.

(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.

For those that are not current assets or liabilities above are classified as non-current assets or liabilities.

(4) Foreign currencies

In the process of compiling the parent company only financial statement, all transactions conducted other than the functional currency of the Bank shall be converted into the functional currency for bookkeeping as of the exchange rate effective on the transaction date.

Foreign currency monetary items are translated at the closing rate on each balance sheet date. The exchange differences arising from the settlement of monetary items or translating monetary items are recognized in the current profit or loss.

The foreign non-currency items measured at fair value are translated in accordance with the exchange rate on the fair value determination date and the exchange difference is booked as current profit or loss. However, for the changes in fair value recognized in the other comprehensive profit or loss, the exchange difference is recognized in the other comprehensive profit or loss.

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.

Upon preparation of the Individual Financial Report, the assets and liabilities of the Company's and overseas operating institutions (including the subsidiaries, associates, joint ventures or branches in the countries of business operation or those using currencies different from the Company's) were converted to New Taiwan Dollars based on the exchange rate quoted on every balance sheet date. The profits and losses are translated in accordance with the current average exchange rates, and the exchange differences resulted is booked in other comprehensive profit and loss and attributable to the Company's shareholders and non-controlling equity, respectively.

When liquidating an offshore operating entity and which also results in losing control or with critical impact to said offshore operating entity, equity related to said offshore operating entity that can be classified to company owner's equity will be reclassified as loss or gain.

(5) 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.

(6) Investment under the equity method

The Company has the investment in subsidiaries and affiliated companies handled in accordance with the equity method.

1. Investment in subsidiaries

Subsidiaries are the entities controlled by the Company.

Under the equity method, investments were originally recognized at cost; the book value after the acquisition date fluctuates along with the distribution of profit or loss from the subsidiaries and other comprehensive profit or loss. In addition, for the changes in the affiliated company's equity, the Company is entitled to have it recognized proportionately to the shareholding.

When the Company's change in the ownership of the subsidiary does not result in loss of control, it is treated as an equity transaction. The difference between the book amount of the investment and the fair value of the consideration paid or received shall be directly recognized as equity.

If the company's loss share amount to a subsidiary equals to or exceeds said subsidiary's equity (including the subsidiary's book value amount using the equity method and said subsidiary's other long-term equity in its investment makeup portion tangibly belonging to the company), it pertains to continuing to recognize as a loss by shareholding ratio.

Acquisition costs in excess of the Company's share of net identifiable assets and liabilities (i.e. fair value) in a subsidiaries on the date of acquisition are recognized as goodwill. This goodwill includes book value of the investment and is not amortized. Share of net identifiable assets and liabilities (*i.e.,* fair value) in subsidiaries that exceeds acquisition cost on the date of acquisition is recognized as gains for the current year. In the acquisition of a subsidiary that does not constitute business undertakings, the acquisition cost is allocated to identifiable assets acquired where appropriate (including intangible assets), as well as the share of liabilities assumed, without producing goodwill or current benefits.

In assessing impairment, the Company based on the cash drivers of the financial statements and compared the recoverable amount and book value. If the amount of recoverable assets increased in the future, the reversal of impairment shall be recognized as income. The book value of the reversal of impaired assets shall not exceed the book value before recognition for impairment net of amortization. Subsequent reversal of impairment loss is not allowed.

In the event of loss of control over the subsidiary, the Company shall measure the fair value of the residual investment in the subsidiary on the date loss of control over the subsidiary. The difference between the fair value of the residual investment and the amount of disposal and the book amount of the investment on the date loss of control over the subsidiary is recognized in the profit and loss of the year. In addition, the accounting treatment for the amounts recognized in the other consolidated gains and losses that are related to the subsidiary is same as the accounting principle to be complied with while the Company directly disposing the relevant assets or liabilities.

The unrealized concurrent trade between the company and the subsidiaries stated in the financial statement of individual entities shall be removed. The profit or loss resulting from the countercurrent, and side-stream transactions between the Company and the subsidiary are recognized in the individual financial statement within the range irrelevant with the Company's interest in the subsidiary.

2. Investments in the affiliated company

The company has a significant influence on an affiliated company that is not a subsidiary or joint venture.

The 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. In addition, the changes in the equity of affiliates shall be recognized in proportion to the proportion of shareholding.

When associates issue new shares, if the 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 and joint 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 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 Company' discontinued recognition of the further losses. The 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 the Company performs an impairment evaluation, the overall carrying amount of the investments are treated as one single asset and then the impairment test performed to compare its recoverable amount with the carrying amount. The recognized impairment loss will not be allocated to any asset that causes the components of the carrying amount of investments. 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 Company and the affiliated company is recognized in the individual financial statement within the range that is irrelevant to the Company's interest in the affiliated company.

(7) 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. Costs include professional service expanses and loan costs that meet the capitalization conditions. 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 Company shall review the estimation of life span, residual value and depreciation method at least once a year and extend the effect of changes in applicable accounting policy.

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.

(8) 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 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.

(9) 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.

2. Derecognition

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

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

The company evaluates whether there are any signs of impairment in real estate, plants and equipment, right-of-use assets and intangible assets (other than goodwill) on every balance sheet date. 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 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.

(11) Financial instruments

When the Company has become a party to the instrument contract, the financial assets and financial liabilities are to be recognized in the individual 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.

(1) Classification of measurement

The financial assets held by the 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.

The financial assets measured at fair value though profit or loss is measured at fair value; also, the profit or loss of revaluation (including any dividends or interest arising from the financial asset) is recognized in the profit and loss. Please refer to Note 29 for the determination of fair value.

B. Financial assets on the basis of cost after amortization

If the financial assets of the 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, notes receivable on the basis of cost after amortization, accounts receivable and other receivables) 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.

The term "credit-impaired financial assets" refers to financial assets whose active market has disappeared due to significant financial difficulty or breach of contract of the issuer or borrower, possible declaration of bankruptcy or other financial reorganization of the borrower, or any other financial difficulty.

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 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 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 consolidated acquirer under corporate 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 dividends of the investment of equity instruments at fair value through other comprehensive income shall be recognized as income when the right of the 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 company measures its amortized financial assets (including accounts receivable) measured by cost and other general loss or gain by fair value on investments' impairment loss measured by debt instruments with anticipated credit loss assessment on every balance sheet date.

Notes receivable and receivable accounts 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.

For internal credit risk management purpose, the Company, without considering the collateral, determines the following circumstances indicating that a default has occurred on the financial instrument:

A. There is internal or external information indicating that the debtor is no longer able to pay off a debt.

B. Payments are overdue for more than 90 days, unless there are reasonable and supporting information showing that the delayed default benchmark is more appropriate.

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 Company's financial assets are 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.

Derecognition of financial asset measured at amortized costs in its entirety, the difference between the asset's carrying amount and the consideration received is recognized in 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. Financial Liabilities

(1) Subsequent measurement

All financial liabilities are evaluated at the amortized cost using the effective interest method.

(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.

(12) 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.

(13) 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.

(14) Recognition of revenue

The 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. Revenue through sale of products

When income on goods sold having had a price and utilization right defined by the customer and who also shoulders the primarily resale liability and who also assumes the goods' shelfing and dating risk, the company recognizes the income and accounts receivable at said timing point.

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

Interest income of financial assets is recognized when the economic benefit is likely to flow to the Company and the amount of revenues can be measured reliably. 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 revenue

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. Dividends income

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

(15) Leasing

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

1. The 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. All lease agreements of the Company are currently operating leases.

Lease payments for operating leases upon deduction of lease incentives are recognized as income on a straight-line basis in relevant lease periods.

When leases include both land and building elements, the Company assesses whether or not different element categories are finance or operating leases based on whether almost all risks and returns associated with the ownership rights pertaining to each element have been transferred to the lessee. Lease payments are allocated proportionally to land and buildings based on the fair value of lease rights for land and buildings on the date of contract conclusion. If lease payments can be allocated to these two elements in a reliable manner, each element shall be handled in accordance with the applicable lease category. If lease payments cannot be allocated to these two elements in a reliable manner, the entire lease shall be classified as a finance lease. However, if it is evident that these two elements meet the operating lease standards, the entire lease shall be classified as an operating lease.

2. The 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 expressed on the individual 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 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 expressed on the individual balance sheet.

(16) 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.

(17) 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.

(18) 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

Under the defined contribution pension plan, the pension amount appropriated during the service years of the employees is recognized as an expense.

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.

(19) 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

Based on the regulations set by each income tax reporting jurisdiction, the company shall determine the current income (loss), based on which the payable (recoverable) income tax is calculated.

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

Income 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 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 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 and 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 period’s income tax or deferred income tax is incurred from acquiring a subsidiary, the income tax impact sum is streamlined into the invested subsidiary's accounting processing.

5. Main source of significant accounting judgment, estimates and assumptions uncertainty

When the accounting policies stated in Note 4 adopted by the 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 Company 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

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	$ 603	$ 603
Bank checks and demand deposits	1,433,351	1,542,789
	$ 1,433,954	$ 1,543,392

The market interest rate interval of bank deposit on the balance sheet date was as follows:

	December 31, 2021	December 31, 2020
Bank deposits	0%~0.05%	0%~0.05%

7. Financial instrument at fair value through profit and loss

	December 31, 2021	December 31, 2020
Financial assets - current		
Measured at fair value through income under compulsion		
Non-derivative financial assets		
- Shares traded on the Taiwan Stock Exchange or OTC exchange	$ 8	$ 8
- Beneficiary certificate	240,621	400,270
	$ 240,629	$ 400,278

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

	December 31, 2021	December 31, 2020
Non-current		
Equity investment	$ 2,190,736	$ 1,823,259
Debt instrument	110,000	110,000
	$ 2,300,736	$ 1,933,259

(1) Equity investment

	December 31, 2021	December 31, 2020
Non-current		
Domestic investment		
Listed stocks and emerging stock		
Hua Nan Financial Holding Company common shares	$ 1,485,172	$ 1,245,624
Taiwan Tea Corp. common shares	349,160	289,532
Maxigen Biotech Inc. common shares	26,948	13,974
Bank of Kaohsiung Preferred Stock A	29,100	-
	1,890,380	1,549,130
Unlisted/OTC		
Sunny Commercial Bank Co. common shares	27,642	24,996
WK Technology Fund Co. common shares	293	9,674
WK Technology Fund Co. common shares	254	5,598
Common stock of Minchali Metal Industrial Co., Ltd.	95,880	84,300
Taiwan Silk & Filament Weaving Development Co. common shares	23,497	28,047
Taiwan Silk & Filament Weaving Development Co. Preferred shares	4,407	-
Common stock of TWSE	135,862	110,209
Everterminal Co. common shares	5,014	3,440
	292,849	266,264
Foreign investments		
Unlisted/OTC		
Common stock of UNFON CONSTRUCTION CO., LTD (Hong Kong)	7,507	7,865
	$ 2,190,736	$ 1,823,259

1. The 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 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 more information on pledge of equity instrument investments measured at fair value through other comprehensive gains and losses, please refer to Note 31.

(2) Debt instrument

	December 31, 2021	December 31, 2020
Non-current		
Domestic investment		
Bank debentures of Taichung Commercial Bank	$ 110,000	$ 110,000

Refer to Note 9 for further information on investment of debt instruments measured at fair value through other comprehensive income and related risk management and evaluation of impairment.

9. Credit risk management for investment in debt instruments

The company has invested of debt instruments are classified as financial assets measured by fair value under other general loss or gain.

	December 31, 2021	December 31, 2020
Total Book Value	$ 110,000	$ 110,000
Loss allowance	-	-
Cost after amortization	110,000	110,000
Fair value adjustment	-	-
	$ 110,000	$ 110,000

The company has adopted of policy for merely investing in debt instruments with an investment grade or higher (inclusive) and with loss assessment being low in credit risk. Bonds are classified in accordance with the initial credit rating classification from MOODY's, FITCH, S&P and Taiwan Ratings. The company would continue to follow up on external assessment information, through which to monitor the credit risk fluctuations on its invested debt instruments, and also monitors the bond yield ratio curve and creditors' critical information among other information, to assess whether the debt instruments' credit risk has apparently increased following the initial recognition.

The company takes into consideration of outside assessment entities-supplied various levels of history default loss ratios, debtors' current financial standing and the industries' future forecasts, to measure the debt instrument investment's 12-month expectant credit loss or expectant credit loss during the sustaining period.

The current credit risk evaluation approach of the 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, 2021
Normal	The debtors' credit risk is low and also has sufficient capability to pay off contractual cash flows.	Anticipated credit loss in 12 months	0%~0.5%	$ 110,000

Credit rating	Definition	Basis for recognizing expected credit losses	Expected credit loss rate	Total book value of December 31, 2020
Normal	The debtors' credit risk is low and also has sufficient capability to pay off contractual cash flows.	Anticipated credit loss in 12 months	0%~0.5%	$ 110,000

10. Notes receivable, accounts receivable and other receivables

	December 31, 2021	December 31, 2020
Notes receivable		
Measured on the basis of cost after amortization		
Notes receivable	$ 135,693	$ 25,432
Less: Allowance for losses	-	-
	$ 135,693	$ 25,432

<u>Accounts receivable</u>		
Measured on the basis of cost after amortization		
Accounts receivable	$ 1,818,019	$ 835,175
Accounts receivable - related parties	130,201	96,470
Less: Allowance for losses	(135,270)	(134,248)
	$ 1,812,950	$ 797,397
<u>Other receivables</u>		
Receivable tax refund	$ 12,769	$ 8,406
Other receivable - related parties	204	461
Others	19,712	19,714
Less: Allowance for losses	(1,932)	(1,932)
	$ 30,753	$ 26,649

(1) Accounts receivable and notes receivable

The company's average credit period of product sales is 30-90 days. No interest will be calculated for accounts receivable; if the credit condition of 30 days is exceeded, the unpaid balances of some customers will be computed at 3% interest rate per annum. The company has adopted of policy pertains to merely conducting transactions with subjects surpassing company internal credit check, and would cease to ship the goods or obtain a guarantee check under necessary circumstances, through which to mitigate the risk of financial loss incurred due to overdue payment. The Company will use other publicly available financial information and historical transaction records to rate major customers. The company would continue to monitor credit exposure and the transaction opponents' credit rating, and would also spread transaction amounts to varied customers with satisfactory credit rating; in addition, company management would manage credit exposure per approved empowerment on revalidation and approving the transaction opponents' line of credit.

To mitigate credit risk, company management has assigned designated personnel to be responsible for determining the line of credit, credit approval and other monitoring procedures, through which to ascertain that adequate action has been taken on recalling overdue payments receivable. In addition, the 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 Company's credit risk is significantly reduced.

