Stock Code: 6509

HOPAX

Taiwan Hopax Chems. Mfg. Co., Ltd.

Annual Report 2021

April 30, 2022

Taiwan Stock Exchange Market Observation Post System: https://mops.twse.com.tw

HOPAX annual report is available at

https://www.hopax.com/en/investor/shareholders-meeting/2022-meeting-materials

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V. Stock exchange(s) on which the stock is traded overseas and ways to obtain relevant information: None

VI. Website: http://www.hopax.com/zh-tw

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A. Message to Shareholders

Dear Shareholders,

I wish to thank you for your trust and support. Hopax Group has always been committed to creating revenue and stable profitability, and we pay close attention to our corporate social responsibility. We hold ourselves accountable to stakeholders and dedicate ourselves to economic prosperity, social welfare, sustainability, and environmental protection. The Company is honored to receive the "Taiwan Corporate Sustainability Awards - Traditional Manufacturing Industry - Platinum" award from Taiwan Institute for Sustainable Energy (TAISE), and I was elected as one of the 16th "Distinguished Alumni of National Taiwan University" in 2021. The results of business operations in 2021 were as follows:

I. 2021 Business Report

(I) Implementation of the 2021 business plan

The Group's consolidated revenue was NT$4,729,003 thousand, which was an increase of approximately 31.8% compared to 2020. The consolidated profit margin in 2021 was 28% and the consolidated net income after taxes was NT$428,806 thousand, which was an increase of 50.8% from 2020. The earnings per share after taxes (basic) was approximately NT$2.48. Although the sales of certain products were affected due to the continuous impact of the global pandemic in 2021, the Company actively grasped opportunities for growth in the demand for epidemic prevention and maintained stable supply capacity to satisfy customer requirements. We thus achieved stable revenue and growth in profitability. We also uphold our core value of innovation to continue technology and process optimization, automation, and smart manufacturing and work hard to achieve continuous long-term growth. Refer to the table below for the 2021 and 2020 financial revenue and expenses (Unit: NT$ thousand):

Year / Item	2021	2020	Increase (decrease) %
Operating income	4,729,003	3,588,710	31.8%
Operating costs	3,413,150	2,570,991	32.8%
Operating margin	1,315,583	1,017,710	29.3%
Operating expenses	751,600	634,679	18.4%
Operating profit	564,253	383,031	47.3%

Item \ Year	2021	2020	Increase (decrease) %
Net non-operating revenues and expenses	(845)	(5,219)	83.8%
Pre-tax profit	563,408	377,812	49.1%
Income tax expenses	(134,602)	(93,519)	43.9%
Net profit after tax	428,806	284,293	50.8%
Earnings per share (NT$)	2.48	1.63	52.1%

(II) Profitability analysis (Unit: %)

Item \ Year	2021	2020
Return on assets	7.39	5.22
Return on equity	14.23	10.08
Net income before tax to paid-in capital ratio	32.52	21.81
Net interest rate	9.06	7.92

(III) Research and development

Research and development are one of the crucial elements for sustainable development. The Company's R&D track records and results are summarized below:

1.The Company invested NT$154,748 thousand in research and development in 2021 and obtained 3 patents. As of February 9, 2022, the Company has received 143 effective patents.

2.New product research and development and improvement results of business units in 2021:

(1) Specialty Chemicals Division completed 6 projects: High-end hollow resins used for thermal paper, anionic and cationic surface sizing agent for industrial paper, electronics-grade ceramic dispersant, structural ceramic dispersant, environmentally friendly coating lubricant, and marble dry grinding aid.

(2) Fine Chemicals Division completed 6 projects: New product development for biological buffers, process improvement for biological buffer products, new product development for additives for lithium-ion batteries, new product development for electroplating additives, new product development for peptide,

and development of desalting technologies.

(3) Stick'N Division completed 3 projects: Notebook Stick'n, new large and small standing Stick'n, and holed Stick'n.

(4) Agricultural Technology Division completed 2 projects: Development of liquid organic fertilizers and agricultural spreaders.

(5) Subsidiary Hopax Biomedical completed 2 projects: HYGIENECARE Water Stain Cleaning Mousse and HYGIENECARE Pet Anti-Allergy Moisturizing Shampoo.

3.The Company's future research and development will focus on: (1) Development and extension of applications of specialty chemicals, (2) Green procedures for fine chemicals, (3) Intermediates for the pharmaceutical industry, (4) Stick'N coating technology upgrade and development and design of diverse coating products, (5) Diversification of HYGIENECARE anti-bacterial products, (6) Development of multiple precision treatment drugs, (7) Development of microbial fermentation products and moisture retention materials.

II. Competitive, regulatory, and overall business environment

In response to climate change, the target of "50% carbon reduction by 2030 and carbon neutrality by 2050" has become a topic of concern in the international community and a top priority for mitigating climate change. Hopax Group has always been committed to the development of aqueous phase production processes with low harm on the environment and we are committed to process improvements for reducing waste and conserving energy. We continue use energy-efficient equipment to replace equipment with high energy consumption and we invested in carbon footprint certification and greenhouse gas inventory ahead of schedule in 2021 in accordance with regulations. In addition, we created a circular economy by working with nearby factories to recycle and reuse waste heat to implement both long-term support for environmental protection and safety and diverse response strategies that meet requirements for business operations with compliance to regulations and integrity.

In response to the government's strong support for "digital transformation" and "information security" in business operations, Hopax Group has accelerated the implementation of related projects in the last 3 years such as Real-time extraction of production data and construction of a real-time monitoring and control platform, cooperation with the academia and industry to use data science techniques to support the monitoring and control of production quality, and appointment of contractors to help build and introduce relevant information security software to meet the needs of employees in their homes and offices. The initial implementation has yielded

great results and we will continue to expand the implementation across the board.

The overall global economy remains plagued by disruptions such as the Russo-Ukrainian War and the increase in raw material prices and transportation costs which have posed many challenges to the Company's operations. The flexibility of strategies and speed of execution in response to changes have become key to business success or failure. Hopax Group has long strived to develop diversified product applications and global production and sales locations, and we have used internal inter-plant production support to effectively respond to unfavorable factors in the external environment.

III. 2021 Business Plan summary and future development strategies

(I) Projected sales

We pursue stable growth for continuous sales and the management team works tirelessly to maximize profits for the Group and shareholders.

(II) Business and sales strategy

Hopax Group's current business strategy includes the continuous pursuit to create advantages in costs and integrate production and technical applications with products and services to satisfy the needs of existing customers. We also develop products for high-end applications and customers, and strive for excellent performance in environmental, social, and corporate governance to strengthen the value of the Company. "Profitability" is only one of the most basic responsibilities of a company. The social responsibility of a company and its fulfillment of social care will become crucial for its competitiveness in sustainable development. Hopax upholds the business philosophy of innovation, sharing, and caring to assist colleagues and pursue healthy development of individuals in mind, body and spirit. The positive energy released by employees is the power for progress (good) that can maintain stability and reliability in an unstable situation, and create a more harmonious and better future for self-development and the society.

By continuing to make steady progress based on the high growth in 2021, we shall consolidate and expand our market share in specialty chemicals and actively develop export opportunities to maintain the profit margin. The growth of fine chemicals in the 5G biomedicine, and electric vehicle market has powered the opportunities for copper foil and biological buffers. We shall provide stable and high-quality products to increase our market share. The upgrade of surface sizing and coating technologies for stationery supplies and the introduction of auxiliary equipment and quality management technologies have increased the quality and production efficiency and

powered growth in revenue and profitability. In terms of agricultural technologies, we continue to develop diverse products that do not cause pollution and protect the environment to ensure the sustainable development of land. We seek to play an important role in global organic agriculture development. The subsidiary Hopax Biomedical remains focused on the development of a diverse range of product applications, strengthens its image as a high-quality brand, and adopts cross-industry alliance strategies. It uses data management to maintain customer relations and increase opportunities for sales. The subsidiary SeeCure Taiwan has made progress in the development of precision treatments and many products have entered animal test phases. It aims to use innovative drugs to improve human health and quality of life, and to create higher value for new biotechnology drug development in Taiwan. Hopax Group's long-term development strategy is to meet the needs of customers with green process technologies and diversified and innovative development. We have always remained ambitious and we have set challenging targets to continue our stable development and create sustainable competitiveness for the Group.

I wish to thank you again for your support.

I would like to wish all our shareholders

health and prosperity.

Chairman Tsung-Tien Kuo

B. Company Profile

I. Date of establishment: February 7, 1975

II. Company History

The Company was established in 1975 with a capital of NT$2 million. It started with the production of chemical products for paper making and has continuously developed new products and increased quality and productivity to sustain continuous business growth. The Company currently specializes in the production and sales of specialty chemicals, fine chemicals, and repositionable self-adhesive products (Stick'n).

The Company's main development history is as follows:

1975 The Company was officially established and named Taiwan Hopax Chemical Industrial Co., Ltd.

1977 Completed the construction of the Fengshan Plant.

1990 Increased capital to NT$205,254 thousand and completed additional procedures for public listing in accordance with laws.
Established the Kaohsiung Plant and added production lines for office supplies.

1992 Hopax received the first Excellent Industrial Technology Award and the Symbol of Excellence Award.

1993 Hopax received the second Excellent Industrial Technology Award.

1995 The Company founded PT Hopax Indonesia in Indonesia to produce and sell of paper making chemicals.
Fengshan Plant passed ISO 9002 certification.

1997 The Company was renamed Taiwan Hopax Chemicals Mfg. Co., Ltd. and began its international development.
Hopax set up Phoenix Worldwide Group Ltd. in the British Virgin Islands for indirect investment in the establishment of Xiamen Hopax Paper Product Co., Ltd. in Xiamen, China for the production and sales of office supplies.
Hopax received recognition as an Excellent Invoice Issuer from the Ministry of Finance.

1998 Kaohsiung Plant passed ISO 9002 certification.

1999 The Company set up the subsidiary Hopax Europe Limited in the United Kingdom to promote office supplies in the European market.

2000 Hopax set up Phoenix Worldwide Group Ltd. in the British Virgin Islands for investment in the establishment of Kunshan Hopax Paper Products Co., Ltd. in China for the

production and sales of office supplies.

2001 Kunshan Hopax Paper Products Co., Ltd. began mass production.

2002 The Company merged Xiamen Hopax Paper Product Co., Ltd. into Kunshan Hopax Paper Products Co., Ltd.

2003 Hopax was listed on the Taiwan Emerging Stock Exchange.

The Company invested in the establishment of Hopax International for the investment and establishment of Hopax International (Shanghai) Co., Ltd. in China.

Passed ISO 14001 environment and safety management system certification.

2004 Hopax was listed on the Taiwan OTC Stock Exchange.

Tafa Plant I was established.

The Company established the Innovation Development Center to integrate R&D resources for innovative research.

The Company made donations for the establishment of the Hopax Culture and Arts Foundation to provide sponsorship for the development of the society, culture, and arts.

2005 Hopax set up Hopax Worldwide Ltd. for investment in the establishment of Changshu Hopax Chemical Co., Ltd. as the sales and service center for paper making Chemicals in China.

2006 Changshu Hopax Chemical Co., Ltd. completed the construction of its factory and began trial production.

Tafa Plant II was established.

The Company established "SeeCure LLC" in the United States for development of cancer diagnosis and treatment technologies.

2007 Received the fifth Golden Root Award.

Received the "Outstanding Innovation Award" in the 15th National Industrial Innovation Award organized by the Ministry of Economic Affairs.

2008 The Company established the subsidiary Hopax Biomedical Tech. Co., Ltd. for the sales and marketing of personal care and cosmetics products.

2009 The Company established the subsidiary SeeCure Taiwan Co., Ltd. in Taiwan for the research and development of patented new drugs and biotechnology.

2010 Passed OHSAS 18001 occupational safety management system certification.

Won the Excellent R&D Team Award in the "2010 Taiwan Chemical Industry Elite and

2011 Production Innovation Awards".

PT Hopax Indonesia passed OHSAS 18001 occupational safety management system certification.

Changshu Hopax Chemical Co., Ltd. passed ISO 14001 environment and safety

management system certification.

2012 Tafa Plant II received recognition as "2012 Outstanding Fire Prevention Management Site" from the Fire Bureau, Kaohsiung City Government.

2010 Passed OHSAS 18001 occupational safety management system certification.

Won the Excellent R&D Team Award in the "2010 Taiwan Chemical Industry Elite and

2011 Production Innovation Awards".

PT Hopax Indonesia passed OHSAS 18001 occupational safety management system certification.

Changshu Hopax Chemical Co., Ltd. passed ISO 14001 environment and safety management system certification.

2013 Received the Taiwan Mittelstand Award in the "Mittelstand Enterprise Development Plan" of the Executive Yuan.

GreenKey De-Formaldehyde Coating received "Green Building Material Certification" from the Ministry of the Interior.

Changshu Hopax Chemical Co., Ltd. passed OHSAS 18001 occupational safety management system certification.

2015 "GreenKey De-FormaldehydeRemoval Automobile Spray", "Magic Post-it Note Series", and "Transparent Post-it Notes and Label Series" 23rd Taiwan Excellence Award.

"HYGIENECARE Anti-Virus Spray" received recognition as an "Epidemic Prevention Product Recommended by the Centers for Disease Control" of the Ministry of Health and Welfare.

The Company received the "Healthy Workplace Certification Health Promotion Mark" from the Health Promotion Administration of the Ministry of Health and Welfare.

The Company received the "Health Management Award" for outstanding workplace health from the Health Promotion Administration of the Ministry of Health and Welfare.

The Company received recognition as an "excellent member company" from the Manufactures United General Association of Industrial Park of R.O.C.

The Company received the "Excellent Award" in the Kaohsiung City Friendly Breastfeeding Room Contest.

The Hopax Culture and Arts Foundation received the 12th Arts and Business Awards from the Ministry of Culture.

2016 "HYGIENECARE Antibacterial Spray" received the Symbol of National Quality (SNQ) in the "Disease Prevention Product Category".

The Company received the "Taiwan Corporate Sustainability Awards - Traditional Manufacturing Industry - Bronze" award.

Changshu Plant passed OHSAS 45001: 2015 occupational safety management system certification.

Kunshan Plant passed OHSAS 45001: 2015 occupational safety management system certification.

Kunshan Plant passed ISO 14001: 2015 environmental management system certification.

2017 The Company won the "Commonwealth Magazine Corporate Citizenship Awards".

The Company received the "Taiwan Corporate Sustainability Awards - Traditional Manufacturing Industry - Bronze" award.

Tafa Plant passed the ISO 14001: 2015 environment and safety management system certification.

Changshu Hopax Chemical Co., Ltd. passed ISO 14001: 2015 environmental management system certification.

2018 PT. Hopax Indonesia (Indonesia Plant) passed ISO14001:2015 environmental management system certification.

The Company won the "Commonwealth Magazine Corporate Citizenship Awards".

The Company received the "Taiwan Corporate Sustainability Awards - Traditional Manufacturing Industry - Gold" award.

The Company received the "Taiwan Corporate Sustainability Awards Top 50" award.

Tafa Plant passed OHSAS: 2015 occupational safety management system certification.

2019 "HYGIENECARE Anti-Virus Spray" received the Symbol of National Quality (SNQ) in the "Disease Prevention Product Category".

The Company received the "Taiwan Corporate Sustainability Awards - Traditional Manufacturing Industry - Gold" award from Taiwan Institute for Sustainable Energy (TAISE).

The Company received the "Intensive Development Model - Enterprise Leadership Award" in the 2019 Kaohsiung City Government Paradigm Company Leadership Awards.

The Hopax Culture and Arts Foundation received the "Bronze Award" and "Long-term Sponsorship Award" in the Business Awards from the Ministry of Culture.

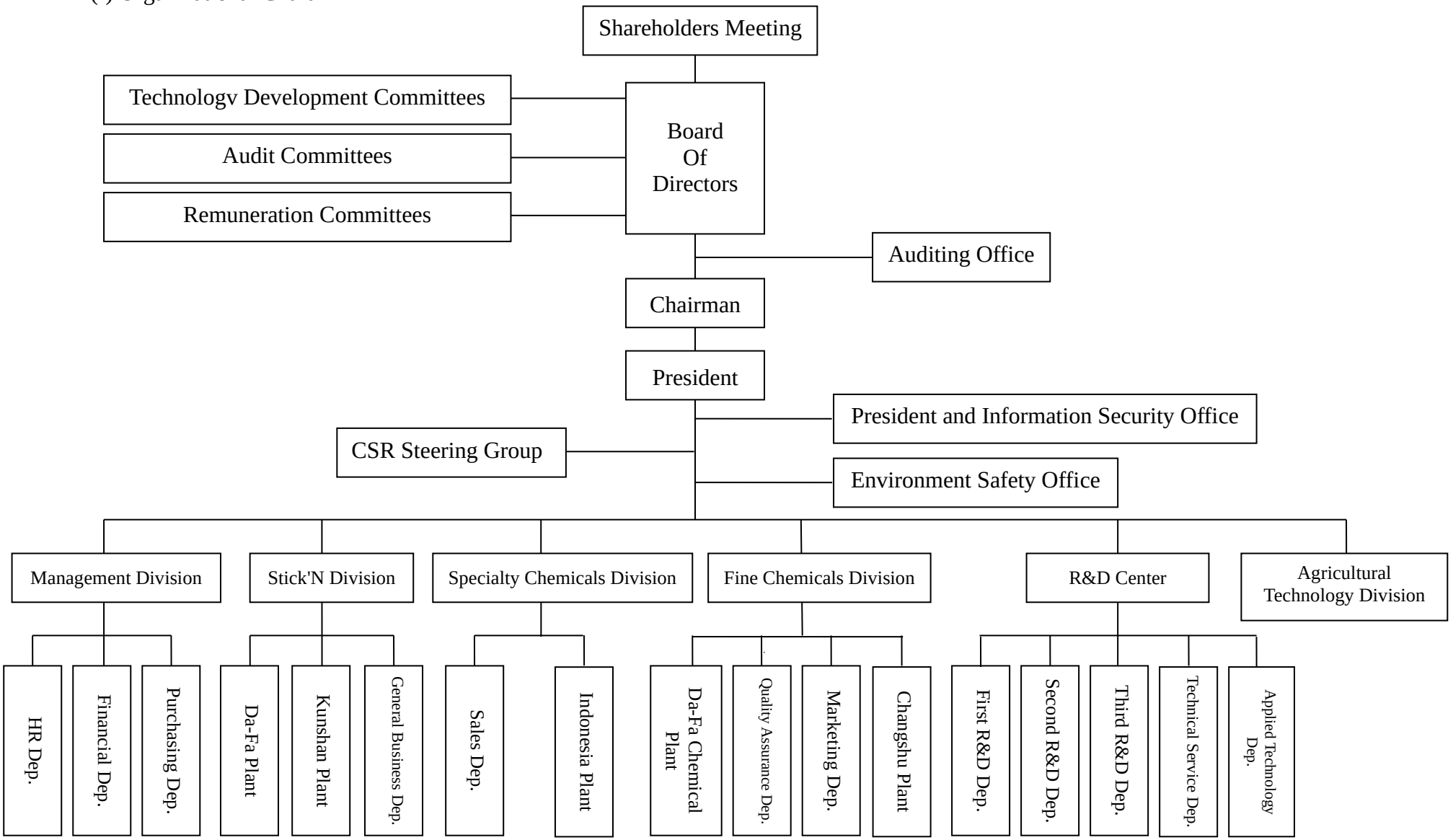
The Stick’ N for Kids "Tangram Blocks", "Coloring Roll", "Creative Workbook", and "Tracing Work Book" received the 28th Taiwan Excellence Award.

	Indonesia Plant passed OHSAS: 2015 occupational safety management system certification.
	Kunshan Plant passed OHSAS 45001: 2018 occupational safety management system certification.
	Changshu Plant passed OHSAS 45001: 2018 occupational safety management system certification.
	Kunshan Plant passed ISO 14001: 2015 environmental management system certification.
2020	The Company received the "Taiwan Corporate Sustainability Awards - Traditional Manufacturing Industry - Gold" award from Taiwan Institute for Sustainable Energy (TAISE).
2021	The Company received the 11th "Kaohsiung Culture and Arts Award".
	The Company received the "Taiwan Corporate Sustainability Awards - Traditional Manufacturing Industry - Platinum" award from Taiwan Institute for Sustainable Energy (TAISE).
	Changshu Hopax Chemical Co., Ltd. completed the construction of its phase 3 factory and began official production.
2022	Da-Fa Plant received ISO14064-1: 2018 Greenhouse Gas Inventory certification and obtained an Inventory Statement.
	Da-Fa Plant obtained the Carbon Footprint Verification Statement for the Stick'n colored note simili paper, fluorescent paper, transparent pull-out labels, and biological buffer products.

C. Corporate Governance Report

I. Organizational Chart

(I) Organizational Chart



(II) Main departments and businesses

Main Department		Main Businesses
President Office and Information Management Center		Plans for corporate operations and the sponsorship and implementation of projects and improvement plans. Investment evaluations and plans and the plans and operation management of internal controls and audit systems of investees. Planning, establishment, and maintenance of overall information structure of companies. Coordination with other departments in planning implementation strategies to introduce suitable information systems to meet strategic goals.
Audit Office		Establishment of the internal audit system and preparation and implementation of audit plans. Inspection and evaluation of the adequacy of the internal control system and supply of analysis recommendations.
Safety, Health & Environment Office		Oversight of the environmental safety and health management of the entire company and compliance with government environmental protection policies.
Management Division	HR Department	Human resource development and the planning and implementation of training programs. Responsible for inter-unit affairs of Tafa Plant.
	Finance Department	Accounting and bookkeeping processes for tax reporting and preparation of different management reports. Establishment and execution of the planning and management of cashier affairs, fund allocation, credit management and investment activities. Responsible for related matters for stockholder's equity such as meetings of the board of directors and shareholders.

Main Department		Main Businesses
	Procurement Department	Planning and tracking of the annual procurement cost budget system. Procurement of raw materials, finished products, and consumables, and supplier management. Outsourcing and management of maintenance and new construction.
Stick'N Division	Tafa Plant	Production of office supplies, new product development, process improvement, and other operations. Rigorous management of sources of pollution in Tafa Plant I, allocation of control (prevention) equipment, and unified management of labor/safety/health work.
	Kunshan Plant	Implementation of production, sales, and related tasks based on the operation plans of the manager of the Business Department.
	General Business Department	Responsible for the establishment of marketing strategy, brand development, product sales, marketing, and customer services for office supplies.
Specialty Chemicals Division	Sales Department	Responsible for the sales, market promotion, and customer services for specialty chemicals.
	Indonesia Plant	Implementation of production, sales, and related tasks based on the operation plans of the manager of the Business Department.
Fine Chemicals Division	Tafa Plant II	Responsible for the production of fine chemicals, quality inspections, increase of production capacity, and reduction of production cost. Sales of fine chemicals, new product trials, production process improvement, evaluation and introduction of new equipment, maintenance of equipment, and management of the assets of the department. Rigorous management of sources of pollution in Tafa Plant, allocation of control (prevention) equipment, and unified management of labor/safety/health work.

Main Department		Main Businesses
	Quality Assurance Department	Planning, establishment, implementation, and improvement of the quality assurance system. Response to quality anomalies, customer complaints, and tracking, quality defect analysis, and response measures. Responsible for the review of new product specifications and test plans to ensure rigorous supervision of operations.
	Marketing Department	Responsible for the sales, market promotion, and customer services for fine chemicals.
	Changshu Plant	Implementation of production, sales, and related tasks based on the operation plans of the manager of the Business Department.
R&D Center	R&D Department 1	Development and improvement of specialty chemicals, production process improvement, and management of external technology development projects. Support for business and technical services and participation and execution of R&D Committee operations. Analysis and response measures for quality issues and assist the production team in the improvement of the production process. Supervision of the acceptance, planning, trial operations, and mass production of new products.
	R&D Department 2	Development and product improvement of fine chemical products, process improvement, and management of outsourced technology development projects.
	R&D Department 3	Development and product improvement of Stick'N products, process improvement, and management of outsourced technology development projects. Planning, trial production, and mass production of new technology development plans, and support for business and technical services.

Main Department		Main Businesses
	Technical Service Department	Appraisal of substances of unknown objects and analysis of quality anomalies. Technical support for products and assistance in processing customer complaints. Commissioning of technologies for new products and process improvement, equipment evaluation, planning, and acceptance of technology transfer.
	Applied Technology Department	Research and development of innovative products. Management of external technology development projects.
Agricultural Technology Division		Development of agricultural technology products and markets.

II. Information Regarding the Directors, President, Vice Presidents, Assistant Vice Presidents, and Heads of Departments and Subsidiaries

(I) Director

1.Directors' names, main academic records and experience, date elected and date of appointment, term, and shares held by Directors, spouse, and underage children

April 23, 2022

Job title	Nationality or place of registration	Name	Gender Age	Date elected	Term (year)	Date of first election	Shares held when elected		Shares currently held		Current shares held by spouse and underage children		Shares held in names of third parties		Education and work experience	Other concurrent positions within the Company or elsewhere	Spouse or relatives of second degree or closer acting as directors, supervisors, or other department heads			Notes
							Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)			Job title	Name	Relationship	
Chairman	Republic of China	Tsung-Tien Kuo	Male 76	2020/6/23	3 years	1990	6,630,031 (Note 1)	3.76	6,630,031 (Note 1)	3.82	706,936	0.41	0	0.00	Chairman, Taiwan Hopax Chems. Mfg. Co., Ltd. PhD in Chemical Engineering, University of Missouri	(Note 2)	Vice Chairman	Mei-Lin Kuo	First degree of kinship	(Note 7)
Vice Chairman	Republic of China	Mei-Lin Kuo	Female 46	2020/6/23	3 years	2017/6/20	1,595,335	0.91	1,745,335	1.01	0	0.00	0	0.00	Director, Taiwan Hopax Chems. Mfg. Co., Ltd. Hospitality Management M.A., George Washington University	(Note 4)	Chairman	Tsung-Tien Kuo	First degree of kinship	
Director	Republic of China	John-See Lee	Male 72	2020/6/23	3 years	2011/6/24	0	0.00	0	0.00	0	0.00	0	0.00	President, Industrial Technology Research Institute Director, Taiwan Semiconductor Manufacturing Company Limited PhD, Illinois Institute of Technology, USA	(Note 3)	None	None	None	
Director	Republic of China	Joray Co., Ltd.	27	2020/6/23	3 years	2017/6/20	2,343,003	1.33	2,343,003	1.35	0	0.00	0	0.00	None	None	None	None	None	

Job title	Nationality or place of registration	Name	Gender Age	Date elected	Term (year)	Date of first election	Shares held when elected		Shares currently held		Current shares held by spouse and underage children		Shares held in names of third parties		Education and work experience	Other concurrent positions within the Company or elsewhere	Spouse or relatives of second degree or closer acting as directors, supervisors, or other department heads			Notes
							Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)			Job title	Name	Relationship	
	Republic of China	Representative: Chi-Rong Huang	Female 42	2020/6/23		2017/6/20	0	0.00	0	0.00	0	0.00	0	0.00	Supervisor, Taiwan Hopax Chems. Mfg. Co., Ltd. Wharton School, University of Pennsylvania, Bachelor of Science in Economics	(Note 5)	None	None	None	
Independent Director	Republic of China	Yi-Hsiung Huang	Male 73	2020/6/23	3 years	2008/6/27	0	0.00	0	0.00	0	0.00	0	0.00	Partner, Macro Union CPAs Firm Accounting Manager, YFY Inc. Accounting Department, Soochow University	(Note 6)	None	None	None	
Independent Director	Republic of China	Jen-Chyuan Lee	Male 77	2020/6/23	3 years	2014/6/19	0	0.00	0	0.00	122	0.00	0	0.00	Deputy Minister, Council of Agriculture Secretory General, Council of Agriculture Director General, Department of Fisheries, Council of Agriculture PhD, Department of Fisheries and Allied Aquaculture, Auburn University, Alabama, USA	Chair Professor, National Taiwan University	None	None	None	

Job title	Nationality or place of registration	Name	Gender Age	Date elected	Term (year)	Date of first election	Shares held when elected		Shares currently held		Current shares held by spouse and underage children		Shares held in names of third parties		Education and work experience	Other concurrent positions within the Company or elsewhere	Spouse or relatives of second degree or closer acting as directors, supervisors, or other department heads			Notes
							Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)			Job title	Name	Relationship	
Independent Director	Republic of China	Hsieng-Cheng Tseng	Male 76	2020/6/23	3 years	2017/6/20	0	0.00	0	0.00	0	0.00	0	0.00	President, National Hsinchu University of Education Commissioner, Education Bureau of Kaohsiung City Professor and Director of the Department of Chemical Engineering, University of Science and Technology PhD, Department of Chemical Engineering, University of Washington	None	None	None	None	

Note 1: Including 2,500,000 retained decision-making trust shares.

Note 2: Director of PT. Hopax Indonesia, Phoenix Worldwide Group Ltd., Far Profits International Ltd., Hopax Europe Ltd., Hopax Worldwide Group Ltd. and Hopax Holding Ltd., Chairman of Hopax Bio-Medical Tech. Co., Ltd., and Chairman and President of SeeCure Taiwan Co., Ltd.

Note 3: Independent Director of Far Eastern New Century Corporation, Director of Zhen Ding Technology Co., Ltd., Independent Director of Everlight Electronics Co., Ltd., Independent Director of San Fu Chemical Co., Ltd., Chairman of Personal Genomics Taiwan, Inc., Chairman of Quark Biosciences Taiwan, Inc.

Note 4: Director of Hopax Biomedical Tech. Co., Ltd., Executive Director of Hopax International (Shanghai) Co., Ltd., and Supervisor of Changshu Hopax Chemical Co., Ltd. and Kunshan Hopax Paper Products Co., Ltd.

Note 5: Executive Director of Asiavest Capital Co., Ltd. and Director of Joway Investment Co., Ltd., Joray Co., Ltd., and Systex Corporation

Note 6: Partner, Grand H&C CPAs Firm

Note 7: As the Company is in a period of active growth and development, the Chairman currently serves as the President to increase decision-making efficiency and increase business performance. To ensure sound corporate governance, the Company's response measures included: Voluntary establishment of the Audit Committee and increase of the number of Independent Directors to 3. All members of the Remuneration Committee are Independent Directors. The Independent Directors fully discuss matters in each functional committee and propose recommendations to the Board of Directors as reference. In addition, no more than half of the Directors serve concurrently as an employee or a managerial officer. These measures have been implemented to enhance the independence of the Board of Directors.

2.Major shareholders of institutional shareholders

April 23, 2022

Name of institutional shareholder	Major shareholders of institutional shareholders	Shareholding ratio(%)
Joray Co., Ltd.	Tsung-Jen Huang	5.35
	Mei-Yu Ho	34.97
	Ting-Rong Huang	29.84
	Chi-Rong Huang	29.84

3. Disclosure of information on the professional qualifications of Directors and independence of Independent Directors

April 23, 2022

Qualifications / Name	Professional qualifications and experience (Note 1)	Fulfillment of independence criteria (Note 2)	Number of public companies in which the individual serves as an independent director
(Director) Tsung-Tien Kuo	➢ PhD in Chemical Engineering, University of Missouri. He has served as the Chairman of the Company and has more than 30 years of work experience necessary for the Company's business operations. He currently serves as the Chairman and President of the Company. ➢ Does not meet any of the conditions stated in Article 30 of the Company Act	➢ Relative within the first degree of kinship with the Vice Chairman of the Company. ➢ The number of shares of the Company held by the individual, spouse, or relative within the second degree of kinship do not hold shares (or have shares held in names of third parties) is 10,408,927 shares with a shareholding ratio of approximately 6.00%. ➢ Not a director, supervisor, or employee of a company that ha; special relations with the Company. ➢ Has not provided business, legal, financial, or accounting services to the Company or its affiliates in the last two years.	None
(Director) Mei-Lin Kuo	➢ MA in Hospitality Management, George Washington University. She has served as the Director of the Company and has more than 10 years of work experience necessary for the Company's business operations. She currently serves as the Vice Chairman of the Company. ➢ Does not meet any of the conditions stated in Article 30 of the Company Act	➢ Relative within the first degree of kinship with the Chairman of the Company. ➢ The number of shares of the Company held by the individual, spouse, or relative within the second degree of kinship do not hold shares (or have shares held in names of third parties) is 10,408,927 shares with a shareholding ratio of approximately 6.00%. ➢ Not a director, supervisor, or employee of a company that ha; special relations with the Company. ➢ Has not provided business, legal, financial, or accounting services to the Company or its affiliates in the last two years.	None

(Director) John-See Lee	➢ PhD, Illinois Institute of Technology. He served as the President of Industrial Technology Research Institute (ITRI) and has served as the Director of the Company and has the work experience necessary for the Company's business operations. ➢ Does not meet any of the conditions stated in Article 30 of the Company Act	➢ The individual, spouse, or relative within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliates. ➢ The individual, spouse, or relative within the second degree of kinship do not hold shares (or have shares held in names of third parties) of the Company. ➢ Not a director, supervisor, or employee of a company that ha; special relations with the Company. ➢ Has not provided business, legal, financial, or accounting services to the Company or its affiliates in the last two years.	3
(Director) Representative of Joray Co., Ltd.: Chi-Rong Huang	➢ Graduated from Wharton School, University of Pennsylvania, Bachelor of Science in Economics. He has served as the Company's Supervisor and has the work experience necessary for the Company's business operations. ➢ Does not meet any of the conditions stated in Article 30 of the Company Act	➢ The individual, spouse, or relative within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliates. ➢ The individual, spouse, or relative within the second degree of kinship do not hold shares (or have shares held in names of third parties) of the Company. ➢ Not a director, supervisor, or employee of a company that ha; special relations with the Company. ➢ Has not provided business, legal, financial, or accounting services to the Company or its affiliates in the last two years.	None
(Independent Director) Yi-Hsiung Huang	➢ Graduated from Accounting Department, Soochow University. He currently serves as Partner in Grand H&C CPAs Firm and specializes in accounting. Convener of the Company's Audit Committee and Remuneration Committee and has the work experience necessary for the Company's business operations. ➢ Does not meet any of the conditions stated in Article 30 of the Company Act	➢ The individual, spouse, or relative within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliates. ➢ The individual, spouse, or relative within the second degree of kinship do not hold shares (or have shares held in names of third parties) of the Company. ➢ Not a director, supervisor, or employee of a company that ha; special relations with the Company. ➢ Has not provided business, legal, financial, or accounting services to the Company or its affiliates in the last two years.	None

(Independent Director) Jen-Chyuan Lee	➢ PhD, Department of Fisheries and Allied Aquaculture, Auburn University, Alabama, USA. He served as the Deputy Minister of Council of Agriculture. He currently serves as the Chair Professor, National Taiwan University and has the work experience necessary for the Company's business operations. ➢ Does not meet any of the conditions stated in Article 30 of the Company Act	➢ The individual, spouse, or relative within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliates. ➢ The individual, spouse, or relative within the second degree of kinship do not hold shares (or have shares held in names of third parties) of the Company. ➢ Not a director, supervisor, or employee of a company that ha; special relations with the Company. ➢ Has not provided business, legal, financial, or accounting services to the Company or its affiliates in the last two years.	None
(Independent Director) Hsieng-Cheng Tseng	➢ PhD, Department of Chemical Engineering, University of Washington. He served as a Professor of the Department of Chemical Engineering, University of Science and Technology and has the work experience necessary for the Company's business operations. ➢ Does not meet any of the conditions stated in Article 30 of the Company Act	➢ The individual, spouse, or relative within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliates. ➢ The individual, spouse, or relative within the second degree of kinship do not hold shares (or have shares held in names of third parties) of the Company. ➢ Not a director, supervisor, or employee of a company that ha; special relations with the Company. ➢ Has not provided business, legal, financial, or accounting services to the Company or its affiliates in the last two years.	None

Note 1: Professional qualifications and experience: Explain the professional qualifications and experience of individual Directors and Supervisors. If a Director or Supervisor has accounting or financial expertise, explain the accounting or financial background and work experience and whether he/she meets any of the conditions stated in Article 30 of the Company Act.

Note 2: Describe the independence criteria of Independent Directors, including but not limited to stating that the individual, spouse, or relative within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliates; the number of shares of the Company held by the individual, spouse, or relative within the second degree of kinship do not hold shares (or have shares held in names of third parties) and the shareholding ratio; whether they serve as a director, supervisor, or employee of companies that have special relations with the Company (refer to the provisions in Subparagraphs 5 to 8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); Compensation for business, legal, financial, or accounting services provided for the Company or its affiliates in the last two years.

4. Diversity and independence of the Board of Directors

(1) Diversity of the Board of Directors:

To implement the diversity policy, strengthen corporate governance, and ensure the sound development of the composition and structure of the Board of Directors, the nomination of the candidates for the Company's Directors is based on the candidate

nomination system specified in the Articles of Incorporation. The Company evaluates the candidates' education and work experience and assesses their professional background, integrity, and related professional qualifications, which are reviewed and passed by the Board of Directors in a resolution before the list of candidates is submitted to the shareholders' meeting for election. With regard to the composition of board members, Directors who are also managerial officers in the Company may not take up more than one-third of all seats. In addition, appropriate diversity policies shall be stipulated reflective of the Company's operation status, operational pattern, and developmental needs, which shall include, without limitation, the following:

○1 Basic requirements and values: Gender, age, nationality, and culture.

○2 Professional knowledge and expertise: Business judgments, accounting and financial analysis, business management, crisis management, knowledge of the industry, international market perspectives, leadership, and decision-making skills.

The Company's current Board of Directors consists of 7 Directors. The specific management targets and implementation status of the policy on diversification of board members are as follows:

Management target	Implementation status
The number of Independent Directors of the Company exceeds one third of the number of Directors	Achieved
Directors who serve concurrently as managerial officers should not exceed one third of the Board of Directors	Achieved
The Board of Directors include at least one female member	Achieved
Adequate and diverse professional knowledge and expertise	Achieved

The implementation status of the diversity policy of the Board of Directors is as follows:

		Basic composition								Professional skills				
		Nationality	Gender	Concurrently an employee of the Company	Age		Term of Independent Director			Business management	Leadership and decision making	Knowledge of the industry.	Finance and accounting	Marketing
					Under 50	Over 50	3-6 years	6-9 years	More than 9 years					
Director	Tsung-Tien Kuo	Republic of China	Male	V		V				V	V	V		
	Mei-Lin Kuo		Female	V	V					V	V	V		V
	John-See Lee		Male			V				V	V	V		
	Joray Co., Ltd. Representative: Chi-Rong Huang		Female		V					V	V	V		
Independent Director	Yi-Hsiung Huang		Male			V			V	V	V	V	V	
	Jen-Chyuan Lee		Male			V		V		V	V	V		
	Hsieng-Cheng Tseng		Male			V	V			V	V	V		

(2) Independence of the Board of Directors:

The Company currently has 7 Directors, including 3 Independent Directors and 2 Directors who are also employees (42.86% and 28.57% of all members of the Board of Directors). As of the end of 2021, all Independent Directors met the requirements of the Securities and Futures Bureau of the Financial Supervisory Commission regarding independent directors, and the terms in Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act do not apply to relationships between Directors and Independent Directors. The Company's Board of Directors is therefore independent (please refer to "Disclosure of information on the professional qualifications of Directors and independence of Independent Directors" on page 16-18 of the Annual Report). The information on the education and experience, gender, and work experience of the Directors is also provided (please refer to "Information of Directors" on page 16-22 of the Annual Report).

(II) Information Regarding President, Vice Presidents, Assistant Vice Presidents, and Heads of Departments and Subsidiaries

April 23, 2022

Job title	Nationality or place of registration	Name	Gender Age	Date elected	Shares currently held		Shares held by spouse and underage children		Shares held in names of third parties		Education and work experience	Other concurrent positions within elsewhere	Spouse or relatives of second degree or closer acting as managers			Notes
					Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)			Job title	Name	Relationship	
Chairman and President	Republic of China	Tsung-Tien Kuo	Male	1975/2	6,630,031 (Note 1)	3.83	706,936	0.41	0	0.00	Ph.D. in Chemical Engineering, University of Missouri	Director of PT.Hopax Indonesia, Phoenix Worldwide Group Ltd., Far Profits International Ltd., Hopax Europe Ltd., Hopax Worldwide Group Ltd. and Hopax Holding Ltd.Chairperson and President of Hopax Bio-Medical Tech. Co.,Ltd. and SeeCure Taiwan Co., Ltd.	None	None	None	(Note 2)
Vice Chairman	Republic of China	Chung-Sheng Cheng,	Male	2015/12	1,797	0.00	0	0.00	0	0.00	Master of Business Administration, National Sun Yat-sen University	Chairman, Kunshan Hopax Paper Products Co., Ltd. Director of Hopax Europe Ltd. and Hopax Worldwide Group Ltd., Supervisor of Hopax International (Shanghai) Co., Ltd., Hopax Bio-Medical Tech. Co., Ltd., and SeeCure Taiwan Co., Ltd.	None	None	None	
Vice President, Fine Chemicals Division	Republic of China	Jane Her	Male	2013/10	6,435	0.00	0	0.00	0	0.00	Ph.D., Department of Materials and Optoelectronic Science, National Sun Yat-sen University	Director of Changshu Hopax Chemical Co., Ltd., Director of Kunshan Hopax Paper Products Co., Ltd., Director of Hopax Bio-Medical Tech. Co., Ltd.	None	None	None	
Assistant Vice President, Specialty Chemicals Division	Republic of China	Kuo-Hsiung Yang	Male	2015/8	56	0.00	0	0.00	0	0.00	Department of Chemistry, National Chung Hsing University	Director of Changshu Hopax Chemical Co., Ltd., Supervisor of PT Hopax International	None	None	None	
Assistant Vice President, General Business Department, Stick'N Division	Republic of China	Chin-Chung Tsai	Male	2012/9	807	0.00	0	0.00	0	0.00	Master of Industrial Engineering, University of Wisconsin-Madison	Director of Kunshan Hopax Paper Products Co., Ltd.	None	None	None	
Manager of the Environmental Safety Office and Plant	Republic of China	Hsien-Shun Chien	Male	2016/12	5,105	0.00	5,311	0.00	0	0.00	Master of Business Administration, National Sun Yat-sen University	None	None	None	None	

Job title	Nationality or place of registration	Name	Gender Age	Date elected	Shares currently held		Shares held by spouse and underage children		Shares held in names of third parties		Education and work experience	Other concurrent positions within elsewhere	Spouse or relatives of second degree or closer acting as managers			Notes
					Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)			Job title	Name	Relationship	
Assistant Vice President, President Office and Information Management Center	Republic of China	Bang-Jyun Wang	Male	2017/3	0	0.00	0	0.00	0	0.00	Master of Industrial Engineering and Management, National Tsing Hua University	None	None	None	None	
Administration Manager, R&D Center	Republic of China	Hui-Ying Hsu	Female	2018/4	0	0.00	0	0.00	0	0.00	Master, Department of Chemical Engineering, National Cheng Kung University	None	None	None	None	
Assistant Vice President	Republic of China	Shun-Min Chiu	Male	2019/2	100,501	0.06	0	0.00	0	0.00	MBA, I-Shou University	Chairperson and President, Changshu Hopax Chemical Co., Ltd.,	None	None	None	
Accounting Supervisor	Republic of China	Wen-Hui Yu	Female	2020/4	1,106	0.00	0	0.00	0	0.00	MBA, College of Management, National Kaohsiung University of Applied Sciences	None	None	None	None	

Note 1: Including 2,500,000 retained decision-making trust shares.

Note 2: As the Company is in a period of active growth and development, the Chairman currently serves as the President to increase decision-making efficiency and increase business performance. To ensure sound corporate governance, the Company's response measures included: Voluntary establishment of the Audit Committee and increase of the number of Independent Directors to 3. All members of the Remuneration Committee are Independent Directors. The Independent Directors fully discuss matters in each functional committee and propose recommendations to the Board of Directors as reference. In addition, no more than half of the Directors serve concurrently as an employee or a managerial officer. These measures have been implemented to enhance the independence of the Board of Directors.

(III) Remunerations to Directors, President, and Vice Presidents in the most recent year

1. Remuneration for Directors (including Independent Directors)

December 31, 2021

Unit: NT$ thousand; shares; %

Job title	Name	Directors' remuneration								Ratio of total compensation (A+B+C+D) to net profit after tax		Remuneration for part-time employees										Ratio of total compensation (A+B+C+D+E+F+G) to net profit after tax		Compensation from investments other than subsidiaries
		Remuneration (A)		Severance pay and pension (B)		Director's remuneration (C) (Note 1)		Business expenses (D)				Salary, bonuses, and allowances (E)		Severance pay and pension (F) (Note 2)		Employee remuneration (G) (Note 1)				Shares subscribable under employee stock options (H)		Shares obtained through restricted stock award (I)				
																The Company		All companies in the financial report								
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	Cash value	Share value	Cash valu	Share value	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	
Chairman	Tsung-Tien Kuo	0	0	0	0	810	810	70	70	880 0.21%	880 0.21%	6,790	6,790	339	339	432	0	432	0	0	0	0	0	8,441 1.97%	8,441 1.97%	None
Vice Chairman	Mei-Lin Kuo	0	0	0	0	360	360	50	50	410 0.10%	410 0.10%	2,507	2,507	79	79	216	0	216	0	0	0	0	0	3,212 0.75%	3,212 0.75%	None
Director	John-See Lee	0	0	0	0	450	450	670	670	1,120 0.26%	1,120 0.26%	0	0	0	0	0	0	0	0	0	0	0	0	1,120 0.26%	1,120 0.26%	None
Director	Representative of Joray Co., Ltd.: Chi-Rong Huang	0	0	0	0	360	360	50	50	410 0.10%	410 0.10%	0	0	0	0	0	0	0	0	0	0	0	0	410 0.10%	410 0.10%	None
Independent Director	Yi-Hsiung Huang	0	0	0	0	540	540	730	730	1,270 0.30%	1,270 0.30%	0	0	0	0	0	0	0	0	0	0	0	0	1,270 0.30%	1,270 0.30%	None
Independent Director	Jen-Chyuan Lee	0	0	0	0	630	630	750	750	1,380 0.32%	1,380 0.32%	0	0	0	0	0	0	0	0	0	0	0	0	1,380 0.32%	1,380 0.32%	None
Independent Director	Hsieng-Cheng Tseng	0	0	0	0	630	630	750	750	1,380 0.32%	1,380 0.32%	0	0	0	0	0	0	0	0	0	0	0	0	1,380 0.32%	1,380 0.32%	None

1. Except as disclosed above, remuneration received by directors in the latest year for services (e.g., acting as a non-employee consultant of the parent company/any company in the financial statements/investee) provided by the directors: None.

2. Please describe the policy, system, standards and structure of the remuneration packages of the Independent Directors and explain the relevance of the amount of remuneration paid to them based on factors such as responsibility, risk and time commitment:
The compensation for Independent Directors of the Company includes compensation, transportation expenses, and fixed remuneration. The compensation is determined based on the Company's overall business performance and management risks. It is also determined by the level of participat in the Company's operations and value of contribution of each Independent Director, the results of evaluations conducted in accordance with the "Regulations Governing the Performance Evaluation of the Board of Directors" and prevailing rates in the industry. The compensation is reviewed the Remuneration Committee and passed in a resolution of the Board of Directors. According to the Company's Articles of Incorporation, the Company may pay no higher than 2% of the annual profit as the remuneration for all Directors for the year, and the remuneration shall be processed in accordance with the "Regulations Governing the Remuneration of Directors and Members of Functional Committees". The transportation expenses are paid each time Directors attend a meeting of the Board of Directors or functional committee in person. The fixed remuneration is paid quarte in accordance with the "Regulations Governing the Remuneration of Directors and Members of Functional Committees". Please refer to other chapters of the Annual Report for more information.

Note 1: The distribution of remuneration for 2021 was passed in a resolution of the Board of Directors on March 22, 2022.

Note 2: The severance pay and pension for 2021 already included in expenses.

Range of remuneration chart

Range of remuneration paid to the Directors of the Company	Name of Director			
	Total of the first 4 remuneration items (A+B+C+D)		Total of the first 7 remuneration items (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies in the financial report	The Company	All companies in the financial report
Less than NT$1,000,000	3 individuals (Mei-Lin Kuo, Tsung-Tien Kuo, Representative of Joray Co., Ltd.: Chi-Rong Huang)	3 individuals (Mei-Lin Kuo, Tsung-Tien Kuo, Representative of Joray Co., Ltd.: Chi-Rong Huang)	1 individual (Representative of Joray Co., Ltd.: Chi-Rong Huang)	1 individual (Representative of Joray Co., Ltd.: Chi-Rong Huang)
NT$1,000,000 (inclusive) to NT$2,000,000 (exclusive)	4 individuals (John-See Lee, Yi-Hsiung Huang, Jen-Chyuan Lee, Hsieng-Cheng Tseng)	4 individuals (John-See Lee, Yi-Hsiung Huang, Jen-Chyuan Lee, Hsieng-Cheng Tseng)	4 individuals (John-See Lee, Yi-Hsiung Huang, Jen-Chyuan Lee, Hsieng-Cheng Tseng)	4 individuals (John-See Lee, Yi-Hsiung Huang, Jen-Chyuan Lee, Hsieng-Cheng Tseng)
NT$2,000,000 (inclusive) to NT$3,500,000 (exclusive)	0 individuals	0 individuals	1 individual (Mei-Lin Kuo)	1 individual (Mei-Lin Kuo)
NT$3,500,000 (inclusive) to NT$5,000,000 (exclusive)	0 individuals	0 individuals	0 individuals	0 individuals
NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive)	0 individuals	0 individuals	1 individual (Tsung-Tien Kuo)	1 individual (Tsung-Tien Kuo)
NT$10,000,000 (inclusive) to NT$15,000,000 (exclusive)	0 individuals	0 individuals	0 individuals	0 individuals
NT$15,000,000 (inclusive) to NT$30,000,000 (exclusive)	0 individuals	0 individuals	0 individuals	0 individuals
NT$30,000,000 (inclusive) to NT$50,000,000 (exclusive)	0 individuals	0 individuals	0 individuals	0 individuals
NT$50,000,000 (inclusive) to NT$100,000,000 (exclusive)	0 individuals	0 individuals	0 individuals	0 individuals
Over NT$100,000,000	0 individuals	0 individuals	0 individuals	0 individuals
Total	7 individuals	7 individuals	7 individuals	7 individuals

2. Remunerations to President and Vice Presidents

December 31, 2021

Unit: NT$ thousand; Shares; %

Job title	Name	Salary (A)		Severance pay and pension (B) (Note 2)		Bonuses, special allowances, etc. (C)		Employee remuneration (D) (Note 1)				Ratio of total compensation (A+B+C+D) to net profit after tax(%)		Exercisable employee stock options		Shares obtained through restricted stock award		Compensation from investments other than subsidiaries
								The Company		All companies in the financial report								
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	Cash value	Share value	Cash value	Share value	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	
President	Tsung-Tien Kuo	4,072	4,072	339	339	2,718	2,718	432	0	432	0	7,561 1.76%	7,561 1.76%	0	0	0	0	None
Executive Vice President	Chung-Sheng Cheng	2,068	2,068	108	108	1,412	1,412	216	0	216	0	3,804 0.89%	3,804 0.89%	0	0	0	0	None
Vice President	Jane Her	2,214	2,214	108	108	1,841	1,841	216	0	216	0	4,379 1.02%	4,379 1.02%	0	0	0	0	None

Note 1: The distribution of remuneration for 2021 was passed in a resolution of the Board of Directors on March 22, 2022.

Note 2: The severance pay and pension for 2021 already included in expenses.

Range of remuneration chart

Remuneration scale applicable to each President and Vice President of the Company	Name of President and Vice Presidents	
	The Company	All companies in the financial report
Less than NT$1,000,000	0 individuals	0 individuals
NT$1,000,000 (inclusive) to NT$2,000,000 (exclusive)	0 individuals	0 individuals
NT$2,000,000 (inclusive) to NT$3,500,000 (exclusive)	0 individuals	0 individuals
NT$3,500,000 (inclusive) to NT$5,000,000 (exclusive)	2 individuals (Jane Her, Chung-Sheng Cheng)	2 individuals (Jane Her, Chung-Sheng Cheng)
NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive)	1 individual (Tsung-Tien Kuo)	1 individual (Tsung-Tien Kuo)
NT$10,000,000 (inclusive) to NT$15,000,000 (exclusive)	0 individuals	0 individuals
NT$15,000,000 (inclusive) to NT$30,000,000 (exclusive)	0 individuals	0 individuals
NT$30,000,000 (inclusive) to NT$50,000,000 (exclusive)	0 individuals	0 individuals
NT$50,000,000 (inclusive) to NT$100,000,000 (exclusive)	0 individuals	0 individuals
Over NT$100,000,000	0 individuals	0 individuals
Total	3 individuals	3 individuals

3. Managerial officer's name and distribution of employee bonuses

December 31, 2021

(Unit: NT$ thousand)

	Job title	Name	Share value	Cash value (Note)	Total	Percentage of total bonuses to net profit after tax (%)
Managerial officer	Chairman	Tsung-Tien Kuo	0	2,131	2,131	0.50%
	Vice Chairman	Mei-Lin Kuo				
	Vice Chairman	Chung-Sheng Cheng				
	Vice President, Fine Chemicals Division	Jane Her				
	Assistant Vice President, Specialty Chemicals Division	Kuo-Hsiung Yang				
	Assistant Vice President, General Business Department, Stick'N Division	Chin-Chung Tsai				
	Manager of the Environmental Safety Office and Plant Manager of Tafa Plant II, Fine Chemicals Division (Note 2)	Hsien-Shun Chien				
	Assistant Vice President, President Office and Information Management Center	Bang-Jyun Wang				
	Administration Manager, R&D Center	Hui-Ying Hsu				
	Assistant Vice President	Shun-Min Chiu				
	Accounting Supervisor	Wen-Hui Yu				

Note 1: The distribution of remuneration for 2021 was passed in a resolution of the Board of Directors on March 22, 2022.

