

**Grand Pacific Petrochemical Corporation and Its Subsidiaries
Consolidated Financial Statements for the
Years Ended December 31, 2021 and 2020 and
Independent Auditors' Report**

Declaration on the Consolidated Financial Statement of Associates

The entities that should be included in the compiled Consolidated Financial Statements of the Associates of Grand Pacific Petrochemical Corporation as of and for the year ended December 31, 2021 under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of the Associates” are identical to those that should be compiled in the Consolidated Financial Statements of Parent Company and Subsidiaries in accordance with International Financial Reporting Standard (IFRS) 10 endorsed and issued to take effect by Financial Supervisory Commission (FSC) and all the information that should be disclosed in the Consolidated Financial Statements of the Associates has been disclosed in the Consolidated Financial Statement of Parent Company and Subsidiaries. Therefore, the Consolidated Financial Statement of Associates is not prepared separately.

Please take note of the above declaration

Name of Company:

Grand Pacific Petrochemical Corporation

Responsible person: Pin Cheng Yang

March 29, 2022

Grand Pacific Petrochemical Corporation and Subsidiaries

CPA AUDIT REPORT

To: the Board of Directors and Shareholders of Grand Pacific Petrochemical Corporation

Audit Opinions

We, as the CPAs, have completed the audit of the consolidated balance sheets dated December 31 of 2021 and 2020 and the consolidated comprehensive income statement, consolidated statement of changes in equity, consolidated statement of cash flows, and consolidated financial statement from January 1 to December 31 of 2021 and 2020, including summaries of major accounting policies of Grand Pacific Petrochemical Corporation and its subsidiaries.

As CPAs, according to the audit results from us and those from other CPAs (please refer to the paragraph about other matters), the above-mentioned consolidated financial statement, in all major respects, was prepared in compliance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and international financial reporting standards, international accounting standards, interpretations, and interpretation announcements approved and released to take effect by the Financial Supervisory Commission and hence are sufficient to show the consolidated financial standing of Grand Pacific Petrochemical Corporation and its subsidiaries as of December 31, 2021 and 2020 and the consolidated financial performance and consolidated cash flows for the years ended December 31, 2021 and 2020.

Bases for the Audit Opinions

We followed the Rules Governing the Audit of Financial Statements by Certified Public Accountants and generally accepted auditing rules while performing the audit. The responsibilities of the CPAs under the said standards will be explained further in the section about responsibilities in auditing the consolidated financial statement. Independently governed staff in the accounting firm that the CPAs belong to have followed moral regulations in honor of the profession of CPA and have remained independent of the Grand Pacific Petrochemical Corporation and its subsidiaries and fulfilled other responsibilities under the said regulations. Based on the audit results from us and those from other CPAs, we believe that sufficient and adequate evidence has been obtained for the audit to serve as the basis for expressing the audit opinions.

Key Matters Being Audited

Key matters being audited refer to the most important matters based on the professional judgment of the CPAs to be included in the audit of the 2021 consolidated financial statement of Grand Pacific Petrochemical Corporation and its subsidiaries. Such matters were addressed throughout the audit of the consolidated financial statement and during the formation of audit opinions. The CPAs do not express separate opinions regarding these matters.

Key matters being audited of the 2021 consolidated financial statement of Grand Pacific Petrochemical Corporation and its subsidiaries are specified as follows:

Recognition of Income

Income is the basic operational activities for the sustainable management of an enterprise and concerns its operational performance and the management generally is faced with the pressure of fulfilling the expected financial or business performance goals. Therefore, it is pre-established that

income recognition is associated with significant risk and we consider that the recognition of income from various types of transactions as one of the key matters being audited.

For the accounting policy on the recognition of income, please refer to Note 4 (32) of the consolidated financial statement. For information on accounting items for income, please refer to the disclosure in Note 6 (37) of the consolidated financial statement. Major audit procedures that are already carried out by the CPAs for the above-mentioned matters are as follows:

1. Test the validity of income from various types of transactions and the internal control for the payment collection cycle in terms of its design and implementation and evaluate by random sampling if the recognition of income is adequate.
2. Understand the type of sale and items involved in the sale with Top 10 customers in respective transaction patterns and evaluate the legitimacy of the income and the number of days involved in the turnover of accounts receivable and analyze if there is any abnormal variation among the customers.
3. Select samples from transactions in the respective patterns that take place before and after the balance sheet date and verify them against related certificates in order to evaluate the accuracy of the timing when income is recognized.

Cash and cash equivalents

As of December 31, 2021, the book value of cash and cash equivalents and time deposits with the original expiration date more than three months away (under other financial assets - current in the statement) held by Grand Pacific Petrochemical Corporation and its subsidiaries totaled \$9,974,734 thousand, accounting for around 20% of the consolidated total asset value. The value is significant for the overall consolidated financial statement. Due to the fact that congenital risk exists for cash and cash equivalents and time deposits and callable bonds with the original expiration date more than three months away, we list them as part of the key matters being audited.

For the accounting policy on cash and cash equivalents, please refer to Note 4 (6) of the consolidated financial statement. For information on the accounting items for cash and cash equivalents and time deposits with the original expiration date more than three months away, please refer to the disclosure in Note 6 (1) and (8) of the consolidated financial statement. Major audit procedures that are already carried out by the CPAs for the above-mentioned matters are as follows:

1. Evaluate and test the validity of the internal control system for cash and cash equivalents and time deposits with the original expiration date more than three months away in terms of its design and implementation.
2. Randomly inspect and verify related transaction certificates for major income and payments in cash and review the adequacy of the approval power.
3. Obtain the statement of the balance of cash and cash equivalents and time deposits with the original expiration date more than three months away and verify against the bank reconciliation statement and related transaction certificates in order to confirm the presence. In addition, for external confirmations from current financial institutions, verify the value included in the confirmations and check if there are restrictions and they are adequately disclosed.

Impairment evaluation of property, plant, and equipment, right-of-use asset, investment-oriented property and intangible assets (including good will)

As of December 31, 2021, the book value of property, plant, and equipment, right-of-use asset, investment-oriented property and intangible assets owned by Grand Pacific Petrochemical Corporation and Its subsidiaries totaled \$11,593,845 thousand, accounting for around 24% of the total consolidated asset value and the value is significant for the overall consolidated financial statement. In addition, the overall economic trends, market competition, and technical development can all affect

the future operations of the company and accordingly affect the expected economic benefits and the recoverable amount that may be generated in the future by the cash generating units for the assets estimated and determined by the management in order to evaluate if impairment exists. Therefore, the evaluation of impairment of property, plant, and equipment, right-of-use asset, investment-oriented property and intangible assets (including goodwill) is listed by the CPAs as part of the key matters being audited.

For the accounting policy of property, plant, and equipment, right-of-use asset, investment-oriented property and intangible assets (including goodwill) and impairment loss on non-financial assets, refer to Note 4 (17), (18), (19), (20) and (22) of the consolidated financial statement. For information on accounting items for property, plant, and equipment, right-of-use asset, investment-oriented property and intangible assets (including goodwill), please refer to the disclosure in Note 6 (12), (13), (14) and (15) of the consolidated financial statement. Major audit procedures that are already carried out by the CPAs for the above-mentioned matters are as follows:

1. Obtain the asset impairment assessment form for respective cash generating units that have been evaluated spontaneously by the Company.
2. Evaluate the legitimacy of impairment signs identified by the management and the assumption and sensitivity adopted, including whether the differentiation of cash-generating units, forecast of cash flows, and discount rate are appropriate or not.
3. Ask the management and review audit evidence obtained from the subsequent audit procedure for verification of absence of any matter related to impairment testing after the reporting date.

Valuation of balance of investments accounted for using equity method

The balance of investments accounted for using equity method Grand Pacific Petrochemical Corporation and its subsidiaries as of December 31, 2021 totaled \$11,544,152 thousand, accounted for around 24% of the total consolidated asset value. The net comprehensive income recognized with the equity method came to \$4,401,008 thousand, accounting for around 53% of the total consolidated income. The impacted value is significant to the overall consolidated financial statement. Therefore, the CPAs include valuation of balance of investments accounted for using equity method as part of the key matters being audited.

For the accounting policy on investments accounted for using equity method, please refer to Note 4 (16) of the consolidated financial statement. For information on accounting items for investments accounted for using equity method, please refer to the disclosure in Note 6 (11) of the consolidated financial statement. Major audit procedures that are already carried out by the CPAs for the above-mentioned matters are as follows:

1. Evaluate the accuracy of calculation during valuation adopting the equity method and the adopted accounting policy.
2. Read the financial statements of underlying entities and audit reports from other CPAs and review important findings and issues identified during audit to facilitate communication and understanding and accordingly evaluate the audit task performed by and audit results from other CPAs of underlying entities.
3. Evaluate the legitimacy of impairment signs of investments accounted for using equity method as identified by the management and the assumption and sensitivity adopted, including whether or not the forecast of profitability of companies invested in it in the future or the discount rate is appropriate.

Other Matters—Mentioning Audits by other CPAs

As is stated in Note 4 (3)-2 and Note 6 (11) of the consolidated financial statement, those subsidiaries covered into the consolidated financial statements of Year 2021 and 2020 of Grand

Pacific Petrochemical Corporation and its subsidiaries—the financial statements of Videoland International Limited, KK Enterprise (Malaysia) Sdn. Bhd. and Zhenjiang Chimei Chemical Co., Ltd. and Zhangzhou Chimei Chemical Co., Ltd. as investees in equity methods, have not been audited by the Undersigned certified public accountants but have been audited by other certified public accountant(s) instead. Among the opinions we expressed on the above-mentioned consolidated financial statement, the amount listed in the above-mentioned financial statement of the Company and the above-mentioned information about the Company in Note 13 of the consolidated financial statement are completed based on audit reports from other CPAs. The total asset values of the said subsidiaries mentioned above as of December 31, 2021 and 2020, were \$202,868 thousand and \$189,015 thousand, accounting for 0.41% and 0.52% of the total consolidated asset value, respectively. The net worth of operating income for the years ended December 31, 2021 and 2020, was \$100,788 thousand and \$121,556 thousand, accounting for 0.45% and 0.73% of the net worth of consolidated operating income, respectively. In addition, the related investment balance of invested companies adopting the equity method as mentioned above as of December 31, 2021 and 2020, was \$11,544,152 thousand and \$9,195,361 thousand, accounting for 23.60% and 25.32% of the total consolidated asset value, respectively. The net worth of comprehensive income for the years ended December 31, 2021 and 2020, was \$4,401,008 thousand and \$3,631,280 thousand, accounting for 53.31% and 92.45% of the total consolidated comprehensive income, respectively.

Other Matters - Parent company only financial statement

Parent company only financial statements of 2021 and 2020 have been prepared by Grand Pacific Petrochemical Corporation and have been documented in the Audit Report without reservation in the opinions expressed issued by the CPAs; they are submitted for your reference.

Responsibilities of Management and Governance Unit for Consolidated Financial Statement

The management is responsible for preparing an adequately expressed consolidated financial statement in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and international financial reporting standards, international accounting standards, interpretations, and interpretation announcements approved and released to take effect by the Financial Supervisory Commission and maintaining necessary internal control relevant to the compilation of the consolidated financial statement in order to ensure that no significant untruthful expressions caused by frauds or errors exist in the consolidated financial statement.

While preparing the consolidated financial statement, the management is responsible for also evaluating the ability of Grand Pacific Petrochemical Corporation and its subsidiaries to continue with the operation and disclosing related matters and adopting the accounting basis for continued operation, among others. Unless the management intends to liquidate Grand Pacific Petrochemical Corporation and its subsidiaries or discontinue operation or there are no other actually feasible solutions than liquidation or discontinued operation.

The governance unit (including the Audit Committee) of Grand Pacific Petrochemical Corporation and its subsidiaries is responsible for supervising the financial reporting process.

Responsibilities of CPAs in Inspecting Consolidated Financial Statement

We audit the consolidated financial statement in order to be reasonably convinced as to whether the consolidated financial statement as a whole contains major untruthful expressions due to frauds or errors and to issue the audit report. Reasonably convinced is highly convinced. There is no guarantee, however, that the existence of significant untruthful expressions in the consolidated

financial statement will be detected according to generally accepted auditing standards. Untruthful expressions might have been caused by frauds or errors. If individual values or an overview of untruthful expressions can be reasonably expected to affect economic decisions made by users of the consolidated financial statement, they are considered significant.

We apply our professional judgment and keep our professional doubts while performing the audit according to generally accepted auditing standards. The CPAs also perform the following tasks:

1. Identify and evaluate the risk of significant untruthful expressions in the consolidated financial statement due to frauds or errors, design and enforce appropriate responsive policies for determined risks; and collect sufficient and adequate evidence from the audit in order to render audit opinions. Due to the fact that frauds might involve collusion, forgery, intentional omission, untruthful statement, or non-compliance with internal control, the risk associated with undetected significant untruthful expressions caused by frauds is higher than that caused by errors.
2. Obtain a necessary understanding of internal control concerning the audit in order to design appropriate audit procedures reflective of then-current situation. The purpose, however, is not to effectively express opinions on the internal control of Grand Pacific Petrochemical Corporation.
3. Evaluate the adequacy of accounting policies adopted by the management and the legitimacy of accounting estimates and related disclosures made.
4. Reach a conclusion with regard to the adequacy of the accounting basis adopted to continue with operation by the management and whether significant uncertainties of events or conditions that might result in significant concerns about the ability of Grand Pacific Petrochemical Corporation and its subsidiaries to continue with operation exist or not according to the evidence obtained from the audit. In the event that it is determined that significant uncertainties exist with such events or conditions, on the other hand, the CPAs must remind users of the consolidated financial statement in their audit report that they should pay attention to related disclosures included in the statement or modify their audit opinions if such disclosures are inappropriate. Conclusions made by the CPAs are based on the evidence from the audit obtained as of the date of the audit report. Future events or conditions, however, are likely to result in Grand Pacific Petrochemical Corporation and its subsidiaries no longer capable of continuing with operation.
5. Evaluate the overall expression, structure, and contents of the consolidated financial statement (including related notes) and whether or not the consolidated financial statement has fairly expressed related transactions and events.
6. Obtain sufficient and adequate evidence from the audit regarding the financial information of entities comprising Grand Pacific Petrochemical Corporation and its subsidiaries and express opinions about the consolidated financial statement. The CPAs are responsible for providing guidance on, supervising and implementing audits and for coming up with audit opinions for the Group.

Communications made by the CPAs with governance units include the planned scope and timing of the audit and significant audit findings (including significant deficiencies found with internal control during the audit).

The CPAs have also provided the governance units with the declaration on independence that independently governed staff in the accounting firm that the CPAs belong to have followed moral regulations in honor of the profession of CPA and have communicated with the governance units all relationships and other matters considered to be likely undermining the independence of CPAs (including related safeguard measures).

The CPAs, from the matters communicated with the governance units, decided key matters to be included in the 2021 consolidated financial statement audit of Grand Pacific Petrochemical

Corporation and its subsidiaries. The CPAs specify such matters in the audit report unless it is disallowed by law to disclose to the public specific matters or under rare circumstances, the CPAs decide not to communicate specific matters in the audit report as it can be reasonably expected that negative impacts from such communication would be greater than the public interest that will be enhanced.

Crowe (TW) CPAs
CPA:Ying Chia Hsiao

CPA: Chih Lung Lin

Approval document number: FSC Review No. 10200032833
March 29, 2022

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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 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.

Grand Pacific Petrochemical Corporation and Subsidiaries
CONSOLIDATED BALANCE SHEETS
For the years ended December 31, 2021 and 2020

Expressed in Thousands of New Taiwan Dollars

Codes	Assets	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
11xx	Current assets	\$ 16,548,501	34	\$ 13,038,671	36
1100	Cash & cash equivalents	7,038,195	15	5,235,661	15
1110	Financial assets at fair value through profit or loss - current	180,527	-	508,391	2
1140	Contract assets - current	64,101	-	8,974	-
1150	Net notes receivable	340,024	1	357,778	1
1170	Net accounts receivable	2,112,249	4	2,205,259	6
1180	Accounts receivable - related parties	69	-	6,996	-
1200	Other receivables	76,734	-	32,091	-
1210	Other receivables - related parties	939,259	2	-	-
1220	Current income tax assets	290	-	717	-
1310	Net inventories	2,301,478	5	1,203,284	3
1410	Prepayments	523,245	1	88,136	-
1476	Other financial assets - current	2,936,539	6	3,348,405	9
1479	Other current assets - other	35,791	-	42,979	-
15xx	Noncurrent assets	32,361,219	66	23,283,697	64
1517	Financial assets at fair value through other comprehensive income - noncurrent	5,209,735	11	4,191,135	12
1550	Investments accounted for using equity method	11,544,152	24	9,195,361	25
1600	Property, plant and equipment	8,669,893	18	6,380,992	18
1755	Right-of-use assets	1,632,647	3	1,381,371	4
1760	Investment property, net	234,558	-	78,435	-
1780	Intangible assets	1,056,747	2	881,600	2
1840	Deferred income tax assets	56,547	-	46,396	-
1915	Prepayments for business facilities	3,012,071	6	-	-
1920	Refundable deposits	26,102	-	22,215	-
1960	Advance payment for investment	720,099	2	926,176	3
1990	Other noncurrent assets - other	198,668	-	180,016	-
1xxx	Total assets	\$ 48,909,720	100	\$ 36,322,368	100

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Grand Pacific Petrochemical Corporation and Subsidiaries
CONSOLIDATED BALANCE SHEETS
For the years ended December 31, 2021 and 2020

		Expressed in Thousands of New Taiwan Dollars			
		December 31, 2021		December 31, 2020	
Codes	Liabilities and Equity	Amount	%	Amount	%
21xx	Current liabilities	\$ 4,831,291	10	\$ 2,909,607	8
2100	Short-term loans	1,125,875	2	440,977	1
2130	Contract liabilities- current	60,530	-	51,889	-
2150	Notes payable	60,028	-	56,057	-
2170	Accounts payable	1,709,905	4	1,214,147	4
2200	Other payable	874,325	2	575,532	2
2220	Other payable - related parties	619	-	156	-
2230	Current income tax liabilities	874,597	2	468,739	1
2250	Provisions - current	18,957	-	17,790	-
2280	Lease liabilities - current	100,146	-	78,308	-
2310	Advances receipts	84	-	162	-
2399	Other current liabilities - other	6,225	-	5,850	-
25xx	Noncurrent liabilities	4,847,889	10	2,292,424	6
2540	Long-term loans	2,530,168	6	400,000	1
2550	Provisions - noncurrent	33,393	-	29,391	-
2570	Deferred income tax liabilities	1,620,023	3	1,459,491	4
2580	Lease liabilities - noncurrent	583,004	1	309,499	1
2640	Net defined benefit liabilities - noncurrent	52,428	-	66,134	-
2645	Guarantee deposits received	6,191	-	4,824	-
2670	Other noncurrent liabilities - other	22,682	-	23,085	-
2xxx	Total liabilities	9,679,180	20	5,202,031	14
31xx	Equity attributable to owners of the parent company				
3100	Share capital	9,266,203	19	9,266,203	26
3110	Common shares capital	9,066,203	19	9,066,203	25
3120	Preferred shares capital	200,000	-	200,000	1
3200	Capital reserve	186,459	-	182,764	-
3300	Retained earnings	26,282,842	53	18,797,890	52
3310	Legal reserve	2,411,833	5	2,000,432	5
3320	Special reserve	1,640,828	3	1,640,828	5
3350	Undistributed earnings	22,230,181	45	15,156,630	42
3400	Other equity	(219,391)	-	(6,923)	-
3410	Exchange differences on translating financial statements of foreign operations	(672,627)	(1)	(517,694)	(2)
3420	Unrealized valuation gain/loss of financial assets at fair value through other comprehensive income	453,236	1	510,771	2
3500	Treasury stocks	(49,858)	-	(55,577)	-
31xx	Total equity attributable to owners of the parent company	35,466,255	72	28,184,357	78
36xx	Non-controlling interests	3,764,285	8	2,935,980	8
3xxx	Total equity	39,230,540	80	31,120,337	86
3x2x	Total liabilities and equity	\$ 48,909,720	100	\$ 36,322,368	100

(The accompanying notes are an integral part of the consolidated financial statements)

Chairman of Board: Pin Cheng Yang

Manager: Chia Hsiung Tseng

Chief Accountant: Ling Chu Chen

Grand Pacific Petrochemical Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2021 and 2020

		Expressed in Thousands of New Taiwan Dollars			
		Year Ended December 31, 2021		Year Ended December 31, 2020	
Codes	Items	Amount	%	Amount	%
4000	Operating revenues	\$ 22,547,353	100	\$ 16,575,784	100
5000	Operating costs	(17,904,677)	(79)	(13,468,788)	(81)
5900	Gross operating profit	4,642,676	21	3,106,996	19
6000	Operating expenses	(1,729,872)	(8)	(1,350,118)	(8)
6100	Selling expenses	(425,493)	(2)	(311,596)	(2)
6200	Administrative expenses	(1,267,584)	(6)	(1,007,862)	(6)
6300	Research and development expenses	(38,702)	-	(29,827)	-
6450	Reversal gain of expected impairment in credit (loss)	1,907	-	(833)	-
6900	Net operating Income	2,912,804	13	1,756,878	11
	Non-operating revenues and expenses				
7100	Interest revenue	103,828	1	85,227	-
7010	Other revenues	253,958	1	230,566	1
7020	Other gains and losses	5,445	-	(51,104)	-
7050	Finance costs	(9,312)	-	(7,711)	-
7060	Share of profit or loss of associates & joint ventures accounted for using equity method	4,090,576	18	3,095,495	19
7000	Total non-operating revenues and expenses	4,444,495	20	3,352,473	20
7900	Net profit before tax from continuing operations unit	7,357,299	33	5,109,351	31
7950	Income tax expenses	(1,280,711)	(6)	(788,796)	(5)
8200	Net profit for the year	6,076,588	27	4,320,555	26
	Other comprehensive income				
	Items that will not be reclassified subsequently to profit or loss				
8316	Unrealized valuation gain/loss of investment in equity instrument at fair value through other comprehensive income	2,341,443	11	(401,923)	(2)
8311	Remeasurements of the defined benefit plan	(197)	-	7,494	-
8349	Income tax related to items that will not be reclassified subsequently	257	-	(1,765)	-
8310	Total Items that will not be reclassified subsequently to profit or loss	2,341,503	11	(396,194)	(2)
	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translating financial statements of foreign operations	(441,359)	(2)	(478,885)	(3)
8370	Share of other comprehensive income of associates & joint ventures accounted for using equity method - Items that may be reclassified to profit or loss	310,432	1	535,785	3
8399	Income tax related to items that may be reclassified subsequently	(31,043)	-	(53,579)	-
8360	Items that may be reclassified subsequently to profit or loss	(161,970)	(1)	3,321	-
8300	Current other comprehensive income(net after tax)	2,179,533	10	(392,873)	(2)
8500	Total amount of comprehensive income for the year	\$ 8,256,121	37	\$ 3,927,682	24
8600	Net income attributable to:				
8610	Owners of the parent company	\$ 5,881,161	26	\$ 4,108,803	25
8620	Non-controlling interests	195,427	1	211,752	1
		\$ 6,076,588	27	\$ 4,320,555	26
8700	Total amount of comprehensive income attributable to:				
8710	Owners of the parent company	\$ 7,377,146	33	\$ 3,826,623	23
8720	Non-controlling interests	878,975	4	101,059	1
		\$ 8,256,121	37	\$ 3,927,682	24
	Earnings per share in common shares: (NT\$)				
9750	Basic earnings per share	\$ 6.47		\$ 4.52	
9850	Diluted earnings per share	\$ 6.45		\$ 4.51	

(The accompanying notes are an integral part of the consolidated financial statements)

Chairman of Board: Pin Cheng Yang

Manager: Chia Hsiung Tseng

Chief Accountant: Ling Chu Chen

Grand Pacific Petrochemical Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2021 and 2020

Expressed in Thousands of New Taiwan Dollars

Codes	Items	Share capital			Retained earnings			Other equity		Treasury stocks	Equity attributable to owners of the parent	Non-controlling interests	Total equity
		Common shares capital	Preferred shares capital	Capital reserve	Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translating financial statements of foreign operations	Unrealized valuation gain/loss of financial assets at fair value through other comprehensive income				
A1	Balance at January 1, 2020	\$9,066,203	\$200,000	\$181,698	\$1,790,463	\$1,640,828	\$11,264,587	(\$521,982)	\$802,448	(\$55,577)	\$24,368,668	\$2,863,409	\$27,232,077
	Appropriation & distribution of earnings for fiscal year 2019:												
B1	Provision of legal reserve	-	-	-	209,969	-	(209,969)	-	-	-	-	-	-
B5	Cash dividends to common shares	-	-	-	-	-	-	-	-	-	-	(28,488)	(28,488)
B7	Cash dividends and stock dividends to preferred shares	-	-	-	-	-	(12,000)	-	-	-	(12,000)	-	(12,000)
D1	Net profit for the year ended December 31, 2020	-	-	-	-	-	4,108,803	-	-	-	4,108,803	211,752	4,320,555
D3	Other comprehensive income after tax for the year ended December 31, 2020	-	-	-	-	-	5,411	4,288	(291,879)	-	(282,180)	(110,693)	(392,873)
M1	Adjustment to capital surplus for distribution of dividends to subsidiary	-	-	1,066	-	-	-	-	-	-	1,066	-	1,066
Q1	Disposal under equity instrument at fair value through other comprehensive income	-	-	-	-	-	(202)	-	202	-	-	-	-
Z1	Balance at December 31, 2020	<u>\$9,066,203</u>	<u>\$200,000</u>	<u>\$182,764</u>	<u>\$2,000,432</u>	<u>\$1,640,828</u>	<u>\$15,156,630</u>	<u>(\$517,694)</u>	<u>\$510,771</u>	<u>(\$55,577)</u>	<u>\$28,184,357</u>	<u>\$2,935,980</u>	<u>\$31,120,337</u>
A1	Balance at January 1, 2021	\$9,066,203	\$200,000	\$182,764	\$2,000,432	\$1,640,828	\$15,156,630	(\$517,694)	\$510,771	(\$55,577)	\$28,184,357	\$2,935,980	\$31,120,337
	Appropriation & distribution of earnings for fiscal year 2020:												
B1	Provision of legal reserve	-	-	-	411,401	-	(411,401)	-	-	-	-	-	-
B5	Cash dividends to common shares	-	-	-	-	-	(90,662)	-	-	-	(90,662)	(50,670)	(141,332)
B7	Cash dividends and stock dividends to preferred shares	-	-	-	-	-	(14,000)	-	-	-	(14,000)	-	(14,000)
C17	Dividends not collected by shareholders post deadline	-	-	14	-	-	-	-	-	-	14	-	14
D1	Net profit for the year ended December 31, 2021	-	-	-	-	-	5,881,161	-	-	-	5,881,161	195,427	6,076,588
D3	Other comprehensive income after tax for the year ended December 31, 2021	-	-	-	-	-	(1,060)	(154,933)	1,651,978	-	1,495,985	683,548	2,179,533

L7	Disposal of the parent company shares by subsidiaries treated as transaction of treasury stocks	-	-	2,438	-	-	-	-	-	5,719	8,157	-	8,157
M1	Adjustment to capital surplus for distribution of dividends to subsidiary	-	-	1,243	-	-	-	-	-	-	1,243	-	1,243
Q1	Disposal of subsidiaries under equity instrument at fair value through other comprehensive income	-	-	-	-	-	1,709,513	-	(1,709,513)	-	-	-	-
Z1	Balance at December 31, 2021	<u>\$9,066,203</u>	<u>\$200,000</u>	<u>\$186,459</u>	<u>\$2,411,833</u>	<u>\$1,640,828</u>	<u>\$22,230,181</u>	<u>(\$672,627)</u>	<u>\$453,236</u>	<u>(\$49,858)</u>	<u>\$35,466,255</u>	<u>\$3,764,285</u>	<u>\$39,230,540</u>

(The accompanying notes are an integral part of the consolidated financial statements)