The Company adopts the preparation matrix to measure the allowance loss for notes and accounts receivable (including related party) as follows:

<u>December 31, 2021</u>

	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%~10%	20%~50%	50%~100%	75%~100%	100%	
Total Book Value	$1,569,347	$ 465,099	$ 49,467	$ -	$ -	$2,083,913
Allowance for loss (expected credit loss of the given duration)	(17,517)	(93,020)	(24,733)	-	-	(135,270)
Cost after amortization	$1,551,830	$ 372,079	$ 24,734	$ -	$ -	$1,948,643

<u>December 31, 2020</u>

	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%~10%	20%~50%	50%~100%	75%~100%	100%	
Total Book Value	$ 770,193	$ 154,076	$ 32,808	$ -	$ -	$ 957,077
Allowance for loss (expected credit loss of the given duration)	(38,510)	(62,930)	(32,808)	-	-	(134,248)
Cost after amortization	$ 731,683	$ 91,146	$ -	$ -	$ -	$ 822,829

Loss allowance of receivables (including related party) as follows:

	2021	2020
Balance, beginning of year	$ 139,118	$ 224,795
Add: Impairment loss appropriated in this year	1,022	-
Reduction: Impairment reversal benefits in the current year	-	(85,677)
Balance, end of year	$ 140,140	$ 139,118

The foresaid receivables' loss reserve includes loss reserve for notes receivable, accounts receivable, other receivables and collection.

11. Inventory

	December 31, 2021	December 31, 2020
Merchandise	$ 505,774	$ 68,921
Finished goods	359,112	343,320
Work in process	114,860	54,455
Raw materials	229,004	344,301
Supplies	19,663	23,577
Available-for-sale housing	-	-
	$ 1,228,413	$ 834,574

(1) The inventories of finished goods included the finished goods, by-products, supplies in transit by the 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 company's building/land available for sale on December 31, 2021 and 2020 are both are NT$65,775 thousand, which pertains to the He Ti co-development case located in Sanchung District, New Taipei City, in a three-way joint collaboration among the company, Hung Chou Fiber Industrial Co., Ltd. and San Feng Construction Co., Ltd. in 1997, which has been completed in 2000 and provided as allowance for bad debt in whole.
(3) The Company's cost of goods sold related to inventory in 2021 and 2020 were NT$11,447,894 thousand and NT$9,094,982 thousand, respectively. Cost of goods sold include inventory losses (revaluation gains) of NT$7,432 thousand and NT$(19,854) thousand, respectively, and the loss from work stoppage were NT$630,384 thousand and NT$924,024 thousand, respectively.
(4) As of December 31, 2021 and 2020, the allowance for inventory losses was NT$237,669 thousand and NT$230,237 thousand, respectively.

12. Pre-payments

	December 31, 2021	December 31, 2020
Pre-paid expenses	$ 329,173	$ 337,326
Pre-paid materials purchases	83,550	5,110
Tax credit	192,973	151,007
	$ 605,696	$ 493,443

13. Investment under the equity method

	December 31, 2021	December 31, 2020
Investment in subsidiaries	$ 17,754,357	$ 15,951,589
Investments in the affiliated company	1,128,072	1,103,434
	$ 18,882,429	$ 17,055,023

(1) Investment in subsidiaries

	December 31, 2021	December 31, 2020
Listed (OTC) company		
Taichung Commercial Bank Co.	$ 13,837,165	$ 12,639,058
Pan Asia Chemical Corporation	1,487,752	1,331,530
Non-listed (OTC) company		
Deh Hsing Investment Co., Ltd.	1,778,230	1,471,812
Chou Chin Industrial Co., Ltd.	627,825	448,607
Taichung Securities Investment Trust Co., Ltd.	12,664	12,516
EUREKA INVESTMENT COMPANY LIMITED	-	34,028
Melasse	10,721	14,038
	$ 17,754,357	$ 15,951,589

The Company's ownership and voting rights in the equity of the subsidiary at the balance sheet date is as follows:

	December 31, 2021	December 31, 2020
Taichung Commercial Bank Co.	22%	22%
Pan Asia Chemical Corporation	44%	44%
Deh Hsing Investment Co., Ltd.	100%	100%
Chou Chin Industrial Co., Ltd.	47%	47%
Taichung Securities Investment Trust Co., Ltd.	3%	3%
EUREKA INVESTMENT COMPANY LIMITED	-	100%
Melasse	50%	50%

1. The above ratio is indicated by individual shareholding percentage.
2. The Eureka Investment Co., Ltd. proceeded with settlement after approval by the Board on March 10th, 2021.
3. The 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.
4. The Company participated in the cash capital increase of Taichung Commercial Bank in 2021 and 2020, with 33,004 thousand shares and 43,777 thousand shares of new investment and the investment cost of NT$367,998,000 and NT$446,524,000, respectively.
5. The Melasse company proceeded with settlement after approval by the shareholders general meeting on December 6th, 2021.
6. The 2021 and 2020 profit or loss and other comprehensive profit or loss of the subsidiary under the equity method was recognized in accordance with the audited financial statements during the same period of the subsidiary.
7. For the disclosure of the Company's disposal of subsidiary of indirect control, please refer to the Company's 2021 Consolidated Financial Statements, Note 37 and 35.
8. For subsidiaries the company invests in by designated mortgage lien as the loan guarantee, please refer to Note 31.

(2) Investments in the affiliated company

1. The balance the company investing in affiliated enterprises is as follows:

	December 31, 2021	December 31, 2020
A major affiliated company		
Nan Chung Petrochemical Corp.	$ 1,128,072	$ 1,103,434

2. A major affiliated company

Company name	Nature of the operations	Main places of business operations	Shareholding and voting right ratio: December 31, 2021	Shareholding and voting right ratio: 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 company's shareholdings ratio	50%	50%
Book value of investment	$ 1,128,072	$ 1,103,434

	2021	2020
Operating income - current	$ 6,326,962	$ 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

The 2021 and 2020 profit or loss and other comprehensive profit or loss of the affiliated company under the equity method was recognized in accordance with the audited financial statements during the same period of the affiliated company.

3. For the share amount on affiliated enterprises the company designating mortgage lien as the loan guarantee, please refer to Note 31.

14. Real property, plant and equipment

	December 31, 2021	December 31, 2020
The book amount of each category		
Land	$ 2,926,476	$ 2,926,476
House and Building	977,364	1,028,441
Machine and Equipment	5,001,812	5,441,873
Transportation Equipment	5,668	4,667
Office Equipment	125,361	134,650
Construction in process and prepayment for machinery purchase	136,973	85,897
	$ 9,173,654	$ 9,622,004

	Land	House and Building	Machine and Equipment	Transportation Equipment	Office Equipment	Uncompleted construction and equipment pending inspection	Total
Cost							
Balance as of January 1, 2021	$2,926,476	$2,339,577	$11,013,859	$ 20,816	$ 191,609	$ 85,897	$ 16,578,234
Increase in current period	-	6,483	112,232	2,330	675	51,076	172,796
Decrease in current period	-	-	(4,806)	(4,200)	(1,187)	-	(10,193)
Balance as of December 31, 2021	$2,926,476	$2,346,060	$11,121,285	$ 18,946	$ 191,097	$ 136,973	$ 16,740,837
Accumulated depreciation							
Balance as of January 1, 2021	$ -	$ 925,658	$5,088,998	$ 15,365	$ 50,650	$ -	$ 6,080,671
Increase in current period	-	57,385	507,860	939	9,964	-	576,148
Decrease in current period	-	-	(4,016)	(4,200)	(1,187)	-	(9,403)
Balance as of December 31, 2021	$ -	$ 983,043	$5,592,842	$ 12,104	$ 59,427	$ -	$ 6,647,416

Accumulated impairment							
Balance as of January 1, 2021	$ -	$ 385,478	$ 482,988	$ 784	$ 6,309	$ -	$ 875,559
Increase in current period	-	175	43,679	390	-	-	44,244
Decrease in current period	-	-	(36)	-	-	-	(36)
Balance as of December 31, 2021	$ -	$ 385,653	$ 526,631	$ 1,174	$ 6,309	$ -	$ 919,767
Net amount - January 1, 2021	$2,926,476	$1,028,441	$5,441,873	$ 4,667	$ 134,650	$ 85,897	$ 9,622,004
Net amount - December 31, 2021	$2,926,476	$ 977,364	$5,001,812	$ 5,668	$ 125,361	$ 136,973	$ 9,173,654
Cost							
Balance as of January 1, 2020	$ 2,926,476	$ 2,339,875	$10,991,918	$ 20,711	$ 190,949	$ 166,092	$ 16,636,021
Increase in current period	-	-	19,552	1,024	660	396,027	417,263
Decrease in current period	-	-	(168)	(919)	-	-	(1,087)
Reclassification in current period	-	(298)	2,557	-	-	(476,222)	(473,963)
Balance as of December 31, 2020	$ 2,926,476	$ 2,339,577	$11,013,859	$ 20,816	$ 191,609	$ 85,897	$ 16,578,234
Accumulated depreciation							
Balance as of January 1, 2020	$ -	$ 849,842	$ 4,542,960	$ 15,239	$ 39,805	$ -	$ 5,447,846
Increase in current period	-	75,816	546,206	914	10,845	-	633,781
Decrease in current period	-	-	(168)	(788)	-	-	(956)
Reclassification in current period	-	-	-	-	-	-	-
Balance as of December 31, 2020	$ -	$ 925,658	$ 5,088,998	$ 15,365	$ 50,650	$ -	$ 6,080,671
Accumulated impairment							
Balance as of January 1, 2020	$ -	$ 168,759	$ 100,109	$ 913	$ 548	$ -	$ 270,329
Increase in current period	-	216,719	382,879	-	5,761	-	605,359
Decrease in current period	-	-	-	(129)	-	-	(129)
Reclassification in current period	-	-	-	-	-	-	-
Balance as of December 31, 2020	$ -	$ 385,478	$ 482,988	$ 784	$ 6,309	$ -	$ 875,559
Net amount as of January 1, 2020	$2,926,476	$1,321,274	$6,348,849	$ 4,559	$ 150,596	$ 166,092	$ 10,917,846
Net amount as of December 31, 2020	$ 2,926,476	$ 1,028,441	$ 5,441,873	$ 4,667	$ 134,650	$ 85,897	$ 9,622,004

(1) As mentioned in Note 33, the Company adjusted the 2021 and 2020 capacity based on market conditions. The 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 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, plant and equipment are depreciated in accordance with the straight-line method over the following respective useful years:

House and Building	
Buildings	20 to 60 years
Renovation engineering	8 to 30 years
Machine and Equipment	2 to 47 years
Transportation Equipment	5 to 15 years
Miscellaneous equipment	3 to 30 years

(3) The company's uncompleted projects and equipment pending inspection in December 31, 2021 mainly include projects involving the addition of equipment improvement and replacement, wastewater plant, sludge drying treatment systems.

(4) The company's 2021 and 2020 capitalized finance cost at NT$152,198 thousand and NT$173,128 thousand respectively, and tis 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 belonging to the Company are leased out 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) For the state of real estate, plant and equipment pledged as collateral guarantee, please refer to Note 31.

15. Lease Agreements

(1) Right-of-use assets

	December 31, 2021	December 31, 2020
Carrying amount of the right-of-use asset		
Land	$ 22	$ 381
Transportation Equipment	2,668	12,248
	$ 2,690	$ 12,629

	2021	2020
Addition of right-of-use assets	$ -	$ 4,509
Depreciation expense of the right-of-use asset		
Land	$ 360	$ 361
Transportation Equipment	9,579	11,932
	$ 9,939	$ 12,293

(2) Lease liabilities

	December 31, 2021	December 31, 2020
Carrying amount of the lease liabilities		
Current	$ 1,531	$ 10,057
Non-current	$ 1,188	$ 2,719

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

	December 31, 2021	December 31, 2020
Land	1.53%	1.53%
Transportation Equipment	1.65%～1.85%	1.65%～1.85%

(3) Main lease activities and provisions

The Company has leased different types of transportation equipment for production and operations for an original period of 2–3 years. The lease agreement does not stipulate renewal of the lease or purchase options at the time of expiry of the lease.

The Company has leased several plots of land as storage sites for an original period of 5–7 years. When the leasing period ends, the company does not have the priority purchasing right on the leased land.

(4) Other lease-related information

For more details on operating lease agreements for self-owned buildings and investment property of the Company, please refer to Note 14 and 16.

	2021	2020
Short-term lease expense	$ 18,169	$ 37,856
Low-value asset lease expense	$ 252	$ 250
Total cash of leases outflow	($ 28,589)	($ 50,665)

The Company chose the machinery and transportation equipment qualifying for short-term lease and office equipment qualifying for low-value asset lease to apply the recognition exemption, and did not recognize such leases as related right-of-use assets and lease liabilities.

16. Investment property

	Land at Chihsing Section, Wanhua, Taipei City	Land in Yunlin Spinning Industrial Park	Real estate at Toulou Section, Yunlin	House and land at Erh Chung Pu Section, Sanchung District, New Taipei City	Land in Xiaogang, Kaohsiung	Buildings in Xiaogang, Kaohsiung	Total
Cost							
Balance as of January 1, 2021	$ 156,712	$ 34,943	$ 18,094	$ 1,223,398	$ 390,563	$ 45,824	$ 1,869,534
Increase in current period	-	-	-	194,797	-	-	194,797
Balance as of December 31, 2021	$ 156,712	$ 34,943	$ 18,094	$ 1,418,195	$ 390,563	$ 45,824	$ 2,064,331
Accumulated depreciation							
Balance as of January 1, 2021	$ -	$ -	$ -	$ 957	$ -	$ 559	$ 1,516
Increase in current period	-	-	-	100	-	1,118	1,218
Balance as of December 31, 2021	$ -	$ -	$ -	$ 1,057	$ -	$ 1,677	$ 2,734
Accumulated impairment							
Balance as of January 1, 2021	$ -	$ -	$ 18,094	$ -	$ -	$ -	$ 18,094
Increase in current period	-	-	-	-	-	-	-
Balance as of December 31, 2021	$ -	$ -	$ 18,094	$ -	$ -	$ -	$ 18,094
Net amount - January 1, 2021	$ 156,712	$ 34,943	$ -	$ 1,222,441	$ 390,563	$ 45,265	$ 1,849,924
Net amount - December 31, 2021	$ 156,712	$ 34,943	$ -	$ 1,417,138	$ 390,563	$ 44,147	$ 2,043,503
Cost							
Balance as of January 1, 2020	$ 156,712	$ 34,943	$ 18,094	$ 921,668	$ -	$ -	$ 1,131,417
Increase in current period	-	-	-	264,154	-	-	264,154
Decrease in current period	-	(769,610)	-	-	-	-	(769,610)
Reclassification in current period	-	769,610	-	37,576	390,563	45,824	1,243,573
Balance as of December 31, 2020	$ 156,712	$ 34,943	$ 18,094	$ 1,223,398	$ 390,563	$ 45,824	$ 1,869,534
Accumulated depreciation							
Balance as of January 1, 2020	$ -	$ -	$ -	$ 858	$ -	$ -	$ 858
Increase in current period	-	-	-	99	-	559	658
Balance as of December 31, 2020	$ -	$ -	$ -	$ 957	$ -	$ 559	$ 1,516
Accumulated impairment							
Balance as of January 1, 2020	$ -	$ -	$ 18,094	$ -	$ -	$ -	$ 18,094
Increase in current period	-	-	-	-	-	-	-
Balance as of December 31, 2020	$ -	$ -	$ 18,094	$ -	$ -	$ -	$ 18,094
Net amount as of January 1, 2020	$ 156,712	$ 34,943	$ -	$ 920,810	$ -	$ -	$ 1,112,465
Net amount as of December 31, 2020	$ 156,712	$ 34,943	$ -	$ 1,222,441	$ 390,563	$ 45,265	$ 1,849,924

Investment property is leased out for a period of 1–2 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	$ 3,862	$ 1,234
Second year	286	114
	$ 4,148	$ 1,348

The 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) The assessed fair value of the investment property as of December 31, 2021 and 2020 was NT$ 2,642,382,000 and 2,079,134,000, respectively, (NT$ 634,504,000 and NT$ 301,729,000 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%

(2) The company, as resolved by the board of directors on April 20, 2020, was to set up solar power generation equipment (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) All investment properties of the Company are self-owned assets. For the amounts of the Company's investment in real estate, which had been pledged by the Consolidated Company' to collateralize loans, please refer to Note 31.