Note 2: Dismissal for Plant Manager of Tafa Plant II, Fine Chemicals Division on April 1, 2022.

(IV) Comparison and analysis of remuneration to Directors, President, and Vice Presidents as a percentage of net profit after tax from standalone financial reports within the last two years, and description of the policy, standards, and packages of remuneration; the procedure for making such decisions; and relation to business performance and future risks.

1. Total remuneration paid to the Company's Directors, President, and Vice Presidents in the 2 most recent years as a percentage of net income after tax

	2020	2021
Job title	The remuneration for the Directors, President and Vice Presidents in all companies included in the consolidated financial statements as a percentage of net profit after tax	The remuneration for the Directors, President and Vice Presidents in all companies included in the consolidated financial statements as a percentage of net profit after tax
Directors, President, and Vice Presidents	7.67%	5.92%

2. The policy, standards and packages of remuneration, procedure for making such decision, and relation to business performance and future business risks

(1) The compensation for Directors determined by the level of their participation in the Company's operations and value of contribution. It is also adjusted based on actual business performance and evaluation of future risks. The compensation is reviewed by the Remuneration Committee and reported to the Board of Directors for resolution.

(2) The remuneration for Directors of the Company includes compensation, transportation expenses, and fixed remuneration. The remuneration is paid in accordance with the "Regulations Governing the Remuneration of Directors and Members of Functional Committees". The items in the board performance evaluation include the familiarity with the goals and missions of the Company, awareness of the duties of a Director, participation in the operation of the Company, management of internal relationship and communication, the director's professionalism and continuing education, and internal control. The results for the self-evaluation of Directors in 2021 exceeded standards. The distribution of Directors' remuneration is linked to the evaluation results.

(3) The remuneration paid to managerial officers include monthly salary, bonuses, employee compensation, pension, etc. The remuneration paid to managerial officers shall be based on the Company's remuneration policy, the remuneration level of the position in the industry market, and the scope of authority and responsibility of the position within the Company. The Company shall also reference the annual performance evaluation of individual managerial officers and their contribution to the Company in terms of finance (e.g., indicators such as profitability and growth

rate) and non-financial performance (e.g., indicators such as strategy development, leadership and management, talent cultivation, or special contributions) and provide related remuneration.

(4) The performance evaluation and the reasonableness of salary and remuneration for Directors and managerial officers shall be reviewed by the Remuneration Committee and the Board of Directors. The remuneration system shall also be reviewed constantly based on actual business operations and related laws to maintain a balance between sustainability and risk management.

III. Corporate Governance Practice

(I) Operation of the Board of Directors

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

Job title	Name	Actual attendance B	Attendance by proxy	Actual attendance rate(%) [B/A]	Notes
Chairman	Tsung-Tien Kuo	5	0	100	
Vice Chairman	Mei-Lin Kuo	5	0	100	
Director	John-See Lee	5	0	100	
Director	Representative of Joray Co., Ltd.: Chi-Rong Huang	5	0	100	
Independent Director	Yi-Hsiung Huang	5	0	100	
Independent Director	Jen-Chyuan Lee	5	0	100	
Independent Director	Hsieng-Cheng Tseng	5	0	100	

Other disclosures:

I、 The date of the Board meeting, the term, contents of the proposals, opinions of all Independent Directors, and the Company's handling of opinions of Independent Directors shall be recorded under the following circumstances in the operations of the Board of Directors meeting:

a、 Items specified in Article 14-3 of the Securities and Exchange Act:
The Company has established the Audit Committee and it is exempted from Article 14-3 of the Securities and Exchange Act.

b、 With the exception of the aforementioned items, resolutions adopted by the Board of Directors, to which an Independent Director has a dissenting or qualified opinion that is on record or stated in a written statement: None.

II、 When there are recusals of directors due to conflicts of interests, names of the directors, contents of resolutions, reasons of recusal, and voting participation should be stated

a、 When the Board of Directors discussed the performance evaluation of managerial officers and the amount to be distributed for 2020 in the meeting on January 26, 2021, the Chairman Tsung-Tien Kuo and Vice Chairman Mei-Lin Kuo did not participate in the discussions and voting as they both serve concurrently as managerial officers.

b、 When the Board of Directors discussed the distribution of remuneration for employees for 2020 in the meeting on March 23, 2021, the Chairman Tsung-Tien Kuo and Vice Chairman Mei-Lin Kuo did not participate in the discussions and voting as they both serve concurrently as managerial officers.

c、 When the Board of Directors discussed the adjustment of the salary structure and the 2021 salary adjustment proposal in the meeting on August 10, 2021, the Chairman Tsung-Tien Kuo and Vice Chairman Mei-Lin Kuo did not participate in the discussions and voting as they both serve concurrently as managerial officers.

III、 Implementation status of the evaluation of the Board of Directors and functional committees

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Implemented once a year	From January 1, 2021 to December 31, 2021	The Board of Directors, individual board members, and functional committees	Evaluations are conducted with the "Board of Directors Self-Evaluation Questionnaire", "Board Member Self-Evaluation Questionnaire", and "Functional Committee Self-Evaluation Questionnaire"	[Performance Evaluation Report of the Board of Directors, Functional Committees, and Board Members]

[Performance Evaluation Report of the Board of Directors, Functional Committees, and Board Members]

a、 The Company implements the performance evaluation of the Board of Directors, individual directors, and functional committees in 2021 in accordance with the "Regulations Governing the Performance Evaluation of the Board of Directors" amended in the board meeting on January 16, 2020 to implement corporate governance and improve the functions of the Board of Directors.

b、 The unit responsible for implementation of the performance evaluation of the Board of

Directors, individual Directors, and functional committees is the Financial Department of the Management Division.

c、 The evaluation is explained as follows:

1. The criteria for evaluating the performance of the Board of Directors included the following five aspects:

   (1) Participation in the operation of the company.

   (2) Improvement of the quality of the Board of Directors' decision making.

   (3) Composition and structure of the Board of Directors.

   (4) Election and continuing education of the Directors.

   (5) Internal control.

2. The criteria for evaluating the performance of the Directors included the following six aspects:

   (1) Familiarity with the goals and missions of the company.

   (2) Awareness of the duties of a Director.

   (3) Participation in the operation of the company.

   (4) Management of internal relationship and communication.

   (5) The Director's professionalism and continuing education.

   (6) Internal control.

3. The criteria for evaluating the performance of the functional committees included the following five aspects:

   (1) Participation in the operation of the company.

   (2) Awareness of the duties of members of the functional committee.

   (3) Improvement of the quality of functional committee's decisions.

   (4) Functional committee composition and election of members.

   (5) Internal control.

4. The evaluation results were divided into three ratings:

   Results of all criteria exceeded 90% (inclusive): Exceed standards.

   Results of all criteria exceeded 80% (inclusive) but are below 90%: Meet standards.

   Results of all criteria are below 80%: Improvements required.

d、 All results of the performance evaluation of the Board of Directors, individual Directors, and functional committees "exceeded standards", which showed that the functions and overall operations of the Company's Board of Directors and functional committees meet

corporate governance principles. With regard to continuing education items, the Company shall encourage all Directors to attend continuing education in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies".

IV、 Programs this year and in the most recent year for strengthening the functionality of the Board (for example, setting up an auditing committee, improving transparency, etc.) and assessment of execution:

a、 The Company voluntarily established the Audit Committee and appointed three Independent Directors to serve as members to replace supervisors. Matters prescribed under Article 14-5 of the Securities and Exchange Act are submitted to the Audit Committee for discussion and resolution. The Chairman of each Committee periodically reports their activities and resolutions to the Board Directors.

b、 The Company has set up an "Investor Relations" section on the official website to disclose important resolutions of the Board of Directors in the section after board meetings. It also provides the contact information of the spokesperson for shareholders to inquire the Company's financial and business information and increase information transparency.

c、 The Company has purchased "liability insurance for the Company's Directors and key personnel" for Directors and key personnel to mitigate the liability risks of related personnel in business operations and improve corporate governance.

(II) Operation of the Audit Committee:

The Company established the Audit Committee which consists of 3 Independent Directors. It is responsible for supervising of the Company's financial statements, choosing the accountants for their independence and performance, effective implementation of internal controls, ensuring that the Company follows relevant laws and regulations, and assessing possible and potential risks to the Company.

The Audit Committee met 4 times (A) in 2021. The attendance of Independent Directors was as follows:

Job title	Name	Actual attendance (B)	Attendance by proxy	Attendance rate (%) (B/A)	Notes
Independent Director	Yi-Hsiung Huang	4	0	100	
Independent Director	Jen-Chyuan Lee	4	0	100	
Independent Director	Hsieng-Cheng Tseng	4	0	100	

Other disclosures:

I. Key work items of 2021:

(I) Review the audit plan and its implementation status and the effectiveness of the Company's internal control system

(II) Review of the business report, financial statements, and earnings distribution statement

(III) Review of major endorsements/guarantees

(IV) Review of loans to subsidiaries

(V) Appointment and remuneration of certified public accountants

(VI) Review of the Company's fifth issue of domestic unsecured convertible corporate bonds

II. The date of the meeting of the Audit Committee, the term, contents of the proposals, objections, qualified opinions, and important recommendations of Independent Directors, resolutions of the Audit Committee, and the Company's handling of the resolutions of the Audit Committee shall be specified under any of the following circumstances in the operations of the Audit Committee:

(I) Items specified in Article 14-5 of the Securities and Exchange Act.

Date of the Audit Committee meeting (Term)	Motion	Dissenting, qualified opinion, or major recommendation of Independent Director(s)	Results of Audit Committee resolutions	The Company's response to Audit Committee opinions
2021/3/23 (2nd term 3rd meeting)	1. 2020 Financial Report 2. 2020 Business Report and Earnings Distribution Statement 3. Proposal for distribution of 2020 dividends for shareholders in cash 4. 2020 "assessment of the effectiveness of the internal control system" and the "Statement of Internal Control System" 5. Endorsement and guarantee for subsidiaries 6. The Company's loans to subsidiaries	None	Passed unanimously by all members of the Committee in attendance.	Reported to the 5th meeting of the 16th Board of Directors for resolution and processed in accordance with the resolution of the board meeting
2021/5/11 (2nd term 4th meeting)	1. Consolidated financial statements for Q1 2021. 2. Major endorsements/guarantees 3. Appointment and remuneration of the Company's CPA.	None	Passed unanimously by all members of the Committee in attendance.	Reported to the 6th meeting of the 16th Board of Directors for resolution and processed in accordance with the resolution of the board meeting
2021/8/10	1. Consolidated financial	None	Passed	Reported to

(2nd term 5th meeting)	statements for Q2 2021. 2. Major endorsements/guarantees 3. The Company's fifth issue of domestic unsecured convertible corporate bonds		unanimously by all members of the Committee in attendance.	the 7th meeting of the 16th Board of Directors for resolution and processed in accordance with the resolution of the board meeting
2021/11/9 (2nd term 6th meeting)	1. Consolidated financial statements for Q3 2021. 2. Major endorsements/guarantees	None	Passed unanimously by all members of the Committee in attendance.	Reported to the 8th meeting of the 16th Board of Directors for resolution and processed in accordance with the resolution of the board meeting

(II) In addition to matters above, other resolutions that have not been approved by the Audit Committee but have been passed by a vote of two-thirds or more of the entire board of directors: None.

III. Recusals of Independent Directors due to conflicts of interests: None.

IV. Independent directors' communication with the Chief Internal Auditor and CPAs (shall include major matters, methods, and results of communication regarding the Company's financial position and business operations).

(I) The Audit Office delivers the audit report to the Independent Directors via email or mail each month. The Independent Directors provides instructions or other recommendations for the reports. Independent Directors also use the telephone and email from time to time to communicate with the Chief Internal Auditor regarding the contents of audits, other matters that require additional explanation, or methods for improving the value of audits.

(II) The Chief Internal Auditor shall report and explain audit matters, audit results, and follow-up conditions to Independent Directors in the regular quarterly meetings of the Audit Committee.

(III) The CPA shall report the Company's financial conditions, financial and overall operations of domestic and overseas subsidiaries, and internal control audits to Independent Directors before the Audit Committee reviews the semi-annual and annual financial reports. The CPA shall also explain and communicate matters regarding whether major adjustments of entries or amendment of regulations affect the accounts.

(IV) The Chief Internal Auditor and CPA and Independent Directors directly communicate with each other whenever necessary and the communication channels are always open.

(V) The communication between Independent Directors and the Chief Internal Auditor in 2021 is summarized below:

Date	Communication method	Main points of communication	Communication summary and results	Response of the Company to the Independent Directors' opinions
2021.1.26	Preparation meeting for the board meeting	Internal audit report for October to December 2020.	Acknowledged by the Independent Directors	Independent Directors did not provide an opinion
2021.3.23	Audit Committee	1. Internal aud t report for January to February 2021.	Approved and acknowledged by all members of the Audit Committee in attendance.	Independent Directors did not provide an opinion
		2. 2020 "assessment of the effectiveness of the internal control system" and the "Statement of Internal Control System".	Reviewed and passed by all members of the Audit Committee in attendance	Approved and submitted to the Board of Directors
2021.5.11	Audit Committee	Internal audit report for March 2021.	Approved and acknowledged by all members of the Audit Committee in attendance.	Independent Directors did not provide an opinion
2021.8.10	Audit Committee	Internal audit report for April to June 2021.	Approved and acknowledged by all members of the Audit Committee in attendance.	Independent Directors did not provide an opinion
2021.11.9	Audit Committee	Internal audit report for July to September 2021.	Approved and acknowledged by all members of the Audit Committee in attendance.	Independent Directors did not provide an opinion

(VI) The communication between Independent Directors and the CPA in 2021 is summarized below:

Date	Communication method	Main points of communication	Communication summary and results	Response of the Company to the Independent Directors' opinions
2021.1.26	Communication in written format	Audit plans and key audit matters for 2020	Acknowledged by the Independent Directors	Independent Directors did not provide an opinion
2021.3.25	Preparation meeting for the meeting of the Audit Committee	1. Responsibilities of the auditors for auditing the financial statements 2. Method of audit, scope, and format of the 2020 Financial Report 3. Independence of CPA 4. Key audit matters 5. Communication matters proposed for communication of the Board of Directors in accordance with Statement of Auditing Standards No. 62 6. Important operation results and financial ratio - consolidated 7. Preparation of financial statements 8. Recently published, amended, or applied regulations and orders	Approved and acknowledged by all members of the Audit Committee in attendance.	Independent Directors did not provide an opinion
2021.8.10	Preparation meeting for the meeting of the Audit Committee	1. Responsibilities of the CPA for auditing the financial statements 2. Method of audit, scope, and format of the Financial Report for the first half of 2021 3. Independence of CPA 4. Material findings in the audit 5. Important operation results 6. Preparation of financial statements	Approved and acknowledged by all members of the Audit Committee in attendance.	Independent Directors did not provide an opinion
2021.11.9	Preparation meeting for the meeting of the Audit Committee	1. Scope and methodology of the audit 2. Group audit 3. Assessment of malfeasance 4. Identification of significant risks and key audit matters 5. Independence 6. "Corporate Governance 3.0 - Sustainable Development Roadmap" 7. Recent updates of regulations	Approved and acknowledged by all members of the Audit Committee in attendance.	Independent Directors did not provide an opinion

(III) Corporate governance implementation and deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reason for such deviations

Evaluation item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
I. Has the company defined and disclosed its corporate governance code of practice in accordance with the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?"	V		The Company has established the Corporate Governance Best Practice Principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies". It was passed in a resolution of the Board of Directors on March 25, 2015. The latest amendment was passed in a resolution of the Board of Directors on March 21, 2022 and disclosed on the Company's official website and the Market Observation Post System (MOPS).	No material deviation
II. Shareholding structure & shareholders' equity				
(I) Has the company defined internal operating procedures for dealing with shaeholder proposals, doubts, disputes, and litigation as well as implemented those procedures?	V		(I) The Company has established a spokesperson and acting spokesperson system and a stakeholders' mailbox. The spokesperson or acting spokesperson and the shareholder service agency appointed by the Company process shareholders' recommendations, questions, and disputes.	No material deviation
(II)Does the company have a list of major shareholders that have actual control over the company and a list of ultimate owners of those major shareholders?	V		(II) The Company has appointed shareholder service personnel to process related matters and appointed the shareholder service agency "Transfer Agency Department, CTBC Bank Co., Ltd." to provide assistance and effectively maintain a list of major shareholders.	No material deviation
(III)Has the company established and implemented risk management and firewall systems within its conglomerate structure?	V		(III) 1. The financial and business operations of the Company and affiliates are independent from each other. 2. The Company has established related regulations in the internal control system and the "Related Party Transaction Management Regulations" and rigorously implemented the regulations to make use of the risk management and firewall mechanisms.	No material deviation

Evaluation item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
(IV) Does the company have internal regulations in place to prevent its internal staff from trading securities based on information yet to be public on the market?	V		(IV) 1. The Company has established the "Code of Ethical Conduct" and "Procedures for Handling Material Inside Information" to prevent insider trading. The Company organizes courses and announces updates of regulations from time to time each year to help current Directors, managerial officers, and employees responsible for related duties attend courses on regulations regarding the "Procedures for Handling Material Inside Information". The Company has provided related training for insiders and employees on February 26, 2021 and December 16, 2021. The contents of the training include issues related to ethical corporate management such as prevention of insider training, related risks for forgery of documents, and related case studies of leaks of trade secrets. 2. When newly appointed Directors and managerial officers take office, the Company provides information on related regulations and remind them of the matters to pay attention to regarding insider trading.	No material deviation
III. Composition and responsibilities of the Board of Directors				

Evaluation item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
(I) Has the board of directors devised and implemented a plan and specific management targets for a more diverse composition of the board?	V		(I) 1 . The Company has established the "Corporate Governance Best Practice Principles" which specify the required knowledge, skills, and the competencies of members of the Company's Board of Directors. 2. The Company has 7 Director (including representatives of institutional directors) of which 2 are female. Female Directors account for 29% of all Directors. The Company has three Independent Directors who account for 43% of all Directors. Two Directors also serve as employees and they account for 29% of all Directors. One Independent Director's term is over 3 years; one Independent Director's term is over 6 years; and one Independent Director's term is over 9 years. In terms of the age of Directors, 5 Directors are more than 50 years old (71%) and 2 Directors are less than 50 years old (29%). The members of the Board of Directors have comprehensive extensive academic records and experience and their backgrounds include accounting, finance, information, management, and chemical engineering. The Company has attained the specific targets "the number of Independent Directors of the Company exceeds one third of the number of Directors", "Directors who serve concurrently as managerial officers do not exceed one third of the Board of Directors", and "Board of Directors include at least one female member", ensuring that the Company can make use of its decision-making and supervisory functions. Please refer to page 22 to 23 for the implementation status of diverse composition of members of the Board of Directors.	No material deviation

Evaluation item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
(II)In addition to establishing a Remuneration Committee and an Audit Committee, which are required by law, is the company willing to voluntarily establish other types of functional committees?	V		(II)The Company has established the Remuneration Committee in accordance with laws and voluntarily established the Audit Committee to provide the Company with guidance, strategies, and resources on the Company's technical development. The Company also set up the Technology Development Committee under the jurisdiction of the Board of Directors.	No material deviation
(III)Has the company established guidelines and methods for evaluating the performance of the board of directors, conducted performance evaluation annually, reported the results to the board, and used the results as a reference for the remuneration, nomination, and reelection of individual directors?	V		(III)The Company regularly reviews the performance of the Board of Directors to gradually enhance corporate governance. The Remuneration Committee establishes and conducts regular review of the policies, systems, standards, and structures for performance appraisal and remuneration of the Company's Directors and managerial officers. It also established the "Regulations Governing the Performance Evaluation of the Board of Directors". The results of the performance evaluation of the Board of Directors, functional committees, and members of the Board of Directors for 2021 were reported to the Board of Directors on January 18, 2022. The results of evaluations were placed on the Company's official website. The results of the performance evaluation of the Board of Directors each year shall be used as a reference for assessing the nomination and reelection of individual Directors.	No material deviation
(IV)Does the company regularly evaluate the independence of CPAs?	V		(IV) The Company evaluates the independence of the CPA at regular intervals each year in accordance with Article 29 of the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" to strengthen corporate governance and risk management. The evaluation procedures include a review of whether the CPA is a Director or shareholder of the Company or receives salary from the Company. The CPA is required to recuse him/herself if his/her service or him/herself has a direct or material	No material deviation

Evaluation item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			indirect relationship with or interest in a matter. Please refer to Appendix A on page 50 or the independence evaluation criteria of the CPA. The Company also requested the CPA to provide in independence statement of the audit team. The evaluation of the independence of the CPA for 2022 was reported to the meeting of the Board of Directors on March 22, 2022 and passed in a resolution.	
IV. For TWSE/TPEx-listed companies, are there suitable persons in an appropriate number and designated supervisors for corporate governance to take charge of related matters (including but not limited to providing directors and supervisors with materials required for them to carry out their tasks, helping directors and supervisors comply with the law, taking care of board of directors' meetings and shareholders' meetings as required by law, and preparing minutes of board of directors' meetings and shareholders' meetings)?	V		Although the Company has not yet met the conditions for appointing the Corporate Governance Officer in accordance with the regulations of the competent authority, the Company has appointed dedicated personnel to take charge of corporate governance matters, including providing Directors with materials required for them to carry out their tasks, processing Board of Directors' meetings and shareholders' meetings as required by law, registering the company and changing registered information, preparing minutes of Board of Directors' meetings and shareholders' meetings? The Company has established the "Standard Operating Procedures for Processing Requests of Directors" to establish sound corporate governance for the Company, help the Directors carry out their duties, and improve the performance of the Board of Directors.	No material deviation

Evaluation item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
V. Does the company establish a communication channel and build a designated section on its website for stakeholders (including without limitation shareholders, employees, customers, suppliers, etc.), and properly respond to corporate social responsibility issues that stakeholders are concerned about?	V		The Company has appointed a spokesperson and acting spokesperson and uses the Market Observation Post System to provide shareholders and stakeholders with comprehensive information on the Company's finance and business and implement corporate governance. With regard to banks and other creditors, the Company provides them with the necessary financial and business information based on the principle of good faith to help them understand the Company's business conditions. The Company also set up the "Stakeholders" section on the official website to respond appropriately to issues of concern to stakeholders. The communication channels with stakeholders remain smooth. The Company has also set up the "CSR" section on its official website to disclose the Company's annual Corporate Social Responsibility Report.	No material deviation
VI. Has the company designated a professional shareholder service agency to deal with matters of the shareholders' meeting?	V		The Company has appointed the professional shareholder service agency, Transfer Agency Department, CTBC Bank Co., Ltd., to process the Company's shareholder services.	No material deviation
VII. Information disclosure				
(I) Has the company established a corporate website to disclose information regarding the company's financial, business, and corporate governance status?	V		(I) The Company discloses financial and business information and corporate governance items on the Market Observation Post System in accordance with laws and discloses the information on the official website at the same time.	No material deviation
(II) Has the company established other information disclosure channels (e.g., maintaining an English-language website, appointing responsible people to handle information collection and disclosure, appointing spokespersons, or webcasting investor conferences on the company website)?	V		(II) The Company has appointed designated personnel to take charge of the collection and disclosure of the Company's information. The Company also set up an English website to disclose the Company's material information on its finance, business, and corporate governance, and implements the spokesperson and acting spokesperson system. The information related to shareholders' meetings is uploaded to the Market Observation Post System and disclosed on the official website at the same time.	No material deviation

Evaluation item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
(III)Does the company announce and declare the annual financial report within two months after the end of the fiscal year, and announce and declare the Q1, Q2 and Q3 financial reports and operating status of each month within the prescribed deadline?	V		(III)The Company files financial reports and information on the operations of each month in accordance with the "Checklist of Items to be Performed by TPEx (Emerging Stock) Companies".	No material deviation
VIII.Is there any other important information to facilitate a better understanding of the company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	V		(I) Employee rights and interests The Company has always treated employees with honesty and protects the legal rights of employees in accordance with government regulations. (II) Employee care The Company has established a welfare system that provides stability for employees' lives and a sound training system to build good relations with employees based on mutual trust and reliance. Examples include: Subsidies for employees' club activities, provision of health examinations, appointment of specialist physicians of occupational diseases to provide onsite services, provision of medical and healthcare consultation and assistance for employees, and parking lots. (III) Investor relations The Company fully discloses information on the Market Observation Post System and the official website and sets up a spokesperson and acting spokesperson system to take charge of processing shareholder recommendations. (IV) Supplier relations The Company establishes partnerships with suppliers based on the principles of equality and reciprocity, and conducts audits from time to time to verify the quality of supply. (V) Stakeholder rights and interests Stakeholders can communicate and make suggestions to the Company in order to protect their legal rights. (VI) Continuing education of Directors and Supervisors	No material deviation

Evaluation item	Operating status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			All Directors of the Company have professional backgrounds and actual experience. The Company provides related regulations to Directors at all times and regularly assigns Directors to participate in studies and obtain evidentiary documentation. Refer to Appendix B on page 50-51 for the status of continuing studies. (VII)Implementation of risk management policies and risk assessment standards The Company has established internal regulations and conducts risk management and assessment in accordance with regulations. The internal auditors also conduct regular or ad hoc audits on the implementation status. We also purchase insurance policies such as property insurance, product transportation insurance, and product liability insurance to mitigate risks. (VIII)Implementation status of customer policies The Company maintains a stable and positive relationship with customers in order to generate profits. (IX)Status of purchase of liability insurance by the Company for Directors The Company purchased liability insurance for all Directors and key personnel in 2021.	
IX. Explain improvements made according to Corporate Governance Evaluation results released in the most recent year by the Corporate Governance Center of Taiwan Stock Exchange and provide priorities to be reinforced and measures among those pending improvement. (Not required if the Company is not included as an evaluated company) The improvement status for items for which the Company failed to obtain a score in the 7th Corporate Governance Evaluation (evaluation for 2020) is specified in Appendix C on page 52.				

Appendix A: CPA independence evaluation criteria

Evaluation item	Evaluation results	Fulfillment of independence criteria
1. The CPA and family members do not hold direct or indirect material financial interests in the Company.	Yes	Yes
2. The CPA and family members do not have financing or endorsements with the Company.	Yes	Yes
3. The CPA or family members have no close business relations with the Company or its Directors, Supervisors, or managerial officers (e.g., joint investments in businesses, strategic alliances for profit, or product co-marketing).	Yes	Yes
4. The CPA has not served as the Company's Director, Supervisor, managerial officer, or other positions with significant influence on the audit work of the Company in the past 2 years or at present; the CPA has not committed himself/herself to taking on the aforementioned positions.	Yes	Yes
5. During the audit, the family members and close relatives of the CPA do not serve as directors, supervisors or managerial officers at the Company or do not assume positions that may directly and significantly affect the auditing process.	Yes	Yes
6. During the audit, the CPA does not have spouses, immediate family members or relatives within the second degree of kinship who serve as Directors, Supervisors or managerial officers of the Company.	Yes	Yes
7. The CPA has not received gifts or presents of significant value (where their values have not exceeded the general etiquette standards) from the Company or Directors, Supervisors, managerial officers or major shareholders of the Company.	Yes	Yes
8. The CPA and family members do not hold shares in the Company.	Yes	Yes
9. The CPA has not provided auditing services to the Company for a duration of more than seven consecutive years.	Yes	Yes
10. The CPA does not concurrently serve as a regular employee of the Company or its affiliated companies and does not receive a fixed salary from them.	Yes	Yes
11. As of now, the CPA has not engaged in any matter that may result in disciplinary actions taken against him/her or cause damage to the principle of independence.	Yes	Yes

Appendix B: Continuing education of the Directors and Supervisors in the most recent year and as of the date of the annual report

Job title	Name	Organizer	Course Name	Course Hours
Director	Mei-Lin Kuo	Taipei Exchange	Insider Trading Seminar for Public Listed Companies	3
Director	Tsung-Tien Kuo	Taipei Exchange	Insider Trading Seminar for Public Listed Companies	3
Institutional Director	Representative of Joray Co., Ltd.: Chi-Rong Huang	Taiwan Corporate Governance Association	Business Resilience: Viewing the World from the Perspective of the Internet	3
		Taiwan Corporate Governance Association	2021 Trend of the Future: ESG/CSR and Sustainable Management	3
Director	John-See Lee	Taiwan Corporate Governance Association	Corporate Sustainability Accelerator — CSR, ESG, and SDGs	3
		Taiwan Corporate Governance Association	Group Governance and Performance Management	3

Independent Director	Yi-Hsiung Huang	Taiwan CPA Association	New Chapter in Virtual Currencies and Anti-Money Laundering	3
		Taiwan CPA Association	Key Analysis of the New Amendment of the Enterprise Accounting Standards and New Q&A	3
		Taiwan CPA Association	Key Points for Business Tax Filing and Analysis of Questions	7
Independent Director	Hsieng-Cheng Tseng	Taiwan Corporate Governance Association	Analysis of Anti-Money Laundering Case Studies and Predicate Offenses (Including Insider Trading)	3
		Taiwan Corporate Governance Association	Complete Guide to the Information Security for Directors and Supervisors	3

Appendix C: The improvement status for items for which the Company failed to obtain a score in the 7th Corporate Governance Evaluation (evaluation for 2020)

Indicator category	Indicator content	Improvement	Explanation if improvements are not yet implemented
Protection of shareholder rights and interests and equal treatment of shareholders	1.3 Does the company have more than half of its directors (including at least one independent director) and the convener of the Audit Committee (or at least one supervisor) in attendance in person at the general shareholders meeting and disclose the attendance roster in the meeting minutes?	No	The Company shall work toward this goal in the future.
	1.6 Does the company organize the general shareholders meeting before the end of May?	No	The Company shall evaluate and determine the implementation based on actual requirements.
	1.9 Does the company upload the English version of the notification for the shareholders' meeting 30 days prior to the date of the meeting along with the Chinese version?	No	The Company does not yet have the internal or external resources for producing an English version of the meeting notification.
	1.10 Does the company upload the English meeting agenda and supplementary information for the shareholders' meeting 30 days prior to the date of the meeting?	No	The Company has planned related operations and will implement them in the 2022 general shareholders' meeting.
	1.11 Does the company upload the English annual report 7 days before the shareholders' meeting?	No	The Company has planned related operations and will implement them in the 2022 general shareholders' meeting.
Strengthen the structure and function of the Board of Directors	2.2 Has the company established a board diversity policy and disclose the implementation status of its diversity policy in the annual report and the company's website?	Yes	
	2.3 Is the company's chairman and president or other individual of equivalent rank (highest-ranking managerial officer) the same person or spouses or first-degree relatives?	No	The Company shall evaluate and determine the implementation based on actual business conditions.
	2.7 Does the company voluntarily appoint more independent director seats than required by regulations?	No	The Company shall evaluate and determine the implementation based on actual requirements.
	2.9 Has the company prepared succession plans for members of the board of directors and important managers, and disclosed the implementation status on the company's website or the annual report?	No	The Company shall work toward this goal in the future.
	2.14 Has the company established functional committees in additional to legally required committees with at least three members, independent directors as more than half of the members, and at least one member with the professional skills necessary for the committees, and disclosed the composition, duties, and operations of the committees?	No	The Company shall work toward this goal in the future.
	2.21 Has the company appointed a corporate governance officer to be responsible for related corporate governance affairs and disclosed the scope of duties, key business implementation items, and continuing education on the company website and annual report?	No	The Company shall evaluate and determine the implementation based on actual requirements.
	2.22 Has the company established risk management policies and procedures passed by the board of directors, and disclosed the scope, organization, and operations of risk management?	No	The Company shall work toward this goal in the future.
	2.23 Have the Regulations Governing the Performance Evaluation of the Board of Directors established by the company been approved by the board of directors? Do the regulations specifically require an external evaluation at least once every three years? Do they stipulate that evaluations shall be conducted in accordance with the deadline specified in the Regulations and the evaluation results must be disclosed on the company's website and annual report?	No	The Company shall evaluate and determine the implementation based on actual requirements.
	2.25 Have the Company's independent directors completed the minimum hours of continuing education as required by the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies"?	No	The Company shall work toward this goal in the future.
	2.27 Does the company prepare intellectual property management plans connected to the business targets, disclose the implementation status on the company's website or annual report, and report results to the board of directors at least once every year?	No	The Company shall work toward this goal in the future.
	2.28 Has the company established the methods for submitting the appointment, evaluation and remuneration of internal auditors to the board of directors for approval, or require the report of the chief auditor and the approval of the chairman, and disclosed the information on the company website?	No	The Company shall work toward this goal in the future.
	2.30 Do the company's internal auditors include at least one auditor with Certified Internal Auditor (CIA) Certification, Certified Information Systems Auditor (CISA), or credentials as a CPA?	No	The Company shall work toward this goal in the future.
Increase the transparency of information disclosure	3.2 Does the company file material information in English at the same time?	No	The Company has planned related operations and has gradually implemented them since 2021.
	3.4 Has the company published financial reports within two months of the end of the fiscal year?	No	The Company shall evaluate and determine the implementation based on actual requirements.
	3.5 Does the Company upload the English version of the financial report to the Market Observation Post System 7 days prior to the shareholders' meeting?	No	The Company shall evaluate and determine the implementation based on actual requirements.
	3.6 Does the Company disclose the interim financial report in English within two months after the deadline for submitting the interim financial report in Chinese?	No	The Company shall evaluate and determine the implementation based on actual requirements.
	3.8 Has the company voluntarily announced the financial forecast report for the four quarters and related operations have not been corrected by competent authorities or specified as discrepancies by Taiwan Stock Exchange or Taipei Exchange?	No	The Company shall evaluate and determine the implementation based on actual requirements.
	3.10 Is financial report passed by the board of directors or submitted to the board of directors 7 days before the prescribed deadline for publication and published within 1 day after the date of passage or submission?	No	The Company shall work toward this goal in the future.
	3.13 Does the company voluntarily disclose remuneration to individual directors and supervisors in the annual report?	Yes	
	3.14 Does the company's annual report disclose links between the performance evaluation of directors and managerial officers and their remuneration?	Yes	
	3.18 Has the company established an English corporate website to disclose information regarding the company's financial, business and corporate governance?	No	The Company has planned related operations and has gradually implemented them.
	3.20 Was the company invited to (or did it organize) at least two investor conferences? Were the two investor conferences at the beginning and end of the year at least three months apart?	No	The Company shall evaluate and determine the implementation based on actual requirements.
	3.21 Does the company disclose individual remunerations to the president and vice presidents in the annual report?	No	The Company shall evaluate and determine the implementation based on actual requirements.
Fulfilling CSR	4.2 Has the company established a full-time (part-time) unit responsible for implementing ethical corporate management to take charge of the preparation, supervision, and implementation of the Ethical Corporate Management Policy, explained the operations and implementation status of the unit on the company website and in the annual report, and reported to the board of directors at least once every year?	No	The Company shall work toward this goal in the future.
	4.6 Has the Company formulated policies to protect human rights in accordance with the International Bill of Human Rights and disclosed them on the company website or in the annual report?	No	The Company shall evaluate and determine the implementation based on actual requirements.
	4.7 Has the company established collective agreements with the union in accordance with the Collective Agreement Act?	No	The Company shall evaluate and determine the implementation based on actual requirements.
	4.16 Has the company set up a whistleblower system for reporting of illegal (including bribery) and unethical conducts carried out by the company's personnel inside and outside of the company and disclosed such system in detail on the company website?	No	The Company currently does not have sufficient internal and external resources for implementation.

(IV) If the company has a remuneration committee, the composition and operation of the committee shall be disclosed

1. The Company's Remuneration Committee consists of 3 members. Information on the members of the Remuneration Committee is provided below:

Identity type / Qualifications	Name	Professional qualifications and experience	Fulfillment of independence criteria	Number of other public companies in which the member also serves as a member of their remuneration committee
Independent Director	Yi-Hsiung Huang	Please refer to "Disclosure of information on the professional qualifications of Directors and independence of Independent Directors" on page 16-18 of the Annual Report.		0
Independent Director	Jen-Chyuan Lee			0
Independent Director	Hsieng-Cheng Tseng			0

2. Scope of the responsibilities of the Remuneration Committee:

(1) Regular review of the Remuneration Committee Charter and suggestions for revision.

(2) Establish and regularly review the performance evaluation standards, performance targets, and the policies, system, standards, and structure of remuneration for the Company's Directors and managerial officers, and disclose the contents of the performance evaluation standards in the Annual Report.

(3) Periodically assess the degree to which performance goals for the Directors and managerial officers of the Company have been achieved, and set the types and amounts of their individual remuneration based on the results of evaluations conducted in accordance with the performance evaluation standards.

3. Operation of the Remuneration Committee

(1) Term of current members: July 6, 2020 to June 22, 2023. The Remuneration Committee held 4 meetings (A) in the most recent year and as of the printing date of this annual report. The qualifications and attendance of the committee members are as follows:

Job title	Name	Actual attendance (B)	Attendance by proxy	Attendance rate (%) (B/A)	Notes
Convener	Yi-Hsiung Huang	4	0	100	
Committee Member	Jen-Chyuan Lee	4	0	100	
Committee Member	Hsieng-Cheng Tseng	4	0	100	

(2) The discussions and results of resolutions of the Remuneration Committee and the Company's handling of opinions of the board members are described below:

Remuneration Committee	Details of the proposal and subsequent developments	Resolutions	The Company's response to opinions of the Remuneration Committee
4th term 2nd meeting 2021.1.26	1.Principle for the Company's distribution of the 2020 year-end bonus 2.Performance evaluation of managerial officers and the amount to be distributed	Proposal approved by all members of the Committee	Submitted to the Board of Directors' meeting and approved by all Directors in attendance
4th term 3rd meeting 2021.3.22	1.Amount of remuneration for employees for 2020 2.Amount of remuneration for Directors for 2020 3.Standards for the distribution of the 2021 performance bonus	Proposal approved by all members of the Committee	Submitted to the Board of Directors' meeting and approved by all Directors in attendance
4th term 4th meeting 2021.8.10	1.Salary structure adjustment and 2021 salary adjustment	Proposal approved by all members of the Committee	Submitted to the Board of Directors' meeting and approved by all Directors in attendance
4th term 5th meeting 2021.11.9	1.Proposal for the appropriation of the company contribution for the Employee Stock Ownership Committee	Proposal approved by all members of the Committee	Submitted to the Board of Directors' meeting and approved by all Directors in attendance

Other disclosures:

I. In the event that a Remuneration Committee recommendation is rejected or amended in a board of directors meeting, please describe the date and session of the meeting, content of motion, the board's resolution, and the way the company handled the Remuneration Committee's opinions (describe the differences and reasons, if any, should the board of directors approve a solution that was more favorable than the one proposed by the Remuneration Committee): None.

II. If a member voted against or had reservations on record or in writing regarding any resolution passed by the Remuneration Committee describe the date of committee meeting, term of the committee, agenda item, opinions of all members, and actions taken by the company in response to the opinion of members: None.

(V) Implementation status of sustainable development, deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies, and reasons thereof

Evaluation item	Implementation			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
I. Does the Company set up a governance structure for sustainable development, establish an exclusively (or concurrently) dedicated unit to implement sustainable development, and have management appointed by the Board of Directors to be in charge of sustainable development and to report the implementation status to the Board of Directors?	V		1. The Company's Safety, Health & Environment Office, Financial Department, HR Department, Purchasing Department, and President Office and Information Management Center jointly established the "Corporate Social Responsibility Work Group" which was renamed the "ESG Work Group" at the end of 2021. The manager of the President Office and Information Management Center serves as the convener and the Work Group convenes at least 1 meeting each quarter to report the progress of each group. 2. The ESG Work Group operates based on the concept of Plan-Do-Check-Act (P-D-C-A) cycle, and compiles feedback from stakeholders at the beginning of the year to evaluate and review response measures and set project targets. The measures and targets are implemented with the approval of the convener. 3. The ESG Work Group reports the implementation results and the issues of concern to stakeholders to the Board of Directors each year. It compiles written information at the end of every calendar year and reports it to the Board of Directors. The implementation status for 2021 was reported in the meeting of the Board of Directors on November 9.	No material deviation
II. Does the company perform assessments of risks in environmental, social, and corporate governance issues relevant to its business activities and devise risk management policies and strategies accordingly?	V		The Company has established the "Sustainable Development Best Practice Principles", which was passed by the Board of Directors. The Company also appoints consultants to review the implementation status every year and requests the CPA to provide verification and assurance information. For more information on	No material deviation

Evaluation item	Implementation			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
			the boundaries of the Company's risk assessment, please refer to the description in "2-2 Stakeholder Identification and Communication" in the 2021 Corporate Social Responsibility Report (page 25 to 29). For more information on the Company's assessments of risks in environmental, social, and corporate governance issues relevant to its business activities, please refer to the explanation provided in "3-4 Risk Management" in the 2021 Corporate Social Responsibility Report (page 40).	
III. Environmental issues				
(I) Has the company developed an appropriate environmental management system, given its distinctive characteristics?	V		The Company has established the Environmental Management System and obtained ISO 14001:2015 system certification (effective from December 31, 2021 to December 31, 2024). We also adopt appropriate systems based on the characteristics and changes of the industry, and meet the requirements for continuous improvement of the system.	No material deviation
(II) Is the company committed to achieving efficient use of energy and using renewable materials that produce less impact on the environment?	V		The Company's Da-Fa Plant is a major electricity user regulated by the Bureau of Energy, Ministry of Economic Affairs. It is required by law to attain an energy conservation rate of at least 1% each year. The Plant has attained the target average energy conservation rate each year since 2015. The Company also set up an R&D Center dedicated to green design and continuously develop environmentally friendly solutions.	No material deviation
(III) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take	V		1. The Company activated the ESG Management Committee in 2021. The Green and Environmental Sustainability	No material deviation

Evaluation item	Implementation			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
appropriate action to counter climate change issues?			2. Group of the Committee is responsible for identifying and evaluating risks and opportunities related to climate change and making management recommendations. It shall regularly analyze, identify, and register climate change-related hazards, and disclose the relevant identification results and responses in the Corporate Responsibility Report and on the official website. 2. The Company completed the latest climate risk assessment at the end of 2020. The risks included "physical risks" caused directly or indirectly by extreme weather and "transformation risks" caused by policies, technologies, market, or business reputation. We have focused on eight risks in two major categories: (1) Physical risks: Typhoons, heavy rainfall and flooding, high temperature and drought, and cost of resources. (2) Transformation risks: Policies, regulations, technologies, market, and business reputation. 3. To reduce the aforementioned risk factors, the Company also identifies feasible opportunities and formulates response measures including green product development, green manufacturing, energy management, greenhouse gas inventory, product carbon footprint inventory, and energy conservation and carbon reduction projects. 4. For a more detailed description of the Company's climate change risks and opportunities, please refer to the Company's Sustainability Report. (https://www.hopax.com/zh-tw/esg/report-download)	

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Implementation</th><th rowspan="2">Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>(IV) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon reduction, greenhouse gas reduction, water use reduction, or waste management?</td><td>V</td><td></td><td>The Company prepare the ESG Report each year to disclose the greenhouse gas inventory, water consumption, and waste volume. The scope covers the Company's production plants in Taiwan (Da-Fa Plant 1 and Da-Fa Plant 2), which formulate short, medium, and long-term reduction targets in accordance with the "Environmental Safety Policy".
1. Greenhouse gas emissions
The Company implements an independent greenhouse gas inventory each year and formulates short, medium, and long-term improvement targets. We follow the ISO 14064:2018 standards and the EPA's greenhouse gas inventory guidelines. The Company's greenhouse gas emissions for 2021 and greenhouse gas inventory for 2020 have received verification and certification in accordance with ISO 14064:2018. The information for the past two years (2019-2020) is shown in the table below. The main source of scope 1 emissions is the consumption of fuel for producing steam and the main source of scope 2 emissions is purchased electricity. To continuously improve energy efficiency and reduce carbon emissions, the Company plans to complete the inventory and verification operations by the end of 2022 and plans to implement the ISO 50001 energy management system in 2022.
<table>
<tr><th>Year</th><th>Scope</th><th>Total t-CO2e</th><th>Carbon emission intensity t-CO2e/NT$ million in revenue</th></tr>
<tr><td rowspan="3">2019</td><td>Scope 1</td><td>3,089.75</td><td>1.52</td></tr>
<tr><td>Scope 2</td><td>9,333.34</td><td>4.61</td></tr>
<tr><td>Total</td><td>12,423.09</td><td>6.13</td></tr>
<tr><td rowspan="3">2020</td><td>Scope 1</td><td>6,777.72</td><td>3.41</td></tr>
<tr><td>Scope 2</td><td>13,612.29</td><td>6.86</td></tr>
<tr><td>Total</td><td>20,390.01</td><td>10.27</td></tr>
</table></td><td>No material deviation</td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Implementation</th><th rowspan="2">Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>2. Total water withdrawal
The sources of water of Da-Fa Plant mainly include surface runoff and tap water. To continue process optimization and increase the usage of water resources, the Company has, since 2020, gradually replaced solid-state materials, which accounted for a large proportion in the production process, with liquid-state materials. Therefore, the unit waste water volume in 2021 increased slightly from the volume in 2020.
<table><tr><th>Year</th><th>Total water withdrawal (million liters)</th></tr><tr><td>2020</td><td>116.281</td></tr><tr><td>2021</td><td>126.684</td></tr></table>3. Total weight of waste
With improvements in waste reduction measures, the waste recycling rate of Da-Fa Plant in the past two years has increased from 38.5% in 2020 to 60.2% in 2021.
<table><tr><th>Year</th><th>Hazardous waste (tons)</th><th>Non-hazardous waste (tons)</th><th>Total (tons)</th><th>Waste recycling and reuse rate (%)</th></tr><tr><td>2020</td><td>0.186</td><td>971.93</td><td>972.12</td><td>38.5</td></tr><tr><td>2021</td><td>0.4</td><td>811.37</td><td>811.77</td><td>60.2</td></tr></table></td><td></td></tr>
<tr><td>IV. Social issues
(I) Has the company developed its policies and procedures in accordance with laws and the International Bill of Human Rights?</td><td>V</td><td></td><td>The Company has established the Human Rights Policy in 2018 and published it on the official website. The Company also revised the Work Rules in 2019 and they were reviewed and approved by the Labor Affairs Bureau.</td><td>No material deviation</td></tr>
<tr><td>(II) Does the company establish and implement reasonable employee benefits (including remuneration, leave, and other benefits), and ensure business performance or results are reflected adequately in employee remuneration?</td><td>V</td><td></td><td>The Company has established and implemented reasonable employee benefits and ensured that business performance or results are reflected adequately in the employee salary adjustment, year-end bonus, employee remuneration, and</td><td>No material deviation</td></tr>
</table>

Evaluation item		Implementation			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
		Yes	No	Summary	
				performance bonus. For more information on employee welfare measures, please refer to page 108-113 of the Annual Report.	
(III)	Does the company provide employees with a safe and healthy work environment? Are employees trained regularly on safety and health issues?	V		The Company has passed ISO 45001 Occupational Safety and Health Management System certification and conducted risk assessments of the employees' work environment. The Company continues to improve and provide employees with a safe and healthy work environment, and provide regular safety and health training.	No material deviation
(IV)	Has the company implemented an effective training program that helps employees develop skills over the course of their career?	V		The Company has implemented a training program that helps employees develop skills over the course of their career.	No material deviation
(V)	Do the company’s products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and customer grievance procedure policies implemented?	V		The marketing and labeling of the Company's products and services comply with related regulations and international standards. The Company also set up a customer service unit to process issues related to consumer grievances.	No material deviation
(VI)	Does the company implement supplier management policies that require suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	V		1. The Company adopted targets and plans, continues to optimize supply chain management, and works with supply chain partners to grow and pursue sustainable management for the purpose of creating a high-quality and effective supply chain, increasing the proportion of green supply, and implementing supplier evaluation mechanisms. 2. When the Company accepts a new supplier, it is required to submit and sign the "Basic Supplier Information Survey Form" and submit relevant attachments such as "Quality Management System (ISO 9001)", "Environmental Management Standard (ISO	No material deviation

Evaluation item	Implementation			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
			14001)", "Safety and Health Management System (ISO45001)", and "Social Accountability (SA 8000)" to the quality assurance units for evaluation as well as risk and compliance audits.	
V. Has the company, following internationally recognized guidelines, prepared and published reports such as its Sustainability Report to disclose non-financial information of the company? Does the company obtain third-party assurance or guarantees for the reports above?	V		The Company prepares the Corporate Social Responsibility Report in accordance with the "Rules Governing the Preparation and Filing of Sustainability Reports by TPEx Listed Companies" and the GRI Standards published by the Global Report Initiative. The Report has been verified by Deloitte, Taiwan in accordance with SAES No. 1 for Assurance Engagements.	No material deviation
VI. If the company has established its own sustainable development best-practice principles by following the "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies", please describe the implementation and any discrepancies with regard to the Best Practice Principles: The Company established the "Sustainable Development Best-Practice Principles" in accordance with the "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies". There is no material deviation between the operations and the Principles.				
VII. Other key information useful for explaining the status of sustainable development practices: 1. Please refer to the Corporate Social Responsibility section on the official website http://www.hopax.com.tw/zh-tw/esg for more information regarding the state of the Company's promotion of sustainable development, 2. The Company received the Taiwan Corporate Sustainability Awards - Traditional Manufacturing Industry - Platinum award from Taiwan Institute for Sustainable Energy (TAISE) in 2021.				