Chairman of Board: Pin Cheng Yang

Manager: Chia Hsiung Tseng

Chief Accountant: Ling Chu Chen

Grand Pacific Petrochemical Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2021 and 2020

Codes	Items	Expressed in Thousands of New Taiwan Dollars	
		Year ended December 31, 2021	Year ended December 31, 2020
AAAA	CASH FLOWS FROM OPERATING ACTIVITIES:		
A00010	Net profit before tax from continuing operations unit	\$ 7,357,299	\$ 5,109,351
A20000	Adjustments:		
A20010	Gain and expense not resulting influence on cash flows:		
A20100	Depreciation expenses (including depreciations in provision of right-of-use assets and investment property)	751,922	812,836
A20200	Amortization expenses	596,640	446,968
A20400	Net gain on financial assets at fair value through profit or loss	(38)	(499)
A20900	Interest expenses	26,633	7,711
A21200	Interest income	(103,828)	(85,227)
A21300	Dividend revenue	(115,513)	(134,548)
A22300	Share of gains of associates & joint ventures accounted for using equity method	(4,090,576)	(3,095,495)
A22500	Net loss on disposal of property, plant and equipment	198	504
A22600	Property, plant and equipment transferred to expenses	25,270	47,953
A23100	Gain on disposal of investment	(589)	(1,262)
A23700	Impairment loss on non-financial assets	2,693	15,655
A29900	Gains on lease modification	(280)	(194)
A20010	Total gain and expense loss not result influence on cash flows	(2,907,468)	(1,985,598)
A30000	Changes in assets/liabilities relating to operation activities		
A31115	Net (increase) decrease of financial assets mandatorily measured at fair value through profit or loss	328,491	(334,414)
A31125	(Increase) decrease in contract assets	(55,127)	18,513
A31130	Decrease in notes receivable	17,754	3,804
A31150	Decrease (increase) in accounts receivable	93,010	(145,587)
A31160	(Increase) decrease in accounts receivable - related parties	6,927	(5,725)
A31180	(Increase) decrease in other receivables	(45,596)	11,896
A31200	(Increase) decrease in inventories	(1,098,194)	469,873
A31230	Increase in prepayments	(435,109)	(15,053)
A31240	(Increase) decrease in other current assets - other	688	(688)
A32125	Increase in contract liabilities	8,641	8,171
A32130	Increase (decrease) in notes payable	3,971	(25,807)
A32150	Increase (decrease) in accounts payable	495,758	(353,600)
A32180	Increase in other payables	260,142	84,055
A32190	Increase in other payables - related parties	463	15
A32200	Increase in provisions	965	2,025
A32210	Increase (decrease) in advance receipts	(78)	7
A32230	Increase (decrease) in other current liabilities - other	375	(247)
A32240	Decrease in net defined benefit liabilities	(13,903)	(11,407)
A30000	Total net changes in assets/liabilities relating to operating activities	(430,822)	(294,169)
A33000	Cash provided generated from operations	4,019,009	2,829,584
A33100	Interest received	104,781	104,945
A33200	Dividend received	824,074	134,548
A33300	Interest paid	(8,983)	(7,421)
A33500	Income tax paid	(472,829)	(227,127)
AAAA	Net cash provided in operating activities	4,466,052	2,834,529

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BBBB	CASH FLOWS FROM INVESTING ACTIVITIES:		
B00010	Acquisition of financial assets at fair value through other comprehensive income	(183,256)	(155,812)
B00020	Disposal of financial assets at fair value through other comprehensive income	1,363,582	-
B00030	Capital distribution of financial assets at fair value through other comprehensive income	128,858	29,577
B02700	Acquisition of property, plant and equipment	(3,082,259)	(348,593)
B02800	Disposal of property, plant and equipment	747	403
B03700	Increase in refundable deposits	(3,887)	(5,771)
B04500	Acquisition of intangible assets	(176,826)	(222,685)
B05350	Acquisition of Right-of-use assets	-	(979,588)
B05400	Acquisition of investment property	-	(400)
B06600	Decrease in other financial assets-other	411,866	369,286
B06700	Increase in other noncurrent assets	(620,468)	(367,524)
B07100	Increase in prepayments for business facilities	(3,012,071)	-
BBBB	Net cash used in investing activities	<u>(5,173,714)</u>	<u>(1,681,107)</u>
CCCC	CASH FLOWS FROM FINANCING ACTIVITIES:		
C00100	Increase in short-term loans	684,898	420,024
C01600	Proceeds from long-term loans	2,541,240	400,000
C01700	Repayments of long-term loans	(400,000)	-
C03000	Increase (decrease) in guarantee deposits received	1,367	(819)
C04020	Repayment of lease principal	(83,049)	(76,440)
C04500	Payout of cash dividends	(104,662)	(12,000)
C05000	Disposal of treasury stocks	8,157	-
C09900	Transfer of dividends not collected after deadline to capital reserve	14	-
C09900	Cash dividends obtained by subsidiaries from the parent company	1,243	1,066
C09900	Cash dividend distributed by a subsidiary toward non-controlling interests	(50,670)	(28,488)
CCCC	Net cash provided in financing activities	<u>2,598,538</u>	<u>703,343</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	(88,342)	(24,487)
EEEE	Net increase in cash and cash equivalents for the year	1,802,534	1,832,278
E00100	Cash and cash equivalents, beginning of year	5,235,661	3,403,383
E00200	Cash and cash equivalents, end of year	<u>\$ 7,038,195</u>	<u>\$ 5,235,661</u>
E00210	Cash & cash equivalents recorded in consolidated balance sheets	<u>\$ 7,038,195</u>	<u>\$ 5,235,661</u>

(The accompanying notes are an integral part of the consolidated financial statements)

Chairman of Board: Pin Cheng Yang

Manager: Chia Hsiung Tseng

Chief Accountant: Ling Chu Chen

Grand Pacific Petrochemical Corporation and Subsidiaries
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, unless otherwise specified)

1. Company history

Grand Pacific Petrochemical Corporation (hereinafter referred to as the Company) was officially incorporated on September 25, 1973 in accordance with the Company Act and other laws and ordinances concerned and was formerly known as Delta Petrochemical Corporation until rechristened Grand Pacific Petrochemical Corporation in 1985. The Company primarily engages in the business lines as below:

- (1) Petrochemical Manufacturing
- (2) Synthetic Resin & Plastic Manufacturing
- (3) Other Chemical Products Manufacturing
- (4) Steam and Electricity Paragenesis, Heat Energy Supplying and international trade
- (5) All business items that are not prohibited or restricted by law, except those that are subject to special approval

The Company's plants are located in Da-She District, Kaohsiung City, Taiwan.

The Company's stocks were officially listed on Taiwan Stock Exchange Corporation (TWEC) starting from December 21, 1988.

The Company is free of the ultimate parent company.

The Company takes New Taiwan Dollars as its functional currency. While the Company is a public company listed in Taiwan, the consolidated financial statements are expressed in New Taiwan Dollars to bring added comparison and consistency.

Except for otherwise specified, the Company and all subsidiaries covered within these consolidated financial statements are collectively referred to as the Group hereinafter.

2. The date of authorization for issuance of financial statements and procedures for authorization
These consolidated financial statements were authorized for issuance by the Board of Directors on March 29, 2022.

3. Application of New Issuance, Amendments and Interpretations

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

Under Decree FSC Review No. 1090363623 of FSC as of August 4, 2020, the Group should adopt the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively referred to as IFRSs) issued by International Accounting Standards Board (IASB) and endorsed by FSC, and the revised Regulations Governing the Preparation of Financial Reports by Securities Issuers to prepare financial statements starting from 2021.

The following Table assembles the new issuance, revised and amended standards and interpretations endorsed by FSC as applicable to IFRSs starting from 2021:

New issuance, revised and amended standards and interpretations	Effective date issued by IASB
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	June 25, 2020 (To come into effect from the date of promulgation)
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"	January 1, 2021
Amendments to IFRS 16 “COVID-19-Related Rent Concessions Beyond 30 June 2021”	April 1, 2021 (Note)

Note: FSC permitted the applicability starting from January 1, 2021 ahead of schedule.

As evaluation by the Group, the aforementioned standards and interpretations would not come into material impact upon the consolidated financial conditions and consolidated financial performance of the Group at all.

- (2) The impact upon the International Financial Reporting Standards (IFRSs) by the new issuance, amendment without endorsed by FSC:

The following Table assembles the new issuance, revised and amended standards and interpretations endorsed by FSC as applicable to IFRSs starting from 2022:

New issuance, revised and amended standards and interpretations	Effective date issued by IASB
Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”	January 1, 2022
Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”	January 1, 2022
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022

As of the date on which the Group’s financial statements were authorized and issued, the Group evaluated that the relevant standards, amendments and interpretations would not have a material impact upon the consolidated financial conditions and the consolidated financial performance.

- (3) The impact brought by IFRS having been issued by IASB but have not been endorsed by the FSC:

The Group has not adopted the following IFRSs which have been issued by IASB but have not been endorsed by the FSC. The actual effective date applied shall be pursuant to provision of FSC.

New issuance, revised and amended standards and interpretations	Effective date issued by IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9—Comparative Information”	January 1, 2023
Amendments to IASB 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IASB 8 “Definition of Accounting Estimates”	January 1, 2023
Amendment to IFRS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	Pending for resolution by IASB

The preliminary evaluation result indicates that the aforementioned standards and interpretations would not cast a material impact upon the Group's consolidated financial conditions and the consolidated financial performance. The Group will continually evaluate the amounts with the relevant impact which would be disclosed in full upon completion of the evaluation process.

4. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the consolidated financial statements are explained below. Unless otherwise specified, these policies have been consistently applied to all the periods presented.

(1) 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 endorsed, issued to take effect by FSC.

(2) Basis of preparation

1) Except for the following significant items, the consolidated financial statements have been prepared under the historical cost convention:

- 1) Financial assets and liabilities (including derivative instruments) at fair value through profit or loss measured based on the fair value.
- 2) Financial assets at fair values through other comprehensive income.
- 3) The liabilities on the shares-based payment agreement with cash settlement measured based on the fair value.
- 4) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

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

(3) Consolidated base

1) Basis for preparation of consolidated financial statements:

- A. All subsidiaries are included as the entities in the preparation of the consolidated financial statements by the Group. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries included in the consolidated financial statements begin from the date the Group obtains control of the subsidiaries and ceases consolidation starting from the date of forfeiture of control.
- B. Inter-company transactions, balances and unrealized gains or losses within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- C. Profit or loss and each component of other comprehensive income are

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

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

2) Subsidiaries included in the consolidated financial statements are as follows:

Name of investor	Name of subsidiary	Attributes of business lines	Shares held or capital attribution (%)	
			December 31, 2021	December 31, 2020
Grand Pacific Petrochemical Corporation	GPPC Chemical Corporation	Production and sale of impact-resistant and flame-resistant polystyrene	100.00%	100.00%
Grand Pacific Petrochemical Corporation	GPPC Investment Corp.	General investment business	81.60%	81.60%
Grand Pacific Petrochemical Corporation	GPPC Development Co., Ltd.	General hotel business	38.46%	38.46%
Grand Pacific Petrochemical Corporation	Land & Sea Capital Corp.	Investment business	100.00%	100.00%
Grand Pacific Petrochemical Corporation	Goldenpacific Equities Ltd.	Investment business	100.00%	100.00%
Grand Pacific Petrochemical Corporation	Videoland Inc.	General import and export trade, radio and television program production, domestic and foreign film copying, domestic film production, distribution, trading and other services	62.29%	62.29%
Grand Pacific Petrochemical Corporation	KK Enterprise Co., Ltd.	Engaging in manufacturing and sales, wholesale, packaging materials, various stationery and paper products	15.73%	15.73%
Grand Pacific Petrochemical Corporation	QuanZhou Grand Pacific Chemical Co., Ltd.	Propane dehydrogenation, propylene, polypropylene and hydrogen products	100.00%	100.00%
GPPC Investment Corp.	GPPC Hospitality And Leisure Inc.	Catering service business	100.00%	100.00%

Name of investor	Name of subsidiary	Attributes of business lines	Shares held or capital attribution (%)	
			December 31, 2021	December 31, 2020
GPPC Development Co., Ltd.	Perfect Meat Co., Ltd.	Meat import & sales	100.00%	100.00%
Videoland Inc.	Videoland International Limited	Engaged in the business of wine-based liquor trading	100.00%	100.00%
Videoland Inc.	KK Enterprise Co., Ltd.	Engaging in manufacturing and sales, wholesale, packaging materials, various stationery and paper products	33.79%	33.79%
Videoland Inc.	GPPC Investment Corp.	General investment business	18.40%	18.40%
Videoland Inc.	GPPC Development Co., Ltd.	General hotel business	23.08%	23.08%
KK Enterprise Co., Ltd.	K.K. Chemical Company Limited	Trademark paper, glue paper and such business	49.90%	49.90%
KK Enterprise Co., Ltd.	KK Enterprise (Zhongshan) Co., Ltd.	Trademark paper, glue paper and such business	50.00%	50.00%
KK Enterprise Co., Ltd.	KK Enterprise (Kunshan) Co., Ltd.	Trademark paper, glue paper and such business	100.00%	100.00%
KK Enterprise Co., Ltd.	Dragon King Inc.	Outward Investment business	100.00%	100.00%
KK Enterprise Co., Ltd.	KK Enterprise (Malaysia) Sdn. Bhd.	Trademark paper, glue paper and such business	70.00%	70.00%

Note: (1) Where the Company's direct and indirect shareholdings in subsidiaries are more than 50% or have substantial control capabilities, these companies are included in the consolidated financial statements.

(2) Among the aforementioned consolidated entities, the financial statements of Videoland International Limited, and KK Enterprise (Malaysia) Sdn. Bhd. and of KK Enterprise (Malaysia) Sdn. Bhd. had been audited and endorsed by other certified public accountants.

- 3) Increase/decrease changes of the companies included in the entities within the consolidated financial statements for the current year: Nil
- 4) Subsidiaries not included in the consolidated financial statements: Nil
- 5) Adjustments and processing method for subsidiaries with different balance sheet date: Nil
- 6) Where the subsidiary's ability to transfer funds to its parent company is subject to significant restrictions, the nature and extent of the restriction:

The cash and bank deposits and other financial assets – current amounting to NT\$1,761,317 thousand and NT\$2,273,632 thousand for the years ended December 31, 2021 and 2020 were deposited in China and subject to local foreign exchange controls. Such foreign exchange controls restrict the remittance of funds out of China (Except normal dividends).

- 7) Subsidiaries with significant non-controlling interests over the Group:

The total of non-controlling interests of the Group for the years ended December 31, 2021 and 2020 amounted to NT\$3,764,285 thousand and NT\$2,935,980 thousand, respectively. The following information is significant non-controlling interests over the Group and subsidiaries:

A. December 31, 2021 and the year ended December 31, 2021:

Name of subsidiary	Non-controlling shareholding ratio	Non- controlling interests	Profit/loss distributed to non-controlling interests
Videoland Inc. and its subsidiaries	37.71%	\$ 3,135,209	\$ 143,613
KK Enterprise Co., Ltd. and its subsidiaries	50.48%	582,582	53,205
GPPC Development Co., Ltd. and its subsidiaries	38.46%	46,494	(1,391)
Total		<u>\$ 3,764,285</u>	<u>\$ 195,427</u>

B. December 31, 2020 and the year ended December 31, 2020:

Name of subsidiary	Non-controlling shareholding ratio	Non- controlling interest	Profit/loss distributed to non-controlling interest
Videoland Inc. and its subsidiaries	37.71%	\$ 2,324,984	\$ 172,193
KK Enterprise Co., Ltd. and its subsidiaries	50.48%	563,111	41,205
GPPC Development Co., Ltd. and its subsidiaries	38.46%	47,885	(1,646)
Total		<u>\$ 2,935,980</u>	<u>\$ 211,752</u>

C. For more details regarding the major business premises of the aforementioned subsidiaries and the countries where the subsidiaries had been registered, please refer to Note 13(1) (2)-10.

D. Summary financial information of subsidiaries:

① Balance sheets

Items	Videoland Inc. and its subsidiaries	
	December 31, 2021	December 31, 2020
Current assets	\$ 4,253,741	\$ 2,463,236
Noncurrent assets	4,831,211	4,350,840
Current liabilities	(526,657)	(358,920)
Noncurrent liabilities	(244,294)	(289,724)
Equity	<u>\$ 8,314,001</u>	<u>\$ 6,165,432</u>

Items	KK Enterprise Co., Ltd. and its Subsidiaries	
	December 31, 2021	December 31, 2020
Current assets	\$ 989,205	\$ 986,706
Noncurrent assets	515,002	523,137
Current liabilities	(299,783)	(360,203)
Noncurrent liabilities	(150,647)	(130,005)
Equity	<u>\$ 1,053,777</u>	<u>\$ 1,019,635</u>

GPPC Development Co., Ltd. and its
Subsidiaries

Items	December 31, 2021	December 31, 2020
Current assets	\$ 89,074	\$ 111,477
Noncurrent assets	33,530	16,197
Current liabilities	(1,715)	(3,169)
Noncurrent liabilities	-	-
Equity	<u>\$ 120,889</u>	<u>\$ 124,505</u>

② Statements of comprehensive income

Videoland Inc. and its subsidiaries

Items	Year Ended December 31, 2021	Year Ended December 31, 2020
Operating revenues	\$ 2,012,381	\$ 1,859,784
Net profit for the year	380,836	456,626
Other comprehensive income	1,824,799	(294,507)
Total comprehensive income	<u>\$ 2,205,635</u>	<u>\$ 162,119</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 831,745</u>	<u>\$ 61,135</u>
Dividend paid to non-controlling interests	<u>\$ 21,520</u>	<u>\$ 12,912</u>

KK Enterprise Co., Ltd. and its Subsidiaries

Items	Year Ended December 31, 2021	Year Ended December 31, 2020
Operating revenues	\$ 1,523,766	\$ 1,519,235
Net profit for the year	97,698	73,085
Other comprehensive income	(6,927)	665
Total comprehensive income	<u>\$ 90,771</u>	<u>\$ 73,750</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 48,621</u>	<u>\$ 41,570</u>
Dividend paid to non-controlling interests	<u>\$ 29,150</u>	<u>\$ 15,576</u>

GPPC Development Co., Ltd. and its
Subsidiaries

Items	Year Ended December 31, 2021	Year Ended December 31, 2020
Operating revenues	\$ -	\$ -
Net profit for the year	(3,616)	(4,281)
Other comprehensive income	-	-
Total comprehensive income	<u>(\$ 3,616)</u>	<u>(\$ 4,281)</u>
Total comprehensive income attributable to non-controlling interests	<u>(\$ 1,391)</u>	<u>(\$ 1,646)</u>
Dividend paid to non-controlling interests	<u>\$ -</u>	<u>\$ -</u>

③ Statements of Cash Flows

Items	Videoland Inc. and its subsidiaries	
	Year Ended	Year Ended
	December 31, 2021	December 31, 2020
Net cash provided in operating activities	\$ 1,419,958	\$ 644,840
Net cash provided (used) in investing activities	381,008	(1,024,829)
Net cash used in financing activities	(106,316)	(82,282)
Effect of exchange rate changes	(3,083)	(5,973)
Increase (decrease) in cash & cash equivalents for the year	1,691,567	(468,244)
Cash & cash equivalents, beginning of year	124,477	592,721
Cash & cash equivalents, end of year	\$ 1,816,044	\$ 124,477

Items	KK Enterprise Co., Ltd. and its Subsidiaries	
	Year Ended	Year Ended
	December 31, 2021	December 31, 2020
Net cash provided in operating activities	\$ 95,427	\$ 168,757
Net cash used in investing activities	(21,852)	(29,170)
Net cash used in financing activities	(112,319)	(20,751)
Effect of exchange rate changes	(6,283)	1,472
Increase (decrease) in cash & cash equivalents for the year	(45,027)	120,308
Cash & cash equivalents , beginning of year	300,889	180,581
Cash & cash equivalents, end of year	\$ 255,862	\$ 300,889

Items	GPPC Development Co., Ltd. and its Subsidiaries	
	Year Ended	Year Ended
	December 31, 2021	December 31, 2020
Net cash provided in operating activities	\$ 20,012	\$ 13,953
Net cash used in investing activities	(20,266)	(13,180)
Net cash provided in financing activities	-	-
Effect of exchange rate changes	-	-
Increase (decrease) in cash & cash equivalents for the year	(254)	773
Cash & cash equivalents , beginning of year	1,276	503
Cash & cash equivalents, end of year	\$ 1,022	\$ 1,276

(4) Foreign currency translation

- 1) Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements

are presented in New Taiwan Dollars, which is the Company's functional and the Group's presentation currency.

- 2) When preparing financial statements for each entity using currencies other than the entity's functional currency (foreign currency) converted into functional currency at the spot exchange rate on the transaction day or measurement date, and the exchange difference resulting from the translation of these transactions was recognized as current profit and loss. At the end of the financial statement period, the balance of foreign currency monetary assets and liabilities were evaluated and adjusted at the spot exchange rate on the balance sheet date, and translation differences arising from the adjustment were recognized as current profit and loss. In case of foreign currency non-monetary assets and liabilities, the balance was evaluated and adjusted at the spot exchange rate quoted on the balance sheet date as measured at fair value through profit or loss, and the exchange difference arising from the adjustment was recognized as current profit and loss as measured at fair value through comprehensive income. The resulting exchange differences resulting from the adjustment were recognized in other comprehensive income items; where they were not measured at fair value, they were measured at the historical exchange rate on the initial trading day. All gains and losses on exchange were reported according to the attribute of the transaction and other gains and losses in the comprehensive income.
 - 3) When preparing the consolidated financial statements, assets and liabilities of the foreign operations of the companies in merger (including the subsidiaries, associates, joint ventures or branches of the Company in the countries of business operation or those using different currencies) were translated into New Taiwan Dollars at the spot exchange rate quoted on the balance sheet date. The income and expense items were translated using the exchange rates average in that period. All exchange differences arising from the translation were recognized as other comprehensive income.
 - 4) When the foreign operations were disposed of and constituting a loss of control, joint control or significant influence on the foreign operations, all and the relevant interests of the foreign operations would be reclassified into profit or loss. In some cases where the disposal of subsidiaries in foreign operations did not constitute a loss of control of the subsidiary, the cumulative exchange difference recognized in other comprehensive income was calculated into the equity transaction on a *pro rata* basis, but it was not recognized as profit or loss. In some cases where the interests of the disposal of associates or joint venture in foreign operations did not constitute a significant impact of loss on the associates or joint venture or joint control in interests, the cumulative exchange difference recognized in other comprehensive income was reclassified into profit or loss based on the disposal ratio.
- (5) Criteria of classification of current and noncurrent assets and liabilities
- 1) Assets that meet one of the following criteria are classified as current assets:
 - A. Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - B. Assets arising mainly from trading activities;
 - C. Assets that are expected to be realized within twelve months from the balance sheet date;
 - D. Cash & cash equivalents unless the asset is restricted from being used for an

exchange or used to settle a liability for more than twelve months after the balance sheet date.

The Group classifies the assets that do not satisfy the above conditions as noncurrent.

2) Liabilities that meet one of the following criteria are classified as current liabilities:

- A. Liabilities that are expected to be paid off within the normal operating cycle;
- B. Liabilities arising mainly from trading activities;
- C. Liabilities that are to be paid off within twelve months from the balance sheet date;
- D. Liabilities for which the Company does not have an unconditional right to defer settlement for at least twelve (12) months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies the liabilities that do not satisfy the above conditions as noncurrent.

(6) Cash & cash equivalents

Cash & cash equivalents include cash on hand, bank deposits, and short-term and highly liquidity investments that could be converted into cash in fixed amounts at any time with little change in value risk. Time deposits that meet the aforementioned definitions and are held for short-term operations cash promise are classified as cash equivalent.

(7) Financial instruments

Financial assets and financial liabilities should be recognized when the Group became a party to the terms of the financial instruments contract.

When financial assets and financial liabilities were initially recognized, they were measured at the fair value. At the time of initial recognition, the transaction costs acquired or issued directly attributable to financial assets and financial liabilities (unless classified as financial assets and financial liabilities at fair value through profit or loss), shall be added or subtracted from the fair value of the financial assets or financial liabilities. The transaction costs directly attributable to financial assets and financial liabilities at fair value through profit or loss should be recognized immediately as profit or loss.

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

- 1) Financial assets at fair value through profit or loss include financial assets mandatorily measured at fair value through profit or loss and designation as financial assets at fair value through profit or loss. The financial assets mandatorily measured at fair value through profit or loss include investments in equity instruments that the Group does not specify at fair value through other comprehensive income, and investments in debt instruments that did not qualify as being measured at amortized cost or at fair value through other comprehensive income.
- 2) In a case carried at amortized costs or financial assets at fair values through other comprehensive income, when measurement or recognition inconsistency could be eliminated or significantly reduced, the Group designated the case as financial assets at fair value through profit or loss at the time of initial recognition.
- 3) The Group adopts transaction day accounting for financial assets at fair value

through profit or loss consistent with transaction customs.

- 4) The Group measured at fair value at the time of initial recognition, and recognized related transaction costs in profit or loss and subsequently measured at fair value and the gains or losses were recognized in profit or loss.
 - 5) When the right to receive dividends was ascertained and the economic benefits related to dividends were likely to flow inward while the amount of dividends could be reliably measured, the Group recognized the dividend income in profit or loss.
- (9) Financial assets at fair values through other comprehensive income
- 1) Referring to an irrevocable option at the time of initial recognition to report changes in the fair value of investments in equity instruments that were not held for trading in other comprehensive income; or the investment in debt instrument simultaneously met the following conditions:
 - A. The financial asset held under the business model of collecting cash flows under contracts and for the purposes of selling.
 - B. The cash flow generated on a specific date under the contract terms for the financial assets were completely intended to pay off the principal and the interest of the outstanding principals.
 - 2) The Group adopts transaction day accounting for financial assets at fair value through comprehensive income consistent with transaction customs.
 - 3) The Group measured at fair value plus transaction costs at initial recognition, and subsequently at fair value:
 - A. Changes in the fair value of equity instruments were recognized in other comprehensive income. When derecognized, the cumulative gains or losses previously recognized in other comprehensive income would not be reclassified to profit or loss and would be transferred to retained earnings instead. When the right to receive dividends was ascertained and the economic benefits related to dividends were likely to flow inward while the amount of dividends could be reliably measured, the Group recognized the dividend income in profit or loss.
 - B. Changes in the fair value of debt instruments were recognized in other comprehensive income, impairment losses before derecognition, interest income and gains and losses in foreign currency exchange were recognized in profit or loss, and at the time of derecognition, the cumulative gains or losses previously recognized in other comprehensive income were reclassified from the equity into profit or loss.
- (10) Financial assets carried at amortized cost
- 1) Referring to the events that conform with the conditions as below simultaneously:
 - A. The financial assets held under the business model for the purposes of collecting cash flows under contracts.
 - B. The cash flow generated on a specific date under the contract terms for the financial assets were completely intended to pay off the principal and the interest of the outstanding principals.
 - 2) The Group adopts transaction day accounting for financial assets carried at amortized cost consistent with transaction customs.