17. Intangible asset

	December 31, 2021	December 31, 2020
Shell Royalty	$ -	$ -

	2021	2020
Cost		
Balance, beginning of year	$ 159,052	$ 159,052
Amortized in current period	-	-
Balance, end of year	159,052	159,052
Accumulated impairment		
Balance, beginning of year	(159,052)	(159,052)
Balance, end of year	(159,052)	(159,052)
Balance - net	$ -	$ -

Royalties pertain to relevant patented technology the company has acquired for building the ethylene plant, by signing an EO/EG production method patent utilization right agreement with Shell Research Limited to secure relevant technology, where said patent's utilization period spans 5 years effective from the agreement execution date, and later due to environmental issues on the anticipated development site, resulting in a severe lagging of building the ethylene plant, although said patent can still be used continually per the content of the agreement with Shell Research Limited, but through assessment, the entire amount has been classified as impairment; subsequently the company has, per the amended cash reinvestment plan, plan to build a new ethylene plant separately, and has thus signed with Shell Research Limited of an EO/EG production method patent utilization right agreement in May, 2021 (where said

EO/EG production method patent right varies from the foresaid initially signed processing technology) and per contractual terms agreement, pays royalties on technical services rendered fee totaling US$5,323 thousand.

18. Other assets

	December 31, 2021	December 31, 2020
Restricted assets	$ 130,878	$ 132,070
Refundable deposit	117,445	118,725
Others	123,709	210,064
Collections - Net	-	-
	$ 372,032	$ 460,859
Current	$ 133,331	$ 135,286
Non-current	238,701	325,573
	$ 372,032	$ 460,859

The collection detail is as follows:

	December 31, 2021	December 31, 2020
Overdue receivables	$ 2,938	$ 2,938
Less: loss reserve – collection	(2,938)	(2,938)
	$ -	$ -

(1) Restricted current assets are earmarked for Customs Office clearance procedures and pledged collateral for short-term loans – please refer to Note 31.

(2) For loss allowances for non-accrual loans, please refer to Note 10.

19. Borrowing

(1) Shot-term borrowings

	December 31, 2021	December 31, 2020
Secured loans		
Bank loan	$ 1,700,000	$ 1,200,000
Unsecured loans		
Credit loan	2,105,000	2,215,000
Material procurement loan	2,743,247	898,689
	4,848,247	3,113,689
	$ 6,548,247	$ 4,313,689

1. The bank loan interest rate in 2021 and 2020 are at between 1.10%~1.50% and 1.07%~1.50% respectively.
2. For the foresaid loan collateral information, please refer to Note 31.

(2) Short-term notes payable

	December 31, 2021	December 31, 2020
Payable commercial paper	$ 850,000	$ 750,000
Less: Discount of short-term notes and bills payable	(1,569)	(1,176)
	$ 848,431	$ 748,824

The commercial notes payable’s interest rate as of December 31, 2021 and 2020 are at between 1.07%~1.10% and 1.08%~1.10%, respectively.

(3) Long-term borrowings

	December 31, 2021	December 31, 2020
Secured loans		
Bank loan	$ 5,291,228	$ 5,046,812
Unsecured loans		
Credit loan	400,000	400,000
Less: Amount due in one year	(1,869,028)	(2,578,238)
Long-term borrowings	$ 3,822,200	$ 2,868,574

1. The company's joint long-term borrowing from the Taiwan Cooperative bank as of December 31, 2021 and 2020 amounted to NT$1,721,500,000 and NT$1,900,000,000. The borrowing rate of interest is currently1.80%. The borrowing is to be repaid on schedule every year according to the loan contract. NT$1,138,000,000 will mature within one year. The company's Kaohsiung plant land and building premises are provided as borrowing collateral.
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, for both year, 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 $17,200 thousand will be due in the next year. The company headquarters and related land and building are used as the collateral for the borrowing.
3. The long-term borrowing of the Company 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, the Company had long-term borrowings from Land Bank of Taiwan at NT$175,000 thousand and NT$47,384 thousand respectively, with the borrowing interest rate currently at 1.20%, paid by monthly. The contract is renewed every three months. The land and buildings of the Company's headquarters in Taipei are used as the collateral for the borrowing.
5. As of December 31, 2021 and 2020, the company's long-term loans with Union Bank of Taiwan amounted to NT$ 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 the company 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 company's long-term borrowing from the Sunny Bank in 2021 and on December 31, 2020 amounted to NT$600,000,000 and NT$400,000,000. The borrowing rate of interest is currently 1.25%, paid by monthly. The contract is renewed every year. The 95,000 thousand shares of Taichung Commercial Bank Co., Ltd. are provided as borrowing collateral.
8. The long-term borrowing of the Company 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 company's borrowing from the Shanghai Commercial Bank on December 31, 2021 and 2020 amounted to NT$392,500,000 and NT$500,000,000 respectively. The borrowing rate of interest is currently 1.25%–1.30%. The borrowing is will be repaid on schedule beginning January 2021. NT$115,000,000 will be due within the next year. 25,050 thousand shares of Taichung Commercial Bank Co., Ltd. and land and buildings in Xiaogang, Kaohsiung are provided as borrowing collateral.
10. The long-term borrowing of the Company 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. Please refer to Note 31 for the collateral of the long-term borrowings:

20. Other payables

	December 31, 2021	December 31, 2020
Payable salary and bonus	$ 118,531	$ 119,219
Payable repair and maintenance expense	25,718	33,535
Payable export expense	25,699	9,602
Payable unloading fee	25,665	21,289
Payable insurance premium	8,623	8,183
Payable utilities expense	6,304	6,043
Payable pension	5,099	5,080
Others	82,154	68,582
	$ 297,793	$ 271,533

21. Provision for liabilities

	December 31, 2021	December 31, 2020
Net determined benefit liability	$ 150,021	$ 154,331
Pending litigation reserve (Note 32)	64,908	64,908
	$ 214,929	$ 219,239

(1) Defined contribution plan

The pension system of the "Labor Pension Act" that is applicable to the 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 company within the Company has a pension plan arranged in accordance with the "Labor Standard Law" of the Republic of China that was 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 company has a pension appropriated for an amount equivalent to 2% of the monthly salary and the proceeds are deposited in the designated account with Taiwan Bank in the name of the Labor Pension Reserve Commission. If the account balance before yearend is expected to be insufficient for paying the retiring employees of the year, the amount of difference should be appropriated in a lump sum before the end of March in the following 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 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 individual balance sheet is shown below:

	December 31, 2021	December 31, 2020
Present value of the defined benefit obligations	$ 252,308	$ 256,823
The fair value of plan assets	(102,287)	(102,492)
Appropriation shortage	150,021	154,331
Net determined benefit liability	$ 150,021	$ 154,331

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	$ 253,985	($ 91,583)	$ 162,402
Service cost			
Current service cost	2,547	-	2,547
Interest expenses (revenues)	2,032	(761)	1,271
Recognized in the profit or loss	4,579	(761)	3,818
Reevaluation			
Return on plan assets	-	(3,406)	(3,406)
Actuarial loss – change in the assumption of the census	926	-	926
Actuarial loss – change in financial assumptions	4,629	-	4,629
Actuarial loss – adjustment through experience	6,360	-	6,360
Recognized in the other comprehensive profit of loss	11,915	(3,406)	8,509
Employer appropriation	-	(6,742)	(6,742)
Company account payment	(13,656)	-	(13,656)
December 31, 2020	256,823	(102,492)	154,331
Service cost			
Current service cost	2,433	-	2,433
Interest expenses (revenues)	899	(371)	528
Recognized in the profit or loss	3,332	(371)	2,961
Reevaluation			
Return on plan assets	-	(1,409)	(1,409)
Actuarial loss – change in the assumption of the census	11,347	-	11,347
Actuarial gain – change in financial assumptions	(7,878)	-	(7,878)
Actuarial loss – adjustment through experience	585	-	585
Recognized in the other comprehensive profit of loss	4,054	(1,409)	2,645
Employer appropriation	-	(6,551)	(6,551)
Benefits paid	-	8,536	8,536
Company account payment	(11,901)	-	(11,901)
December 31, 2021	$ 252,308	($ 102,287)	$ 150,021

The pension fund system of the company contained in the 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 Company contained in the financial statements 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 financial statements is based on the actuarial calculation of the actuary and the major assumption as of the evaluation day is shown below:

	December 31, 2021	December 31, 2020
Discount rate	0.75%	0.35%
The expected rate of increase in salaries	2%	2%

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%	($ 5,017)	($ 5,404)
Decrease by 0.25%	$ 5,183	$ 5,589
The expected rate of increase in salaries		
Increase by 0.25%	$ 4,963	$ 5,336
Decrease by 0.25%	($ 4,830)	($ 5,187)

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
Amount projected for appropriation in 1 year	$ 6,551	$ 6,741
Average maturity of determined benefit obligation	9 years	10 years

22. Other liabilities

	December 31, 2021	December 31, 2020
Deferred loan item	$ 19,210	$ 19,210
Deposits received	2,364	2,861
	$ 21,574	$ 22,071

Deferred loan item pertains to the company and its second subsidiary company's downstream trading's deferred unearned profit, with relevant details as follows:

	December 31, 2021	December 31, 2020
Jin-Bang-Ge Industry	$ 19,210	$ 19,210

23. 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	$ 21,010,000	$ 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, the Company'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 the Company 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, 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. The policy of remuneration to employees and Directors and Supervisors to the Articles of Incorporation is elaborated in Note 24 (7) to the financial statement, on Remuneration to Employees and Directors and Supervisors.

The Company's dividend 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.

The Company 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.

The Company 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 the Company 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)
Subsidiaries' conversion differential amount adopting the equity method	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 statement and changes of the Company's treasury stock in 2021 and 2020:

Cause	Transferring stocks 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, relevant information on company shares held by its subsidiaries is as follows:

Name of Subsidiary	Quantity of Shares (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. The company's Treasury stock may not be pledged in accordance with the Security and Exchange Law; moreover, it is without the privilege of dividend and voting right. Company shares held by its subsidiaries are deemed as shares held in vault in processing, and besides regulations set forth under the Corporate Law article 167 and article 179, the rest of which are the same as general shareholders' entitlements.

24. Business units in continuing operating income

Income from continuing operations department includes the following items

(1) Other income and earnings and expense and loss

	2021	2020
Income derived from sales of substandard goods and scraps	$ 13,276	$ 1,453
Rental revenue	5,103	6,041
Others	65,759	16,364
	$ 84,138	$ 23,858

(2) 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		
Stock	$ 3,184	$ 14,260
Bonds	-	601
Beneficiary certificate	2,456	-
	5,640	14,861

	2021	2020
The valuation gain (loss) of financial assets and liabilities measured at fair value through profit or loss		
Stock	2,122	(77,668)
Beneficiary certificate	49,675	87,621
	51,797	9,953
	$ 57,437	$ 24,814

(3) Financial costs

	2021	2020
Interest from bank borrowings	$ 152,087	$ 172,883
Lease liability interest expenses	111	245
	152,198	173,128
Less: classified real estate, plant and equipment (Note 14)	(5,448)	-
	$ 146,750	$ 173,128

(4) Financial assets impairment loss (reversal gain)

	2021	2020
Accounts receivable (included in operating expenses)	$ 1,022	($ 85,677)

(5) Depreciation and amortization

	2021	2020
Property, plant and equipment	$ 576,148	$ 633,781
Investment property	1,218	658
Right-of-use assets	9,939	12,293
	$ 587,305	$ 646,732
Consolidation of depreciation expenses based on functions		
Operating cost	$ 571,797	$ 627,290
Operating expenses	15,508	19,442
	$ 587,305	$ 646,732

(6) Employee benefits expenses

2021

	Operating cost	Operating expenses	Total
Short-term employee benefits			
Salary & wage	$ 364,792	$ 59,163	$ 423,955
Labor insurance and national health insurance	39,874	5,915	45,789
Remuneration to Directors	-	6,143	6,143
Other employee benefits expenses	21,160	16,916	38,076
	425,826	88,137	513,963
Pension expenses			
Defined contribution pension plan	15,180	2,404	17,584
Determined Benefit Plan (Note 21)	2,312	649	2,961
	17,492	3,053	20,545
Total employee benefits expenses	$ 443,318	$ 91,190	$ 534,508

2020

	Operating cost	Operating expenses	Total
Short-term employee benefits			
Salary & wage	$ 367,235	$ 73,472	$ 440,707
Labor insurance and national health insurance	38,584	6,112	44,696
Remuneration to Directors	-	6,074	6,074
Other employee benefits expenses	20,256	13,049	33,305
	426,075	98,707	524,782
Pension expenses			
Defined contribution pension plan	$ 15,627	$ 2,529	$ 18,156
Determined Benefit Plan (Note 21)	2,874	944	3,818
	18,501	3,473	21,974
Total employee benefits expenses	$ 444,576	$ 102,180	$ 546,756

The average numbers of company employees in 2021 and 2020 accounted for 657 and 690 people, respectively. Among them, seven are board of directors not con-currently serving as employees.

In 2021 and 2020 average employee benefit expenses amounted to NT$ 813,000 and 792,000, respectively; employee salary expenses amounted to NT$ 652,000 and 645,000, which represents an adjustment by 1.09%.

The company has set up the Audit committee. No supervisors are hired. Therefore, no remunerations for supervisors are allocated.

The company's remuneration policy is as follows:

1. The remunerations for directors are in accordance with provisions in Article 22 and Article 40 of the company charter.
   (1) The board of directors shall authorize remunerations for directors based on their level of participation in company operations and value contributed. Remunerations are set with reference to the standard of payment adopted by companies in the same trade.
   (2) If the company has made profits during the year, remunerations for directors not exceeding 0.3% shall be granted upon resolution by the board of directors and shall be resolved at the shareholders' meeting
2. Remunerations for managers and employees are conducted in accordance with the company's Charter Article 40, the Company Remuneration Committee Organizational Rules and related company regulations (including the Remunerations Management Guidelines, Assessment Guidelines, End-of-Year Bonus Distribution Guidelines, etc.)
   (1) Remunerations for managers are set by the company's Remuneration Committee and are periodically assessed. In reference to the usual payment standard of the same industry, considerations are also given to personal performance, corporate operation performance, and the reasonability of association with future risks, which shall be submitted to the board of directors for resolution.
   (2) Remunerations for employees are conducted in accordance with the company's regulations. In addition, considerations are given to personal work performance, and degree of corporate operation contribution. The reasonability of remunerations are periodically assessed.
   (3) If the company has made profits during the year, 1%–5% will be allocated as remunerations for employees. The distribution ratio and distribution in shares or cash shall be resolved by the board of directors and shall be submitted to the shareholders' meeting for resolution.