(VI) Implementation of ethical corporate management and measures and deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons

Evaluation item	Operating status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
I. Establishment of ethical corporate management policy and approaches				No material deviation
(I) Has the company implemented a board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the board of directors and management towards enforcement of such policy?	V		(I) The Company has established the "Ethical Corporate Management Best Practice Principles", which was passed by the Board of Directors. Both the Board of Directors and the management fully understand and shall rigorously abide by the Principles.	
(II) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies"?	V		(II) To ensure the implementation of ethical corporate management, the Company has established effective accounting and internal control systems. Internal auditors regularly audit compliance with the above systems. The Company also established the "Ethical Corporate Management Best Practice Principles" and specified that the Company and related personnel may not offer or accept improper benefits in the performance of their duties.	No material deviation
(III) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?	V		(III) The Company has established the "Ethical Corporate Management Best Practice Principles" and states in its work rules that employees may not accept entertainment, gifts, kickback, or other unlawful benefits through their actions in the performance of their duties or actions taken against their duties. The "Code of Ethical Conduct" also specifies a reporting system for illegal and unethical conduct for personnel inside and outside of the company. They have been disclosed on the Market Observation Post System and the	No material deviation

Evaluation item	Operating status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			Company's website.	
II. Implementation of ethical corporate management				
(I) Does the company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?	V		(I) The Company evaluates the legality and Ethical Corporate Management Policy of transaction counterparties before establishing business relations to avoid transactions with unethical entities.	No material deviation
(II) Does the company have a dedicated unit responsible for business integrity under the board of directors which reports the ethical management policy and programs against unethical conduct regularly (at least once a year) to the board of directors while overseeing such operations?	V		(II) The company performs business activities based on the principles of fairness, integrity, and transparency, and actively prevents unethical conduct. The Company established the "Corporate Management Best Practice Principles" and assigned the Audit Office to conduct regular internal audits, which is reported to the meetings of the Board of Directors.	No material deviation
(III) Has the company established policies to prevent conflicts of interests, implemented such policies, and provided adequate channels of communications?	V		(III) The Company established the "Ethical Corporate Management Best Practice Principles" and requires Directors to maintain a high degree of self-discipline. Directors are required to recuse themselves from voting on agenda items in which he/she has a conflict of interest.	No material deviation
(IV) Does the company have effective accounting and internal control systems in place to implement business integrity? Does the internal audit unit follow the results of unethical conduct risk assessments and devise relevant audit plans to audit the systems accordingly and prevent unethical conduct, or hire outside accountants to perform the audits?	V		(IV) The Company has established effective accounting and internal control systems. Internal auditors regularly audit compliance with the above systems.	No material deviation
(V) Does the company organize internal and external education and training periodically to help enforce honest operations?	V		(V) The Company established the "Ethical Corporate Management Best Practice Principles", which specifies the matters of note to specific personnel in the performance of their duties. The related regulations are also communicated from time to time in training programs or meetings.	No material deviation
III. Implementation of the Company's whistleblowing				

Evaluation item	Operating status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
system (I) Does the company provide incentives and means for employees to report malpractices? Does the company assign dedicated personnel to investigate the reported malpractices?	V		(I) The Company established the "Code of Ethical Conduct" to specify reporting and reward systems. Employees of the Company can also file complaints to the HR unit or legal affairs personnel directly or through the unit manager.	No material deviation
(II) Does the company have in place standard operating procedures for investigating and processing reports, as well as follow-up actions and relevant post-investigation confidentiality measures?	V		(II) The Company's "Code of Ethical Conduct" requires the Company to maintain the confidentiality of the identity of the whistleblower and the contents of the report.	No material deviation
(III) Has the company provided proper whistleblower protection?	V		(III) The Company's "Code of Ethical Conduct" requires the Company to maintain the confidentiality of the identity of the whistleblower and the contents of the report, and protect the whistleblower from penalties due to the whistleblowing.	No material deviation
IV. Information disclosure improvement Has the company disclosed the contents or its ethical corporate management principles as well as relevant implementation results on its website and on the Market Observation Post System?	V		The Company has set up a website and disclosed information related to ethical corporate management such as the "Ethical Corporate Management Best Practice Principles" and "Code of Ethical Conduct".	No material deviation
V. Describe the deviations, if any, between actual practice and the ethical corporate management principles, if the company has formulated such principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies": The Company has established the "Ethical Corporate Management Best Practice Principles" which specify the matters of note for personnel in the performance of their duties.				
VI. Other important information to facilitate a better understanding of the Company's implementation of ethical corporate management (such as review and amendment of ethical management rules): The Company complies with the Company Act, Securities and Exchange Act, TWSE/TPEx listing rules, and other related laws and regulations the basic principles for implementing ethical corporate management. 1. Customers and suppliers: The Company upholds its business philosophy of legality and integrity and actively establishes health relationships of mutual support and mutual trust with customers and suppliers. 2. Employees: The Company organizes training programs and awareness campaigns for employees to ensure that they understand the Company's ethical corporate management policies and the consequences of committing unethical conduct. 3. Investors: The Company has set up an "Investor Relations" section on the company website to disclose the Company's general information, basic information, and financial information. We also disclose company Information on the Market Observation Post System in a prompt, open, and transparent manner.				

(VII) If the company has established corporate governance principles and related bylaws, their query methods shall be disclosed.

The Company has formulated a the "Corporate Governance Best Practice Principles" and related regulations and disclosed them on the Company's website at http://www.hopax.com.tw/zh-tw under Investor Relations - Corporate Governance. The Company shall disclose information on the official website or the Market Observation Post System for inquiries by investors and stakeholders.

(VIII) Critical information that can enhance the understanding of the company's corporate governance practices shall be disclosed:

The Company's corporate governance operations are disclosed on the Market Observation Post System.

(IX) Implementation of internal control system

1. Statement on Internal Control

Taiwan Hopax Chems. Mfg. Co., Ltd.

Statement of Internal Control System

Date: March 22, 2022

The Company hereby makes the following statement about its internal control system for the year 2021 based on the assessments it performed:

I. The Company takes recognizance of the fact that the establishment, execution, and maintenance of its internal control system are the responsibilities of the Company's Board of Directors and managers; such policies have been implemented throughout the Company. The purpose is to provide reasonable assurance to the effectiveness and efficiency of business operations (including profitability, performance and security of assets), reliability of reports and compliance with relevant regulatory requirements in reaching compliance targets.

II. There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably ensure the achievement of the aforementioned goals. Moreover, the operating environment and situation may change, impacting the effectiveness of the internal control system. However, self-supervision measures were implemented within the Company's internal control system to facilitate immediate rectification once procedural flaws have been identified.

III. The Company determines the effectiveness of the design and implementation of its internal control system in accordance with the items in "Governing Regulations for Public Company's Establishment of Internal Control System" (hereinafter called "Governing Regulations") that are related to the effectiveness of internal control systems. The measures based on which to evaluate the internal control system adopted under the Governing Regulations are its five underlying elements, namely: 1. control environment, 2. risk assessment and reaction, 3. control process, 4. information and communication, and 5. supervision. Each of the elements in turn contains certain audit items. Please refer to "Governing Regulations" for details.

IV. The Company has adopted the aforementioned measures for an evaluation of the effectiveness of the design and implementation of the internal control system.

V. Based on the findings of the aforementioned examination, the Company believes it can reasonably assure that the design and implementation of its internal control system as of December 31, 2021 (including supervision and management of subsidiaries), including the effectiveness and efficiency in operation, reliability, promptness and transparency of reports and compliance with relevant regulatory requirements, have achieved the aforementioned objectives.

VI. This statement constitutes part of the Company's annual report and prospectus, and shall be disclosed to the public. The Company shall be legally liable under Articles 20, 32, 171 and 174 of the Securities and Exchange Act with respect to any unlawful aspects such as

falsehood or concealment of facts in relation to the aforesaid statement.

VII. This statement was approved unanimously by all 7 Directors present at the meeting of the Board on March 22, 2022.

Taiwan Hopax Chems. Mfg. Co., Ltd.

Chairman and President: Tsung-Tien Kuo Signature and seal

2. If the Company engages a CPA to examine its internal control system, disclose the CPA audit report: None.

(X) The company's major deficiencies improvement status for internal personnel who have received penalties for violating the provisions of the internal control system in recent years and up to the publication date of this annual report: None.

(XI) Important resolutions made during shareholders' meetings and board of directors' meetings in the past year and up to the publication date of this annual report

Date of meeting	Resolutions of the shareholders' meeting	Implementation status
2021/8/26	1. Passed and acknowledged the Company's 2020 business report and financial statements.	Processed in accordance with the contents of the resolution.
	2. Passed and acknowledged the Company's proposed distribution of 2020 earnings.	The Company distributed cash dividends totaling NT$173,204,101 in accordance with the contents of the resolution, and the shareholders' meeting authorized the Chairman to set August 5, 2021 as the ex-dividend date. All cash dividends were distributed on September 1, 2021.

Date	Resolutions of the Board of Directors
2021/1/26	1. Anticipated business operations in 2021 2. The Company's trading of derivatives 3. Bank loans 4. Sponsorship for the Hopax Culture and Arts Foundation in 2021 5. Endorsement and guarantee for subsidiaries 6. Acquisition or disposal of machinery and equipment by the Company and subsidiaries 7. Principle for the Company's distribution of the 2020 year-end bonus 8. Performance evaluation of managerial officers and the amount to be distributed
2021/3/23	1. 2020 Financial Report 2. 2020 Business Report and Earnings Distribution Statement 3. Proposal for distribution of 2020 dividends for shareholders in cash 4. 2020 "assessment of the effectiveness of the internal control system" and the "Statement of Internal Control System" 5. Proposal for convening the 2021 general shareholders' meeting and related matters 6. The Company's trading of derivatives 7. Bank loans 8. Endorsement and guarantee for subsidiaries 9. The Company's loans to subsidiaries 10. Capital increase of the subsidiary SeeCure Taiwan Co., Ltd. 11. Distribution of remuneration for Directors for 2020

Date	Resolutions of the Board of Directors
	12. Distribution of remuneration for employees for 2020 13. Standards for the distribution of the 2021 performance bonus
2021/5/11	1. The Company's trading of derivatives 2. Bank loans 3. Major endorsements/guarantees 4. Acquisition or disposal of machinery and equipment by the Company and subsidiaries 5. Liability insurance for the Company's Directors and key personnel 6. Appointment and remuneration of the Company's CPA.
2021/8/10	1. The Company's trading of derivatives 2. Bank loans 3. Major endorsements/guarantees 4. Acquisition or disposal of machinery and equipment by the Company and subsidiaries 5. The Company's new arrangements for the time and location of the 2021 general shareholders' meeting 6. The Company's fifth issue of domestic unsecured convertible corporate bonds 7. Salary structure adjustment and 2021 salary adjustment
2021/11/9	1. Amendment of the 2021 audit plan 2. 2022 audit plan 3. The Company's trading of derivatives 4. Bank loans 5. Major endorsements/guarantees 6. Amendment of the Company's "Tax Governance Policy" 7. Proposal for the appropriation of the company contribution for the Employee Stock Ownership Committee
2022/1/18	1. Anticipated business operations in 2022 2. The Company's trading of derivatives 3. Sponsorship for the Hopax Culture and Arts Foundation in 2022 4. The Company's loans to subsidiaries 5. Acquisition or disposal of machinery and equipment by the Company and subsidiaries 6. Principle for the Company's distribution of the 2021 year-end bonus 7. Performance evaluation of managerial officers and the amount to be distributed 8. Standards for the distribution of the 2022 performance bonus
2022/3/22	1. Replacement of the CPA and the evaluation of the independence of the CPA 2. 2021 Financial Report 3. 2021 Business Report and Earnings Distribution Statement 4. Proposal for distribution of 2021 dividends for shareholders in cash 5. 2021 "assessment of the effectiveness of the internal control system" and the "Statement of Internal Control System" 6. Amendment of the Articles of Incorporation

Date	Resolutions of the Board of Directors
	7. Amendment of the Rules of Procedure for the Shareholders' Meeting 8. Amendment of the Corporate Governance Best Practice Principles 9. Amendment of the Procedures for the Acquisition or Disposal of Assets 10. Proposal for convening the 2022 general shareholders' meeting and related matters 11. Matters regarding the request of holders of the fifth issue of convertible corporate bonds for converting into ordinary shares and registration of changes 12. The Company's trading of derivatives 13. Bank loans 14. Endorsement and guarantee for subsidiaries 15. Distribution of remuneration for Directors for 2021 16. Distribution of remuneration for employees for 2021

(XII) Dissenting or qualified opinions of directors or supervisors against an important resolution passed by the board of directors that are on record or stated in a written statement in the past year and up to the printing date of this annual report: None.

(XIII) Summary of resignation or dismissal for chairman, president, accounting manager, finance director, head of internal audit, and R&D managers in recent years up to the annual report publication date: None.

IV. Information on CPA audit fees

(I) Information on CPA audit fees

Unit: NT$ thousand

Name of CPA firm	Name of CPA	CPA's audit period	Audit fee	Non-audit fee	Total	Notes
Deloitte Taiwan	Chia-Ling Chiang	2021/1/1~ 2021/12/31	4,050	180	4,230	-
	Kai-Ning Hsu					

Note:The non-audit fees included NT$150 thousand for the review and opinion for the issuance of convertible bonds and NT$30 thousand for the review of salaries for full-time non-executive employees.

V. Information on change/replacement of CPA:

(I) Regarding previous CPA

Date of change	Starting from the financial statements for Q1 2022 (Passed in a resolution of the Board of Directors on March 22, 2022)		
Reason of replacement and explanation	Replacement due to internal job rotations of Deloitte Taiwan		
Statement on whether the client or the CPA terminates or rejects the appointment	Contracting party / Condition	CPA	Client
	Termination initiated by client	Not applicable	
	CPA declined to accept (continue) the appointment		
Opinion and reason for the issuance of audit reports containing opinions other than unqualified opinions in the most recent two years	None		
			Accounting principles or practices
			Disclosure of financial statements

Different opinions from the issuer	Yes		Audit scope or procedures
			Others
	None	V	
	Description: Not applicable		
Other disclosures (Matters that should be disclosed in accordance with Item 1-4 to 1-7, Subparagraph 6, Article 10 of the Regulations)	Not applicable		

Date of change	Starting from the financial statements for Q4 2020 (Passed in a resolution of the Board of Directors on November 10, 2020)		
Reason of replacement and explanation	Replacement due to internal job rotations of Deloitte Taiwan		
Statement on whether the client or the CPA terminates or rejects the appointment	Contracting party / Condition	CPA	Client
	Termination initiated by client	Not applicable	
	CPA declined to accept (continue) the appointment		
Opinion and reason for the issuance of audit reports containing opinions other than unqualified opinions in the most recent two years	None		
			Accounting principles or practices
			Disclosure of financial statements

Different opinions from the issuer	Yes		Audit scope or procedures
			Others
	None	V	
	Description: Not applicable		
Other disclosures (Matters that should be disclosed in accordance with Item 1-4 to 1-7, Subparagraph 6, Article 10 of the Regulations)	Not applicable		

(II) Regarding previous CPA

Name of CPA firm	Deloitte Taiwan
Name of CPA	CPAs Chou-Yen Wu and Kai-Ning Hsu
Date of appointment	Starting from the financial statements for Q1 2022 (Passed in a resolution of the Board of Directors on March 22, 2022)
Subjects and outcomes of consultation on the accounting treatment of or application of accounting principles to specific transactions, or opinions that may be included on financial statements before the appointment of new CPAs	Not applicable
The succeeding CPA's opinions in written form in response to the former CPA's opinions	Not applicable

Name of CPA firm	Deloitte Taiwan
Name of CPA	CPAs Chia-Ling Chiang and Kai-Ning Hsu

Date of appointment	Starting from the financial statements for Q4 2020 (Passed in a resolution of the Board of Directors on November 10, 2020)
Subjects and outcomes of consultation on the accounting treatment of or application of accounting principles to specific transactions, or opinions that may be included on financial statements before the appointment of new CPAs	Not applicable
The succeeding CPA's opinions in written form in response to the former CPA's opinions	Not applicable

(III) The former CPA's response for items specified in Article 10, Subparagraph 6, Item 1 and Item 2-3 of the Accounting Standards: None

VI. If the Company's Chairman, President, or Financial or Accounting Managerial Officer has worked for the CPA firm or its affiliate in the most recent year, their names, titles, and period of service in the CPA firm shall be disclosed: None.

VII. Equity Transfers and Changes of Equity Interests by Directors, Supervisors, Managerial Officers, and Major Shareholders Holding More than 10% of the Shares in Last Fiscal Year and up to the Print Date of this Annual Report

(I) Share transfers

Unit: shares

Job title	Name	2021		Current year as of April 23, 2022	
		Increase (decrease) in the number of shares held	Increase (decrease) in pledged shares	Increase (decrease) in the number of shares held	Increase (decrease) in pledged shares
Chairman and President	Tsung-Tien Kuo	0	0	0	0
Vice Chairman	Mei-Lin Kuo	150,000	0	0	0
Director	John-See Lee	0	0	0	0
Director	Joray Co., Ltd. Representative: Chi-Rong Huang	0	0	0	0
Independent Director	Yi-Hsiung Huang	0	0	0	0
Independent Director	Jen-Chyuan Lee	0	0	0	0
Independent Director	Hsieng-Cheng Tseng	0	0	0	0
Executive Vice President and Financial Officer	Chung-Sheng Cheng	0	0	0	0
Vice President	Jane Her	0	0	0	0
Assistant Vice President	Kuo-Hsiung Yang	(56)	0	0	0
Assistant Vice President	Chin-Chung Tsai	0	0	0	0
Manager	Hsien-Shun Chien	0	0	0	0
Assistant Vice President	Bang-Jyun Wang	0	0	0	0
Manager	Hui-Ying Hsu	0	0	0	0
Assistant Vice President	Shun-Min Chiu	(50,000)	0	0	0
Accounting Supervisor	Wen-Hui Yu	(4,000)	0	0	0

(II) Information on transfer of shares: None.

(III) Pledged shares: None.

VIII. Information on the Spouse, Kinship Within Second Degree, and Relationship between Any of the Top Ten Shareholders

April 24, 2021

Name	Shares held by the individual		Shares held by spouse and underage children		All shares held in names of third parties		Shareholders with the top 10 shareholding ratios who are related, spouses, and second-degree relatives, their names, and their respective relationships		Notes
	Number of shares	Shareholding ratio(%)	Number of shares	Shareholding ratio(%)	Number of shares	Shareholding ratio(%)	Name	Relationship	
Tsung-Tien Kuo	4,130,031	2.38	706,936	0.41	0	0.00	Mei-Lin Kuo Mei-Shan Kuo Tsung-Tien Kuo's trust account under the custody of Taishin International Bank	First degree of kinship First degree of kinship Tsung-Tien Kuo is the owner of this trust property account	
Hung Hsin International Co., Ltd.	2,537,793	1.46	0	0.00	0	0.00	-	-	
Hung Hsin International Co., Ltd. Representative: I-Tsui Cho	0	0.00	0	0.00	0	0.00	-	-	
Tsung-Tien Kuo's trust account under the custody of Taishin International Bank	2,500,000	1.44	0	0.00	0	0.00	Tsung-Tien Kuo Mei-Lin Kuo Mei-Shan Kuo	Tsung-Tien Kuo is the owner of this trust property account The owner of this trust property account and Mei-Lin Kuo are relatives within the first degree of kinship The owner of this trust property account and Mei-Shan Kuo are relatives within the first degree of kinship	
Joray Co., Ltd.	2,343,003	1.35	0	0.00	0	0.00	-	-	
Joray Co., Ltd. Representative: Tsung-Jen Huang	2,034,136	1.17	0	0.00	0	0.00	Tsung-Jen Huang	Same person as the representative of the institutional shareholder	
Kingmax Semiconductor Inc.	2,135,000	1.23	0	0.00		0.00	-	-	
Kingmax Semiconductor Inc. Representative: Fu-Chou Liu	0	0.00	0	0.00	0	0.00	-	-	
Tsung-Jen Huang	2,034,136	1.17	0	0.00	0	0.00	Joray Co., Ltd. Representative: Tsung-Jen Huang	Tsung-Jen Huang is the representative of Joray Co., Ltd.	
Mei-Lin Kuo	1,745,335	1.01	0	0.00	0	0.00	Tsung-Tien Kuo Mei-Shan Kuo Tsung-Tien Kuo's trust account under the custody of Taishin International Bank	First degree of kinship Second degree of kinship The owner of this trust property account and Mei-Lin Kuo are relatives within the first degree of kinship	
Mei-Shan Kuo	1,326,625	0.76	0	0.00	0	0.00	Tsung-Tien Kuo Mei-Lin Kuo Tsung-Tien Kuo's trust account under the custody of Taishin International Bank	First degree of kinship Second degree of kinship The owner of this trust property account and Mei-Shan Kuo are relatives within the first degree of kinship	
Fu Shih Hsin Investment Co., Ltd.	1,295,038	0.75	0	0.00	0	0.00	-	-	
Fu Shih Hsin Investment Co., Ltd. Representative: Mei-Ling Kuo	0	0.00	0	0.00	0	0.00	-	-	
Tai Ho Investment Co., Ltd.	1,289,005	0.74	0	0.00	0	0.00	-	-	
Tai Ho Investment Co., Ltd. Representative: Hung-Yang Chiu	0	0.00	0	0.00	0	0.00	-	-	

IX. Numbers of Shares Held in Invested Enterprises by the Company, the Company' s Directors, Independent Directors, and Managerial Officers, and Enterprises Directly or Indirectly Controlled by the Company and the Consolidated Shareholding Ratio

December 31, 2021

Unit: shares

Investee	Investment by the Company		Investments of Directors, Supervisors, managerial officers and directly or indirectly controlled businesses		Combined investment	
	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)
P.T.Hopax Indonesia	1,320,000	100	0	0	1,320,000	100
Phoenix Worldwide Group Ltd.	9,700,000	100	0	0	9,700,000	100
Hopax Worldwide Group Ltd.	35,000,000	100	0	0	35,000,000	100
Far Profits International Ltd.	1	100	0	0	1	100
Hopax Europe Ltd.	1,550,000	100	0	0	1,550,000	100
Hopax International (Shanghai) Co., Ltd.	The company is a limited liability company	100	0	0	The company is a limited liability company	100
Hopax Biomedical Tech. Co., Ltd.	5,000,000	100	0	0	5,000,000	100
SeeCure Taiwan Co., Ltd.	8,000,000	100	0	0	8,000,000	100

D. Fundraising

I. Capital and Shares

(I) Source of share capital

1. Capital formulation process

April 23,2022

Unit: NT$ thousand; thousand shares

Year/ Month	Face Value Per Share	Authorized Share Capital		Capital Stock		Note		
		Shares	Amount	Shares	Amount	Source of share capital	Shares acquired by non-cash assets	Approval date and document number
2015/3	10	260,000	2,600,000	167,021	1,670,206	Retirement of treasury stock for capital reduction Employees' exercise of subscription right	None	Jing-Shou-Shang No. 10401028440 dated March 2, 2015
2015/6	10	260,000	2,600,000	167,306	1,673,056	Employees' exercise of subscription right	None	Jing-Shou-Shang No. 10401104410 dated June 1, 2015
2015/8	10	260,000	2,600,000	164,380	1,643,796	Retirement of treasury stock for capital reduction	None	Jing-Shou-Shang No. 10401182530 dated August 26, 2015
2015/12	10	260,000	2,600,000	164,539	1,645,386	Employees' exercise of subscription right	None	Jing-Shou-Shang No. 10401253870 dated December 1, 2015
2016/4	10	260,000	2,600,000	162,766	1,627,656	Retirement of treasury stock for capital reduction	None	Jing-Shou-Shang No. 10501068760 dated April 13, 2015
2017/9	10	260,000	2,600,000	160,524	1,605,236	Retirement of treasury stock for capital reduction	None	Jing-Shou-Shang No. 10601123950 dated September 8, 2017
2017/12	10	260,000	2,600,000	176,133	1,761,331	Conversion of convertible corporate bonds to shares	None	Jing-Shou-Shang No. 10601160870 dated December 5, 2017
2020/7	10	260,000	2,600,000	173,204	1,732,041	Retirement of treasury stock for capital reduction	None	Jing-Shou-Shang No. 10901139430 dated July 22, 2020
2022/4	10	260,000	2,600,000	173,490	1,734,903	Conversion of convertible corporate bonds to shares	None	Jing-Shou-Shang No. 11101055650 dated July 11, 2022

2. Shareholding type: The Company's shares are OTC-listed company shares

Shareholding type	Authorized capital (shares)			Notes
	Shares issued and outstanding	Unissued shares	Total	
Common shares	173,490,326	86,509,674	260,000,000	-

3. Shelf Registration in Taiwan: None.

(II) Composition of Shareholders

April 23, 2022

Type of Shareholders	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions and Natural Persons	Treasury Stock	Total
Number of Shareholders	0	2	258	58,884	71	0	59,215
Shareholding	0	2,537,000	13,854,739	153,374,307	3,724,280	0	173,490,326
Shareholding Percentage	0.00%	1.46%	7.99%	88.40%	2.15%	0.00%	100.00%

(III) Share distribution

Par value of NT$10 per share

April 23, 2022

Shareholding Range	Number of Shareholders	Shareholding	Shareholding Percentage
1-999	21,326	1,240,060	0.71%
1,000-5,000	32,924	62,607,628	36.09%
5,001-10,000	3,034	24,111,915	13.90%
10,001-15,000	714	9,198,073	5.30%
15,001-20,000	456	8,580,275	4.95%
20,001-30,000	321	8,281,598	4.77%
30,001-40,000	147	5,291,681	3.05%
40,001-50,000	71	3,369,424	1.94%
50,001-100,000	134	9,587,272	5.53%
100,001-200,000	50	7,067,753	4.07%
200,001-400,000	17	4,570,222	2.63%
400,001-600,000	3	1,486,460	0.86%
600,001-800,000	2	1,400,907	0.81%
800,001-1,000,000	6	5,361,092	3.09%
Over 1,000,001	10	21,335,966	12.30%
Total	59,215	173,490,326	100.00%

(IV) List of major shareholders

Names, shares, and percentage of shareholding of top ten shareholders or shareholders with more than 5% of equity

April 23, 2022

Shares / Name of major shareholder	Number of shares held	Shareholding ratio (%)
Tsung-Tien Kuo	4,130,031	2.38%
Hung Hsin International Co., Ltd.	2,587,793	1.46%
Tsung-Tien Kuo's trust account under the custody of Taishin International Bank	2,500,000	1.44%
Joray Co., Ltd.	2,343,003	1.35%
Kingmax Semiconductor Inc.	2,135,000	1.23%
Tsung-Jen Huang	2,034,136	1.17%
Mei-Lin Kuo	1,745,335	1.01%
Mei-Shan Kuo	1,326,625	0.76%
Fu Shih Hsin Investment Co., Ltd.	1,295,038	0.75%
Tai Ho Investment Co., Ltd.	1,289,005	0.74%

(V) Share price, net worth, earnings, dividends and related information for the past two years

Unit: NT$

Item \ Year			2020 years	2021 years	Current year as of March 31, 2022
Market price per share	Highest		30.80	82.90	61.30
	Lowest		13.25	23.45	53.90
	Average		24.40	45.57	61.65
Net worth per share	Before distribution		16.63	18.15	18.13
	After distribution		15.63	16.89	—
Earnings per share	Weighted average number of shares (thousand shares)		174,098	173,204	173,363
	Earnings per share		1.63	2.48	0.71
Dividends per share	Cash dividends		1.00	1.25(Note 4)	—
	Stock dividends	Dividends from earnings	—	—	—
		Dividends from additional paid-in capital	—	—	—
	Accumulated unpaid dividend		—	—	—
Return on investment analysis	Price-earnings ratio (Note 1)		14.97	18.38	—
	Price-dividend ratio (Note 2)		24.40	36.46	—
	Cash dividend yield (Note 3)		4.10%	2.74%	—

Note 1: Price-earnings (P/E) ratio = Average market price / Earnings per share.

Note 2: Price-dividend (P/D) ratio = Average market price / Cash dividends per share.

Note 3: Cash dividend yield rate = Cash dividend per share / Average closing price per share for the current year.

Note 4: The Company distributed cash dividends of NT$1.25 per share for the distribution of earnings for 2021 and it was passed in a resolution of the Board of Directors on March 22, 2022.

(VI) Company dividend policy and implementation

1. Dividend policy

If there is a surplus shown in the Company's final annual statements, the surplus shall be used to pay taxes in accordance with the law, and then used to compensate for deficits in previous years; 10% of the remaining amount shall then be allocated as legal reserve, but allocation to the reserve may not be required if the legal reserve has reached the Company's paid-in capital. The remaining earnings shall be apportioned to or reversed to the special reserve. If any balance remains, a proposal for distribution of the remainder together with the accumulated undistributed profits in the previous years

shall be prepared by the Board of Directors and it shall be submitted to the shareholders' meeting for resolution.

The Company's industry is in a phase of stable growth. The Company considers the overall environment and its long-term financial plans to achieve sustainable and stable growth in its business development. The dividend policy is mainly based on an assessment of the annual funding requirements in the Company's future capital budget plans. The Company shall first retain required funding in earnings before distributing remaining earnings as cash dividends or stock dividends. As a principle, the percentage of cash dividends paid shall be no less than 10% of the total amount of cash dividends and stock dividends paid in the year. However, if the total amount of short-term loans and long-term liabilities due within one year in the financial statements of the fiscal year before the issuance of earnings is higher than the equivalent of the total cash and cash equivalents, or if the total liabilities are higher than half of the total assets, the cash dividends may be less than 10% of the total dividends paid.

The Company's business consists mainly of diverse developments based on the chemicals industry. The Company has adopted the residual dividend policy to pursue active growth in business operations. As the Company has demand for capital for the update of equipment, upgrade of production technologies, and plant expansion, the Company shall first retain required funding in earnings before distributing remaining earnings as cash dividends. As a principle, the dividends distribution rate shall be between 50% and 90%. However, the Company may adjust the aforementioned ratio based on actual requirements.

2. Dividend policy and implementation

The resolution of the Board of Directors (March 22, 2022) on the Company's 2021 earnings distribution proposal is as follows:

Item		Amount (NT$)
Opening undistributed earnings		84,932,479
Plus: Disposal of investments in equity instruments measured at fair value through other comprehensive gain and loss with accumulated profit or loss transferred directly to retained earnings		9,642,212
Minus: Remeasurement of defined benefit plan converted into retained earnings		(8,964,724)
Plus: After-tax net profit of the current period		428,806,313
Current year earnings available for distribution		514,416,280
Items for distribution:		

Item		Amount (NT$)
Provision for legal reserve	(42,880,631)	
Supplementary provision for special surplus reserve	(33,851,786)	
Cash dividends (NT$1.25 per share, calculated based on the 173,490,326 outstanding ordinary shares issued by the Company)	(216,862,908)	
Total distribution		(293,595,325)
Ending undistributed earnings		220,820,955

(VII) Effect of stock grants proposed in the latest shareholders' meeting on the Company's business performance and earnings per share

Pursuant to regulations, the Company did not release any financial forecast for 2021, and this item is not applicable.

(VIII) Remuneration of employees and Directors

1. Percentages or ranges of remuneration of employees and directors under the Articles of Incorporation

If the Company has generated profits in the current year, it shall allocate no less than 2% of the profits as employee remuneration, and the Board of Directors shall decide to distribute the remuneration as shares or cash, which can also be distributed to employees of parent companies or subsidiaries that meet certain criteria. The Company's Board of Directors may allocate no more than 2% of the aforementioned profits as remuneration for Directors. The allocation of remuneration for employees and Directors shall be reported to the shareholders' meeting. However, if there are still accumulated deficit, the Company shall reserve the amount to be covered in advance, and then allocate employee remuneration and Director remuneration in proportion as stipulated in the preceding paragraph.

2. Basis for estimating the amount of remuneration of employees and directors, basis for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount, for the current period

(1) Basis for estimating the amount of remuneration of employees and directors in current year:

According to the Company's Articles of Incorporation:

(2) Basis for calculating the number of shares to be distributed as employee remuneration for this period:

According to the Company's Articles of Incorporation, if the Company has generated profits in the current year, it shall allocate no less than 2% of the profits

as employee remuneration, and the Board of Directors shall decide to distribute the remuneration as shares or cash.

(3) Accounting treatment for discrepancies between the actual and estimated amount of rewards to be distributed:

To be processed in accordance with changes in accounting estimates.

3. Remuneration proposals passed by the Board of Directors

(1) The Board of Directors passed the proposal to distribute NT$18,454,322 in remuneration for employees and NT$3,779,801 in remuneration for Directors in cash for the year 2021. There is no discrepancy between the aforementioned amounts and the estimates in 2021.

(2) The amount of remuneration to employees to be paid in shares and its percentage out of the standalone financial report for the current period in terms of the sum of net profit after tax and employee remuneration passed by the Board of Directors: None.

4. Any discrepancy between actual remuneration distribution of employees and Directors (including the number of shares, the amount and share price) and the recognized remuneration of employees and Directors, and disclosure of the differences, reasons, and responses

(1) The Company distributed NT$12,234,178 in remuneration for employees and NT$2,505,795 in remuneration for Directors in cash for the year 2020. There is no discrepancy between the aforementioned amounts and the remuneration for employees and Directors in the year in which the fees were recognized.

(2) Any discrepancy between the amount and the recognized remuneration of employees and Directors, and disclosure of the differences, reasons, and responses: None.

(IX) Company stock buyback: None.

II. Issuance of Corporate Bonds

April 30, 2022

Type of corporate bond	Fifth issue of domestic unsecured convertible corporate bonds
Date	October 29, 2021
Face value	NT$100,000.
Place of issuance and trading	Domestic issuance and listing on Taipei Exchange
Issue price	Issued at 110.12% of face value
Total amount	NT$300,000,000
Interest rate	Coupon rate: 0%
Duration	3 years (2021/10/29~2024/10/29)
Guarantee institution	None

Trustee		Taishin International Bank Co., Ltd.
Underwriting institution		Taishin Securities Co., Ltd.
Certifying attorney		Li-Fei Chiu, Attorney at Law
Certifying CPAs		Deloitte Taiwan CPAs Chia-Ling Chiang and Kai-Ning Hsu
Repayment method		Except for conversion or early redemption by the Company, early resale by the creditor, or cancellation by the Company, the bonds shall be repaid in cash at face value upon maturity.
Outstanding principal		NT$284,000,000
Terms of redemption or early repayment		(I) From the day after three months have elapsed from the issuance of convertible corporate bonds till the 40 days prior to the expiry of the issuance period, if the closing price of the Company's regular stocks has exceeded 30% (inclusive) of the convertible price for 30 consecutive business days, or if the total amount of outstanding corporate bonds is lower than 10% of the original face value at issuance, the Company may exercise its right to repurchase the convertible bonds. (II) Two years after the issuance of the convertible corporate bonds, the bond holder may sell the convertible corporate bonds before the expiry.
Restrictive clauses		None
The credit rating institution's name, date of rating, and corporate bond rating results		None
Other rights attached	Amount converted to ordinary (exchange or subscription) shares, global depository receipts, or other marketable securities as of the date of this annual report	Converted into 286,225 ordinary shares
	Issuance and conversion (exchange or subscription) method	Please refer to the corporate bond issuance information disclosed in the Bonds section in the Market Observation Post System
Issuance and conversion, exchange or subscription methods, and the condition of issuance that may dilute share equity and affect equity rights for the existing shareholders		Assuming that all the creditors of the convertible bonds request conversion at the current conversion price of NT$55.9, the cumulative conversion will create 5,366,726 common shares, which will result in a maximum dilution ratio of approximately 3.10% for the 173,204,101 shares held by the existing shareholders. The dilution effect would remain limited.
Name of the commissioned custodian institution for the exchange bid		None

Convertible bond data

Type of corporate bond		Fifth issue of domestic unsecured domestic convertible corporate bonds	
Item \ Year		2021 years (Note 1)	Current year as of April 30, 2022
Convertible corporate bonds	Highest	145.00	136.55
	Lowest	121.10	118.00
	Average	132.34	123.73
Conversion price (NT$)		55.90	55.90
Issuance (processing) date and conversion price during issuance (NT$)		October 29, 2021 55.90	
Method of conversion		Payment by issuance of new shares	

Note 1: The convertible corporate bonds were issued on October 29, 2021.

III. Issuance of preferred stocks: None.

IV. Issuance of Global Depositary Receipts (GDR): None.

V. Exercise of Employee Stock Option Plan (ESOP): None.

VI. Restricted Stock Awards: None.

VII. Mergers, Acquisitions or Issuance of New Shares for Acquisition of Shares of Other Companies: None.

VIII. Funding Plans and Implementation

The Company doesn't have any uncompleted issuance plan or completed plan with unrealized benefit within the latest three years.

E. Business Overview

I. Business Scope

(I) Business scope

1. The company's main business activities

(1) Production, processing, trading, and agency of chemical materials.

(2) Production, processing, trading, and agency of chemical materials for use in drugs.

(3) Production, processing, trading, and agency of chemical materials for industrial use.

(4) Production, processing, trading, and agency of chemical products for paper making.

(5) Production, processing, trading, and agency of self-adhesive notes, tapes, and products.

(6) Environmental inspection businesses and the planning, design, production, and trading of instruments and equipment for such use.

(7) Production, trading, and technical services for chemical materials for water treatment.

(8) R&D and production of medical products and biotechnology.

2. Revenue breakdown

The breakdown of The company's operating revenue by major product categories is as follows:

Specialty Chemicals: 31%

Fine Chemicals: 47%

Office Supplies：20%

Others：2%

3.Current products (services) of The company

Product		Name of Main Products
Specialty chemicals	Paper making chemicals	Hollow resins, dispersant, lubricants, anionic (cationic) surface sizing agent, ultra-fine dispersant for wet-grinding calcium carbonate, medium alkaline sizing agent, anion neutralizing agent, cohesion enhancer, retention and drainage aid, etc.
	Chemical materials for water treatment	Polymers, COD removal agent, fly ash curing agent, metal capturing agent, polyaluminum chloride, sedimentation control agent, geotechnical stabilizer, chelating agent, dispersant, etc.

	NCR chemicals	NTR, color developers, microcapsules, spacer, wall materials, and emulsifiers.
Fine chemicals		Biological cleaning agents, biological buffers, waterborne polyurethane, sulfonate chain modifiers, additives for electroplating, additives for lithium-ion batteries, aldehyde removal additives, etc.
Office supplies		Repositionable self-adhesive products (Stick'n), self-adhesive markers and tapes, sticky products for education purposes, customized sticky products, etc.
Others		"GreenKey de-formaldehyde removal products, HYGIENECARE anti-bacterial products, HYGIENECARE home cleaning products, and NBC mesh.

4.New products (services) under development

(1) Specialty chemicals: Development of new sizing agents for industrial paper applications, Hollow resin for high-end thermal paper, electronic grade sticky gap-filling materials, high-end electronic ceramic dispersant, precision structural ceramic dispersant, specialty chemicals for textile printing, and environmentally friendly dispersant.

(2) Fine chemicals: Development of additives for lithium-ion batteries, additives for electrode materials of lithium-ion batteries, and safety additives for lithium-ion batteries.

(3) Stationery supplies: Various creative repositionable self-adhesive products, various innovative sticky products (not limited to stationery), customized sticky products, related semi-finished products, and a full range of FSC environmentally friendly products.

(4) Agricultural technology products: We produce biological fertilizers for the non-toxic farming market, and improve poor soil conditions, reduce the use of chemical fertilizers and pesticides, and increase the crop yield and quality.

(II) Industry Overview

1. Current trends and outlook of the industry

(1) Specialty chemicals

① Paper making chemicals

The paper making industry has a long history and the entire paper manufacturing process has become very sophisticated. The industry has established solid foundations for development in the upstream production of raw paper and downstream printing and processing. In terms of paper types, the demand for paper in the forms of coated white paperboard, coated printing, writing paper, non-carbon lithography, and thermal paper has declined in recent years due to the widespread use of electronic products by the public. In Asian countries, medium and large paper mills are demanding higher quality, cost reduction, and solutions for environmental issues, which have become increasingly important. They are also actively transforming their production of specialty papers, which has driven the demand for paper manufacturing chemicals in thermal paper, greaseproof paper, and non-carbon copy paper for courier services. In terms of production technology and cost competitiveness, the company's years of investment and development has enhanced its technology to levels comparable to that of major manufacturers in Europe, the United States, and Japan. We are also committed to product development, process improvement, and cost reduction, and we have actively invested in the industrial paper market. As a result, we retain advantages in global competition.

② Chemical materials for water treatment

Environmental protection is an issue of global concern. Proper disposal of wastewater and other waste by-products is a basic requirement of the government and the people for manufacturers and major construction projects. As environmental protection requirements become more stringent and standards become higher, companies are paying more attention to the treatment of wastewater and they have made considerable investments to strengthen wastewater treatment facilities. The use of chemicals will increase after the completion and commissioning of water treatment facilities. The fly ash curing agent for refuse incinerators has been adopted by many enterprises and refuse incinerators. We have recently developed the ion chelating agent for water used in front-end textile dyeing to expand the applications of our products.

③ NCR chemicals

The rapid development and adoption of office automation is now occurring in the current economic, medical, aviation, and other business activities, as well as in the law enforcement authorities that deal with traffic accidents, various types of cases, and other work. Due to the rapid

development of rapid imaging and supporting equipment, thermal paper has replaced non-carbon copy paper and has become widely used in many types of technical paper in daily use. After the development of online shopping, the use of non-carbon copy paper in barcode printing courier triplicates has increased significantly. The Company has achieved a breakthrough in improving the quality of hollow resins used for thermal paper, and our market share in major paper manufacturers in China has increased significantly in recent years.

(2) Fine chemicals

Fine chemicals include many products that can be used for electronics, medicine, and biotechnology industries. The electronics industry has made rapid advancements in recent years, but the medical and biotechnology industries are gradually gaining attention. They will undoubtedly become the next wave of high-growth industries after the rapid development in the information and computer industries. In response to this fast-growing market with unlimited business opportunities, the company will focus on the following core items: Biological buffers and cleaning agents, waterborne polyurethane, biomedical materials, personal care products, electroplating additives, additives for lithium-ion batteries, feed additives, and home formaldehyde removal. Any one of these fields will offer business opportunities worth at least hundreds of millions to billions of dollars. To meet the future trends for products with high purity and low residue, the company has already met standards for ultra-pure quality and has established a production base for additives for lithium-ion batteries in China to meet the growing demand in the market.

(3) Office supplies

Stick'n has become a common product for daily use in developed countries. Although the popularity of smart electronic products has indirectly affected consumers' habits of using traditional stationery in recent years, the service industry's share of the economy has increased due to the economic growth in more emerging markets and the increase of people's income. The overall number of consumers worldwide is still rising, which means that there is still room for continuous growth in the global market. In addition to the expected future growth of standard products, we cannot ignore the potential for the development of specialty products. The Company will target these trends

and opportunities. To clearly differentiate our products from the current market leader, 3M, and to make the most use of the immense business opportunities, the Company actively engages in the development of emerging markets, product design innovation, and product development. We employ flexible marketing strategies and innovative production and adhesive technologies to strengthen alliances with major international stationery brands or distributors to develop and produce innovative repositionable self-adhesive products on a CDMO basis. Stick'n has achieved success in the global large e-commerce platform in recent years with the rise of e-commerce and online shopping. For instance, we have achieved excellent sales results in markets such as large online office channels in Europe and the United States, Japan's largest online office channel, China's mainstream online platforms despite the impact of the epidemic. In response to the rise of online channels, Stick'n will also invest more in product planning and channel management to gain a larger market share.

2. Relationships with upstream, mid-stream, and downstream companies

(1) Fine and specialty chemicals

Upstream	Midstream	Downstream
Manufacturers and suppliers of petrochemical materials Manufacturers and suppliers of organic chemical materials Manufacturers and suppliers of equipment	Manufacturers of fine chemicals Manufacturers of specialty chemicals	Biotechnology pharmaceutical companies and laboratories Manufacturers of cosmetics Manufacturers of buffer solutions Manufacturers of electroplating solutions Manufacturers of lithium-ion battery electrolyte formulas Manufacturers of copper foils Resin manufacturing plants Starch manufacturing plants Paper plant and paper processing plants Mineral powder milling plants Coating manufacturing plants Cleaning agent manufacturing plants Technical service companies Incinerators Wastewater treatment facilities Textile and dyeing plants Water company plants Environmental protection companies

(2) Office supplies

Upstream	Midstream	Downstream
Manufacturers of specialty chemicals	Manufacturers of stationery supplies	Stationery supplies companies
Manufacturers of raw paper	Manufacturers of education and general products	Gift companies
Manufacturers of films		Niche product companies
Manufacturers of films packaging materials		General department stores
		Personalized and customized products
		Education supplies companies

3. Product development trends

(1) R&D and services

The key to the success of fine and specialty chemicals is to fully understand the quality and function requirements of downstream customers, and provide timely and satisfactory products and technologies to build a close relationship of trust with customers. We must implement continuous R&D, quality improvement, performance enhancement, or joint development of new products to maintain our competitive advantage in quality, cost, and technologies, and win together with customers.

(2) Development of the global market

The rising standard of living, economic development, and rapid growth of industries in Taiwan have led to a steady growth in demand for chemicals in the domestic market. However, it is important for domestic manufacturers to develop the global market. The specialty chemicals for paper manufacturing and non-carbon copy paper, NCR chemicals, milling and dispersant applications, fine chemicals, and stationery supplies produced by the company have reached global competitiveness in terms of quality, cost, and technologies. In the future, we will focus on improving our production capacity and integrating our global marketing efforts to increase our revenue and profitability.

(3) Focus on environmental protection

With rising environmental awareness across the globe, industrialized countries now consider the protection of the "Green Earth" as an important issue in their economic development. The chemical industry is also responding to this trend. We must strengthen the implementation of environmental protection concepts in the production process of products, introduce environmentally friendly manufacturing process, minimize the use of hazardous substances, reduce the creation of waste gas and wastewater, and enhance the disposal of waste materials. We must also develop the right products to meet customers' demand for environmental protection and create a positive environmental protection cycle.

4. Product competition

(1) Specialty chemicals

The field is wide with numerous foreign competitors such as Solenis, Dow, Kemira, BASF, Ecolab (Nalco), Lamberti, and SNF. Domestic

competitors consist of approximately 10 companies including Chang Chun Plastics, Yongsen, Taiwan Arakawa Chemical Industries, and Amazon. Competitors in Mainland China include Xinxiang in Henan, SNF China, Dongsheng, Chukyo Yushi, and Hongli. The company has the most comprehensive product line in Taiwan (it maintains a portfolio of approximately 50 products at all times). By adopting a strategy of product diversification, it provides the most comprehensive product and technical services to our customers, which also forms an advantage for the company's continuous development of the competitive market environment.

(2) Fine chemicals

The company does not have similar competitors in Taiwan in terms of its fine chemicals, but it faces competition from foreign companies such as Raschig and Merck in Germany, Sigma Aldrich in the United States, and XZL in China. However, we have been able to maintain a leading market share by gaining customers' trust in high-precision applications and advantages in quality and price.

(3) Office supplies

The company has successfully marketed a full range of stationery supplies to more than 100 countries across the world. We have sold products under the Stick'n brand created by the company in more than 70 countries. Our global market share is second only to 3M and we have obtained leading market shares in certain regions. With flexibility and technology of production in small and diverse quantities, we have gained absolute competitive advantages and market development in major markets in Asia (Taiwan/China/Japan/Korea). We have better market development opportunities in response to new market demands (design, personalization, and customization). Hopax has invested in new process development and introduced automated equipment in recent years. They will improve product quality, production capacity, and process efficiency, reduce production cost, and strengthen our competitiveness.

(III) Overview of Technology and R&D

R&D expenses and successfully developed technologies or products in the most recent year, up to the printing of this Annual Report

Unit: NT$ thousand

Year	R&D expenses	R&D results
2021	154,748	Specialty chemicals 1. High-end hollow resins used for thermal paper 2. Anionic and cationic surface sizing agent for industrial paper 3. Electronics-grade ceramic dispersant 4. Structural ceramic dispersant 5. environmentally friendly coating lubricant 6. Marble dry grinding aid Fine chemicals 1. New product development for biological buffers 2. Process improvement for biological buffer products 3. New product development for additives for lithium-ion batteries 4. New product development for electroplating additives 5. New product development for peptide 6. Development of desalting technologies Office supplies 1. Notebook Stick'n 2. New large and small standing Stick'n 3. Holed Stick'n Agricultural technology products 1. Liquid organic fertilizers 2. Development of agricultural spreaders Hopax Biomedical 1. HYGIENECARE Water Stain Cleaning Mousse 2. HYGIENECARE Pet Anti-Allergy Moisturizing Shampoo

2022Q1	39,601	Specialty chemicals 1. High-end hollow resins used for thermal paper 2. Cationic surface sizing agent for industrial paper 3. High value non-carbon copy paper color developers 4. Electronics-grade ceramic dispersant 5. Structural ceramic dispersant Fine chemicals 1. New product development for biological buffers 2. Process improvement for biological buffer products 3. Process improvement for additives for lithium-ion batteries 4. Process improvement for biological cleaning agents 5. New product development for electroplating additives 6. New product development for peptides 7. New product development for pharmaceutical intermediates Office supplies FSC environmentally friendly products Agricultural technology products Development of soil improvement agents Hopax Biomedical 1. HYGIENECARE Kitchen Cleaner 2. HYGIENECARE Toilet Cleaner

(IV) Long-term and short-term business development plans

1. Short-term business development plans

(1) Implement customer satisfaction services and develop business strategies for high quality and superior services

We shall improve our product portfolio, actively participate in exhibitions for related products, enhance our visibility, develop strategies for high-quality products, strengthen customer satisfaction services, and increase customers' willingness to purchase products to increase our market share.

(2) Improve production process and reduce production costs

We shall strengthen the development of product application technologies, seek and develop alternative raw materials to reduce costs, and improve product quality and manufacturing processes to enhance production efficiency and increase product efficiency and functionality and compete with major international manufacturers.

(3) Stable growth in business objectives

The Company shall expand the scale of production based on the implementation of the business strategy to support the continuous growth of business objectives.

(4) Focus on both sales and profitability objectives

To achieve sustainability objectives, the Company focuses on both the continuous growth in revenue and the profitability of products as objectives for growth.

2. Long-term business development plans

(1) Establish an international market image with reasonable prices, high quality, and a professional technical team

We shall continue to expand our market share in the fine chemicals market to consolidate our advantages in the specialty chemicals market. We shall enhance our international market image with reduced costs and a high-quality and high-tech technical service team.

(2) Establish technological cooperation partnerships with international companies

Seek opportunities to cooperate with European and American manufacturers to form strategic alliances and cooperative production to achieve internationalization.

(3) Product differentiation and brand internationalization

Use product innovation and differentiation from competitors to achieve market differentiation and establish an international brand to increase product awareness.

II. Market Outlook

(I) Business Scope

1. Sales region of major product

Sales region of major product in 2021

Unit: NT$ thousand

Product Amount Region		Specialty Chemicals	Fine Chemicals	Office Supplies	Others	Total
Domestic		185,822	139,125	37,915	101,461	464,323
Export	Asia	1,276,368	824,425	311,526	22	2,412,341
	Europe	-	539,026	316,212	-	855,238
	America	-	703,092	260,174	-	963,266
	Others	2,282	0	31,553	-	33,835
	Minor Total	1,278,650	2,066,543	919,465	22	4,264,680
Total		1,464,472	2,205,668	957,380	101,483	4,729,003

2. Market share

The company is a professional manufacturer of chemical products. Its main products are paper making chemicals, chemical materials for water treatment, fine

chemicals for medical and biotechnology, and stationery supplies derived from pressure-sensitive adhesives.

The main customers of paper making chemicals are major paper companies in Taiwan and foreign countries. Products are mainly sold to Mainland China, Indonesia, Thailand, India, Korea, Malaysia, and the Middle East. Chemical materials for water treatment consist mainly of chemicals for boiler water for production, cooling water treatment agents, coagulants, polymer coagulants, metal chelating agents, and biological agents. All companies and factories with boilers, cooling systems, and raw water and wastewater treatment facilities are potential customers. The Company also sells fly ash curing agents to refuse incineration plants, and its water treatment products are mainly sold domestically, supplemented by export sales. We have expanded sales of products in fields such as offshore oil spill treatment and detergent additives. The company's fine chemicals are mainly sold to overseas markets, which mainly include the United States, Europe, Japan, Mainland China, and Korea. Stationery supplies are mainly exported to more than 100 countries worldwide. We are the second largest supplier of professional repositionable self-adhesive products in the world after 3M. We have attained market leadership in markets such as Russia, Chile, Thailand, and Northern Europe, and hold a market share of nearly 30% in the domestic market in China and Taiwan. In addition to the global marketing of our own brand, we have established strategic alliances with major leading brands in main global markets (Europe/Japan/Americas). In the past three years, he company has succeeded in winning the most important channel for OEM production from major competitors in the four main markets including the United States, Europe, Japan, and China. In terms of increasing market share and new product sales, we will have more influence in the market.

In terms of the market share, our overall market share in the paper making chemicals market in Taiwan is approximately 40% to 50%. The company's market share in chemical materials for water treatment is approximately 15% while its share of the domestic market for certain special products such as chemicals for non-carbon copy paper is over 90%. The company has become a main global supplier of products such as biological buffers, PS, and electroplating additives used for fine chemicals. As the Company has obtained advantages in sulfonate chain modifiers and synthesis technologies for derivatives, we have developed a series of

sulfonate products with comprehensive product lines. The excellent quality has received wide acclaim from major international companies and pharmaceutical companies. Our main competitor in stationery supplies is 3M. After implementing an sales strategy to expand into the domestic market, we are now ranked among the top two suppliers in the domestic markets in Taiwan with 3M. We have achieved rapid growth in the China market after becoming the main supplier to the largest stationery company in China. In terms of export sales, we continue to strengthen our global market expansion. Despite the difficulties posed by the economic recession in Europe in recent years, we have achieved breakthroughs in major stationery channel customers of European market. In North American and Latin America, we have also performed well in the last 2 years with the growth of our main markets in America, Brazil and Mexico. The economic development of emerging markets in Asia has also led to substantial growth in revenue for the company in these markets. In the Japanese market, due to the successful entry of our products into the top stationery supplies channel in Japan in 2018, we expect high growth performance in the next few years.

3. Future market supply and demand and future growth

In terms of paper making chemicals, the growth of the global paper manufacturing market has been uneven in different regions. Overall, Asia's paper supply and demand has grown rapidly, and China now has the fastest growing paper industry in the world. 4,652 paper companies were registered in China in 2020, up 2,309 from 2019. China's machine-made paper and cardboard production in 2020 totaled 127.006 million tons, which was a year-on-year increase of 1.48%.

In terms of the Indian market, India is one of the paper manufacturing markets with the fastest development and fastest growth in the world. India's domestic demand is expected to grow by 53% in the next five years, and India has the largest number of printing plants in the world. India's printing market is currently valued at over US$12 billion. India's printing market is growing at a rate of 12% per year. With more than 250,000 printing companies and 16,000 printing factories, India's packaging market is valued at approximately US$24.6 billion and it grows at a rate of 13% to 15% each year.