- 3) The Group measured at fair value plus transaction costs at initial recognition, and subsequently used the effective interest method to recognize interest income during the circulation period based on the amortization process, and recognized impairment losses, and when derecognized, the gains or losses were recognized in profit or loss.
 - 4) The Group held time deposits that were not eligible for cash equivalent. As the holding period was short, the effect of discounting was insignificant, which was measured by the amount of investment.
- (11) Accounts & notes receivable
- Referring to the contract which had been received unconditionally for the accounts and notes for the right to consideration exchanged due to the transfer of products or labor services. As short-term accounts & notes receivable were paid without bearing interest, the impact of the discounting was insignificant, therefore, the Group measured at the initial amount.
- (12) Impairment of financial assets
- For investment in debt instruments at fair value through other comprehensive income, and financial assets carried at amortized cost and accounts receivable or contract assets that contain significant financial components, rent receivables, lending commitments and financial guarantee contracts, The Group, after considering all reasonable and corroborable information (including forward-looking perspectives) on each balance sheet date, measured by the amount of expected credit loss in 12 months toward an insignificant increase in credit risk since initial recognition. For the credit risk has increased significantly since the original recognition, the allowance for loss was measured by the amount of expected credit loss during the existence period. For accounts or contract assets that do not include significant financial components, the allowance for losses measured by the amount of expected credit loss during the existence period.
- (13) Derecognition of financial assets
- The Group will derecognize financial assets when one of the following conditions is met:
- 1) When rights to contract of receiving cash flow from financial asset has expired.
 - 2) Transfer of right to contract of receiving cash flow from financial asset, and when nearly all risk and reward associated with the said financial assets have been transferred.
 - 3) Transfer of rights to contract of receiving cash flow from financial asset, and excluding control over the financial assets.
- (14) Lease transaction of the lessor - rent receivables/operating leases
- 1) Pursuant to the terms and conditions under the lease agreements, when almost all the risks and rewards of lease ownership were borne by the lessee, they are classified as finance leases.
 - A. As the lease started up, the net lease investment (including the original direct cost) was recognized as "rent receivables", and the difference between the total lease receivables and the present value was recognized as "unearned financing income from finance leases".
 - B. Subsequent adoption of a systematic and reasonable basis to distribute financing income over the lease period to reflect a fixed rate of return on the

net lease investment held by the lessor.

C. The period related lease payments (excluding service costs) offset the total lease investment to reduce the principal and unearned financing income.

2) Lease income from operating leases, net of any incentives given to the lessee, was recognized as a current profit or loss and amortized on a straight line basis during the lease period.

(15) Inventory

Inventories were measured at the lower of cost and net realizable value, whichever is the lower under the perpetual inventory system adopted, and the cost was determined by the weighted average method. The cost of finished goods and work in progress includes raw materials, direct labor, other direct costs, and production-related manufacturing overhead (as normal capacity distribution), but excludes borrowing costs. Upon comparison of cost and the net realizable value, whichever was the lower, the itemized comparison method was adopted. The net realizable value refers to the estimated selling price in the normal course of business less the estimated cost that must be invested to completion and the balance after related changes in selling expenses.

(16) Investments accounted for using the equity method/associates

1) Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost, including the goodwill already identified upon acquisition, with any accumulated impairment loss estimated to occur subsequently deducted.

2) The share of profit or loss for the Group after acquisition of an associate is recognized as current profit and loss and the share of other comprehensive income after acquisition is recognized as other comprehensive income. When the Group's share of loss in an associate is equal to or exceeds the equity in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

3) The profits and losses generated from the fair current, countercurrent and side stream transactions between the Group and associates were recognized in the financial statements only to the extent that the Group has no interest in the associates. The accounting policies of associates have been adjusted as necessary, and the policies adopted by the Group have been consistent.

4) When changes in an associate's equity are not recognized in profit or loss and other comprehensive income of the associate and such changes do not affect the Group's shareholding ratio of the associate, the Group recognizes the Group's share of change in equity of the associate in 'capital reserves' in shareholding ratio.

5) In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's investment percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for using the equity method' shall be adjusted for the increase or decrease of its changes in net equity. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the profit or loss previously

recognized in other comprehensive income in relation to the ownership interest are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

- 6) Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in current profit or loss.
 - 7) When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss or transferred directly to retained earnings, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
 - 8) When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it still retains significant influence over this associate, then the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.
- (17) Property, plant and equipment
- 1) Property, plant and equipment are initially recorded at cost. Loans costs incurred during the construction period are capitalized.
 - 2) Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
 - 3) Land is not depreciated. The subsequent measurement of other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
 - 4) The assets' residual values, useful lives and depreciation methods are reviewed by the Group at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of various assets are as follows:

A. Buildings & constructions	4 - 46 years
B. Machinery & equipment	5 - 25 years
C. Transportation facilities	2 - 7 years
D. Other equipment	3 - 15 years
 - 5) Property, plant and equipment is derecognized when disposed or with no economic benefit expected via utilization or disposal. The gain or loss from

derecognizing property, plant and equipment recognized as profit or loss during the year at the difference between the proceeds and the carrying amount of the asset.

- 6) The Group's depreciable assets were originally used in the rate-decreasing method at the time of tax declaration; however, the Group has switched to use the average method in Year 1998. This change was already approved by the National Taxation Bureau of the Southern Area, Ministry of Finance with Letter (1998) Nan-Qu-Guo-Shui-Shen-I-Zi 87051967.

(18) Lease agreements of the lessee - right-of-use assets/lease liabilities

- 1) Lease assets were recognized as right-of-use assets and lease liabilities on the date when they became available for use by the Group. When the lease agreement was a short-term lease or lease of a low-value underlying asset, the lease payment was recognized as expense by straight-line method.
- 2) In lease liabilities, the Group recognized the unpaid lease payments at the lease starting date at the present value of the Group's incremental loan rate discounted. The lease payments include fixed payments, less any incentives that could be received for the lease. Subsequently the Group measure at the amortized cost method under the interest method and recorded as interest expenses during the lease period. When the non-contract modification caused a change in the lease period or lease payment, the lease liabilities would be reassessed, and the remeasurements would be adjusted to right-of-use assets.
- 3) The right-of-use assets were recognized at cost on the lease starting date and the cost includes the original measured amount of lease liabilities. The subsequent measurement using cost model which were earlier at the end of the useful life of the right-of-use assets or at the end of the lease period while depreciation expenses were recorded. When lease liabilities were reassessed, right-of-use assets would adjust any remeasurement of the lease liabilities.

(19) Investment property

The investment property was real property held to earn either rent or capital appreciation or both, and also included real property held for which the future use has not yet been determined. The investment property was originally measured by acquisition cost, and was subsequently reduced by cost except for accumulated depreciation and accumulated impairment loss where the amount was measured. Except for land, depreciation was provided on the straight-line method according to the estimated useful life which was 40 ~ 56 years. While the investment property was derecognized, the difference between the net disposal price and the carrying amount of such assets was recognized in current profit or loss.

(20) Intangible assets

- 1) Obtained separately

The intangible assets acquired separately for a limited useful life were originally measured at cost and subsequently at the amount of the costs deducted with the accumulated amortization and accumulated impairment losses. Intangible assets were amortized on a straight-line basis over the useful life. All such facts of the estimated useful life, residual value and amortization method should be reassessed at end of every fiscal year as the minimum to postpone the impact of changes in applicable accounting estimates. When Intangible assets derecognized, the difference between the net disposal price and the carrying amount of the asset was recognized in the profit or loss of the current year.

2) Goodwill

The goodwill obtained from the business combination was based on the amount of goodwill recognized on the acquisition date as the cost, which was subsequently measured by the amount of the cost after subtracting the accumulated impairment losses. For the purpose of impairment testing, goodwill needs to be allocated to each cash-generating unit or cash-generating units that the Group expects to benefit from the merger concerted performance.

(21) Cost of program broadcasting

The cost of program broadcasting include the proceeds acquired on outsourcing film broadcasting rights outsourced investment in filming or self-made programs, and the production costs with future economic benefits which were entered into accounts at the substantial costs. The outsourcing film broadcasting rights depends on individual programs and was transferred to the amortization of the film under the current operating cost during actual playback. The sub-authorized film broadcasting right was transferred into the film sub-authorization cost under the current operating cost when actually delivered. The outsourced investment in filming and the self-made ribbon-type program would be converted into the production cost and filming cost under the current operating cost during the actual broadcast. The cost of the broadcast program was recorded under other noncurrent assets, and was expected to be amortized within one year as other current assets. For other current assets, if the fair value at the end of the year was estimated to be lower than the accounted unamortized cost, the impairment loss would be recognized as the loss of the current year.

(22) Impairment loss on non-financial assets

The Group estimates the recoverable amount of assets with signs of impairment on the balance sheet date. When the recoverable amount was lower than its carrying amount, the impairment loss would be recognized. The recoverable amount refers to the fair value of an asset less disposal cost or its value in use, whichever is higher. Except for goodwill, when the impairment of assets recognized in previous years did not exist or decrease, the impairment loss would be reversed, but the asset carrying amount increased by the impairment loss should not exceed the carrying amount after depreciation or amortization of the asset if no impairment loss was recognized.

(23) Loans

Loans are recognized initially at fair value, net of transaction costs incurred. Loans are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the loans using the effective interest method.

(24) Notes and accounts payable

Notes and accounts payable are obligations to pay for products or labor services that have been acquired in the ordinary course of business from suppliers. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(25) Financial liabilities at fair value through profit or loss

1) Referring to the main purpose of the sale or repurchase in the latest period, and financial liabilities held for trading except for derivatives instruments that are designated as hedging instruments under hedge accounting. The financial liabilities at fair value through profit or loss were designated on the Initial

recognition. When a financial liability meets one of the following conditions, the Group measured at fair value through profit loss on the initial recognition:

- A. As hybrid (combined) contracts; or
 - B. Where the inconsistency in significant decrease measurement or recognition could be eliminated; or
 - C. Pursuant to the documented risk management policies, the instruments with performance evaluated in fair value based management.
- 2) The Group measured at fair value at the time of initial recognition, and recognized the related transaction costs in profit or loss and subsequently measured at fair value and the gains or losses were recognized in profit or loss.
 - 3) In case of a financial liability designated to be measured at fair value through profit or loss where the amount of change in fair value resulted from credit risk, except for avoiding improper accounting ratios or loan commitments and financial guarantee contracts, the Group recognized the same in other comprehensive income.

(26) Provisions

The Group is under current statutory or constructive obligation due to past events, very likely that economically efficient resources would need to be discharged to settle such obligation and the amount of the obligation could be reliably estimated when the provisions were recognized. The measurement of provisions is based on optimal estimated present value of the expenditure required to settle the obligation on the balance sheet date. The discount rate uses the pre-tax discount rate that reflects the current market assessment of the time value of currency and the specific risk of the liability. The amortization discounted is recognized as interest expenses. The future loss in operations should not be recognized as provisions.

(27) Employee benefits

1) Short-term employee benefits

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

2) Post-employment benefits

A. Defined contribution plans

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

B. Defined benefit plans

- ① Net obligation under a defined benefit plans is defined as the present value of an amount of future benefits that employees will receive for their services with the Company in the current year or prior periods, and the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The discount rate is determined by reference to the balance sheet date, the currency of defined benefit

plans and the market yield of high-quality corporate bonds that were consistent during the period. The countries of such bonds without in-depth market adopt the market yield of government bonds (as of the balance sheet date).

- ② Remeasurement arising on defined benefit plans is recognized in other comprehensive income in the current year in which they arise, and expressed in the retained earnings.
- ③ The expenses related to the service cost of the prior period were immediately recognized into profit or loss.

3) Termination benefits

Termination benefits refers to the benefits provided by the termination of the employment before the normal retirement date or when the employee decides to accept the Company's benefits offer in exchange for termination of the employment. The cost of restructuring was not recognized until the moment while the Group could no longer revoke a contract for termination benefits or the restructuring cost was recognized, whichever came the earlier. Termination benefits that were not expected to be fully settled 12 months after the balance sheet date should be discounted.

4) Compensation to employees and remuneration to directors and supervisors

Compensation to employees and remuneration to directors and supervisors are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Subsequently, any difference between actual distributed amounts as resolved and estimated mounts is accounted for as changes in estimates.

(28) Financial liabilities & equity instruments

1) Classification of financial liabilities or equity instruments

The liability and equity instruments issued by the Group were classified as financial liabilities or equity according to the substance of the contract agreement and the definition of financial liabilities & equity instruments.

2) Equity instruments

The "equity instruments" refers to any contract that recognizes the remaining equity of an enterprise after the assets are deducted from all its liabilities. The equity instruments issued by the Group are recognized at the price obtained after deducting the direct issue cost.

3) Financial liabilities

In case of financial liabilities that were not held for trading purposes and were not designated as measured at fair value through profit or loss, such financial liabilities were measured at amortized cost at the end of the subsequent accounting period.

4) Derecognition of financial liabilities

The Group did not derecognize financial liabilities until the obligations were lifted, cancelled or lapsed. When financial liabilities were derecognized, the difference between their carrying amount and total consideration paid or payable (including any transferred non-cash assets or liabilities assumed) was recognized into profit or loss.

5) Inter-offset of financial assets and liabilities

The financial assets and financial liabilities were not offset against each other and expressed in net in balance sheet until there was a legally enforceable right to offset the recognized amount of financial assets and liabilities with an intention to deliver on a net basis or achieve assets and liquidate liabilities at the same time.

(29) Share capital & treasury stocks

1) Share capital

Common shares were classified as equity. The classification of preferred shares refers to the definition of substantial contractual agreement, financial liabilities and equity instruments, and evaluates the specific rights attached to preferred shares. When the basic characteristics of financial liabilities were exhibited, they were classified as liabilities; otherwise they would be an equity. The net of increase in costs directly attributable to issuance of new share or share warrants after deducting income tax is recorded as the deduction of share prices.

2) Treasury stocks

The Group withdrew the issued outstanding shares and recognized them as "treasury stocks" based on the consideration paid at the time of purchase (including direct attributable costs) as a deduction of equity. Where the price of the disposal of treasury stocks is higher than the carrying amount, the difference was listed as capital surplus-treasury stocks transactions. Where the disposal price is lower than the carrying amount, the difference is offset against the asset surplus generated by the exchange of the same type of treasury stocks. In case of a shortfall, the surplus is debited in the retained earnings. The carrying amount of treasury stocks is taken weighted average and calculated separately according to the reason for recovery.

When treasury stocks are cancelled, the capital reserve is debited according to the proportion of equity - share certificates issuance premium and share capital, where the carrying amount is higher than the face value and the total value of the stock issuance premium, the difference would be offset against the capital generated by the exchange of the same type of treasury stocks. In case of a shortfall, it would be offset against the retained earnings. Where the carrying amount is lower than the face value and the total of the stock issuance premium, the capital reserve generated by the same type of treasury stocks exchanges would be credited.

Where subsidiary held the Group's stocks using the equity method to recognize the share of profit and loss and prepare financial statements, the subsidiary's stocks of the Group should be dealt with as treasury stocks.

(30) Shares-based payment

1) The shares-based payment agreement upon equity settlement was pursuant to the employee service acquired at fair value of the given equity commodities on the given day, and was recognized as compensation costs during the vesting period, and the equity was relatively adjusted. The fair value of equity commodities should be reflected with the influence of the market price vested conditions and the non-vested conditions. The recognized compensation cost was adjusted according to the expected amount of incentive rewards that meet the service condition and the non-market price vested condition until the final recognition amount was recognized in the vested amount.

2) The shares-based payment agreement settled in cash was based on the fair value of the liabilities assumed, recognized as compensation costs and liabilities within the vesting period, and was based on the fair value of the equity commodities

given on each balance sheet date and settlement date to measure, any change recognized as profit or loss of the current year.

(31) Income tax

- 1) The income tax expenses comprise current and deferred income tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the income tax is recognized in other comprehensive income or directly in equity, respectively.
- 2) The Group calculates the income tax payable for the current term exactly in accordance with the tax rates that had been enacted or substantially enacted in the countries for the income tax as of the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable relevant laws of income tax, and under the fact of situations, the income tax liabilities estimated shall be paid to tax collection authority. The undistributed earnings having been consolidated were charged for the income tax. The income tax expense of undistributed earnings was recognized based on the actual distribution of the earning as resolved in the shareholders' meeting in the year ensuing the year in which the earnings were yielded.
- 3) Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the balance sheets. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted as of the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
- 4) Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
- 5) Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
- 6) The Group's tax incentives oriented expenditures that comply with the statutory incentives were accounted with use of income tax deduction accounting. The unused income tax credit was transferred into the latter period of time within the scope as the credit ready for future use, duly recognized deferred income tax assets.
- 7) The difference between the previous year's estimated income tax of the Group and the adjustment difference approved by the tax collection authority was recognized

as the adjustment items of the income tax of the current year.

(32) Recognition of revenues

After identifying the performance obligations under a customer contract, the Group allocated the transaction price to each performance obligation and recognized revenue when the performance obligations were fulfilled.

1) Sales revenues

- A. All products manufactured by the Group and sold into the market were recognized as revenue when the control over the product was transferred to the customers. To put it in more understandable terms, when the products were delivered to the customers, the customers have discretion on the channel and price of product sales, and the Group was not in any outstanding performance obligations that might affect the customers' acceptance of the products. When the products were shipped to a designated location, the risk of obsolescence and loss has been transferred to the customers and the customers would accept the products according to the sales contract. The delivery of the products did not occur until there was objective evidence to prove all standards/criteria for acceptance have been met.
- B. Where the Group provides standard warranty on the products sold and is obliged to refund for defective products, the provisions were recognized at the moment of sales.
- C. Accounts receivable were recognized at the moment when the goods were delivered to the customers. At that timepoint, the Group was entitled to the unconditional rights to the contract price and the price could be received from the customers only after the time elapsed. The advance receipts before the arrival of the products was recognized as a contract liability.
- D. The control of the ownership of the processed products was not transferred upon processing of the materials so that the income was not recognized when the material was forwarded.

2) Labor service revenues

A. Advertising revenues

The Group and the customers signed advertising broadcast contracts and recognized the revenues when the actual broadcast was completed based on the degree of fulfillment of the performance obligation. The degree of completion of the performance obligation was determined based on the percentage of the actual performance of the required services to the entire labor service under this Agreement.

B. Video revenues

The Group and the customers signed fundamental channel agency contracts to provide cable TV operators and other public broadcasters with self-made programs or transmission on behalf of channels through satellites for viewers through cable TV system or network platforms. Throughout the duration of the labor service contracts, the Group continually fulfilled the obligations to provide users with TV channel viewing rights and network bandwidth usage rights as well as other performance obligations. All revenues so received were recognized as income on a straight-line basis during the period of contract services.

C. Licensing revenues

The Group and the customers signed contracts to license the Group's film broadcasting rights and program copyrights to the customers. Where the licensing authorization was distinguishable, the licensing income was recognized during the licensing period according to the nature of the licensing authorization, or the timepoint of control of the right as transferred to the customers. When the Group intended to carry out events that would significantly affect the film broadcasting rights and program copyrights which would, in turn, directly affect the licensed customers and such events would not result in the transfer of labor services to customers, the nature of the licensing authorization was to provide access for the rights of intellectual property rights. The relevant royalties were recognized as income on a straight-line basis during the licensing period. In an event where the licensing did not meet the foregoing conditions and its nature was to provide customers with the right to use intellectual property rights, the income was recognized at the time of licensing transfer.

- D. The customers fulfilled payment obligations in accordance with the payment schedule agreed in a contract. When the service provided by the Group exceeded the customers' payment value, the payment was recognized as a contract asset. If the customer payable exceeds the labor service provided by the Group, it was recognized as a contract liability.

3) Refund liabilities

Sales and labor service revenues were recognized at the contract price net of estimated discounts and other similar discounts. The amounts recognized as revenues would be limited to the portion of the future height that was unlikely to undergo a major turnaround, and was included in each asset estimates updated on the balance sheet date. Sales and labor service estimated discounts payable to customers and other similar discounts as of the balance sheet date were recognized as refund liabilities.

4) Financing component

Under the contracts signed by and between the Group and the customers, the collection conditions of the sales and labor service transactions were consistent with the market practice. It was, therefore, judged that the contracts did not contain a significant financing component. In addition, the time interval for transferring the promised goods or labor services and receiving the consideration amidst the contracts was within one year. The significant financing component would not adjust the transaction price to reflect the time value of the currency.

5) Costs to acquire contracts from customers

Although the incremental costs incurred by the Group in obtaining a customer contract were expected to be recoverable, the relevant contract period was shorter than one year. These costs were, therefore, recognized as current operating costs or expenses at the moment of occurrence.

(33) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate. If it is intended for the purpose of providing immediate financial support to the Group and there is no future

related cost, it got the profit or loss recognized during the period when such could be received. Such government grants related to property, plant and equipment were recognized as noncurrent liabilities, and were recognized as current profit or loss using the straight-line method based on the estimated useful life of the relevant assets.

5. Major sources leading to material accounting judgments, estimates and assumption uncertainties

The results of the Group's consolidated financial statements would be affected by the adoption of accounting policies, accounting estimates and assumptions. Therefore, when the Group adopted the significant accounting policies under Note 4, the acquisition of assets from other sources would result in the carrying amount of assets and liabilities in the next information on significant adjustment risks in the consolidated financial statements that would require management to use appropriate professional judgment, estimates and assumption uncertainties. The Group's estimates and relevant assumptions were based on the optimal estimates pursuant to the requirements of IFRS endorsed and issued to take effect by the FSC. Estimates and assumptions would be based on historical experience and other factors considered to be relevant, but actual results and estimates might differ. The Group continues to review the estimates and assumptions. Where the revision of the estimate would only affect the current year, the accounting estimate would be recognized in the current year. Where the estimation affects both the current year and the future period, then it would be recognized in the estimated and amended current year and future period.

(1) Major judgments to adopt accounting policies

In addition to an involvement in judgments related to and estimates (see (2) below), the management's judgments in the process of adopting accounting policies that have the most significant impact on the recognized amounts of the financial statements are as follows:

1) Judgment of business model of financial asset classification

The Group evaluates the business model of financial assets based on the level of financial assets that are jointly managed to achieve a specific business purpose. This evaluation calls for consideration of all relevant evidence, including asset performance measurement methods, risks affecting performance, and the salary determination method of relevant managers, salary determination method where the judgment was required. The Group continuously assesses whether its business model judgment is appropriate, and monitors the financial assets carried at amortized cost and investment in debts instruments at fair value through other comprehensive income to look into the reasons for its disposition to assess whether the disposition would be consistent with the business model's objectives. Whenever the business model was found to have changed, the Group would postpone the adjustment of the subsequent classification of financial assets.

2) Commitment to operating lease - the Group is the Lessor

The Group has signed commercial property agreements toward some property portfolios. Based on its evaluation of the agreed terms, the Group still retains significant risks and rewards of ownership of these properties and treats these leases as operating leases.

3) Investment property

The purpose of part of the property held by the Group was intended to earn rent or capital appreciation. It also includes property held for the purpose of which the future has not yet been determined. Other parts were used by the Group itself. When the respective parts could be solely sold, such property would not be

classified under the investment property only the portion in the Group's own use accounted for a not significant portion of the respective property.

4) Leased term

In determining the lease term of the leased assets, the Group takes into account all relevant facts and circumstances that might generate economic incentives to exercise (or not to exercise) the option, including all facts and circumstances from the start of the lease to the day when the option is exercised with expected changes. The main factors taken into account include the contract terms and conditions during the period covered within the option, significant lease interest improvements during the contract period, and the importance of the underlying assets to the lessee's operations and the like. Significant changes in such matters or circumstances within the control of the Group when it occurred while the Group reassessed the lease term anew.

(2) Major accounting estimation & assumptions

The accounting estimates conducted by the Group were based on the reasonable expectations of future events on the grounds of the situation on a specific day, but the actual results might differ from the estimates, and the assets and liabilities of the next financial year might have significant adjustments to the risk of carrying amount and assumptions. Please note the following instructions:

1) Estimated impairment of financial assets

The impairment of accounts receivable and contract assets was estimated based on the Group's assumptions about the default rate and the expected loss rate. The Group took into account historical experience, current market conditions and forward-looking information to work out assumptions and select input values for impairment assessment. For more details regarding the important assumptions and input values please refer to Note 6(4). In the event that the actual future cash flow is below expected, it might cause significant impairment losses. The carrying amount of the Group's receivables and contract assets was NT\$3,532,436 thousand and NT\$2,611,098 thousand, respectively, as of December 31, 2021 and 2020 (After deducting allowance losses at NT\$3,558 thousand and NT\$5,536 thousand, respectively)

2) Evaluation of inventory

Since inventory should be measured at the lower of cost or net realizable value, the Group shall use judgment and estimation to decide the net realizable value at the balance sheet date. Due to the rapid changes of the industrial environment, the Group assesses the amount of inventory on the balance sheet date that has undergone normal wear and tear, obsolescence or no market sales value, and will mark down the cost of inventories to the net realizable value. This assessment of inventories primarily uses product need within a certain period in the future as the basis of estimation, and thus material changes could occur. As of December 31, 2021 and 2020, the carrying amount of the Group's inventories was NT\$2,301,478 thousand and NT\$1,203,284 thousand, respectively. (After deducting loss on allowance for obsolescence and market price decline of inventories of NT\$92,250 thousand and NT\$33,978 thousand, respectively)

3) Fair value measurement and evaluation process

Where the assets and liabilities measured at fair value were not quoted in the active market, the Group would decide whether to outsource the valuation and determine the appropriate fair value technology according to relevant laws or judgments.

Where the fair value was estimated, Level 1 input value could not be obtained for the value, the Group would refer to the analysis of the financial status and operating results of the investee, the latest transaction price, the quote of the same equity instrument in the non-active market, the quote of similar instruments in the active market, and the comparable company evaluation multiplier to determine the input value. If the actual changes in future input values and expectations would differ, fair value changes might occur. The Group regularly updated each input value according to market conditions to monitor whether fair value measurement was appropriate. For more details regarding the fair value evaluation techniques and input value, please refer to the descriptions of Note 12(4). As of December 31, 2021 and 2020, the Group's holdings of unlisted company stocks and limited partnership investments showed the carrying amounts of NT\$1,156,198 thousand and NT\$825,583 thousand, respectively.

4) Evaluation on impairment of investment accounted for using the equity method

Whenever there was an indication of impairment that an investment accounted for using the equity method might have been impaired while the carrying amount could not be recovered, the Group immediately assessed the impairment of the investment. The Group assessed the impairment based on the discounted value of the expected future cash flow of the investee or cash dividends receivable to be expected and disposal of the discounted value of future cash flows from the investment to assess the recoverable amount and analyze the reasonableness of its related assumptions. As of December 31, 2021 and 2020 after the Group's prudent assessment of the results, there showed no significant impairment loss.

5) Assessment onto the impairment of tangible assets, intangible assets (except goodwill) and other noncurrent assets

In the process of asset impairment assessment, the Group was required to rely on subjective judgment and asset usage patterns and industry characteristics to determine the independent cash flow of a particular asset group, years of useful life, the future revenue and expenses that might be cause significant impairment in the future due to economic condition changes or estimated changes caused by strategies. As of December 31, 2021 and 2020, the accumulated impairment of tangible assets, intangible assets (except goodwill) and other noncurrent assets recognized by the Group was NT\$75,641 thousand and NT\$78,732 thousand, respectively.

6) Evaluation on impairment in goodwill

Upon determination whether goodwill has been impaired, the use value of the cash-generating unit allocated to goodwill needs to be estimated. To calculate the use value, the management should estimate the future cash flows expected to be generated from the cash-generating unit and decide on appropriate discount rate of the use of the present value. If the actual cash flow became less than expected, significant impairment losses might occur. As of December 31, 2021 and 2020, the amount of goodwill impairment recognized by the Group amounted to NT\$15,155 thousand for both.

7) Realizability of deferred income tax assets

Deferred income tax assets are recognized when there is a possibility in the future that there would be sufficient taxable income for the purpose of deducting temporary differences. Upon assessment of the realizability of deferred income tax assets, significant accounting judgments and estimations of the management must be involved including expected future sales revenue growth and profit

margins, usable income tax credits, tax planning and other assumptions. Any changes in the global economic environment, industrial environment and changes in laws and regulations might cause significant adjustment of deferred income tax assets. As of December 31, 2021 and 2020, the deferred income tax assets recognized by the Group were NT\$56,547 thousand and NT\$46,396 thousand respectively. The deferred income tax assets not recognized by the Group due to non-probable taxable income were to NT\$18,205 thousand and NT\$12,907 thousand, respectively.

8) Calculation of long-term employee benefits liabilities

Upon calculation of the present value of the benefit obligations, the Group must use judgments and estimates to determine the relevant actuarial hypotheses on the balance sheet date, including the discount rate and future salary growth rate. Any changes in actuarial assumptions should significantly affect the Group's amount of defined benefit obligations. As of December 31, 2021 and 2020, the carrying amounts of the Group's long-term employee benefits liabilities (including net defined benefit liabilities and provisions - noncurrent) were NT\$64,212 thousand and NT\$78,120 thousand, respectively.