(7) Remuneration to employees, Directors and Supervisors

According to the Articles of Incorporation, 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

	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 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 5, 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 individual 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 Taichung Commercial Bank in 2021 and 2020, visit the “MOPS” website of Taiwan Stock Exchange Corporation.

(8) Loss in impairment of non-financial assets

	2021	2020
Inventory (included in the operating costs)	($ 7,432)	$ 19,854
Property, plant and equipment	(44,244)	(605,359)
	($ 51,676)	($ 585,505)

25. Continuing department income tax

(1) Main components of income tax expense recognized in profit or loss:

	2021	2020
Income tax expenses in the current period		
Accrued in current year	$ -	$ 121,815
Prior years’ adjustment	-	(3)
	-	121,812
Income tax expense recognized in the profit or loss	$ -	$ 121,812

Adjustment of accounting income and income tax expense are as follows:

	2021	2020

	2021	2020
Income before tax from continuing operations	$ 5,699	$ 1,063,859
Income tax expense of net income before tax at the statutory tax rate (20%)	$ 1,140	$ 212,772
Non-deductible expenses and losses for tax purposes	26	413
Non-taxable income	(138,168)	(667,220)
Unrecognized deductible temporary differences and loss credit	137,002	454,035
Land revaluation increment tax	-	121,815
Income tax expense of prior years' adjusted in the current year	-	(3)
Income tax expense recognized in the profit or loss	$ -	$ 121,812

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

	2021	2020
Deferred tax		
Accrued in current year		
- Re-evaluation of determined benefit plan	$ 529	$ 1,702

(3) Current income tax asset

	December 31, 2021	December 31, 2020
Current income tax asset		
Tax refund receivable	$ 1,081	$ 1,653

(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	$ 18,318	$ -	$ -	$ 18,318
Inventory	23,134	-	-	23,134
Defined benefit pension plans	63,110	-	529	63,639
Loss allowance	39,256	-	-	39,256
Others	38,291	-	-	38,291
	182,109	-	529	182,638
Loss credit	468,405	-	-	468,405
	$ 650,514	$ -	$ 529	$ 651,043
Deferred tax liabilities				
Temporary difference				
Allowance for land increment value tax	$ 866,019	$ -	$ -	$ 866,019

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				

	Balance, beginning of year	Recognized in the profit or loss	Recognized in the other comprehensive profit of loss	Balance, end of year
Temporary difference				
Property, plant and equipment	$ 18,318	$ -	$ -	$ 18,318
Inventory	23,134	-	-	23,134
Defined benefit pension plans	61,408	-	1,702	63,110
Loss allowance	39,256	-	-	39,256
Others	38,291	-	-	38,291
	180,407	-	1,702	182,109
Loss credit	468,405	-	-	468,405
	$ 648,812	$ -	$ 1,702	$ 650,514

Deferred tax liabilities				
Temporary difference				
Allowance for land increment value tax	$ 866,019	$ -	$ -	$ 866,019

(5) The deductible temporary differences of deferred income tax assets not recognized on 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
$ 58,648	2022
505,260	2026
1,743,326	2029
1,474,481	2030
1,515,496	2031
$ 5,297,211	

(7) Income tax audit

The declared cases before 2019 have been approved by the taxation collection agency before the deadline of the company's business income tax declaration.

26. Earnings per share

Unit: NTD 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 earnings and weighted average common stock shares used in calculating the earnings per share are as follows:

Net income

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

Quantity

Unit: Thousand Shares

	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

27. Equity Transactions

Company subsidiary Tackhsin disposed 5% of shares held by subsidiary Pan Asia Chemical Corporation from March to May, 2020, resulting in shareholding ratio change. The above transactions are equity transactions. The company adjusted the equity transaction difference to the additional paid-in capital and undistributed surplus. See Note 36 of the 2021 Consolidated Financial statement.

28. Capital risk management

Under the premise of capital management for assuring sustainable operation, the Company seeks to maximize return to shareholders through the optimization of debts and equity balance.

The company capital structure is made up of company net debt (meaning the borrowing minus cash and cash equivalent) and those belonging to company owner's equity (meaning its capitalization, capital reserve, retained earnings and other equity items).

The Company's management reviews the capital structure yearly, and the reviews include taking into consideration the cost of capital and the risks associated with each class of capital. The 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.

29. Financial instruments

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

The management of the Company believes that the carrying amount of financial assets and liabilities not measured by fair values approaches their fair values.

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

1. Fair-value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss				
Shares traded on the Taiwan Stock Exchange or OTC exchange	$ 8	$ -	$ -	$ 8
Beneficiary certificates of funds	240,621	-	-	240,621
Financial assets at fair value through other comprehensive profit or loss				
Equity investment				

	Level 1	Level 2	Level 3	Total
- Listed stocks – domestic and emerging stock	1,890,380	-	-	1,890,380
- Domestic non-listed (OTC) stocks	-	-	292,849	292,849
- Foreign TSEC/GTSM unlisted shares	-	-	7,507	7,507
Debt instrument				
- Domestic corporate bonds	-	110,000	-	110,000
	$2,131,009	$ 110,000	$ 300,356	$2,541,365

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss				
Shares traded on the Taiwan Stock Exchange or OTC exchange	$ 8	$ -	-	$ 8
Beneficiary certificates of funds	400,270	-	-	400,270
Financial assets at fair value through other comprehensive profit or loss				
Equity investment				
- Listed stocks – domestic and emerging stock	1,549,130	-	-	1,549,130
- Domestic non-listed (OTC) stocks	-	-	266,264	266,264
- Foreign TSEC/GTSM unlisted shares	-	-	7,865	7,865
Debt instrument				
- Domestic corporate bonds	-	110,000	-	110,000
	$1,949,408	$ 110,000	$ 274,129	$2,333,537

The transfer between Level 1 and Level 2 fair value did not occur in 2021 and 2020.

2. Financial instruments are adjusted according to Level 3 fair value.

2021

	Financial assets at fair value through other comprehensive profit or loss		
Financial Assets	Equity instruments	Debt instruments	Total
Balance, beginning of year	$ 274,129	$ -	$ 274,129
Recognized in the other comprehensive profit of loss	37,533	-	37,533
- Purchase	881	-	881
- Capital reduction and return	(12,187)	-	(12,187)
Balance, end of year	$ 300,356	$ -	$ 300,356

2020

	Financial assets at fair value through other comprehensive profit or loss		
Financial Assets	Equity instruments	Debt instruments	Total
Balance, beginning of year	$ 270,592	$ -	$ 270,592
Recognized in the other comprehensive profit of loss	2,722	-	2,722
- Purchase	815	-	815
Balance, end of year	$ 274,129	$ -	$ 274,129

3. 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.

4. Evaluation techniques and an input value of Level 3 fair value measurement

Categories of financial instruments	Evaluation techniques and input values
Investment equity not listed at TWSE (TPEx)	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.

5. 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 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%	($ 12,561)

(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	$ 240,629	$ 400,278
Financial assets on the basis of cost after amortization (Note 1)	3,661,673	2,643,665
Financial assets at fair value through other comprehensive profit or loss		
Equity investment	2,190,736	1,823,259
Debt instrument	110,000	110,000
Financial Liabilities		
Measured at cost after amortization (Note 2)	14,445,209	11,544,470

Note 1: the balance includes cash and cash equivalent, notes receivable, accounts receivable, other receivables (excluding tax rebates receivable), withheld guarantee (classified as other asset in the account) and restricted asset – liquid (classified as other liquid asset in the account) and related financial assets measured by cost.

Note 2: The balances included short-term loans, short-term bills payable, notes payable, accounts payable, other payables, long-term loans and such financial liabilities measured at post-amortization costs.

(4) Purpose and policy of financial risk management

The main financial tools of the Company include equity and debt investments, accounts receivable, other receivables, accounts payable, loans and other payables. The company's financial management department shall provide services to each business unit, to plan and coordinate operations in the domestic financial markets, and to monitor and manage the 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.

1. Market risk

The company's operating activities subjecting the company to shoulder key financial risks being the foreign exchange rate fluctuation risk, interest rate fluctuation risk and equity securities pricing fluctuation risk.

The exposure of market risk of the financial instruments of the Company and the management and measurement of this risk remained unchanged.

(1) Exchange rate risk

The company incurs exchange rate fluctuation exposure for engaging in foreign currency-priced sales transactions. Approximately 49% of the company's sales amount is priced by nonfunctional currency. The company's exchange rate exposure management is within the permitted scope of the policies and with the use of forward foreign exchange contract to manage risk.

Sensitivity analysis

The company is mainly affected by the changes in the exchange rate of USD.

The Branch's sensitivity analysis for the exchange rate of NT dollar (the functional currency) to each relevant foreign currency increased or decreased by 3% is detailed as follows. The 3% sensitivity rate is used for the Branch's reporting exchange rate risk to management; also, it is management's reasonable estimation of the possible fluctuation in exchange rates.

The sensitivity analysis includes only the outstanding foreign currency monetary items; also, the translation at yearend is adjusted with the change in exchange rate by 3%. The positive figures in the below table indicate that when various relevant currencies devaluating at 3%, which will affect the pretax net earnings' amount; when NTD appreciating by 3% to various relevant currencies, its impact to the pretax net earnings will be at the same amount but in a negative figure.

	The impact of the U.S. dollar	
	2021	2020
Profit and loss	$ 19,976	$ 19,145

(2) Interest rate risk

The Company is exposed to interest rate risks due to funds borrowed at floating interest.

The carrying amount of financial assets and liabilities of the Company under interest rate exposure on balance sheet date is as follows:

	December 31, 2021	December 31, 2020
With fair value interest rate risk		
- Financial Assets	$ 130,878	$ 132,070
Contain cash flow interest rate risk		
- Financial Assets	110,000	110,000
- Financial Liabilities	13,087,906	10,509,325

Sensitivity analysis

The following sensitivity analyses are based on the interest rate risk exposure of the derivative and non-derivative instruments on the balance sheet date. For liabilities with floating rate, it is analyzed by assuming the liabilities on the balance sheet date are outstanding throughout the reporting period. The fluctuation rate used on the interest rate in company internal report to key management level is at the interest rate plus or minus 100 base points, which also represents company management's assessment on rational probable fluctuation range on the interest rate.

If the interest rate increasing/decreasing by 100 base points, and under the circumstance that all other variables remain unchanged, the company's pretax net earnings in 2021 and 2020 will also be decreased/increased by NT$130,895 thousand and NT$105,105 thousand.

(3) Other price oriented risks.

The company has incurred equity pricing exposure for investing in OTC equity securities investment and beneficiary certificates. The equity investments (except for financial assets at fair value through profit or loss) are not held for trading and are considered strategic. The Company has not actively traded such investments. The company's equity pricing risk primarily concentrates on equity instructions at Taiwan Stock Exchange.

Sensitivity analysis

The below listed sensitivity analysis has been sought by equity pricing exposure on the balance sheet date.

If equity prices rise/fall by 15%, pre-tax profits/losses of the Company in 2021 and 2020 will increase/decrease by NT$ 36,094,000 and NT$ 60,046,000, while equity will increase/decrease by NT$ 328,610,000 and NT$ 232,370,000, respectively.

2. Credit risk

Credit risk refers to the risk that the customer or counter party delays the contractual obligation resulting in the financial loss of the Company. As of the balance sheet date, the Company's maximum credit risk exposure of financial loss due to the counterparty's failure in fulfilling contractual obligations is mainly derived from the book value of the financial assets recognized on the individual balance sheet.

To mitigate the credit risk, the company management has assigned designated personnel responsible for determining the line of credit cap, loan approval and adopting other adequate monitoring procedure, through which to ascertain that adequate action has been taken on recalling overdue receivables. In addition, the 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 Company's credit risk is significantly reduced.

The 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 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 company has it defined as a counterparty with similar characteristics. State of credit risk concentration on Company A in 2021 and 2020 are at 12% and 0% respectively to the total monetary-based assets; state of other transaction opponents' credit risk concentration in 2021 and 2020 are at 34% and 25% to the total monetary-based assets, respectively.

3. Liquidity risk

The company has supported the Group's business operations and mitigated the impact of changes in cash flow by managing and maintaining sufficient cash and cash equivalent position. The Company's management monitors the use of banking facilities and ensures the compliance of loan agreement.

Bank loan is a main source of liquidity to the company. Please refer to Note (2) "introduction of financing quota" for the Company's unused financial quota as of December 31, 2021 and 2020.

(1) Liquidity risk table for non-derivative financial liabilities

Non-derivative financial liabilities remaining contract maturity analysis is prepared in accordance with the consolidated company's undiscounted cash flow of financial liabilities on the possible earliest repayment date upon request. The following table shows the earliest times that the Company may be demanded to make immediate repayment of bank loans, without considering the likelihood of such demands. Maturity analysis of other non-derivative financial liabilities is prepared based on the agreed repayment date.

December 31, 2021

	0~30 days	31~90 days	91~180 days	181 days to 1 year	More than 1 year	Total
Non-derivative financial liabilities						
Shot-term borrowings	$ 693,368	$2,908,357	$ 515,096	$2,431,426	$ -	$6,548,247
Short-term notes payable	150,000	700,000	-	-	-	850,000
Long-term borrowings	25,000	963,800	196,300	683,928	3,822,200	5,691,228
Payables	1,248,144	57,025	45,334	6,800	-	1,357,303
Deposits received	-	-	-	-	2,364	2,364
Lease liabilities	151	257	386	771	1,196	2,761

December 31, 2020

	0~30 days	31~90 days	91~180 days	181 days to 1 year	More than 1 year	Total
Non-derivative financial liabilities						
Shot-term borrowings	$ 302,939	$1,559,324	$ -	$2,451,426	$ -	$4,313,689
Short-term notes payable	100,000	650,000	-	-	-	750,000
Long-term borrowings	-	617,685	1,647,685	312,868	2,868,574	5,446,812
Payables	926,997	49,612	43,836	14,700	-	1,035,145
Deposits received	-	-	-	-	2,861	2,861
Lease liabilities	1,087	2,174	3,099	3,808	2,761	12,929

(2) Financing amount

	December 31, 2021	December 31, 2020
Bank loan amount (renewal must be with the mutual agreement)		
- The loan quota used	$ 13,087,906	$ 10,509,325
- The loan quota not yet used	3,457,361	6,895,931
	$ 16,545,267	$ 17,405,256

30. Related Party Transactions

(1) Name and affiliation of related parties

Name	Affiliation
Taichung Commercial Bank	Subsidiary of the Company
Pan Asia Chemical Corporation	Subsidiary of the Company
Deh Hsing Investment Co., Ltd.	Subsidiary of the Company
Taichung Securities Investment Trust Co., Ltd.	Subsidiary of the Company
Chou Chin Industrial Co., Ltd.	Subsidiary of the Company
Melasse	Subsidiary of the Company
Xiang-Feng Development	Indirect subsidiary of the Company
Tou-Ming Industry	Indirect subsidiary of the Company
Jin-Bang-Ge Industry	Indirect subsidiary of the Company
IOLITE COMPANY LTD.	Indirect subsidiary of the Company
Precious Wealth International Limited	Indirect subsidiary of the Company
Hammock (Hong Kong) Company Limited	Indirect subsidiary of the Company
Hebei Hanoshi Contact Lens Co., Ltd.	Indirect subsidiary of the Company
Taichung Bank Insurance Agency Co., Ltd.	Indirect subsidiary of the Company
Taichung Commercial Bank Lease Enterprise	Indirect subsidiary of the Company
Taichung Commercial Bank Securities Co., Ltd.	Indirect subsidiary of the Company
TCCBL Co., Ltd.	Indirect subsidiary of the Company
Taichung Commercial Bank Lease Enterprise (Suzhou) Ltd	Indirect subsidiary of the Company
Taichung Bank Venture Capital Co., Ltd.	Indirect subsidiary of the Company
GREENWORLD FOOD CO., LTD.	Indirect subsidiary of the Company
Chou Chang Corporation	Indirect subsidiary of the Company
Bomy Enterprise	Indirect subsidiary of the Company
Bomy Shanghai	Indirect subsidiary of the Company
Yuju Universal Corporation	Indirect subsidiary of the Company
Noble House Glory	Indirect subsidiary of the Company
Shanghai Bangyi International Trading Co., Ltd.	Indirect subsidiary of the Company
Shanghai Bomy Consultancy Management Co., Ltd.	Indirect subsidiary of the Company
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
Storm Model Management	Affiliated enterprises
BONWELL PRAISE Co., Ltd	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

Name	Affiliation
Hua Nan Financial Holding	Substantial related party
Hua Nan Bank	Substantial related party
Hua Nan Insurance	Substantial related party
Hsu Tian Investment Co., Ltd	Substantial related party
TAIWAN FILAMENT WEAVING DEVELOPMENT 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
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
Others	Key management personnel of the company and their spouses and relatives within the second degree of kinship

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

Except as disclosed in other notes, transactions between the Companies and related parties, are also as follows:

1. Goods sold

Name	2021	2020
Pan Asia Chemical Corporation	$ 790,366	$ 632,507

(1) The terms and conditions of the Company's sale to said related parties are as same as that to the general customers, other than some sales which no similar sales may be comparable to. The general customers apply the A/R settlement from 1 month ~2 months.