The fine chemicals produced by the company are mainly used in biotechnology industries such as the pharmaceutical industry, diagnostic reagents, lithium-ion battery industry, cosmetics, and electroplating industry. The

biotechnology industry benefits from the rising demand for biopharmaceuticals, rapid testing devices, and biochips, which are growing at an annual rate of nearly 5%. As many of our products have been certified by well-known pharmaceutical companies, the average sales growth rate of our main products has increased in the past two years. Our additives for lithium-ion batteries and copper foils also benefited from increased demand in the electric vehicle and energy storage industries in China, and we have increased our market share to 25% in China in 2021.

Stick'n is already well known in Europe and the United States. It has also become increasingly popular in emerging markets and is widely adopted for business use. The self-adhesive notes produced by the company has its own brand and global marketing value, and its quality has reached world-class standards. We expect rapid growth in the Domestic sales and export market based on our innovative product development, differentiated competitive strategies, and product development partnerships with key customers in Europe and the United States.

4. Competitive niches, favorable and unfavorable factors for future development, countermeasures(1) Favorable factors

① Solid foundations for technical services

The Company has passed ISO14001 certification, and the quality of our products has reached international standards. We have a comprehensive product line and we can provide effective and fast services to meet the different needs of our customers. We have the capacity to compete with renowned domestic and foreign manufacturers, which helps consolidate the Company's international reputation and market expansion.

② Research and development capabilities

Paper chemicals is an industry with advanced technologies, high added value, and diversity. The Company has set up a research and development unit dedicated to the development of new products, formula improvements, cost reduction, and quality enhancement. We improve our products to meet the needs of our customers, and use our application technology to teach our customers how to use the agents and provide excellent after-sales service, which greatly improve our competitiveness.

Fine chemicals are high-tech and high value-added products. We can develop chemicals for raw materials to meet the needs of individual

customers for their products or processes. This capability has received recognition in biotechnology, cosmetics, and waterborne polyurethane market.

③ Immense market potential

In terms of paper making chemicals, the continuous increase of paper making capacity in emerging countries in Asia helps support the sales of the products. In terms of water treatment chemicals, the rising environmental protection awareness has encouraged companies to make considerable investments in wastewater treatment to improve the environment. The market therefore has great potential.

④ Patent protection create entry barriers for competitors

The Company's products are mostly developed by the Company and we have applied for patents and trademarks. In an era with strong protection for intellectual property rights, the protection helps us create entry barriers for competitors.

⑤ Diverse production and marketing strategies

The Company's production and marketing strategies of stationery supplies can be adjusted with flexibility in production based on customers' diverse demands. We also innovate and develop different new products for different channels for different markets such as gifts, students, and office applications with a complete range of products. We also work with world-class stationery distributors to develop innovative products and expand business opportunities.

(2) Unfavorable factors

① Some of the company's raw materials are petrochemicals and are susceptible to fluctuations in international crude oil prices, which affect the cost of goods sold.

Countermeasures:

In terms of the acquisition of raw materials, we will actively develop alternative raw materials and increase the number of sources of supply in response. In terms of internal production management measures, we will endeavor to make timely adjustments of material inventories and reduce waste. In terms of sales, we will create and maintain profits from sales of high value-added items by adjusting our sales product portfolio. We have

established measures for R&D, production, and sales to mitigate the impact of fluctuating raw material prices.

② Competition in the market may affect the prices of our products.

Countermeasures:

We offer products with quality that meets customers' needs, and maintain a reasonable product value and profitability through strategies and changes such as allocation of production resources, improvement in production efficiency, and process optimization.

③ Overall market demand may affect our revenue.

Countermeasures:

"Innovation" is one of the three management philosophies of the company, and we have designed the organization and related systems in a manner suitable for adhering to this philosophy. The benefits of "innovation" include: launch of new products, development of new markets, and creation of new sales models, which can all be used to create and enhance the revenue.

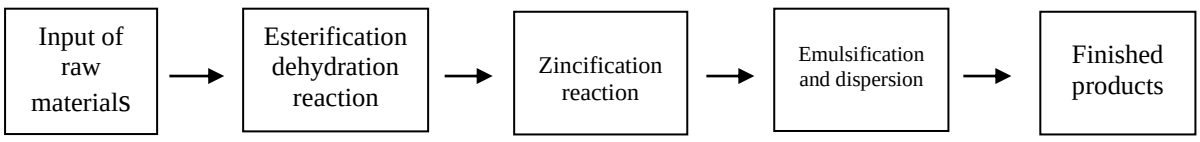
(II) Application and production process of main products

1. Important applications of main products

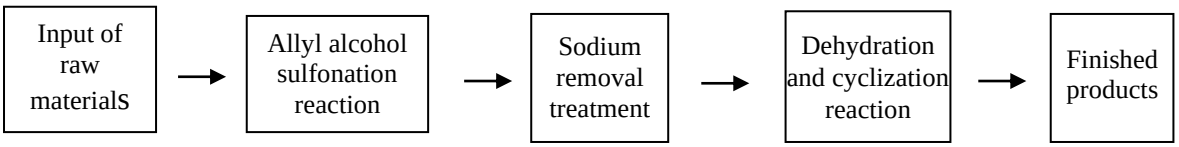
Product		Applications of main product
Specialty chemicals	Paper making chemicals	Additives used in the production and processing of paper are used to adjust the physical and chemical properties of paper such as the strength, printing attributes, writing attributes, and appearance to increase the added value of the paper product.
	Chemical materials for water treatment	Industrial water treatment additives are used to improve water quality, prevent corrosion and scale formation in equipment, and extend the life of machinery and equipment. Wastewater treatment agents are used to treat tap water and wastewater to increase the water quality to levels that meet environmental standards for use or discharge. Ionized chelation removal in preliminary dyeing.
	NCR chemicals	Applications for non-carbon copy paper and heat-sensitive paper.
	Cleaning chemicals	Additive used in the production of cleaning and detergent chemicals for preventing the formation of soap stains, dispersion of dust, and improvement of the effectiveness of phosphate-free detergents.
	Milling chemicals	Applications for pigments, ceramics, metal grinding, and dispersing agents.
Fine chemicals		Precision chemicals consist mostly of the development of intermediates and additives. They are used in various industries such as pharmaceuticals, biochemistry, special plating, lithium battery additives, copper foil process, aqueous resin, feed additives, and home formaldehyde removal.
Office supplies		Products such as self-adhesive notes, tapes, and other products can be used for filing, messages, and labeling purposes. In addition to the traditional office and stationery markets, we also developed new sticky products for education purposes and customized such products to expand product development and reach to education, children, games, general use, and creative industries.

2. Production process

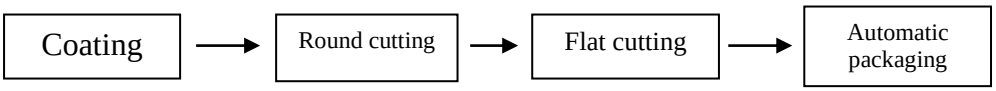
(1) Specialty chemicals



(2) Fine chemicals



(3) Office supplies



(III) Supply of main raw materials

The main raw materials used in the production of chemicals for papermaking and fine chemicals are petrochemicals or general organic compounds derived from petrochemicals. The Company and the subsidiary company in Indonesia purchase raw materials developed, produced, or imported as intermediate products for reprocessing by domestic petrochemical manufacturers, and import other raw materials from foreign countries. The materials used by the subsidiary in China are mainly supplied by local manufacturers and a small number of materials are imported from foreign countries. As the company adopts planned production, the procurement of materials is also planned. There is therefore no shortage in the supply.

The main raw materials used in the production of office stationery products are pressure-sensitive adhesives and raw paper. The pressure-sensitive adhesives are developed and produced by the Company. The Company' s main sources of raw paper consist mainly of foreign paper mills. The subsidiary Kunshan Hopax purchases materials from paper mills in Mainland China and foreign countries to mitigate supply risk.

(IV) List of key suppliers and customers

1. Information on main suppliers accounting for 10% or more of the Company's total purchases in either of the 2 most recent years

Unit: NT$ thousand; %

	2020				2021				2022 up to the end of the previous quarter			
Item	Name	Amount	Percentage of annual net purchases(%)	Relationship with issuer	Name	Amount	Percentage of annual net purchases(%)	Relationship with issuer	Name	Amount	Net purchase ratio from the end of the year to the previous quarter(%)	Relationship with issuer
1	Company A	182,477	13.91	Non-related party	Company A	227,276	11.34	Non-related party	Company B	89,514	13.12	Non-related party
2	Company B	162,131	12.36	Non-related party	Company B	200,144	9.98	Non-related party				
	Others	967,174	73.73		Others	1,577,485	78.68		Others	592,826	86.88	
	Net amount for purchases	1,311,782	100		Net amount for purchases	2,004,905	100		Net amount for purchases	682,340	100	

Reasons for changes: (1) The company increased the amount of purchases from Company A by 25% in 2021 compared to 2020, mainly because the sales amount increased by approximately 20% from the previous year, and the Company increased the purchases from Company A.

2. Information on main customers accounting for 10% or more of the Company's sales purchases in either of the 2 most recent years: No customer accounted for more than 10% of the total sales of the company.

(V) Annual production value for the 2 most recent years

Unit: NT$ thousand; tons, thousand m^2

Year / Production quantity and value / Main product	2020			2021		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Specialty chemicals	108,684	58,173	904,576	103,235	28,659	536,811
Fine chemicals	6,098	5,739	1,328,862	7,138	4,188	834,694
Office supplies	233,223	106,230	695,938	235,872	67,346	428,557
Others	0	0	0	0	0	0
Total			2,929,376			1,800,062

(VI) Sales numbers for the last two years

Unit: NT$ thousand; tons, thousand m^2, thousand sets, thousand units

Year / Sales volume and value / Main product	2020				2021			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Specialty chemicals	4,257	168,615	54,691	1,116,255	4,675	185,822	52,148	1,278,650
Fine chemicals	97	113,678	1,920	1,251,107	147	139,125	3,252	2,066,543
Office supplies	2,597	35,325	79,983	805,487	2,649	37,915	89,526	919,465
Others	38	98,206	0	28	394	101,461	0	22
Total		415,824		3,172,877		464,323		4,264,680

Note: All product categories include income from labor services

III. Employee Information

Overview of employees in the most recent year and as of the printing date of the annual report

Year		2020	2021	As of March 31, 2022
Number of employees	R&D personnel	51	59	60
	Management personnel	379	403	398
	Operators	436	469	488
	Total	866	931	946
Average age		37.90	38.35	38.49

Year		2020	2021	As of March 31, 2022
Average years of service		8.40	9.09	8.88
Education background distribution %	PhD	1.03	0.88	0.86
	MA	10.77	11.41	10.83
	University/college	42.09	46.65	47.05
	High school	32.46	28.71	28.98
	Below high school	13.65	12.35	12.28

IV. Environmental Protection Expenditure Information

(I) Losses incurred as a result of environmental pollution (including compensation and environmental protection audit results that violate environmental laws and regulations; the date of punishment, the number of the punishment, the provisions of the statute violated, the content of the statute violation, and the content of the punishment should be listed) in the most recent year and up to the date this annual report was printed:

The Company always abides by environmental protection laws to continue to reduce pollution emissions and ensure environmental pollution in plant operations. There have been no losses due to penalties imposed by relevant authorities for environmental pollution or disputes regarding major pollution issues in the most recent year and as of the publication date of the Annual Report.

(II) Estimations for possible losses in the future and response measures:

The Company has not violated environmental laws and regulations in the most recent year and as of the publication date of the Annual Report. The Company has established the Environmental Protection Policy, implemented green design, production process, and green procurement, and continued to invest in energy-saving equipment to reduce the burden of the environment and support sustainability and energy conservation and carbon reduction.

V. Employer-Employee Relations

(I) Employee welfare measures, pension system, important labor-management agreements, and implementation status thereof

1. Employee welfare measures

The Company pays close attention to employee welfare because employees are the most valuable assets of the Company. In addition to the labor and health

insurance schemes required by government regulations, the Company also implemented the following measures:

(1)Establishment of the "Employee Welfare Committee", distribution of gift money for employee birthdays, gift money or gift coupons for holidays, scholarships for employees each year, and employee travel activities.

(2)The Company organizes "Hopax Family Day" events to connect employees and families, and allow employees and family members to enjoy the benefits provided by the Company.

(3)Periodically employee medical examinations.

(4)The Company enrolls all employees under the NT$1 million accident insurance policy, NT$200,000 life insurance policy, and hospitalization insurance policy.

(5)Art and cultural activities, seminars with celebrities, family seminars, and seminars for the elderly.

(6)The Company encourages employees to set up clubs and established regulations for club subsidies.

(7)The Company established the "Children Summer Camp - Young Chemists" event for free participation by employees' children. It incorporates simple, safe, and fun experiments for children to explore the wonders of chemistry.

(8)The Company provides every Hopax baby with a "HYGIENECARE Newborn Gift Box" to protect the health of employees' children.

(9)The Company organizes "Hopax year-end dinner party" events to connect employees and increase the sense of happiness in the Company.

(10)The Company provides free tickets for art and cultural activities to employees from time to time.

(11)Employee shareholding trust: The Company has implemented the employee shareholding trust system starting from January 2021 to increase employees' support for the Company, develop an awareness for treating employees as shareholders and business partners, enhance the harmonious employee and employer relations, connect employees' work performance to the Company's growth, and provide better support for their life in retirement. Participating employees can freely choose their contribution plan based on their rank. The Company shall make contributions equal to the employees' monthly contributions as incentives. All funds appropriated will be deposited into a dedicated account in the financial institution for purchasing shares of the Company and their implementation and management. Participating personnel shall receive the shares

from the trust when they resign or retire from the Company.

2. Training system

The Company has established a foreign language training program to encourage employees to continue their education and strengthen their foreign language skills to improve the skills of employees and support business development. To enhance the communication and leadership skills of our employees, we have set up a subsidy system for international speech fees. The current implementation status is as follows:

(1)The Company subsidizes 75% of the tuition fee when employees attend language courses approved by the Company. Where the employee attends the course due to business requirements or where the President approves the attendance, all costs shall be borne by the Company.

(2)The Company established the "Hopax international speech club" and the participation fees and monthly fees are borne by the Company.

3. Training system

The Company has set up the Employee Training Regulations in order to provide appropriate training for the Company's employees to improve their skills and knowledge, and maximize their potential and intelligence to enhance their work efficiency and thereby attain the Company's business targets and increase effectiveness.

The Company's training programs include:

(1)Orientation: It trains new employees to increase their familiarity with the Company's environment and work skills as soon as possible.

(2)Professional competency training: The Company's supervisors organize a series of training courses each year to enhance the professional competencies of employees.

(3)Management competency training: The HR Department of the Management Division plans management courses for supervisors at all levels to enhance their management competencies.

(4)Talent nurturing: The Company analyzes the competencies required for key positions for planning training programs.

(5)Book club activities: The Company holds EMBA book club activities for supervisors ranked Group Leaders and above.

4. Pension system

The Company established the Supervisory Committee of Workers' Retirement Reserve Fund to manage the use of the pension fund. The Company also established

a pension system in accordance with government regulations.

(1)Employees may apply for voluntary retirement under any of the following circumstances:

a. Employees who are over 55 years old and have provided services at the Company for 15 years or more.

b. Employees who have provided services at the Company for 25 years or more.

c. Employees who are over 60 years old and have provided services at the Company for 10 years or more.

(2)The Company may not force employees to retire unless they meet one of the following circumstances:

d. Where the employee is over 65 years old.

e. Where the employee has disabilities that prevents him/her from working.

(3)The calculation and payment of employees' pension shall be based on the following standards:

a. Where the employee's service period started before July 1, 2005 and the employee opted for the pension system under the "Labor Standards Act", the pension shall be calculated as follows:

a-1. Employees who have provided services for less than 15 years are given 2 base points for every full year of service.

a-2. Employees who have provided services for more than 15 years are given 1 base point for every full year of service.

a-3. Employees' pension shall be capped at 45 base points.

b. Where the employee's service period started before July 1, 2005 and the employee opted for the pension system under the "Labor Pension Act", the pension shall be calculated as follows:

b-1. The pension for the number of years of service prior to July 1, 2005 shall be processed in accordance with the standards set forth in Item a above.

b-2. The pension for the number of years of service after July 1, 2005 shall be processed by the Company in accordance with the salary classification table, and the labor pension of 6% of the monthly salary shall be appropriated each month.

c. The pension payment for all employees who reported for duty after July 1, 2005 shall be processed by the Company in accordance with the salary classification table, and the labor pension of 6% of the monthly salary shall be appropriated each month.

The Company also encourages employees to explore diverse development, and

the existing years of service of employees transferred to an affiliate or to overseas assignments are retained to protect the rights of employees. The Company also presents retiring employees with special gifts to express the Company's gratitude for employees' years of services.

5. Employee safety and health

The Company exceeds requirements in regulations by providing one employee health examination each year and organizing health promotion activities. We also received the ISO 45001 Occupational Safety and Health Management System certification (effective period: December 18, 2021 to December 18, 2024).

The Company's results in 2021 are as follows:

(1)The spread of the COVID-19 pandemic across the globe in 2021 has devastated domestic industries and the global economy. The Company has implemented advanced preparation, immediately set up a response team, and planned multiple epidemic prevention measures to effectively stop the transmission of the disease.

(2)The Company appoints specialist physicians of occupational diseases to provide onsite services each month to provide medical and healthcare consultation and assistance for employees.

(3)The Company actively promotes occupational health promotion and plan a diverse range of health promotion activities based on the results of health examinations. The Company organizes health examinations (including oral cancer and colorectal cancer screening by the Health Promotion Administration) at regular intervals each year to examine employees' health. The Company also organizes pap tests, breast ultrasound, and other examinations for women and promotes flu vaccination provided by the Health Promotion Administration. We also organize health seminars and family day events to improve employees' self-health awareness and actions to maintain a healthy work environment for employees.

(4)The Company organizes special health examinations for workers who engage in special hazardous work in plants. We established a health management database and implement tiered management in accordance with regulations.

(5)The Company has established a comprehensive safety and health program (including maternal health protection, prevention of cerebral and cardiovascular diseases caused by work, and ergonomic hazard assessments), and uses the health examination results and health management system to compare and analyze the questionnaires as well as the detailed items and results before and after the health

examination. We implement comprehensive health management mechanisms based on the type and degree of anomalies such as classification/tracking/medical consultation to ensure effective, systematic, and continuous management.

6.Other important agreements: None.

The Company has always been committed to improving employee welfare and the work environment. We organize regular labor-management meetings to maintain smooth communication channels between labor and management.

VI. Information security management

(I) Information security management framework

1.The unit responsible for information security management at the Company is the President Office and Information Management Center, which is responsible for planning and implementing the information security management policies.

2.The Company implements related safety audit tasks in accordance with information security requirements for internal and external audit and continuously improves the information security protection capacity of the Company.

(II) Information Security Policy

1.Ensure the attainment of three major information security requirements (confidentiality/integrity/availability).

2.Implement data authorization management.

3.Ensure the normal operations of the information system.

4.Implement actions in response to information security vulnerabilities.

(III) Specific management plans

1. Introduction of various information security protection tools (anti-virus software / VPN / VDI / two-factor authentication / DDI / SPAM / BigFix).
2. Establish emergency response procedures and implement collective defense for information security.
3. System recovery exercise.
4. OA/OT network segmentation.

(IV) Information security management resources

1. Sign information security equipment maintenance contracts to ensure the updates of related protection tools.
2. Anti-virus software / firewall / two-factor authentication / access control tool (X-FORT) / DDI / vulnerability fixes (BigFix).
3. Cloud-based e-mail.

(V) Losses arising as a result of major cyber security incidents in the most recent year up until the publication date of the annual report, potential impact, and response measures: None.

VII. Material Contracts

Nature of contract	Contracting party	Contract commencement/expiration date	Main contents	Restrictive clauses
Loan contract	Bank of Taiwan Fengshan Branch	2021/4/15~2026/4/15	Medium-term secured loan: NT$55 million	Limited to the repayment of an old loan from 2017.
		2021/4/15~2024/4/15	Medium-term loan: NT$300 million	None
Loan contract	Export-Import Bank of the Republic of China	2017/5/26～2022/5/25	Overseas investment loan US$5.6 million or its equivalent in NT$	Determined by the terms of the contract
Loan contract	Overseas Business Division, Taishin International Bank	2019/5/14~2022/5/13	Medium-term loan: US$5 million	None
Loan contract	Overseas Business Division, Taishin International Bank	2021/11/10~2024/11/8	Medium-term loan: US$5 million	None
Procurement contract	Company A	2022/1/1~2024/12/31	Long-term material supply contract	Minimum annual supply is 163 tons; maximum annual supply is 250 tons

F. Financial Overview

I. Condensed Balance Sheet and Statements of Comprehensive Income for the Last Five Years

(I) Concise Consolidated Balance Sheet－IFRS

Unit: NT$ thousand

Item \ Year		Financial data for the most recent 5 years (Note 3)					2022Q1 (Note 1)
		2017	2018	2019	2020	2021	
Current assets		2,396,797	2,450,883	2,836,081	2,680,462	3,212,912	3,504,419
Property, plant and equipment		2,323,336	2,276,005	2,522,049	2,595,514	2,581,881	2,608,576
Intangible assets		0	0	0	0	0	0
Other assets		277,465	488,840	433,160	486,239	459,919	492,782
Total assets		4,997,598	5,215,728	5,791,290	5,762,215	6,254,712	6,605,777
Current liabilities	Before distribution	1,559,358	1,642,401	2,395,628	2,183,235	1,903,671	2,306,283
	After distribution (Note 2)	1,629,811	1,748,081	2,518,922	2,356,439	2,120,534	2,523,146
Non-current liabilities		768,330	848,924	638,386	699,064	1,208,126	1,173,500
Total liabilities	Before distribution	2,327,688	2,491,325	3,034,014	2,882,299	3,111,797	3,479,783
	After distribution (Note 2)	2,398,141	2,597,005	3,157,308	3,055,503	3,328,660	3,696,646
Equity attributable to owners of parent		2,669,910	2,724,403	2,757,276	2,879,916	3,142,915	3,125,994
Capital		1,761,331	1,761,331	1,761,331	1,732,041	1,732,041	1,734,903
Capital surplus		654,365	587,435	587,435	574,956	615,528	627,972
Retained earnings	Before distribution	456,116	615,301	712,776	867,775	1,124,054	1,031,145
	After distribution (Note 2)	452,593	509,621	593,005	694,571	907,191	814,282
Other equity		(201,902)	(239,664)	(304,266)	(294,856)	(328,708)	(268,026)
Treasury stock		0	0	0	0	0	0
Non-controlling interests		0	0	0	0	0	0
Total equity	Before distribution	2,669,910	2,724,403	2,757,276	2,879,916	3,142,915	3,125,994
	After distribution (Note 2)	2,599,457	2,618,723	2,633,982	2,706,712	2,926,052	2,909,131

Note 1：Financial information until March 31, 2022 was reviewed by CPA.
Note 2：The 2021 earnings distribution was approved by Board Meeting on March 22,2022.
Note 3：Financial information was audited by CPA.

(II) Concise Consolidated Statement of Comprehensive Income－IFRS

Unit: NT$ thousand

Item \ Year	Financial data for the most recent 5 years (Note 2)					2022Q1 (Note 1)
	2017	2018	2019	2020	2021	
Operating revenues	3,185,747	3,459,556	3,747,684	3,588,701	4,729,003	1,428,885
Gross profit	671,417	754,806	916,843	1,017,710	1,315,853	344,112
Profit (loss) from operations	161,515	203,572	289,373	383,031	564,253	161,130
Non-operating income and expenses	(55,140)	11,574	(16,007)	(5,219)	(845)	8,459
Profit before income tax	106,375	215,146	273,366	377,812	563,408	169,589
Net profit from continuing operations	71,210	169,014	214,001	284,293	428,806	123,886
Loss from discontinued operations	0	0	0	0	0	0
Net profit	71,210	169,014	214,001	284,293	428,806	123,886
Other comprehensive income (net of income tax)	(53,327)	(43,793)	(75,448)	11,100	(33,175)	60,750
Total comprehensive income for the period	17,883	125,221	138,553	295,393	395,631	184,636
Net profit attributable to owners of the Company	71,210	169,014	214,001	284,293	428,806	123,886
Net profit attributable to non-controlling interests	0	0	0	0	0	0
Total comprehensive income attributable to owners of the Company	17,883	125,221	138,553	295,393	395,631	184,636
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0	0
Basic earnings per share (NT$)	0.43	0.96	1.21	1.63	2.48	0.71

Note 1：Financial information until March 31, 2022 was reviewed by CPA.
Note 2：Financial information was audited by CPA.

(III) Concise Stand-alone Balance Sheet－IFRS

Unit: NT$ thousand

Item \ Year		Financial data for the most recent 5 years (Note 2)					2022Q1
		2017	2018	2019	2020	2021	
Current assets		1,072,383	1,143,126	1,205,607	1,180,305	1,483,580	NA
Property, plant and equipment		1,356,062	1,280,874	1,329,641	1,411,011	1,385,498	
Intangible assets		0	0	0	0	0	
Other assets		2,229,295	2,471,191	2,501,531	2,641,858	2,715,408	
Total assets		4,657,740	4,895,191	5,036,779	5,233,174	5,584,486	
Current liabilities	Before distribution	1,235,619	1,334,701	1,776,641	1,718,285	1,338,427	
	After distribution (Note 1)	1,306,072	1,440,381	1,899,935	1,891,489	1,555,290	
Non-current liabilities		752,211	836,087	502,862	634,973	1,103,144	
Total liabilities	Before distribution	1,987,830	2,170,788	2,279,503	2,353,258	2,441,571	
	After distribution (Note 1)	2,058,283	2,276,468	2,402,797	2,526,462	2,658,434	
Equity attributable to owners of parent		2,669,910	2,724,403	2,757,276	2,879,916	3,142,915	
Capital		1,761,331	1,761,331	1,761,331	1,732,041	1,732,041	
Capital surplus		654,365	587,435	587,435	574,956	615,528	
Retained earnings	Before distribution	465,116	615,301	712,776	867,775	1,124,054	
	After distribution (Note 1)	452,593	509,621	593,005	694,571	907,191	
Other equity		(201,902)	(239,664)	(304,266)	(294,856)	(328,708)	
Treasury stock		0	0	0	0	0	
Non-controlling interests		0	0	0	0	0	
Total equity	Before distribution	2,669,910	2,724,403	2,757,276	2,879,916	3,142,915	
	After distribution (Note 1)	2,599,457	2,618,723	2,633,982	2,706,712	2,926,052	

Note 1：Financial information until March 31, 2022 was reviewed by CPA.
Note 2：Financial information was audited by CPA.

(IV) Concise Stand-alone Statement of Comprehensive Income－IFRS

Unit: NT$ thousand

Year / Item	Financial data for the most recent 5 years (Note)					2022Q1
	2017	2018	2019	2020	2021	
Operating revenues	1,952,941	2,197,488	2,363,934	2,283,748	3,134,184	NA
Gross profit	307,539	390,286	446,710	511,693	783,953	
Profit (loss) from operations	29,108	73,940	82,772	129,313	307,756	
Non-operating income and expenses	49,114	105,749	139,025	190,389	198,245	
Profit before income tax	78,222	179,689	221,797	319,702	506,001	
Net profit from continuing operations	71,210	169,014	214,001	284,293	428,806	
Loss from discontinued operations	0	0	0	0	0	
Net profit	71,210	169,014	214,001	284,293	428,806	
Other comprehensive income (net of income tax)	(53,327)	(43,793)	(75,448)	11,100	(33,175)	
Total comprehensive income for the period	17,883	125,221	138,553	295,393	395,631	
Net profit attributable to owners of the Company	71,210	169,014	214,001	284,293	428,806	
Net profit attributable to non-controlling interests	0	0	0	0	0	
Total comprehensive income attributable to owners of the Company	17,883	125,221	138,553	295,393	395,631	
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0	
Basic earnings per share (NT$)	0.43	0.96	1.21	1.63	2.48	

Note：Financial information was audited by CPA.

(V) CPAs and Their Opinions for Most Recent 5 Years

Year	Firm	Name of CPA	Auditor's Opinion (Note)
2017	Deloitte Taiwan	Chia-Ling Chiang Chiu-Yen Wu	Unqualified opinion
2018	Deloitte Taiwan	Chen-Li Chen Chiu-Yen Wu	Unqualified opinion
2019	Deloitte Taiwan	Chen-Li Chen Chun-Chi Kung	Unqualified opinion
2020	Deloitte Taiwan	Chia-Ling Chiang Kai-Ning Hsu	Unqualified opinion
2021	Deloitte Taiwan	Chia-Ling Chiang Kai-Ning Hsu	Unqualified opinion

Note: The Company's consolidated and stand-alone financial statements were unqualified opinion.

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II. Financial Analysis for the Last Five Years

(I) Consolidated Financial Analysis－IFRS

Item analyzed \ Year		Financial analysis for the most recent 5 years					2022Q1
		2017	2018	2019	2020	2021	
Financial structure (%)	Ratio of debts to assets	46.57	47.76	52.38	50.02	49.75	52.67
	Ratio of long-term capital to property, plant, and equipment	147.98	156.99	134.63	137.89	168.52	164.82
Liquidity	Current ratio (%)	153.70	149.22	118.38	122.77	168.77	151.95
	Quick ratio (%)	95.71	86.90	77.32	74.83	99.51	92.65
	Interest coverage ratio (times)	4.13	9.49	10.04	18.22	30.28	32.07
Operating ability	Receivables turnover rate (times)	3.85	4.12	3.88	3.39	4.02	3.88
	Average collection days for receivables	94.80	88.59	94.07	107.66	90.79	94.07
	Inventory turnover rate (times)	2.95	3.06	2.99	2.66	3.01	3.36
	Payable turnover rate (times)	10.93	11.61	10.36	8.64	10.44	11.04
	Average days for sales	123.72	119.28	122.07	137.21	121.26	108.63
	Property, plant and equipment turnover rate (times)	1.37	1.52	1.48	1.38	1.83	2.16
	Total asset turnover rate (times)	0.62	0.67	0.68	0.62	0.78	0.88
Profitability	Return on assets (%)	1.96	3.70	4.32	5.22	7.39	1.99
	Return on equity (%)	2.76	6.26	7.80	10.08	14.23	3.95
	Ratio of profit before income tax to paid-in capital (%)	6.03	12.21	15.52	21.81	32.52	9.77
	Profit margin (%)	2.23	4.88	5.71	7.92	9.06	8.67
	Earnings per share (NT$)	0.43	0.96	1.21	1.63	2.48	0.71
Cash flow	Cash flow ratio (%)	20.69	17.94	19.71	26.75	18.66	(3.88)
	Cash flow adequacy ratio (%)	98.26	82.14	95.76	83.14	82.87	69.33
	Cash flow reinvestment ratio (%)	4.03	3.72	6.12	7.30	2.51	(1.23)
Leverage	Operating leverage	16.59	14.29	10.92	7.93	7.15	7.78
	Financial leverage	1.27	1.14	1.12	1.06	1.04	1.04

Please explain reasons for changes in financial ratios in the past two years. (Analysis is not needed when increase/decrease is less than 20%)

1. Ratio of long-term capital to property, plant and equipment:

   It was mainly due to the increase in long-term liabilities in 2021 compared to 2020 as a result of the issuance of corporate bonds and the adjustment of the ratio of the use of long-term to short-term loans for improving the financial structure.

2. Current ratio, quick ratio, cash flow ratio and cash reinvestment ratio:

   The changes were mainly due to the increase in accounts receivable and inventory in 2021 compared to 2020 due to the increase in raw material inventory and longer delivery time of goods as a result of the growth in sales as well as the decrease in the ratio of short-term loans.

3. Property, plant, and equipment turnover ratio, total assets turnover, interest protection multiples, payables turnover ratio, return on assets, return on equity, pre-tax income to paid-in capital ratio, and earnings per share:

   It is mainly due to the increase in operating income, operating costs, net income before income tax, and net income in 2021 compared to 2020 as a result of the increase in market demand and higher selling prices of products which increased the gross profit.

(II) Stand-Alone Financial Analysis－IFRS

Item analyzed \ Year		Financial analysis for the most recent 5 years					2022Q1
		2017	2018	2019	2020	2021	
Financial structure (%)	Ratio of debts to assets	42.67	44.34	45.25	44.96	43.72	NA
	Ratio of long-term capital to property, plant, and equipment	252.35	277.97	245.18	249.10	306.46	
Liquidity	Current ratio (%)	86.78	85.64	67.85	68.69	110.84	
	Quick ratio (%)	56.10	53.06	43.08	38.08	64.46	
	Interest coverage ratio (times)	4.37	10.59	12.49	20.25	33.02	
Operating ability	Receivables turnover rate (times)	3.90	4.03	4.20	4.28	4.95	
	Average collection days for receivables	93.58	90.57	86.90	85.28	73.73	
	Inventory turnover rate (times)	4.18	4.59	4.55	3.83	4.25	
	Payable turnover rate (times)	6.48	6.77	6.14	5.11	6.15	
	Average days for sales	87.32	79.52	80.21	95.30	85.88	
	Property, plant and equipment turnover rate (times)	1.44	1.71	1.77	1.61	2.26	
	Total asset turnover rate (times)	0.41	0.46	0.47	0.44	0.57	
Profitability	Return on assets (%)	1.93	3.85	4.62	5.79	8.16	
	Return on equity (%)	2.76	6.26	7.80	10.08	14.23	
	Ratio of profit before income tax to paid-in capital (%)	4.44	10.20	12.59	18.45	29.21	
	Profit margin (%)	3.64	7.69	9.05	12.44	13.68	
	Earnings per share (NT$)	0.43	0.96	1.21	1.63	2.48	
Cash flow	Cash flow ratio (%)	5.85	7.99	13.97	13.71	9.88	
	Cash flow adequacy ratio (%)	48.02	42.39	53.89	49.50	57.77	
	Cash flow reinvestment ratio (%)	(0.18)	0.75	3.11	2.29	(0.71)	
Leverage	Operating leverage	61.77	27.37	26.32	16.13	9.35	
	Financial leverage	4.90	1.33	1.30	1.14	1.05	

Please explain reasons for changes in financial ratios in the past two years. (Analysis is not needed when increase/decrease is less than 20%)

1. Ratio of long-term capital to property, plant and equipment:

   It was mainly due to the increase in long-term liabilities in 2021 compared to 2020 as a result of the issuance of corporate bonds and the adjustment of the ratio of the use of long-term to short-term loans for improving the financial structure.

2. Current ratio, quick ratio, cash flow ratio and cash reinvestment ratio:

   The changes were mainly due to the increase in accounts receivable and inventory in 2021 compared to 2020 due to the increase in raw material inventory and longer delivery time of goods as a result of the growth in sales as well as the decrease in the ratio of short-term loans.

3. Property, plant, and equipment turnover ratio, total assets turnover, interest protection multiples, payables turnover ratio, return on assets, return on equity, pre-tax income to paid-in capital ratio, and earnings per share:

   It is mainly due to the increase in operating income, operating costs, net income before income tax, and net income in 2021 compared to 2020 as a result of the increase in market demand and higher selling prices of products which increased the gross profit.

4. Operating leverage:

The changes were mainly due to the growth in operating gross profit from the cost reduction as a result of process optimization and higher selling prices of products which increased the gross profit in 2021.

The following calculation formulas must be listed at the end of the foregoing table:

1. Financial structure
   (1) Debt ratio= Total Liabilities / Total Assets
   (2) Long-term funds to property, plant and equipment = (Total equity + Non-current liabilities) / Property, plant and equipment, net
2. Liquidity analysis
   (1) Current ratio = Current assets / Current liability
   (2) Quick ratio = (Current Assets - Inventories - Prepaid expenses) / Current liability
   (3) Times interest earned = Profit Before Credit for Income Tax / Current interest expense
3. Operating performance analysis
   (1) Average collection turnover (Including Accounts Receivable and Notes Receivable from operation) = Sales / Average trade receivables
   (2) Days to collect accounts receivable = 365 / Average collection turnover
   (3) Average inventory turnover = Cost of goods sold / Average inventories
   (4) Average payment turnover (Including Accounts Payable and Notes Payable from operation) = operating costs / Average trade payables
   (5) Average days to sell inventory = 365 / Average inventory turnover

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

(7) Total assets turnover = Sales / Average total assets

4. Profitability

(1) Rate of return on assets = [Profit + Interest expense x (1 - Tax rate)] / Average assets

(2) Rate of return on equity = Profit / Average total Equity

(3) Profit to sales = Profit / Sales

(4) Earnings per share = (Equity attributable to owners of parent - Dividend-preferred stock) / Weighted average outstanding shares

5. Cash flow

(1) Cash flow ratio = Net cash provided by operating activities / Current liability

(2) Cash flow adequacy ratio = 5-year net cash provided by operating activities / 5-year (Capital expense + Increase in inventories + Cash dividend)

(3) Cash flow reinvestment ratio = (Net cash provided by operating activities - Cash dividend) - (Property, plant and equipment, net + Long-term investments + Other non-current assets + Operating Capital)

6. Leverage:

(1) Operating Leverage= (Net operating revenue – Variable cost and expense) / Operating income

(2) Financial leverage = Operating income / (Operating income – Interest expenses)

III. Supervisors'or Audit Committee's Review Report for the Most Recent Year

Taiwan Hopax Chems. Mfg. Co., Ltd.

Audit Committee's Audit Report

The Board of Directors has prepared and submitted the 2021 Business Report, financial statements (including consolidated and individual financial statements), and earnings distribution proposal, of which the financial statements have been audited by the CPAs Chia-Ling Chiang and Kai-Ning Hsu of Deloitte Taiwan, who issued an unqualified opinion in the Audit Report. The Audit Committee has reviewed the aforementioned business report, financial statements, and earnings distribution proposal and did not find any instances of noncompliance. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, it is hereby submitted for your review and perusal.

To:

2022 annual shareholders' meeting of Taiwan Hopax Chems. Mfg. Co., Ltd.

Taiwan Hopax Chems. Mfg. Co., Ltd.

Audit Committee convener:
Yi-Hsiung Huang

March 22, 2022

IV. Financial Report of the Most Recent Year：Please refer to page 146 to page 228.

V. Consolidated Financial Statements of the Most Recent Year Audited and Certified by the CPA：Please refer to page 229 to page 297.

VI. Any Financial Difficulty and the Impact on the Company's Finance in Last Year and Up to the Print Date for the Annual Report: None.

G.Financial Position, Financial Performance and Risk Analysis

I. Financial Status

Unit: NT$ thousand

Item \ Year	2020	2021	Difference	
			Amount	%
Current assets	2,680,462	3,212,912	532,450	19.86
Property, plant and equipment	2,595,514	2,581,881	(13,633)	(0.53)
Other assets	486,239	459,919	(26,320)	(5.41)
Total assets	5,762,215	6,254,712	492,497	8.55
Current liabilities	2,183,235	1,903,671	(279,564)	(12.81)
Non-current liabilities	481,096	712,594	231,498	48.12
Other liabilities	217,968	495,532	277,564	127.34
Total liabilities	2,882,299	3,111,797	229,498	7.96
Capital	1,732,041	1,732,041	-	-
Capital surplus	574,956	615,528	40,572	7
Retained earnings	867,775	1,124,054	256,279	29.53
Other equity	(294,856)	(328,708)	(33,852)	11.48
Total equity	2,879,916	3,142,915	262,999	9.13

Analysis description for items with increase and decrease ratio: (for changes exceeding 20%)

(1) The increase in long-term borrowing of NT$231,498 thousand was mainly due to the improvement in financial structure in 2021 and adjustment of the long and short-term loan utilization ratio.

(2) The increase of NT$277,564 thousand in other liabilities was mainly due to the issuance of convertible bonds of NT$300,000 thousand in 2021 and the issuance discount of NT$13,248 thousand.

(3) The increase in retained earnings of NT$256,279 thousand was mainly due to the net income of NT$428,806 thousand in 2021 and the cash dividends of NT$173,204 thousand from the earnings in 2020.

II. Financial performance

(I) Comparative analysis of financial performance

Unit: NT$ thousand

Item \ Year	2020	2021	Difference	%
Operating revenues	3,588,701	4,729,003	1,140,302	31.77
Operating costs	2,570,991	3,413,150	842,159	32.76
Gross profit	1,017,710	1,315,853	298,143	29.30
Operating expenses	634,679	751,600	116,921	18.42
Operating income	383,031	564,253	181,222	47.31
Non-operating income and expenses	(5,219)	(845)	4,374	(83.81)
Profit from continuing operations before tax	377,812	563,408	185,596	49.12
Income tax expenses	(93,519)	(134,602)	(41,083)	43.93
Profit from continuing operations after tax	284,293	428,806	144,513	51
Analysis description for items with increase and decrease ratio: (for changes exceeding 20%) (1)The increase in net operating profit was mainly due to the impact of the adjustment of the product portfolio and sales price which increased the operating gross profit. (2)The increase in non-operating income and expenditures was mainly due to the increase in income from project subsidies. (3) The increase in net profit before tax, income tax expenses, and net income after tax in 2021 compared to 2020 was mainly due to the increase in net operating profit.				

(II) Expected sales and its basis, and the possible impact on the Company's future financial operations and response plans

The company estimates that the product sales quantity will reach 78,749 tons and 111,368 thousand square meters in 2022 due to the launch of new products, improvement in process technology, and expansion of new customers and new markets in 2022 based on the past data in previous years, track records in 2021, market supply and demand conditions, and sales strategy.

III. Cash Flow

(I) Analysis of Cash Flow

Unit: NT$ thousand

Cash, Beginning of Year ①	Net Cash Provided by Operating Activities ②	Cash Inflow/ (Outflow) ③	Cash Surplus (Deficit) Balance ①＋②－③	Remedy for Liquidity Shortfall	
				Investment Plan	Financing Plan
485,155	355,336	(464,284)	376,207	-	-

1. Analysis of the changes in cash flow this year:
   (1) The net cash inflow from operating activities was NT$355,336 thousand and was mainly due to the increase in net profit for this period.
   (2) The net cash outflow from investing activities of NT$331,052 thousand was mainly due to the purchase of plant, machinery, and equipment.
   (3)The net cash outflow from financing activities of NT$115,362 thousand was mainly due to the repayment of short-term loans and distribution of cash dividends.
   (4) The exchange rate effects on cash and cash equivalents resulted in a net cash outflow of NT$17,870 thousand.
2. Remedial measures for expected cash deficit:
   The Company's net cash balance in the most recent year was NT$376,207 thousand, which was sufficient for the operations of the Company. This item is therefore not applicable.

(II) Cash Flow Projection For Next Year

Unit: NT$ thousand

Cash, Beginning of Year ①	Net Cash Provided by Operating Activities ②	Cash Inflow/ (Outflow) ③	Cash Surplus (Deficit) Balance ①＋②－③	Remedy for Liquidity Shortfall	
				Investment Plan	Financing Plan
376,207	375,497	(461,864)	289,840	-	-

1. Analysis of the changes in cash flow this year:
(1) The net cash inflow from operating activities was NT$375,497 thousand and was mainly due to the increase in net profit for this period.
   (2) The net cash outflow from investing activities of NT$497,024 thousand was mainly due to the purchase of plant, machinery, and equipment.
   (3) The net cash inflow from financing activities of NT$35,160 thousand was mainly due to the increase of long-term loans and distribution of cash dividends.

2. Remedial measures for expected cash deficit:

The Company's estimated net cash balance for next year was NT$289,840 thousand, which was sufficient for the operations of the Company. This item is therefore not applicable.

IV. Impact of Significant Capital Expenditures on Financial Operations in the Past Year:

(I) Use and source of funds of major capital expenditures:

Unit: NT$ thousand

Project item	Actual or expected source of capital	Actual or expected completion date	Funding required Total amount	Actual or expected capital expenditures					
				2019	2020	2021	2022	2023	2024
Changshu Plant Technical improvement for phase 1 and 2	Own funds and bank loans	Scheduled for June 2022	79,278 (RMB 18,250 thousand)	8,688 (RMB 2,000 thousand)	17,376 (RMB 4,000 thousand)	44,526 (RMB 10,250 thousand)	8,688 (RMB 2,000 thousand)	-	-
Glass production line improvement plan in Da-Fa Plant 2	Cash capital increase	Scheduled for March 2024	499,988	-	-	-	66,605	378,303	55,080
Additional surface sizing production line in Indonesia Plant	Own funds	Implemented in February 2022	1,245,600 (USD 45,000 thousand)	-	-	996,480 (USD 36,000 thousand)	249,120 (USD 9,000 thousand)	-	-

Note: The amounts were converted into NTD at the exchange rate of 27.68 for USD and 4.344 for RMB as of December 31, 2021.

(II) Anticipated benefits

Unit: ton/NT$ thousand

Year	Item	Production quantity	Sales volume	Sales value	Gross profit
2022 (estimated)	Technical improvement for phase 1 and 2 at Changshu Plant	6,600	6,600	113,520	12,420
2023 (estimated)	Technical improvement for phase 1 and 2 at Changshu Plant	13,200	13,200	227,040	45,408
	Glass production line improvement plan in Da-Fa Plant 2	473	473	738,662	324,758
	Additional surface sizing production line in Indonesia Plant	150	150	4620	1,015
2024 (estimated)	Technical improvement for phase 1 and 2 at Changshu Plant	13,200	13,200	227,040	45,408
	Glass production line improvement plan in Da-Fa Plant 2	726	726	977,456	474,676
	Additional surface sizing production line in Indonesia Plant	150	150	4620	1,015
2025 (estimated)	Technical improvement for phase 1 and 2 at Changshu Plant	13,200	13,200	227,040	45,408
	Glass production line improvement	736	736	996,766	481,536

Year	Item	Production quantity	Sales volume	Sales value	Gross profit
	plan in Da-Fa Plant 2				
	Additional surface sizing production line in Indonesia Plant	150	150	4620	1,015

V. Reinvestment Policy, Reasons for Profit or Loss, Improvement Plans, Investment Plans for Next Year, and Investment Analysis Table

Unit: NT$ thousand(unless otherwise specified)

Explanation / Item	Initial investment amount	Investment policy	Recognized investment income (loss) of the investee for the most recent year (2021)	Main reason for profit or loss	Improvement plan	Investment plan for the next year
P.T.Hopax Indonesia	USD 13,200 thousand	The Company set up a plant in Indonesia based on its business expansion and global expansion plans	57,503	Sound management of product margins and expenses maintained profitability	None	Additional surface sizing production line
Phoenix Worldwide Group Ltd.	USD 9,700 thousand	Development of overseas investment holding company	(744)	Recognized losses on investment of the investee Kunshan Hopax Paper Products Co., Ltd.	None	None
Hopax Worldwide Group Ltd.	USD 35,000 thousand	Development of overseas investment holding company	115,331	Recognized return on investment of the indirect investee Changshu Hopax Chemical Co., Ltd.	None	None
Far Profits International Limited	USD 1 元	Based on plans for international trade between companies of the Group	3,366	Profits from procurement made on behalf of affiliates of the Group	None	None
Hopax Europe Limited	GBP1, 550 thousand	The Company set up a service location in the United Kingdom to provide services to customers in the area and expand business development	(8,947)	Losses due to lower gross margin and increase in foreign exchange losses	Increase product sales	None

Explanation / Item	Initial investment amount	Investment policy	Recognized investment income (loss) of the investee for the most recent year (2021)	Main reason for profit or loss	Improvement plan	Investment plan for the next year
Hopax Biomedical Tech. Co.,Ltd.	NTD 50,000 thousand	Production and sales of general cleaning products	33,145	Profits due to continuous growth in sales and net income	None	None
SEECURE TAIWAN CO.,LTD	NTD 80,000 thousand	R&D and production of medical products and biotechnology	(26,152)	Losses due to continuous investment in R&D without generating profit	Development of new drugs for precision therapy	None
Hopax Holding Ltd.	USD 35,000 thousand	Development of overseas investment holding company	111,680	Recognized return on investment of the direct investee Changshu Hopax Chemical Co., Ltd.	None	None
Kunshan HOPAX paper products Co., Ltd.	USD 9,300 thousand	Production, processing, and sales of stationery supplies	(2,124)	The increase in material cost and sales expenses affected profitability	None	None
HOPAX INTERNATIONAL(SHANGHAI) CO.,LTD	USD 1,200 thousand	Sales of chemicals and general cleaning products	3,373	Enhanced organizational structure maintained profitability	None	None
Changshu Hopax Chemical Co.,Ltd	USD 35,000 thousand	Production and sales of chemical products for pharmaceuticals, industrial applications, and paper-making chemicals	111,680	The growth in revenue and profit margin increased profitability	None	None

Note: The amounts were converted into NTD at the exchange rate of 27.68 for USD as of December 31, 2021.

VI. Risk Assessment: The following items in the most recent year and as of the publication date of the annual report

(I) The effects that interest rates, exchange rate fluctuations, and inflation have on earnings and losses of the Company as well as response measures

1. Impact on the profit and loss of the company

Item	2021		
	Amount (NT$ thousand)	As a Percentage of Operating Revenues(%)	As a Percentage of Profit Before Tax (%)
Interest expenses	19,240	0.40	3.41
Foreign Exchange Losses	15,222	0.32	2.70

1. Interest rate changes

The company's capital plans are focused on stability. Short-term capital requirements are met by short-term loans and long-term capital requirements are met by long-term loans. In addition to monitoring interest rate trends and maintaining good relationships with financial institutions, the company also regularly and flexibly evaluates various debt positions and financing policies to select the most favorable use of funds to effectively reduce the Company's interest expenses. Therefore, fluctuations in loan interest rates do not have a significant effect on the company.

2. Exchange rate changes

The company mainly focuses on exports and products are mainly quoted in USD and EUR. As most materials are imported, the procurement can be offset with recurring foreign currency assets and liabilities to produce a natural hedging effect. The Company adopts the following measures to respond to foreign currency risk exposure:

a. The Company maintains close contact with major partner banks and collects real-time information on exchange rate changes to determine exchange rate fluctuations and the expected changes. We also manage foreign currency positions based on the Company's capital conditions and international financial conditions to reduce the risk of exchange rate fluctuations.

b. We collect information on foreign currency exchange rates and select appropriate hedging instruments (e.g., forward exchange or adjustment of

loans in foreign currencies) and maintain certain hedging ratios based on financial conditions to actively address the negative effects of exchange rate fluctuations.

Therefore, exchange rate fluctuations have limited impact on the overall operations of the company.

3. Inflation

According to the statistics of the National Statistics, R.O.C. (Taiwan), if 2016 is adopted as the baseline period, the Consumer Price Index (CPI) in 2021 would be 104.32. According to estimates of the Directorate General of Budget, Accounting and Statistics, Executive Yuan, the annual growth rate of the domestic CPI in 2021 was 1.93%. Although it has not yet reached inflation levels, the increase can be felt. Therefore, the Company shall cautiously monitor the impact of inflation and adjust sales prices reasonably when necessary.

(II) Policies of engaging in high-risk, high-leverage investments, lending to others, providing endorsement and guarantee, and derivatives transactions, profit/loss analysis, and future response measures

1. High-risk or high-leverage investments: None.

2. Financing Provided to Others :

December 31, 2021 Unit: NT$ thousand

Lender	Financial Statement Account	Borrower	Financing Limit for Each Borrower	Highest Balance for the Period	Ending Balance		Reason for Short-term Financing	Aggregate Financing Limit
					Ending Balance (Note 4)	Actual Amount Borrowed		
Taiwan Hopax	Other receivables - related parties	Hopax Europe	628,583 (Note 1)	13,536	12,528	12,528	Operating turnover	1,257,167 (Note 1)
Far Profits	Other receivables - related parties	Changshu Hopax	43,618 (Note 2)	42,803	0	0	Operating turnover	87,236 (Note 2)
Far Profits	Other receivables - related parties	Kunshan Hopax	43,618 (Note 2)	51,102	0	0	Operating turnover	87,236 (Note 2)
Far Profits	Other receivables - related parties	Hopax Europe	43,618 (Note 2)	6,874	0	0	Operating turnover	87,236 (Note 2)
Hopax Biomedical	Other receivables - related parties	Taiwan Hopax	10,466 (Note 3)	25,000	20,000	20,00	Operating turnover	10,466 (Note 3)

Note 1: Under the Company's: Operational Procedures for Loaning Funds to Others", if short-term financing is needed, the individual financing shall not exceed 20% of the Company's stockholders' equity, and the total amount of these financings shall not exceed 40%of the Company's stockholders' equity.

Note 2: Under Far Profits's "Operational Procedures for Loaning Funds to Others", if short-term financing is needed, the individual financing shall not exceed 10 times of Far Profits's stockholders' equity, and the total amount of these financings shall not exceed 20 times of Far Profitss stockholders' equity and shall not exceed borrowing amount of Far Profit.