9) Lessee's incremental loan interest rate

When determining the interest rate of the lessees' incremental loan used for discounting lease payments, the Group used the risk-free interest rate of the equivalent duration and currency as the reference interest rate, and discounted the estimated lessee's credit risk allowance and lease specific adjustments (e.g., asset characteristics and factors such as guarantees) to be taken into account.

6. Summary of Important Accounting Items

(1) Cash & cash equivalents

Items	December 31, 2021	December 31, 2020
Cash and petty cash	\$ 1,415	\$ 1,755
Checking deposits	20,875	24,829
Demand deposits	5,111,478	3,326,929
Time deposits with original maturity within three months	1,146,195	858,522
Bills & bonds under Repurchase Agreements	758,232	1,023,626
Total	\$ 7,038,195	\$ 5,235,661

- 1) The Group's cash & cash equivalents have not been used for collateral or pledge.
- 2) As of December 31, 2021 and 2020, the interest rate range in the market for the Group's time deposit with original maturity within three months was 0.06% to 1.20% and 2.50% to 2.75% per annum, respectively.
- 3) As of December 31, 2021 and 2020, the interest rate range in the market for the bills & bonds under Repurchase Agreements within three months undertaken by the Group was 0.22% to 0.33% and 0.20% to 0.50%, respectively.

(2) Financial assets at fair value through profit or loss - current

Items	December 31, 2021	December 31, 2020
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Beneficiary certificates for mutual funds designated at fair value through profit or loss	\$	179,757	\$	507,658
Plus: Evaluation adjustment		770		733
Total	\$	<u>180,527</u>	\$	<u>508,391</u>

- 1) For more details regarding financial assets at fair value through profit or loss - current, please see Notes 13(1) (2)-3.
- 2) For the years ended December 31, 2021 and 2020, the net gains recognized in the current profit or loss by the Group were NT\$627 thousand and NT\$1,761 thousand, respectively.
- 3) The financial assets at fair value through profit or loss - current held by the Group have not been used for collateral or pledge.

(3) Notes receivable

Items	December 31, 2021	December 31, 2020
Total notes receivable	\$ 340,024	\$ 357,778
Less: Allowance loss	-	-
Net	<u>\$ 340,024</u>	<u>\$ 357,778</u>

- 1) The Group's notes receivable have not been overdue and the expected credit loss rate was 0%.
- 2) The Group's notes receivable have not been used for collateral or pledge.

(4) Accounts receivable (including related parties)

Items	December 31, 2021	December 31, 2020
Total accounts of receivable	\$ 2,115,807	\$ 2,210,795
Less: Allowance loss	(3,558)	(5,536)
Subtotal	<u>2,112,249</u>	<u>2,205,259</u>
Total accounts receivable - related parties	69	6,996
Less: Allowance loss	-	-
Subtotal	<u>69</u>	<u>6,996</u>
Net	<u>\$ 2,112,318</u>	<u>\$ 2,212,255</u>

- 1) The age analysis of accounts receivable (including related parties) and the allowance loss measured by the preparation matrix are as follows:

Account aging interval	December 31, 2021			December 31, 2020		
	Total amount	Allowance loss	Net	Total amount	Allowance loss	Net
Not overdue	\$ 2,005,696	\$ -	\$ 2,005,696	\$ 2,185,430	\$ -	\$ 2,185,430
1 - 30 days overdue	108,953	2,331	106,622	26,825	-	26,825
31 - 90 days overdue	-	-	-	3,928	3,928	-
91 - 180 days overdue	-	-	-	312	312	-
181 - 365 days overdue	-	-	-	1,274	1,274	-
More than 365 days overdue	1,227	1,227	-	22	22	-
Total	<u>\$ 2,115,876</u>	<u>\$ 3,558</u>	<u>\$ 2,112,318</u>	<u>\$ 2,217,791</u>	<u>\$ 5,536</u>	<u>\$ 2,212,255</u>

The above analysis is based on the number of days past due.

The expected credit loss rate of the Group's aforementioned account aging intervals (excluding abnormal amounts which should be recorded at 100%): except the impairment losses recognized for individual customers according to actual credit losses, accounts non-overdue and overdue within 90 days from 0% to 50%; 91 to 365 days overdue from 30% to 100%, more than 365 days overdue 100%.

The Group's accounts receivable not overdue were expected to have a very low risk of credit loss; For other accounts receivable which had been overdue as of the balance sheet date, the Group has taken into account other credit enhancement protection, post-period collection, and deductions and the like. After reasonable and corroborable information, it is assessed that there was no significant change in its credit quality, and the credit risk has not increased significantly since the initial recognition. Therefore, the management of the Company expects that no credit loss of accounts receivable will be caused by default of transaction counterparties.

- 2) The Group adopted the simplified method of IFRS 9, and recognized the expected credit loss during the existence in the accounts receivable allowance loss. The expected credit loss during the existence was calculated using the reserve matrix, with consideration of the customers' past default record and historical experience of collection, increase in delayed payments beyond the average credit period, and at the same time with consideration of the current financial status of customers, and observable national or regional industrial economic situation changes related to the arrears of receivables and future prospects such as outlook considerations. As the Group's historical experience of credit losses indicates that there would be no significant differences in the loss patterns of different customer bases, the preparation matrix did not further distinguish the customer bases, only the accounts receivable days past due and actual conditions would determine the expected credit loss rate. The Group did not hold any collateral for these accounts receivable.

If there was evidence indicating that the counterparty was facing serious financial difficulties and the Group could not reasonably anticipate the recoverable amount, the Group would recognize 100% allowance loss or directly write off the related accounts receivable, but would, meanwhile, continue to recourse the activities due to the amount recovered and recognized in profit or loss.

3) Analysis of changes in allowance loss for accounts receivable (including related parties)

Items	Year Ended	
	December 31, 2021	December 31, 2020
Beginning balance	\$ 5,536	\$ 10,219
Plus: Provision of impairment loss	-	833
Less: Reversal of impairment loss	(1,907)	-
Less: Actual write-off not yet been collected	-	(5,516)
Plus: amount collected after write-offs	-	-
Effect of exchange rate changes	(71)	-
Ending balance	<u>\$ 3,558</u>	<u>\$ 5,536</u>

4) The Group's accounts receivable (including related parties) have not been used for collateral, pledge.

(5) Other receivables

Items	December 31, 2021	December 31, 2020
Interest receivable	\$ 2,986	\$ 3,939
Tax refund receivable	69,053	20,825
Tax withholding for refundable royalties	-	697
Others	4,695	6,630
Total	<u>\$ 76,734</u>	<u>\$ 32,091</u>

(6) Inventories

Items	December 31, 2021			December 31, 2020		
	Cost	Valuation allowance	Carrying amount	Cost	Valuation allowance	Carrying amount
Raw materials	\$ 490,325	\$ 10,000	\$ 480,325	\$ 364,861	\$ 7,584	\$ 357,277
Supplies	268,029	1,478	266,551	192,929	1,136	191,793
Work in process	195,785	18,921	176,864	146,900	15,903	130,997
Partly-finished goods	547,537	51,466	496,071	211,929	-	211,929
Finished goods	369,891	10,021	359,870	114,007	9,355	104,652
By-products	2,743	364	2,379	3,153	-	3,153
Commodities	86,587	-	86,587	57,619	-	57,619
Inventory in transit	432,831	-	432,831	145,864	-	145,864
Total	<u>\$ 2,393,728</u>	<u>\$ 92,250</u>	<u>\$ 2,301,478</u>	<u>\$ 1,237,262</u>	<u>\$ 33,978</u>	<u>\$ 1,203,284</u>

1) The amounts of sales costs linked up with inventory are as follows:

Items	Year Ended December 31, 2021	Year Ended December 31, 2020
Inventory sales transferred to cost of sales	\$ 16,722,541	\$ 12,497,597
Plus: Labor service costs	1,073,978	902,876
Plus: Unamortized labor and manufacturing overhead	56,899	91,131
Plus: Loss on scrapped of inventory	-	65
Plus: Loss on Inventories(net)	131	76
Plus: Loss on net realizable value of inventory	58,273	-
Less: Recovery in net realizable value of inventory	-	(17,004)
Less: income of off-grades & scrap material sold	(7,145)	(5,953)
Account recorded in operating costs	<u>\$ 17,904,677</u>	<u>\$ 13,468,788</u>

2) The Group's operating costs, including the loss (gain) in net realizable value of inventory for the years ended December 31, 2021 and 2020 were NT\$58,273 thousand and (NT\$17,004) thousand, respectively, primarily due to the fall/recovery of raw material prices and product price quotations.

3) The Group's inventory has not been used for collateral or pledge.

(7) Prepayments

Items	December 31, 2021	December 31, 2020
Prepayment on sales	\$ 35,957	\$ 14,285
Prepayment of short-term lease agreement fees/ rent	547	821
Prepayment of insurance premium	15,843	16,016
Prepaid service fees	3,300	-
Prepayment of production fees	3,334	644
Supplies inventory	2,280	2,297
Advertising exchange commodities and giveaways	1,908	1,779
Input tax	29,950	25,880
Tax credit	420,832	17,294
Others	9,294	9,120
Total	<u>\$ 523,245</u>	<u>\$ 88,136</u>

(8) Other financial assets - current

Items	December 31, 2021	December 31, 2020
Bank deposits with restricted use	\$ 6,422	\$ 20,142
Time deposits with original maturity more than three months	2,930,117	3,328,263
Total	<u>\$ 2,936,539</u>	<u>\$ 3,348,405</u>

- 1) The “bank deposits with restricted use” refers to a reserve account and guarantee accounts for designated purposes. Please see Note 8 (3) for more details.
 - 2) The time deposits with original maturity more than three months held by the Group did not meet the definition of cash equivalents. They are, therefore, classified under other financial assets - current, as the effect of discounts during the short holding period was insignificant, which was measured by the amount of investment. The interest rate range in the market for time deposits with original maturity more than three months as of December 31, 2021 and 2020 were 0.33%~3.00% and 0.42%~2.22%, respectively.
 - 3) The Group assessed that the expected credit risk of the above financial assets was not high, and the credit risk has not increased after the initial recognition.
 - 4) None of the Group’s fixed-term deposits with an original maturity of over three months was collateralized or pledged.
- (9) Other current assets - other

Items	December 31, 2021	December 31, 2020
Cost of program broadcasting - current (Note)	\$ 35,791	\$ 42,291
Others	-	688
Total	\$ 35,791	\$ 42,979

Note: Cost of program broadcasting - current, please see Notes 6(19)-1 for more details.

- (10) Financial assets at fair value through other comprehensive income - noncurrent

Items	December 31, 2021	December 31, 2020
Listed company stocks in Taiwan		
China Life Insurance Co., Ltd.	\$ -	\$ 1,116,736
China Development Financial Holding Corporation		
— Common shares	2,788,877	1,123,868
— Preferred shares	832,587	-
Unlisted company stocks in Taiwan and abroad		
He Xin Venture Investment Enterprise Co., Ltd.	18,412	18,412
Kuo Tsung Development Co., Ltd.	5,000	5,000
Kuo Tsung Construction Development Co., Ltd.	5,000	5,000
YODN Lighting Corp.	9,754	9,754
Bridgestone Taiwan Co., Ltd.	77,104	77,104
Jeoutai Technology Co., Ltd.	26,604	26,604
Global Mobile Corp.	14,400	14,400
Great Dream Pictures, Inc.	10,000	10,000
Ruei-Guang Broadcasting Co., Ltd.	100	100
21 st Digital Technology Co., Ltd.	105,258	33,479
Citiesocial Holding Cayman Co., Ltd.	55,958	-
Com2B Corp.	8,961	8,961
Subtotal	\$ 3,958,015	\$ 2,449,418

Limited partnership interest in Taiwan and abroad		
CDIB Capital Asia Partners L.P.	337,369	350,015
CDIB Capital Global Opportunities Fund L.P.	203,778	306,560
China Development Asset Management Corporation's advantageous venture capital limited partnership	165,723	137,292
Subtotal	4,664,885	3,243,285
Plus: Evaluation adjustment	544,850	947,850
Total	\$ 5,209,735	\$ 4,191,135

- 1) The aforementioned investments held by the Group were not in a short-term profitable operating mode. The management believes that if the short-term fair value fluctuations of these investments were included in the profit or loss, and the aforementioned investment plans were inconsistent, they chose to designate these investments at fair value through other comprehensive income.
- 2) Starting from January 1 to December 31, 2020, the Group newly invested 10 thousand shares and 213 thousand shares into Rwei-Guang Broadcasting Co., Ltd. and 21st Digital Technology Co., Ltd., respectively at the investment cost of NT\$100 thousand and NT\$33,479 thousand, and at the shareholding ratio at 10.00% and 1.91% respectively. We chose to designate the investment at fair value through other comprehensive income.
- 3) The Group additional 547 shares of 21st Digital Technology Co., Ltd. for NT\$71,779 in June, 2021. As of December 31, 2021, the Group's shareholding was 2.84%.
- 4) The Company acquired 1,769 shares of Citiesocial Holding Cayman Co., Ltd. in July 2021 for USD2,000 thousand (or NT\$55,958 thousand). As of December 31, 2021, the shareholding ratio was 12.82%. The investment was designated as an asset measured at fair value through other comprehensive income.
- 5) The Group converted its shares of China Life Insurance Co., Ltd. on December 30, 2021 (the basis day) for share of China Development Financial Holding Corporation, at the ratio of one common share of China Life Insurance Co., Ltd. for 0.8 common share and 0.73 preferred share of China Development Financial Holding Corporation in addition to NT\$11.5 cash. After the conversion, the Group acquired 95,143 thousand common shares (equivalent to NT\$1,665,009 thousand), 86,818 thousand preferred shares (equivalent to NT\$832,587 thousand) of China Development Financial Holding Corporation, in addition to NT\$1,363,582 thousand in cash (net of stock transfer taxes). This share conversion was deemed as the Company's disposal of its investment in China Development Financial Holding Corporation and the accumulated profit was transferred to retained earnings for NT\$2,744,442 thousand.
- 6) The Group newly invested limited partnership interest of the CDIB Capital Asia Partners L.P. for the years ended December 31, 2021 and 2020 in amounts of USD180 thousand (equivalent to NT\$4,998 thousand) and USD271 thousand (equivalent to NT\$7,818 thousand). Besides, the capital distribution of limited partnership interest for the years ended December 31, 2021 and 2020 amounted to USD455 thousand (equivalent to NT\$12,598 thousand) and USD617 thousand (equivalent to NT\$17,814 thousand); as of December 31, 2021 and 2020, the Group's cumulative investment in CDIB Capital Asia Partners L.P.'s limited

partnership interest amounted to USD11,441 thousand and USD11,716 thousand respectively, and the Group's estimated total investment amount was USD13,000 thousand.

- 7) The Group newly invested CDIB Capital Global Opportunities Fund L.P.'s limited partnership interest of USD633 thousand (equivalent to NT\$17,526 thousand) and USD2,851 thousand (equivalent to NT\$81,199 thousand) for the years ended December 31, 2021 and 2020; in addition, the limited partnership interest distributed capital for the years ended December 31, 2021 and 2020 amounted to USD4,035 thousand (equivalent to NT\$111,696 thousand) and USD324 thousand (equivalent to NT\$9,220 thousand), respectively; as of December 31, 2021 and 2020, the Group's cumulative investment in CDIB Capital Global Opportunities Fund L.P.'s limited partnership interest was USD7,362 thousand and USD10,764 thousand, respectively, and the estimated total investment amount of the Group was USD30,000 thousand.
- 8) The Group's newly invested in China Development Asset Management Corporation's advantageous venture capital limited partnership interest for the years ended December 31, 2021 and 2020 in amounts of NT\$32,995 thousand and NT\$33,216 thousand respectively; the limited partnership equity distributed capital for the years ended December 31, 2021 and 2020 amounted to NT\$4,564 thousand and NT\$2,526 thousand, respectively; as of December 31, 2021 and 2020, the Group's cumulative investment in China Development Asset Management Corporation's advantageous venture capital limited partnership interest were NT\$165,723 thousand and NT\$137,292 thousand, respectively, and the Group's estimated total investment amount was to NT\$200,000 thousand.
- 9) The Group held investment in structured entity equity as a limited partnership interest, so there was no transaction volume and unit transaction price, and it only bore the rights and obligations within the scope of the investment contract which had no significant influence on such investment. Accordingly, the maximum exposure amount on the balance sheet date was just the carrying amount of these financial assets.
- 10) TECO Nanotech Co., Ltd. completed the liquidation process on November 25, 2019 and obtained a letter of reference from the Taiwan Taipei District Court verifying the completion of liquidation on January 13, 2020. In that liquidation, the Group could collect NT\$17 thousand remaining property distribution amount in April 2020.
- 11) The Group's net profit (loss) recognized in other comprehensive income for the years ended December 31, 2021 and 2020 due to changes in fair value were NT\$2,341,443 thousand and (NT\$401,923) thousand, respectively and accumulated in other equity; in addition, the amount of accumulative gain (loss) due to disposal of investment transferred directly to the retained earnings were NT\$2,744,442 thousand and (NT\$202) thousand, respectively, and the share attributable to the owners of the parent company were NT\$1,709,513 thousand and (NT\$202) thousand, respectively.
- 12) The financial assets at fair values through other comprehensive income - noncurrent held by the Group have not been used for collateral or pledge.

(11) Investments accounted for using the equity method

1) Investments in associates

Name of associate	December 31, 2021		December 31, 2020	
	Carrying amount	Shareholding %	Carrying amount	Shareholding %
Zhenjiang Chimei Chemical Co., Ltd.	\$ 8,429,325	30.40%	\$ 7,161,218	30.40%
Zhangzhou Chimei Chemical Co., Ltd.	3,114,827	30.40%	2,034,143	30.40%
Total	<u>\$11,544,152</u>		<u>\$ 9,195,361</u>	

- 2) In October 2021, the Group transferred the surplus distributed from Zhenjiang Chimei Chemical Co., Ltd. for capital injection into Zhangzhou Chimei Chemical Co., Ltd. in a total amount of CNY167,808 thousand (equivalent to USD26,015 thousand / NT\$720,099 thousand). This investment was already approved by Investment Commission, Ministry of Economic Affairs on February 22, 2022 with its Letter Jing-Shen-II-Zi 11100012630. As of December 31, 2021, Zhangzhou Chimei Chemical Co., Ltd. had not completed the capital raising procedures yet; hence, investment prepayment was recognized. Please refer to Note 6 (18).
- 3) The Group used the earnings distributed from Zhenjiang Chimei Chemical Co., Ltd. to launch capital increase into Zhangzhou Chimei Chemical Co., Ltd. in a total amount of CNY322,240 thousand (equivalent to USD45,357 thousand/NT\$1,291,772 thousand) in April 2020. This investment was already approved by Investment Commission, Ministry of Economic Affairs on September 30, 2020 with its Letter Jing-Shen-II-Zi 10900151010. Zhangzhou Chimei Chemical Co., Ltd. set up its capital increase dates on June 11, 2021, February 25, 2021, and December 2, 2020 for raising of CNY91,200 thousand (equivalent to USD12,837 thousand/NT\$366,302 thousand), CNY139,840 thousand (equivalent to USD19,683 thousand/NT\$559,874 thousand) and CNY91,200 thousand (equivalent to USD12,837 thousand/NT\$365,596 thousand), respectively. The capital increase verifications were completed on June 18, 2021, March 5, 2021 and December 11, 2020, respectively. Please refer to Note 6 (18).
- 4) The Group used the earnings distributed from Zhenjiang Chimei Chemical Co., Ltd. to launch capital increase into Zhangzhou Chimei Chemical Co., Ltd. in a total amount of CNY111,872 thousand (equivalent to USD15,950 thousand/NT\$478,169 thousand) in November 2019. The said investment was duly approved by the Investment Commission, Ministry of Economic Affairs with Letter Jing-Shen-II-Zi 10800395800 dated January 7, 2020. Zhangzhou Chimei Chemical Co., Ltd. already fixed its capital increase base date on March 18, 2020 and further completed the capital increase verification procedure on April 8, 2020.
- 5) The shares of profits or losses and other comprehensive income of associates accounted for using the equity method for the years ended December 31, 2021 and 2020 were recognized based on the financial statements audited by other certified public accountants of international CPA firms in the cooperation relationship with the CPA firms of the Republic of China during the same period of associates.
- 6) Shares of profits or losses of associates accounted for using the equity method and other comprehensive income are as follows:

Names of associates	Year Ended December 31, 2021		Year Ended December 31, 2020	
	Recognized in current profit/loss	Recognized in other comprehensive income	Recognized in current profit/loss	Recognized in other comprehensive income
Zhenjiang Chimei Chemical Co., Ltd.	\$ 3,997,831	\$ 164,194	\$ 3,106,516	\$ 391,214
Zhangzhou Chimei Chemical Co., Ltd.	92,745	146,238	(11,021)	144,571
Total	<u>\$ 4,090,576</u>	<u>\$ 310,432</u>	<u>\$ 3,095,495</u>	<u>\$ 535,785</u>

- 7) Investment accounted for using the equity method held by the Group has not been used for collateral or pledge.
- 8) For more details regarding the attribute in business of the aforementioned associates, their major business premises and country of incorporation registration, please see Note 13(3), information of investment in Mainland China.
- 9) The summarized financial information in respect of the Group's key associates are as follows: (The summarized financial information of the Group's key associates hereunder were prepared on the grounds of IFRSs financial statements by the associates with the adjustment already reflected at the time of equity method).

A. Zhenjiang Chimei Chemical Co., Ltd.

① Balance Sheets

Items	December 31, 2021	December 31, 2020
Current assets	\$ 32,227,678	\$ 29,136,232
Noncurrent assets	9,863,380	9,575,551
Current liabilities	(11,945,989)	(11,153,639)
Noncurrent liabilities	(18,539)	(1,533,699)
Equity	30,126,530	26,024,445
The Company's shareholding ratio	30.40%	30.40%
The interests bestowed to the Company	9,158,465	7,911,431
Unrealized profit or loss	(729,140)	(750,213)
Carrying amount of investment in associates	<u>\$ 8,429,325</u>	<u>\$ 7,161,218</u>

② Statements of Comprehensive Income

Items	Year Ended	
	December 31, 2021	December 31, 2020
Operating revenues	\$ 79,866,442	\$ 55,437,287
Net profit for the year	13,150,760	10,218,802
Other comprehensive income	-	-
Total comprehensive income	\$ 13,150,760	\$ 10,218,802
Cash dividends from associates	\$ 2,367,919	\$ 1,291,772
Less: subscription of associate shares (Note)	(720,099)	(1,291,772)
Less: dividends payable at the end of the period (Note 7)	(939,259)	-
Stock dividends from associates (after tax)	\$ 708,561	\$ -

Note: Expected/direct remittances to Zhangzhou Chimei Chemical Co., Ltd. for the rights issue

B. Zhangzhou Chimei Chemical Co., Ltd.

① Balance Sheets

Items	December 31, 2021	December 31, 2020
Current assets	\$ 9,463,128	\$ 2,561,095
Noncurrent assets	16,575,911	11,529,853
Current liabilities	(5,758,260)	(2,212,912)
Noncurrent liabilities	(10,034,638)	(5,186,777)
Equity	10,246,141	6,691,259
The Company's shareholding ratio	30.40%	30.40%
Interests bestowed to the Company	3,114,827	2,034,143
Unrealized profit or loss	-	-
Carrying amount of investment in associates	\$ 3,114,827	\$ 2,034,143

② Statements of Comprehensive Income

Items	Year Ended	
	December 31, 2021	December 31, 2020
Operating revenues	\$ 4,349,892	\$ -
Net profit (loss) for the year	305,083	(36,254)
Other comprehensive income	-	-
Total comprehensive income	\$ 305,083	(\$ 36,254)
Dividend received from associates (After-tax)	\$ -	\$ -

(12) Property, plant and equipment

Items	December 31, 2021	December 31, 2020
Land	\$ 3,276,815	\$ 3,409,062
Buildings & constructions	1,630,667	1,656,156
Machinery & equipment	13,441,811	13,481,503
Transportation facilities	96,906	97,730
Other equipment	1,648,584	1,540,344
Construction in progress and Equipment to be inspected	2,859,430	65,210
Total costs	22,954,213	20,250,005
Less: Accumulated depreciation	(14,232,124)	(13,816,152)
Less: Accumulated impairment	(52,196)	(52,861)
Net	\$ 8,669,893	\$ 6,380,992

Items	Land	Buildings & constructions	Machinery & equipment	Transportation facilities	Other equipment	Construction in progress and equipment to be inspected	Total
Cost:							
Balance at January 1, 2021	\$ 3,409,062	\$ 1,656,156	\$ 13,481,503	\$ 97,730	\$ 1,540,344	\$ 65,210	\$ 20,250,005
Addition	-	8,510	58,843	2,081	187,719	2,846,668	3,103,821
Disposal	-	(2,057)	(105,984)	(3,224)	(66,241)	-	(177,506)
Reclassification (Note)	-	28,419	10,375	677	(12,634)	(52,107)	(25,270)
Transfer into investment property	(132,247)	(57,970)	-	-	-	-	(190,217)
Effects of exchange rate	-	(2,391)	(2,926)	(358)	(604)	(341)	(6,620)
Balance at December 31, 2021	\$ 3,276,815	\$ 1,630,667	\$ 13,441,811	\$ 96,906	\$ 1,648,584	\$ 2,859,430	\$ 22,954,213
Accumulated depreciation and impairment:							
Balance at January 1, 2021	\$ -	\$ 1,024,681	\$ 11,809,456	\$ 86,980	\$ 947,896	\$ -	\$ 13,869,013
Depreciation expenses	-	48,751	416,275	4,655	157,053	-	626,734
Impairment loss	-	-	-	-	2,500	-	2,500
Disposal	-	(1,995)	(105,244)	(3,138)	(66,184)	-	(176,561)
Transfer into investment property	-	(32,992)	-	-	-	-	(32,992)
Effects of exchange rate	-	(1,003)	(2,501)	(323)	(547)	-	(4,374)
Balance at December 31, 2021	\$ -	\$ 1,037,442	\$ 12,117,986	\$ 88,174	\$ 1,040,718	\$ -	\$ 14,284,320

Items	Land	Buildings & constructions	Machinery & equipment	Transportation facilities	Other equipment	Construction in progress and equipment to be inspected	Total
Cost:							
Balance at January 1, 2020	\$ 3,409,062	\$ 1,609,846	\$ 13,466,251	\$ 101,522	\$ 1,532,831	\$ 22,178	\$ 20,141,690
Addition	-	29,144	52,683	885	197,231	69,556	349,499
Disposal	-	-	(64,334)	(4,814)	(126,991)	-	(196,139)
Reclassification (Note)	-	16,777	25,135	-	(63,341)	(26,524)	(47,953)
Effects of exchange rate	-	389	1,768	137	614	-	2,908
Balance at December 31, 2020	\$ 3,409,062	\$ 1,656,156	\$ 13,481,503	\$ 97,730	\$ 1,540,344	\$ 65,210	\$ 20,250,005

Items	Land	Buildings & constructions	Machinery & equipment	Transportation facilities	Other equipment	Construction in progress and equipment to be inspected	Total
Accumulated depreciation and impairment:							
Balance at January 1, 2020	\$ -	\$ 978,620	\$ 11,341,127	\$ 86,978	\$ 927,624	\$ -	\$ 13,334,349
Depreciation expenses	-	45,423	530,506	4,684	146,153	-	726,766
Disposal	-	-	-	-	500	-	500
Impairment loss	-	-	(63,580)	(4,780)	(126,872)	-	(195,232)
Effects of exchange rate	-	638	1,403	98	491	-	2,630
Balance at December 31, 2020	\$ -	\$ 1,024,681	\$ 11,809,456	\$ 86,980	\$ 947,896	\$ -	\$ 13,869,013

Note: The net decrease due to reclassification was due to the expenses associated with the transfer of property, plant and equipment.