(2) The Company's sales to Pan Asia Chemical Corporation primarily refer to the eto ethylene oxide and nonylphenol produced by the Company's Kaohsiung Plant.

(3) The Company entered into the sale contract for the eto ethylene oxide, which is outlined as following:

A. Contract period: from July 1, 2020 to June 30, 2025, subject to renegotiation upon expiry.

B. Quantity: To be supplied based on the scheduled quantity requested by Pan Asia Chemical Corporation, provided that the Company may adjust the quantity subject to its production.

C. Purchasing price: to be settled based on the pricing method agreed by both parties.

2. Purchases

Name	2021	2020
Nan Chung Petrochemical Corp.	$ 3,132,235	$ 2,053,199
Pan Asia Chemical Corporation	851	3,424
	$ 3,133,086	$ 2,056,623

The terms and conditions of the 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
Taichung Commercial Bank	79,817	4,303	83,726	4,382
	$153,500	$ 4,313	$172,030	$ 4,417

4. Receivable (payable) accounts from related parties

Name	December 31, 2021	December 31, 2020
Accounts receivable		
Pan Asia Chemical Corporation	$ 130,201	$ 96,470
Payable accounts and notes		
Pan Asia Chemical Corporation	$ 164	$ -
Nan Chung Petrochemical Corp.	367,169	-
	$ 367,333	$ -
Other payables		
Substantial related party	$ -	$ 11
Subsidiaries	59	64
	$ 59	$ 75
Other receivables		
Subsidiaries	$ 204	$ 461

5. Rental revenue

Name	2021	2020
Pan Asia Chemical Corporation	$ 3,187	$ 3,187
Others	176	227
	$ 3,363	$ 3,414

The rental was negotiated and agreed based on the rental prevailing in the neighborhood and payable per month.

6. Disposal of property, plant and equipment

	Disposal price		Disposal profit	
Name	2021	2020	2021	2020
Pan Asia Chemical Corporation	$ 960	$ -	$ 960	$ -

The Company's Board has decided on the sale of houses and buildings on No. 8, Jingjian Rd., Dashe Dist., Kaohsiung City 815 to Pan Asia Chemical Corporation on January 18th, 2021. The contract price is $960,000, and the transfer registration has been completed on July 13th, 2021.

7. Other income

Name	2021	2020
Hua Nan Bank	$ 4,989	$ 8,984
Pan Asia Chemical Corporation	3,847	3,847
TAIWAN FILAMENT WEAVING DEVELOPMENT CO., LTD.	96	96
Chou Chin Industrial Co., Ltd.	240	240
	$ 9,172	$ 13,167

The company's 2021 and 2020 other income from Hua Nan Commercial Bank Company pertains to the company serving as Hua Nan Commercial Bank Co.'s institutional director has received of director/auditor remuneration and director/auditor attendance travel expense income.

8. Pre-paid expenses

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

(3) Lease agreements

Name	2021	2020
Interest expenses		
Pan Asia Chemical Corporation	$ 3	$ 8

(4) Remuneration to the management

	2021	2020
Short-term employee benefits	$ 17,550	$ 16,611
Retirement benefits	443	393
	$ 17,993	$ 17,004

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:

(5) Other related party transaction

1. The company participated in the cash capital increase of Taichung Commercial Bank in 2021 and 2020. The new investment in the amount of NT$367,998,000 and NT$446,524,000 respectively. The shareholding ratio decreased from 22% to 21.76% and 22.29% to 22% respectively due to failure to subscribe according to the shareholding ratio.
2. The company has in 2021 participated in De Hsing Investment Co.'s cash reinvestment, by newly investing in 25,000,000 shares, with investment cost at $250,000 thousand and with the shareholding percentage remains unchanged.

31. Pledged assets

The details of the company pledging its assets as bank loan's mortgaging collateral, import duty guarantee payment, guarantee for hiring foreign workers is as follows (shown by book value):

	December 31, 2021	December 31, 2020
Restricted assets-current-pledged time deposit	$ 130,878	$ 132,070
Common share investment (financial asset classified in the account as other general loss or gain, measured by fair value – non-liquid)	328,838	289,451
Investment under the equity method	4,975,286	5,027,646
Investment in real estate-Land of Yunlin Spinning Industrial Park	34,943	34,943
Investment-based real estate – the land and building at Erchungpu Section, Sanchung District	704,177	704,376
Property, plant and equipment- Land	2,863,895	2,863,895
Real estate, plant and equipment – property and building	319,166	337,280

The fund and investment-common stock furnished as security is stated as following:

December 31, 2021	December 31, 2020

The financial assets measured for the fair values through other comprehensive income- non-current- Hua Nan Financial Holding	1,148 thousand shares	1,148 thousand shares
The financial assets measured for the fair values through other comprehensive income- non-current- Taiwan Tea Corporation	15,000 thousand shares	15,000 thousand shares
Investment adopting the equity method – Nan Chung Petrochemical Corp.	10,000 thousand shares	10,000 thousand shares
Investment adopting the equity method – Taichung Commercial Bank Company, Limited	347,050 thousand shares	355,400 thousand shares

32. Significant contingent liabilities and unrecognized contractual commitments

In addition to those disclosed in other notes, the significant commitments and contingencies of the Company as of balance sheet date were as follows:

(1) The guarantee notes already issued by the Company are stated as following:

	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 Company had opened unused credit line of letter of credit at NT$1,911,489 thousand and NT$1,339,770 thousand, respectively.

(3) The company and Air Liquide Company have signed of gas purchasing contract, where the contract specifies a minimum purchasing volume for oxygen and nitrogen, with purchasing price, besides at monthly cost of approximately $13,800 thousand, which is subject to adjustment per wholesale price index in April every year, and is calculated at the contract price on oxygen and nitrogen purchasing volumes, with said purchasing contract period set to 240 months and will be automatically extended for 36 months at contract expiry if the two parties made no contest, and if the contract needs to be terminated, a 24-month advance notice is required, with the two parties determining said contract's starting date as July 1, 2014.

(4) 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. The Company has commissioned a defense attorney to represent the Company in this lawsuit. Based on the lawyer's opinion, this case subjectively possesses no external form of duties performed by employed persons. After the trial, the court deemed the bank's entitlement to seek compensation from the company. If the bank is at fault shall also be determined, which will reduce or exempt the company from compensation liability (*i.e.,* the compensation amount). The company has provisioned for liability reserve for the pending litigation. See Note 21.

33. Other matters

The Company is 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.

34. 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 Company:

December 31, 2021

	Foreign Currency	Foreign Exchange Rate	Book Value
Financial Assets			
Monetary Items			
USD	$ 72,235	27.68	$ 1,999,465
EURO	1,928	31.32	60,385
JPY	9,952	0.24	2,388

December 31, 2020

	Foreign Currency	Foreign Exchange Rate	Book Value
Financial Assets			
Monetary Items			
USD	$ 40,491	28.48	$ 1,153,193
EURO	2,266	35.02	79,369
JPY	44,695	0.28	12,349
Financial Liabilities			
Monetary Items			
USD	61	28.48	1,745

The merged company's 2021 and 2020 foreign currency exchange loss or gain (loss) (including realized and unrealized) is at (NT$31,651) thousand and (NT$60,496) thousand respectively, and since the foreign currency transaction types are innumerable, thus it is unable to disclose the impact of loss or gain by foreign currency type.

35. Disclosures

(1) Material transactions and (2) transfer investment information:

1. Loans to others. (Refer to page 202 for detail)
2. Endorsements/guarantees to others. (Refer to page 203 for detail)
3. Marketable securities – ending. (Refer to page 204-207 for detail)
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. (Refer to page 208 for detail)
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 (Refer to page 208 for detail)
8. Accounts receivable-related party reaching NT$100 million or more than 20% of the Paid-in shares capital. (Refer to page 208 for detail)
9. Transactions in engaging in derivative financial instruments. (None)
10. Investee information. (Refer to page 210-211 for detail)

(3) Information about investment in Mainland China:

1. Invested company's name, business operations, paid-in capital, investment method, capital inward or outward, shareholding ratio, investment gains and losses, investment yearend book value, investment income and loss inward, and investment limits in Mainland China. (Refer to page 212-213 for detail)

2. With Mainland China, major transactions and other prices, payment conditions, unrealized gains and losses that happened directly or indirectly through the third region by the investment company.
   (1) Input amounts, percentages, balance and percentages of relevant payable at end of the term. (None)
   (2) Sales amounts, percentages, balance, & percentages of relevant receivables at end of the term. (None)
   (3) Amount of property transaction and amount of the profit and/or loss so incurred. (None)
   (4) Balance and purposes of endorsements/guarantees or collateral provided at end of the term. (Refer to page 203 for detail)
   (5) The highest balance of fund financing balance at end of the term, range of interest rates and total amount of interest in the current term. (None)
   (6) Other transactions having significant effect upon profit and/or loss or financial standing of the current term, e.g., provision or acceptance of services. (None)

(4) Information of key shareholders: The names of the shareholders holding a shareholding ratio up to 5% or more, the amount and proportion of their shareholdings. (Refer to page 211 for detail)

VI. State of the company and its affiliated enterprise's financial turnover difficulties for the most recent year and up to the yearly reporting printing date: None.

Seven. Review of financial status, business performance, and risk management issues

I. Financing status (extra-industry combined information)

Table of Comparative Analysis of Financial Conditions

Unit: NTD thousand

Item \ Year	2020	2021	Variation	
			Amount	%
Current assets	573,571,299	604,324,432	30,753,133	5.36%
Fund and investment	157,764,186	162,844,888	5,080,702	3.22%
Property, plant and equipment	23,932,395	24,907,282	974,887	4.07%
Investment property	2,165,712	2,570,573	404,861	18.69%
Intangible assets	246,491	253,813	7,322	2.97%
Other assets	5,410,983	6,237,267	826,284	15.27%
Total assets	763,091,066	801,138,255	38,047,189	4.99%
Current liabilities	678,322,996	704,776,403	26,453,407	3.90%
Long term liabilities	4,114,374	4,912,200	797,826	19.39
Other liabilities	14,253,545	19,673,624	5,420,079	38.03%
Total liabilities	696,690,915	729,362,227	32,671,312	4.69%
Capital stock	16,213,672	16,862,097	648,425	4.00%
Capital surplus	1,663,531	1,656,687	(6,844)	(0.41%)
Retained earnings	5,921,888	5,137,520	(784,368)	(13.25%)
Other equity	(801,081)	(329,220)	471,861	58.90%
Non-controlling interest	43,402,141	48,448,944	5,046,803	11.63%
Total equity	66,400,151	71,776,028	5,375,877	8.10%

Note: the most recent two years' increase/decrease exceeds 20%:

1. Increase in other liabilities: Mainly due to the subsidiaries' (Taichung Bank) increase of issuance of second priority financial bonds.
2. Increase of other equity items: This can mainly be attributed to subsidiary's (Taichung Bank) unrealized gains of equity instrument of financial assets measured at fair value through other comprehensive income (FVTOCI) .

II. Financial performance (extra-industry combined information)

(I) Financial performance comparison analysis table

Unit: NTD thousand

Item \ Year	2020	2021	Increase (decrease) in amount	Variation %
Income	30,816,399	33,046,524	2,230,125	7.24%
Expenses	(25,895,694)	(28,375,096)	2,479,402	9.57%
Income before tax from continuing operations	4,920,705	4,671,428	(249,277)	(5.07%)
Income tax (expenses) gains	(871,997)	(820,647)	(51,350)	(5.89%)
Net profit after tax from continuing operations	4,048,708	3,850,781	(197,927)	(4.89%)
Net profit attributable to parent company	942,047	5,699	(936,348)	(99.40%)
Net profit attributable to non-controlling interest	3,106,661	3,845,082	738,421	23.77%
Earnings per share	0.7	0.00	(0.7)	(100%)
Description on the most recent two year's fluctuation of an increase or decrease exceeding 20%: Net profit attributable to parent company and earnings per share reduces as compared to previous period and the net profit attributable to non-controlling interest increases as compared to previous period. Mainly due to parent company's (China Fiber) 2020 land sales profit.				

(II) The basis for anticipating the future one year's sales volume, the probable impact to company future finance operation and the response plan: the merged company's ethylene glycol, ethylene oxide, surface active agent and related products would take into consideration the overall operating strategy by allocating a most suitable production volume on various products, through which to create the best profitability.

III. Cash flows (Consolidated information from different industries)

Unit: NTD thousand

Balance of cash and cash equivalents, beginning of period	Net cash flow from operating activities for the year	Full year cash and cash equivalent inflow volume	Balance of cash and cash equivalent, end of period	Remediation measures against expected cash flow deficit	
				Investment plans	Finance plans
49,225,347	(2,041,259)	846,964	50,072,311	Not applicable	Not applicable

(I) Changes of cash flow in current year analysis:

1. Operating activities: Cash outflow from operating activities is at $2,041,259 thousand. Mainly due to Central Bank and deposits of other banks' cash outflow.
2. Investment activities: cash outflow stems from investment activities is at $7,983,077 thousand, which primarily stems from Taichung Bank obtaining amortized financial asset measured by cost.
3. Fundraising activity: fundraising activity has generated of the cash inflow is at $10,852,836 thousand, which primarily stems from Taichung Bank issuing

financial bonds.

(II) Responsive measures and liquidity analysis on cash flow deficits: not applicable.