Note 3: Under Hopax Biomedical "Operational Procedures for Loaning Funds to Others", if short-term financing is needed, the individual financing shall not exceed 40% of Hopax Biomedical's stockholders' equity, and the total amount of these financings shall not exceed 40% of Bio-medical's stockholders' equity.

Note 4: It was eliminated on consolidation.

3. Endorsements/Guarantees Provided

December 31, 2021 Unit: NT$ thousand

Endorser/ Guarantor	Endorsee/ Guarantee	Relationship	Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)
Taiwan Hopax	Far Profits	100% owned subsidiary	1,571,459	333,860	323,856	0	10.30	3,142,917
	Changshu Hopax	100% owned subsidiary	1,571,459	545,990	450,560	124,560	14.34	2,879,916
	Kunshan Hopax	100% owned subsidiary	1,571,459	52,608	52,128	21,720	1.66	2,879,916

Note 1: Under the Company's "Operational Procedures for Endorsement/Guarantee Provided", for investee companies that hold more than 50% of the total shares of the Company and the subsidiaries, the total amount of these financings shall not exceed 50% of the Company's stockholders' equity.

Note 2: Under the Company's "Operational Procedures for Endorsement/Guarantee Provided", the total amount of endorsement/guarantee provided shall not exceed 100% of the Company's stockholders' equity.

4. Derivative Transaction

The Company mainly engages in FX options and swaps to avoid the risk of exchange rate fluctuations of foreign currency-denominated assets and liabilities. FX swaps that have not matured as of December 31, 2021 are as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
Foreign exchange (FX)	USD to NTD	2022.01-2022.02	USD3,835/NTD106,465
Foreign exchange (FX)	EUR to NTD	2022.01-2022.06	EUR1,611/NTD51,200
Foreign exchange (FX)	GBP to NTD	2022.01-2022.05	GBP162/NTD6,085

(III) Future R&D Plans and Expected R&D InvestmentSince its establishment, The company has focused on investment in R&D personnel and related equipment. We have built the R&D team through internal training, sharing of experience, and cooperation with research institutes. In recent years, we have consolidated our R&D resources to set up a R&D center and actively recruited experienced R&D talents in the industry to strengthen our raw material development, product planning, and R&D innovation capabilities.

All new product development projects in recent years have been completed. The company will continue to invest in research and development, and the research and development expenditures will grow along with the increase in revenue.

The key factors affecting the success of research and development are the

quality of R&D personnel and the use of software and hardware technologies. We believe that with the extensive experience of The company's R&D team, we will be able to develop competitive products for the market.

For more information on the main R&D focus of The company as of the date of publication of the annual report, please refer to (III) Overview of Technology and R&D in E. Business Overview in pages 96 to 97 In 2022, the Company plans to invest approximately NT$175,703 thousand in R&D expenditures. However, the amount will be adjusted based on global market conditions and the Company's actual operating conditions. The Company's main R&D projects are summarized below:

R&D Project Name	Project Description	Current Progress	Estimated Mass Production Time
Development of high-end hollow resins	Development of hollow resins suitable for the high-end thermal paper market with improved heat sources to increase the saturation in use.	Under development	2022
Development of high-value surface sizing agent	Continuous development of high-value surface sizing agent with water-resistant protection to enhance and increase the value of the product portfolio.	Under development	2022
Development of high-value non-carbon copy paper color developers	Development of color developers with more rapid color development speed and higher saturation in all temperature ranges to provide customers with diverse choices and high-value products	Under development	2022
Development of high-end ceramic dispersant	Continuous development of dispersant with high dispersing properties and purity that meet requirements for 5G, structural ceramic, and the electronics industry.	Under development	2023
Development of specialty chemicals for digital textile printing	Development of key chemicals necessary for digital textile printing such as high-performance dispersant to increase the stability of the ink and high-performance treatment agents to enhance the color of the dye.	Under development	2024
Development of lubricants for paper	Development of new lubricants with high stability that increase the coating	Under development	2022

R&D Project Name	Project Description	Current Progress	Estimated Mass Production Time
products	adaptability of coatings		
New product development for biological buffers	Development and promotion of new BS derivative products and development of new TAPSO.Na and CAPSO.Na products.	Under development	2023
Process improvement for biological buffer products	Development of green processes for main products based on the environmental protection policy. The preliminary plan is to reduce the use of solvents and the ultimate goal is to create a fully aqueous process for the products.	Under development	2023
Process improvement for additives for lithium-ion batteries	Development of PS wastewater reduction and desalting technology additives for lithium-ion batteries	Under development	2023
Process improvement for biological cleaning agents	Development of processes that do not use toxic solvents to improve product competitiveness and meet customer needs.	Under development	2023
New product development for electroplating additives	New product development and technology transfer of the electroplating additive NAPE 14-90. EA 15-90 and F 11-13 are one of the formulas for electroplating additives. The development of this new product can expand the Company's electroplating additive product portfolio and offer more choices to customers.	Under development	2022
New product development for short-chain peptides	New product development for amino acid salt and hydrochloride.	Under development	2022

R&D Project Name	Project Description	Current Progress	Estimated Mass Production Time
New product development for pharmaceutical intermediates	New product development for homotaurine.	Under development	2023
FSC environmentally friendly products	The Company has developed and launched a full range of environmentally friendly paper (FSC) self-adhesive products that lead market trends and global environmental protection requirements. The commodities are transformed into carton packaging (removal of plastics) and our full range of products will be marketed worldwide in 2022.	Development completed	2020
Development of soil improvement agents	We used microorganisms and our polymer technologies to improve poor soil conditions and land polluted by salts to meet agricultural requirements for continuous farming.	Under development	2022
HYGIENECARE Kitchen Cleaner	Development of food-grade foodware cleaning agents that are safe and do not harm human hands.	Development completed	April 2022
HYGIENECARE Toilet Cleaner	Development of cleaning agents that do not damage the enamel of toilets	Development completed	April 2022

(IV) Major changes in government policies and laws at home and broad and the impact on finance and business of the Company and response measures: None.

(V) Impact of recent technological changes (including information security risks) and market changes on finance and business of the Company, and response measures

The development of 5G technologies has established the growth in demand in related markets. We hope that the copper foil used in lithium-ion batteries can

open up new opportunities in the green energy industry. The applications and sales of specialty chemicals have also been expanded to high-end electronics and general chemical products, and have made contributions to sales. Stationery supplies have been expanded to children's education products and we have continuously innovated and achieved breakthroughs in the sales model. We also successfully won purchase orders from major customers in Europe, the Americas, and Japan. As people's health awareness increased in recent years, they now pay more attention to personal health. The health care products developed by the company such as formaldehyde removal and lasting antibacterial and mold and stain removal products have gained a foothold in the market. We have recently focused on the development of "microbial fertilizers" for agriculture. We have built SeeCure Taiwan over many years and it is now developing therapeutic drugs and achieving breakthroughs that are expected to create higher value for new biotechnology drug development in Taiwan. Its diverse R&D capacity is also expected to increase the growth of Hopax Group.

The fine chemicals industry has actively promoted Industry 4.0 in recent years and the company has done the same. In addition to continuing to promote smart production and implementing real-time monitoring and management, the company will also gradually connect the previously closed production systems to the external network and integrate existing IT and OT technologies to quickly respond to customer needs and increase production process efficiency. However, these measures will increase the company's exposure to risks on external networks. Therefore, we must add suitable information security equipment in response to these risks.

The company has taken the following measures to reduce the occurrence of information system anomalies and information security risks:

Potential risks	Control mechanisms
Information system anomaly	1.Standardized operating procedures. 2. Enhance disaster prevention, monitoring and control, reporting mechanisms, anomaly management, and backup. 3.Organize training and regular exercises.
Information security protection	1.Regularly implement information security training and increase employees' information security awareness. 2.Implement network monitoring and ad hoc audits for information security. 3. Establish necessary defense mechanisms.

The company has not suffered major cyber attacks or information security incidents in the most recent year and as of the publication date of the annual report.

(VI) Impact of change in corporate image on risk management and response measures

The company operates a suitable organization system and has maintained a good corporate image. There have been no crises due to major changes in the corporate image.

(VII) Expected benefits and potential risks of mergers and acquisitions, and response measures

The company has not undergone merger and acquisition. The Company prepares the consolidated financial statements for subsidiaries under its control in accordance with the financial and accounting standards.

(VIII) Expected benefits and potential risks of capacity expansion, and response measures

The company has not expanded capacity in the most recent year and as of the publication date of the annual report.

(IX) Risks associated with over-concentration in purchases or sales, and response measures

There has been no over-concentration in purchases or sales in the most recent year and as of the publication date of the annual report.

(X) The effects and risks of large-scale share transfers or conversions by directors, supervisors, or major shareholders holding more than 10% of the Company's shares, and response measures

The number of shares held by the Company's Directors meets the regulations of the competent authority for the required shareholding ratio, and there has been no large transactions or conversion as of the publication date of the annual report.

(XI) The impact and risk of a change in ownership on the Company, and response measures

There has been no major change in the Company's Directors or risks of a change in ownership.

(XII) Response to litigation or non-litigation events: None.

(XIII) Other significant risks and response measures: None.

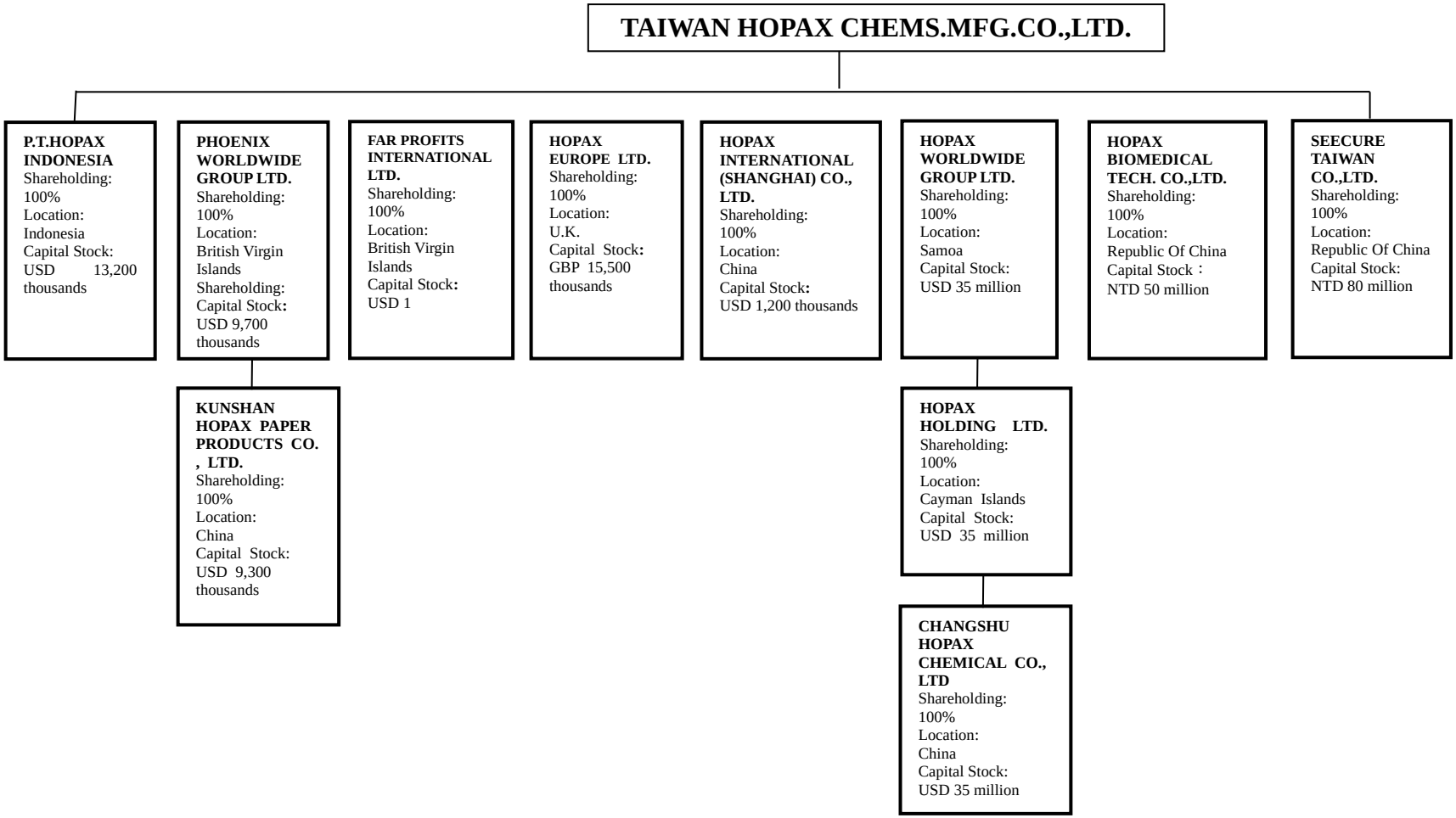
VII. Other Important Matters: None.

H. Special Disclosures

I. Information about affiliates

(I) Organization chart of affiliates

December 31, 2021



(II) Summary of Affiliated Companies

December 31, 2021

USD/NTD＝27.68；GBP/NTD＝37.30

Company	Date of Incorporation	Address	Capital Stock	Leader	President	Major Business Items	Major Activities
PT.Hopax Indonesia	1995/2	Ngoro Industrial Persada Block V-5,Ngoro,Majokerto,Jawa,Timur, Indonesia	USD 13,200 thousands	Tsung-Tien Kuo	Hong-Ming Tsai	Production and sales of chemical products for paper-making chemicals	Production and sales
Phoenix Worldwide Group Ltd.	1997/7	Clarence Thomas Building P.O. Box 4649,Road Town Tortola, Virgin Islands, British	USD 9,700 thousands	Tsung-Tien Kuo	Tsung-Tien Kuo	Investment	Investment
Far Profits International Ltd.	1999/2	Clarence Thomas Building P.O. Box 4649,Road Town Tortola, Virgin Islands, British	USD 1	Tsung-Tien Kuo	Tsung-Tien Kuo	Sales of chemical products	Sales
Hopax Europe Ltd.	1999/6	5 Aston House, Redburn Road, Westerhope, Newcast-upon-Tyne, Tyne & Wear, UK	GBP 1,550 thousands	Tsung-Tien Kuo	Tsung-Tien Kuo	Sales of office supplies	Sales
Kunshan HOPAX paper products Co., Ltd.	2000/1	No.525, QingYang N.Road, ZhouShi Town, KunShan City, JiangSu, China	USD 9,300 thousands	Chung-Sheng Cheng	Cheng-Chung Chang	Production, processing and sales of office supplies	Production and sales
Hopax international(Shanghai) Co., Ltd.	2003/9	B1, No. 76, ribin Road, China (Shanghai) pilot Free Trade Zone	USD 1,200 thousands	Mei-Lin Kuo	Mei-Lin Kuo	Sales of chemical products	Sales
Hopax Worldwide Group Ltd.	2004/12	Le Sanalele Complex, Ground Floor, Vaea Street, Saleufi, PO Box 1868, Apia, Samoa	USD 35 million	Tsung-Tien Kuo	Tsung-Tien Kuo	Investment	Investment
Hopax Holding Ltd.	2005/1	Suite 102, Cannon Place, North Sound Rd., George Town, Grand Cayman, KY1-9006, Cayman Islands	USD 35 million	Tsung-Tien Kuo	Tsung-Tien Kuo	Investment	Investment
Changshu Hopax Chemical Co.,Ltd	2005/2	No.108, ChangChun Rd., Riverside Industrial Park, ChangShu, JiangSu, China	USD 35 million	Shun-Min Chiu	Shun-Min Chiu	Production and sales of chemical products for pharmaceuticals, industrial applications, and paper-making chemicals	Production and sales
Hopax Biomedical Tech. Co., Ltd.	2008/10	No. 28, 30, Huadong Rd., Daliao Dist., Kaohsiung City, Taiwan (R.O.C.)	NTD 50 million	Tsung-Tien Kuo	Mei-San Kuo	Production and sales of general cleaning products	Production and sales
Seecure Taiwan Co., Ltd.	2009/10	4F., No. 28, Huadong Rd., Daliao Dist., Kaohsiung City, Taiwan (R.O.C.)	NTD 80 million	Tsung-Tien Kuo	Tsung-Tien Kuo	R&D and production of medical products and biotechnology	R&D

(III) Shareholders in common of TOPCO and Its subsidiaries with Deemed Control and Subordination: None.

(IV) Directors, Supervisors, and Presidents of Affiliated Companies：

December 31, 2021；
Unit: Share

Company	Title	Name	Shareholding	
			Shares	%
P.T.Hopax Indonesia	Director Supervisor President	Tsung-Tien Kuo(Rep: Taiwan Hopax) Kuo-Hsiung Yang(Rep: Taiwan Hopax) Hong-Ming Tsai	1,320,000	100
Phoenix Worldwide Group Ltd.	Director	Tsung-Tien Kuo(Rep: Taiwan Hopax)	9,700,000	100
Far Profits International Ltd.	Director	Tsung-Tien Kuo(Rep: Taiwan Hopax)	1	100
Hopax Europe Ltd.	Director Director	Tsung-Tien Kuo(Rep: Taiwan Hopax) Chung-Sheng Cheng(Rep: Taiwan Hopax)	1,550,000	100
Kunshan HOPAX paper products Co., Ltd.	Chairman Director Director Supervisor President	Chung-Sheng Cheng(Rep: Phoenix) Jane Her(Rep: Phoenix) Chin-Chung Tsai(Rep: Phoenix) Mei-Lin Kuo(Rep: Phoenix) Cheng-Chung Chang	Limited Company	100
Hopax international(Shanghai) Co., Ltd.	Director Supervisor	Mei-Lin Kuo(Rep: Taiwan Hopax) Chung-Sheng Cheng(Rep: Taiwan Hopax)	Limited Company	100
Hopax Worldwide Group Ltd.	Director Director	Tsung-Tien Kuo(Rep: Taiwan Hopax) Chung-Sheng Cheng(Rep: Taiwan Hopax)	35,000,000	100
Hopax Holding Ltd.	Director	Tsung-Tien Kuo(Rep: Hopax Worldwide Group)	35,000,000	100
Changshu Hopax Chemical Co.,Ltd	Chairman Director Director Director Supervisor President	Shun-Min Chiu(Rep: Hopax Holding) Shun-Min Chiu(Rep: Hopax Holding) Kuo-Hsiung Yang(Rep: Hopax Holding) Jane Her(Rep: Hopax Holding) Mei-Lin Kuo(Rep: Hopax Holding) Shun-Min Chiu	Limited Company	100
Hopax Biomedical Tech. Co., Ltd.	Chairman Director Director Supervisor President	Tsung-Tien Kuo(Rep: Taiwan Hopax) Mei-Lin Kuo (Rep: Taiwan Hopax) Jane Her(Rep: Taiwan Hopax) Chung-Sheng Cheng(Rep: Taiwan Hopax) Mei-San Kuo	5,000,000	100
Seecure Taiwan Co., Ltd.	Chairman Supervisor President	Tsung-Tien Kuo(Rep: Taiwan Hopax) Chung-Sheng Cheng(Rep: Taiwan Hopax) Tsung-Tien Kuo	8,000,000	100

(V) Financial position and financial performance of affiliates

December 31, 2021

Unit: NT$ thousand (unless otherwise specified)

Company name	Capital	Total assets	Total liabilities	Net worth	Operating revenues	Gains (Losses) from Operations	Net income (loss) for this period	Earnings (losses) per share (NTD)
Hopax Europe Ltd.	GBP 1,550 thousand	107,288	96,733	10,555	220,225	(7,719)	(8,947)	(5.77)
P.T. Hopax Indonesia	USD 13,200 thousand	351,455	118,002	233,453	641,201	75,185	56,742	42.99
Phoenix Worldwide Group Ltd.	USD 9,700 thousand	556,713	0	556,713	0	(117)	(2,248)	(0.23)
Far Profits International Ltd.	USD 1	4,362	0	4,362	40,539	686	609	609,000
Kunshan Hopax Paper Products Co., Ltd.	USD 9,300 thousand	731,649	175,505	556,144	669,440	2,070	(2,124)	NA
Hopax International (Shanghai) Co., Ltd.	USD 1,200 thousand	32,684	4,120	28,564	79,680	3,668	3,574	NA
Hopax Worldwide Group Ltd.	USD 35,000 thousand	1,542,405	0	1,542,405	0	0	111,680	3.19
Hopax Holding Ltd.	USD 35,000 thousand	1,540,405	0	1,540,405	0	0	111,680	3.19
Changshu Hopax Chemical Co., Ltd.	USD 35,000 thousand	2,259,317	716,936	1,542,381	1,396,332	145,415	111,680	NA
Hopax Biomedical Tech. Co., Ltd.	NTD 50,000 thousand	142,656	44,769	97,887	101,708	40,610	33,145	6.63
SeeCure Taiwan Co., Ltd.	NTD 80,000 thousand	31,793	5,629	26,164	21	(26,144)	(26,152)	(3.27)

(VI) Consolidated Financial Statements：Declaration of consolidated financial statements of affiliates please refer to page 230。

(VII) Affiliation Report: None.

II. Progress of Private Placement of Securities During the Last Year and Up to the Print Date of the Annual Report: None.

III. Holding or Disposal of the Company' s Shares by Subsidiaries in the Past Year and Up to the Print Date of the Annual Report: None.

IV. Other Supplemental Information (please disclose any pledged items for listing that have not yet been completed): None.

I. Any Incidents with Material Impact on Shareholder Equity or Security Price as Described Under Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act in the Last Year and Up to the Print Date for the Annual Report shall be specified separately below: None

Taiwan Hopax Chemicals Mfg. Co., Ltd.

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Taiwan Hopax Chemicals Mfg. Co., Ltd.

Opinion

We have audited the accompanying parent company only financial statements of Taiwan Hopax Chemicals Mfg. Co., Ltd. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2021 and 2020, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Occurrence of revenue

Gross profit margin of specific departments of the Company was relatively high, and under generally accepted auditing standards, revenue has a presumed risk of fraud. Therefore, we considered the occurrence of revenue as a key audit matter.

In response to the specific matter described above, we have carried out audit procedures, including:

1. We understood and tested internal controls related to the occurrence of recognized revenue.

2. We conducted a sampling inspection of operating revenue details including finished product shipping orders, customer name and amount on invoices, and other finished product shipping documentation, such as customs export declaration.

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

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

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

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chia-Ling Chiang and Kai-Ning Hsu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 22, 2022

Notice to Readers

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

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

Taiwan Hopax Chemicals Manufacturing Co., Ltd.

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

	December 31, 2021		December 31, 2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash (Note 6)	$ 88,986	2	$ 81,646	2
Financial assets at FVTPL - current (Notes 4, 7 and 28)	2,212	-	430	-
Financial assets at amortized cost - current (Notes 4 and 8)	-	-	16,195	-
Notes receivable (Notes 4, 5, 10 and 23)	11,145	-	9,719	-
Accounts receivable, net (Notes 4, 5, 10 and 23)	568,083	10	419,668	8
Accounts receivable - related parties (Notes 10, 23 and 29)	158,692	3	98,596	2
Other receivables (Note 10)	13,849	-	8,242	-
Other receivables - related parties (Notes 10 and 29)	17,518	-	11,430	-
Current tax assets (Notes 4 and 25)	-	-	7,609	-
Inventories (Notes 4, 5 and 11)	600,376	11	504,652	10
Prepayments	20,378	1	21,161	1
Other current assets	2,341	-	957	-
Total current assets	1,483,580	27	1,180,305	23
NONCURRENT ASSETS				
Financial assets at FVTOCI - noncurrent (Notes 4, 9 and 28)	22,337	-	37,813	1
Investments accounted for using the equity method (Notes 4 and 12)	2,457,329	44	2,368,789	45
Property, plant and equipment (Notes 4, 13, 30 and 31)	1,385,498	25	1,411,011	27
Right-of-use assets (Notes 4 and 14)	5,457	-	6,437	-
Investment properties (Notes 4 and 15)	8,975	-	9,284	-
Deferred tax assets (Notes 4 and 25)	145,775	3	142,102	3
Prepayments for equipment	57,495	1	56,537	1
Refundable deposits	2,387	-	2,357	-
Other noncurrent assets	15,653	-	18,539	-
Total noncurrent assets	4,100,906	73	4,052,869	77
TOTAL	$ 5,584,486	100	$ 5,233,174	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	$ 514,260	9	$ 765,846	15
Short-term bills payable (Note 16)	39,978	1	134,930	3
Financial liabilities at FVTPL - current (Notes 4, 7 and 28)	183	-	-	-
Contract liabilities (Notes 4 and 23)	25,957	1	16,054	-
Accounts payable (Note 18)	119,824	2	104,938	2
Accounts payable - related parties (Notes 18 and 29)	273,568	5	265,848	5
Other payables (Note 19)	186,089	3	162,833	3
Other payables - related parties (Note 29)	20,161	-	25,081	-
Current tax liabilities (Notes 4 and 25)	43,906	1	30,257	1
Lease liabilities - current (Notes 4 and 14)	1,733	-	2,908	-
Current portion of long-term borrowings (Notes 16 and 30)	109,624	2	207,091	4
Other current liabilities	3,144	-	2,499	-
Total current liabilities	1,338,427	24	1,718,285	33
NONCURRENT LIABILITIES				
Bonds payable (Note 17)	286,752	5	-	-
Long-term borrowings (Notes 16 and 30)	629,813	11	438,414	8
Provisions - noncurrent (Notes 4 and 20)	5,794	-	8,270	-
Deferred tax liabilities (Notes 4 and 25)	95,053	2	94,929	2
Lease liabilities - noncurrent (Notes 4 and 14)	3,770	-	3,563	-
Net defined benefit liabilities (Notes 4 and 21)	81,492	2	86,625	2
Guarantee deposits received	470	-	470	-
Investments accounted for using the equity method (Notes 4 and 12)	-	-	2,702	-
Total noncurrent liabilities	1,103,144	20	634,973	12
Total liabilities	2,441,571	44	2,353,258	45
EQUITY (Note 22)				
Ordinary shares	1,732,041	31	1,732,041	33
Capital surplus	615,528	11	574,956	11
Retained earnings				
Legal reserve	314,783	6	287,147	6
Special reserve	294,856	5	304,265	6
Unappropriated earnings	514,415	9	276,363	5
Total retained earnings	1,124,054	20	867,775	17
Other equity	(328,708)	(6)	(294,856)	(6)
Total equity	3,142,915	56	2,879,916	55
TOTAL	$ 5,584,486	100	$ 5,233,174	100

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

Taiwan Hopax Chemicals Manufacturing Co., Ltd.

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

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 23 and 29)	$ 3,134,184	100	$ 2,283,748	100
OPERATING COSTS (Notes 11, 20, 24 and 29)	2,350,231	75	1,772,055	77
GROSS PROFIT	783,953	25	511,693	23
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES (Notes 4 and 29)	1,217	-	990	-
REALIZED GROSS PROFIT	785,170	25	512,683	23
OPERATING EXPENSES (Notes 10, 21, 24 and 29)				
Selling and marketing	194,563	6	142,597	6
General and administrative	151,992	5	136,618	6
Research and development	128,855	4	103,589	5
Expected credit loss recognized	2,004	-	566	-
Total operating expenses	477,414	15	383,370	17
PROFIT FROM OPERATIONS	307,756	10	129,313	6
NON-OPERATING INCOME AND EXPENSES (Notes 24 and 29)				
Interest income	122	-	751	-
Other income	42,610	1	31,461	1
Other gains and losses	(5,560)	-	(375)	-
Finance costs	(15,802)	(1)	(16,605)	(1)
Share of profit or loss of subsidiaries	176,875	6	175,157	8
Total non-operating income and expenses	198,245	6	190,389	8
PROFIT BEFORE INCOME TAX	506,001	16	319,702	14
INCOME TAX EXPENSE (Notes 4 and 25)	77,195	2	35,409	2
NET PROFIT FOR THE YEAR	428,806	14	284,293	12

(Continued)

Taiwan Hopax Chemicals Manufacturing Co., Ltd.

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

	2021		2020	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 21, 22 and 25)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	$ (12,637)	-	$ 4,057	-
Unrealized loss on investments in equity instruments at FVTOCI	(15,090)	-	(5,761)	-
Share of the OCI of subsidiaries accounted for using the equity method	7,446	-	3,832	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	5,545	-	762	-
	(14,736)	-	2,890	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(7,911)	-	(23,691)	(1)
Share of the OCI of subsidiaries accounted for using the equity method	(15,138)	(1)	33,953	2
Income tax relating to items that may be reclassified subsequently to profit or loss	4,610	-	(2,052)	-
	(18,439)	(1)	8,210	1
Other comprehensive income (loss) for the year, net of income tax	(33,175)	(1)	11,100	1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 395,631	13	$ 295,393	13
EARNINGS PER SHARE (Note 26)				
Basic	$ 2.48		$ 1.63	
Diluted	$ 2.47		$ 1.63	

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

Taiwan Hopax Chemicals Manufacturing Co., Ltd.

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

						Other Equity				
			Retained Earnings							
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operation	Unrealized Loss on Financial Assets at FVTOCI	Total	Treasury Stock	Total Equity
BALANCE AT JANUARY 1, 2020	$ 1,761,331	$ 587,435	$ 266,484	$ 239,664	$ 206,628	$ (292,722)	$ (11,544)	$ (304,266)	$ -	$ 2,757,276
Appropriation of 2019 earnings (Note 22)										
Legal reserve	-	-	20,663	-	(20,663)	-	-	-	-	-
Special reserve	-	-	-	64,601	(64,601)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(119,771)	-	-	-	-	(119,771)
	-	-	20,663	64,601	(205,035)	-	-	-	-	(119,771)
Issuance of share dividends from capital surplus (Note 22)	-	(3,523)	-	-	-	-	-	-	-	(3,523)
Net profit for the year ended December 31, 2020	-	-	-	-	284,293	-	-	-	-	284,293
Other comprehensive loss for the year ended December 31, 2020, net of income tax	-	-	-	-	1,690	8,210	1,200	9,410	-	11,100
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	285,983	8,210	1,200	9,410	-	295,393
Treasury shares (Note 22)	-	-	-	-	-	-	-	-	(49,459)	(49,459)
Cancelation of treasury shares (Note 22)	(29,290)	(8,956)	-	-	(11,213)	-	-	-	49,459	-
BALANCE AT DECEMBER 31, 2020	1,732,041	574,956	287,147	304,265	276,363	(284,512)	(10,344)	(294,856)	-	2,879,916
Appropriation of 2020 earnings (Note 22)										
Legal reserve	-	-	27,636	-	(27,636)	-	-	-	-	-
Special reserve	-	-	-	(9,409)	9,409	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(173,204)	-	-	-	-	(173,204)
	-	-	27,636	(9,409)	(191,431)	-	-	-	-	(173,204)
Equity component of convertible bonds issued by the Company (Note 17)	-	40,572	-	-	-	-	-	-	-	40,572
Net profit for the year ended December 31, 2021	-	-	-	-	428,806	-	-	-	-	428,806
Other comprehensive loss for the year ended December 31, 2021, net of income tax	-	-	-	-	677	(18,439)	(15,413)	(33,852)	-	(33,175)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	429,483	(18,439)	(15,413)	(33,852)	-	395,631
BALANCE AT DECEMBER 31, 2021	$ 1,732,041	$ 615,528	$ 314,783	$ 294,856	$ 514,415	$ (302,951)	$ (25,757)	$ (328,708)	$ -	$ 3,142,915

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

Taiwan Hopax Chemicals Manufacturing Co., Ltd.

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

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 506,001	$ 319,702
Adjustments for:		
Depreciation expense	118,576	108,920
Amortization expense	4,409	2,672
Expected credit loss recognized	2,004	566
Net gain on FV changes of financial assets and liabilities at FVTPL	(4,640)	(1,130)
Finance costs	15,802	16,605
Interest income	(122)	(751)
Share of profit of subsidiaries	(176,875)	(175,157)
Gain on disposal of property, plant and equipment, net	(947)	(1,504)
Write-down (reversal of write-down) of inventories	(3,171)	8,061
Realized gain on transactions with subsidiaries	(1,217)	(990)
Other non-cash items	(3,976)	(481)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at FVTPL	6,865	1,213
Notes receivable	(1,426)	(608)
Accounts receivable	(150,419)	7,956
Accounts receivable - related parties	(60,096)	2,035
Other receivables	(5,607)	1,121
Other receivables - related parties	6,474	(2,345)
Inventories	(92,553)	(93,522)
Prepayments	783	(224)
Other current assets	(1,384)	772
Financial liabilities held for trading	(2,644)	-
Contract liabilities	9,903	4,958
Accounts payable	14,886	(21,064)
Accounts payable - related parties	7,720	69,767
Other payables	25,885	20,500
Other current liabilities	645	101
Net defined benefit liabilities	(17,770)	(5,322)
Cash generated from operations	197,106	261,851
Interest received	105	751
Interest paid	(15,615)	(17,516)
Income tax paid	(49,331)	(9,464)
Net cash generated from operating activities	132,265	235,622
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from capital reduction of financial assets at FVTOCI	386	218
Decrease in financial assets at amortized cost	16,195	85,154
Acquisition of investments accounted for using the equity method	(30,000)	(20,000)
Payments for property, plant and equipment	(95,187)	(191,452)
Proceeds from disposal of property, plant and equipment	1,924	47
Increase in other receivables - related parties	(12,545)	-

(Continued)

Taiwan Hopax Chemicals Manufacturing Co., Ltd.

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

	2021	2020
Increase in refundable deposits	$ (30)	$ (300)
Increase in other noncurrent assets	(1,523)	(5,749)
Dividend received from subsidiaries	104,765	72,539
Net cash used in investing activities	(16,015)	(59,543)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(251,586)	(94,154)
Decrease in short-term bills payable	(95,000)	-
Increase in short-term bills payable	-	10,000
Proceeds from issuance of convertible bonds	325,365	-
Increase in long-term borrowings	609,605	675,555
Repayment of long-term borrowings	(515,673)	(637,895)
Increase in guarantee deposits received	-	140
Increase (decrease) in other payables - related parties	(5,036)	25,074
Repayment of the principal portion of lease liabilities	(3,381)	(3,547)
Distribution of cash dividends	(173,204)	(123,294)
Payments for buy-back of treasury stocks	-	(49,459)
Net cash used in financing activities	(108,910)	(197,580)
NET INCRESE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,340	(21,501)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	81,646	103,147
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 88,986	$ 81,646

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

1. GENERAL INFORMATION

Taiwan Hopax Chemicals Mfg. Co., Ltd. (the "Company") was incorporated in 1975 under the laws of the Republic of China (ROC). The Company mainly manufactures, processes and sells the following products: chemical raw materials for pharmaceutical, industrial and paper making and office stationery.

The Company's shares have been listed on the Taipei Exchange (TPEx) Mainboard since April 2004.

The parent company only financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved and authorized for issue by the Company's board of directors on March 22, 2022.

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

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

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Company's accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 2)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 3)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

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

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

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

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17-Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

Except for financial instruments measured at fair value and net defined benefit liability recognized at the amount of defined benefit liabilities less fair value of assets of the defined benefit plans, these parent company only financial statements have been prepared based on historical cost. Fair value measurement can be divided into levels 1 to 3 based on the observability and importance of input values:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

3) Level 3 inputs are unobservable inputs on an asset or liability.

The Company used the equity method for subsidiaries when preparing the parent company only financial statements. For profit/loss, other comprehensive income, and equity in the current year in the standalone financial statements to match the profit/loss, other comprehensive income, and equity attributable to owners of the Company in the consolidated financial statements, investments recognized under the equity method, share of profits/losses of subsidiaries under the equity method, share of other comprehensive income of subsidiaries under the equity method, and related equity items were adjusted in the parent company only financial statements.

c. Classification of current and noncurrent assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the parent company only financial statements are authorized for issue; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as noncurrent.

d. Foreign currencies

Transactions denominated in currencies other than the functional currency (i.e., foreign currencies) are recorded after conversion into the functional currency using the exchange rate on the transaction date.

Foreign currency-denominated monetary items are converted by using the closing rate on each balance sheet date. The currency translation difference resulting from settlement or conversion of monetary items is recognized as income or loss in the current period.

Foreign currency-denominated non-monetary items carried at fair value are converted at exchange rates on the date of fair value measurement. Currency translation differences are also recognized in current profit or loss; for items that have fair value changes recognized in other comprehensive income, currency translation differences are recognized in other comprehensive income.

Foreign currency-denominated non-monetary items carried at historical costs are converted on the transaction date and are not re-converted.

When preparing the parent company only financial statements, assets and liabilities of overseas operations (including foreign operations and subsidiaries that use currencies other than the NTD) are converted to NTD using the exchange rate on each balance sheet date. Revenues and expenses/losses are converted using average exchange rate of the current period, with currency translation differences recognized in other comprehensive income.

e. Inventories

Inventories include raw materials, other materials, work in process, and finished goods. Inventories are measured at cost or net realizable value, whichever is lower. Unless the inventories are in the same category, the cost and net realizable value are compared for each individual item. Net realizable value is the estimated selling price under normal circumstances, less the estimated cost of completion and expenses for selling. Inventories are recorded at the weighted-average cost.

f. Investments in subsidiaries

The Company accounts for investments in subsidiaries using the equity method. A subsidiary refers to an entity in which the Company exercises control.

Under the equity method, investments are originally recognized at cost, and then its book value increases or decreases along with the Company's share of profits, losses and other comprehensive income of subsidiaries and profit distribution. Furthermore, changes to other equity interests of subsidiaries are recognized according to the Company's shareholding ratio.

Changes in the Company's ownership interest in a subsidiary that do not result in the loss of control over the subsidiary are regarded as equity transactions. The difference between the book value of investments and the fair value of the consideration paid or received is directly recognized in equity.

When the Company’s share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company’s net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Unrealized gains from downstream transactions between the Company and subsidiaries are eliminated from the standalone financial statements. Gains/losses arising from upstream transactions between the Company and subsidiaries and transactions among subsidiaries are not in the scope of control exercised by the Company over subsidiaries, and thus recognized in the parent company only financial statements.

g. Property, plant and equipment

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

Depreciation is separately recognized for each major part of property, plant and equipment on a straight line basis over its useful life. The Company reviews methods for estimating useful life, residual value, and depreciation at least on the last day of each year; the effect of any changes is recognized prospectively as a change in accounting estimates.

When derecognizing property, plant and equipment, the difference between net disposal proceeds and the book value is recognized as gains or losses.

h. Investment properties

Investment properties are properties held for rental income or capital gain, or both.

Self-owned investment property is initially measured at cost (including transaction cost), and is subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

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

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

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

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

j. Financial instruments

When the Company is a party to the contract, financial assets and financial liabilities are recognized in the parent company only balance sheet.

If financial assets and financial liabilities being recognized for the first time are not measured at fair value through profit or loss, then they are measured at fair value plus transaction costs that can be directly attributed to the acquisition or issuance of financial assets or financial liabilities. Transaction costs that cannot be directly attributed to the acquisition or issuance of financial assets or financial liabilities are immediately recognized as profit or loss.

1) Financial assets

Regular transactions of financial assets are recognized and derecognized using transaction date accounting.

a) Type of measurement

Financial assets held by the Company include financial assets at fair value through profit or loss, financial assets at amortized cost, and equity instruments measured at fair value through other comprehensive income.

i. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets designated as measured at fair value through profit or loss.

Financial assets mandatorily classified as at FVTPL include investments in derivative financial instruments which is not under hedge accounting.

For financial assets at fair value through profit or loss, any profit or loss from the remeasurement of fair value is listed in income. Fair value is determined in the manner described in Note 28

ii Financial assets at amortized cost

Financial assets that the Company invests in are classified as financial assets at amortized cost if they meet both of the conditions as below:

i) Held under a business model that aims to collect cash flow from the financial asset; and

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

Financial assets at amortized cost (including cash, notes and accounts receivable at amortized cost, other receivables, and refundable deposits) are measured using the effective interest rate method less any impairment loss. Any foreign exchange gains/losses are recognized in profit and loss.

Financial assets are considered credit-impaired when the debtor has encountered major financial difficulties, defaulted, most likely to declare bankruptcy or other financial restructuring, or an active market for the financial asset has disappeared due to financial difficulties.

iii. Investments in equity instruments measured at fair value through other comprehensive income

The Company could make an irreversible decision during initial recognition to measure equity instruments, which are not held for trading and not recognized from mergers and acquisitions, as at fair value through other comprehensive income.

Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value, and subsequent changes to fair value are listed in other comprehensive income and accumulated in other equity. When disposing of investments, accumulated gains are directly transferred to retained earnings and not reclassified as income. Dividends from equity instruments measured at fair value through other comprehensive income are recognized in income when the Company has the right to receive the dividends, unless the dividends clearly represent the recovery of investment costs.

b) Impairment of financial assets

The Company evaluates the impairment loss of financial assets at amortized cost (including accounts receivable) using ECL on each balance sheet date.

A loss provision is recognized for lifetime ECL for accounts receivable. For other financial assets, whether or not credit risk has significantly increased after the financial asset was recognized is first evaluated. If it has not significantly increased, then a loss provision is recognized for 12-month ECL. If it has significantly increased, then a loss provision is recognized for lifetime ECL.

ECL is the weighted average credit loss using the risk of default as weights. 12-month ECL is the ECL from potential default on the financial instrument within 12 months after the reporting date. Lifetime ECL is the ECL from potential default during the expected lifetime of the financial instrument.

For the purpose of internal credit risk management, the Company may deem a financial asset to be in default in the event of any one of the following situations without considering collateral:

i. There is internal or external information showing that the debtor is no longer able to repay its debts.

ii More than 360 days overdue, unless there is reasonable information with evidence supporting an extension of the deadline for determining default.

The impairment loss on all financial assets is recognized as a loss allowance deducted from the book value of the asset.

c) Derecognition of financial assets

The Company derecognizes financial assets when the contractual rights to the cash inflow from the financial asset are terminated or when the Company transfers the financial assets with substantially all the risks and rewards of ownership to other enterprises.

When derecognizing a financial asset at amortized cost, the difference between book value and consideration received is recognized in gains or losses. When derecognizing investments in equity instruments at fair value through other comprehensive income, accumulated gains is directly transferred to retained earnings and not reclassified as income.

2) Equity instruments

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

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company’s own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company’s own equity instruments.

3) Financial liabilities

a) Subsequent measurement

The financial liabilities held by the Company are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

When a financial liability is derecognized, any difference between its carrying amount and the paid consideration (including any transferred non cash assets or liabilities assumed) is recognized in income or loss.

4) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

5) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts.

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

k. Revenue recognition

1) Income from sale of merchandise

For contracts where the period between the date on which the Company transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one

year or less, the Company does not adjust the promised amount of consideration for the effects of a significant financing component.

Revenue from the sale of goods comes from sales of chemical products and stationery supplies. According to the contract, when products is shipped or is delivered to customers, customers have the right to set prices and use the products, and bear the responsibility of resales and risk of products becoming obsolete. The Company recognizes accounts receivable upon delivery. Unearned revenues from sale of goods is recognized as contract liabilities.

2) Royalty revenue

Royalty revenue comes from technology patents provided to a subsidiary; it is recognized when the economic benefits related to the transaction are likely to flow into the Company and the amount of the revenue can be reliably measured.

l. Leases

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

When the Company is as a lessee, the Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for the short-term leases and low-value asset leases that apply recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

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

Depreciation of right-of-use assets is recognized on a straight-line basis from the start date of the lease until the expiry of its useful life or lease tenor, whichever is earlier.

Lease liabilities are initially measured at the present value of lease payments, which comprise fixed payments, variable lease payments which depend on an index or a rate. If the interest rate implicit in a lease is easy to determine, then lease payments will be discounted using the interest rate. If the interest rate is not easy to determine, then the lessee's incremental borrowing rate of interest is used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the standalone balance sheet.

m. Borrowing costs

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

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

n. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

Net defined benefit liabilities represent the actual deficit in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans. Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

o. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Key Sources of Estimation Uncertainty

a. Estimated impairment of financial assets

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

b. Inventory impairment

Net realizable value of inventory is the estimated selling price during normal business operations, less the estimated cost of completion and selling expenses. The estimates are made based on the current market situation and previous sales experience of similar products. Changes in the market situation may have a material impact on the estimates.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	2020
Cash on hand	$ 369	$ 241
Demand deposits	87,619	78,900
Checking accounts	998	2,505
	$ 88,986	$ 81,646

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

	December 31	
	2021	2020
Financial assets at fair value through profit or loss		
Derivatives (not designated for hedge accounting)		
Foreign exchange (FX) swaps	$ 1,192	$ 430
Convertible options (Note 17)	1,020	-
	$ 2,212	$ 430
Financial liabilities at fair value through profit or loss		
Derivatives (not designated for hedge accounting)		
Foreign exchange (FX) swaps	$ 183	$ -

FX swaps that did not use hedge accounting and have not matured as of the balance sheet date are as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
December 31, 2021			
Foreign exchange (FX)	USD to NTD	2022.01-2022.02	USD3,835/NTD106,465
Foreign exchange (FX)	EUR to NTD	2022.01-2022.06	EUR1,611/NTD51,200
Foreign exchange (FX)	GBP to NTD	2022.01-2022.05	GBP162/NTD6,085
December 31, 2020			
Foreign exchange (FX)	USD to NTD	2021.01-2021.02	USD2,005/NTD56,963
Foreign exchange (FX)	EUR to NTD	2021.01-2021.02	EUR285/NTD9,664

The Company mainly engages in FX options and swaps to avoid the risk of exchange rate fluctuations of foreign currency-denominated assets and liabilities. As the conditions for effective hedging are not met, hedge accounting is not applicable.

8. FINANCIAL ASSETS AT AMORTIZED COST - CURRENT

	December 31	
	2021	2020
Financial assets at amortized cost - current	$ -	$ 16,195

The Company transacted with a variety of financial institutions with sound credit ratings to disperse credit risks hence there was no expected credit loss.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

	December 31	
	2021	2020
Investments in equity instruments at FVTOCI		
Domestic unlisted shares	$ 27	$ 399
Overseas unlisted shares	22,310	37,414
	$ 22,337	$ 37,813

10. NOTES, ACCOUNTS AND OTHER RECEIVABLE, NET

	December 31	
	2021	2020
Notes receivable - operating		
Measured at amortized cost		
Total book value	$ 11,145	$ 9,719
Accounts receivable (including related parties)		
At amortized cost		
Measured at amortized cost		
Total book value	$ 733,951	$ 523,573
Less: Allowance for impairment loss	7,176	5,309
	$ 726,775	$ 518,264
Other receivables (including related parties)		
Loans to related parties	$ 12,545	$ -
Business tax refund receivable	12,407	7,839
Equipment receivable	-	4,211
Other	6,415	7,622
	$ 31,367	$ 19,672

The Company's average credit period for sale of goods is open account 30-180 days. Designated personnel of the Company are responsible for deciding the credit limit, approval, and other monitoring procedures to mitigate credit risk and ensure that appropriate action has been taken to recover overdue receivables. Furthermore, the Company will verify the recoverable amount of all receivables on the balance sheet date to

ensure that unrecoverable receivables properly listed impairment losses. On this basis, management of the Company believes that its credit risk has decreased significantly.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at each balance sheet date. As the Company's historical credit loss experience shows significantly different loss patterns for different customer segments, the provision matrix for expected credit loss allowance based on trade receivables due status is further distinguished according to the Company's different customer base.

There were no notes receivable that were past due or impaired at the end of the reporting year.

The following table details the loss allowance of accounts receivable based on the Company's provision matrix.

a. December 31, 2021

	Not Past Due	Past Due 1 to 90 Days	Past Due 91 to 180 Days	Past Due 181 to 270 Days	Past Due 271 to 365 Days	Past Due Over 365 Days	Total
Gross carrying amount	$ 682,354	$ 43,714	$ 1,063	$ 1,333	$ 1,563	$ 3,924	$ 733,951
Loss allowance (Lifetime ECL)	(957)	(669)	(183)	(572)	(1,366)	(3,429)	(7,176)
Amortized cost	$ 681,397	$ 43,045	$ 880	$ 761	$ 197	$ 495	$ 726,775

b. December 31, 2020

	Not Past Due	Past Due 1 to 90 Days	Past Due 91 to 120 Days	Past Due 121 to 180 Days	Past Due 181 to 270 Days	Past Due 271 to 365 Days	Past Due Over 365 Days	Total
Gross carrying amount	$ 498,697	$ 18,295	$ 264	$ 71	$ 944	$ 1,182	$ 4,120	$ 523,573
Loss allowance (Lifetime ECL)	(404)	(91)	(5)	(4)	(94)	(591)	(4,120)	(5,309)
Amortized cost	$ 498,293	$ 18,204	$ 259	$ 67	$ 850	$ 591	$ -	$ 518,264

The movements of the loss allowance of accounts receivable were as follows:

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 5,309	$ 4,743
Loss allowance recognized	2,004	566
Loss allowance write-off	(137)	-
Balance at December 31	$ 7,176	$ 5,309

11. INVENTORIES

	December 31	
	2021	2020
Finished goods	$ 267,433	$ 277,421
Work-in-process	73,885	63,858
Raw materials	259,058	163,373
	$ 600,376	$ 504,652

The cost of inventories recognized as costs of goods sold was $2,350,231 thousand and $1,772,055 thousand for the years ended December 31, 2021 and 2020, respectively, which included the following items:

	For the Year Ended December 31	
	2021	2020
Write-downs (reversal of write-downs)	$ (3,171)	$ 8,061

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31, 2021		December 31, 2020	
Subsidiary	Amount	Percentage of Ownership (%)	Amount	Percentage of Ownership (%)
P.T. Hopax Indonesia (P.T. Hopax)	$ 217,137	100	$ 253,951	100
Phoenix Worldwide Group Ltd. (Phoenix)	559,744	100	561,605	100
Hopax Worldwide Group Limited (Hopax Worldwide)	1,531,691	100	1,428,764	100
Far Profits International Limited (Far Profits)	4,362	100	(2,702)	100
Hopax International (Shanghai) Co., Ltd.	27,741	100	23,925	100
Hopax Europe Limited (Hopax Europe)	4,605	100	13,289	100
Hopax Bio-medical Co., Ltd. (Bio-medical)	97,886	100	78,440	100
Seecure Taiwan Co., Ltd. (Seecure)	14,163	100	8,815	100
	2,457,329		2,366,087	
Add: Investments accounted for using the equity method	-		2,702	
	$ 2,457,329		$ 2,368,789	

See Table 6 and Table 7 for a brief description of investee companies.

Seecure reduced its capital in 2020 to make up for the losses of $40,000 thousand. The Company subsequently increased its investment in Seecure by $30,000 thousand and $20,000 thousand in 2021 and 2020, respectively. As of December 31, 2021, the cumulative investment amount was $80,000 thousand.

13. PROPERTY, PLANT AND EQUIPMENT

a. Movements of cost and accumulated depreciation were as follows:

For the year ended December 31, 2021

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Others	Total
Cost						
Balance at January 1, 2021	$ 685,029	$ 614,121	$ 1,117,829	$ 19,742	$ 608,059	$ 3,044,780
Additions	-	5,543	58,186	834	27,793	92,356

(Continued)

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Others	Total
Disposals	$ -	$ (2,690)	$ (41,913)	$ (243)	$ (18,329)	$ (63,175)
Balance at December 31, 2021	$ 685,029	$ 616,974	$ 1,134,102	$ 20,333	$ 617,523	$ 3,073,961
Accumulated depreciation						
Balance at January 1, 2021	$ -	$ 303,720	$ 826,837	$ 18,617	$ 484,595	$ 1,633,769
Depreciation expense	-	22,691	56,438	521	35,224	114,874
Disposals	-	(1,544)	(40,290)	(243)	(18,103)	(60,180)
Balance at December 31, 2021	$ -	$ 324,867	$ 842,985	$ 18,895	$ 501,716	$ 1,688,463
Carrying amounts at December 31, 2021	$ 685,029	$ 292,107	$ 291,117	$ 1,438	$ 115,807	$ 1,385,498

(Concluded)

For the year ended December 31, 2020

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Others	Total
Cost						
Balance at January 1, 2020	$ 685,029	$ 598,985	$ 1,018,549	$ 19,722	$ 573,400	$ 2,895,685
Additions	-	15,629	130,920	99	44,852	191,500
Disposals	-	(493)	(31,640)	(79)	(10,193)	(42,405)
Balance at December 31, 2020	$ 685,029	$ 614,121	$ 1,117,829	$ 19,742	$ 608,059	$ 3,044,780
Accumulated depreciation						
Balance at January 1, 2020	$ -	$ 281,936	$ 804,707	$ 18,172	$ 461,229	$ 1,566,044
Depreciation expense	-	22,090	49,264	524	33,168	105,046
Disposals	-	(306)	(27,134)	(79)	(9,802)	(37,321)
Balance at December 31, 2020	$ -	$ 303,720	$ 826,837	$ 18,617	$ 484,595	$ 1,633,769
Carrying amounts at December 31, 2020	$ 685,029	$ 310,401	$ 290,992	$ 1,125	$ 123,464	$ 1,411,011

b. The increase in property, plant and equipment and adjustments to payment amounts on the cash flow statement were as follows:

	For the Year Ended December 31	
	2021	2020
Investing activities that affect both cash and non-cash items		
Increase in property, plant and equipment	$ 92,356	$ 191,500
Capitalized interest	(342)	(853)
Increase (decrease) in advance payment for equipment	958	(2,657)
Decrease in payables on equipment	2,215	3,462
Payment in cash for the acquisition of property, plant and equipment	$ 95,187	$ 191,452

c. Estimated useful lives

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

Buildings	
Main building of the office	25-50 years
Main building of the production plant	25-35 years
Warehouse, waste disposal and other buildings	5-20 years
Pipeline configuration and decoration	8-20 years
Machinery and equipment	
Main equipment of production	10-34 years
Main equipment system and accessory equipment	5-15 years

(Continued)

Transportation equipment	5-25 years
Others	
Main water supply equipment	15-25 years
Water supply system and accessory facilities	5-15 years
Power engineering and related system settings	5-26 years
Tools and equipment	5-30 years
Other	3-20 years
	(Concluded)

Refer to Note 30 for property, plant and equipment pledged by the Company as collateral for loans.