- 1) The Group's property, plant and equipment is primarily for internal use. Some property owned is rented out via operating leases. Please refer to Note 6 (13)-5 for information on leases.
- 2) The addition and the acquisition of the property, plant and equipment in the cash flow statements of in the current year are reconciled as follows:

Items	Year Ended December 31, 2021	Year Ended December 31, 2020
Increase in property, plant and equipment	\$ 3,103,821	\$ 349,499
Less: Increase in the payables for equipment	(21,562)	(906)
Amounts paid in cash	\$ 3,082,259	\$ 348,593

- 3) Capitalized amount of the costs and interest rate range of the property, plant and equipment based loans:

Items	Year Ended December 31, 2021	Year Ended December 31, 2020
Amount capitalized	\$ 17,321	\$ -
Interest rate range	4.40%	-

- 4) The major composition items of the Group's property, plant and equipment were depreciated in the straight-line method based on the useful life as follows:

A. Buildings & constructions

Buildings, plants and main constructions	26 - 46 years	Building affiliated equipment	11 - 21 years
Air conditioning equipment	5 - 8 years	Fire protection equipment	4 - 6 years
Road greening	4 - 11 years		

B. Machinery equipment

Chemical equipment	8 - 25 years	Steam and electricity equipment	16 years
Gas supply equipment	10 years	Broadcasting equipment	5 - 6 years
Others	7 years		

C. Transportation facilities

SNG Van	5 - 7 years	OB outside Broadcasting Van	6 - 7 years
Others	2 - 6 years		

D. Other equipment

Furniture & office equipment	4 - 7 years	Leasehold improvement	10 - 15 years
Catering equipment	3 years	Others	3 - 8 years

- 5) The Group began to let out its property in Kuo Chang Building, Songshan District, Taipei City on October 1, 2021 for rental incomes. The carrying amount of the relevant land at NT\$132,247 thousand and the carrying amount of the buildings & constructions at NT\$24,978 thousand were transferred into investment property. Please refer to Note 6 (14).
- 6) For the years ended December 31, 2021 and 2020, while some equipment capacity was not fully utilized, the Group expected that the future cash inflow of such equipment would decrease, and, in turn, estimated that recoverable amount was both NT\$0 less than the carrying amount so that it would recognize the impairment loss of other equipment amounting to NT\$2,500 thousand and NT\$500 thousand, respectively. Such impairment loss was already included in the consolidated statements of comprehensive income under other gains and losses. The Group used the value in use to determine the recoverable amount of such equipment. The discount rate adopted for the years ended December 31, 2021 and 2020 were 12.37% and 3.09%, respectively. As of December 31, 2021 and 2020, the Group recognized that the accumulated impairment amounts for property, plant and equipment were NT\$52,196 thousand and NT\$52,861 thousand, respectively.
- 7) For information regarding the collateral provided with property, plant and equipment, please see Note 8(1) for more details.

(13) Lease agreement

1) Right-of-use assets

Items	December 31, 2021	December 31, 2020
Land	\$ 981,071	\$ 988,524
Buildings & constructions	853,184	489,409
Machinery & equipment	35,377	35,377
Transportation facilities	13,196	17,507
Total costs	1,882,828	1,530,817
Less: Accumulated depreciation	(250,181)	(149,446)
Less: Accumulated impairment	-	-
Net	\$ 1,632,647	\$ 1,381,371

Items	Land	Buildings & constructions	Machinery & equipment	Transportation facilities	Total
Cost:					
Balance at January 1, 2021	\$ 988,524	\$ 489,409	\$ 35,377	\$ 17,507	\$ 1,530,817
Addition— Individual origin	-	-	-	-	-
Addition/Remeasurement	-	376,718	-	4,292	381,010
Addition/decommissioning costs	-	4,008	-	-	4,008
Disposal/Derecognition	-	(15,630)	-	(8,588)	(24,218)
Effects of exchange rate	(7,453)	(1,321)	-	(15)	(8,789)
Balance at December 31, 2021	\$ 981,071	\$ 853,184	\$ 35,377	\$ 13,196	\$ 1,882,828

Items	Land	Buildings & constructions	Machinery & equipment	Transportation facilities	Total
Accumulated depreciation and impairment:					
Balance at January 1, 2021	\$ 5,450	\$ 117,510	\$ 16,648	\$ 9,838	\$ 149,446
Depreciation expenses	19,563	91,072	8,324	5,127	124,086
Disposal/Derecognition	-	(14,521)	-	(8,588)	(23,109)
Effects of exchange rate	(114)	(125)	-	(3)	(242)
Balance at December 31, 2021	\$ 24,899	\$ 193,936	\$ 24,972	\$ 6,374	\$ 250,181

Items	Land	Buildings & constructions	Machinery & equipment	Transportation facilities	Total
Cost:					
Balance at January 1, 2020	\$ 8,789	\$ 449,312	\$ 35,377	\$ 16,721	\$ 510,199
Addition— Individual origin (Note)	979,588	-	-	-	979,588
Addition/Remeasurement	-	35,937	-	4,675	40,612
Addition/decommissioning costs	-	17,244	-	-	17,244
Disposal/Derecognition	-	(12,960)	-	(3,889)	(16,849)
Effects of exchange rate	147	(124)	-	-	23
Balance at December 31, 2020	\$ 988,524	\$ 489,409	\$ 35,377	\$ 17,507	\$ 1,530,817

Items	Land	Buildings & constructions	Machinery & equipment	Transportation facilities	Total
Accumulated depreciation and impairment:					
Balance at January 1, 2020	\$ 266	\$ 60,759	\$ 8,324	\$ 7,601	\$ 76,950
Depreciation expenses	5,137	65,636	8,324	6,126	85,223
Disposal/Derecognition	-	(8,879)	-	(3,889)	(12,768)
Effects of exchange rate	47	(6)	-	-	41
Balance at December 31, 2020	<u>\$ 5,450</u>	<u>\$ 117,510</u>	<u>\$ 16,648</u>	<u>\$ 9,838</u>	<u>\$ 149,446</u>

Note: In October 2020, the Group signed a contract for transfer for use of state-owned construction land with the Quangang District Natural Resources Bureau of Quanzhou City, Mainland China to obtain the right to use the land for the construction (For Phase 1 and Phase 2).

2) Lease liabilities

Items	December 31, 2021		December 31, 2020	
	Current	Noncurrent	Current	Noncurrent
Land	\$ -	\$ -	\$ -	\$ -
Buildings & constructions	87,824	577,347	65,136	295,604
Machinery & equipment	9,115	2,112	9,052	10,522
Transportation facilities	3,207	3,545	4,120	3,373
Total	<u>\$ 100,146</u>	<u>\$ 583,004</u>	<u>\$ 78,308</u>	<u>\$ 309,499</u>

Items	Land	Buildings & constructions	Machinery & equipment	Transportation facilities	Total
Lease liabilities:					
Balance at January 1, 2021	\$ -	\$ 360,740	\$ 19,574	\$ 7,493	\$ 387,807
Addition/Remeasurement	-	376,718	-	4,292	381,010
Disposal/Derecognition	-	(1,388)	-	(1)	(1,389)
Repayment of principal of lease liabilities	-	(69,681)	(8,347)	(5,021)	(83,049)
Effects of exchange rate	-	(1,218)	-	(11)	(1,229)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 665,171</u>	<u>\$ 11,227</u>	<u>\$ 6,752</u>	<u>\$ 683,150</u>

Items	Land	Buildings & constructions	Machinery & equipment	Transportation facilities	Total
Lease liabilities:					
Balance at January 1, 2020	\$ -	\$ 391,006	\$ 27,859	\$ 9,168	\$ 428,033
Addition/Remeasurement	-	35,937	-	4,675	40,612
Disposal/Derecognition	-	(4,275)	-	-	(4,275)
Repayment of principal of lease liabilities	-	(61,805)	(8,285)	(6,350)	(76,440)
Effects of exchange rate	-	(123)	-	-	(123)
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 360,740</u>	<u>\$ 19,574</u>	<u>\$ 7,493</u>	<u>\$ 387,807</u>

- A. The lease term of lease liabilities and the range of discount rate are as follows:

Items	Estimated lease term (including lease renewal rights)	December 31, 2021	December 31, 2020
Land	50 years	-	-
Buildings & constructions	2 - 29 years	0.32% - 4.35%	0.60% - 5.00%
Machinery & equipment	4 years	0.75%	0.75%
Transportation facilities	3 - 5 years	0.28% - 0.90%	0.28% - 0.90%

- B. The maturity of the Company's lease liabilities are analyzed below:

Items	December 31, 2021	December 31, 2020
Within 1 year	\$ 106,581	\$ 81,737
1 to 5 years	331,978	244,515
5 to 10 years	147,577	72,121
10 to 15 years	123,888	800
15 to 20 years	8,007	-
Over 20 years	12,545	-
Total undiscounted lease payments	\$ 730,576	\$ 399,173

3) Major lease events and clauses

- A. The Group leased the land in the People's Republic of China for use as a production plants and office spaces for land use right in 50 years. The entire rents should be paid up in a lump-sum at the time of execution of this Lease Agreement. The Group was not entitled to procure the land upon expiry of the duration of land use right. The Group was entitled to the act of disposition such as land use right, income right, transfer and lease within the land use limit, and the Group is responsible to pay a variety of taxes as required.

In addition, the subject assets leased by the Group include buildings & constructions, machinery equipment and transportation facilities, and the like. At the end of the lease term, the Group held no preferential acquisition rights for the leased target assets, and some leases were attached to lease term renewal right after expiration. The lease agreement was negotiated individually and contained various terms and conditions. Some lease agreements stipulate that the lease payment may be adjusted according to the consumer price index. Assets other than leases should not be used as loan collateral, and it was agreed that unless with the consent of the lessor, the Group should not sublet or transfer the Subject Premises either in whole or in part. Except these facts, the lease agreement was free of any other restrictions.

- B. Option to extend the lease

The part of the Subject Premises covered within the Group's lease agreement includes the extension option entitled to the Group. Under the general practice for the lease agreement, the Group was bestowed with the maximum possible operating flexibility and effective use of assets. While the Group resolved to enter into the lease term, the Group already took into account all the facts and circumstances that will result in the economic incentives generated from the exercise of extension option. The lease term will be reassessed when a major event occurs regarding the assessment

whether to exercise the extension right or not to excise the termination option.

C. Impact of variable lease payments on lease liabilities

In the Group's lease agreement, the variable lease payment terms are subject to storage/usage link. The variable payment depends on the actual use of the underlying assets. The variable payment terms are used for many reasons, mainly for profit control and operating flexibility to minimize fixed costs. The changes in storage/usage of lease payments are recognized as expenses during the period that triggers these payment terms.

4) Sublet:

The Group sub-leases the right to use part of the leased spaces under a short-term operating lease. The rent has been collected in accordance with the lease agreements. Most lease agreements could be renewed at the market price at the end of the lease term. Those lease agreements include clauses that can adjust the rent according to the market environments every year. For the years ended December 31, 2021 and 2020, the proceeds from sublease of right-of-use assets amounted to NT\$734 thousand and NT\$948 thousand respectively.

5) Other lease related information

For the years ended December 31, 2021 and 2020, the Group recognized rental income of NT\$8,460 thousand and NT\$7,068 thousand respectively based on operating lease agreements. Among them, there was no income from variable lease payments.

The Group's agreement to lease investment property by means of operating lease is detailed in Note 6(14)-6.

A. The profit or loss details related to the lease agreement are as follows:

Items	Year Ended December 31, 2021	Year Ended December 31, 2020
Expenses attributable to short-term lease agreement	\$ 4,614	\$ 6,495
Expenses attributable to low-value assets lease	20	10
Expenses paid under variable lease	2,629	3,655
Total	<u>\$ 7,263</u>	<u>\$ 10,160</u>
Interest expense for lease liabilities	<u>\$ 7,249</u>	<u>\$ 4,190</u>
Profit (loss) generated from back-lease transaction after sales	<u>\$ -</u>	<u>\$ -</u>
Profit (loss) generated from amendment to lease transaction	<u>\$ 280</u>	<u>\$ 194</u>

The Group chose to apply recognition exemptions for short-term leases and low-value asset leases, and did not recognize related right-of-use assets and lease liabilities for these leases.

B. The total lease cash outflow of the Group for the years ended December 31, 2021 and 2020 at NT\$97,561 thousand and NT\$90,790 thousand, respectively.

C. The right-of-use assets prove no impairment as indicated by the result of the Group's prudential evaluation.

(14) Investment property

Items	December 31, 2021	December 31, 2020
Land	\$ 192,610	\$ 60,363
Buildings & constructions	129,578	71,608
Subtotal	322,188	131,971
Less: Accumulated depreciation	(87,630)	(53,536)
Less: Accumulated impairment	-	-
Net	\$ 234,558	\$ 78,435

Items	Land	Buildings & constructions	Total
Cost:			
Balance at January 1, 2021	\$ 60,363	\$ 71,608	\$ 131,971
Transferred from property, plant and equipment	132,247	57,970	190,217
Additions	-	-	-
Disposal	-	-	-
Balance at December 31, 2021	\$ 192,610	\$ 129,578	\$ 322,188
Accumulated depreciation and impairment:			
Balance at January 1, 2021	\$ -	\$ 53,536	\$ 53,536
Transferred from property, plant and equipment	-	32,992	32,992
Depreciation expenses	-	1,102	1,102
Disposal	-	-	-
Balance at December 31, 2021	\$ -	\$ 87,630	\$ 87,630

Items	Land	Buildings & constructions	Total
Cost:			
Balance at January 1, 2020	\$ 60,363	\$ 71,208	\$ 131,571
Additions	-	400	400
Disposal	-	-	-
Reclassification	-	-	-
Balance at December 31, 2020	\$ 60,363	\$ 71,608	\$ 131,971
Accumulated depreciation and impairment:			
Balance at January 1, 2020	\$ -	\$ 52,689	\$ 52,689
Depreciation expenses	-	847	847
Disposal	-	-	-
Reclassification	-	-	-
Balance at December 31, 2020	\$ -	\$ 53,536	\$ 53,536

- 1) Capitalized amount of the costs and interest rate range of investment property based loans: Nil
- 2) Rent revenues from investment property and direct operating expenses:

Items	Year Ended December 31, 2021	Year Ended December 31, 2020
Rent revenues from investment property	\$ 7,668	\$ 6,000

Direct operating expenses arising from investment property that generated rental income in the current year	\$ 1,102	\$ 847
Direct operating expenses arising from investment property that did not generate rental income in the current year	\$ -	\$ -

- 3) The fair value of the Group's investment property in Songshan District, Taipei City was NT\$480,816 thousand on December 31, 2021. This fair value was based on the comparable properties in proximity and within the primary market area according to the Ministry of Interior's Actual Price Registration System. As this fair value is estimated with historical quantitative data and the transactions may vary due to the property and the surrounding conditions, it may differ from the future transaction price. In addition, the Group has an investment property in Dali District, Taichung City. It is located in a software industry park, where the comparable transactions are infrequent and reliable alternative fair value estimates would be impractical, so the fair value cannot be determined reliably.
- 4) The investment property has no impairment as indicated by the result of the Group's prudential evaluation.
- 5) The information about the pledges on the Group's investment properties are provided in Note 8 (2).
- 6) Lease agreements - The Group is the Lessee.

The investment property leased outward by the Group includes land and buildings & constructions, and the like. The lease agreement period is 2 years. At the end of the lease term, the lessee is not entitled to preferential privilege to renew the leasehold. At the end of the duration, the most of lease agreement could be renewed according to the market price, and include terms that could adjust the rent according to the annual market environment. The Group leases outward the investment property under the operating lease. The total future lease payments are as follows:

Items	December 31, 2021	December 31, 2020
The first year	\$ 14,856	\$ 6,000
The second year	6,600	-
The third year	-	-
The fourth year	-	-
The fifth year	-	-
Over 5 years	-	-
Total	\$ 21,456	\$ 6,000

(15) Intangible assets

Items	December 31, 2021	December 31, 2020
Goodwill	\$ 674,070	\$ 674,070
Expertise	397,832	222,685
Sub-total	1,071,902	896,755
Less: Accumulated amortization	-	-
Less: Accumulated impairment	(15,155)	(15,155)
Net	\$ 1,056,747	\$ 881,600

Items	Goodwill	Expertise	Total
Cost:			
Balance at January 1, 2021	\$ 674,070	\$ 222,685	\$ 896,755
Addition – Individual origin	-	176,826	176,826
Disposal/Derecognition	-	-	-
Effects of exchange rate	-	(1,679)	(1,679)
Balance at December 31, 2021	\$ 674,070	\$ 397,832	\$ 1,071,902
Accumulated amortization and impairment:			
Balance at January 1, 2021	\$ 15,155	\$ -	\$ 15,155
Amortized expenses	-	-	-
Loss in impairment	-	-	-
Disposal/Derecognition	-	-	-
Effects of exchange rate	-	-	-
Balance at December 31, 2021	\$ 15,155	\$ -	\$ 15,155

Items	Goodwill	Expertise	Total
Cost:			
Balance at January 1, 2020	\$ 674,070	\$ -	\$ 674,070
Addition – Individual origin	-	222,685	222,685
Disposal/Derecognition	-	-	-
Balance at December 31, 2020	\$ 674,070	\$ 222,685	\$ 896,755
Accumulated amortization and impairment:			
Balance at January 1, 2020	\$ -	\$ -	\$ -
Amortized expenses	-	-	-
Loss in impairment	15,155	-	15,155
Disposal/Derecognition	-	-	-
Balance at December 31, 2020	\$ 15,155	\$ -	\$ 15,155

- 1) Capitalized amount of the costs and interest rate range of intangible assets: None.
- 2) The specialized expertise is the technical royalties and supervision service fee paid by the Group for QuanZhou Grand Pacific Chemical Co., Ltd. to build a factory and adopt Oleflex propane dehydrogenation devices and Spheripol process technology. After completion into formal volume production, it would be amortized according to the expected useful life.
- 3) The intangible assets have no significant impairment as indicated by the

result of the Group's prudential evaluation.

- 4) The Group's intangible assets have not been used for collateral or pledge.
- 5) Goodwill has been allocated to the Group's cash-generating units identified by the operating segment:

Items	December 31, 2021	December 31, 2020
Goodwill		
Television Media Department	\$ 658,915	\$ 658,915
Other departments	15,155	15,155
Total	\$ 674,070	\$ 674,070

- 6) The Group conducted impairment assessment on the recoverable amount of goodwill on the balance sheet date and took the value in use as the calculation basis for the recoverable amount. The calculation of value in use is based on the cash flow of the Group's future financial forecasts to reflect the specific risks of those relevant cash-generating unit(s).

The Group's goodwill generated as a result of the acquisition of GPPC Investment Corp. was valued at NT\$15,155 thousand. It was assessed that the recoverable amount of the cash-generating unit related to the goodwill was below the book value. Therefore, for the year ended December 31, 2020, NT\$15,155 thousand was recognized for impairment loss of goodwill. The recoverable amount of the cash-generating unit related to the goodwill was determined on the basis of the value in use and duly calculated based on the pre-tax cash flow forecast of the approved financial budget of the Group and the discount rate used to calculate the value in use was 3.09%. Other key assumptions include estimated operating income and gross profit. These assumptions are conducted based on the past operating conditions of the cash-generating units and the management's expectations of the market.

- (16) Prepayments for equipment

Items	December 31, 2021	December 31, 2020
QuanZhou Grand Pacific Chemical Co., Ltd. prepaid for equipment of the plant.	\$ 3,012,071	\$ -

- (17) Refundable deposits

Items	December 31, 2021	December 31, 2020
Performance bond	\$ 978	\$ 881
Lease security deposit - as a lessee	20,509	18,249
Environmental protection guarantee bond	2,000	2,000
Others	2,615	1,085
Total	\$ 26,102	\$ 22,215

(18) Investment paid in advance

- 1) In April 2020, the Group's board of directors resolved a decision to transfer the surplus distributed from Zhenjiang Chimei Chemical Co., Ltd. to increase the capital into Zhangzhou Chimei Chemical Co., Ltd. in a total amount of CNY322,240 thousand (equivalent to USD45,357 thousand / NT\$1,291,772 thousand). This investment was approved by Investment Commission, Ministry of Economic Affairs on September 30, 2020 with its Letter Jing-Shen-II-Zi 10900151010. Zhangzhou Chimei Chemical Co., Ltd. set up its capital increase dates on June 11, 2021, February 25, 2021, and December 2, 2020 for raising of CNY91,200 thousand (equivalent to USD12,837 thousand/NT\$366,302 thousand), CNY139,840 thousand (equivalent to USD19,683 thousand/NT\$559,874 thousand) and CNY91,200 thousand (equivalent to USD12,837 thousand/NT\$365,596 thousand), respectively. The capital increase verifications were completed on June 18, 2021, March 5, 2021 and December 11, 2020, respectively. As of December 31, 2020, as Zhangzhou Chimei Chemical Co., Ltd. did not complete the capital raising procedures yet for NT\$926,176 thousand, an investment prepayment was recognized.
- 2) In October 2021, the Group transferred the surplus distributed from Zhenjiang Chimei Chemical Co., Ltd. for capital injection into Zhangzhou Chimei Chemical Co., Ltd. in a total amount of CNY167,808 thousand (equivalent to USD26,015 thousand / NT\$720,099 thousand). This investment was already approved by Investment Commission, Ministry of Economic Affairs on February 22, 2022 with its Letter Jing-Shen-II-Zi 11100012630. As of December 31, 2021, Zhangzhou Chimei Chemical Co., Ltd. did not complete the capital raising procedures yet; hence, an investment prepayment was recognized. After the reporting date, Zhangzhou Chimei Chemical Co., Ltd. decided to set up the capital increase base date on January 20, 2022 and the capital increase verification procedure was completed on January 21, 2022.

(19) Other noncurrent assets - other

Items	December 31, 2021	December 31, 2020
Cost of program broadcasting - noncurrent	\$ 131,650	\$ 170,347
Long-term prepaid expenses	9,555	8,808
Catering tableware	211	808
Long-term receivables	270	53
Issuance cost of syndicated loan	56,982	-
Total	\$ 198,668	\$ 180,016

- 1) The cost of program broadcasting included the cost of outsourcing film broadcasting rights, outsourcing filming or self-made programs and the like. The relevant details are as follows:

Items	December 31, 2021	December 31, 2020
Movie film library	\$ 121,141	\$ 117,577
Film purchase paid in advance	54,310	98,237
Film production paid in advance	15,435	22,695
Subtotal	<u>190,886</u>	<u>238,509</u>
Less: Accumulated impairment - cost of program broadcasting	(23,445)	(25,871)
Less: Portion expected to be amortized within one year	<u>(35,791)</u>	<u>(42,291)</u>
Cost of program broadcasting - noncurrent	<u>\$ 131,650</u>	<u>\$ 170,347</u>

The portion expected to be amortized within one year was recorded in other current assets - others. Please see Note 6(9) for more details.

- 2) While some of the Group's broadcast programs were sold not well in the market at the box office or were not broadcast at all or a long period of time, the Group expected that the future cash inflow of these broadcast programs would drop, resulting in the estimated recoverable amounts, respectively below the carrying amounts. The Group, as a result, recognized the impairment loss of these broadcasts for the year ended December 31, 2021 at NT\$193 thousand. The Group adopted the value in use to determine the recoverable amounts at NT\$9,056 thousand of these broadcasts. The adopted discount rate was 6.64% for the year ended December 31, 2021. Such impairment loss has been recorded under non-operating income and expenditures - other gains and losses in the statements of comprehensive income. As of December 31, 2021 and 2020, the amount of accumulated impairment recognized by the Group for broadcasting programs were NT\$23,445 thousand and NT\$25,871 thousand, respectively.
- 3) The program broadcasting held by the Group has not been used for collateral or pledge.
- 4) The single-line items for all amortization of the cost of program broadcasting, long-term prepaid expenses and catering tableware are as follows:

Items	Year Ended December 31, 2021	Year Ended December 31, 2020
Operating costs	\$ 592,411	\$ 443,830
Operating expenses	4,229	3,138
Total	<u>\$ 596,640</u>	<u>\$ 446,968</u>

- 5) Catering tableware refers to cloth towels and general tableware, amortized on a straight-line basis for three years. The long-term receivables were loans granted employees without interest for vehicular purchase.
- 6) The issuance cost for the syndicated loan refers to syndicated loan fee for the Group's CNY3.5 billion syndicated loan from 17 banks. The total fee was CNY15,750 thousand based on a rate of 0.45%. When the loan facility is utilized, the Group converts the issuance cost of the syndicated loan pro rata into the contra account for long-term loans and recognizes an interest expense for the transaction cost of the financial liability with amortization based on the effective interest rate method. The syndicated fee paid for the portion of yet-to-be-utilized

loan facility is recognized as an asset (other non-current assets – others).

(20) Short-term loan

Attribute	December 31, 2021		December 31, 2020	
	Amount	Interest rate range	Amount	Interest rate range
Credit loans	\$ 1,100,000	0.69%~0.72%	\$ 240,000	0.75%~0.98%
Secured loans	-	-	200,000	0.90%
Import financing	25,875	0.53%~1.72%	977	1.32%
Total	<u>\$ 1,125,875</u>		<u>\$ 440,977</u>	

The Group and the banks have signed Comprehensive credit line contract for which the Group provided a promissory notes as a commitment to repay the loan. For more details regarding pledge provided for short-term loans, please see Note 8(1) and Note 9-2-(1).

(21) Notes and accounts payable

Notes and accounts payable are recognized for operating activities. The Group has established a financial risk management policy to ensure all the payables are paid within the predetermined credit period.

(22) Other payables

Items	December 31, 2021	December 31, 2020
Salaries and bonuses payable	\$ 453,145	\$ 288,765
Compensation to employee payable	84,793	62,047
Remuneration to directors and supervisors payable	137,072	93,632
Interest payable	17,232	143
Freight payable	28,001	19,987
Taxes payable	10,597	4,818
Insurance premium payable	10,908	9,287
Utilities payable	7,660	16,503
Repair & maintenance expenses payable	28,238	12,850
Service charge payable	8,183	10,564
Labor service cost payable	5,536	5,300
Business tax payable	11,930	13,224
Equipment payable	28,074	6,512
Others	42,956	31,900
Total	<u>\$ 874,325</u>	<u>\$ 575,532</u>

(23) Provisions - current

Items	December 31, 2021	December 31, 2020
Employee benefits - payment on leave	<u>\$ 18,957</u>	<u>\$ 17,790</u>

- The provisions of employee benefits - current refer to an estimate of the employee's vested right for service leave. In most cases, sick leave and maternity leave or paternity leave are contingent in attribute, depending on future events and instead of being accumulated so such costs would be recognized only when

the fact of leave takes place.

- 2) Information of variation in the provisions of employee benefits – current is as follows:

Items	Year Ended	
	December 31, 2021	December 31, 2020
Beginning balance	\$ 17,790	\$ 17,576
Additional amount for the year	23,418	24,784
Utilized amount for the year	(15,536)	(22,535)
Reversal of unutilized amount for the year	(6,715)	(2,035)
Ending balance	<u>\$ 18,957</u>	<u>\$ 17,790</u>

- (24) Advance receipts

Items	December 31,	
	2021	2020
Rents collected in advance	\$ 84	\$ 71
Others	-	91
Total	<u>\$ 84</u>	<u>\$ 162</u>

- (25) Other current liabilities - other

Items	December 31,	
	2021	2020
All collections	\$ 6,225	\$ 5,648
Others	-	202
Total	<u>\$ 6,225</u>	<u>\$ 5,850</u>

- (26) Long-term loans

Items	December 31,	
	2021	2020
Syndicated loan	\$ 2,541,240	\$ -
Credit loan	-	400,000
Subtotal	2,541,240	400,000
Less: issuance cost of syndicated loan	(11,072)	-
Less: due within one year	-	-
Total	<u>\$ 2,530,168</u>	<u>\$ 400,000</u>

- 1) Long-term loans:

A. Syndicated loan

To fund the capital required for the construction an annual capacity of 660,000 metric tons of propane dehydrogenation (PDH) and an annual capacity 450,000 metric tons of polypropylene (PP) at Quangang Petrochemical Industrial Park in China, the Group signed with 17 banks for a syndicated loan of CNY3.5 billion on March 31, 2021. The credit term is five years after the first utilization of the loan facility. The interest rate is floating, based on ≥ 5 -year Loan Prime Rate (LPR) published by National Inter-bank Funding Center on the 20th of each month. Interests are paid every six months. The grace period is three years and the level repayments for the principal are due every six months until September 2026. The Company serves as the joint guarantor for this loan and maintains a specific current ratio, debt ratio and interest coverage ratio as required by the covenant. Please refer to Note 7 (12) for the financial ratio

restrictions during the contract period of this syndicated loan. As of December 31, 2021, the Group has utilized CNY585,000 thousand of the loan facility at an effective annual rate of 4.40%.