(III) Liquidity analysis for the next year:

Unit: NTD thousand

Balance of cash and cash equivalents, beginning of period	Expected net cash flow from operating activities for the year	Expectant full year cash and cash equivalent outflow volume	Expectant period ending cash and cash equivalent amount	Remediation measures against expected cash flow deficit	
				Investment plans	Finance plans
50,072,311	7,457,121	1,005,374	51,077,685	Not applicable	Not applicable

IV. Impact of major capital expenditures on financial operations in the most recent fiscal year: Capital expenditures of the Company amounting to NT$ 370 million in 2021 had no significant impact on financial operations of the Company. Expenditures were mainly generated by equipment improvement and replacement, the purchase of land in the Sanchong urban renewal project.

V. The most recent year's reinvestment plan, the main cause of its profitability or deficit, improvement plan and the future one year's investment plan: of the company's 2021 investments adopting the equity method, the investment in its affiliated enterprise Nan Chung Petrochemical Corp. recognizes a gain of NT$25,780 thousand, in addition to investment in financial asset gain measured by fair value at NT$51,797 thousand.

VI. Risk disclosure

(I) The impact of changes in interest rate, exchange rate, and inflation on the Company's profit or loss in recent years, and future response measures.

1. Explain the impact upon the company's exchange gains and losses and interest income as well as expenditure in the most recent two years on the Company's profit and loss:

(Consolidated information from different industries)

Item	2021	2020
Exchange gain (loss) (A)	110,940	231,314
Interest receipt (expenditure)(B)	9,138,280	8,109,339
Operating revenue (C)	33,046,524	30,816,399
A/C	0.34%	0.75%
B/C	27.65%	26.32%

2. The impact of the most recent year's inflation to company loss or gain: to judge by 2021's consumer wholesale price index's yearly increase ratio, there is no inflation issue and has no impact to company loss or gain.

3. The company's tangible measures for countering exchange rate fluctuation, interest rate fluctuation and inflation:

The company's export market revenue accounts for a certain ratio in its revenue, and export payments are also largely in USD, thus exchange rate fluctuations bear a certain impact to company loss or gain. In response to exchange rate fluctuations, adequate exchange rate hedging financial products are used, under a conservation principle, *i.e.,* buying/selling longer-term foreign exchange and related maneuvers to adequate hedge against exchange rate fluctuation risk.

The merged company has hold of floating interest rate asset and the floating interest rate debt it sustains may see market interest rate fluctuation to create fluctuation risk on said asset and liability and upon assessing it, the merged company controls the liquidity gap in its practical implementation of the operation, through which to mitigate the risk arisen form interest rate fluctuations.

(II) The policy of engaging in high-risk, highly leveraged investments, loaning of funds, endorsements and guarantee and derivatives trading, the main reason for profit or loss and future response measures:

1. Engaging in high risk, high leverage investment: nil.
2. Lending to others and endorsement and guarantee:
   (1) Information on capital lending to others
   To step up the finance management in rendering endorsement guarantee and mitigating the operating risk, the procedure has been formulated in accordance with the "public listed companies' capital lending and endorsement guarantee processing criteria."
   (2) Information on endorsement guarantee for others

Unit: NTD thousand

Name of Endorser/Guarantor	Endorsed/Guaranteed		Maximum balance in current period
	Company name	Relation	
Chou Chin Industrial Co., Ltd.	GREENWORLD FOOD CO., LTD.	Subsidiary of Chou Chin Industrial Co., Ltd.	15,000
Taichung Commercial Bank Lease Enterprise	TCCBL Co., Ltd.	A subsidiary of Taichung Commercial Bank Company, Limited	632,228
Taichung Commercial Bank Lease Enterprise	Taichung Commercial Bank Leasing (Suzhou) Ltd.	A subsidiary of Taichung Commercial Bank Company, Limited	2,587,868

3. Derivative transactions:
   Which pertains to engaging in derivative product trading per the company-defined "engaging in derivative product trading processing procedure."
   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.

(III) The most recent year's research and development plan, the current progress of the incomplete R&D plan, expectant mass production completion time needing to inject further R&D expenditure, major reasons affecting the R&D success in the future: the company products belong to a mature industry, hence there are no major R&D expenditures.

(IV) The most recent year's critical local, foreign policy and legal changes to the company finance's impact and countermeasures: the company has all adopted adequate countermeasures in response to critical local/foreign policy and legal changes, which bear no critical impact to company finance operations.

(V) The impact of technological change (including cyber security risks) to the company finance operations and the countermeasures: in the most recent year, the company industry has not had any major industry change, thus it bears no impact to company finance operations.

(VI) The impact of the most recent year's enterprise image change to the company's crisis management and the countermeasures: the company management has always emphasized on a good corporate image, solid management, and there has not been any major change in recent years, thus bears no impact to its enterprise crisis management, as the company would continue to uphold the principle to achieve a sustainable management.

(VII) Expected results and possible risks of mergers and acquisitions and Counter assessments: none.

(VIII) The expected benefits from plant expansion, the potential risks associated, and the responsive measures: none.

(IX) The risk confronting the incoming goods or good sold and the countermeasures: upon assessing it, the risk is flow, but the company would continue to step up the collaboration relations as the countermeasure.

(X) The risks and impacts of significant shareholding transfers by directors, supervisors, or major shareholders with more than 10% ownership interest and the responsive measures to such risks: none.

(XI) The effects, risks and responsive measures associated with changes in management: not applicable.

(XII) Litigation and non-contentious cases:

1. Shan Hung Construction’s project payout dispute case mediation on November 26th, 2021, no compensation for both, so no significant impacts to the company’s finance and business.
2. O-Bank and Yuanta Bank filed a joint and several liability litigation against the company in February and November, 2020 following the New Site Industries Inc. case. The company has appointed a lawyer to defend by law. The attorney argues that this case does not objectively involve performance of duties by employees and that the Company should therefore bear no joint and several liability with regard to this case. However, the court believes after hearing the case that the bank is entitled to request compensation from the Company, but it should also consider negligence on the part of the bank, which could result in the reduction or exemption of the liability to compensation thereby affecting the compensation amount payable by the Company. The company has provisioned liabilities in the amount of $64,908,000 for the pending litigation case.

(XIII) Other important risks and response measures: none

VII. Other important disclosures: none

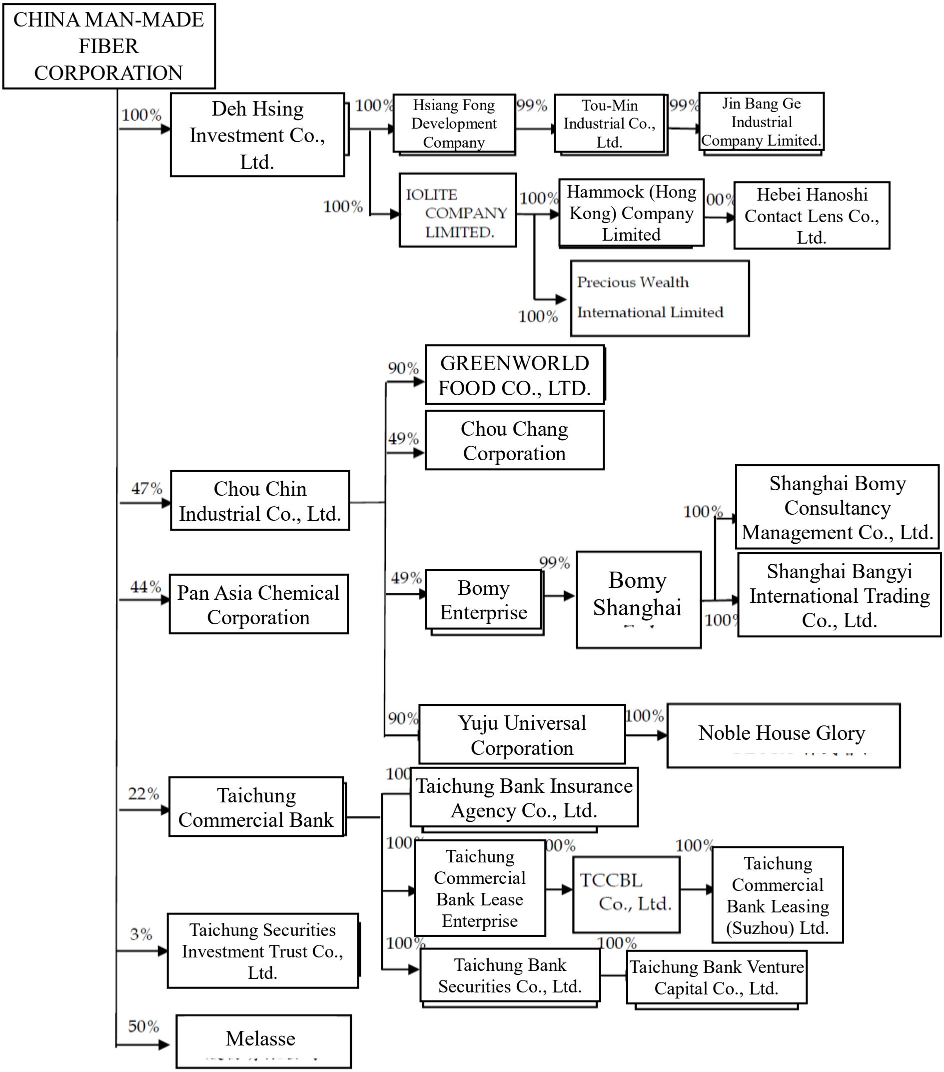
Eight. Special remarks

I. Affiliated companies

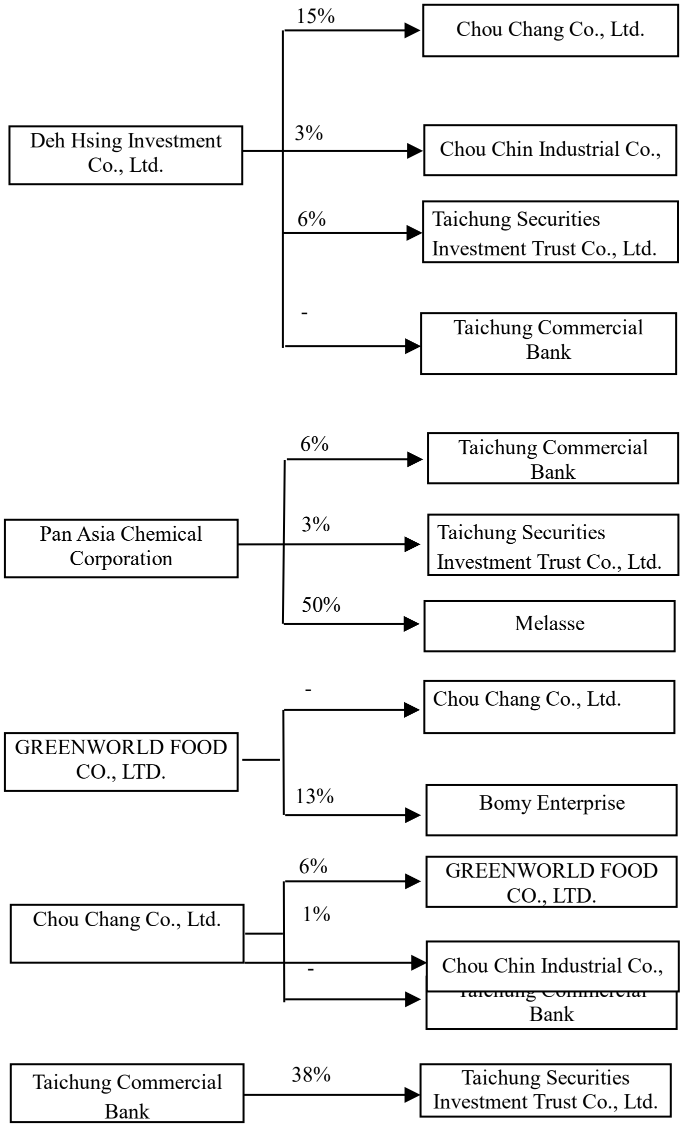
(I) Affiliates consolidated business report

1. Organization chart for affiliates:

(1) The controlling Company and subsidiary companies:



(2) Cross-investment: none.
(3) Subsidiaries and subsidiaries:



2. Basic information of affiliated enterprises Unit: NTD thousand / foreign currency thousand

Name of enterprise	Date of establishment	Address	Paid-in capital	Major operations
Controlling company:				
CHINA MAN-MADE FIBER CORPORATION	1955.05.11	No. 8, Jingjian Rd., Dashe Dist., Kaohsiung City 815	$16,862,097	The petrochemical industry and construction industry.
Subsidiary companies:				
Deh Hsing Investment Co., Ltd.	1988.02.19	10F, No.50, Sec. 1, Xinsheng S. Rd., Zhongzheng Dist., Taipei City	1,800,000	General investment business.
Chou Chin Industrial Co., Ltd.	1972.12.14	No. 14, Xingye Rd., Fuxing Township, Changhua County	752,725	Manufacturing and trading.
Pan Asia Chemical Corporation	1982.04.06	11F, No.50, Sec. 1, Xinsheng S. Rd., Zhongzheng Dist., Taipei City	3,280,263	Petrochemical business.
Taichung Commercial Bank	1953.08.22	No. 87, Min Chuan Road, West District, Taichung	45,385,205	Banking business as permitted under the Banking Act.
Taichung Securities Investment Trust Co., Ltd.	1995.06.01	4F, No.50, Sec. 1, Xinsheng S. Rd., Zhongzheng Dist., Taipei City	312,000	Securities investment trust business.
GREENWORLD FOOD CO., LTD.	1993.03.06	10F., No. 138, Sec. 2, Hankou Rd., Xitun Dist., Taichung City	195,000	Manufacturing and trading.
Chou Chang Corporation	1994.10.07	9F., No. 138, Sec. 2, Hankou Rd., Xitun Dist., Taichung City	274,659	Manufacturing and trading.
Taichung Bank Insurance Agency Co., Ltd.	2007.09.26	No. 80-4, Ching Hua N. Rd., Peitun Dist., Taichung	1,286,000	Insurance agency .
Taichung Commercial Bank Lease Enterprise	2012.01.13	4F-5, No.50, Sec. 1, Xinsheng S. Rd., Zhongzheng Dist., Taipei City	1,989,640	Financing Leasing.
TCCBL Co., Ltd.	2012.06.13	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.	893,373	Leasing and investments.
Taichung Commercial Bank Leasing (Suzhou) Ltd.	2012.12.11	Room 4102-4106, 41F, Zhongxin Building, No. 15, Liang Wan Road, Suzhou Industrial Park, Suzhou, P.R. China	893,373	Leasing.
Taichung Commercial Bank Consolidated Securities Co., Ltd.	2013.05.02	1, 2F, No. 45, Min Zu Rd., Central Dist., Taichung	1,467,482	Securities and futures business
Taichung Bank Venture Capital Co., Ltd.	2020.11.10	17F.-4, No. 85,Sec. 1, Jhongsiao E. Rd.,Jhongjheng Dist., Taipei City	210,000	Venture Investment
Melasse	2011.10.31	11F, No.50, Sec. 1, Xinsheng S. Rd., Zhongzheng Dist., Taipei City	29,000	Cosmetics and cleaning appliances manufacturing.
Hsiang Fong Development Company	2011.01.31	11F, No.50, Sec. 1, Xinsheng S. Rd., Zhongzheng Dist., Taipei City	603,000	Investment in real estate.
Tou-Min Industrial Co., Ltd.	2013.03.27	9F., No. 181, Sec. 3, Minquan E. Rd., Songshan Dist., Taipei City	298,000	The real estate buying/selling industry.
Jin Bang Ge Industrial Company Limited.	2014.02.21	9F., No. 181, Sec. 3, Minquan E. Rd., Songshan Dist., Taipei City	214,000	The real estate buying/selling industry.
IOLITE COMPANY LIMITED	2008.01.14	Portcullis TrustNet Chambers, P.O.Box 1225, Apia, SAMOA	595,750	General investment business.
Precious Wealth International Limited	2018.01.18	Portcullis TrustNet Chambers, P.O.Box 1225, Apia, SAMOA	USD 375	General investment business.
Hammock (Hong Kong) Company Limited	2014.12.03	Room 2302-6, 23/F, Great Eagle Centre, 23, Harbour Road, Wan Chai, Hong Kong	470,685	General investment business.
Hebei Hanoshi Contact Lens Co., Ltd.	2016.01.15	Hebei Province Langfang Emerging Industry Demonstration Area south of Lungchun Avenue and west of Lungshiang Road	470,685	Manufacturing and trading.
Bomy Enterprise	1997.09.19	Sea Mcadow House, Blackburne Highway (P.O. Box 116) Road Town, Tortola, British Virgin Islands.	USD 20,550	General investment business.
Bomy Shanghai	1992.10.30	4588, Hunan Road, Hangtou Town, Pudong New District, Shanghai City	USD 20,000	Distribution and warehousing of beverages.
Shanghai Bomy Consultancy Management Co., Ltd.	2019.10.31	No. 1700, Zhi Gong Road, Gangyan Town, Chongming District, Shanghai City	RMB1,000	Consultation service
Shanghai Bangyi International Trading Co., Ltd.	2020.06.17	Room 202, 2F, Building 7, No. 4588, Hunan Road, Hangtou Town, Pudong New District, Shanghai City	RMB1,000	International trade
Yuju Universal Corporation	2017.05.18	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD 900	General investment business
Noble House Glory	2017.09.19	35 Cho, 14 Chome Odorinishi, 14 Jonishi, Central District, Sapporo City	JPY90,000	Short-term accommodation service