Refer to Note 24 for capitalized interest.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	**2020**
Carrying amount		
Buildings	$ -	$ 1,655
Transportation equipment	5,457	4,782
	$ 5,457	$ 6,437

	For the Year Ended December 31	
	2021	**2020**
Addition to right-of-use assets	$ 2,413	$ 6,549
Depreciation charge for right-of-use assets		
Buildings	$ 1,655	$ 1,655
Transportation equipment	1,738	1,910
	$ 3,393	$ 3,565

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

b. Lease liabilities

	December 31	
	2021	**2020**
Carrying amount		
Current	$ 1,733	$ 2,908
Noncurrent	$ 3,770	$ 3,563
Range of discount rate for lease liabilities (%)		
Buildings	1.42	1.42
Transportation equipment	1.06-1.36	1.07-1.36

c. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	$ 2,835	$ 2,408
Total cash outflow for leases	$ 6,303	$ 6,036

Operating lease: See Note 15 for details.

Refer to Note 15 for the agreement of the Company on the lease of investment property under operating lease

15. INVESTMENT PROPERTIES

For the year ended December 31, 2021

	Land	Buildings and Accessory Equipment	Total
Cost			
Balance at December 31, 2021	$ 7,454	$ 10,329	$ 17,783
Accumulated depreciation			
Balance at January 1, 2021	$ -	$ 8,499	$ 8,499
Depreciation expense	-	309	309
Balance at December 31, 2021	$ -	$ 8,808	$ 8,808
Carrying amounts at December 31, 2021	$ 7,454	$ 1,521	$ 8,975

For the year ended December 31, 2020

	Land	Buildings and Accessory Equipment	Total
Cost			
Balance at December 31, 2020	$ 7,454	$ 10,329	$ 17,783
Accumulated depreciation			
Balance at January 1, 2020	$ -	$ 8,190	$ 8,190
Depreciation expense	-	309	309
Balance at December 31, 2020	$ -	$ 8,499	$ 8,499
Carrying amounts at December 31, 2020	$ 7,454	$ 1,830	$ 9,284

The Company is the lessor of property leased to unrelated parties, and recognized rental revenue of $2,094 thousand and $1,642 thousand in 2021 and 2020, respectively.

Lease commitments with lease terms commencing after the balance sheet dates are as follows:

	December 31	
	2021	**2020**
1 year	$ 2,094	$ 2,094
1 year to 5 year	1,153	3,247
	$ 3,247	$ 5,341

Depreciation of investment properties - building is recognized using the straight - line method in 25 years.

The determination of fair value was not performed by independent qualified professional values. The management of the Company used the valuation model that market participants would use in determining the fair value and the fair value was measured using Level 3 inputs. In 2021 and 2020, the fair value of the investment properties was $46,876 thousand and $42,188 thousand, respectively.

16. BORROWINGS

a. Short-term borrowings

	December 31	
	2021	**2020**
Unsecured loans		
Credit loans	$ 514,260	$ 765,846

The annual interest rates of short-term borrowings were 0.75%-1.20% and 0.77%-1.20% at December 31, 2021 and 2020, respectively.

b. Short-term bills payable

	December 31	
	2021	**2020**
Commercial paper payable	$ 40,000	$ 135,000
Discount of short-term bills payable	22	70
	$ 39,978	$ 134,930
Interest rates (%)	0.948	0.958

The commercial papers are guaranteed acceptance by China Bills Finance Corporation and Dah Chung Bills Finance Corporation.

c. Long-term borrowings

	December 31	
	2021	**2020**
Secured loans (Note 30)		
Bank borrowings - maturity before April 2026	$ 610,000	$ 194,445

(Continued)

	December 31	
	2021	2020
Unsecured loans		
Bank borrowings - maturity before August 2023	$ 129,437	$ 451,060
	739,437	645,505
Less: Current portion	109,624	207,091
	$ 629,813	$ 438,414
Annual interest rates (%)	0.69-1.1	0.82-1.38

(Concluded)

17. BONDS PAYABLE - December 31, 2021

	Amount
5th domestic unsecured convertible bonds	$ 300,000
Less: Discount on bonds payable	(13,248)
	$ 286,752

In October 2021, the Company issued its 5th domestic three-year unsecured zero-coupon convertible bonds with an aggregate principal amount of $330,365 thousand (110.12% of the face value) and a par value of $100 thousand per bond certificate.

Bondholders are entitled to convert bonds into the Company's common stock at price per share from three months after the date of issue to the maturity date, except for the period of suspension of transfer stipulated by legal order or conversion measures. The conversion price was set at $55.9 per share, and the subsequent conversion price will be adjusted in accordance with the provisions of the issuance measures in case of ex-rights or ex-dividends in the issuance measures

If the closing price of the Company's common stock is at least 30% of the conversion price then in effect for 30 consecutive trading days or the aggregate outstanding balance of bonds payable is less than 10% of the original issuance amount, the Company has the right to redeem the outstanding bonds payable at par value in cash during the period from three months after the issuance date to the date 40 days prior to the maturity date.

Under the terms of the convertible bonds, the bondholders have the right to require the Company to redeem any bonds in cash at face value of the convertible bonds after two years from the issuance date.

The amount of the face value of the convertible bonds has to be fully paid off in cash at maturity by the Company.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options; the effective interest rate of the equity and liability component was 1.60% per annum on initial recognition.

	December 31, 2021
Proceeds from issuance (less transaction costs of $5,000 thousand)	$ 325,365
Redemption of option	1,180

(Continued)

	December 31, 2021
Equity component (less transaction costs of $153 thousand)	$ (40,572)
Liability component at the date of issue (less transaction costs of $4,847 thousand)	285,973
Interest charged at an effective interest rate	779
	$ 286,752

(Concluded)

18. ACCOUNTS PAYABLE

Accounts payable and accounts payable - related parties are all due to business activities. The credit period is 3 months. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. No interest was charged on the outstanding accounts payable.

19. OTHER PAYABLES - NON-RELATED PARTIES

	December 31	
	2021	2020
Wages and salaries payable	$ 61,179	$ 49,832
Payable on equipment	24,373	26,588
Compensated absences	14,145	12,726
Payable for compensation of employees and remuneration of directors (Note 24)	22,234	14,740
Payable for repair and maintenance fees	8,934	8,452
Payable for consumable fees	7,198	8,147
Payable for insurance and welfare expenses	7,348	6,085
Others	40,678	36,263
	$ 186,089	$ 162,833

20. PROVISIONS - NONCURRENT

Provisions are made for long-term pension and welfare liabilities for employees, and the movements were as follows:

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 8,270	$ 7,422
Provision recognized (reversal)	(2,476)	848
Balance at December 31	$ 5,794	$ 8,270

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company has a defined contribution plan managed by the government according to the Labor Pension Act, and contributes 6% of employees' monthly salaries to their individual pension account at the Bureau of Labor Insurance.

b. Defined benefit plans

The pension system implemented by the Company according to the Labor Standards Act of the ROC is a defined benefit plan managed by the government. Payment of employee pensions is calculated based on the employee's years of service and 6-month average wage before the approved date of retirement. The Company makes monthly contributions equal to 5% of employees' monthly salaries and wages to the pension fund, which is then deposited into to a dedicated account at the Bank of Taiwan under the name of the Supervisory Committee of Workers' Retirement Reserve Fund. The Company also makes monthly contributions equal to 8% of manager's monthly salaries and wages to the manager pension fund, which is then deposited into to a dedicated account at the Bank of Taiwan under the name of the Supervisory Committee of Workers' Retirement Reserve Fund. Before the end of each year, if the balance in the dedicated account is insufficient to pay the retirement benefits of employees who are eligible for retirement in the following year, the deficit will be funded in one appropriation before the end of March in the following year. The dedicated account is managed by the Bureau of Labor Funds, Ministry of Labor. The Company does not have any right to influence its investment management strategy.

The amounts included in the parent company only balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2021	**2020**
Present value of defined benefit obligation	$ 229,323	$ 221,851
Fair value of plan assets	(147,831)	(135,226)
Net defined benefit liabilities	$ 81,492	$ 86,625

Movements in net defined benefit liabilities were as follow:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liabilities**
Balance at January 1, 2020	$ 224,223	$ (128,219)	$ 96,004
Service cost			
Current service cost	3,164	-	3,164
Net interest expense (income)	1,682	(970)	712
Recognized in profit or loss	4,846	(970)	3,876
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,117)	(4,117)
Actuarial loss - changes in demographic assumptions	1,682	-	1,682

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Actuarial loss - changes in financial assumptions	$ 5,932	$ -	$ 5,932
Actuarial gain - experience adjustments	(7,554)	-	(7,554)
Recognized in other comprehensive income	60	(4,117)	(4,057)
Benefit payments	(5,988)	5,988	-
Paid by the Company	(1,290)	-	(1,290)
Employer contributions	-	(7,908)	(7,908)
Balance at December 31, 2020	221,851	(135,226)	86,625
Service cost			
Current service cost	2,493	-	2,493
Net interest expense (income)	1,109	(682)	427
Recognized in profit or loss	3,602	(682)	2,920
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,723)	(1,723)
Actuarial loss - changes in demographic assumptions	6,910	-	6,910
Actuarial gain - changes in financial assumptions	(2,920)	-	(2,920)
Actuarial loss - experience adjustments	10,370	-	10,370
Recognized in other comprehensive income	14,360	(1,723)	12,637
Benefit payments	(10,490)	10,490	-
Employer contributions	-	(20,690)	(20,690)
Balance at December 31, 2021	$ 229,323	$ (147,831)	$ 81,492

(Concluded)

The Company is exposed to the following risks due to the pension system of the Labor Standards Act :

1) Investment risk

The Bureau of Labor Funds (BLF) of the Ministry of Labor (MOL) invests the labor pension fund in domestic and overseas equity securities, bonds, and bank deposits at its own discretion and through mandated investments. However, the interest rate of the investments may not be lower than the interest rate for 2-year time deposits at local banks.

2) Interest risk

A decrease in bond interest rate will cause the present value of defined benefit liabilities to increase. However, the return on assets of defined benefit plans will increase, and the effect of the two on defined benefit liabilities will offset each other.

3) Salary risk

Calculation of the present value of defined benefit liabilities takes into consideration the future salaries of members of defined benefit plans. Hence, an increase in salaries of members of defined benefit plans will increase the present value of defined benefit liabilities.

The present value of defined benefit liabilities of the Company is calculated by a qualified actuary, and major assumptions on the measurement date are as follows:

	December 31	
	2021	**2020**
Discount rate (%)	0.625	0.5
Expected rate of salary increase (%)	2.5	2.5

If a reasonable change to a significant actuarial assumption occurs while all other assumptions remain the same, the amount of increase (decrease) in the present value of defined benefit liabilities is as follows:

	December 31	
	2021	**2020**
Discount rate		
0.25% increase	$ (5,834)	$ (5,951)
0.25% decrease	$ 6,046	$ 6,178
Expected rate of salary increase		
0.25% increase	$ 5,834	$ 5,952
0.25% decrease	$ (5,661)	$ (5,766)

Since actuarial assumptions may be related, it is unlikely that only one assumption will change at a time, so the sensitivity analysis above might not reflect on actual changes in the present value of defined benefit liabilities.

	December 31	
	2021	**2020**
Expected contributions to the plan for the next year	$ 2,582	$ 2,510
Average duration of the defined benefit obligation	10.37 Years	10.9 years

22. EQUITY

a. capital stock - common

	December 31	
	2021	**2020**
Authorized shares (thousand shares)	260,000	260,000
Authorized share capital	$ 2,600,000	$ 2,600,000
Current outstanding shares (thousand shares)	173,204	173,204
Issued capital	$ 1,732,041	$ 1,732,041

The Company's common shares have a par value of NT$10. Each share is entitled to one voting right and the right to receive dividends.

On July 6, 2020, the Company's board of directors passed a resolution for the cancellation of 2,929 thousand shares of treasury shares, with July 6, 2020 as the base date for capital reduction; the issued capital after the capital reduction was $1,732,041 thousand.

b. Capital surplus

	December 31	
	2021	2020
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note 1)		
Issuance of ordinary shares	$ 529,652	$ 529,652
Treasury share transactions	666	666
Other (Note 2)	44,638	44,638
	574,956	574,956
May not be used for any purpose		
Equity component of convertible bonds payable	40,572	-
	$ 615,528	$ 574,956

Note 1: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

Note 2: Subscription of new shares waived by employees and stock options not used by bondholders.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Company's articles of incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, and shall be distributed in the following order:

1) 10% as legal reserve until the legal reserve equals to the Company's paid-in capital;

2) Special reserve appropriated or reversed in accordance with laws or regulations set forth by the authorities concerned;

3) If the Company has net income at the end of the year, a proposal for the distribution of such amount together with a part or all of the accumulated undistributed profits from previous years shall be prepared by the board of directors and submitted to the shareholders' meeting for resolution.

   Distributable dividends may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by at least two-thirds of the total number of directors; and a report of such distribution shall be submitted to the shareholders' meeting according to the Company Law.

The Company's dividend policy is in line with the current and future development plans, environment, capital needs and domestic and international competition in order to promote shareholders' interests. Thus, the Company may retain some of its earnings according to the Company's operation, and the

residual earnings may be distributed in cash or shares. Cash dividends shall be at least 10% of the total dividends distributed. However, cash dividends shall be less than 10% of the total dividends paid if the total balance of short-term borrowings and the balance of long-term liabilities due within one year of the issuance of the Company's surpluses is greater than one times the sum of cash and cash equivalents or if the amount of liabilities is greater than half of the total assets.

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

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

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

	Appropriation of Earnings		Dividends Per Share (NT$)	
	2020	2019	2020	2019
Legal reserve	$ 27,636	$ 20,663		
Special reserve	(9,409)	64,601		
Cash dividends	173,204	119,771	$ 1	$ 0.68

The above appropriations for cash dividends were resolved by the Company's board of directors on March 23, 2021 and March 25, 2020, respectively; the other proposed appropriations were resolved by the shareholders in their meeting on August 26, 2021 and June 23, 2020, respectively. The Company's shareholders also resolved in the shareholders' meeting on June 23, 2020 to issue cash dividends of $3,523 thousand from the capital surplus.

The appropriation of earnings for 2021, which were proposed by the Company's board of directors on March 22, 2022, were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 42,881	
Special reserve	33,852	
Cash dividends	216,863	$ 1.25

The above appropriation for cash dividends has been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held in June 2022.

d. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ (284,512)	$ (292,722)
Exchange differences on translating the financial statements of foreign operations	(7,911)	(23,691)
Income tax from exchange differences on translating the financial statements of foreign operations	1,582	4,738

(Continued)

	For the Year Ended December 31	
	2021	2020
Share of exchange differences of subsidiaries accounted for using the equity method	$ (15,138)	$ 33,953
Income tax from share of exchange differences of subsidiaries accounted for using the equity method	3,028	(6,790)
Balance at December 31	$ (302,951)	$ (284,512)

(Concluded)

2) Unrealized gains (losses) on financial assets at FVTOCI

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ (10,344)	$ (11,544)
Unrealized loss on financial assets at FVTOCI	(15,090)	(5,761)
Income tax from unrealized loss on financial assets at FVTOCI	3,018	1,573
Share from subsidiaries accounted for using the equity method	(3,341)	5,388
Balance at December 31	$ (25,757)	$ (10,344)

e. Treasury shares

On March 25, 2020, the Company's board of directors resolved to purchase its ordinary shares from the market with NT$49,459 thousand as the total repurchase amount for 3,000 thousand shares. In order to maintain shareholders' equity, 2,929 thousand shares were bought back and the purchase price was $49,459 thousand. The execution has been done on July 6, 2020.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

23. REVENUE

	For the Year Ended December 31	
	2021	2020
Revenue from contracts with customers		
Revenue from sale of goods	$ 3,104,152	$ 2,260,628
Other operating revenue	30,032	23,120
	$ 3,134,184	$ 2,283,748

a. Refer to Note 4 for the description of the contracts with customers.

b. Contract balances

	December 31		January 1
	2021	2020	2020
Notes and accounts receivable (including related-parties)	$ 737,920	$ 527,983	$ 537,932
Contract liabilities - current			
Sale of goods	$ 25,957	$ 16,054	$ 11,096

Revenue in the current year that was recognized from the contract liability balance at the beginning of the year was as follows:

	December 31	
	2021	2020
From contract liabilities at the start of the year		
Sale of goods	$ 15,899	$ 9,814

c. Refer to statement 14 for disaggregation of revenue from contracts with customers.

24. PROFIT BEFORE INCOME TAX

Profit before income tax included following items:

a. Other revenue

	For the Year Ended December 31	
	2021	2020
Service revenue	$ 11,103	$ 11,844
Grant income	17,265	10,357
Rent revenue	2,094	1,642
Others	12,148	7,618
	$ 42,610	$ 31,461

b. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Net foreign exchange losses	$ (11,147)	$ (2,749)
Gain on financial liabilities at FVTPL, net	4,640	1,130
Gain on disposal of property, plant and equipment, net	947	1,504
Others	-	(260)
	$ (5,560)	$ (375)

The content of net foreign exchange losses is as follows:

	For the Year Ended December 31	
	2021	2020
Total amount of foreign exchange gains	$ 34,868	$ 31,001
Total amount of foreign exchange losses	(46,015)	(33,750)
	$ (11,147)	$ (2,749)

c. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest of borrowings	$ 14,458	$ 15,650
Interest of short-term bills payable	820	1,727
Interest of lease liabilities	87	81
Interest of convertible bunds	779	-
Interest of financial liabilities at amortized cost	16,144	17,458
Less: Amounts included in the cost of qualifying assets	342	853
	$ 15,802	$ 16,605

Information on capitalized interest is as follows:

	For the Year Ended December 31	
	2021	2020
Capitalized interest	$ 342	$ 853
Capitalization rate (%)	0.99	1.10-1.21

d. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
Property, plant and equipment	$ 114,874	$ 105,046
Investment properties	309	309
Right-of-use assets	3,393	3,565
Other assets	4,409	2,672
	$ 122,985	$ 111,592
An analysis of depreciation by function		
Operating costs	$ 92,316	$ 82,856
Operating expenses	26,260	26,064
	$ 118,576	$ 108,920
An analysis of amortization by function		
Operating costs	$ 105	$ 28
Operating expenses	4,304	2,644
	$ 4,409	$ 2,672

e. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2021	2020
Direct operating expenses of investment properties generating rental income	$ 309	$ 309

f. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits		
Salary and bonus	$ 383,207	$ 325,382
Labor and health insurance	35,209	29,411
Others	26,490	25,964
	444,906	380,757
Post-employment benefits		
Defined contribution plans	14,264	12,556
Defined benefit plans (Note 20)	2,920	3,876
	17,184	16,432
Other employee benefits	(2,476)	848
	$ 459,614	$ 398,037
An analysis of employee benefits expense by function		
Operating costs	$ 265,715	$ 224,555
Operating expenses	193,899	173,482
	$ 459,614	$ 398,037

g. Compensation of employees and remuneration of directors

According to the articles of incorporation, the Company accrued compensation of employees and remuneration of directors at a rate of no less than 2% and no more than 2% of net profit before income tax and before deduction of the distribution of compensation of employees and remuneration of directors in the current year. The compensation of employees and remuneration of directors for the years ended December 31, 2021 and 2020 were resolved by the board of directors on March 22, 2022 and March 23, 2021 as follows:

	For the Year Ended December 31	
	2021	2020
Accrual rate (%)		
Employees' compensation	3.49	3.66
Remuneration of directors	0.72	0.75
Amount		
Employees' compensation	$ 18,454	$ 12,234
Remuneration of directors	3,780	2,506

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

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

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

25. INCOME TAX

a. The major components of income tax expense recognized in profit or loss are as follows:

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	$ 73,176	$ 39,477
Adjustments for prior years	(2,587)	(1,011)
	70,589	38,466
Deferred tax		
In respect of the current year	6,606	(3,057)
	$ 77,195	$ 35,409

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

	For the Year Ended December 31	
	2021	2020
Profit before income tax	$ 506,001	$ 319,702
Income tax expense calculated at the statutory rate (20%)	$ 101,200	$ 63,940
Non-deductible expenses and additional income from tax	326	409
Tax exempt income	(1,399)	(1,391)
Effect of deferred income tax on subsidiary earnings	(20,154)	(26,577)
Unrecognized deductible temporary differences	(191)	8,039
Realized investment losses by subsidiaries	-	(8,000)
Adjustments for prior years	(2,587)	(1,011)
	$ 77,195	$ 35,409

b. Income tax benefit (loss) recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
Deferred tax		
In respect of the current year		
Unrealized gain on financial assets at FVTOCI	$ 3,018	$ 1,573
Remeasurement of defined benefit plans	2,527	(811)
Translation of foreign operations	1,582	4,738
Share of OCI of subsidiaries accounted for using the equity method	3,028	(6,790)
	$ 10,155	$ (1,290)

c. Current tax assets and liabilities

	December 31	
	2021	2020
Tax refund receivable	$ -	$ 7,609
Income tax payable	$ 43,906	$ 30,257

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2021

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Deferred Tax Assets				
Temporary differences				
Exchange differences on translating the financial statements of foreign operations	$ 85,365	$ -	$ 4,610	$ 89,975
Defined benefit plans	28,340	-	2,527	30,867
Allowance for inventory write-down	6,282	(634)	-	5,648
Others	22,115	(5,848)	3,018	19,285
	$ 142,102	$ (6,482)	$ 10,155	$ 145,775
Deferred Tax Liabilities				
Temporary differences				
Undistributed surplus from overseas reinvestment	$ 83,445	$ (3,130)	$ -	$ 80,315
Others	11,484	3,254	-	14,738
	$ 94,929	$ 124	$ -	$ 95,053

For the year ended December 31, 2020

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Deferred Tax Assets				
Temporary differences				
Exchange differences on translating the financial statements of foreign operations	$ 87,417	$ -	$ (2,052)	$ 85,365
Defined benefit liabilities	29,151	-	(811)	28,340
Allowance for inventory write-down	4,669	1,613	-	6,282
Others	17,391	3,151	1,573	22,115
	$ 138,628	$ 4,764	$ (1,290)	$ 142,102
Deferred Tax liabilities				
Temporary differences				
Undistributed surplus from overseas reinvestment	$ 83,169	$ 276	$ -	$ 83,445
Others	10,053	1,431	-	11,484
	$ 93,222	$ 1,707	$ -	$ 94,929

e. The aggregate amount of temporary differences associated with investments for which income tax liabilities have not been recognized.

As of December 31, 2021 and 2020, the taxable temporary differences related to investment in subsidiaries for which no deferred tax liabilities have been recognized was $109,897 thousand and $88,743 thousand, respectively.

f. Income tax assessments

The tax returns of the Company through 2019 have been assessed by the tax authority.

26. EARNINGS PER SHARE

EPS and weighted average ordinary shares are calculated as follows:

Net profit for the year

	For the Year Ended December 31	
	2021	2020
Earnings used in the computation of basic and diluted earnings per share	$ 428,806	$ 284,293

Shares

	For the Year Ended December 31	
	2021	2020
Weighted average ordinary shares used to calculate basic EPS	173,204	174,098
Effect of diluted potential ordinary shares		
Employees' compensation	370	576
Weighted average ordinary shares used to calculate diluted EPS	173,574	174,674

The Company may distribute compensation of employees in shares or cash, so it is assumed that all distribution will be in shares, which, if dilutive, are included in the calculation of weighted-average number of ordinary shares outstanding. The number of potential shares is included in the calculation of earnings per share until the shareholders have decided on the distribution of the compensation of employees in the following year.

27. CAPITAL RISK MANAGEMENT

The Company's capital management aims to ensure that the entities in the Group are able to continue as going concerns and able to maximize returns for shareholders by optimizing the balance of liabilities and equity. The Company's overall strategy remains unchanged from the last 2 years.

The capital structure of the Company consists of borrowings (short-term borrowings, shore-term bills payable and long-term borrowings) minus cash and equity (i.e. share capital, capital surplus, retained earnings and other equity items).

The Company is not required to comply with other external capital related regulations.

28. FINANCIAL INSTRUMENTS

a. Information on fair value - Financial instruments not measured at fair value

Management of the Company believes that the book value of financial assets and financial liabilities not measured at fair value is near the fair value, or the fair value cannot be measured.

b. Information on fair value - Financial instruments measured at fair value on a recurring basis

1) Fir value level

	Level 1	Level 2	Level 3	Total
December 31, 2021				
Financial assets at FVTPL				
Derivative instruments				
Forward exchange contracts	$ -	$ 1,192	$ -	$ 1,192
Redemption option and put option of convertible bonds	$ -	$ 1,020	$ -	$ 1,020
Financial assets at FVTOCI				
Domestic unlisted shares	$ -	$ -	$ 22,337	$ 22,337

(Continued)

	Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Derivative instruments				
Forward exchange	$ -	$ 183	$ -	$ 183
December 31, 2020				
Financial assets at FVTPL				
Derivative instruments				
Forward exchange contracts	$ -	$ 430	$ -	$ 430
Financial assets at FVTOCI				
Domestic unlisted shares	$ -	$ -	$ 37,813	$ 37,813

(Concluded)

There were no transfers between Level 1 and Level 2 during the years ended December 31, 2021 and 2020.

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

	December 31	
	2021	2020
Financial assets at FVTOCI		
Balance at January 1	$ 37,813	$ 43,574
Reduction of capital	(386)	-
Recognized in other comprehensive income (included in unrealized valuation gain loss on financial assets at FVTOCI)	(15,090)	(5,761)
Balance at December 31	$ 22,337	$ 37,813

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

Financial Instrument	Valuation Technique and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the year and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Derivatives - redemption option and put option of convertible bonds	Option pricing models - Use of present value techniques and reflect the time value and intrinsic value of redemption option and put option.

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

The fair value of domestic unlisted shares is determined based on the company's net worth.

c. Categories of financial instruments

	December 31	
	2021	2020
Financial assets		
FVTPL		
Mandatorily at FVTPL	$ 2,212	$ 430
Measured at amortized cost (Note 1)	860,660	647,853
FVTOCI		
Equity instruments	22,337	37,813
Financial liabilities		
Measured at amortized cost (Note 2)	2,180,539	2,105,451
FVTPL		
Mandatorily at FVTPL	183	-

Note 1: The balances include cash, financial assets at amortized cost, notes receivable, accounts receivable (including related parties), other receivables (including related parties) and refundable deposits and other financial assets at amortized cost.

Note 2: The balances include short-term borrowings, short-term bills payable, accounts payable (including related parties), other payables (including related parties), bonds payable long-term borrowings (including current portion), guarantee deposits received and financial liabilities at amortized cost.

d. Financial risk management objectives and policies

The Company's main financial instruments include accounts receivable, accounts payable, short-term notes and bills payable, and long-term and short-term borrowings. The Company's financial management department provides services to sales units, coordinates operations in domestic and international financial markets, and analyzes exposure based on the level and extent of risks, in order to supervise and manage financial risks related to the Company's operations. Risks include market risk (including foreign exchange risk, and interest rate risk), credit risk, and liquidity risk.

The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The main financial risk of the Company due to business activities is the risk of changes in exchange rates (please refer to (1) below) and changes in interest rates (please refer to (2) below). The Company uses forward exchange contracts to mitigate foreign currency risk of assets and liabilities denominated in USD.

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign exchange risk

The Company engages in sales and purchase of goods denominated in foreign currencies, which expose the Company to the risk of exchange rate changes. The Company manages its exposure to foreign exchange risk using FX options and swaps within the scope permitted by policy. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

Please see Note 32 for the book value of the Company's monetary assets and liabilities not denominated in the functional currency on the balance sheet date.

Sensitivity analysis

The Company was mainly exposed to the USD

The following table details the Company's sensitivity to a 1% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the USD. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign exchange forward contracts designated as cash flow hedges, and adjusts their translation at the end of the year for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the New Taiwan dollar strengthening 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2021	2020
Profit or loss	$ (442)	$ (419)

The result was mainly attributable to the exposure on outstanding cash in bank, borrowings, receivables and payables in USD that were not hedged at the end of the year.

b) Interest rate risk

The Company is exposed to interest rate risk on its financial assets and liabilities. The risk is managed by the Company by maintaining an appropriate mix of fixed and floating rate borrowings.

The Company manages its interest rate risk by having financial liabilities at fixed or variable interest rates in accordance with the market interest rate trends of each financial instrument.

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

	For the Year Ended December 31	
	2021	2020
Fair value interest rate risk		
Financial liabilities	$ 400,522	$ 353,563

(Continued)

	For the Year Ended December 31	
	2021	2020
Cash flow interest rate risk		
Financial assets	$ 87,619	$ 95,095
Financial liabilities	911,366	537,953
		(Concluded)

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for financial assets and liabilities at the end of the reporting period. The analysis was prepared assuming the amount of the assets and liabilities outstanding at the end of the reporting period was outstanding for the whole year. A 1% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates of financial asset had been 1% higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by NT$8,237 thousand and NT$4,429 thousand, respectively, which was mainly a result of the changes in the floating interest rate bank deposits and borrowings.

2) Credit risk

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

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

The Company transacted with a large number of customers from various industries and geographical locations. The Company continuously assesses the operations and financial positions of customers and monitors the collectability of accounts receivable.

3) Liquidity risk

The Company maintains sufficient cash to support the company's operation and mitigate the impact of cash flow fluctuations. The management continuously monitoring banking facilities to ensure compliance with the terms of the loan contract.

Bank borrowings are an important source of the Company's liquidity.

Liquidity and interest risk rate table

The following table shows the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed-upon repayment periods. The tables had been drawn up on the basis of undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The tables included both interest and principal cash flows.

Bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates. To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the year.

December 31, 2021

	1-3 Months	3 Months to 1 Year	More than 1 Year
Noninterest-bearing liabilities	$ 557,369	$ 42,273	$ -
Lease liabilities	447	1,340	3,827
Fixed interest rate liabilities	241,679	50,943	412,268
Variable interest rate liabilities	214,346	178,098	543,579
Guarantee liabilities	146,280	-	-
	$ 1,160,121	$ 272,654	$ 959,674

December 31, 2020

	1-3 Months	3 Months to 1 Year	More than 1 Year
Non-interest bearing	$ 518,886	$ 14,740	$ -
Lease liabilities	743	2,228	3,631
Fixed interest rate liabilities	641,145	42,730	358,102
Variable interest rate liabilities	79,986	371,625	89,606
Guarantee liabilities	223,761	-	-
	$ 1,464,521	$ 431,323	$ 451,339

The amounts included above for floating interest rate instruments for non-derivative financial liabilities were subject to change if changes in floating interest rates differ from those estimates of interest rates determined at each balance sheet date.

The following table detailed the Company's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments settled on a net basis. When the amounts payable or receivable are not fixed, the amounts disclosed have been determined by reference to the projected interest rates as illustrated at each balance sheet date.

	On Demand or Less than 1 Months	1-3 Months	More than 3 Months
December 31, 2021			
Gross settled			
Foreign exchange forward contracts			
Inflows	$ 55,496	$ 92,434	$ 15,821
Outflows	(55,096)	(91,698)	(15,858)
	$ 400	$ 736	$ (37)

(Continued)

	On Demand or Less than 1 Months	1-3 Months	More than 3 Months
December 31, 2020			
Gross settled			
Foreign exchange forward contracts			
Inflows	$ 27,993	$ 38,634	$ -
Outflows	(28,224)	(38,859)	-
	$ (231)	$ (225)	$ -

(Concluded)

29. TRANSACTIONS WITH RELATED PARTIES

a. Related party name and category

Related Party Name	Related Party Category
P.T Hopax	Subsidiary
Far Profits	Subsidiary
Hopax Europe	Subsidiary
Seecure	Subsidiary
Bio-medical	Subsidiary
Kunshan Hopax Products Co., Ltd. (Kunshan Hopax)	Subsidiary
Changshu Hopax Chems Mfg. Co., Ltd. (Changshu Hopax)	Subsidiary
Hopax International (Shanghai) Co., Ltd.	Subsidiary
Hopax Culture and Arts Foundation (Hopax Foundation)	Related party in substance

b. Sales of goods

	For the Year Ended December 31	
Related Party Name	2021	2020
Hopax Europe	$ 172,571	$ 138,869
Others	202,650	133,340
	$ 375,221	$ 272,209

The sales of goods to its related parties was based on the cost or a certain ratio of cost plus as the transaction price. Except for the fact that prices cannot be compared because subsidiaries do not sell the same types of goods to non-related parties, there are no significant differences when compared with non-related parties.

The accumulated unrealized gains on the transactions with the subsidiaries as of December 31, 2021 and 2020 were $17,120 thousand and $18,337 thousand, respectively.

c. Purchases of goods

Related Party Name	For the Year Ended December 31 2021	2020
Kunshan Hopax	$ 542,908	$ 417,774
Changshu Hopax	320,527	276,469
P.T. Hopax	169,864	156,975
Hopax International (Shanghai) Co., Ltd.	7,261	368
	$ 1,040,560	$ 851,586

The purchase of goods to its related parties was based on the cost or a certain ratio of cost plus as the transaction price. The Company does not purchase the same types of goods from non-related parties, so prices cannot be compared.

d. Receivables from related parties

Related Party Name	December 31 2021	2020
Accounts receivable		
Hopax Europe	$ 73,595	$ 60,903
P.T. Hopax	64,161	8,856
Changshu Hopax	11,708	1,724
Far Profits	-	23,503
Others	9,228	3,610
	$ 158,692	$ 98,596
Other receivables		
Hopax Europe - loan	$ 12,545	$ -
Seecure	1,575	1,575
P.T. Hopax	1,373	3,123
Kunshan Hopax	888	4,343
Changshu Hopax	536	1,760
Others	601	629
	$ 17,518	$ 11,430

Other receivables are mainly for purchasing raw materials, equipment and service income for subsidiaries.

The outstanding receivables from related parties were unsecured. The payment term was the same as those of unrelated parties with a 90-day term. For the years ended December 31, 2021 and 2020, no impairment loss was recognized for receivables from related parties.

The annual interest rate of borrowings from related parties is 0.8%; the term is from 2022 to 2023.

e. Payables to related parties

Related Party Name	December 31 2021	December 31 2020
Accounts payable		
Kunshan Hopax	$ 157,515	$ 127,233
Changshu Hopax	85,419	103,168
Others	30,634	35,447
	$ 273,568	$ 265,848

The outstanding payables to related parties were unsecured. The payment term was the same as those of unrelated parties with a 90-day term.

f. Other payables to related parties

Related Party Name	December 31 2021	December 31 2020
Other payables		
Bio-medical (borrowing)	$ 20,038	$ 25,074
Others	123	7
	$ 20,161	$ 25,081

The annual interest rate of borrowings to related parties is 0.9%.

g. Disposal of property, plant and equipment

	For the Year Ended December 31			
	2021		2020	
	Amount	Gain	Amount	Gain
Kunshan Hopax	$ 9,904	$ 902	$ 4,547	$ 480
Changshu Hopax	37	37	-	-
P.T. Hopax	-	-	433	201
	$ 9,941	$ 939	$ 4,980	$ 681

The transaction included disposal of assets and equipment purchased on behalf of subsidiaries. Amounts were determined on market value or cost, and based on negotiations and paid according to the terms.

As of December 31, 2021 and 2019, the accumulated unrealized gains on the intercompany property transactions with subsidiaries amounted to $5,183 thousand and $7,201 thousand respectively, which were recorded as reduction of investment accounted for using the equity method.

h. Other transactions with related parties

1) Service revenue

The Company provided Bio-medical patent license for 20 years in 2010.

The contract price is $30,000 thousand, based on report of an external independent valuation expert and negotiations. The Company recognized service revenue of $1,500 thousand both in 2021 and

2020; the unrecognized service revenue was $12,000 thousand and $13,500 thousand, respectively. As of December 31, 2021 and 2019, the accumulated unrealized service revenue amounted to $12,000 thousand and $13,500 thousand respectively, which were recorded as reduction of investment accounted for using the equity method. Prices cannot be compared because the Company does not engage in similar transactions with non-related parties.

2) Royalty revenue

The Company signed license agreement with P.T. Hopax and Changshu Hopax and the amount was deducted from the payable to them. The royalty revenue was $4,106 thousand and $656 thousand in 2021 and 2020, respectively (recognized in other profit or loss).

3) Administrative and support services

The Company signed the service agreement with P.T. Hopax and Changshu Hopax. The contract period for the Company's operational and management support is from January 1, 2014 to December 31, 2023. The administrative and support services amounted to $9,428 thousand and $9,868 thousand in 2021 and 2020, respectively (recognized in other profit or loss).

4) Commission expense

Hopax Europe provides the Company with agency services for local customers. The Company paid commissions of 3% to 5% of the actual sales amount. The commission expense was $3,671 thousand and $3,368 thousand in 2021 and 2020, respectively.

5) Donation expense

The Company donated $1,500 thousand to Hopax Culture and Arts Foundation in 2021 and 2020. The purpose of the foundation is to develop an innovative knowledge culture and promote the internationalization of humanities and science and technology.

i. Endorsement guarantee

Refer to Table 2 for details of endorsement guarantee for related parties.

j. Compensation of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term benefits	$ 35,996	$ 32,246
Post-employment benefits	1,281	1,225
Other long-term benefits	55	81
	$ 37,332	$ 33,552

Remuneration of directors and management is decided by the remuneration committee based on individual performance and market trends.

30. ASSETS PLEDGED AS COLLATERAL OR SECURITY

In addition to the financial assets measured at amortized cost in Note 8, the Company provided the following assets as collateral for bank borrowings.

	Book Value	
	December 31	
	2021	2020
Property, plant and equipment		
Land	$ 316,639	$ 316,639
Buildings	259,289	274,445
	$ 575,928	$ 591,084

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Unrecognized commitments were as follows:

	December 31	
	2021	2020
Purchase of property, plant and equipment	$ 71,215	$ 29,020

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	Foreign Currencies (In Thousand)	Exchange Rate		Carrying Amount (in NTD Thousand)
December 31, 2021				
Financial assets				
Monetary items				
USD	$ 19,745	27.68	(USD:NTD)	$ 546,545
Financial liabilities				
Monetary items				
USD	17,508	27.68	(USD:NTD)	484,630
Derivative instruments				
USD	3,835	27.68	(USD:NTD)	106,153
December 31, 2020				
Financial assets				
Monetary items				
USD	14,697	28.48	(USD:NTD)	418,570
Financial liabilities				
Monetary items				
USD	14,165	28.48	(USD:NTD)	403,413
Derivative instruments				
USD	2,005	28.48	(USD:NTD)	57,102

The significant unrealized foreign exchange gains (losses) were as follows:

Foreign Currencies	Exchange Rate (NT$)		Net Foreign Exchange Gains (Losses)
For the Year Ended December 31, 2021			
USD	27.68	(USD:NTD)	$ 2,007
For the Year Ended December 31, 2020			
USD	28.48	(USD:NTD)	293

33. ADDITIONAL DISCLOSURES

a. Information about significant transactions and b. investees:

1) Financing provided to others: Table 1.

2) Endorsement/guarantee provided: Table 2.

3) Marketable securities held (excluding investment in subsidiaries) : Table 3.

4) Marketable securities acquired or disposed of at cost or price of at least NT$300 million or 20% of the paid-in capital: None.

5) Acquisition of individual real estate at cost of at least NT$300 million or 20% of the paid-in capital: None.

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 4.

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 5.

9) Trading in derivative instruments: Note 7.

10) Information on investees: Table 6.

c. Information on investments in China

Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 7.

Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:

1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 8.

2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 8.

3) The amount of property transactions and the amount of the resultant gains or losses: None.

4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.

5) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1.

6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services: None.

d. Information of major stockholders: List all stockholders with ownership of 5% or greater showing the name of the stockholder, the number of shares owned, and percentage of ownership of each stockholder: None.

TAIWAN HOPAX CHEMICALS MFG. CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
0	Taiwan Hopax	Hopax Europe	Other receivables - related parties	Yes	$ 13,536	$ 12,528	$ 12,528	0.8	Note 4	$ -	Operating turnover	$ -	-	$ -	$ 628,583 (Note 1)	$ 1,257,166 (Note 1)	
1	Far Profits	Changshu Hopax	Other receivables - related parties	Yes	42,803	-	-	0.688-0.76	Note 4	-	Operating turnover	-	-	-	43,618 (Note 2)	87,236 (Note 2)	
1	Far Profits	Kunshan Hopax	Other receivables - related parties	Yes	51,102	-	-	0.83-0.86	Note 4	-	Operating turnover	-	-	-	43,618 (Note 2)	87,236 (Note 2)	
1	Far Profits	Hopax Europe	Other receivables - related parties	Yes	6,874	-	-	0.8	Note 4	-	Operating turnover	-	-	-	43,618 (Note 2)	87,236 (Note 2)	
2	Bio-medical	Taiwan Hopax	Other receivables - related parties	Yes	25,000	20,000	20,000	0.9	Note 4	-	Operating turnover	-	-	-	39,154 (Note 3)	39,154 (Note 3)	

Note 1: Under the Company's: Operational Procedures for Loaning Funds to Others", if short-term financing is needed, the individual financing shall not exceed 20% of the Company's stockholders' equity, and the total amount of these financings shall not exceed 40%of the Company's stockholders' equity.

Note 2: Under Far Profits's "Operational Procedures for Loaning Funds to Others", if short-term financing is needed, the individual financing shall not exceed 10 times of Far Profits's stockholders' equity, and the total amount of these financings shall not exceed 20 times of Far Profits's stockholders' equity and shall not exceed borrowing amount of Far Profit.

Note 3: Under Bio-medical "Operational Procedures for Loaning Funds to Others", if short-term financing is needed, the individual financing shall not exceed 40% of Bio-medical's stockholders' equity, and the total amount of these financings shall not exceed 40% of Bio-medical's stockholders' equity.

Note 4: It is necessary to have short-term financing.

TAIWAN HOPAX CHEMICALS MFG. CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	The Company	Far Profits	100% owned subsidiary	$ 1,571,458 (Note 1)	$ 333,860	$ 323,856	$ -	$ -	10.30	$ 3,142,915 (Note 2)	Y	-	-	
0	The Company	Changshu Hopax	100% owned subsidiary	1,571,458 (Note 1)	545,990	450,560	124,560	-	14.34	3,142,915 (Note 2)	Y	-	Y	
0	The Company	Kunshan Hopax	100% owned subsidiary	1,571,458 (Note 1)	52,608	52,128	21,720	-	1.66	3,142,915 (Note 2)	Y	-	Y	

Note 1: Under the Company's "Operational Procedures for Endorsement/Guarantee Provided", for investee companies that hold more than 50% of the total shares of the Company and the subsidiaries, the total amount of these financings shall not exceed 50% of the Company's stockholders' equity.

Note 2: Under the Company's "Operational Procedures for Endorsement/Guarantee Provided", the total amount of endorsement/guarantee provided shall not exceed 100% of the Company's stockholders' equity.

TAIWAN HOPAX CHEMICALS MFG. CO., LTD. AND SUBSIDIARIES

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2021				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
The Company	Stock							
	Grand Cathay Venture Capital III Co., Ltd.	-	Financial assets at FVTOCI - non-current	30,306	$ 27	1.39	$ 27	
	Separator Design Co., Ltd.	-	Financial assets at FVTOCI - non-current	4,000	22,310	26.32	22,310	Note
Hopax Bio-medical Co., Ltd.	Stock							
	Thinking Electronic Industrial Co., Ltd.	-	Financial assets at FVTOCI - non-current	295,000	46,463	0.23	46,463	

Note: Since Separator Design Co. Ltd. is currently in the early stage of its business and continues to raise funds, the company's shareholding ratio is expected to decline after the completion of the fundraising, so it is classified as financial assets at FVTOCI.

TAIWAN HOPAX CHEMICALS MFG. CO., LTD. AND SUBSIDIARIES

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

Buyer	Related Party	Relationship	Transaction Detail				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Term	Ending Balance	% to Total	
The Company	Kunshan Hopax	Subsidiary	Purchases	$ 542,908	28	1 to 3 months	On the cost or a certain ratio of cost plus	Normal	$ (157,515)	(40)	
The Company	Changshu Hopax	Subsidiary	Purchases	320,527	17	1 to 3 months	On the cost or a certain ratio of cost plus	Normal	(85,419)	(22)	
The Company	P.T. Hopax	Subsidiary	Purchases	169,864	9	1 to 3 months	On the cost or a certain ratio of cost plus	Normal	(30,193)	(8)	
The Company	Hopax Europe	Subsidiary	Sales	(172,571)	(6)	1 to 3 months	On the cost or a certain ratio of cost plus	Normal	73,595	10	

TAIWAN HOPAX CHEMICALS MFG. CO., LTD. AND SUBSIDIARIES

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

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Kunshan Hopax	The Company	Subsidiary	$ 157,515	3.81	$ -	-	$ 107,010	$ -

TAIWAN HOPAX CHEMICALS MFG. CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES (NOT INCLUDING INVEST IN CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Business and Products	Original Investment Amount		As of December 31, 2021			Current profit (loss) of investee	Investment income (loss) recognized by the Company for the current period	Note
				End of the current year	End of last year	Number of shares	%	Book value			
The Company	P.T. Hopax	Indonesia	Manufacturing and sales of chemicals for papermaking	$ 376,769 (USD 13,200 thousand)	$ 376,769 (USD 13,200 thousand)	1,320,000	100	$ 217,137	$ 56,742	$ 57,503	
The Company	Phoenix	British Virgin Islands	Investment	322,973 (USD 9,700 thousand)	322,973 (USD 9,700 thousand)	9,700,000	100	559,744	(2,248)	(744)	
The Company	Hopax Worldwide	Samoa	Investment	1,067,708 (USD 35,000 thousand)	1,067,708 (USD 35,000 thousand)	35,000,000	100	1,531,691	111,680	115,331	
The Company	Far Profits	British Virgin Islands	Sales of chemicals	33 (USD 1)	33 (USD 1)	1	100	4,362	609	3,366	
The Company	Hopax Europe	U.K.	Sales of office stationery	70,762 (GBP 1,550 thousand)	70,762 (GBP 1,550 thousand)	1,550,000	100	4,605	(8,947)	(8,947)	
The Company	Bio-medical	Taiwan	Production and sales of daily cleaning products	50,000	50,000	5,000,000	100	97,886	33,145	33,145	
The Company	Seecure	Taiwan	R&D and production of medical supplies and biotechnology	80,000	50,000	8,000,000	100	14,163	(26,152)	(26,152)	
				$ 1,968,212	$ 1,938,212			$ 2,429,588		$ 173,502	
Hopaz Worldwide	Hopax Holding	Cayman Islands	Investment	USD 35,000 thousand	USD 35,000 thousand	35,000,000	100	$ 1,542,404	111,680	$ 111,680	

TAIWAN HOPAX CHEMICALS MFG. CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars; Unless Stated Otherwise)

Investee Company	Main Business and Product	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021 (Note 1)	Remittance of Fund		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2021 (Note 1)	Net Income of the Investee	% of Ownership of Direct or Indirect Investment	Investment Gain (Note 4)	Carrying Amount as of December 31, 2021	Note
					Outward	Inward						
Kunshan Hopax	Production, processing and sales of office stationery	$ 257,424 (USD 9,300 thousand)	Phoenix (Note 3)	$ 257,424 (USD 9,300 thousand)	$ -	$ -	$ 257,424 (USD 9,300 thousand)	$ (2,124)	100	$ (2,124)	$ 556,144	
Hopax International (Shanghai) Co., Ltd.	Sales of chemicals	33,216 (USD 1,200 thousand)	Note 2	33,216 (USD 1,200 thousand)	-	-	33,216 (USD 1,200 thousand)	3,574	100	3,373	27,741	
Changshu Hopax	Manufacturing and sales of chemicals for pharmaceutical, industrial and papermaking	968,800 (USD35,000 thousand)	Hopax Holding (Note 3)	968,800 (USD35,000 thousand)	-	-	968,800 (USD35,000 thousand)	111,680	100	111,680	1,542,381	

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$1,259,440 (USD45,500)	$1,259,440 (USD45,500)	Note 5

Note 1: The amount was converted at an exchange rate of 27.68 to New Taiwan Dollars on December 31, 2021.

Note 2: Direct investment in mainland China.

Note 3: Set up companies in third-region and reinvested in mainland China companies.

Note 4: The investment gains and losses were recognized based on the audited financial statements.

Note 5: Under the “Principles Governing the Review of Investments or Technical Cooperation in Mainland China” issued by the Investment Commission on August 29, 2008, the Company is approved by the Industrial Development Bureau, Ministry of Economic Affairs to qualify as an operating headquarters enterprise, so it is not subject to the investment limit.

TAIWAN HOPAX CHEMICALS MFG. CO., LTD. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Counterparty	Transaction Type	Amount	Payment Terms	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss
					Amount	Comparison with Normal Transactions	Ending Balance	%	
The company	Kunshan Hopax	Sale	$ 58,764	T/T 90 Days	Similar to general terms and conditions	Similar to general terms and conditions	$ 7,162	1	$ (1,457)
		Purchase	542,908	T/T 90 Days	Similar to general terms and conditions	Similar to general terms and conditions	(157,515)	(40)	(2,492)
The company	Changshu Hopax	Sale	42,612	T/T 90 Days	Similar to general terms and conditions	Similar to general terms and conditions	11,708	2	4,098
		Purchase	320,527	T/T 90 Days	Similar to general terms and conditions	Similar to general terms and conditions	(85,419)	(22)	4,091
The company	Hopax International (Shanghai) Co., Ltd.	Sale	10,068	T/T 90 Days	Similar to general terms and conditions	Similar to general terms and conditions	1,107	-	624
		Purchase	7,261	T/T 90 Days	Similar to general terms and conditions	Similar to general terms and conditions	(440)	-	200

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TAIWAN HOPAX CHEMICALS MFG. CO., LTD.

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Amount
Cash on hand	$ 269
Petty cash	100
Cash in banks	
Checking accounts	998
Demand deposits	24,278
Foreign currency deposits - US$1,723 thousand, JPY$4,881 thousand, GBP125 thousand, CNY22 thousand and EUR310 thousand (Note)	63,341
	$ 88,986

Note: Exchange rate:

USD1＝NTD27.68

JPY1=NTD0.2405

GBP1=NTD37.3

CNY1=NTD4.328

EUR1=NTD31.32

TAIWAN HOPAX CHEMICALS MFG. CO., LTD.

STATEMENT OF NOTES RECEIVABLE
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Client Name	Amount	Remark
A	$ 3,698	Sale of goods
B	2,948	Sale of goods
C	1,239	Sale of goods
D	926	Sale of goods
Others (Note)	2,334	Sale of goods
	$ 11,145	

Note: The amount of individual client included in others did not exceed 5% of the account balance.

STATEMENT 3

TAIWAN HOPAX CHEMICALS MFG. CO., LTD.

STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Client Name	Amount	Over a Year	Remark
Non-related parties			
E	$ 50,886	$ -	Sale of goods
F	39,399	-	Sale of goods
G	32,383	-	Sale of goods
H	29,926	-	Sale of goods
Others (Note)	422,665	3,924	Sale of goods
	575,259	3,924	
Less: Allowance for impairment loss	7,176	3,429	
	$ 568,083	$ 495	
Related parties			
Hopax Europe	$ 73,595	$ -	Sale of goods
P.T Hopax	64,161	-	Sale of goods and loyalty revenue
Changshu Hopax	11,708	-	Sale of goods and loyalty revenue
Others (Note)	9,228	-	Sale of goods
	$ 158,692	$ -	

Note: The amount of individual client included in others did not exceed 5% of the account balance.