B. Credit loan

The loan period is two years. Interests are paid per month and the principal is due in October 2022. As of December 31, 2020, the effective annual interest rate was 0.75%. The Group repaid in full early in January 2021.

- 2) The Group enters loan facility contracts with banks and provides promissory notes corresponding to the credit lines as a promise for repayments. Please refer to Note 8 (1) and Note 9-2-(1) for pledges and collaterals of long-term loans.
- 3) The maturity analysis of the Group's long-term loan is detailed in Note 12 (3) 3 – (3).

(27) Provisions - noncurrent

Items	December 31, 2021	December 31, 2020
Other long-term employee benefits plans	\$ 11,784	\$ 11,986
Decommissioning liabilities	21,609	17,405
Total	<u>\$ 33,393</u>	<u>\$ 29,391</u>

1) Other long-term employee benefits plans

- A. The other long-term employee benefits plans of the Group are the seniority service bonuses and consolation money for employees. The payment criteria for long-term bonuses and consolation money were calculated based on the basis of the service seniority acquired and accumulated.
- B. The Group has recognized other long-term employee benefits obligations. The composition of obligatory liabilities is as follows:

Items	December 31, 2021	December 31, 2020
Present value of other long-term employee benefits obligations	\$ 11,784	\$ 11,986
Fair value of plan assets	-	-
Other long-term employee benefits liabilities, net	<u>\$ 11,784</u>	<u>\$ 11,986</u>

C. Change in other long-term employee benefits liabilities, net is as follows:

Items	Year Ended	
	December 31, 2021	December 31, 2020
Beginning balance	\$ 11,986	\$ 10,175
Other long-term employee benefits costs:		
Current service cost	1,345	1,209
Interest cost of defined benefits obligation	44	74
Remeasurements:		
Actuarial losses (gains) - change in demographic assumptions	(2,184)	75
Actuarial losses (gains) - change in financial assumptions	(283)	338
Actuarial losses (gains) - experience adjustment	876	678
Recognized in profit or loss	(202)	2,374
Payments of benefit	-	(563)
Ending balance	\$ 11,784	\$ 11,986

D. The amount of the benefit costs in aforementioned other long-term employee benefits plans were recognized in profit or loss under the administrative expenses based on the single-line items by functional category.

E. Composition of the plan assets

The Group did not allocate related assets, the effected payment based on actual occurrence.

F. The present value of other long-term employee benefits obligations of the Group was actuarially counted by a qualified actuary. The main assumptions of the actuarial evaluation on the measurement date are as follows:

Items	2021	2020
Discount rate	0.50% ~ 0.625%	0.375% ~ 0.50%
Future salary growth rate	1.75% ~ 2.00%	1.75% ~ 2.00%

The assumption of future mortality rate is estimated based on the sixth life experience table of life insurance industry in Taiwan.

G. Because changes in the main actuarial assumption used, the present value of other long-term employee benefits obligations is affected. The analysis was as follows:

① Interest rate risks

The decline in the interest rate of government bonds would increase the present value of other long-term employee benefits obligations, but the returns on debt investment of the plan assets would also increase accordingly. The both two would have a partial offset effect on other long-term employee benefits liabilities.

② Salary related risks

The calculation of the present value of other long-term employee

benefits obligations refers to the future salary of the plan members. Therefore, the increase in the salary of plan members would increase the present value of other long-term employee benefits obligations.

- H. In the event that the significant actuarial assumptions were subject to a combination of possible changes, and if other assumptions remained unchanged, the amount of increase (decrease) in present value of other long-term employee benefits obligations would be as follows:

Items	Discount rate		Future salary growth rate	
	Increase	Decrease	Increase	Decrease
	0.25%	0.25%	0.25%	0.25%
December 31, 2021:				
Effect on present value of other long-term employee benefits obligations	<u>(\$ 232)</u>	<u>\$ 241</u>	<u>\$ 152</u>	<u>(\$ 147)</u>
December 31, 2020 :				
Effect on present value of other long-term employee benefits obligations	<u>(\$ 234)</u>	<u>\$ 243</u>	<u>\$ 153</u>	<u>(\$ 147)</u>

Practically, since actuarial assumptions might relate to each other, it would be unlikely to have a single assumption in change. The aforementioned sensitivity analysis, therefore, might not reflect the actual change in the present value of other long-term employee benefits obligations. In addition, in the aforementioned sensitivity analysis, the present value of other long-term employee benefits obligations at the end date of the reporting period would be based on the actuarial calculation of the projected unit credit method and the defined benefit liabilities included in the balance sheet would be measured on the same basis. The method assumptions used in preparing the sensitivity analysis in the current year was exactly same as that used in the prior one.

- I. The Group expected to pay to other long-term employee benefit plans in Year 2022 in the amount of attribution and the amount of payment at NT\$0 for both.

2) Decommissioning liabilities

- A. Under promulgated policies and applicable contracts or regulatory requirements, the Group is obligated to dismantle, remove or restore the location of some right-of-use assets. Accordingly, the present value of the cost expected to be incurred dismantling, removal or restoration of the location is recognized as a liability reserve. The Group expects that this liability reserve will occur over the years before the end of leases.

- B. Changes in decommissioning provision-non-current is as follows:

Items	Year Ended	Year Ended
	December 31, 2021	December 31, 2020
Beginning balance	\$ 17,405	\$ -
Additional amount for the year	4,008	17,244
Utilized amount for the year	-	-
Discounted amortization	196	161
Ending balance	<u>\$ 21,609</u>	<u>\$ 17,405</u>

(28) Post-employment benefit plans

Items	December 31, 2021	December 31, 2020
Defined benefit plans	\$ 48,392	\$ 61,615
Defined contribution plans	4,036	4,519
Total	\$ 52,428	\$ 66,134

1) Defined benefit plans

A. In accordance with the “Labor Standards Act”, the Company and the domestic subsidiaries in the Group have established retirement methods to define benefits. Under the “Labor Pension Act” applicable on July 1, 2005, the service seniority accumulated by employees prior to enforcement of the “Labor Pension Act” and subsequently accumulated by employees who chose subject to “Labor Standards Act” after enforcement of the “Labor Pension Act” as entitled to retirement would be taken to count pension which would be calculated number of years in the service seniority accumulated and the salary amounts averaged in the six (6) months prior to retirement. Each year of service seniority accumulated in full within fifteen (15) years (inclusive) would be entitled to two base units and each year the period of service seniority accumulated beyond fifteen (15) years would be entitled to one base unit. The cumulative base units shall not exceed the maximum limit of 45 base units. The Company and its domestic subsidiaries attributed retirement funds on a monthly basis to the specified ratio of total salary, and deposited the funds in the bank account designated for pension fund opened with the Bank of Taiwan under the name of the Labor Retirement Reserve Supervision Committee. Besides, in response to the retirement needs of senior managers, the Company set up the “Manager’s Retirement Fund Management Committee” in September 2004 and attributed on a monthly basis for a certain ratio (currently about 40%) of the total salary of managers into the management of the Manager’s Retirement Fund Management Committee and deposited in a special account of a financial institution opened in the name of the Manager’s Retirement Reserve Fund. The Company and its domestic subsidiaries estimate the balance of the retirement fund mentioned in the preceding item before the end of each year. In the event that the balance is found not enough to pay off the pension amount calculated according to the foregoing for the employees who meet the retirement requirements in the next year, the Company would make up the difference in a lump-sum before the end of March of the following year.

B. The amounts of the defined benefit plans were recognized in the balance sheet as follows:

Items	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	\$ 887,411	\$ 927,775
Fair value of plan assets	(839,019)	(866,160)
Net defined benefit liabilities	\$ 48,392	\$ 61,615

C. Change in present value of defined benefit obligations is as follows:

Items	Year Ended December 31, 2021	Year Ended December 31, 2020
Present value of defined benefit obligation, beginning of year	\$ 927,775	\$ 961,102
Service cost of the current year	8,888	10,104
Interest cost of defined benefits obligation	3,712	7,059
Remeasurements:		
Actuarial losses (gains) - change in demographic assumptions	22,084	63
Actuarial losses (gains) - change in financial assumptions	(14,455)	25,974
Actuarial losses (gains) - experience adjustment	4,299	(5,039)
Contribution to plan asset	(64,294)	(71,488)
Contribution to company benefits	(598)	-
Present value of defined benefit obligation, end of year	\$ 887,411	\$ 927,775

D. Change in fair value of plan assets is as follows:

Items	Year Ended December 31, 2021	Year Ended December 31, 2020
Fair value of plan assets, beginning of year	\$ 866,160	\$ 880,550
Interest income of plan assets	3,516	6,550
Remeasurements:		
Losses (gains) on plan assets	11,731	28,492
Fund attributed by employer	21,906	22,056
Payments of benefit on plan assets	(64,294)	(71,488)
Fair value of plan assets, end of year	\$ 839,019	\$ 866,160

E. Relevant defined benefit plans recognized in the statement of comprehensive income, the amount of the defined benefit costs are as follows:

Items	Year Ended December 31, 2021	Year Ended December 31, 2020
Current service cost	\$ 8,888	\$ 10,104
Interest cost of defined benefit obligations	3,712	7,059
interest income of plan assets	(3,516)	(6,550)
Recognized in profit or loss	\$ 9,084	\$ 10,613

Items	Year Ended December 31, 2021	Year Ended December 31, 2020
Remeasurements:		
Actuarial losses (gains) - change in demographic assumptions	\$ 22,084	\$ 63
Actuarial losses (gains) - change in financial assumptions	(14,455)	25,974
Actuarial losses (gains) - experience adjustment	4,299	(5,039)
Losses (gains) on plan assets	(11,731)	(28,492)
Recognized in other comprehensive income	<u>\$ 197</u>	<u>(\$ 7,494)</u>

F. The aforementioned defined benefit plans recognized in the net defined benefit costs of profit or loss. The single-line items by functional category are as follows:

Items	Year Ended December 31, 2021	Year Ended December 31, 2020
Operating costs	\$ 4,190	\$ 4,652
Operating expenses		
Selling expenses	209	241
Administrative expenses	4,588	5,585
Research and development expenses	97	135
Subtotal	<u>4,894</u>	<u>5,961</u>
Total	<u>\$ 9,084</u>	<u>\$ 10,613</u>

H. The defined benefit retirement plan assets of the Company and the domestic subsidiaries were commissioned into business management through Bank of Taiwan according to the proportion of the items of commissioned management as specified under the annual investment utilization plans of the funds and within the specified amounts within the items as per Article 6 of Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (i.e., to be deposited into financial institutions in Taiwan and abroad, to be invested in the TWSE/TPEX listed companies or private placement equity securities and to be invested into securitized commodities of real property in Taiwan and abroad). The relevant utilization was under supervision by the Labor Pension Fund Supervisory Committee. In the utilization of the Fund, the minimum gain distributed amidst final account settlement in every fiscal year should not be lower than the income calculated by the local banks' two-year fixed term deposit interest rate. The shortfall, if any, should be supplemented by the national treasury after approval by the competent authority. Where the Company was not entitled to participate in the operation and management of the fund, the Company could not classify the plan assets at the fair value disclosed under IAS 19 Paragraph 142. For more details of the fair value of the total assets of the Fund as of December 31, 2021 and 2020, please refer to reports of the Labor Pension Fund Utilization promulgated by the government in the respective years.

I. The present value of defined benefit obligations of the Company and the domestic subsidiaries was counted actuarially by a qualified actuary. The main assumptions of the actuarial evaluation on the measurement date are

listed below:

Items	2021	2020
Discount rate	0.50% ~ 0.625%	0.375% ~ 0.50%
Future salary growth rate	1.50% ~ 2.00%	1.50% ~ 2.00%
Average period of existence of defined benefit obligations	4.0 years - 11.6 years	4.7 years - 12.4 years

The assumption of future mortality rate is estimated based on the sixth life experience table of life insurance industry in Taiwan.

J. The Company and the domestic subsidiaries have been exposed to the following risks due to the pension system under the Labor Standards Act:

① Interest rate risks

The decline in the interest rate of government bonds would increase the present value of defined benefit obligations, but the returns on debt investment of the plan assets would also increase accordingly. The both two have a partial offset effect on the net defined benefit liabilities.

② Salary related risks

The calculation of the present value of defined benefit obligation refers to the future salary of the plan members. Therefore, the increase in the salary of plan members would increase the present value of defined benefit obligations.

K. In the event that the significant actuarial assumptions were subject to a combination of possible changes, and if other assumptions remained unchanged, the amount of increase (decrease) in present value of the defined benefit obligations would be as follows:

Items	Discount rate		Future salary growth rate	
	Increase of 0.25%	Decrease of 0.25%	Increase of 0.25%	Decrease of 0.25%
December 31, 2021:				
Effect to present value of defined benefit obligations	(\$17,703)	\$18,271	\$17,712	(\$17,253)
December 31, 2020 :				
Effect to present value of defined benefit obligations	(\$19,635)	\$20,291	\$19,631	(\$19,098)

Practically, since actuarial assumptions might relate to each other, it would be unlikely to have a single assumption in change. The aforementioned sensitivity analysis, therefore, might not reflect the actual change in the present value of defined benefit obligations. In addition, in the aforementioned sensitivity analysis, the present value of defined benefit obligations at the end date of the reporting period would be based on the actuarial calculation of the projected unit credit method and the defined benefit liabilities included in the balance sheet would be measured on the same basis. The method assumptions used in preparing the sensitivity analysis in the current year was exactly same as that used in the prior one.

L. The Company and the domestic subsidiaries expected to pay the aforesaid defined benefit plans in Year 2022 in the amount of contribution and the

amount of payment NT\$18,520 thousand and NT\$27,059 thousand, respectively. Payment in the Company's account was NT\$0.

2) Defined contribution plans

- A. The Company and the domestic subsidiaries of the Group have established the regulations on defined contribution retirement in accordance with the "Labor Pension Act", which are applicable to employees of ROC (Taiwan) nationality. The Company withheld 6% of the salary as labor pension into the employees' personal pension accounts of Bureau of Labor Insurance for the employee who chose to apply the labor pension system specified under the "Labor Pension Act" and the payment of pension was granted based on the employees' personal pension accounts and the amount of accumulated income either on a monthly basis or in one-time pension payment. Under such plan, after the Company and the domestic subsidiary contributed a fixed amount to the Bureau of Labor Insurance, the Company and the subsidiaries would no longer be subject to statutory or presumed obligations extra.
- B. The foreign subsidiaries of the Group have contributed old-age insurance fund or reserve of retirement allowance in accordance with the retirement regulations promulgated by the local governments. The pension for every employee has been managed under packaged arrangement by the local government authorities. Those companies have not been subject to further obligations except contribution of the pension on a monthly basis or on an annual basis as required by the Local Government Authorities.
- C. The Group recognized the pension costs in accordance with the aforementioned defined contribution plans for the years ended December 31, 2021 and 2020 amounted to NT\$26,674 thousand and NT\$26,730 thousand, respectively. The net defined benefit liabilities recognized by the Company in accordance with the aforementioned defined contribution plans as of December 31, 2021 and 2020 amounted to NT\$4,036 thousand and NT\$4,519 thousand, respectively.
- D. The amounts of pension costs recognized in profit or loss in accordance with the aforementioned defined contribution plans are as follows based on the single-line items of functional category:

Items	Year Ended	Year Ended
	December 31, 2021	December 31, 2020
Operating costs	\$ 10,612	\$ 10,251
Operating expenses		
Selling expenses	1,417	1,449
Administrative expenses	14,023	14,447
Research and development expenses	622	583
Subtotal	16,062	16,479
Total	\$ 26,674	\$ 26,730

(29) Guarantee deposits received

Items	December 31, 2021	December 31, 2020
Lease security deposit – lease	\$ 2,834	\$ 2,751
Pickup guarantee bond	1,154	1,593
Others	2,203	480
Total	\$ 6,191	\$ 4,824

(30) Other noncurrent liabilities - other

Items	December 31, 2021	December 31, 2020
Unrealized deferment revenues with disposal of investment	\$ 22,682	\$ 23,085

(31) Share capital

1) Common shares and preferred shares

Items	December 31, 2021	December 31, 2020
Authorized number of shares (in thousand shares)	2,000,000	2,000,000
Authorized share capital	\$ 20,000,000	\$ 20,000,000
Number of issued shares and received the shares payment in full (in thousand shares)		
– Common shares	906,620	906,620
– Preferred shares	20,000	20,000
Total number of issued shares (in thousand shares)	926,620	926,620

Items	December 31, 2021	December 31, 2020
Issued share capital - common shares	\$ 9,066,203	\$ 9,066,203
Issued share capital - preferred shares	200,000	200,000
Total Issued share capital	\$ 9,266,203	\$ 9,266,203

The issued common shares and preferred shares have been in a denomination NT\$10 per share, and each share was entitled to one voting right and the right to receive dividends.

2) Upon rights issues launched by the Company in August 1984, the Company issued 20,000 thousand preferred shares with rights & obligations as enumerated below:

- A. The earnings, if any, upon annual account settlement, the dividend of 6% for preferred shares should be distributed first. The balance shall be the distributable earnings which will be distributed at the shareholding ratio for common shares and preferred shares as proposed by the board of directors and finally resolved in the shareholders' meeting.
- B. Preferential distribution of the Company's remaining properties.
- C. Other entitlement would be same as the common shares.

(32) Capital reserve

Items	December 31, 2021	December 31, 2020
Treasury stocks transaction premium	\$ 183,547	\$ 179,866
Dividend unclaimed within the term by shareholders	2,800	2,786
Recognized changes in the ownership interests of subsidiaries	112	112
Total	\$ 186,459	\$ 182,764

According to the Company Act, the proceeds from the issuance of shares in excess of the par value, and the capital reserve received as gifts and income, in addition to being used to make up for the loss, when the Company is not in an accumulated losses, such excess may be issued to new shares in proportion to the shareholders' original shares or cash. In addition, according to the relevant provisions of the Securities and Exchange Act, when the aforementioned capital reserve is used for capital replenishment, a total amount of the capital reserve shall not exceed 10% of the paid-in capital in a year. The Company has still been insufficient to fill the capital loss from the surplus reserve. The capital reserve could not be used for supplement. In addition, regarding recognized changes in the ownership of subsidiaries and dividend unclaimed within the term by shareholders and the like, where the connotation of such capital reserve differ from the capital reserve set forth under Article 239 of the Company Act to be used to make up for the loss, it should not be used for any purpose at all.

(33) Retained earnings

- 1) Pursuant to the requirements set forth under the Articles of Incorporation, the earnings after settlement of annual accounts, if any, shall be pay tax, make up previous loss, if any, and amortize 10% for legal reserve and after provision or reversal of special reserve based on the reduction of shareholders' equity incurred in the current year, the balance would be the distributable earnings for the current year. Such distributable earnings in combination with the undistributed earnings of the preceding year would be the accumulated distributable earnings. With such accumulated undistributed earnings, the sum to distribute preferred share dividend of Grand Pacific for 1984 at 6% should be distributed first. The shortfall, if any, should be preferentially made up with the distributable earnings of the ensuing year. The balance of the undistributed earnings should be distributed at the ratios proposed by the board of directors according to law, dividend policy and status of working capital. Where the balance of such undistributed earnings is used to issue new shares, approval from the shareholders' meeting should be obtained beforehand. Where the balance of such undistributed earnings is distributed in cash, the decision should be resolved in the board of directors beforehand.

According to Paragraph 5 of Article 240 of the Company Act, the Company authorizes the board to resolve the distribution of stock dividends and cash dividends or the distribution of cash from all or part of the legal reserve and capital reserves according to Paragraph 1 of Article 241 of the Company Act with the attendance of at least two thirds of directors and resolution from more than half of the attending directors and then report to the shareholders' meeting. This is not applicable to the aforesaid requirement for resolutions by shareholders' meetings.

- 2) The Company's dividend policies are as follows:

The Company has been under a highly changeable industrial environment and is within a life cycle of stable and growing period. The Company should grasp the economic environment for sustainable operation. With the Company's long-term financial planning, future capital needs, and protect the interests of shareholders taken into account, the cash dividend distributed by the Company in every year should not be less than 10% of the total cash stock dividends in the current year (excluding 6% as the dividend of preferred share of Grand Pacific in Year 1984).

- 3) The legal reserve should not be put into any use except a use to make good previous loss of the Company, if any, and distribution through issuance of new shares or in cash to shareholders *pro rata* to original shareholding ratios. The total amount used to issue new shares or to distribute in cash, nevertheless, shall not exceed the maximum limit of 25% of the paid-in capital.
- 4) Upon allocating earnings, the Company should amortize and reverse special reserve in accordance with Letter Jing-Guan-Zheng-Fa-Zi 1090150022 dated March 31, 2021 and Letter Jing-Guan-Zheng-Fa-Zi 10901500221 dated March 31, 2021 of FSC and after adoption under IFRSs in the Q&A of Provision of Special Reserve. Where the net deduction of other equity is reversed subsequently, the part so reversal could be taken to appropriate the earnings.
- 5) In the shareholders' regular meeting convened by the Company on July 23, 2021 and June 12, 2020 respectively, the earnings of Year 2020 and Year 2019 would be distributed in the following manners:

Items of distribution	Distributions of earnings		Dividend per share (NT\$)	
	2020	2019	2020	2019
Provision of legal reserve	\$ 411,401	\$ 209,969	-	-
Provision (reversal) of special reserve	-	-	-	-
Dividends on preferred shares - cash	12,000	12,000	\$0.60	\$0.60
Bonuses to shareholders on preferred shares - cash	2,000	-	0.10	-
Bonuses to shareholders on common shares -cash	90,662	-	0.10	-
Bonuses to shareholders on common shares - stock	-	-	-	-

The aforesaid cash dividends were resolved on May 6, 2021 and April 28, 2020 by the board of directors under the authorization of the Articles of Incorporation.

For details regarding decisions resolved in the board of directors and the shareholders' meeting on distributions of earnings, please inquire into Market Observation Post System (MOPS).

- 6) The Company's board of directors authorized by the Articles of Incorporation resolved on March 29, 2022 to distribute cash dividends totaling NT\$1,865,241 thousand (at NT\$2 per common share and NT\$2.6 per preferred share) from distributable earnings in 2021. The distribution of earnings and cash dividends for 2021 is subject to the reporting and the resolution at the shareholders' regular meeting on May 20, 2022.

(34) Items of other equity

Items	Exchange differences on translating financial statements of foreign operations	Unrealized valuation gain/loss of financial assets at fair value through other comprehensive income	Total
Balance at January 1, 2021	(\$ 517,694)	\$ 510,771	(\$ 6,923)
Items directly recognized as other equity adjustment	(441,359)	2,341,443	1,900,084
Share attributable to non-controlling interests	7,037	(689,465)	(682,428)
Transferred to item of profit and loss	-	-	-
Transferred to retained earnings	-	(1,709,513)	(1,709,513)
Share accounted for using the equity method	310,432	-	310,432
Income tax related to items of other equity	(31,043)	-	(31,043)
Balance at December 31, 2021	(\$ 672,627)	\$ 453,236	(\$ 219,391)

Items	Exchange differences on translating financial statements of foreign operations	Unrealized valuation gain/loss of financial assets at fair value through other comprehensive income	Total
Balance at January 1, 2020	(\$ 521,982)	\$ 802,448	\$ 280,466
Items directly recognized as other equity adjustment	(478,885)	(401,923)	(880,808)
Share attributable to non-controlling interests	967	110,044	111,011
Transferred to item of profit and loss	-	-	-
Transferred to retained earnings	-	202	202
Share accounted for using the equity method	535,785	-	535,785
Income tax related to items of other equity	(53,579)	-	(53,579)
Balance at December 31, 2020	(\$ 517,694)	\$ 510,771	(\$ 6,923)

The related exchange difference incurred by the foreign operations' net assets converted from functional currency into the Group's expressed currency (i.e., New Taiwan Dollars) was directly recognized as exchange differences on translating financial statements of foreign operations under the other comprehensive income.

(35) Treasury stocks

- As of December 31, 2021 and 2020, the amount of treasury stocks repurchased by the Company was NT\$0 for both.
- The changes in the current year of the Company's stocks held by subsidiaries deemed as treasury stocks are as follows:

Name of subsidiary	Kind	Year Ended December 31, 2021							
		Beginning balance		Increase in this year		Decrease in this year		Ending balance	
		Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
GPPC Chemical Corporation	Common Shares	247	\$ 5,719	-	\$ -	247	\$ 5,719	-	\$ -
	Preferred shares	1,776	49,858	-	-	-	-	1,776	49,858
Total		2,023	\$55,577	-	\$ -	247	\$ 5,719	1,776	\$49,858
Year Ended December 31, 2020									
		Beginning balance		Increase in this year		Decrease in this year		Ending balance	

Name of subsidiary	Kind	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
GPPC Chemical Corporation	Common Shares	247	\$ 5,719	-	\$ -	-	\$ -	247	\$ 5,719
	Preferred shares	1,776	49,858	-	-	-	-	1,776	49,858
Total		<u>2,023</u>	<u>\$ 55,577</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>2,023</u>	<u>\$ 55,577</u>

- A. The gains from the subsidiaries from the disposal of the Company's shares in the years ended on December 31, 2021 and December 31, 2020 were converted to capital reserve – treasury stocks for NT\$2,438 thousand and NT\$0, respectively.
- B. The transaction amounts with cash dividends of the parent company received by the subsidiaries converted into capital reserve - treasury stocks for the years ended December 31, 2021 and 2020 were NT\$1,243 thousand and NT\$1,066 thousand, respectively.
- C. The fair values of the Company's stocks held by the subsidiaries as of December 31, 2021 and 2020 were NT\$62,160 thousand and NT\$61,022 thousand, respectively.
- D. The Company's stocks held by the subsidiaries were disposed as the treasury stocks. Such stocks were not entitled to participate in the Company's rights issues and voting power but were entitled to the rights exactly same as shareholders' equity.

(36) Non-controlling interests

Items	Year Ended December 31, 2021	Year Ended December 31, 2020
Beginning balance	\$ 2,935,980	\$ 2,863,409
Comprehensive income attributable to non-controlling interests:		
Net profit for the year	195,427	211,752
Exchange differences on translating financial statements of foreign operations	(7,037)	(967)
Unrealized valuation gain/loss of financial assets at fair value through other comprehensive income	689,465	(110,044)
Remeasurement of defined benefit plans	1,228	608
Income tax related to items of other comprehensive income	(108)	(290)
Cash dividend distributed by subsidiaries	(50,670)	(28,488)
Ending balance	<u>\$ 3,764,285</u>	<u>\$ 2,935,980</u>

(37) Operating revenues

Items	Year Ended December 31, 2021	Year Ended December 31, 2020
Revenues under customer contracts		
Sales revenues	\$ 20,524,896	\$ 14,713,636
Labor service revenues	2,022,457	1,862,148
Total	\$ 22,547,353	\$ 16,575,784

1) Detailed classification of revenues under customer contracts

The Group's revenues were from the transfer of a certain point in time and the provision of product (commodities) and labor services gradually transferred over time. The revenues could be broken down into the following main product (commodities) lines and service types:

Main product (Commodities) lines and service types	Year Ended December 31, 2021	Year Ended December 31, 2020
Sales revenues		
Petrochemical products	\$ 8,032,324	\$ 5,432,667
Plastic products	9,113,266	6,107,342
Hydrogen products	141,869	130,256
Steam and electricity products	366,559	392,148
Nylon products	1,341,712	1,128,549
Packaging material products	1,523,766	1,519,235
Liquor & wine commodities	-	3,439
Plastic material resale	5,400	-
Subtotal	20,524,896	14,713,636
Labor service revenues		
Advertising services	1,096,574	1,028,189
Video services	678,436	706,122
Licensing and other services	237,371	122,034
Catering services	10,076	5,803
Subtotal	2,022,457	1,862,148
Total	\$ 22,547,353	\$ 16,575,784

2) Balances of contracts

The Group recognized contract assets and contract liabilities related to revenues under customer contracts as follows:

Items	December 31, 2021	December 31, 2020
Contract assets - current		
Advertising contracts	\$ 9,717	\$ 3,843
Licensing contracts	54,384	5,131
Total	\$ 64,101	\$ 8,974

In terms of the Group's contract assets, the credit risks have not at all increased after the initial recognition. The expected credit loss rate is 0%.