3. Entities presumed in control-subsidiary relations and information on identical: None.
4. (1) The industries housed in the same business location of the whole Affiliated Enterprises:
    A. The petrochemical industry: primarily pertains to manmade fiber, fiberglass paper, polyamide fiber, polymer fiber, chemical product and its raw materials' manufacturing/processing and sales; ethylene glycol, ethylene oxide, nonyl phenol, ethylene, liquefied petroleum gas and related petrochemical industry products' manufacture and sales; oxygen gas, liquid oxygen, nitrogen gas and related manufacture and sales.
    B. Construction: commission construction firms to build residential and commercial buildings to be rented or for sale.
    C. The general investment industry: investment and consulting operations to various enterprises
    D. The securities industry: underwriting marketable securities, trading marketable securities at mercantile or over-the-counter trading markets on its own or through appointed trading, marketable securities shareholders' service representation, futures trading facilitator and other competent government authorities-sanctioned pertinent operations.
    E. The manufacturing and trading industry: automated vending machine manufacture and sale,
    F. The securities investment trust industry: issuing beneficiary certificates, soliciting securities investment trust funds, utilizing securities investment trust funds to engage in securities investment operation and accepting the clients' full fiduciary empowerment for investment operation and other competent government authorities-sanctioned pertinent operations.
    G. Commercial bank: banking business as permitted under the Banking Act.
    H. The leasing industry: offering financing-based leasing and related diversified financial products.
    I. The cosmetics and cleaning products manufacturing industry: in compliance with cosmetic, sanitation management act regulations, it operates in the cosmetics manufacturing industry; cleaning rising soaps, rising agents, laundry powder, stain remover and related cleaning products manufacturing industry.
    J. The real estate investment industry: engaged in real estate development, residential, building and other construction investment, construction, rental, etc.
    K. The foods manufacturing industry: Canned fruit and vegetable juice, beverage foundry, warehousing and distribution of beverage sales industry.
    L. The short-term lodging service industry: the industry that provides room service or holiday accommodation based on days or weeks.
    M. Venture capital industry: provides business operations, management or consultancy services to invested businesses.
    N. Consultancy service industry: enterprise management consultancy, engineering management services, business consultancy and financial consultancy industries
    O. International trade industry: engages in general merchandise import and export trade.
   (2) The division of labor of the business group:

China Manmade Fiber Corp. produces manmade fiber products, such as rayon, fiberglass paper, polyamide fiber, polymer fiber and petrochemical raw materials ethylene glycol, ethylene oxide, nonyl phenol and the like, with its produced nonyl phenol and ethylene oxide supplied to Pan Asia Co., Ltd. for producing a variety of non-ionic surface active agent and to further spread the operating risk, it adopts a diverse management approach, and has thus separately reinvested in De Hsing Investment Co., Ltd., Chou Chin Industrial Co., Ltd., Taichung Commercial Bank Co., Ltd., Taichung Securities Investment Trust and Melasse Co., Ltd.

Pan Asia Co., Ltd. operates in a variety of non-ionic surface active agent's manufacture/processing, sales, import/export/trading operations, yet to spread the risk, has adopted a diverse management approach by reinvesting in Taichung Commercial Bank Co., Ltd.

Taichung Commercial Bank Co., Ltd. starts out in bank operations, Taichung Bank Insurance Agent Co., Ltd. operates in life and property insurance brokering operation, and also develops through Taichung Commercial Bank Co., Ltd.'s branch employees as the distribution system and to further expand its financial services' diversification and offering quality financial services to its customers, has separately re-invested in founding Taichung Bank Leasing Enterprise Co., Ltd., TCCBL Co., Ltd., Taichung Bank Leasing (Suzhou) Co., Ltd., Taichung Bank Securities Co., Ltd. and Taichung Bank Venture Capital Co., Ltd.

Taichung Bank Leasing Enterprise Co., Ltd. operates in leasing services, offering diverse service items and financial products, including leasing service, installment repayment service, local accounts receivable factoring service, financing-based loan service and the like for the consumers to choose from.

TCCBL Co., Ltd is a foreign holding subsidiary 100% owned by Taichung Commercial Bank Lease Enterprise. Its main business purpose is acting as an investor in Taichung Commercial Bank Leasing (Suzhou) Ltd.; additionally, it also runs leasing operations.

The business purpose of Taichung Commercial Bank Leasing (Suzhou) Ltd. is providing Taiwanese businesses in China leasing and other related services.

Taichung Commercial Bank Consolidated Securities Co., Ltd., is mainly engaged in securities brokerage, proprietary trading of securities, Margin Purchase and Short Sale of marketable securities trading and futures introducing broker (IB) business.

The core business of Taichung Bank Venture Capital Co., Ltd. is venture investment.

Through joint marketing efforts between the bank, leasing, insurance brokerage companies and securities ,we can implement well-rounded service to small and medium enterprises, increase the ratio of non-interest revenue, boost our competitiveness, and strengthen our service quality.

Deh Hsing Investment Co., Ltd. Primarily operates in investment operation, which separately re-invests in Pan Asia Co., Ltd, Taichung Commercial Bank Co., Ltd., Taichung Securities Investment Trust Co., Ltd., Chou Chang Corporation, Chou Chin Industrial Co., Ltd., Hsiang Feng Development Co., Ltd. and IOLIE Company Limited.

Shiang Feng Development Co., Ltd. is of De Hsing Investment Co., Ltd.'s 100% re-invested company, which primarily operates in real estate development construction, leasing and related operations, yet to spread the risk, has first re-invested in Transparency Enterprise Co., Ltd., and then have Transparency Co., Ltd. Re-invest in Jin Bong Ge Enterprise Co., Ltd.

IOLITE Company Limited is of De Hsing Investment Co., Ltd.'s 100% reinvested offshore venture capital company, which first re-invests in Han No Shih (HK) Co., Ltd. and then have Han No Shih (HK) Co., Ltd. Re-invest in Hebei Han No Shih Contact Lens Co., Ltd.

Hebei Han No Shi Contact Lens Co., Ltd. primarily produces and sales on contact lens and related products.

Previous Wealth International Limited is of IOLITE's 100% re-invested company, which primarily operates in the general investment industry.

Chou Chin Industrial Co., Ltd. primarily operates in beverage production/distribution business, yet to disperse the risk, has separately re-invested in Jiou Chang Co., Ltd., Bomy Co., Ltd., Bomy Int'l Co. and Noble House Glory Corp.

Bomy International Co. Ltd. is of an 49% offshore company reinvested by Chou Chin Industrial Co., Ltd., and which also re-invests a 99% holdings in Shanghai Bomy Foods Co., Ltd.; Shanghai Bomy Foods Co., Ltd. primarily operates in food production operations.

Shanghai Bomy Foodstuff Co., Ltd. is the 99% re-investment overseas company of Bomy International Co., Ltd. It has 100% re-investment in Shanghai Bomy Consultancy Management Co., Ltd. and Shanghai Bangyi International Trading Co., Ltd.; Shanghai Bomy Consultancy Management Co., Ltd. mainly engages in consultancy services; Shanghai Bangyi International Trading Co., Ltd. mainly engages in international trade.

Yu Ju Global Co. Ltd. is of Chou Chin Industrial Co., Ltd.'s 90% re-invested offshore company, which also re-invests in Nobel House Glory Corp.; Nobel House Glory Corp. primarily operates in short-term lodging industry.

5. Information on directors, supervisors and general managers of affiliated enterprises

Unit: Thousand Shares

Name of enterprise	Title	Company name or representative	Status of shareholdings	
			Quantity	Ratio of Shareholding
Controlling company:				
CHINA MAN-MADE FIBER CORPORATION	Chairman	Pan Asia Investment Co., Ltd. Representative:	52,394	3.11%
		Kuei-Hsien Wang	-	-
	Vice Chairman	Chung Chien Investment Co., Ltd. Representative:	43,929	2.61%
		Ming-Shan Chuang	5	-
	Director	Pan Asia Investment Co., Ltd. Representative:	52,394	3.11%
		Kuei-Fong Wang	30	-
		Ming-Hsiung Huang	38	-
	Director	Chung Chien Investment Co., Ltd. Representative:	43,929	2.61%
		Hung-Yang Wu	-	-
		Kuo-Ching Chen	171	0.01%
	Independent director	Te-Wei Li	-	-
		Chih-Ming Shih	-	-
		Li-Yeh Hsu	-	-
	President	Ming-Shan Chuang	5	-
Subsidiary companies:				
Deh Hsing Investment Co., Ltd.	Chairman	China Man-Made Fiber Corporation Representative:	180,000	100.00%
		Kuei-Hsien Wang	-	-
	Director	China Man-Made Fiber Corporation Representative:	180,000	100.00%
		Po-Nien Lin	-	-
		Hung-Yang Wu	-	-
	Supervisor	China Man-Made Fiber Corporation Representative:	180,000	100.00%
		Jeh-Yi Wang	-	-
Chou Chin Industrial Co., Ltd.	Chairman	Da Fa Investment Co., Ltd. Representative:	20,402	27.10%
		Kuei-Hsien Wang	-	-
	Director	Da Fa Investment Co., Ltd. Representative:	20,402	27.10%
		Kuei-Fong Wang	-	-
		Shun-Tai Lung	-	-
		Ming-Hsiung Huang	-	-
		Hsiao-Chieh Lin	-	-
	Supervisor	Chou Chang Co., Ltd. Representative:	514	0.68%
		Da-Yin Yeh	-	-
		Chien-Rong Gong	-	-
Pan Asia Chemical Corporation	Chairman	Chung Chien Investment Co., Ltd. Representative:	16,808	5.12%
		Kuei-Hsien Wang	-	-
	Director	Sheng Jen Knitting Plant Co., Ltd. institutional representatives:	20,342	6.20%
		Hung-Yang Wu	-	-
		Kuei-Fong Wang	-	-
	Director	Chung Chien Investment Co., Ltd. Representative:	16,808	5.12%
		Jeh-Yi Wang	1	-
	Independent director	Lung-Teng Chen	-	-
		Kuo-Fu Hsiao	-	-
		Kuo-Ming Chang	-	-
	President	Jeh-Yi Wang	1	-
Taichung Commercial Bank	Chairman	Kuei-Fong Wang	494	0.01%

Name of enterprise	Title	Company name or representative	Status of shareholdings	
			Quantity	Ratio of Shareholding
	Managing Director	Representative to Hsu Tian Investment Co., Ltd.:	144,619	3.19%
		Ming-Hsiung Huang	-	-
		Wei-Liang Lin	-	-
	Director	Representative to Hsu Tian Investment Co., Ltd.:	144,619	3.19%
		Hsin-Ching Chang	-	-
		Li-Tzu Lai	37	0.00%
		Yeh Shu Hui	-	-
		Deh-Wei Chia	356	0.01%
		Shi-Yi Chiang	-	-
	Independent director	Li-Wen Lin	-	-
	Independent director	Hsin-Chang Tsai	-	-
	Independent director	Chien-An Shih	-	-
	Independent director	Pi-Ya Chen	-	-
	President	Deh-Wei Chia	356	0.01%
Taichung Bank Insurance Agency Co., Ltd.	Chairman	Taichung Commercial Bank	128,600	100.00%
		Representative: Li-Tzu Lai	-	-
	Director	Taichung Commercial Bank	128,600	100.00%
		Representative:		
		Ming-Jen Hsu	-	-
		Chun-Ying Wang	-	-
		Chien-Hung Lin	-	-
		Shu-Chen Chen	-	-
	Supervisor	Taichung Commercial Bank	128,600	100.00%
		Representative: Chin-Min Liao	-	-
Taichung Commercial Bank Lease Enterprise	Chairman	Taichung Commercial Bank	198,964	100.00%
		Representative: Wei-Liang Lin	-	-
	Director	Taichung Commercial Bank	198,964	100.00%
		Representative:		
		Yi-Yuan Tung	-	-
		Kuo-Ming Lo	-	-
		Yao-Tien Li	-	-
		Kuo-Chun Liu	-	-
	Supervisor	Taichung Commercial Bank	198,964	100.00%
		Representative: Hsin-Ching Chang	-	-
TCCBL Co., Ltd.	Chairman	Taichung Commercial Bank Lease	30,000	100.00%
		Enterprise Representative: Kuo-Ming Lo	-	-
Taichung Commercial Bank Leasing (Suzhou) Ltd.	Chairman	TCCBL Co., Ltd. Representative:	-	100.00%
		Hsueh-Hsuan Liao	-	-
	Director	TCCBL Co., Ltd. Representative:	-	100.00%
		Wei-Liang Lin	-	-
		Jui-Yang Lin	-	-
		Yi-Pin Lin	-	-
		Chih-Hua Yao	-	-
	Supervisor	TCCBL Co., Ltd. Representative:	-	100.00%
		Hsin-Ching Chang	-	-
Taichung Commercial Bank Consolidated Securities Co., Ltd.	Chairman	Taichung Commercial Bank	146,748	100.00%
		Representative: Yeh Shu Hui		-
	Director	Taichung Commercial Bank	146,748	100.00%
		Representative:		