TAIWAN HOPAX CHEMICALS MFG. CO., LTD.

STATEMENT OF INVENTORIES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Net realizable value (Note)
Finished goods	$ 267,433	$ 477,582
Raw materials	200,958	207,612
Work-in-process	73,885	144,504
Raw materials in transit	45,296	45,296
Materials	12,804	12,537
	$ 600,376	$ 887,531

Note: Refer to Note 4 of the individual financial report, for the method of determining the net realizable value.

TAIWAN HOPAX CHEMICALS MFG. CO., LTD.

STATEMENT OF PREPAYMENTS
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Prepayment for purchases	$ 9,539	
Prepaid insurance	3,315	
Others	7,524	
	$ 20,378	

TAIWAN HOPAX CHEMICALS MFG. CO., LTD.

STATEMENT OF FINANCIAL ASSETS AT FVTOCI - NONCURRENT
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Except Unit Price)

Investees	Balance, January 1, 2021		Additions in Investment		Decrease in Investment (Note)		Balance, December 31, 2021		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount		
Grand Cathay Venture Capital III Co., Ltd.	68,877	$ 399	-	$ -	38,571	$ 372	30,306	$ 27	None	
Separator Design C., Ltd.	4,000	37,414	-	-	-	15,104	4,000	22,310	None	
		$ 37,813		$ -		$ 15,476		$ 22,337		

Note: The decrease including share payment $386 thousand from investee due to capital reduction and unrealized loss $15,090 thousand.

TAIWAN HOPAX CHEMICALS MFG. CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Except Unit Price)

Investees	Balance, January 1, 2021		Additions in Investment			Decrease in Investment			Balance, December 31, 2021			Market Value or Net Assets Value	Collateral
	Shares	Amount	Shares	Amount		Shares	Amount		Shares	% of Ownership	Amount	Total Amount	
Investments accounted for using the equity method													
P.T. Hopax	1,320,000	$ 253,951	-	$ -		-	$ 36,814		1,320,000	100	$ 217,137	$ 233,453	
Phoenix	9,700,000	561,605	-	-		-	1,861		9,700,000	100	559,744	556,713	
Hopax Worldwide	35,000,000	1,428,764	-	102,927		-	-		35,000,000	100	1,531,691	1,542,405	
Hopax Europe	1,550,000	13,289	-	-		-	8,684		1,550,000	100	4,605	10,555	
Hopax Bio-medical Co., Ltd.	5,000,000	78,440	-	19,446		-	-		5,000,000	100	97,886	97,887	
Seecure Taiwan Co., Ltd.	5,000,000	8,815	3,000,000	5,348		-	-		8,000,000	100	14,163	26,164	
Hopax International (Shanghai) Co., Ltd.	1,200,000	23,925	-	3,816		-	-		1,200,000	100	27,741	28,564	
Far Profits	1	(2,702)	-	7,064		-	-		1	100	4,362	4,362	
		$2,366,087		$ 138,601	(Note)		$ 47,359	(Note)			$2,457,329	$2,500,103	

Note: Included capital increase $30,000 thousand, investment gains $176,875 thousand, realized gains from subsidiaries $4,735 thousand, a decrease of $(104,765) thousand from earnings remitted from subsidiaries, other comprehensive gain of subsidiaries $7,446 thousand, and a decrease of $(23,049) thousand in foreign translation adjustment.

STATEMENT 8

TAIWAN HOPAX CHEMICALS MFG. CO., LTD.

STATEMENT OF RIGHT-OF-USE ASSETS AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

ITEM	Balance, January 1, 2021	Additions	Deductions	Balance December 31, 2021
Cost				
Buildings	$ 3,310	$ -	$ (3,310)	$ -
Transportation Equipment	6,047	2,413	-	8,460
	9,357	2,413	(3,310)	8,460
Accumulated Depreciation				
Buildings	(1,655)	(1,655)	3,310	-
Transportation Equipment	(1,265)	(1,738)	-	(3,003)
	(2,920)	(3,393)	3,310	(3,003)
	$ 6,437	$ (980)	$ -	$ 5,457

TAIWAN HOPAX CHEMICALS MFG. CO., LTD.

STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Creditor Bank	Life for Loan	Annual Interest Rate (%)	Balance, December 31, 2021	Line of Credit	Collateral
Credit loans					
Taishin Bank	2021.12.15-2022.01.17	0.88	$ 75,000	$ 200,000	None
DBS Bank	2021.10.12-2022.01.12	0.88	33,000	110,720	None
DBS Bank	2021.12.02-2022.03.02	0.88	50,000	110,720	None
E.SUN Bank	2021.12.30-2022.01.28	0.85	20,000	150,000	None
E.SUN Bank	2021.12.23-2022.03.25	0.849	23,528	150,000	None
Fubon Bank	2021.10.13-2022.02.02	0.803382	24,912	120,000	None
Fubon Bank	2021.08.26-2022.02.22	0.983086	18,822	120,000	None
Fubon Bank	2021.08.27-2022.02.23	0.983086	25,466	120,000	None
Fubon Bank	2021.12.06-2022.03.15	0.782	25,189	120,000	None
Fubon Bank	2021.12.30-2022.04.09	0.751	9,688	120,000	None
CTBS Bank	2021.12.06-2022.06.02	1.047	17,854	100,000	None
CTBS Bank	2021.10.08-2022.04.06	0.80	10,022	100,000	None
CTBS Bank	2021.11.17-2022.05.16	0.80	10,335	100,000	None
CTBS Bank	2021.12.01-2022.05.30	1.20	10,444	100,000	None
Mega Bank	2021.07.14-2022.01.10	0.80	60,000	200,000	None
Mega Bank	2021.10.08-2022.04.06	0.80	10,000	200,000	None
The Export-Import Bank	2021.01.13-2022.01.13	0.7724	40,000	150,000	None
The Export-Import Bank	2021.08.04-2022.08.04	0.7724	50,000	150,000	None
			$ 514,260		

STATEMENT 10

TAIWAN HOPAX CHEMICALS MFG. CO., LTD.

STATEMENT OF SHORT-TERM BILLS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Guarantee or Acceptance Agency	Period	Annual Discount Rate	Insurance Amount	Unamortized Discount	Book Value
China Bills Finance Corporation	2021.12.07-2022.01.24	0.948	$ 20,000	$ (12)	$ 19,988
DAH CHUNG Bills Finance Corporation	2021.12.03-2022.01.21	0.948	20,000	(10)	19,990
			$ 40,000	$ (22)	$ 39,978

TAIWAN HOPAX CHEMICALS MFG. CO., LTD.

STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Vendor Name	Amount	Note
Non-related parties		
a	$ 16,018	Purchase of goods
b	15,121	Purchase of goods
c	11,188	Purchase of goods
d	6,445	Purchase of goods
Other (Note)	71,052	Purchase of goods
	$ 119,824	
Related parties		
Kunshan Hopax	$ 157,515	Purchase of goods
Changshu Hopax	85,419	Purchase of goods
P.T. Hopax	30,193	Purchase of goods
Other (Note)	441	Purchase of goods
	$ 273,568	

Note: The amount of individual vendor included in others did not exceed 5% of the account balance.

TAIWAN HOPAX CHEMICALS MFG. CO., LTD.

STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Except Unit Price)

Creditor	Expiration Date and Repayment Method	Annual Interest Rate (%)	Amount			Collateral
			Due Within 1 Year	Due Over than 1 Year	Total	
Bank of Taiwan	2023.04-2026.03	1.10	$ -	$ 500,000	$ 500,000	Plant
Bank of Taiwan	2023.04-2026.03	0.90	-	110,000	110,000	Plant
The Export-Import Bank	2019.07-2023.01	1.02	11,944	5,973	17,917	None
The Export-Import Bank	2019.07-2023.01	0.69	27,680	13,840	41,520	None
EnTie Commercial Bank	2021.08-2023.08	1	70,000	-	70,000	None
			$ 109,624	$ 629,813	$ 739,437	

STATEMENT 13

TAIWAN HOPAX CHEMICALS MFG. CO., LTD.

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Summary	Lease Period	Discount Rate (%)	Balance, December 31, 2021
Transportation Equipment	Service car	2018.03.08-2025.11.29	1.06-1.36	$ 5,503
Less: Current portion				1,733
Lease liabilities - noncurrent				$ 3,770

TAIWAN HOPAX CHEMICALS MFG. CO., LTD.

STATEMENT OF OPERATING REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Shipments (Group) (In Thousands)	Amount
Net revenue		
Chemicals		
Specialty chemicals	12,756 (thousands Kg)	$ 459,270
Fire chemicals	2,683 (thousands Kg)	1,796,502
		2,255,772
Office stationery		
Finished goods	102,723 (thousands m^2)	789,379
Materials		59,001
		848,380
Other operating income		30,032
		$ 3,134,184

STATEMENT 15

TAIWAN HOPAX CHEMICALS MFG. CO., LTD.

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Amount
Production cost	
Raw materials, beginning for year	$ 129,797
Raw materials purchased	707,546
Less: Raw materials, end of year	(200,958)
Raw materials sold	(142,581)
Others	(7,047)
Supplies used	486,757
Direct labor	131,011
Manufacturing expenses	413,376
Manufacturing cost	1,031,144
Work-in-process, beginning of year	63,858
Add: Work-in-process purchased	12,956
Less: Work-in-process, end of year	(73,885)
Work-in-process sold	(9,440)
Others	(2,856)
Cost of finished goods	1,021,777
Add: Finished goods, beginning of year	277,421
Finished goods purchased	1,158,580
Less: Finished goods, end of year	(267,433)
Others	5,522
	2,195,867
Other operating cost	
Raw materials and work-in-process sold	152,021
Others	2,343
	$ 2,350,231

TAIWAN HOPAX CHEMICALS MFG. CO., LTD.

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Salaries	$ 26,096	$ 79,084	$ 56,042	$ 161,222
Insurance expense	4,806	7,011	5,554	17,371
Import and export expense	135,288	-	-	135,288
Depreciation expense	2,977	10,163	13,120	26,260
Service expense	1,696	19,915	4,090	25,701
Utilities expense	4,934	1,103	9,278	15,315
Material expense	2,906	-	8,786	11,692
Others	15,860	34,716	31,985	82,561
	$ 194,563	$ 151,992	$ 128,855	475,410
Expected credit loss reversed				2,004
				$ 477,414

TAIWAN HOPAX CHEMICALS MFG. CO., LTD.

STATEMENT OF LABOR, DEPRECLATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31					
	2021			2020		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits						
Salaries	$ 221,985	$ 161,222	$ 383,207	$ 186,171	$ 139,211	$ 325,382
Labor and health insurance	21,033	14,176	35,209	17,506	11,905	29,411
Pension	10,675	6,509	17,184	10,262	6,170	16,432
Remuneration of directors	-	6,850	6,850	-	6,978	6,978
Other	12,022	5,142	17,164	10,616	9,218	19,834
	$ 265,715	$ 193,899	$ 459,614	$ 224,555	$ 173,482	$ 398,037
Depreciation	$ 92,316	$ 26,260	$ 118,576	$ 82,856	$ 26,064	$ 108,920
Amortization	105	4,304	4,409	28	2,644	2,672

Note 1: For the years ended December 31, 2021 and 2020, the average number of employees was 463 and 417, including 5 non-employee directors, respectively.

Note 2:

1. The average employee benefits for the years ended December 31, 2021 and 2020 were $989 thousand and $949 thousand, respectively.

2. The average salaries for the years ended December 31, 2021 and 2020 were $837 thousand and $790 thousand, respectively.

3. The average salaries decreased by 6% year-on-year.

4. The Company has set up an audit committee to replace the supervisor, so there is no remuneration of supervisor.

5. The Company's salary and remuneration policies (including directors, supervisors, executive officers and employees) are as follows:

   a. According to the Company’s compensation policies for directors and supervisors, regardless of financial performance, the Company pays limited salaries to directors and supervisors based on their services provided. In addition, the remuneration of directors and supervisors is at rate of no higher than 2% of net profit before income tax.

(Continued)

b. According to the Company's compensation policies, the salaries and bonuses paid to executive officers are determined based on their job responsibilities, individual performance, profitability of the Company, and market; and are reviewed and resolved by the compensation committee and the board of directors.

c. Compensation of employees includes a basic salary and bonuses. According to the Company's compensation policies, the salaries of employees are determined based on each employee's job responsibilities; the bonuses of employees are determined based on each employee's job responsibilities, individual performance and the overall level of the department's (to which the employee belongs) contribution to the Company.

(Concluded)

Taiwan Hopax Chemicals Mfg. Co., Ltd. and Subsidiaries

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

DECLARATION OF CONSOLIDATED FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the consolidated financial statements of affiliates of Taiwan Hopax Chemicals Mfg. Co., Ltd. for the year ended December 31, 2021 under the "Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those included in the consolidated financial statements of parent and subsidiary companies prepared in conformity with International Financial Reporting Standard 10, "Consolidated Financial Statements". In addition, relevant information required to be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Consequently, Taiwan Hopax Chemicals Mfg. Co., Ltd. and its subsidiaries did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Taiwan Hopax Chemicals Mfg. Co., Ltd.

By

_____

Tsung-Tien Kuo
Chairman

March 22, 2022

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Taiwan Hopax Chemicals Mfg. Co., Ltd.

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Occurrence of revenue

Gross profit margin of specific departments of the Group was relatively high, and under generally accepted auditing standards, revenue has a presumed risk of fraud. Therefore, we considered the occurence of revenue as a key audit matter.

In response to the specific matter described above, we have carried out audit procedures, including:

1. We understood and tested internal controls related to the authenticity of recognized revenue.

2. We conducted a sampling inspection of operating revenue details including finished product shipping orders, customer name and amount on invoices, and other finished product shipping documentation, such as customs export declaration.

Other Matter

We have also audited the parent company only financial statements of Taiwan Hopax Chemicals Mfg. Co., Ltd. as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chia-Ling Chiang and Kai-Ning Hsu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 22, 2022

Notice to Readers

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

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

Taiwan Hopax Chemicals Manufacturing Co., Ltd. and Subsidiaries

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

ASSETS	December 31, 2021 Amount	%	December 31, 2020 Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 376,207	6	$ 485,155	9
Financial assets at FVTPL - current (Notes 4, 7 and 28)	2,212	-	608	-
Financial assets at amortized cost - current (Notes 4, 8 and 30)	143,011	2	71,791	1
Notes receivable (Notes 4, 5, 10, 23 and 30)	282,371	5	294,420	5
Accounts receivable, net (Notes 4, 5, 10 and 23)	1,041,944	17	729,848	13
Other receivables (Note 10)	19,883	-	14,264	-
Current tax assets (Notes 4 and 25)	-	-	7,609	-
Inventories (Notes 4, 5 and 11)	1,263,905	20	998,451	17
Prepayments	54,563	1	48,151	1
Other current assets	28,816	-	30,165	1
Total current assets	3,212,912	51	2,680,462	47
NONCURRENT ASSETS				
Financial assets at FVTOCI - noncurrent (Notes 4, 9 and 28)	68,800	1	76,053	1
Property, plant and equipment (Notes 4, 13, 30 and 31)	2,581,881	41	2,595,514	45
Right-of-use assets (Notes 4 and 14)	107,782	2	112,407	2
Investment properties (Notes 4 and 15)	8,975	-	9,284	-
Deferred tax assets (Notes 4 and 25)	164,197	3	158,841	3
Prepayments for equipment	77,458	1	83,690	1
Refundable deposits	4,045	-	4,034	-
Other noncurrent assets	28,662	1	41,930	1
Total noncurrent assets	3,041,800	49	3,081,753	53
TOTAL	$ 6,254,712	100	$ 5,762,215	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	$ 636,663	10	$ 913,334	16
Short-term bills payable (Note 16)	39,978	1	134,930	2
Financial liabilities at FVTPL- current (Notes 4, 7 and 28)	183	-	-	-
Contract liabilities (Notes 4 and 23)	59,424	1	48,994	1
Notes payable (Note 18)	211,671	3	139,758	2
Accounts payable (Note 18)	362,692	6	290,718	5
Other payables (Note 19)	353,353	6	314,160	6
Current tax liabilities (Notes 4 and 25)	75,531	1	52,228	1
Lease liabilities - current (Notes 4 and 14)	2,020	-	3,191	-
Current portion of long-term borrowings (Notes 16 and 30)	151,015	3	278,228	5
Other current liabilities	11,141	-	7,694	-
Total current liabilities	1,903,671	31	2,183,235	38
NONCURRENT LIABILITIES				
Bonds payable (Notes 4 and 17)	286,752	5	-	-
Long-term borrowings (Notes 16 and 30)	712,594	11	481,096	8
Provisions - noncurrent (Notes 4 and 20)	5,794	-	8,270	-
Deferred tax liabilities (Notes 4 and 25)	95,053	1	96,276	2
Lease liabilities - noncurrent (Notes 4 and 14)	4,278	-	4,358	-
Net defined benefit liabilities (Notes 4 and 21)	102,549	2	107,997	2
Guarantee deposits received	1,106	-	1,067	-
Total noncurrent liabilities	1,208,126	19	699,064	12
Total liabilities	3,111,797	50	2,882,299	50
EQUITY (Note 22)				
Ordinary shares	1,732,041	27	1,732,041	30
Capital surplus	615,528	10	574,956	10
Retained earnings				
Legal reserve	314,783	5	287,147	5
Special reserve	294,856	5	304,265	5
Unappropriated earnings	514,415	8	276,363	5
Total retained earnings	1,124,054	18	867,775	15
Other equity	(328,708)	(5)	(294,856)	(5)
Total equity	3,142,915	50	2,879,916	50
TOTAL	$ 6,254,712	100	$ 5,762,215	100

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

Taiwan Hopax Chemicals Manufacturing Co., Ltd. and Subsidiaries

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

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 23)	$ 4,729,003	100	$ 3,588,701	100
OPERATING COSTS (Notes 11, 21 and 24)	3,413,150	72	2,570,991	71
GROSS PROFIT	1,315,853	28	1,017,710	29
OPERATING EXPENSES (Notes 10, 21 and 24)				
Selling and marketing	352,356	8	294,020	8
General and administrative	237,806	5	208,046	6
Research and development	154,748	3	125,677	4
Expected credit loss recognized	6,690	-	6,936	-
Total operating expenses	751,600	16	634,679	18
PROFIT FROM OPERATIONS	564,253	12	383,031	11
NON-OPERATING INCOME AND EXPENSES (Note 24)				
Interest income	2,706	-	8,543	-
Other income	34,031	1	21,468	1
Other gains and losses	(18,342)	-	(13,297)	-
Finance costs	(19,240)	(1)	(21,933)	(1)
Total non-operating income and expenses	(845)	-	(5,219)	-
PROFIT BEFORE INCOME TAX	563,408	12	377,812	11
INCOME TAX EXPENSE (Notes 4 and 25)	134,602	3	93,519	3
NET PROFIT FOR THE YEAR	428,806	9	284,293	8
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 21, 22 and 25)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(11,169)	-	2,103	-
Unrealized gain (loss) on investments in equity instruments at FVTOCI	(10,136)	-	974	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	6,569	-	(187)	-
	(14,736)	-	2,890	-

(Continued)

Taiwan Hopax Chemicals Manufacturing Co., Ltd. and Subsidiaries

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

	2021		2020	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	$ (23,049)	(1)	$ 10,262	-
Income tax relating to items that may be reclassified subsequently to profit or loss	4,610	-	(2,052)	-
	(18,439)	(1)	8,210	-
Other comprehensive income (loss) for the year, net of income tax	(33,175)	(1)	11,100	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 395,631	8	$ 295,393	8
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 428,806	9	$ 284,293	8
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 395,631	8	$ 295,393	8
EARNINGS PER SHARE (Note 26)				
Basic	$ 2.48		$ 1.63	
Diluted	$ 2.47		$ 1.63	

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

Taiwan Hopax Chemicals Manufacturing Co., Ltd. and Subsidiaries

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

						Other Equity				
			Retained Earnings							
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operation	Unrealized Loss on Financial Assets at FVTOCI	Total	Treasury Stock	Total Equity
BALANCE AT JANUARY 1, 2020	$ 1,761,331	$ 587,435	$ 266,484	$ 239,664	$ 206,628	$ (292,722)	$ (11,544)	$ (304,266)	$ -	$ 2,757,276
Appropriation of 2019 earnings (Note 22)										
Legal reserve	-	-	20,663	-	(20,663)	-	-	-	-	-
Special reserve	-	-	-	64,601	(64,601)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(119,771)	-	-	-	-	(119,771)
	-	-	20,663	64,601	(205,035)	-	-	-	-	(119,771)
Issuance of share dividends from capital surplus (Note 22)	-	(3,523)	-	-	-	-	-	-	-	(3,523)
Net profit for the year ended December 31, 2020	-	-	-	-	284,293	-	-	-	-	284,293
Other comprehensive loss for the year ended December 31, 2020, net of income tax	-	-	-	-	1,690	8,210	1,200	9,410	-	11,100
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	285,983	8,210	1,200	9,410	-	295,393
Treusury shares (Note 22)	-	-	-	-	-	-	-	-	(49,459)	(49,459)
Cancelation of treasury shares (Note 22)	(29,290)	(8,956)	-	-	(11,213)	-	-	-	49,459	-
BALANCE AT DECEMBER 31, 2020	1,732,041	574,956	287,147	304,265	276,363	(284,512)	(10,344)	(294,856)	-	2,879,916
Appropriation of 2020 earnings (Note 22)										
Legal reserve	-	-	27,636	-	(27,636)	-	-	-	-	-
Special reserve	-	-	-	(9,409)	9,409	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(173,204)	-	-	-	-	(173,204)
	-	-	27,636	(9,409)	(191,431)	-	-	-	-	(173,204)
Equity component of convertible bonds issued by the Company (Note 17)	-	40,572	-	-	-	-	-	-	-	40,572
Net profit for the year ended December 31, 2021	-	-	-	-	428,806	-	-	-	-	428,806
Other comprehensive loss for the year ended December 31, 2021, net of income tax	-	-	-	-	(8,965)	(18,439)	(5,771)	(24,210)	-	(33,175)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	419,841	(18,439)	(5,771)	(24,210)	-	395,631
Disposal of financial assets designated as at fair value through other comprehensive income	-	-	-	-	9,642	-	(9,642)	(9,642)	-	-
BALANCE AT DECEMBER 31, 2021	$ 1,732,041	$ 615,528	$ 314,783	$ 294,856	$ 514,415	$ (302,951)	$ (25,757)	$ (328,708)	$ -	$ 3,142,915

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

Taiwan Hopax Chemicals Manufacturing Co., Ltd. and Subsidiaries

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

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 563,408	$ 377,812
Adjustments for:		
Depreciation expense	260,017	234,967
Amortization expense	23,133	10,372
Expected credit loss recognized	6,690	6,936
Net gain on FV changes of financial assets and liabilities at FVTPL	(5,234)	(1,306)
Finance costs	19,240	21,933
Interest income	(2,706)	(8,543)
Dividend income	(737)	-
Loss on disposal of property, plant and equipment, net	7,639	2,486
Write-down (reversal of write-down) of inventories	(4,848)	6,475
Other non-cash items	(2,476)	848
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at FVTPL	7,990	1,211
Notes receivable	12,049	(9,729)
Accounts receivable	(318,597)	70,628
Other receivables	(5,619)	(4,901)
Inventories	(260,422)	(76,096)
Prepayments	(6,412)	6,563
Other current assets	1,349	12,176
Financial liabilities held for trading	(2,997)	-
Contract liabilities	10,430	18,104
Notes payable	72,920	(22,892)
Accounts payable	71,974	(13,022)
Other payables	37,296	27,479
Other current liabilities	3,447	1,124
Net defined benefit liabilities	(16,617)	(4,923)
Cash generated from operations	470,917	657,702
Interest received	2,706	8,543
Interest paid	(18,927)	(26,343)
Income tax paid	(99,360)	(55,799)
Net cash generated from operating activities	355,336	584,103
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at FVTOCI	(26,753)	(31,505)
Sale of financial assets at FVTOCI	23,484	-
Proceeds from capital reduction of financial assets at FVTOCI	386	218
Increase in financial assets at amortized cost	(71,220)	-
Decrease in financial assets at amortized cost	-	35,512
Payments for property, plant and equipment	(248,387)	(367,923)
Proceeds from disposal of property, plant and equipment	1,858	4,259
Increase in refundable deposits	(11)	(1,082)
Acquisition of right-of-use assets	(1,281)	(1,073)

(Continued)

Taiwan Hopax Chemicals Manufacturing Co., Ltd. and Subsidiaries

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

	2021	2020
Increase in other noncurrent assets	$ (9,865)	$ (13,996)
Dividends received	737	-
Net cash used in investing activities	(331,052)	(375,590)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(276,671)	(145,453)
Increase in short-term bills payable	-	10,000
Decrease in short-term bills payable	(95,000)	-
Proceeds from issuance of convertible bonds	325,365	-
Increase in long-term borrowings	692,645	675,555
Repayment of long-term borrowings	(584,873)	(666,350)
Increase in guarantee deposits received	39	149
Repayment of the principal portion of lease liabilities	(3,663)	(3,826)
Distribution of cash dividends	(173,204)	(123,294)
Payments for buy-back of ordinary shares	-	(49,459)
Net cash used in financing activities	(115,362)	(302,678)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(17,870)	(15,514)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(108,948)	(109,679)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	485,155	594,834
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 376,207	$ 485,155

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

1. GENERAL INFORMATION

Taiwan Hopax Chemicals Mfg. Co., Ltd. (the "Company") was incorporated in 1975 under the laws of the Republic of China (ROC). The Company mainly manufactures, processes and sells the following products: chemical raw materials for pharmaceutical, industrial and paper making and office stationery.

The Company's shares have been listed on the Taipei Exchange (TPEx) Mainboard since April 2004.

The consolidated financial statements are presented in the Company's functional currency, the New Taiwan dollar. The Company and its subsidiaries are hereinafter collectively referred to as "the Group."

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorized for issue by the Company's board of directors on March 22, 2022.

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

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

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the accounting policies of the Group.

b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 2)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 3)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

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

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

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

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

Except for financial instruments measured at fair value and net defined benefit liability recognized at the amount of defined benefit liabilities less fair value of assets of the defined benefit plans, these consolidated financial statements have been prepared based on historical cost. Fair value measurement can be divided into levels 1 to 3 based on the observability and importance of input values:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

3) Level 3 inputs are unobservable inputs on an asset or liability.

c. Classification of current and noncurrent assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as noncurrent.

d. Basis of consolidation

These consolidated financial statements include financial statements of the Company and entities (subsidiaries) controlled by the Company. Financial statements of subsidiaries have been appropriately adjusted to align their accounting policies with the Company's accounting policies. Transactions, account balances, gains, and losses between individual entities were eliminated when preparing the consolidated financial statements.

Please refer to Note 12, Note 7, and Note 8 for the detailed list, shareholding ratio, and business items of subsidiaries included in the consolidated financial statements.

e. Foreign currencies

Transactions denominated in currencies other than the functional currency (i.e., foreign currencies) are recorded after conversion into the functional currency using the exchange rate on the transaction date.

Foreign currency-denominated monetary items are converted by using the closing rate on each balance sheet date. The currency translation difference resulting from settlement or conversion of monetary items is recognized as income or loss in the current period.

Foreign currency-denominated non-monetary items carried at fair value are converted at exchange rates on the date of fair value measurement. Currency translation differences are also recognized in current profit or loss; for items that have fair value changes recognized in other comprehensive income, currency translation differences are recognized in other comprehensive income.

Foreign currency-denominated non-monetary items carried at historical costs are converted on the transaction date and are not re-converted.

When preparing the consolidated financial statements, assets and liabilities of overseas operations (including foreign operations and subsidiaries that use currencies other than the NTD) are converted to NTD using the exchange rate on each balance sheet date. Revenues and expenses/losses are converted using average exchange rate of the current period, with currency translation differences recognized in other comprehensive income.

f. Inventories

Inventories include raw materials, other materials, work in process, and finished goods. Inventories are measured at cost or net realizable value, whichever is lower. Unless the inventories are in the same category, the cost and net realizable value are compared for each individual item. Net realizable value is the estimated selling price under normal circumstances, less the estimated cost of completion and expenses for selling. Inventories are recorded at the weighted-average cost.

g. Property, plant and equipment

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

Depreciation is separately recognized for each major part of property, plant and equipment on a straight line basis over its useful life. The Group reviews methods for estimating useful life, residual value, and depreciation at least on the last day of each year; the effect of any changes is recognized prospectively as a change in accounting estimates.

When derecognizing property, plant and equipment, the difference between net disposal proceeds and the book value is recognized as gains or losses.

h. Investment properties

Investment properties are properties held for rental income or capital gain, or both.

Self-owned investment property is initially measured at cost (including transaction cost), and is subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

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

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

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

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

j. Financial instruments

When the Group is a party to the contract, financial assets and financial liabilities are recognized in the consolidated balance sheet.

If financial assets and financial liabilities being recognized for the first time are not measured at fair value through profit or loss, then they are measured at fair value plus transaction costs that can be directly attributed to the acquisition or issuance of financial assets or financial liabilities. Transaction costs that cannot be directly attributed to the acquisition or issuance of financial assets or financial liabilities are immediately recognized as profit or loss.

1) Financial assets

Regular transactions of financial assets are recognized and derecognized using transaction date accounting.

a) Type of measurement

Financial assets held by the Group include financial assets at fair value through profit or loss, financial assets at amortized cost, and equity instruments measured at fair value through other comprehensive income.

i. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets designated as measured at fair value through profit or loss.

Financial assets mandatorily classified as at FVTPL include investments in derivative financial instruments which is not under hedge accounting.

For financial assets at fair value through profit or loss, any profit or loss from the remeasurement of fair value is listed in income.

ii. Financial assets at amortized cost

Financial assets that the Group invests in are classified as financial assets at amortized cost if they meet both of the conditions as below:

i) Held under a business model that aims to collect cash flow from the financial asset; and

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

Financial assets at amortized cost (including cash and cash equivalents, notes and accounts receivable at amortized cost, other receivables, and refundable deposits) are measured using the effective interest method less any impairment loss. Any foreign exchange gains/losses are recognized in profit and loss.

Financial assets are considered credit-impaired when the debtor has encountered major financial difficulties, defaulted, most likely to declare bankruptcy or other financial restructuring, or an active market for the financial asset has disappeared due to financial difficulties.

Cash equivalents include highly liquid time deposits and bonds issued under repurchase agreement that can be converted into a specific amount of cash with low risk of value change within 3 months after acquisition. Cash equivalents are used to meet short-term cash commitments.

iii. Investments in equity instruments measured at fair value through other comprehensive income

The Group could make an irreversible decision during initial recognition to measure equity instruments, which are not held for trading and not recognized from mergers and acquisitions, as at fair value through other comprehensive income.

Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value, and subsequent changes to fair value are listed in other comprehensive income and accumulated in other equity. When disposing of investments, accumulated gains are directly transferred to retained earnings and not reclassified as income. Dividends from equity instruments measured at fair value through other comprehensive income are recognized in income when the Group has the right to receive the dividends, unless the dividends clearly represent the recovery of investment costs.

b) Impairment of financial assets

The Group evaluates the impairment loss of financial assets at amortized cost (including accounts receivable) using ECL on each balance sheet date.

A loss provision is recognized for lifetime ECL for accounts receivable. For other financial assets, whether or not credit risk has significantly increased after the financial asset was recognized is first evaluated. If it has not significantly increased, then a loss provision is recognized for 12-month ECL. If it has significantly increased, then a loss provision is recognized for lifetime ECL.

ECL is the weighted average credit loss using the risk of default as weights. 12-month ECL is the ECL from potential default on the financial instrument within 12 months after the reporting date. Lifetime ECL is the ECL from potential default during the expected lifetime of the financial instrument.

For the purpose of internal credit risk management, the Group may deem a financial asset to be in default in the event of any one of the following situations without considering collateral:

i. There is internal or external information showing that the debtor is no longer able to repay its debts.

ii. More than 360 days overdue, unless there is reasonable information with evidence supporting an extension of the deadline for determining default.

The impairment loss on all financial assets is recognized as a loss allowance deducted from the book value of the asset.

c) Derecognition of financial assets

The Group derecognizes financial assets when the contractual rights to the cash inflow from the financial asset are terminated or when the Group transfers the financial assets with substantially all the risks and rewards of ownership to other enterprises.

When derecognizing a financial asset at amortized cost, the difference between book value and consideration received is recognized in gains or losses. When derecognizing investments in equity instruments at fair value through other comprehensive income, accumulated gains is directly transferred to retained earnings and not reclassified as income.

2) Equity instruments

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

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Group's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Group's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

The financial liabilities held by the Group are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

When a financial liability is derecognized, any difference between its carrying amount and the paid consideration (including any transferred non cash assets or liabilities assumed) is recognized in income or loss.

4) Convertible bonds

The component parts of compound instruments (i.e. convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

5) Derivative financial instruments

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

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

k. Revenue recognition

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

Revenue from the sale of goods comes from sales of chemical products and stationery supplies. According to the contract, when a product is shipped or delivered to customers, customers have the right to set prices and use the products, and bear the responsibility of resale and risk of products becoming obsolete. The Company recognizes accounts receivable upon delivery. Unearned revenue from sale of goods is recognized as contract liabilities..

l. Leases

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

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

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

Depreciation of right-of-use assets is recognized on a straight-line basis from the start date of the lease until the expiry of its useful life or lease tenor, whichever is earlier.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

m. Borrowing costs

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

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

n. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

Net defined benefit liabilities represent the actual deficit in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans. Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

o. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience

and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised if the revisions affect only that year or in the year of the revisions and future years if the revisions affect both current and future years.

Key sources of estimation uncertainty

a. Estimated impairment of financial assets

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

b. Inventory impairment

Net realizable value of inventory is the estimated selling price during normal business operations, less the estimated cost of completion and selling expenses. The estimates are made based on the current market situation and previous sales experience of similar products. Changes in the market situation may have a material impact on the estimates.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	**2020**
Cash on hand	$ 815	$ 554
Demand deposits	362,249	365,636
Checking accounts	998	2,505
Cash equivalents (Time deposits with original maturities of 3 months or less)	12,145	116,460
	$ 376,207	$ 485,155

The market interest rates of cash equivalents at the end of the reporting year were as follows:

	December 31	
	2021	**2020**
Time deposits (%)	5.00	1.95-6.5

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

	December 31	
	2021	2020
Financial assets at fair value through profit or loss		
Derivatives (not designated for hedge accounting)		
Foreign exchange (FX) swaps	$ 1,192	$ 608
Convertible options (Note 17)	1,020	-
	$ 2,212	$ 608
Financial liabilities at fair value through profit or loss		
Derivatives (not designated for hedge accounting)		
Foreign exchange (FX) swaps	$ 183	$ -

FX swaps that did not use hedge accounting and have not matured as of the balance sheet date are as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
December 31, 2021			
Foreign exchange (FX)	USD to NTD	2022.01-2022.02	USD3,835/NTD106,465
Foreign exchange (FX)	EUR to NTD	2022.01-2022.06	EUR1,611/NTD51,200
Foreign exchange (FX)	GBP to NTD	2022.01-2022.05	GBP162/NTD6,085
December 31, 2020			
Foreign exchange (FX)	USD to NTD	2021.01-2021.02	USD2,005/NTD56,963
Foreign exchange (FX)	EUR to NTD	2021.01-2021.02	EUR285/NTD9,664
Foreign exchange (FX)	USD to CNY	2021.02-2021.03	USD553/CNY3,664

The Group mainly engages in FX options and swaps to avoid the risk of exchange rate fluctuations of foreign currency-denominated assets and liabilities. As the conditions for effective hedging are not met, hedge accounting is not applicable.

8. FINANCIAL ASSETS AT AMORTIZED COST - CURRENT

	December 31	
	2021	2020
Restricted deposits for projects	$ -	$ 16,195
Restricted deposit	143,011	55,596
	$ 143,011	$ 71,791

Since the Group applied "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act" from November 2019, the earnings remitted from overseas subsidiary were recognized as restricted deposits for projects as mentioned above. Other restricted deposit is for customs guarantee and acceptance bills.

The Group transacted with a variety of financial institutions with sound credit ratings to disperse credit risk, hence there was no expected credit loss.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NONCURRENT

	December 31	
	2021	2020
Investments in equity instruments at FVTOCI		
Domestic listed shares	$ 46,463	$ 38,240
Overseas unlisted shares	22,310	37,414
Domestic unlisted shares	27	399
	$ 68,800	$ 76,053

10. NOTES, ACCOUNTS AND OTHER RECEIVABLE, NET

	December 31	
	2021	2020
Notes receivable - operating		
Measured at amortized cost		
Total book value	$ 282,371	$ 294,420
Accounts receivable		
At amortized cost		
Measured at amortized cost		
Total book value	$ 1,058,041	$ 740,222
Less: Allowance for impairment loss	16,097	10,374
	$ 1,041,944	$ 729,848
Other receivables		
Business tax refund receivable	$ 18,442	$ 13,786
Other	1,441	478
	$ 19,883	$ 14,264

Refer to Note 30 for information on pledged notes receivable.

The Group's average credit period for sale of goods is open account 30-180 days. Designated personnel of the Group are responsible for deciding the credit limit, approval, and other monitoring procedures to mitigate credit risk and ensure that appropriate action has been taken to recover overdue receivables. Furthermore, the Group will verify the recoverable amount of all receivables on the balance sheet date to ensure that unrecoverable receivables properly listed impairment losses. On this basis, management of the Group believes that its credit risk has decreased significantly.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor’s current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at each balance sheet date. As the Group’s

historical credit loss experience shows significantly different loss patterns for different customer segments, the provision matrix for expected credit loss allowance based on trade receivables due status is further distinguished according to the Group's different customer base.

There were no notes receivable that were past due or impaired at the end of the reporting year.

The following table details the loss allowance of accounts receivable based on the Group's provision matrix.

a. December 31, 2021

	Not Past Due	Past Due 1 to 90 Days	Past Due 91 to 180 Days	Past Due 181 to 270 Days	Past Due 271 to 365 Days	Past Due Over 365 Days	Total
Gross carrying amount	$ 938,431	$ 100,959	$ 3,350	$ 2,279	$ 3,761	$ 9,261	$ 1,058,041
Loss allowance (Lifetime ECL)	(1,619)	(1,545)	(577)	(978)	(3,286)	(8,092)	(16,097)
Amortized cost	$ 936,812	$ 99,414	$ 2,773	$ 1,301	$ 475	$ 1,169	$ 1,041,944

b. December 31, 2020

	Not Past Due	Past Due 1 to 90 Days	Past Due 91 to 120 Days	Past Due 121 to 180 Days	Past Due 181 to 270 Days	Past Due 271 to 365 Days	Past Due Over 365 Days	Total
Gross carrying amount	$ 650,707	$ 70,961	$ 4,710	$ 352	$ 1,345	$ 6,084	$ 6,063	$ 740,222
Loss allowance (Lifetime ECL)	(667)	(355)	(94)	(18)	(135)	(3,042)	(6,063)	(10,374)
Amortized cost	$ 650,040	$ 70,606	$ 4,616	$ 334	$ 1,210	$ 3,042	$ -	$ 729,848

The movements of the loss allowance of accounts receivable were as follows:

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 10,374	$ 16,527
Loss allowance recognized	6,690	6,936
Loss allowance write-off	(778)	(12,539)
Net currency translation difference	(189)	(550)
Balance at December 31	$ 16,097	$ 10,374

11. INVENTORIES

	December 31	
	2021	2020
Finished goods	$ 529,447	$ 463,466
Work-in-process	121,673	121,780
Raw materials	612,785	413,205
	$ 1,263,905	$ 998,451

The cost of inventories recognized as costs of goods sold was $3,413,150 thousand and $2,570,991 thousand for the years ended December 31, 2021 and 2020, respectively, which included the following items:

	For the Year Ended December 31	
	2021	2020
Write-downs (reversal of write-downs)	$ (4,848)	$ 6,475
Unallocated manufacturing expenses	-	3,667
	$ (4,848)	$ 10,142

The unallocated manufacturing expenses are mainly related to the expenses of the mainland China subsidiary Kunshan Hopax Products Co., Ltd. during the suspension of operation in the first quarter of 2020 due to the impact of the COVID-19.

12. SUSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

			Percentage of Ownership (%)	
Name of Investor	Name of Investee	Main Business and Products	December 31, 2021	December 31, 2020
The Company	P.T. Hopax Indonesia (P.T. Hopax)	Manufacturing and sales of chemicals for papermaking	100	100
The Company	Phoenix Worldwide Group Ltd. (Phoenix)	Investment	100	100
The Company	Hopax Worldwide Group Limited (Hopax Worldwide)	Investment	100	100
The Company	Far Profits International Limited (Far Profits)	Sales of chemicals	100	100
The Company	Hopax Europe Limited (Hopax Europe)	Sales of office stationery	100	100
The Company	Hopax Bio-medical Co., Ltd. (Bio-medical)	Production and sales of daily cleaning products	100	100
The Company	Seecure Taiwan Co., Ltd. (Seecure)	R&D and production of medical supplies and biotechnology	100	100
The Company	Hapax International (Shanghai) Co., Ltd.	Sales of chemicals	100	100
Phoenix	Kunshan Hopax Products Co., Ltd. (Kunshan Hopax)	Production, processing and sales of office stationery	100	100
Hopax Worldwide	Hopax Holding Ltd. (Hopax Holding)	Investment	100	100
Hopax Holding	Changshu Hopax Chems Mfg. Co., Ltd. (Changshu Hopax)	Manufacturing and sales of chemicals for medical, industrial and papermaking	100	100

Seecure reduced its capital in 2020 to make up for the losses of $40,000 thousand. The Company subsequently increased its investment in Seecure by $30,000 thousand and $20,000 thousand in 2021 and 2020, respectively. As of December 31, 2021, the cumulative investment amount was $80,000 thousand.

13. PROPERTY, PLANT AND EQUIPMENT

a. Movements of cost and accumulated depreciation were as follows:

For the year ended December 31, 2021

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Others	Construction in Progress and Equipment to be Inspected	Total
Cost							
Balance at January 1, 2021	$ 683,579	$ 1,404,852	$ 2,630,923	$ 47,180	$ 995,437	$ 9,180	$ 5,771,151
Additions	-	15,407	134,543	4,077	43,871	58,125	256,023
Disposals	-	(3,570)	(62,290)	(312)	(21,507)	-	(87,679)
Net exchange differences	(201)	(6,442)	(14,733)	(320)	(3,503)	(31)	(25,230)
Balance at December 31, 2021	$ 683,378	$ 1,410,247	$ 2,688,443	$ 50,625	$ 1,014,298	$ 67,274	$ 5,914,265
Accumulated depreciation							
Balance at January 1, 2021	$ -	$ 695,482	$ 1,704,197	$ 38,898	$ 737,060	$ -	$ 3,175,637
Depreciation expense	-	55,414	135,073	2,953	58,746	-	252,186
Disposals	-	(2,043)	(54,814)	(305)	(21,020)	-	(78,182)
Net exchange differences	-	(3,234)	(11,364)	(236)	(2,423)	-	(17,257)
Balance at December 31, 2021	$ -	$ 745,619	$ 1,773,092	$ 41,310	$ 772,363	$ -	$ 3,332,384
Carrying amount at December 31, 2021	$ 683,378	$ 664,628	$ 915,351	$ 9,315	$ 241,935	$ 67,274	$ 2,581,881

For the year ended December 31, 2020

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Others	Construction in Progress and Equipment to be Inspected	Total
Cost							
Balance at January 1, 2020	$ 683,958	$ 1,235,262	$ 2,300,600	$ 46,198	$ 888,860	$ 352,831	$ 5,507,709
Additions	-	159,476	353,610	1,607	117,584	(341,945)	290,332
Disposals	-	(1,265)	(39,200)	(515)	(14,823)	(10)	(55,813)
Net exchange difference	(379)	11,379	15,913	(110)	3,816	(1,696)	28,923
Balance at December 31, 2020	$ 683,579	$ 1,404,852	$ 2,630,923	$ 47,180	$ 995,437	$ 9,180	$ 5,771,151
Accumulated depreciation							
Balance at January 1, 2020	$ -	$ 639,355	$ 1,611,810	$ 36,686	$ 697,809	$ -	$ 2,985,660
Depreciation expense	-	51,892	120,573	2,671	51,882	-	227,018
Disposals	-	(875)	(33,660)	(400)	(14,133)	-	(49,068)
Net exchange difference	-	5,110	5,474	(59)	1,502	-	12,027
Balance at December 31, 2020	$ -	$ 695,482	$ (1,704,197)	$ 38,898	$ 737,060	$ -	$ 3,175,637
Carrying amount at December 31, 2020	$ 683,579	$ 709,370	$ 926,726	$ 8,282	$ 258,377	$ 9,180	$ 2,595,514

b. The increase in property, plant and equipment and adjustments to payment amounts on the cash flow statement were as follows:

	For the Year Ended December 31	
	2021	2020
Investing activities that affect both cash and non-cash items		
Increase in property, plant and equipment	$ 256,023	$ 290,332
Capitalized interest	(342)	(853)
Increase (decrease) in advance payment for equipment	(6,232)	14,126
Decrease (increase) in payables for purchased equipment	(1,062)	64,318
Payment in cash for the acquisition of property, plant and equipment	$ 248,387	$ 367,923

c. Estimated useful lives

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

Buildings	
Main building of the office	20-50 years
Main building of the production plant	20-35 years
Warehouse, waste disposal and other buildings	5-20 years
Pipeline configuration and decoration	8-20 years
Machinery and equipment	
Main equipment of production	10-34 years
Main equipment system and accessory equipment	5-16 years
Transportation equipment	4-25 years
Others	
Main water supply equipment	15-25 years
Water supply system and accessory facilities	5-15 years
Power engineering and related system settings	3-26 years
Tools and equipment	3-30 years
Other	3-20 years

Refer to Note 30 for property, plant and equipment pledged by the Group as collateral for loans.

Refer to Note 24 for capitalized interest.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	**2020**
Carrying amount		
Land	$ 100,889	$ 104,407
Buildings	654	2,152
Transportation equipment	6,239	5,848
	$ 107,782	$ 112,407

	For the Year Ended December 31	
	2021	**2020**
Addition to right-of-use assets	$ 3,693	$ 7,622
Depreciation charge for right-of-use assets		
Land	$ 2,727	$ 2,689
Buildings	2,775	2,751
Transportation equipment	2,022	2,200
	$ 7,522	$ 7,640

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

b. Lease liabilities

	December 31	
	2021	2020
Carrying amount		
Current	$ 2,020	$ 3,191
Noncurrent	$ 4,278	$ 4,358
Range of discount rates for lease liabilities (%)		
Buildings	1.42	1.42
Transportation equipment	1.06-1.36	1.07-1.36

c. The subsidiaries in China have signed land lease agreements with local governments. The lease periods are both 50 years and will expire in June 2051 and October 2062.

d. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	$ 6,217	$ 5,562
Total cash outflow for leases	$ 11,258	$ 10,557

Operating lease: See Note 15 for details.

15. INVESTMENT PROPERTIES

	Land	Buildings and Accessory Equipment	Total
For the year ended December 31, 2021			
Cost			
Balance at December 31, 2021	$ 7,454	$ 10,329	$ 17,783
Accumulated depreciation			
Balance at January 1, 2021	$ -	$ 8,499	$ 8,499
Depreciation expense	-	309	309
Balance at December 31, 2021	$ -	$ 8,808	$ 8,808
Carrying amount at December 31,2021	$ 7,454	$ 1,521	$ 8,975
For the year ended December 31, 2020			
Cost			
Balance at December 31, 2020	$ 7,454	$ 10,329	$ 17,783
Accumulated depreciation			
Balance at January 1, 2020	$ -	$ 8,190	$ 8,190
Depreciation expense	-	309	309
Balance at December 31, 2020	$ -	$ 8,499	$ 8,499
Carrying amount at December 31,2020	$ 7,454	$ 1,830	$ 9,284

The Group is the lessor of property leased to unrelated parties, and recognized rental revenue of $2,094 thousand and $1,642 thousand in 2021 and 2020, respectively.

Lease commitments with lease terms commencing after the balance sheet dates are as follows:

	December 31	
	2021	**2020**
1 year	$ 2,094	$ 2,094
1 year to 5 year	1,153	3,247
	$ 3,247	$ 5,341

Depreciation of investment properties - building is recognized using the straight - line method over 25 years.

The determination of fair value was not performed by independent qualified professional valuers. The management of the Group used the valuation model that market participants would use in determining the fair value and the fair value was measured using Level 3 inputs. In 2021 and 2020, the fair value of the investment properties was $46,876 thousand and $42,188 thousand, respectively.

16. BORROWINGS

a. Short-term borrowings

	December 31	
	2021	**2020**
Unsecured loans		
Credit loans	$ 636,663	$ 913,334

The annual interest rates of short-term borrowings were 0.67%-3.8% and 0.75%-1.55% at December 31, 2021 and 2020, respectively.

b. Short-term bills payable

	December 31	
	2021	**2020**
Commercial paper payable	$ 40,000	$ 135,000
Discounts of short-term bills payable	22	70
	$ 39,978	$ 134,930
Interest rates (%)	0.948	0.958

The commercial papers are guaranteed acceptance by China Bills Finance Corporation and Dah Chung Bills Finance Corporation.

c. Long-term borrowings

	December 31	
	2021	2020
Secured loans (Note 30)		
Bank borrowings - maturity before April 2026	$ 734,172	$ 308,264
Unsecured loans		
Bank borrowings - maturity before August 2023	129,437	451,060
	863,609	759,324
Less: Current portion	151,015	278,228
	$ 712,594	$ 481,096
Annual interest rates (%)	0.69-1.58	0.82-1.66

17. BONDS PAYABLE - December 31, 2021

	Amount
5th domestic unsecured convertible bonds	$ 300,000
Less: Discount on bonds payable	(13,248)
	$ 286,752

In October 2021, the Company issued its 5th domestic three-year unsecured zero-coupon convertible bonds with an aggregate principal amount of $330,365 thousand (110.12% of the face value) and a par value of $100 thousand per bond certificate.

Bondholders are entitled to convert bonds into the Company's common stock at price per share from three months after the date of issue to the maturity date, except for the period of suspension of transfer stipulated by legal order or conversion measures. The conversion price was set at $55.9 per share, and the subsequent conversion price will be adjusted in accordance with the provisions of the issuance measures in case of ex-rights or ex-dividends in the issuance measures.

If the closing price of the Company's common stock is at least 30% of the conversion price then in effect for 30 consecutive trading days or the aggregate outstanding balance of bonds payable is less than 10% of the original issuance amount, the Company has the right to redeem the outstanding bonds payable at par value in cash during the period from three months after the issuance date to the date 40 days prior to the maturity date.

Under the terms of the convertible bonds, the bondholders have the right to require the Company to redeem any bonds in cash at face value of the convertible bonds after two years from the issuance date.

The amount of the face value of the convertible bonds has to be fully paid off in cash at maturity by the Company.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options; the effective interest rate of the equity and liability component was 1.60% per annum on initial recognition.

	December 31, 2021
Proceeds from issuance (less transaction costs of $5,000 thousand)	$ 325,365
Redemption of option	1,180
Equity component (less transaction costs of $153 thousand)	(40,572)
Liability component at the date of issue (less transaction costs of $4,847 thousand)	285,973
Interest charged at an effective interest rate	779
	$ 286,752

18. NOTES PAYABLE AND ACCOUNTS PAYABLE

a. Notes payable

Notes payable are due to business activities. The amounts as of December 31, 2021 and 2020 were $211,671 thousand and $139,758 thousand, respectively.

b. Accounts payable

Accounts payable are due to business activities. The credit period is 3 months. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. No interest was charged on the outstanding accounts payable.

19. OTHER PAYABLES

	December 31	
	2021	2020
Wages and salaries payable	$ 88,805	$ 73,690
Payable on equipment	72,907	70,837
Payable for freight and export expenses	42,189	30,100
Payable for repair and maintenance fees	21,238	19,626
Payable for compensation of employees and remuneration of directors	22,234	14,740
Compensated absences	16,034	14,383
Others	89,946	90,784
	$ 353,353	$ 314,160

20. PROVISIONS - NONCURRENT

Provisions are made for long-term pension and welfare liabilities for employees, and the movements were as follows:

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 8,270	$ 7,422
Provision recognized (reversal)	(2,476)	848
Balance at December 31	$ 5,794	$ 8,270

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

1) The Company and subsidiaries in the ROC have defined contribution plans managed by the government according to the Labor Pension Act, and contribute 6% of employees' monthly salaries to their individual pension account at the Bureau of Labor Insurance.