Items	December 31, 2021	December 31, 2020
Contract liabilities - current		
Advertising contracts	\$ 8,783	\$ 11,826
Licensing contracts	26,936	641
Commodity sales	24,811	39,422
Total	\$ 60,530	\$ 51,889

A. Significant changes in contract assets and contract liabilities

As of December 31, 2021, the changes in the Group's contract liabilities as compared with the preceding year primarily originated in the difference between the timepoint to satisfy the contract obligations and the timepoint for customers to make payment.

B. The beginning contract liabilities recognized as revenues in the current year

Items	Year Ended December 31, 2021	Year Ended December 31, 2020
Beginning balance of contract liabilities recognized as revenues in the current year		
Advertising contracts	\$ 11,826	\$ 4,488
Licensing contracts	641	24,710
Commodity sales	39,422	14,520
Total	\$ 51,889	\$ 43,718

C. The performance of contract obligations of the prior period recognized as revenues in the current year

The Group did not have any obligations for contract performance (or partial performance) in the prior period, but due to changes in transaction prices, or changes in the recognition restrictions on the price for the years ended December 31, 2021 and 2020, the recognition income was adjusted in the current year.

D. Unfulfilled customer contracts

For customer contracts unfulfilled by the Group as of December 31, 2021 and 2020, except for the following descriptions, the remaining contracts were expected to last for less than one year, and were expected to be fulfilled and recognized as revenues within the ensuing year. The Group has not yet fully fulfilled its contract obligations with the transaction price of the obligation to be amortized and the expected timepoint to be recognized as revenues as follows:

Timepoint expected to fulfill the contracts and to recognize the revenues	December 31, 2021		
	Video contracts (Note)	Licensing contracts	Total
Jan. 1, 2022 to Dec. 31, 2022	\$ 678,436	\$ 85,118	\$ 763,554
Jan. 1, 2023 to Dec. 31, 2023	678,436	-	678,436
Jan. 1, 2024 to Dec. 31, 2024	-	-	-
Jan. 1, 2025 to Dec. 31, 2025	-	-	-
Jan. 1, 2026 to Dec. 31, 2026	-	-	-
Total	\$1,356,872	\$ 85,118	\$1,441,990

Timepoint expected to fulfill the contracts and to recognize the revenues	December 31, 2020		
	Video contracts (Note)	Licensing contracts	Total
Jan. 1, 2021 to Dec. 31, 2021	\$ -	\$ 164,570	\$ 164,570
Jan. 1, 2022 to Dec. 31, 2022	-	88,062	88,062
Jan. 1, 2023 to Dec. 31, 2023	-	-	-
Jan. 1, 2024 to Dec. 31, 2024	-	-	-
Jan. 1, 2025 to Dec. 31, 2025	-	-	-
Total	<u>\$ -</u>	<u>\$ 252,632</u>	<u>\$ 252,632</u>

Note: The Group signed a video contract in January 2022 for a period of next three years.

3) Contract cost related assets: Nil.

(38) Interest income

Items	Year Ended December 31, 2021	Year Ended December 31, 2020
Interest from deposit in banks	\$ 99,820	\$ 73,054
Interest from bills & bonds under Repurchase Agreements	3,999	12,164
Other interest income	9	9
Total	<u>\$ 103,828</u>	<u>\$ 85,227</u>

(39) Other revenues

Items	Year Ended December 31, 2021	Year Ended December 31, 2020
Rent revenues	\$ 8,460	\$ 7,068
Dividend income	115,513	134,548
Subsidy revenues (Note)	99,606	56,979
Scrap sales revenues	3,860	1,585
Revenues of remuneration to directors and supervisors and traffic allowance	22,167	23,596
Revenues as compensation	-	1,636
Others	4,352	5,154
Total	<u>\$ 253,958</u>	<u>\$ 230,566</u>

Note: The subsidy revenues for years ended on December 31, 2021 and December 30, 2020 include the furlough scheme and working capital subsidies according to the first paragraph of Article 9-1 of the Special Act for Prevention, Relief and Revitalization Measures for COVID-19 and the subsidies and provincial support funds for foreign enterprises in Quanzhou City, Fujian, China during the pandemic under the foreign enterprise stability policy. These subsidies were granted according to certain percentages of the capital invested by foreign enterprises. These were immediate financial support to the Group and without future costs and hence recognized in profit and loss during the periods when subsidies were available.

(40) Other gains and losses

Items	Year Ended December 31, 2021	Year Ended December 31, 2020
Net gain on financial assets at fair value through profit or loss	\$ 38	\$ 499
Net loss on disposal of property, plant and equipment	(198)	(504)
Gain on disposal of investment	589	1,262
Net gain (loss) on foreign currency exchange	27,282	(32,279)
Loss on spare part obsolescence	(1,157)	(2,133)
Impairment loss on non-financial assets	(2,693)	(15,655)
Direct operating expenses of the investment property	(1,102)	(847)
Gain on leasehold amendment	280	194
Loss due to settlement money	(1,196)	-
Loss due to withhold and remit tax	(5,742)	-
Loss due to overdue prepayments for purchase of titles	(13,451)	-
Others	2,795	(1,641)
Total	<u>\$ 5,445</u>	<u>(\$ 51,104)</u>

(41) Finance costs

Items	Year Ended December 31, 2021	Year Ended December 31, 2020
Interest expense		
Loan interest for financial institutions	\$ 18,820	\$ 3,359
Interest counted upon security deposit	3	1
Lease liabilities interest	7,249	4,190
Decommissioning liability interest	196	161
Amortization of issuance cost of syndicated loan	365	-
Subtotal	<u>26,633</u>	<u>7,711</u>
Less: Capitalized amount consistent with prerequisite constituents	(17,321)	-
Total	<u>\$ 9,312</u>	<u>\$ 7,711</u>

(42) Employee benefits, depreciation, depletion and amortization expenses

Attribute	Year Ended December 31, 2021			Year Ended December 31, 2020		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits expenses						
Salaries	\$ 554,694	\$ 640,056	\$1,194,750	\$ 461,475	\$ 528,056	\$ 989,531
Labor and health insurance	41,937	46,874	88,811	36,474	39,175	75,649
Pension	14,802	20,956	35,758	14,903	22,440	37,343
Other employee benefits	14,492	242,958	257,450	14,453	176,511	190,964
Depreciation expenses (Note)	550,694	200,126	750,820	642,025	169,964	811,989
Amortization expenses	592,707	3,933	596,640	443,830	3,138	446,968
Total	<u>\$1,769,326</u>	<u>\$1,154,903</u>	<u>\$2,924,229</u>	<u>\$1,613,160</u>	<u>\$ 939,284</u>	<u>\$2,552,444</u>

Note: For the investment property for the years ended December 31, 2021 and 2020, the depreciation expenses provided in the consolidated financial statements were NT\$1,102 thousand and NT\$847 thousand, respectively entered into the accounts as non-operating revenues and expenditures - other gains and losses.

- 1) Pursuant to the requirements set forth under the Articles of Incorporation, with the profits earned by the Company in the current year, a sum 1% shall be distributed for compensation to employees and a sum within 2% maximum as remuneration to the directors. Where the Company remains in accumulated loss, nevertheless, such loss should be made up. The term "the profits earned by the Company in the current year" denotes the profits earned in the current year before tax after deducting compensation to employees and remuneration to directors.
- 2) The Company's management estimated compensation to employees and remuneration to directors based on the profitability of the current year, and taking account the amounts expected for the payment and factors of the minimum and maximum limits set forth under the Articles of Incorporation to estimate the amount of net profit before tax and before deduction of the compensation to employees and remuneration to directors. The amounts estimated for compensation to employees were NT\$67,180 thousand and NT\$45,544 thousand, respectively and the amounts estimated for remuneration to directors were NT\$134,360 thousand and NT\$91,088 thousand, respectively for the years ended December 31, 2021 and 2020. However, there is a significant change in the amount distributed by the resolution of the board of directors taking place before the date of authorization and issuance of the annual financial statements, such adjustment of change provided as annual expenses; if the amount still changes after the date of authorization and issuance of the annual financial statements, such change shall be handled as a change in accounting estimation and would be entered into account in the ensuing fiscal year.
- 3) As resolved by the Company's board of directors on March 29, 2022 and March 25, 2021, the compensation to employees for the years ended 2021 and 2020 amounted to NT\$67,180 thousand and NT\$45,544 thousand respectively, and the remuneration to directors and supervisors amounted to NT\$134,360 thousand and NT\$91,088 thousand, respectively. The aforementioned amounts resolved show no difference from the expenses entered into the financial statements of Year 2021 and Year 2020. The aforementioned

compensation/remunerations were paid in cash.

- 4) For information relating to the compensation to employees and remuneration to directors and supervisors of the Company, please inquire through the “Market Observation Post System (MOPS)” of Taiwan Stock Exchange Corporation (TWSE).

(43) Changes in liabilities coming from financing activities

Items	Short-term loans	Long-term loans	Lease liabilities	Guarantee deposits received
January 1, 2021	\$ 440,977	\$ 400,000	\$ 387,807	\$ 4,824
Net change in financing cash flows	684,898	2,141,240	(83,049)	1,367
Change in non-cash - lease addition/remeasurement	-	-	381,010	-
Change in non-cash - Lease disposal/decommissioning	-	-	(1,389)	-
Non-cash change –conversion of issuance cost of syndicated loan	-	(11,436)	-	-
Non-cash change – amortization of issuance of syndicated loan	-	365	-	-
Effects of exchange rate	-	(1)	(1,229)	-
December 31, 2021	<u>\$1,125,875</u>	<u>\$2,530,168</u>	<u>\$ 683,150</u>	<u>\$ 6,191</u>

Items	Short-term loans	Long-term loans	Lease liabilities	Guarantee deposits received
January 1, 2020	\$ 20,953	\$ -	\$ 428,033	\$ 5,643
Net change in financing cash flows	420,024	400,000	(76,440)	(819)
Change in non-cash - lease addition/remeasurement	-	-	40,612	-
Change in non-cash - Lease disposal/decommissioning	-	-	(4,275)	-
Effects of exchange rate	-	-	(123)	-
December 31, 2020	<u>\$ 440,977</u>	<u>\$ 400,000</u>	<u>\$ 387,807</u>	<u>\$ 4,824</u>

(44) Income tax

- 1) Composition of income tax expense (gain):

A. Income tax recognized in profit or loss

Items	Year Ended December 31, 2021	Year Ended December 31, 2020
Current income tax expense payable	<u>\$1,163,944</u>	<u>\$ 631,323</u>
Deferred income tax expenses (gains)		
Origination and reversal of temporary differences	119,593	157,390
Effect of exchange rate	2	17
Net change in deferred income tax decrease (increase)	<u>119,595</u>	<u>157,407</u>
Adjustment to income taxes in previous year	<u>(2,828)</u>	<u>66</u>
Income tax expenses (gains) recognized in profit or loss	<u>\$1,280,711</u>	<u>\$ 788,796</u>

B. Recognized in income tax related to other comprehensive income

Items	Year Ended December 31, 2021	Year Ended December 31, 2020
Deferred income tax		
Exchange difference resulting from translating the financial statements of foreign operations	\$ 31,043	\$ 53,579
Remeasurements of defined benefit plan	(257)	1,765
Net change in deferred income tax decrease (increase)	30,786	55,344
Income tax expenses (gains) recognized in other comprehensive income	<u>\$ 30,786</u>	<u>\$ 55,344</u>

2) Reconciliation of income in the current fiscal year and the income tax expense recognized into profit or loss.

Items	Year Ended December 31, 2021	Year Ended December 31, 2020
Net profit (loss) before tax from continuing operations unit	\$ 7,357,299	\$ 5,109,351
Income tax with (profit) loss before tax at statutory tax rate	1,471,460	1,021,870
Effects of income tax upon adjustments		
Effects not counted into the items upon determination of the taxable income	(550,819)	(500,253)
Tax to be made up under the minimum taxation system	37,590	-
Income tax levied additionally on undistributed earnings	197,276	105,226
Loss carry-forward incurred in the current year	5,406	3,138
Loss carry-forward for offset in the current year	-	-
Deduction of investment tax credit for the current year	(251)	-
Impact subject to different tax rates among entities in combination	3,282	1,342
Current income tax expense payable	1,163,944	631,323
Net change in deferred income tax decrease (increase)	119,595	157,407
Adjustment to income taxes in previous year	(2,828)	66
Income tax expenses (gains) recognized in profit or loss	<u>\$1,280,711</u>	<u>\$ 788,796</u>

The Group applies 20% statutory tax rate applied for the entities under the Income Tax Act prevalent in the Republic of China. The tax rate applicable to subsidiaries in Mainland China was 25%. Taxes incurred in other regions would be counted based on the respective tax rates. The Group has estimated the impacts linked up with such changes in the taxation rates.

3) Balance of the income tax assets (liabilities) in the year

Items	December 31, 2021	December 31, 2020
Income tax assets for the year		
Income tax paid in advance	\$ 290	\$ 717
Items	December 31, 2021	December 31, 2020
Income liabilities for the year		
Current income tax expense payable	\$ 1,163,944	\$ 631,323
Supplementary income tax payable for the year	177	-
Less: Credit for the income tax paid in advance in the year	(289,524)	(162,584)
Total	\$ 874,597	\$ 468,739

4) Balance of deferred income tax assets (liabilities)

Items	Year Ended December 31, 2021			
	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Deferred income tax assets				
Unrealized exchange loss	\$ 868	\$ 1,461	\$ -	\$ 2,329
Losses on obsolescence and market value decline in inventories	3,136	11,587	-	14,723
Employee leave payment obligations	3,817	239	-	4,056
Defined employee benefits plans	22,475	(10,346)	257	12,386
Loss on impairment of tangible assets	13,595	8	-	13,603
Decommissioning cost liability	503	560	-	1,063
Unrealized accrued expense	-	7,000	-	7,000
Unrealized gains in sales	856	(856)	-	-
Loss carry-forward (Note)	348	(218)	-	130
Others	798	459	-	1,257
Total	\$ 46,396	9,894	257	\$ 56,547
Deferred income tax liabilities				
Unrealized exchange gain	\$ 327	(274)	-	\$ 53
Unrealized loss of sales	-	1,207	-	1,207
Investment in Associates	396,730	128,607	31,043	556,380
Financial & taxation difference in depreciation expenses	238	(51)	-	187
Reserve for land value increment tax	1,062,196	-	-	1,062,196
Total	\$ 1,459,491	129,489	31,043	\$ 1,620,023
Changes in net increase (decrease)		(\$119,595)	(\$ 30,786)	

Items	Year Ended December 31, 2020			
	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Deferred income tax assets				
Unrealized exchange loss	\$ 4,426	(\$ 3,558)	\$ -	\$ 868
Losses on obsolescence and market value decline in inventories	6,430	(3,294)	-	3,136
Employee leave payment obligations	3,851	(34)	-	3,817
Defined employee benefits plans	24,472	(232)	(1,765)	22,475
Loss on impairment of tangible assets	14,798	(1,203)	-	13,595
Decommissioning cost liability	-	503	-	503
Unrealized gains in sales	65	791	-	856
Loss carry-forward (Note)	256	92	-	348
Others	1,195	(397)	-	798
Total	<u>\$ 55,493</u>	<u>(7,332)</u>	<u>(1,765)</u>	<u>\$ 46,396</u>
Deferred income tax liabilities				
Unrealized exchange gain	\$ 432	(105)	-	\$ 327
Investment in Associates	192,908	150,243	53,579	396,730
Financial & taxation difference in depreciation expenses	301	(63)	-	238
Reserve for land value increment tax	1,062,196	-	-	1,062,196
Total	<u>\$ 1,255,837</u>	<u>150,075</u>	<u>53,579</u>	<u>\$ 1,459,491</u>
Changes in net increase (decrease)		<u>(\$ 157,407)</u>	<u>(\$ 55,344)</u>	

Note: Amount of loss carry-forward recognized in profit or loss included the amounts incurred/used in the current year and adjustment for changes estimated in previous year deducted with the amounts recognized as not likely to be realized.

- 5) The items of the deferred income tax assets not recognized by the Group because of being not very likely to be realized are as follows:

Items	December 31, 2021	December 31, 2020
Deferred income tax assets		
Defined employee benefits plans	\$ 7,069	\$ 7,411
Loss on impairment of financial assets	686	686
Loss carry-forward	10,450	4,810
Total	<u>\$ 18,205</u>	<u>\$ 12,907</u>

- 6) The unrecognized deferred income tax liabilities related to investment

The temporary difference related to investment in subsidiaries, while the Group could control the very timepoint of reversal of that temporary difference and was very likely not to dispose and reverse within the foreseeable future, the Group did not recognize the deferred income tax liabilities. As of December 31, 2021 and 2020, the aggregate total amounts of the temporary differences of investment in subsidiaries which had not been recognized for the deferred income tax liabilities amounted to NT\$2,552,707 thousand and NT\$1,808,798 thousand, respectively.

- 7) As of December 31, 2021, the Group applied the provisions of the Income Tax Act, which the aggregate total of the deferred income tax assets with income tax payable in the year after credit was summarized as follows:

Last credit-use year	Recognized loss carry-forward	Unrecognized loss carry-forward	Total
Year 2025	-	\$ 735	\$ 735
Year 2028	-	22	22
Year 2029	-	1,263	1,263
Year 2030	92	3,062	3,154
Year 2031	38	5,368	5,406
Total	\$ 130	\$ 10,450	\$ 10,580

- 8) As of December 31, 2021, the income tax returns of the Company as well as its domestic subsidiaries within the Group have been assessed and approved by the tax authority up to Year 2019.
- 9) Where the distribution of earnings for Year 2022 to be resolved in the shareholders' meeting remains uncertain, the undistributed earnings added with the very outcome of the potential income tax in Year 2021 could not be determined in a reliable way.

(45) Earnings per share (EPS)

The basic earnings per share (EPS) of the Company was calculated by dividing the current year's net profit (loss) by the weighted average number of common shares outstanding; the shares added by undistributed earnings or capital reserve conversion to rights issues, then with retroactive adjustment calculation.

If the Company was entitled to the option to distribute compensation to employee in stocks or cash, then upon calculating the diluted earnings per share (EPS), it was assumed that the compensation to employee would be distributed by stocks and would be included in the weighted average number of outstanding shares when the potential common stocks were entitled to dilution effect so as to calculate the diluted earnings per share (EPS). When calculating the diluted earnings per share (EPS) before the resolution of distributing compensation to employee in the following year, the Company also continues to take into account the dilution effect of these potential common shares.

	Year Ended December 31, 2021			Year Ended December 31, 2020		
	Amount after tax	Weighted average number of outstanding shares (in thousand shares)	Earnings per share (EPS) (NT\$)	Amount after tax	Weighted average number of outstanding shares (in thousand shares)	Earnings per share (EPS) (NT\$)
Basic earnings per share:						
Net profit attributable to owners of the parent	\$ 5,881,161	906,507	\$ 6.47	\$ 4,108,803	906,373	\$ 4.52
Less: Dividends on preferred shares	(12,000)			(12,000)		
Net profit attributable to shareholders of common shares of the parent	5,869,161			4,096,803		
Effect of potential common shares having dilution function						
Compensation to employee	-	2,756		-	2,367	
Diluted earnings per share:						
Net profit attributable to shareholders of common shares of the parent	\$5,869,161	909,263	\$ 6.45	\$ 4,096,803	908,740	\$ 4.51
Effect added to potential common shares						

7. Related party transactions

(1) Parent company and ultimate controller

The Company is the ultimate controller of the Group.

(2) Names of the related parties and relationship thereof

<u>Name of related party</u>	<u>Relationship with the Group</u>
Zhenjiang Chimei Chemical Co., Ltd.	Associate
Zhangzhou Chimei Chemical Co., Ltd.	Associate
China Development Financial Holding Corporation	The subsidiary is the legal person director of the company (other related party)
China Development Asset Management Corporation	The subsidiary is the legal person director of the parent company (other related party)
CDIB Capital International Corporation	The subsidiary is the legal person director of the parent company (other related party)
China Development Asset Management Corporation	The subsidiary is the legal person director of the parent company (other related party)
China Life Insurance Co., Ltd.	The subsidiary is the legal person director of the parent company (other related party)
KGI Securities Co., Ltd.	The subsidiary is the legal person director of the parent company (other related party)
He Xin Venture Investment Enterprise Co., Ltd.	Other related party
All directors, general manager and deputy general managers	Main management

(3) Significant transactions with related parties

All such major transactions, account balances, income and expenses by and between the Company and the subsidiaries (as the related parties of the Company) were eliminated in full during the preparation of the consolidated financial statements, so they were not disclosed in this Note. Please see Note 13(1) (2)-11. The transactions between the Group and other related parties are as follows:

1) Sales revenue

<u>Type of the related party</u>	<u>Year Ended December 31, 2021</u>	<u>Year Ended December 31, 2020</u>
Associate	<u>\$ 18,285</u>	<u>\$ 15,785</u>

There are no significant differences in the selling price and sales trading conditions for related parties and those for ordinary customers of the Group.

2) Services revenue

<u>Type of the related party</u>	<u>Year Ended December 31, 2021</u>	<u>Year Ended December 31, 2020</u>
Other related party	<u>\$ 4,941</u>	<u>\$ 1,417</u>

There are no significant differences in the selling price and services trading conditions for related parties and those for ordinary customers of the Group.

3) Operating expense

Type of the related party	Year Ended December 31, 2021	Year Ended December 31, 2020
Other related party	\$ 8,629	\$ 7,764
Main management	300	-
Total	\$ 8,929	\$ 7,764

4) Lease agreement

A. Right-of-use assets

Type of related party	December 31, 2021	December 31, 2020
China Life Insurance Co., Ltd.	\$ 305,154	\$ -
Other related party	30,071	35,549
Total	\$ 335,225	\$ 35,549

B. Refundable deposits

Type of related party	December 31, 2021	December 31, 2020
China Life Insurance Co., Ltd.	\$ 5,766	\$ -
Other related party	1,040	1,040
Total	\$ 6,806	\$ 1,040

C. Lease liabilities - current

Type of related party	December 31, 2021	December 31, 2020
China Life Insurance Co., Ltd.	\$ 19,429	\$ -
Other related party	5,787	5,679
Total	\$ 25,216	\$ 5,679

D. Lease liabilities - noncurrent

Type of related party	December 31, 2021	December 31, 2020
China Life Insurance Co., Ltd.	\$ 303,650	\$ -
Other related party	24,699	30,198
Total	\$ 328,349	\$ 30,198

E. Interest expenses

Type of related party	Year Ended December 31, 2021	Year Ended December 31, 2020
China Life Insurance Co., Ltd.	\$ 2,770	\$ -
Other related party	312	362
Total	\$ 3,082	\$ 362

F. Lease payments

Type of related party	Year Ended December 31, 2021	Year Ended December 31, 2020
China Life Insurance Co., Ltd.	\$ 5,572	\$ -
Other related party	6,036	5,989
Total	<u>\$ 11,608</u>	<u>\$ 5,989</u>

G. The Group signed operating lease contracts for properties with China Life Insurance Co., Ltd. and other related parties. As of December 31, 2021 and 2020, as agreed, the Group issued forward notes (not enumerated in the accounts) in advance for NT\$1,159 thousand and NT\$1,048 thousand, respectively, to facilitate payments at time of future transactions.

H. The rents of the lease agreements are based on market prices and negotiations between both parties. Rents are paid per month or via issuance of forward notes.

5) Lease agreements

A. Rent revenues

Type of related party	Year Ended December 31, 2021	Year Ended December 31, 2020
China Development Financial Holding Corporation	\$ 1,654	\$ -
Other related party	71	114
Total	<u>\$ 1,725</u>	<u>\$ 114</u>

B. Rents collected in advance

Type of related party	December 31, 2021	December 31, 2020
Other related party	<u>\$ -</u>	<u>\$ 71</u>

C. Deposits received

Type of related party	December 31, 2021	December 31, 2020
China Development Financial Holding Corporation	<u>\$ 1,734</u>	<u>\$ -</u>

D. The abovementioned leases are for the Group to let out its own properties and some office spaces. The lease agreements calculate rents based on market prices and negotiations between both parties. Rents are collected each month or each year.

6) The creditor's rights and debts between the Group and related parties (all without including the interest) are as follows:

A. Accounts receivable

Type of related party	December 31, 2021	December 31, 2020
Associate	\$ -	\$ 6,940
Other related party	69	56
Total	<u>\$ 69</u>	<u>\$ 6,996</u>

B. Other receivables

<u>Type of related party</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Zhenjiang Chimei Chemical Co., Ltd.	\$ 939,259	\$ -

Note: Cash dividends receivable, collected in full on January 5, 2022, after the reporting date.

C. Other payables

<u>Type of related party</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other related party	\$ 619	\$ 156

D. Prepaid service fees

<u>Type of related party</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Main management	\$ 3,300	\$ -

E. Investment prepayments

<u>Type of related party</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Zhangzhou Chimei Chemical Co., Ltd.	\$ 720,099	\$ 926,176

7). The Group's participation in rights issues and increase in investments in related parties:

(A) Year ended December 31, 2021

<u>Type of related party/ target</u>	<u>Entry</u>	<u>Increase in No. of shares (1,000)</u>	<u>Amount</u>	<u>Holding before rights issue</u>	<u>Holding after rights issue</u>
Zhangzhou Chimei Chemical Co., Ltd.	Investment under equity method	-	\$ 926,176	30.40%	30.40%

(B) Year ended December 31, 2020

<u>Type of related party/ target</u>	<u>Entry</u>	<u>Increase in No. of shares (1,000)</u>	<u>Amount</u>	<u>Holding before rights issue</u>	<u>Holding after rights issue</u>
Zhangzhou Chimei Chemical Co., Ltd.	Investment under equity method	-	\$ 478,169	30.40%	30.40%

(4) Information of compensation for main management

<u>Items</u>	<u>Year Ended December 31, 2021</u>	<u>Year Ended December 31, 2020</u>
Salaries and other short-term employee benefits	\$ 259,283	\$ 202,496
Termination benefits	-	2,856
Post-employment benefits	8,394	6,173
Other long-term benefits	-	-
Shares-based payment	-	-
Total	\$ 267,677	\$ 211,525

8. Pledged assets

(1) Facts of pledge in property, plant and equipment

Items	Purposes of pledge (mortgage)	December 31, 2021	December 31, 2020
Land	Comprehensive facility of credit extension, security for purchase	\$ 3,077,553	\$ 3,209,800
Buildings & constructions	Comprehensive facility of credit extension, security for purchase	291,438	358,632
Machinery & equipment	Guarantee for comprehensive facility of credit extension	605,955	745,843
Total		<u>\$ 3,974,946</u>	<u>\$ 4,314,275</u>

(2) Pledges on investment properties

Items	Purposes of pledge (mortgage)	December 31, 2021	December 31, 2020
Land	Security for purchase	\$ 132,247	\$ -
Buildings & constructions	Security for purchase	24,726	-
Total		<u>\$ 156,973</u>	<u>\$ -</u>

(3) Facts of other assets pledged

Items	Purposes of pledge (mortgage)	December 31, 2021	December 31, 2020
Bank deposits	Reserve and guarantee accounts	\$ 6,422	\$ 20,142

9. Significant contingent liabilities and unrecognized contract commitments

(1) Endorsements/guarantees: Nil

(2) Refundable deposit guarantee notes and debit notes

1) The Group issued guaranteed promissory notes with facility and debit notes lent them to financial institutions as a commitment to repay the loan. As of December 31, 2021 and 2020, the guaranteed promissory notes were USD44,000 thousand, NT\$8,042,000 thousand and USD45,000 thousand, NT\$7,892,000 thousand, respectively.