Name of enterprise	Title	Company name or representative	Status of shareholdings Quantity	Ratio of Shareholding
		Hsiu-Chen Chou	-	-
		Chun-Sheng Lin	-	-
		Kang-Chi Chou	-	-
		Kai-Yu Lin	-	-
	Supervisor	Taichung Commercial Bank	146,748	100.00%
		Representative:		-
		Chin-Min Liao	-	-
Taichung Bank Venture Capital Co., Ltd.	Chairman	Taichung Commercial Bank	21,000	100.00%
		Consolidated Securities Co., Ltd.	-	-
		Representative:		
		Shi-Yi Chiang		
	Director	Taichung Commercial Bank	21,000	100.00%
		Consolidated Securities Co., Ltd.	-	-
		Representative:		
		Tsung-Hsien Lee		
		Zai-Hong Yang	-	-
		Yuan-Ching Chiu	-	-
		Shih-Nan Yang	-	-
	Supervisor	Taichung Commercial Bank	21,000	100.00%
		Consolidated Securities Co., Ltd.	-	-
		Representative:		
		Kuang-Chung Hsiao		
Taichung Securities Investment Trust Co., Ltd.	Chairman	Da Fa Investment Co., Ltd.	1,959	6.28%
		Representative:		
		Shi-Yi Chiang	-	-
	Vice Chairman	Taichung Commercial Bank	12,000	38.46%
		Representative:		
		Ming-Hsiung Huang	-	-
	Director	Da Fa Investment Co., Ltd.	1,959	6.28%
		Representative:		
		Hsu-Hsi Weng	-	-
		Po-Nien Lin	-	-
		Taichung Commercial Bank	12,000	38.46%
		Representative:		
		Po-Mao Huang	-	-
	Supervisor	Deh Hsing Investment Co., Ltd.	1,716	5.50%
		Representative:		
		Chien-Rong Gong	-	-
GREENWORLD FOOD CO., LTD.	Chairman	Chou Chin Industrial Co., Ltd.	17,508	89.78%
		Representative:		
		Kuei-Hsien Wang	-	-
	Director	Chou Chin Industrial Co., Ltd.	17,508	89.78%
		Representative:		
		Hsiao-Chieh Lin	-	-
		Ming-Hsiung Huang	-	-
	Supervisor	Chou Chang Co., Ltd. Representative:	1,131	5.80%
		Shi-Yi Chiang	-	-
Chou Chang Corporation	Chairman	Chou Chin Industrial Co., Ltd.	13,339	48.57%
		Representative:		
		Kuei-Hsien Wang	-	-
	Director	Chou Chin Industrial Co., Ltd.	13,339	48.57%
		Representative:		
		Ming-Hsiung Huang	-	-
		Hsiao-Chieh Lin	-	-
	Supervisor	Pan Asia Investment Co., Ltd.	9,995	36.39%
		Representative:		
		Shi-Yi Chiang	-	-
Hsiang Fong Development Company	Chairman	Deh Hsing Investment Co., Ltd.	60,300	100.00%
		Representative:		
		Hsiao-Chieh Lin	-	-
	Director	Deh Hsing Investment Co., Ltd.	60,300	100.00%

Name of enterprise	Title	Company name or representative	Status of shareholdings	
			Quantity	Ratio of Shareholding
		Representative:		
		Jih-Lung Lin	-	-
		Ming-Shuan Lin	-	-
	Supervisor	Deh Hsing Investment Co., Ltd.	60,300	100.00%
		Representative:		
		Chien-Rong Gong	-	-
Melasse	Supervisor	Kuei-Hsien Wang	-	-
Tou-Min Industrial Co., Ltd.	Director	Jih-Lung Lin	10	0.03%
Jin Bang Ge Industrial Company Limited.	Director	Che-Yu Lin	100	0.47%
Bomy Enterprise	Director	Kuei-Hsien Wang	10,000	48.66%
		Yin-Ming Yang	50	0.24%
		Yuan-Feng Cheng	-	-
Bomy Shanghai	Chairman	Bomi International Co., Ltd.	1,985	99.25%
		representative:		
		Yuan-Feng Cheng	-	-
	Director	Bomi International Co., Ltd.	1,985	99.25%
		representative:		
		Kuei-Hsien Wang	-	-
		Yin-Ming Yang	-	-
		Hsuan-Chi Shih	-	-
		Shanghai Nanjiang Metal Structure	15	0.75%
		Plant representatives:		
		Feng Hsu	-	-
	Supervisor	Bomi International Co., Ltd.	1,985	99.25%
		representative:		
		Hsiao-Chieh Lin	-	-
Shanghai Bomy Consultancy Management Co., Ltd.	Chairman	Bomi International Co., Ltd.	-	100.00%
		representative:		
		Yuan-Feng Cheng	-	-
	Supervisor	Chieh Chou	-	-
Shanghai Bangyi International Trading Co., Ltd.	Chairman	Bomi International Co., Ltd.	100	100.00%
		representative:		
		Yuan-Feng Cheng	-	-
	Supervisor	Chieh Chou	-	-
Yuju Universal Corporation	Director	Chou Chin Industrial Co., Ltd.	810	90.00%
		Representative:		
		Kuei-Hsien Wang	-	-
Noble House Glory	Director	Yuju Universal Corporation	2	100.00%
		Representative:		
		Yu-Ying Wu		
		Hsiao-Chieh Lin	-	-
IOLITE COMPANY LIMITED	Director	Deh Hsing Investment Co., Ltd.	19,005	100.00%
	Director	Hsien-Chang Chen		
Precious Wealth International Limited	Director	IOLITE COMPANY LIMITED	375	100.00%
Hammock (Hong Kong) Company Limited	Director	IOLITE COMPANY LIMITED	1,500	100.00%
	Director	Kuei-Hsien Wang	-	-
Hebei Hanoshi Contact Lens Co., Ltd.	Director	Bomy Shanghai	1,500	100.00%
	Director	Kuei-Hsien Wang	-	-
	Director	Kuei-Fong Wang	-	-
	Director	Kuo-Ching Chen	-	-
	Supervisor	Yung-Ta Liu	-	-

6. Business Performance of Affiliated Enterprises

Unit: NTD thousand, unless otherwise noted or foreign currency per thousand dollars

Name of enterprise	Capital	Total assets	Total liabilities	Net worth	Operating income/net earnings	Gain (loss) before income tax	Net income (loss) for the year	Earnings Per Share After Tax (Loss per share) (NT$)
Controlling company:								
CHINA MAN-MADE FIBER CORPORATION	$ 16,862,097	$ 38,915,256	$ 15,588,172	$ 23,327,084	$ 10,685,164	$ 5,699	$ 5,699	$ -
Subsidiary companies:								
Deh Hsing Investment Co., Ltd.	1,800,000	1,800,330	120	1,800,210	-	15,380	15,154	0.08
Chou Chin Industrial Co., Ltd.	752,725	4,996,594	2,939,350	2,057,244	2,867,832	250,214	250,129	3.32
Pan Asia Chemical Corporation	3,280,263	8,789,706	2,963,967	5,825,739	1,727,577	347,418	342,978	1.05
Taichung Commercial Bank	45,385,205	762,337,799	698,877,814	63,459,985	12,602,529	5,453,709	4,796,274	1.10
Taichung Securities Investment Trust Co., Ltd.	312,000	440,338	11,019	429,319	52,334	(1,649)	(1,649)	(0.05)
GREENWORLD FOOD CO., LTD.	195,000	902,500	644,177	258,323	2,403,825	74,277	63,943	3.28
Chou Chang Corporation	274,659	680,020	327,691	352,329	12,140	15,551	13,486	0.49
Taichung Bank Insurance Agency Co., Ltd.	1,286,000	2,132,034	231,176	1,900,858	446,145	270,958	217,061	1.69
Taichung Commercial Bank Lease Enterprise	1,989,640	8,069,165	6,034,080	2,035,085	348,805	117,252	100,203	0.50
TCCBL Co., Ltd.	893,373	835,544	9,250	826,294	41,256	41,185	41,185	-
Taichung Commercial Bank Leasing (Suzhou) Ltd.	893,373	3,827,445	3,045,861	781,584	226,316	58,457	40,289	-
Taichung Commercial Bank Consolidated Securities Co., Ltd.	1,467,482	5,303,750	3,341,240	1,962,510	949,261	488,910	462,737	3.15
Taichung Bank Venture Capital Co., Ltd.	210,000	212,140	3,546	208,594	6,002	(5,925)	(6,138)	(0.29)
Hsiang Fong Development Company	603,000	581,846	100	581,746	-	(1,291)	(1,291)	(0.02)
Melasse	29,000	21,514	72	21,442	1,604	(6,633)	(6,633)	(2.29)
Tou-Min Industrial Co., Ltd.	298,000	277,842	100	277,742	-	(1,077)	(1,077)	(0.04)
Jin Bang Ge Industrial Company Limited.	214,000	196,708	80	196,628	-	(931)	(931)	(0.04)
IOLITE COMPANY LIMITED	595,750	448,340	-	448,340	-	(5,613)	(5,613)	-
Precious Wealth International Limited	USD 375	9,536	5	9,531	-	(1,127)	(1,127)	-
Hammock (Hong Kong) Company Limited	470,685	753,751	415,250	338,501	-	(4,450)	(4,450)	-
Hebei Hanoshi Contact Lens Co., Ltd.	470,685	321,202	18,178	303,024	-	(4,416)	(4,416)	-
Bomy Enterprise	USD 20,550	469,317	1,397	467,920	-	167,970	167,970	-
Bomy Shanghai	USD 20,000	499,003	32,761	466,242	-	169,352	169,352	-
Shanghai Bomy Consultancy Management Co., Ltd.	RMB 1,000	-	-	-	-	-	-	-
Shanghai Bangyi International Trading Co., Ltd.	RMB 1,000	61,265	52,128	9,137	144,791	(1,791)	(1,791)	-
Yuju Universal Corporation	USD 900	7,016	-	7,016	-	(5,994)	(5,994)	-
Noble House Glory	JPY 90,000	46,298	40,715	5,583	-	(5,401)	(5,401)	-

(II) Consolidated financial statement of affiliated enterprises

As stipulated under the "affiliated enterprises' consolidated operating report, affiliated enterprises' consolidated financial statements and affiliation report compiling criteria," companies that the company shall streamline into compiling the affiliated enterprises' consolidated financial statements and companies shall streamline into compiling and producing the parent/subsidiary companies' consolidated financial statements, per International Financial Reporting Criteria number 10, are all identical, and also the affiliated enterprises' consolidated financial statements shall disclose of relevant information has all been disclosed in the foresaid parent/subsidiaries' consolidated financial statements; which please refer to the parent/subsidiaries' consolidated financial statements

(III) Disclaimer on affiliated enterprises

Statement of Declaration

The Company has in the year 2021 (from January 1 to December 31, 2021), as stipulated under the “affiliated enterprises’ consolidated operating report, affiliated enterprises’ consolidated financial statements and affiliation report compiling criteria”, companies that shall be streamlined into compiling the affiliated enterprises’ consolidated financial statements and companies that shall be streamlined into compiling and producing the parent/subsidiary companies’ consolidated financial statements, per International Financial Reporting Criteria number 10, are all identical and also the affiliated enterprises’ consolidated financial statements shall disclose of relevant information has all been disclosed in the foresaid parent/subsidiaries’ consolidated financial statements.

Declared by:

CHINA MAN-MADE FIBER CORPORATION

Chairman: Kuei-Hsien Wang

March 14, 2022

CPA’s Review Comments

To CHINA MAN-MADE FIBER CORPORATION:

The certified public accountant has duly audited China Manmade Fiber Corp.’s 2021 financial statements in accordance with the “Certified public accountant’s audit/authenticating financial statement rules” and the generally recognized audit criteria, and has also on March 14, 2021 issue a no opinion withheld, stepped up investigation matter section and other audit report as retained on file, where said audit’s purpose has been to opine the CPA’s opinion on the overall adequacy of the financial statements. The 2021 Affiliation Report prepared by the China Man-Made Fiber Co., Ltd., is attached. Such report was prepared in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Sale or Contribution of Assets between an Investor and its Associate or Joint Venture of Affiliated Enterprises.” An audit review requires us to proceed with the necessary procedures, including the acquisition of customer’s declaration and the confirmation on related information. The review has been successfully accomplished.

In our opinion, the Affiliation Report for 2021 prepared by China Man-Made Fiber Co., Ltd., is in compliance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Sale or Contribution of Assets between an Investor and its Associate or Joint Venture of Affiliated Enterprises” and the contents of financial information are identical with those presented in the financial statements. No material amendments to the information shall be required.

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

(IV) Affiliation Report

1. Relations between parent and subsidiaries

Unit: share; %

Name of holding company	Reason of holding	Status of shareholding and lien of stock by holding company			Directors, Supervisors or managers appointed by holding company	
		Quantity of Shares	Ratio of Shareholding	Shares under lien	Title	Name
Chung Chien Investment Co., Ltd.	Indirect control over the HR, finance or operations of the Bank	43,929,431 Shares	2.61%	36,002,000	Vice Chairman Director Director	Ming-Shan Chuang Hung-Yang Wu Kuo-Ching Chen
Pan Asia Investment Co., Ltd.	Indirect control over the HR, finance or operations of the Bank	52,393,736 Shares	3.11%	22,100,000	Chairman Director Director	Kuei-Hsien Wang Kuei-Fong Wang Ming-Hsiung Huang

2. Transactions between subsidiaries and Parent Name of enterprise:
   (1) Incoming (sale) goods transaction: nil
   (2) Asset transaction: nil
   (3) Financing: none
   (4) Asset lease: none
   (5) Disclosure of major transactions: none
3. Guarantees/endorsements between subsidiaries and Parent Name of enterprise: none.

II. Private placement of securities during the latest year up till the publication date of this annual report: None

III. Holding or disposal of the company's shares by its subsidiaries during the latest financial year, up to the publication date of this annual report:

Unit: NTD thousand; thousand shares; %

Name of Subsidiary	Paid-in capital	Source of capital	The Company's shareholdings percentage	Date acquired (liquidated)	Share count acquired	Share count liquidated	Investment Gain (Loss)	Holding share count as of Dec. 31, 2021	State of mortgage lien designation	The amount of endorsement guarantee the company has made to its subsidiaries	The amount the company lends to its subsidiaries
					Amount acquired	Amount liquidated		Amount held			
Pan Asia Chemical Corporation	3,280,263	Self-owned Capital	44%	2021/11/02	10,058	0	0	261,501	Yes	0	0
					Note	0		379,074			
Deh Hsing Investment Co., Ltd.	1,800,000	Self-owned Capital	100%	2021/11/02	447	0	0	11,619	N/A	0	0
					Note	0		25,787			
Chou Chin Industrial Co., Ltd.	752,725	Self-owned Capital	47%	2021/11/02	2,365	0	0	61,488	N/A	0	0
					Note	0		195,060			
Chou Chang Corporation	274,659	Self-owned Capital	0%	2021/11/02	371	0	0	9,618	N/A	0	0
					Note	0		35,136			

Note: The company distributes share dividends to its subsidiaries in 2021.

IV. Other supplementary information: None

Nine. Occurrences of events defined under Article 36-3-2 of the Securities and Exchange Act in the latest year up till the publishing date of this annual report that significantly impacted shareholders' equity or security prices: None.

CHINA MAN-MADE FIBER CORPORATION

Chairman: Kuei-Hsien Wang