2) The overseas subsidiaries make pension contributions according to local laws and regulations, which are classified as a defined contribution plan.

3) The subsidiaries in China make contributions at certain ratio of salary in accordance with local regulations, which are defined contribution plans. The contributions are saved in a specified organization and then disbursed by the government. Due to the impact of COVID-19, the local government of the China subsidiary implemented a phased reduction of and exemption from contributions.

b. Defined benefit plans

The pension system implemented by the Group according to the Labor Standards Act of the ROC is a defined benefit plan managed by the government. Payment of employee pensions is calculated based on the employee's years of service and 6-month average wage before the approved date of retirement. The Company makes monthly contributions equal to 5% of employees' monthly salaries and wages to the pension fund, which is then deposited into to a dedicated account at the Bank of Taiwan under the name of the Supervisory Committee of Workers' Retirement Reserve Fund. The Company also makes monthly contributions equal to 8% of manager's monthly salaries and wages to the manager pension fund, which is then deposited into to a dedicated account at the Bank of Taiwan under the name of the Supervisory Committee of Workers' Retirement Reserve Fund. Before the end of each year, if the balance in the dedicated account is insufficient to pay the retirement benefits of employees who are eligible for retirement in the following year, the deficit will be funded in one appropriation before the end of March in the following year. The dedicated account is managed by the Bureau of Labor Funds, Ministry of Labor. The Company does not have any right to influence its investment management strategy.

Subsidiary P.T. Hopax should make severance pay to qualified employees in accordance with a defined benefit plan local labor laws.

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

	December 31	
	2021	**2020**
Present value of defined benefit obligation	$ 250,380	$ 243,223
Fair value of plan assets	(147,831)	(135,226)
Net defined benefit liabilities	$ 102,549	$ 107,997

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2020	$ 243,242	$ (128,219)	$ 115,023
Service cost			
Current service cost	4,564	-	4,564
Net interest expense (income)	3,057	(970)	2,087
Recognized in profit or loss	7,621	(970)	6,651
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,117)	(4,117)
Actuarial loss - changes in demographic assumptions	1,654	-	1,654
Actuarial loss - changes in financial assumptions	8,209	-	8,209
Actuarial gain - experience adjustments	(7,849)	-	(7,849)
Recognized in other comprehensive income	2,014	(4,117)	(2,103)
Contributions from the employer	-	(7,908)	(7,908)
Benefit payments	(5,988)	5,988	-
Paid by the Company	(2,323)	-	(2,323)
Exchange differences	(1,343)	-	(1,343)
Balance at December 31, 2020	243,223	(135,226)	107,997
Service cost			
Current service cost	3,706	-	3,706
Past service cost and loss (gain) on settlements	(726)	-	(726)
Net interest expense (income)	2,304	(682)	1,622
Recognized in profit or loss	5,284	(682)	4,602
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,723)	(1,723)
Actuarial loss - changes in demographic assumptions	6,908	-	6,908
Actuarial loss - changes in financial assumptions	(3,022)	-	(3,022)
Actuarial loss - experience adjustments	9,006	-	9,006
Recognized in other comprehensive income	12,892	(1,723)	11,169
Employer contributions	-	(20,690)	(20,690)
Benefit payments	(10,490)	10,490	-

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Exchange differences	$ (529)	$ -	$ (529)
Balance at December 31, 2021	$ 250,380	$ (147,831)	$ 102,549

(Concluded)

The Group is exposed to the following risks on the pension system under the Labor Standards Act :

1) Investment risk

   The Bureau of Labor Funds (BLF) of the Ministry of Labor (MOL) invests the labor pension fund in domestic and overseas equity securities, bonds, and bank deposits at its own discretion and through mandated investments. However, the interest rate of the investments may not be lower than the interest rate for 2-year time deposits at local banks.

2) Interest risk

   A decrease in bond interest rate will cause the present value of defined benefit liabilities to increase. However, the return on assets of defined benefit plans will increase, and the effect of the two on defined benefit liabilities will offset each other.

3) Salary risk

   Calculation of the present value of defined benefit liabilities takes into consideration the future salaries of members of defined benefit plans. Hence, an increase in salaries of members of defined benefit plans will increase the present value of defined benefit liabilities.

The present value of defined benefit liabilities of the Group is calculated by a qualified actuary, and major assumptions on the measurement date are as follows:

	December 31	
	2021	2020
Discount rate (%)	0.625 (the Company)/ 7.0 (P.T. Hopax)	0.5 (the Company)/ 7.0 (P.T. Hopax)
Expected rate of salary increase (%)	2.5 (the Company)/ 10 (P.T. Hopax)	2.5 (the Company)/ 10 (P.T. Hopax)

If a reasonable change to a significant actuarial assumption occurs while all other assumptions remain the same, the amount of increase (decrease) in the present value of defined benefit liabilities is as follows:

	December 31	
	2021	2020
The Company		
Discount rate		
0.25% increase	$ (5,834)	$ (5,951)
0.25% decrease	$ 6,046	$ 6,178
Expected rate of salary increase		
0.25% increase	$ 5,834	$ 5,952
0.25% decrease	$ (5,661)	$ (5,766)
P.T. Hopax		
Discount rate		
1% increase	$ (2,030)	$ (2,263)
1% decrease	$ 2,363	$ 2,656
Expected rate of salary increase		
1% increase	$ 2,493	$ 2,790
1% decrease	$ (2,170)	$ (2,412)

Since actuarial assumptions may be related, it is unlikely that only one assumption will change at a time, so the sensitivity analysis above might not reflect actual changes in the present value of defined benefit liabilities.

	December 31	
	2021	2020
Expected contributions to the plan for the next year	$ 2,582	$ 2,510
Average duration of the defined benefit obligation	10.37-15.23 years	10.9-15.6 years

22. EQUITY

a. capital stock - common

	December 31	
	2021	2020
Authorized shares (thousand shares)	260,000	260,000
Authorized share capital	$ 2,600,000	$ 2,600,000
Current outstanding shares (thousand shares)	173,204	173,204
Issued capital	$ 1,732,041	$ 1,732,041

The Company’s common shares have a par value of NT$10. Each share is entitled to one voting right and the right to receive dividends.

On July 6, 2020, the Company's board of directors passed a resolution for the cancellation of 2,929 thousand shares of treasury shares, with July 6, 2020 as the base date for capital reduction; the issued capital after the capital reduction was $1,732,041 thousand.

b. Capital surplus

	December 31	
	2021	**2020**
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note 1)		
Issuance of ordinary shares	$ 529,652	$ 529,652
Treasury share transactions	666	666
Others (Note 2)	44,638	44,638
	574,956	574,956
May not be used for any purpose		
Equity component of convertible bonds payable	40,572	
	$ 615,528	$ 574,956

Note 1: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

Note 2: Subscription of new shares waived by employees and stock options not used by bondholders.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Company's articles of incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, and shall be distributed in the following order:

1) 10% as legal reserve until the legal reserve equals to the Company's paid-in capital;

2) Special reserve appropriated or reversed in accordance with laws or regulations set forth by the authorities concerned;

3) If the Company has net income at the end of the year, a proposal for the distribution of such amount together with a part or all of the accumulated undistributed profits from previous years shall be prepared by the board of directors and submitted to the shareholders' meeting for resolution.

   Distributable dividends may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by at least two-thirds of the total number of directors, and a report of such distribution shall be submitted to the shareholders' meeting according to the Company Law.

The Company's dividend policy is in line with the current and future development plans, environment, capital needs and domestic and international competition in order to promote shareholders' interests. Thus, the Company may retain some of its earnings according to the Company's operation, and the residual earnings may be distributed in cash or shares. Cash dividends shall be at least 10% of the total dividends distributed. However, cash dividends shall be less than 10% of the total dividends paid if the total balance of short-term borrowings and long-term liabilities due within one year of the issuance of the Company's surplus is greater than the sum of cash and cash equivalents or if the amount of

liabilities is greater than half of the total assets.

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

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

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

	Appropriation of Earnings		Dividends Per Share (NT$)	
	2020	2019	2020	2019
Legal reserve	$ 27,636	$ 20,663		
Special reserve	(9,409)	64,601		
Cash dividends	173,204	119,771	$ 1.00	$ 0.68

The above appropriations for cash dividends were resolved by the Company's board of directors on March 23, 2021 and March 25, 2020, respectively; the other proposed appropriations were resolved by the shareholders in their meeting on August 26, 2021 and June 23, 2020, respectively. The Company's shareholders also resolved in the shareholders' meeting on August 26, 2021 to issue cash dividends of $3,523 thousand from the capital surplus.

The appropriation of earnings for 2021, which were proposed by the Company's board of directors on March 22, 2022, were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 42,881	
Special reserve	33,852	
Cash dividends	216,863	$ 1.25

The above appropriation for cash dividends has been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held in June 2022.

d. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ (284,512)	$ (292,722)
Exchange differences on translating the financial statements of foreign operations	(23,049)	10,262
Income tax from exchange differences on translating the financial statements of foreign operations	4,610	(2,052)
Balance at December 31	$ (302,951)	$ (284,512)

2) Unrealized gains (losses) on financial assets at FVTOCI

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ (10,344)	$ (11,544)
Unrealized loss on financial assets at FVTOCI	(10,136)	974
Income tax from unrealized loss on financial assets at FVTOCI	4,365	226
Cumulative unrealized gain/loss of equity instruments transferred to retained earnings due to disposal	(9,642)	-
Balance at December 31	$ (25,757)	$ (10,344)

e. Treasury shares

On March 25, 2020, the Company's board of directors resolved to purchase its ordinary shares from the market with $49,459 thousand as the total repurchase amount for 3,000 thousand shares. In order to maintain shareholders' equity, 2,292 thousand shares were bought back and the purchase price was $2,929 thousand. The execution has been done on July 6, 2020.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

23. REVENUE

	For the Year Ended December 31	
	2021	2020
Revenue from contracts with customers		
Revenue from sale of goods	$ 4,729,003	$ 3,588,701

a. Refer to Note 4 for the description of the contracts with customers.

b. Contract balances

	December 31		January 1
	2021	2020	2020
Notes and accounts receivable	$ 1,324,315	$ 1,024,268	$ 1,091,553
Contract liabilities - current			
Sale of goods	$ 59,424	$ 48,994	$ 30,890

Revenue in the current year that was recognized from the contract liability balance at the beginning of the year was as follows:

	December 31	
	2021	2020
From contract liabilities at the start of the year		
Sale of goods	$ 31,673	$ 16,495

c. Refer to Note 34 for disaggregation of revenue from contracts with customers.

24. PROFIT BEFORE INCOME TAX

Profit before income tax included the following items:

a. Other revenue

	For the Year Ended December 31	
	2021	2020
Grant income	$ 17,265	$ 10,357
Rent revenue	2,094	1,642
Dividend revenue	737	-
Others	13,935	9,469
	$ 34,031	$ 21,468

b. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Net foreign exchange losses	$ (15,223)	$ (11,429)
Loss on disposal of property, plant and equipment, net	(7,639)	(2,486)
Gain on financial liabilities at FVTPL, net	5,234	1,306
Others	(714)	(688)
	$ (18,342)	$ (13,297)

The content of net foreign exchange losses is as follows:

	For the Year Ended December 31	
	2021	2020
Total amount of foreign exchange gains	$ 64,318	$ 87,341
Total amount of foreign exchange losses	(79,541)	(98,770)
Net loss	$ (15,223)	$ (11,429)

c. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest of borrowings	$ 17,886	$ 20,963
Interest of short-term bills payable	820	1,727
Interest of convertible bonds	779	-
Interest of lease liabilities	97	96
Interest of financial liabilities at amortized cost	19,582	22,786
Less: Amounts included in the cost of qualifying assets	342	853
	$ 19,240	$ 21,933

Information on capitalized interest is as follows:

	For the Year Ended December 31	
	2021	2020
Capitalized interest	$ 342	$ 853
Capitalization rate (%)	0.99	1.10-1.21

d. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
Property, plant and equipment	$ 252,186	$ 227,018
Investment properties	309	309
Right-of-use assets	7,522	7,640
Other assets	23,133	10,372
	$ 283,150	$ 245,339
An analysis of depreciation by function		
Operating costs	$ 223,696	$ 199,030
Operating expenses	36,321	35,937
	$ 260,017	$ 234,967
An analysis of amortization by function		
Operating costs	$ 4,501	$ 3,678
Operating expenses	18,632	6,694
	$ 23,133	$ 10,372

e. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2021	2020
Direct operating expenses of investment properties that generate rental income	$ 309	$ 309

f. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits		
Salary and bonus	$ 576,637	$ 495,821
Labor and health insurance	60,391	41,654
Others	36,411	35,300
	673,439	572,775

(Continued)

	For the Year Ended December 31	
	2021	2020
Post-employment benefits		
Defined contribution plans	$ 15,610	$ 13,913
Defined benefit plans (Note 21)	4,602	6,651
	20,212	20,564
Other employee benefits	(2,476)	848
	$ 691,175	$ 594,187
An analysis of employee benefits expense by function		
Operating costs	$ 425,985	$ 356,610
Operating expenses	265,190	237,577
	$ 691,175	$ 594,187

(Concluded)

g. Compensation of employees and remuneration of directors

According to the articles of incorporation, the Company accrued compensation of employees and remuneration of directors at a rate of no less than 2% and no more than 2% of net profit before income tax and before deduction of the distribution of compensation of employees and remuneration of directors in the current year. The compensation of employees and remuneration of directors for the years ended December 31, 2021 and 2020 were resolved by the board of directors on March 23, 2022 and March 23, 2021 as follows:

	For the Year Ended December 31	
	2021	2020
Accrual rate (%)		
Compensation of employees	3.49	3.66
Remuneration of directors	0.72	0.75
Amount		
Compensation of employees	$ 18,454	$ 12,234
Remuneration of directors	3,780	2,506

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

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

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

25. INCOME TAX

a. The major components of income tax expense recognized in profit or loss are as follows:

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	$ 135,956	$ 96,027
Additional surtax on undistributed earnings	18	-
Adjustments for prior years	(5,702)	(2,280)
	130,272	93,747
Deferred tax		
In respect of the current year	4,330	(1,094)
Tax rate changes	-	866
	4,330	(228)
	$ 134,602	$ 93,519

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

	For the Year Ended December 31	
	2021	2020
Profit before income tax	$ 563,408	$ 377,812
Income tax expense on pre-tax profit calculated at the statutory tax rate	$ 121,432	$ 85,896
Non-deductible expenses and additional income from tax	1,188	1,081
Tax exempt income	(390)	(2,787)
Additional surtax on undistributed earnings	18	-
Effect of deferred income tax on subsidiary earnings	12,909	7,063
Unrecognized deductible temporary differences	(83)	9,077
Unrecognized loss deduction	5,230	3,469
Realized investment losses	-	(8,000)
Adjustments for prior years	(5,702)	(2,280)
	$ 134,602	$ 93,519

The income tax is paid in accordance with the tax rate set by the local government. The income tax rates are listed as follows:

	For the Year Ended December 31	
	2021	2020
The Company	20%	20%
Bio-medical	20%	20%
P.T. Hopax	22%	22%
Hopax International (Shanghai) Co. Ltd.	25%	25%
Kunshan Hopax	25%	25%
Changshu Hopax	25%	25%

The subsidiary Seecure and Hopax Europe have no income and have accumulated losses, so there is no income tax expense. In addition, the earnings of Far Profits, Phoenix, Hopax Worldwide and Hopax Holding are exempt from income tax in accordance with local laws.

b. Income tax benefit (loss) recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
Deferred tax		
Tax rate changes	$ -	$ (32)
In respect of the current year		
Unrealized gain on financial assets at FVTOCI	4,365	226
Remeasurement of defined benefit plans	2,204	(381)
Translation of foreign operations	4,610	(2,052)
	$ 11,179	$ (2,239)

c. Current tax assets and liabilities

	December 31	
	2021	2020
Tax refund receivable	$ -	$ 7,609
Income tax payable	$ 75,531	$ 52,228

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2021

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Balance, End of Year
Deferred Tax Assets					
Temporary differences					
Exchange differences on translating the financial statements of foreign operations	$ 85,365	$ -	$ 4,610	$ -	$ 89,975
Defined benefit plans	33,042	370	2,204	(116)	35,500
Tax losses	-	2,059	-	-	2,059
Others	40,434	(6,635)	3,018	(154)	36,663
	$ 158,841	$ (4,206)	$ 9,832	$ (270)	$ 164,197
Deferred Tax liabilities					
Temporary differences					
Undistributed surplus from overseas reinvestment	$ 83,445	$ (3,130)	$ -	$ -	$ 80,315
Others	12,831	3,254	(1,347)	-	14,738
	$ 96,276	$ 124	$ (1,347)	$ -	$ 95,053

For the year ended December 31, 2020

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Balance, End of Year
Deferred Tax Assets					
Temporary differences					
Exchange differences on translating the financial statements of foreign operations	$ 87,417	$ -	$ (2,052)	$ -	$ 85,365
Defined benefit liabilities	33,906	(119)	(413)	(332)	33,042
Others	37,136	2,054	1,573	(329)	40,434
	$ 158,459	$ 1,935	$ (892)	$ (661)	$ 158,841
Deferred Tax liabilities					
Temporary differences					
Undistributed surplus from overseas reinvestment	$ 83,169	$ 276	$ -	$ -	$ 83,445
Others	10,053	1,431	1,347	-	12,831
	$ 93,222	$ 1,707	$ 1,347	$ -	$ 96,276

e. Unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2021	2020
Seecure Taiwan Co., Ltd.		
Loss deduction		
Expires in 2022	$ 19,745	$ 19,745
Expires in 2023	22,152	22,152
Expires in 2024	24,509	24,509
Expires in 2025	19,961	19,961
Expires in 2026	25,559	25,559
Expires in 2027	22,464	22,464
Expires in 2028	20,504	20,504
Expires in 2029	22,289	22,289
Expires in 2030	26,100	24,624
Expires in 2031	26,152	-
	$ 229,435	$ 201,807

f. Information on unused loss carryforwards

Loss deduction as of December 31, 2021 comprised:

Unused Amount	Expiry Year
$ 2,059	115 year

g. The aggregate amount of temporary differences associated with investments for which income tax liabilities have not been recognized.

As of December 31, 2021 and 2020, the taxable temporary differences related to investment in subsidiaries for which no deferred tax liabilities have been recognized was $109,897 thousand and $88,743 thousand, respectively.

h. Income tax assessments

The tax returns of the Company and its subsidiaries in the ROC through 2019 and 2020 respectively, have been assessed by the tax authority.

26. EARNINGS PER SHARE

EPS and weighted average ordinary shares are calculated as follows:

Net profit for the year

	For the Year Ended December 31	
	2021	2020
Profit for the year attributable to owners of the Company	$ 428,806	$ 284,293

Shares

	For the Year Ended December 31	
	2021	2020
Weighted average ordinary shares used to calculate basic EPS	173,204	174,098
Effect of diluted potential ordinary shares		
Compensation of employees	370	576
Weighted average ordinary shares used to calculate diluted EPS	173,574	174,674

The Company may distribute compensation of employees in shares or cash, so it is assumed that all distribution will be in shares, which, if dilutive, are included in the calculation of weighted-average number of ordinary shares outstanding. The number of potential shares is included in the calculation of earnings per share until the shareholders have decided on the distribution of the compensation of employees in the following year.

27. CAPITAL RISK MANAGEMENT

The Group's capital management aims to ensure that the entities in the Group are able to continue as going concerns and able to maximize returns for shareholders by optimizing the balance of liabilities and equity. The Group's overall strategy remains unchanged from the last 2 years.

The capital structure of the Group consists of borrowings (short-term borrowings, shore-term bills payable and long-term borrowings) minus cash and equity (i.e. share capital, capital surplus, retained earnings and other equity items).

The Group is not required to comply with other external capital related regulations.

28. FINANCIAL INSTRUMENTS

a. Information on fair value - Financial instruments not measured at fair value

Management of the Group believes that the book value of financial assets and financial liabilities not measured at fair value is near the fair value, or the fair value cannot be measured.

b. Information on fair value - Financial instruments measured at fair value on a recurring basis

1) Fir value level

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Financial assets at FVTPL				
Derivative instruments				
Forward exchange contracts	$ -	$ 1,192	$ -	$ 1,192
Redemption option and put option of convertible bonds	$ -	$ 1,020	$ -	$ 1,020
Financial liabilities at FVTPL				
Derivative instruments				
Forward exchange contracts	$ -	$ 183	$ -	$ 183
Financial assets at FVTOCI				
Domestic listed shares	$ 46,463	$ -	$ -	$ 46,463
Unlisted ordinary shares	$ -	$ -	$ 22,337	$ 22,337

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments				
Forward exchange contracts	$ -	$ 608	$ -	$ 608
Financial assets at FVTOCI				
Domestic listed shares	$ 38,240	$ -	$ -	$ 38,240
Domestic unlisted shares	$ -	$ -	$ 37,813	$ 37,813

For domestic listed shares in 2021 and 2020, the Group uses the market value as its fair value (i.e. level 1), the fair value is the closing price from the Taiwan Stock Exchange.

There were no transfers between Level 1 and Level 2 during the years ended December 31, 2021 and 2020.

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

	December 31	
	2021	2020
Financial assets at FVTOCI		
Balance at January 1,	$ 37,813	$ 43,574
Reduction of capital	(386)	-
Recognized in other comprehensive income (included in unrealized valuation gain/(loss) on financial assets at FVTOCI)	(15,090)	(5,761)
Balance at December 31	$ 22,337	$ 37,813

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

Financial Instrument	Valuation Technique and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the year and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Derivatives - redemption option and put option of convertible bonds	Option pricing models - Use of present value techniques and reflect the time value and intrinsic value of redemption option and put option.

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

The fair value of domestic unlisted shares is determined based on the company's net worth.

c. Categories of financial instruments

	December 31	
	2021	2020
Financial assets		
FVTPL		
Mandatorily at FVTPL	$ 2,212	$ 608
Measured at amortized cost (Note 1)	1,867,461	1,599,512
FVTOCI		
Equity instruments	68,800	76,053
Financial liabilities		
Mandatorily at FVTPL	183	-
Measured at amortized cost (Note 2)	2,755,824	2,553,291

Note 1: The balances include cash, financial assets at amortized cost, notes receivable, accounts receivable (including related parties), other receivables (including related parties) and refundable deposits and other financial assets at amortized cost.

Note 2: The balances include short-term borrowings, short-term bills payable, accounts payable (including related parties), other payables (including related parties), bonds payable, long-term borrowings (including current portion), guarantee deposits received, and financial liabilities at amortized cost.

d. Financial risk management objectives and policies

The Group's main financial instruments include accounts receivable, accounts payable, short-term notes and bills payable, and long-term and short-term borrowings. The Group's financial management department provides services to sales units, coordinates operations in domestic and international financial markets, and analyzes exposure based on the level and extent of risks, in order to supervise and manage financial risks related to the Group's operations. Risks include market risk (including foreign exchange risk, and interest rate risk), credit risk, and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The main financial risk of the Group due to business activities is the risk of changes in exchange rates (refer to (1) below) and changes in interest rates (refer to (2) below). The Group uses forward exchange contracts to mitigate foreign currency risk of assets and liabilities denominated in USD.

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

a) Foreign exchange risk

The Group engages in sales and purchase of goods denominated in foreign currencies, which expose the Group to the risk of exchange rate changes. The Group manages its exposure to foreign exchange risk using FX options and swaps within the scope permitted by policy. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

Please see Note 32 for the book value of the Group's monetary assets and liabilities not denominated in the functional currency on the balance sheet date.

Sensitivity analysis

The Group was mainly exposed to the USD

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the USD. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign exchange forward contracts designated as cash flow hedges, and adjusts their translation at the end of the year for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the New Taiwan dollar strengthening 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and

the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2021	2020
Profit or loss	$ 95	$ 146

The result was mainly attributable to the exposure on outstanding cash in bank, borrowings, receivables and payables in USD that were not hedged at the end of the year.

b) Interest rate risk

The Group is exposed to interest rate risk on its financial assets and liabilities. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings.

The Group manages its interest rate risk by having financial liabilities at fixed or variable interest rates in accordance with the market interest rate trends of each financial instrument.

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

	For the Year Ended December 31	
	2021	2020
Fair value interest rate risk		
Financial liabilities	$ 401,031	$ 354,358
Cash flow interest rate risk		
Financial assets	517,405	489,263
Financial liabilities	1,035,539	701,459

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for financial assets and liabilities at the end of the reporting period. The analysis was prepared assuming the amount of the assets and liabilities outstanding at the end of the reporting period was outstanding for the whole year. A 1% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates of financial asset had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by NT$5,181 thousand and NT$2,122 thousand, respectively, which was mainly a result of the changes in the floating interest rate bank deposits and borrowings.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to counterparties' failure to discharge an obligation is the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

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

The Group transacted with a large number of customers from various industries and geographical locations. The Group continuously assesses the operations and financial positions of customers and monitors the collectability of accounts receivable.

The Group transacted foreign exchange forward contracts with financial holding institutions, so the credit risk is limited.

3) Liquidity risk

The Group maintains sufficient cash and cash equivalents to support the group's operation and mitigate the impact of cash flow fluctuations. The management continuously monitoring banking facilities to ensure compliance with the terms of the loan contract. The Group expects to generate cash inflows from operating activities in the future continuly. The Group assesses no significant liquidity risk. Bank borrowings are an important source of the Group's liquidity.

Liquidity and interest risk rate table

The following table shows the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed-upon repayment periods. The tables had been drawn up on the basis of undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows.

Bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates. To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the year.

December 31, 2021

	1-3 Months	**3 Months to 1 Year**	**More than 1 Year**
Noninterest- bearing liabilities	$ 822,671	$ 105,045	$ -
Lease liabilities	520	1,561	4,341
Fixed interest rate liabilities	303,063	92,861	412,268
Variable interest rate liabilities	214,346	219,731	629,510
Guarantee liabilities	7,106	15,848	-
	$ 1,347,706	$ 435,046	$ 1,046,119

December 31, 2020

	1-3 Months	3 Months to 1 Year	More than 1 Year
Noninterest-bearing liabilities	$ 650,025	$ 94,611	$ -
Lease liabilities	816	2,449	4,440
Fixed interest rate liabilities	664,181	92,961	358,102
Variable interest rate liabilities	129,787	443,504	133,269
Guarantee liabilities	8,292	11,879	-
	$ 1,453,101	$ 645,404	$ 495,811

The amounts included above for floating interest rate non-derivative financial liabilities were subject to change if changes in floating interest rates differ from those estimates of interest rates determined at each balance sheet date.

The following table detailed the Group's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments settled on a net basis. When the amounts payable or receivable are not fixed, the amounts disclosed have been determined by reference to the projected interest rates as illustrated at each balance sheet date.

	On Demand or Less than 1 Months	1-3 Months	More than 3 Months
December 31, 2021			
Gross settled			
Foreign exchange forward contracts			
Inflows	$ 55,496	$ 92,434	$ 15,821
Outflows	(55,096)	(91,698)	(15,858)
	$ 400	$ 736	$ (37)
December 31, 2020			
Gross settled			
Foreign exchange forward contracts			
Inflows	$ 27,993	$ 54,673	$ -
Outflows	(28,224)	(54,590)	-
	$ (231)	$ 83	$ -

e. Transfers of financial assets

The Group transferred a portion of its banker's acceptance bills in mainland China to some of its suppliers in order to settle the accounts payable to these suppliers. The information was as follows:

	December 31	
	2021	2020
Transferred but not derecognized (Note 1)	$ 105,092	$ 98,515
Transferred and derecognized (Note 2)	22,954	20,171
	$ 128,046	$ 118,686

Note 1: If the bills receivable are not paid upon maturity, the suppliers have the right to request the Group to pay the unsettled balance; however, the Group has not transferred the significant risks and rewards relating to these banker's acceptance bills, and the Group has continued to recognize these bills as collateral.

Note 2: The Group has transferred substantially all risks and rewards relating to the banker's acceptance bills; however, if the derecognized bills receivable are not paid upon maturity, the suppliers have the right to request the Group to pay the unsettled balance; however, the Group still has continuing involvement in these bills receivable. The maximum exposure to loss from the Group's continuing involvement in the derecognized bills receivable is equal to the carrying amounts of the transferred but unsettled bills receivable. Taking into consideration the credit risk of these derecognized bills receivable, the Group estimates that the fair values of derecognized bills receivable in its continuing involvement are not significant.

For the years ended December 31, 2021 and 2020, the Group did not recognize any gains or losses upon the transfer of the banker's acceptance bills. No gains or losses were recognized from the continuing involvement, both during the period or cumulatively.

29. TRANSACTIONS WITH RELATED PARTIES

Transactions, account balances, gains, and losses between and among entities in the Group were eliminated and therefore not disclosed in this note. Transactions between the Group and related parties are as follows:

a. Related party name and category

Related Party Name	Related Party Category
Hopax Culture and Arts Foundation (Hopax Foundation)	Related party in substance

b. Other transactions

The Company donated to Hopax Foundation $1,500 thousand each in 2021 and 2020. The purpose of the foundation is to develop an innovative knowledge culture and promote the internationalization of humanities and science and technology.

c. Compensation of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term benefits	$ 35,996	$ 32,246
Post-employment benefits	1,281	1,225
Other long-term benefits	55	81
	$ 37,332	$ 33,552

Remuneration of directors and management is decided by the remuneration committee based on individual performance and market trends.

30. ASSETS PLEDGED AS COLLATERAL OR SECURITY

The following assets have been provided to financial institutions as collateral for the Group's financing, payments to suppliers, purchase performance guarantees and issuance of acceptance bills:

	Book Value	
	December 31	
	2021	2020
Financial assets at amortized cost - current	$ 143,011	$ 55,160
Notes receivable	197,138	183,113
Property, plant and equipment		
Land	320,072	320,159
Buildings	268,640	284,832
	$ 928,861	$ 843,264

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Unrecognized commitments were as follows:

	December 31	
	2021	2020
Purchase of property, plant and equipment	$ 125,756	$ 74,025

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	Foreign Currencies (In Thousand)	Exchange Rate		Carrying Amount (in NTD Thousand)
December 31, 2021				
Financial assets				
Monetary items				
USD	$ 19,957	27.68	(USD:NTD)	$ 552,416
USD	1,942	13,980	(USD:IDR)	53,742
USD	11,290	6.3757	(USD:CNY)	312,509
USD	972	0.7421	(USD:GBP)	26,913
Financial liabilities				
Monetary items				
USD	17,508	27.68	(USD:NTD)	484,630
USD	2,392	13,980	(USD:IDR)	66,202
USD	9,071	6.3757	(USD:CNY)	251,095
USD	1,010	0.7421	(USD:GBP)	27,961
Derivative instruments				
USD	3,835	27.68	(USD:NTD)	106,153

(Continued)

	Foreign Currencies (In Thousand)	Exchange Rate		Carrying Amount (in NTD Thousand)
December 31, 2020				
Financial assets				
Monetary items				
USD	$ 14,914	28.48	(USD:NTD)	$ 424,767
USD	2,109	14,030	(USD:IDR)	60,061
USD	10,418	6.52	(USD:CNY)	296,697
USD	652	0.73	(USD:GBP)	18,561
Financial liabilities				
Monetary items				
USD	14,165	28.48	(USD:NTD)	403,413
USD	1,265	14,030	(USD:IDR)	36,019
USD	9,069	6.52	(USD:CNY)	258,301
USD	523	0.73	(USD:GBP)	14,890
Derivative instruments				
USD	2,005	28.48	(USD:NTD)	57,102
USD	553	6.52	(USD:CNY)	15,745

(Concluded)

The following information is a summary presented by functional currencies, and the exchange rate for converting the functional currencies to the presentation currency. Foreign exchange gain/loss (realized and unrealized) with a significant impact are as follows:

Functional Currencies	Functional currency to presentation currency		Net exchange gain (loss)
For the Year Ended December 31, 2021			
NTD	1	(NTD:NTD)	$ (11,322)
RMB	4.325	(RMB:NTD)	(3,798)
IDR	0.00198	(IDR:NTD)	1,091
GBP	38.56	(GBP:NTD)	(1,135)
USD	28.009	(USD:NTD)	(59)
			$ (15,223)
For the Year Ended December 31, 2020			
NTD	1	(NTD:NTD)	$ (3,055)
RMB	4.266	(RMB:NTD)	(8,904)
ODR	0.00205	(IDR:NTD)	185
GBP	37.94	(GBP:NTD)	(80)
USD	29.549	(USD:NTD)	425
			$ (11,429)

33. ADDITIONAL DISCLOSURES

a. Information about significant transactions and b. investees:

1) Financing provided to others: Table 1.

2) Endorsement/guarantee provided: Table 2.

3) Marketable securities held: Table 3.

4) Marketable securities acquired or disposed of at cost or price of at least NT$300 million or 20% of the paid-in capital: None.

5) Acquisition of individual real estate at cost of at least NT$300 million or 20% of the paid-in capital: None.

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 4.

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 5.

9) Trading in derivative instruments: Note 7.

10) Intercompany relationships and significant intercompany transactions: Table 6.

11) Information on investees: Table 7.

c. Information on investments in mainland China

Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 8.

Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:

1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 9.

2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 9.

3) The amount of property transactions and the amount of the resultant gains or losses: None.

4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.

5) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1.

6) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None.

c. Information of major stockholders: List all stockholders with ownership of 5% or greater showing the name of the stockholder, the number of shares owned, and percentage of ownership of each stockholder: None.

34. SEGMENT INFORMATION

Information reported to the Group's chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the type of goods or services delivered or provided. The Group considered the processes and operating models in determining whether the department should be reported as specialty chemicals, fine chemicals, office stationery, and other department.

a. Segment revenues and results

	Specialty Chemicals Division	Fine Chemicals Division	Office Stationery Division (Stick'N)	Others	Adjustment and Elimination	Consolidated Amount
For the year ended December 31, 2021						
Revenue from external customers	$ 1,464,472	$ 2,205,668	$ 957,380	$ 101,483	$ -	$ 4,729,003
Inter-segment revenue	387,654	381,552	780,665	4,456	(1,554,327)	-
Segment revenue	$ 1,852,126	$ 2,587,220	$ 1,738,045	$ 105,939	$(1,554,327)	$ 4,729,003
Segment income (loss)	$ 98,816	$ 537,352	$ (51,118)	$ 14,466	$ 22,844	$ 622,360
Operating expenses						(58,107)
Operating income						564,253
Non-operating expenses						(845)
Income before income tax						563,408
Income tax						(134,602)
Net income						$ 428,806
December 31, 2021						
Recognized segment assets	$ 2,238,909	$ 2,579,144	$ 1,496,880	$ 174,447	$ (522,242)	$ 5,967,138
General assets						287,574
Total assets						$ 6,254,712
Recognized segment liabilities	$ 415,858	$ 734,661	$ 461,566	$ 50,398	$ (491,470)	$ 1,171,013
General liabilities						1,940,784
Total liabilities						$ 3,111,797
Depreciation	$ 30,257	$ 176,452	$ 38,820	$ 14,488		
Amortization	$ 3,027	$ 16,286	$ 1,289	$ 2,531		
For the year ended December 31, 2020						
Revenue from external customers	$ 1,284,870	$ 1,364,785	$ 840,812	$ 98,234	$ -	$ 3,588,701
Inter - segment revenue	378,141	283,861	612,296	5,995	(1,280,293)	-
Segment revenue	$ 1,663,011	$ 1,648,646	$ 1,453,108	$ 104,229	$(1,280,293)	$ 3,588,701

(Continued)

	Specialty Chemicals Division	Fine Chemicals Division	Office Stationery Division (Stick'N)	Others	Adjustment and Elimination	Consolidated Amount
Segment income (loss)	$ 166,937	$ 269,163	$ (21,603)	$ 13,320	$ 16,133	$ 443,950
Operating expenses						(60,919)
Operating income						383,031
Non-operating expenses						(5,219)
Income before income tax						377,812
Income tax						(93,519)
Net income						$ 284,293
December 31, 2020						
Recognized segment assets	$ 2,014,488	$ 2,396,636	$ 1,440,266	$ 149,860	$ (517,324)	$ 5,483,926
General assets						278,289
Total assets						$ 5,762,215
Recognized segment liabilities	$ 337,039	$ 706,250	$ 374,151	$ 49,105	$ (477,545)	$ 989,000
General liabilities						1,893,299
Total liabilities						$ 2,882,299
Depreciation	$ 32,749	$ 150,508	$ 37,141	$ 14,569		
Amortization	$ 2,008	$ 6,221	$ 727	$ 1,416		

(Concluded)

Segment revenue refers to the revenue of the segment, excluding the allocated management costs and remuneration of directors, interest income, rental income, grant income, disposition of property, plant and equipment gains and losses, disposition of investment gains and losses, net (profit) losses in foreign currency exchange, and evaluation of financial instruments profit and loss, financial costs, and income tax benefits (expenses). This measurement amount is provided to the chief operating decision maker to allocate resources to the department and measure its performance.

b. Information by region

The main operating regions of the Group include Taiwan, China, Indonesia, the United States and the United Kingdom.

The Group's revenue from external customers by location of customers and information about its noncurrent assets by location of assets are detailed below:

	Revenue from External Customers For the Year Ended December 31		Non-current Assets December	
	2021	2020	2021	2020
Taiwan	$ 464,323	$ 415,824	$ 1,477,242	$ 1,505,578
Asia	2,412,341	1,801,982	1,327,476	1,337,198
Europe	855,238	686,175	40	49
America	963,266	670,277	-	-
Others	33,835	14,443	-	-
	$ 4,729,003	$ 3,588,701	$ 2,804,758	$ 2,842,825

Noncurrent assets exclude financial assets - noncurrent and deferred income tax assets.

c. Major customer information

In 2021 and 2020, there was no revenue from a single customer that exceeded 10% of the Group's total revenue.

TAIWAN HOPAX CHEMICALS MFG. CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
0	Taiwan Hopax	Hopax Europe	Other receivables - related parties	Yes	$ 13,536	$ 12,528	$ 12,528	0.8	Note 4	$ -	Operating turnover	$ -	-	$ -	$ 628,583 (Note 1)	$ 1,257,166 (Note 1)	Note 5
1	Far Profits	Changshu Hopax	Other receivables - related parties	Yes	42,803	-	-	0.688-0.76	Note 4	-	Operating turnover	-	-	-	43,618 (Note 2)	87,236 (Note 2)	Note 5
1	Far Profits	Kunshan Hopax	Other receivables - related parties	Yes	51,102	-	-	0.83-0.86	Note 4	-	Operating turnover	-	-	-	43,618 (Note 2)	87,236 (Note 2)	Note 5
1	Far Profits	Hopax Europe	Other receivables - related parties	Yes	6,874	-	-	0.8	Note 4	-	Operating turnover	-	-	-	43,618 (Note 2)	87,236 (Note 2)	Note 5
2	Bio-medical	Taiwan Hopax	Other receivables - related parties	Yes	25,000	20,000	20,000	0.9	Note 4	-	Operating turnover	-	-	-	39,154 (Note 3)	39,154 (Note 3)	Note 5

Note 1: Under the Company's: Operational Procedures for Loaning Funds to Others", if short-term financing is needed, the individual financing shall not exceed 20% of the Company's stockholders' equity, and the total amount of these financings shall not exceed 40%of the Company's stockholders' equity.

Note 2: Under Far Profits's "Operational Procedures for Loaning Funds to Others", if short-term financing is needed, the individual financing shall not exceed 10 times of Far Profits's stockholders' equity, and the total amount of these financings shall not exceed 20 times of Far Profits's stockholders' equity and shall not exceed borrowing amount of Far Profit.

Note 3: Under Bio-medical "Operational Procedures for Loaning Funds to Others", if short-term financing is needed, the individual financing shall not exceed 40% of Bio-medical's stockholders' equity, and the total amount of these financings shall not exceed 40% of Bio-medical's stockholders' equity.

Note 4: It is necessary to have short-term financing.

Note 5: It was eliminated on consolidation.

TAIWAN HOPAX CHEMICALS MFG. CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	The Company	Far Profits	100% owned subsidiary	$ 1,571,458 (Note 1)	$ 333,860	$ 323,856	$ -	$ -	10.30	$ 3,142,915 (Note 2)	Y	-	-	
0	The Company	Changshu Hopax	100% owned subsidiary	1,571,458 (Note 1)	545,990	450,560	124,560	-	14.34	3,142,915 (Note 2)	Y	-	Y	
0	The Company	Kunshan Hopax	100% owned subsidiary	1,571,458 (Note 1)	52,608	52,128	21,720	-	1.66	3,142,915 (Note 2)	Y	-	Y	

Note 1: Under the Company's "Operational Procedures for Endorsement/Guarantee Provided", for investee companies that hold more than 50% of the total shares of the Company and the subsidiaries, the total amount of these financings shall not exceed 50% of the Company's stockholders' equity.

Note 2: Under the Company's "Operational Procedures for Endorsement/Guarantee Provided", the total amount of endorsement/guarantee provided shall not exceed 100% of the Company's stockholders' equity.

TAIWAN HOPAX CHEMICALS MFG. CO., LTD. AND SUBSIDIARIES

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2021				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
The Company	Stock							
	Grand Cathay Venture Capital III Co., Ltd.	-	Financial assets at FVTOCI - non-current	30,306	$ 27	1.39	$ 27	
	Separator Design Co., Ltd.	-	Financial assets at FVTOCI - non-current	4,000	22,310	26.32	22,310	Note
Hopax Bio-medical Co., Ltd.	Stock							
	Thinking Electronic Industrial Co., Ltd.	-	Financial assets at FVTOCI - non-current	295,000	46,463	0.23	46,463	

Note: Since Separator Design Co. Ltd. is currently in the early stage of its business and continues to raise funds, the Company's shareholding ratio is expected to decline after the completion of the fundraising, so it is classified as financial assets at FVTOCI.

TAIWAN HOPAX CHEMICALS MFG. CO., LTD. AND SUBSIDIARIES

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

Buyer	Related Party	Relationship	Transaction Detail				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Term	Ending Balance	% to Total	
The Company	Kunshan Hopax	Subsidiary	Purchases	$ 542,908	28	1 to 3 months	On the cost or a certain ratio of cost plus	Normal	$ (157,515)	(40)	Note
The Company	Changshu Hopax	Subsidiary	Purchases	320,527	17	1 to 3 months	On the cost or a certain ratio of cost plus	Normal	(85,419)	(22)	Note
The Company	P.T. Hopax	Subsidiary	Purchases	169,864	9	1 to 3 months	On the cost or a certain ratio of cost plus	Normal	(30,193)	(8)	Note
The Company	Hopax Europe	Subsidiary	Sales	(172,571)	(6)	1 to 3 months	On the cost or a certain ratio of cost plus	Normal	73,595	10	Note

Note: It was eliminated on consolidation.

TAIWAN HOPAX CHEMICALS MFG. CO., LTD. AND SUBSIDIARIES

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

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Kunshan Hopax	The Company	Parent Company	$ 157,515	3.81	$ -	-	$ 107,010	$ -

TAIWAN HOPAX CHEMICALS MFG. CO., LTD. AND SUBSIDIARIES

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

No. (Note1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
0	The Company	P.T. Hopax	1	Sale	$ 72,753	Cost or Cost-plus	1.54
		P.T. Hopax	1	Purchase	169,864	Cost or Cost-plus	3.59
		P.T. Hopax	1	Accounts receivable	64,161	Credit period 1-3 Months	1.03
		P.T. Hopax	1	Other receivable	1,373	Credit period 1-3 Months	0.02
		P.T. Hopax	1	Accounts payable	30,193	Credit period 1-3 Months	0.48
		P.T. Hopax	1	Premium revenue	2,056	Sales multiplied by contract rate	0.04
		P.T. Hopax	1	Administrative revenue	3,153	Personnel costs plus	0.07
		Far Profits	1	Sale	5,455	Cost or Cost-plus	0.12
		Hopax Europe	1	Sale	172,571	Cost or Cost-plus	3.65
		Hopax Europe	1	Accounts receivable	73,595	Credit period 1-3 Months	1.18
		Hopax Europe	1	Other receivable	12,545	Annual Rate 0.8%	0.20
		Kunshan Hopax	1	Sale	58,764	Cost or Cost-plus	1.24
		Kunshan Hopax	1	Purchase	542,908	Cost or Cost-plus	11.48
		Kunshan Hopax	1	Accounts receivable	7,162	Credit period 1-3 Months	0.11
		Kunshan Hopax	1	Accounts payable	157,515	Credit period 1-3 Months	2.52
		Changshu Hopax	1	Sale	42,612	Cost or Cost-plus	0.9
		Changshu Hopax	1	Purchase	320,527	Cost or Cost-plus	6.78
		Changshu Hopax	1	Premium revenue	2,050	Sales multiplied by contract rate	0.04
		Changshu Hopax	1	Administrative revenue	6,275	Personnel costs plus	0.13
		Changshu Hopax	1	Accounts receivable	11,708	Credit period 1-3 Months	0.19
		Changshu Hopax	1	Accounts payable	85,419	Credit period 1-3 Months	1.36
		Bio-medical	1	Sale	12,998	Cost or Cost-plus	0.27
		Bio-medical	1	Accounts receivable	958	Credit period 1-3 Months	0.02
		Bio-medical	1	Rent revenue	1,063	Contract price	0.02
		Bio-medical	1	Other payable	20,038	Annual rate 0.9%	0.01
		Seecure	1	Rent revenue	2,400	Contract price	0.05
		Seecure	1	Deferred credit	12,000	Appraisal report	0.19
		Seecure	1	Other receivable	1,575	Credit period 1-3 Months	0.03
		Hopax International (Shanghai) Co., Ltd.	1	Sale	10,068	Cost or Cost-plus	0.21
		Hopax International (Shanghai) Co., Ltd.	1	Purchase	7,261	Cost or Cost-plus	0.15
		Hopax International (Shanghai) Co., Ltd.	1	Accounts receivable	1,107	Credit period 1-3 Months	0.02
1	Far Profits	P.T. Hopax	3	Sale	40,539	Cost or Cost-plus	0.86
2	P.T. Hopax	Changshu Hopax	3	Sale	5,977	Cost or Cost-plus	0.13
		Changshu Hopax	3	Accounts receivable	5,270	Credit period 1-3 Months	0.08
		Hopax International (Shanghai) Co., Ltd.	3	Purchase	5,035	Cost or Cost-plus	0.11
3	Hopax Europe	The Company	2	Commission revenue	3,671	Sales multiplied by contract rate	0.08

(Continued)

No. (Note1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
4	Changshu Hopax	Hopax International (Shanghai) Co., Ltd.	3	Sale	$ 10,934	Cost or Cost-plus	0.23
		Hopax International (Shanghai) Co., Ltd.	3	Purchase	46,185	Cost or Cost-plus	0.98
		Hopax International (Shanghai) Co., Ltd.	3	Accounts receivable	860	Credit period 1-3 Months	0.01
		Hopax International (Shanghai) Co., Ltd.	3	Accounts payable	13,200	Credit period 1-3 Months	0.21
		Kunshan Hopax	3	Sale	1,920	Cost or Cost-plus	0.04
		Kunshan Hopax	3	Accounts receivable	1,531	Credit period 1-3 Months	0.02

(Concluded)

Note1: The intercompany transactions are numbered as follows:

1. Parent company as 0.

2. Subsidiares are numbered sequentially by Arabic numerals.

Note 2: 1) Parent to subsidiary..

2) Subsidiary to parent.

3) Subsidiary to subsidiary.

Note 3: Transactions were eliminated on consolidation.

TAIWAN HOPAX CHEMICALS MFG. CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES (NOT INCLUDING INVESTMENT IN CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Business and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Shares/ Units	%	Carrying Amount			
The Company	P.T. Hopax	Indonesia	Manufacturing and sales of chemicals for papermaking	$ 376,769 (USD13,200 thousand)	$ 376,769 (USD13,200 thousand)	1,320,000	100	$ 217,137	$ 56,742	$ 57,503	Note
The Company	Phoenix	British Virgin Islands	Investment	322,973 (USD9,700 thousand)	322,973 (USD9,700 thousand)	9,700,000	100	559,744	(2,248)	(744)	Note
The Company	Hopax Worldwide	Samoa	Investment	1,067,708 (USD35,000 thousand)	1,067,708 (USD35,000 thousand)	35,000,000	100	1,531,691	111,680	115,331	Note
The Company	Far Profits	British Virgin Islands	Sales of chemicals	33 (USD1)	33 (USD1)	1	100	4,362	609	3,366	Note
The Company	Hopax Europe	U.K.	Sales of office stationery	70,762 (GBP1,550 thousand)	70,762 (GBP1,550 thousand)	1,550,000	100	4,605	(8,947)	(8,947)	Note
The Company	Bio-medical	Taiwan	Production and sales of daily cleaning products	50,000	50,000	5,000,000	100	97,886	33,145	33,145	Note
The Company	Seecure	Taiwan	R&D and production of medical supplies and biotechnology	80,000	50,000	8,000,000	100	14,163	(26,152)	(26,152)	Note
				$ 1,968,212	$ 1,938,212			$2,429,588		$ 173,502	
Hopax Worldwide.	Hopax Holding	Cayman Islands	Investment	USD35,000 thousand	USD35,000 thousand	35,000,000	100	$1,542,404	111,680	$ 111,680	Note

Note: It was eliminated on consolidation

TAIWAN HOPAX CHEMICALS MFG. CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars; Unless Stated Otherwise)

Investee Company	Main Business and Product	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021 (Note 1)	Remittance of Fund		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021(Note 1)	Net Income of the Investee	% of Ownership of Direct or Indirect Investment	Investment Gain (Note 4)	Carrying Amount as of December 31, 2021	Note
					Outward	Inward						
Kunshan Hopax	Production, processing and sales of office stationery	$ 257,424 (USD9,300 thousand)	Phoenix (Note 3)	$ 257,424 (USD9,300 thousand)	$ -	$ -	$ 257,424 (USD 9,300 thousand)	$ (2,124)	100	$ (2,124)	$ 556,144	
Hopax International (Shanghai) Co., Ltd.	Sales of chemicals	33,216 (USD1,200 thousand)	Note 2	33,216 (USD1,200 thousand)	-	-	33,216 (USD 1,200 thousand)	3,574	100	3,373	27,740	
Changshu Hopax	Manufacturing and sales of chemicals for pharmaceutical, industrial and papermaking	968,800 (USD35,000 thousand)	Hopax Holding (Note 3)	968,800 (USD35,000 thousand)	-	-	968,800 (USD35,000 thousand)	111,680	100	111,680	1,542,381	

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$1,259,440 (USD45,500 thousand)	$1,259,440 (USD45,500 thousand)	Note 5

Note 1: The amount was converted at an exchange rate of $27.68 to New Taiwan Dollars on December 31, 2021.

Note 2: Direct investment in mainland China.

Note 3: Set up companies in third-region and reinvested in mainland China companies.

Note 4: The investment gains and losses were recognized based on the audited financial statements.

Note 5: Under the “Principles Governing the Review of Investments or Technical Cooperation in Mainland China” issued by the Investment Commission on August 29, 2008, the Company is approved by the Industrial Development Bureau, Ministry of Economic Affairs to qualify as an operating headquarters enterprise, so it is not subject to the investment limit.

TAIWAN HOPAX CHEMICALS MFG. CO., LTD. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Counterparty	Transaction Type	Amount	Payment Terms	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss (Note)
					Amount	Comparison with Normal Transactions	Ending Balance	%	
The Company	Kunshan Hopax	Sale	$ 58,764	T/T 90 Days	Similar to general terms and conditions	Similar to general terms and conditions	$ 7,162	1	$ (1,457)
		Purchase	542,908	T/T 90 Days	Similar to general terms and conditions	Similar to general terms and conditions	(157,515)	(40)	(2,492)
The Company	Changshu Hopax	Sale	42,612	T/T 90 Days	Similar to general terms and conditions	Similar to general terms and conditions	11,708	2	4,098
		Purchase	320,527	T/T 90 Days	Similar to general terms and conditions	Similar to general terms and conditions	(85,419)	(22)	4,091
The Company	Hopax International (Shanghai) Co., Ltd.	Sale	10,068	T/T 90 Days	Similar to general terms and conditions	Similar to general terms and conditions	1,107	-	624
		Purchase	7,261	T/T 90 Days	Similar to general terms and conditions	Similar to general terms and conditions	(440)	-	200
P.T. Hopax	Changshu Hopax	Sale	5,977	T/T 90 Days	Similar to general terms and conditions	Similar to general terms and conditions	5,270	2	-
	Hopax International (Shanghai) Co., Ltd.	Purchase	5,035	T/T 90 Days	Similar to general terms and conditions	Similar to general terms and conditions	(121)	-	-
Hopax Bio-medical Co., Ltd.	Hopax International (Shanghai) Co., Ltd.	Purchase	76	T/T 90 Days	Similar to general terms and conditions	Similar to general terms and conditions	-	-	-

Note : It was eliminated on consolidation.