2) To apply for the government subsidies, the Group issued performance guarantee notes to subsidy management agencies for NT\$25,000 thousand and NT\$0 as of December 30, 2021 and 2020, respectively.

(3) Deposited guarantee notes and collateral

The Group collected deposited guarantee notes and collateral as its performance guarantee. As of December 31, 2021 and 2020, the deposited guarantee notes were NT\$165,705 thousand, SGD208 thousand, EUR730 thousand, USD2,909 thousand, JPY1,850 thousand and NT\$166,133 thousand, SGD208 thousand, EUR730 thousand, USD2,827 thousand, JPY1,850 thousand, respectively.

(4) To apply for the government subsidies, the Group requested financial institutions to provide performance guarantees for NT\$10,000 thousand and NT\$0 as of December 30, 2021 and 2020, respectively.

(5) Amidst the need for material procurement and other purposes, the Group commissioned the financial institutions to provide performance bonds. As of

December 31, 2021 and 2020, the performance bonds was NT\$3,500 thousand and NT\$5,500 thousand, respectively.

- (6) The balance of L/C opened but not used by the Group as of December 31, 2021 and 2020 were USD3,675 thousand, NT\$896,000 thousand and USD4,480 thousand, NT\$594,547 thousand, respectively.
- (7) The property, plant and equipment and other major capital expenditures for which the Group had executed contracts but had not paid off as of December 31, 2021 and 2020 were NT\$12,506,943 thousand and NT\$1,117,091 thousand, respectively.
- (8) As of December 31, 2021 and 2020, the Group had signed contracts for film procurement and for outsourced production of programs for which the Group had not yet paid for the contracts as the contract films had not been delivered in the amounts of NT\$196,093 thousand and NT\$493,333 thousand, respectively.
- (9) Under the agreement duly executed by and between the Group and CPC Corporation, Taiwan (CPC), the Group has been required to procure from CPC specified volumes of ethylene, benzene and butadiene from every year. If the annual purchase volume of the Group did not reach the minimum contract amount, CPC may reduce the supply in the following year as appropriate. In addition, the Group committed to purchase CPC's ethylene, benzene and butadiene as raw materials for factory-made styrene and acrylonitrile-butadiene-styrene copolymer resin (ABS), unless approved by government authorities, or in case of the internal dispatch for petrochemical feedstock, the Group should not transfer into other uses or resell the quotas (Where required for petrochemical scheduling, and with the prior written consent of CPC, the Group was allowed to transfer the ethylene, benzene and butadiene to petrochemical users of CPC as petrochemical feedstock either in whole or in part), otherwise CPC may would stop supplying ethylene, benzene and butadiene at any time and terminate the agreement.
- (10) In order to manufacture ABS and other products, the Group purchased butadiene from Formosa Petrochemical Corporation as a raw material for which the Group signed a transaction agreement. Under the agreement, the Group committed itself to purchase at least 100 metric tons of butadiene from Formosa Petrochemical Corporation every month as the raw material for the production of ABS and other products.
- (11) In order to manufacture ABS and other products, the Group purchased acrylonitrile from China Petrochemical Development Corporation as a raw material for which the Group signed a transaction agreement. Under the agreement, the Group committed itself to purchase 3,600 metric tons to 7,200 metric tons of acrylonitrile every quarter as a raw material for the production of ABS and other products.
- (12) The Group signed a syndicated loan contract with 17 banks and is committed to maintain the following financial ratios during the syndicated loan contract period:
 - 1) Current ratio: ratio of current assets to current liabilities, no less than 100%
 - 2) Liability ratio: ratio of total liabilities to tangible book value, no more than 150%
 - 3) Interest coverage ratio: ratio of EBITDA (earnings before interest, taxes, depreciation, and amortization) to interest expenses, to lower than 3x

The aforesaid financial ratios and requirements are based on International Financial Reporting Standards (IFRS) and consolidated financial statements audited by certified public accountants.

As of December 31, 2021, the Group adhered to the above covenants on financial ratios.

- (13) Significant business agreements

A. Revenues

In response to the substantial need in business operation, the Group had executed important long-term contracts such as basic channel exclusive agency agreements and NBA broadcast authorization contract as irrevocable major business agreements. The Group expected that the amounts of the authorization fee to be received in the respective coming years would be as follows:

Items	December 31, 2021	December 31, 2020
Within 1 year	\$ 745,659	\$ 187,152
1 to 5 years	678,436	69,166
Over 5 years	-	-
Total	\$ 1,424,095	\$ 256,318

B. Expenditures

In line with the substantial need in business operation, the Group had executed licensing contracts, music and recording works public broadcasting license agreements and advertising opening buyback contracts and agreements. Such important long-term contracts that have become effective are a sort of non-cancellable major business agreement. The details of the amount of authorization fund payable by the Group in the respective coming years are as follows:

Items	December 31, 2021	December 31, 2020
Within 1 year	\$ 69,446	\$ 5,856
1 to 5 years	63,578	5,867
Over 5 years	-	-
Total	\$ 133,024	\$ 11,723

10. Significant Disaster Loss: Nil

11. Significant Events after the Balance Sheet Date:

To operate its hotel brand “Capella”, the Group leased from China Life Insurance Co., Ltd. for properties, with a total area of 4,869.90 pings, at No. 129, No. 131, No. 133, No. 135, No. 137 and No. 139 Dunhua North Road, Songshan District, Taipei City starting on March 1, 2022. The lease is for a total of 20 years until February 28, 2142. The right-of-use asset is valued at NT\$2,138,853 thousand based on the present value of future rentals less the rentals collectable.

12. Other events

(1) Seasonal or cyclical interpretation of interim operations

All sorts of business operations inside the Group have been free of any potential impact in reasonable or cyclical factors.

(2) Capital risk management

The Group carries out capital management to assure a sound capital base, and maximizes shareholder compensation by means of optimizing debt and equity balances. After regularly reviewing and measuring related costs, risks and returns, the Group ensures a good profitability level and financial ratio. Where necessary, the Group would balance its overall capital structure through various financing methods to live

up to the needs of various capital expenditures, working capital, debt repayment, and dividend expenditures in the future period.

(3) Financial instruments

1) Type of financial instruments

Financial assets	December 31, 2021	December 31, 2020
Financial assets at fair value through profit or loss		
Mandatorily measured at fair value through profit or loss	\$ 180,527	\$ 508,391
Investment in equity instrument of financial assets at fair value through other comprehensive income	5,209,735	4,191,135
Financial assets carried at amortized cost		
Cash & cash equivalents	7,038,195	5,235,661
Contract assets - current	64,101	8,974
Notes and accounts receivable (including related parties)	2,452,342	2,570,033
Other receivables (including related parties)	1,015,993	32,091
Other financial assets - current	2,936,539	3,348,405
Refundable deposits	26,102	22,215
Financial liabilities		
Financial liabilities carried at amortized cost		
Short-term loans	1,125,875	440,977
Notes and accounts payable	1,769,933	1,270,204
Other payables (including related parties)	874,944	575,688
Long-term loans	2,530,168	400,000
Lease liabilities (Current and Noncurrent)	683,150	387,807
Guarantee deposits received	6,191	4,824

2) Financial risk management policies

In terms of routine business operation, the Group has been subject to impact from a variety of financial risks, including market risks (including exchange rate risks, interest rate risks and price risks), credit risks and liquidity risks. In an attempt to minimize relevant financial risks, the Group has put forth maximum possible efforts to identify, evaluate and evade the uncertainty in the markets to minimize the negative impact of market variation upon the Company's financial performance.

The Group has set up appropriate policies, procedures and internal controls in response to the aforementioned financial risk management in accordance with relevant regulations, and all important financial activities must be reviewed by the Board of Directors in accordance with relevant regulations and internal control systems. During the implementation of the financial plan, the Group must comply with the relevant financial operation procedures for overall financial risk management and division of powers and responsibilities.

3) The attribute and level of significant financial risks

A. Market risks

Here at the Group, the market risk has notably been the risk in financial instruments' fair value or cash flow fluctuations due to changes in market

prices. Such market risks mainly include exchange rate risks, interest rate risks and price risks.

① Exchange rate risks

The Group's business involves certain non-functional currencies (the functional currency of the Company and some subsidiaries has been the New Taiwan Dollars and the functional currencies of some subsidiaries have been U. S. Dollars, Hong Kong dollars, Malaysian Ringgit and Renminbi) so it is subject to exchange rate fluctuations impact. Information on foreign currency assets and liabilities with significant exchange rate fluctuations is as follows: (including non-functional currency-denominated monetary items that have been written off in the consolidated financial statements).

Items (Foreign currencies: Functional currency)	December 31, 2021			December 31, 2020		
	Foreign currencies	Exchange rate foreign currencies vs. functional currency	New Taiwan Dollars	Foreign currencies	Exchange rate foreign currencies vs. functional currency	New Taiwan Dollars
Financial assets						
Monetary items						
USD: NTD	\$ 70,694	27.68	\$ 1,956,810	\$ 45,692	28.48	\$ 1,301,308
USD: CNY	217	6.3720	6,007	143	6.5067	4,073
USD: MYR	171	4.3556	4,733	11	4.1947	313
USD: HKD	71	7.7994	1,965	77	7.7539	2,193
CNY: NTD	193,845	4.3440	842,063	196,533	4.3770	860,225
CNY: HKD	1,424	1.2240	6,186	1	1.1917	4
SGD: NTD	6	20.46	123	-	-	-
SGD: MYR	24	3.2195	491	31	3.1755	668
JPY: NTD	3,590	0.2405	863	-	-	-
EUR: NTD	-	-	-	565	35.02	19,786
Non-monetary items						
CNY: USD	2,825,340	0.1569	12,273,277	2,272,221	0.1537	9,945,511
Financial liabilities						
Monetary items						
USD: NTD	22,917	27.68	634,343	6,386	28.48	181,873
USD: CNY	-	-	-	114	6.5067	3,247
USD: MYR	120	4.3556	3,322	228	4.1947	6,493
CNY: NTD	2	4.3440	9	-	-	-
EUR: NTD	-	-	-	108	35.02	3,782
EUR: MYR	-	-	-	28	5.1580	981

Note: The foreign currency related non-monetary assets measured at the historical exchange rate on the transaction date have not been disclosed because they have no significant impact on the consolidated financial statements.

Here at the Group, the sensitivity analysis on the exchange rate risks mainly focuses on the major foreign currency monetary items and non-monetary items at the end of the financial statement period, and the related foreign currency appreciation or depreciation impact on the Group's profit and loss as well as equity. All other risk factors being equal, any 1% movement in exchange rates of the Group's foreign currency position would result in NT\$17,453 thousand and NT\$15,938 thousand change in profit and loss and NT\$110,459 thousand and NT\$89,510 thousand change in equity on December 31, 2021 and 2020, respectively. The sensitivity ratio with which the

management reports exchange rate risks is based on 1%. It also represents the management's assessment on the possible and reasonable range of changes in exchange rates.

In addition, the net gain (loss) with exchange in foreign currency (including realization and un realization) under the Group's monetary items for the years ended December 31, 2021 and 2020 were NT\$27,282 thousand and (NT\$32,279) thousand, respectively. Due to multiple currency types of foreign currency transactions, practically, it was impossible to clearly distinguish the types of exchange gains and losses and their exposure separately according to each foreign currency, so they are expressed in a summary amount.

② Interest rate risks

The interest rate related risks refers to the risks of financial instruments' fair value or future cash flow fluctuations due to changes in market interest rates. The Group's interest rate risks mainly come from floating rate in loans where some of the risks would be held with floating rates through cash & cash equivalents offset. Where the Group regularly assesses the trend of interest rate changes and responds to it, it is not expected that there would be a significant risk of market interest rate changes. All other risk factors being equal, a 10% basis point movement in yields of the position exposed to interest rate risks would result in NT\$2,641 thousand and NT\$305 thousand change in the Group's profit and loss on December 31, 2021 and 2020, respectively.

③ Price risks

The investment held by the Group as shown through the balance sheet has been primarily classified as financial assets at fair value through profit and loss and financial assets at fair values through other comprehensive income. The Group has been, therefore, exposed to pricing risks of financial instruments. In an effort to manage the pricing risks of financial instruments, the Group virtually diversifies its investment portfolio in a manner that was based on the limits set by the Group. The Group has invested in financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income with the price of financial instruments such as profit or loss affected by the uncertainty of the future value of the investment target. All other risk factors being equal, a 1% movement in spot prices of the position in financial instruments would result in NT\$1,805 thousand and NT\$5,084 thousand change in the Group's profit and loss and NT\$52,097 thousand and NT\$41,911 thousand change in the Group's equity on December 31, 2021 and 2020, respectively.

B. Credit risks

Credit risks refer to such risks in financial losses incurred in an event where a customer of the Group or financial instrument transaction counterparty fails to perform the contract. The credit risks of the Group primarily resulted from operating activities (primarily as accounts & notes receivable) and financial activities (primarily as bank deposits and a variety of financial instruments). The credit risks related to business

operation and financial credit risks have been managed respectively.

① Credit risks related to business operation

The business department faithfully complies with the Group's customer credit risk policies, procedures and controls to manage customer credit risk. The credit risks assessment of all customers is a comprehensive consideration such as the financial status of the customers, the rating of the credit rating agency, past historical transaction experience, the current economic environment and the internal rating criteria of the Group. In addition, the Group also uses certain credit enhancement instruments (such as payments collected in advance, etc.) at appropriate times to minimize the credit risk of specific customers.

② Financial credit risks

Here at the Group, the Finance Department manages credit risks of bank deposits and other financial instruments in accordance with company policies. Since the Group's transaction objects have been determined by internal control procedures as banks with good credit and an investment grade and above in the forms of institutions, company organizations. Where all such entities prove free of major performance doubts, there have been no major credit risks upon the Group.

③ Information of credit-related risks in accounts receivable

The Group adopted the assumption provided under IFRS 9. As the payment was more than 30 days overdue from schedule in the provision of contracts, the financial asset was deemed to have significantly increased in credit risks from the initial recognition. In an event where a contract payment was more than 365 days overdue or where the loanee would be highly unlikely to fulfill the credit obligations to pay amount in full to the Group, the Group deemed that financial asset in default.

In an effort to minimize credit risks, the management of the Group would assign the special team to assume the responsibility to determine the facility of credit extension, approve of credit extension or other supervisory procedures with actions to be taken as appropriate to assure successful retrieval of receivables. Besides, on the balance sheet date, the Group would, on one-by-one basis, recheck the reclaimable amounts of receivables to assure that appropriate allowance would have been provided against the potential loss. For facts of changes regarding aging analysis of accounts receivables and allowance loss, please see Note 6(3) & (4).

④ Exposure to credit risks

The Group has been well known for the sound quality of credit standing with financial institutions and has tried to profoundly diversify potential credit risks with multiple financial institutions. As natural result, the Group has seen very low potential default. Besides, the Group has been in transactions with only third parties of very fine credit standing and would grant credit lines toward customers exactly based on the credit facility procedures.

Meanwhile, with continued efforts to look into customers' credit standing and with evaluation of the possibility to retrieve accounts receivable on a regular basis, the Group has amortized adequate allowance against loss. The management has, therefore, firmly believed that the Group's receivables would not have been significantly concentrated in the credit risks. As of the balance sheet date in terms of cash & cash equivalents, contract assets - current, receivables and other financial assets - current, the maximum possible exposure to credit risks would be exactly the carrying amounts of such financial assets.

Financial instruments	December 31, 2021		December 31, 2020	
	Carrying amount	Maximum credit exposure to risks	Carrying amount	Maximum credit exposure to risks
Cash & cash equivalents	\$ 7,038,195	\$ 7,038,195	\$ 5,235,661	\$ 5,235,661
Contract assets - current	64,101	64,101	8,974	8,974
Notes receivable	340,024	340,024	357,778	357,778
Accounts receivable (including related parties)	2,112,318	2,112,318	2,212,255	2,212,255
Other receivables (including related parties)	1,015,993	1,015,993	32,091	32,091
Other financial assets - current	2,936,539	2,936,539	3,348,405	3,348,405

C. Liquidity risk

The liquidity risk refers to the risk that the position could not be settled as expected. The Group mainly used financial institutions to use loans, and cash & cash equivalents and other instruments to adjust funds, and achieve the goal of flexible use of funds and stable funds. The share capital and working capital of the Group were sufficient to meet all contract obligations, so there would be no liquidity risk due to the inability to raise funds to fulfill contract obligations.

The table below summarizes the Group's non-derivative financial liabilities, grouped by the relevant maturity date based on the earliest possible date of repayment and compiled with its undiscounted cash flow. The Group did not expect that the time when the cash flow of the analysis of the due date occurred would be significantly earlier or the actual amount would be significantly different. The interest cash flow paid at floating interest rates, the undiscounted interest amount derived based on the yield curve on the balance sheet date which was the amount of floating interest rate instrument of a non-derivative financial liability. The amount of the floating interest rate instrument would change according to the different interest rate and the estimated interest rate on the balance sheet date. For more details regarding the analysis of the due date of lease liabilities, please see Note 6(13)-2-(2).

Items	December 31, 2021					Contract cash flow	Carrying amount
	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years		
Non-derivative financial liabilities							
Short-term loans	\$ 1,126,220	\$ -	\$ -	\$ -	\$ -	\$ 1,126,220	\$ 1,125,875
Notes payable	60,028	-	-	-	-	60,028	60,028
Accounts payable	1,709,905	-	-	-	-	1,709,905	1,709,905
Other payables (including related parties)	867,822	3,561	3,561	-	-	874,944	874,944
Long-term loans	55,907	55,907	111,815	2,736,916	-	2,960,545	2,530,168

Items	December 31, 2020					Contract cash flow	Carrying amount
	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years		
Non-derivative financial liabilities							
Short-term loans	\$ 441,573	\$ -	\$ -	\$ -	\$ -	\$ 441,573	\$ 440,977
Notes payable	56,057	-	-	-	-	56,057	56,057
Accounts payable	1,214,147	-	-	-	-	1,214,147	1,214,147
Other payables (including related parties)	570,600	2,544	2,544	-	-	575,688	575,688
Long-term loans	1,488	1,512	402,441	-	-	405,441	400,000

(4) Information of fair value

1) Fair value hierarchy

The evaluation technique used to measure the fair value of financial and non-financial instruments divided the fair value into the first to the third level based on the observable degrees. Each fair value hierarchy was defined as follows:

Level 1: Referring to the public quotation (unadjusted) from the same asset or liability in the active market.

Level 2: In addition to the public quotation of Level 1, the fair value is derived using observable input parameters that belong to the asset or liability directly (i.e., the price) or indirectly (i.e., derived from price).

Level 3: Referring to the input parameters (non-observable parameters) of the valuation techniques for assets or liabilities that are not based on observable market data to derive fair value.

2) Financial instruments not measured at fair values

The Group's financial instruments not measured at fair values (including cash & cash equivalents, contract assets - current, notes receivable, accounts receivable (including related parties), other receivables (including related parties), other financial assets - current, short-term loans, notes payable, accounts payable, other payables (including related parties) and the like) refer to rational approximate values in the carrying amounts at fair values. Where refundable deposits and guarantee deposits received would not be subject to significant impact in the cash flow discounting, their carrying amounts should be the very rational grounds to estimate the fair values. The long-term loan contracts bore an agreed floating interest rate. Since the floating interest rates were mostly close to the market interest rates, the discounted value of its expected cash flow is used

to estimate its fair value to approximate its book value.

- 3) As of December 31, 2021 and 2020 for financial and non-financial instruments at fair values were classified by the Group based on the attributes, characteristics, risks and fair value hierarchy of assets and liabilities, with the relevant information as follows:

Financial and non-financial instruments	December 31, 2021			Total
	Level 1	Level 2	Level 3	
Assets				
Recurring fair value				
Financial assets at fair value through profit or loss - current				
Mutual fund beneficiary certificates	\$ 180,527	\$ -	\$ -	\$ 180,527
Financial assets at fair values through other comprehensive income - noncurrent				
Listed stocks in Taiwan	\$ 4,053,537	\$ -	\$ -	\$ 4,053,537
Unlisted stocks in Taiwan	-	-	1,156,198	1,156,198
Total	\$ 4,053,537	\$ -	\$ 1,156,198	\$ 5,209,735

Financial and non-financial instruments	December 31, 2020			Total
	Level 1	Level 2	Level 3	
Assets				
Recurring fair value				
Financial assets at fair value through profit or loss - current				
Mutual fund beneficiary certificates	\$ 508,391	\$ -	\$ -	\$ 508,391
Financial assets at fair values through other comprehensive income - noncurrent				
Listed stocks in Taiwan	\$ 3,365,552	\$ -	\$ -	\$ 3,365,552
Unlisted stocks in Taiwan	-	-	825,583	825,583
Total	\$ 3,365,552	\$ -	\$ 825,583	\$ 4,191,135

- 4) Evaluation technology and assumptions adopted to measure fair values:

The fair values of the financial and non-financial instruments refer to the amounts of current transaction of the said instruments with the interested counterparties (instead of mandatory means or liquidation). Here at the Group, the methods and assumptions used for the financial and non-financial instruments to measure the fair values are as follows:

- A. In case of financial instruments with standard terms and conditions and traded in the active market, the fair value was determined by referring to the market quotation. The listed stocks were counted based on the closing price as fair value, the unlisted emerging stocks were counted based on the transaction price as the fair value. Mutual fund beneficiary certificates were counted based on net worth as fair values.
- B. For financial instruments with higher complexity, the Group measured the fair value based on the evaluation model developed using evaluation method and technology which were widely used between the fellow traders. Some of the parameters used in such evaluation models were not market observable information. The Group must make appropriate estimates based on assumptions. The Company's unlisted stocks held by the Group (excluding the emerging stocks that were traded in the active market) and the limited partnership were counted based on the market approach or the

asset approach to estimate the fair value. The judgment was conducted with reference to the same type company evaluation, third-party quotation, the Company's net worth and business performance. In addition, the significant non-observable input value was mainly current discount. For more details regarding the impact of non-market observable parameters on the evaluation of financial instruments please see Note 12(4)-10.

- C. The output of the evaluation model was the approximate value of the estimate and the evaluation technology might not reflect all relevant factors of the Group's holding of financial instruments and non-financial instruments. Therefore, the estimated value of the evaluation model would be appropriately adjusted according to additional parameters, e.g., the model risk or liquidity risk. According to the Group's fair value evaluation model management policy and related control procedures, the management believes that the fair value of financial instruments and non-financial instruments as shown in the balance sheet should be expressed in a fair way. The evaluation adjustment is appropriate and essential. The price information and parameters used in the evaluation process have been carefully evaluated and appropriately adjusted according to the current market conditions.
- D. The Group took credit risks evaluation adjustment into consideration of calculation in fair value of the financial instruments and non-financial instruments to respectively reflect the credit risk of the transaction counterparties and credit quality of the Group.
- 5) Transfer of fair values between Level 1 and Level 2 for the years ended December 31, 2021 and 2020: Nil
- 6) Change in the financial instruments of Level 3 for the years ended December 31, 2021 and 2020.

Items	Non-derivative equity instruments—Unlisted stocks and limited partnership	
	Year Ended	Year Ended
	December 31, 2021	December 31, 2020
Beginning balance	\$ 825,583	\$ 857,475
Acquisition this year	183,256	155,812
Disposal this year	-	-
Capital distribution this year	(128,858)	(29,577)
Inward (Outward) transfer of Level 3	-	1,790
Recognized in other comprehensive income	289,876	(137,819)
Effects of exchange rate	(13,659)	(22,098)
Ending balance	\$ 1,156,198	\$ 825,583

- 7) Facts of outward transfer from Level 3 and inward transfer into Level 3 for the years ended December 31, 2021 and 2020.

During the period starting for the year ended December 31, 2020, the Group's original holding of emerging stocks not listed onto TWSE/TPEX listed companies was terminated from transaction in emerging stocks on August 20, 2020. This resulted in a lack of sufficient observable market information. Accordingly, on the date such very fact took place, the Group transferred the fair value from Level 1 to Level 3.

- 8) The Group's evaluation process for the fair value classified in Level 3 was the independent fair value verification of financial instruments conducted by the

Company's Financial Department in collaboration with an outsourced professional evaluation agency. The independent sources of data were used to bring the evaluation results closer to the market status as independent, reliable, and other resources consistent with and represent the executable price, and regularly update the required input values and data, and any other necessary fair value adjustments to ensure that the evaluation results would be rational.

- 9) The quantitative information about the significant unobservable input value of the evaluation model used in Level 3 fair value measurement items and the sensitivity analysis of the significant unobservable input value change are explained as follows:

Items	Fair value as of December 31, 2021	Evaluation technology	Significant unobservable input value	Range (Weighted average)	Relationship between input value and fair value
Non-derivative equity instruments:					
Unlisted stocks	\$ 411,925	Market approach	Liquidity discount	21.16% ~ 35.07%	The higher the Liquidity discount, the lower the fair value
Unlisted stocks	5,212	Asset approach	Discount for lack of control	21.45% ~ 25.00%	The higher the discount for lack of the control, the lower the fair value
Limited partnership's equity	739,061	Asset approach	N/A	N/A	N/A
Total	<u>\$ 1,156,198</u>				

Items	Fair value as of December 31, 2020	Evaluation technology	Significant unobservable input value	Range (Weighted average)	Relationship between input value and fair value
Non-derivative equity instruments:					
Unlisted stocks	\$ 247,457	Market approach	Liquidity discount	10.00% ~ 21.47%	The higher the Liquidity discount, the lower the fair value
Unlisted stocks	4,328	Asset approach	Discount for lack of control	10.00% ~ 25.00%	The higher the discount for lack of the control, the lower the fair value
Limited partnership's equity	573,798	Asset approach	N/A	N/A	N/A
Total	<u>\$ 825,583</u>				

- 10) The Group selected the evaluation model and evaluation parameters used after prudential evaluation so it was reasonable to measure the fair value but the use of different evaluation models or evaluation parameters might lead to different evaluation results. For financial assets classified as Level 3 and financial liabilities, if the evaluation parameter changes by 1% basis point, the impact on the current profit/loss or other comprehensive income would be as follows:

Items	Input value	Change	Year Ended December 31, 2021			
			Recognized in profit or loss		Recognized in other comprehensive income	
			Favorable change	Adverse change	Favorable change	Adverse change
Non-derivative equity instruments:						
Unlisted stocks	Liquidity discount and	+1%	\$ -	\$ -	\$ -	(\$ 6,014)
	Discount for lack of control	-1%	\$ -	\$ -	\$5,673	\$ -

Items	Input value	Change	Year Ended December 31, 2021			
			Recognized in profit or loss		Recognized in other comprehensive income	
			Favorable change	Adverse change	Favorable change	Adverse change
Non-derivative equity instruments:						
Unlisted stocks	Liquidity discount and	+1%	\$ -	\$ -	\$ -	(\$ 9,802)
	Discount for lack of control	-1%	\$ -	\$ -	\$ 9,879	\$ -

13. Additional disclosure in the notes

(1) Significant transactions and (2) Information relating to investee companies (Before consolidated write-off)

- 1) Funds loaned to others: Nil

2) Provision of endorsements and guarantees to others

Name of endorsers and guarantors	Subject on endorsees and Guarantees		Endorsement and guarantee limit for a single entity	Highest balance of endorsement and guarantee for the year	Balance of endorsement /guarantee at the end of year	Actual amount drawn down	Amount endorsement and guarantee collated by property	Ratio of accumulated amount of endorsement and guarantee to net worth in the financial statements of the company in the latest year	Maximum amount of endorsement and guarantee	Provision of endorsement and guarantee by parent company to subsidiary	Provision of endorsement and guarantee by subsidiary to parent company	Provision of endorsement and guarantee to the party in Mainland China
	Name of company	Relationship										
Grand Pacific Petrochemical Corporation	QuanZhou Grand Pacific Chemical Co., Ltd.	A subsidiary with direct shareholding in equity up to 100%	No more than 70% of the company's net value according to the most recent financial statements (\$24,826,379)	\$15,204,000 (CNY3,500,000)	\$15,204,000 (CNY3,500,000)	\$2,541,240 (CNY585,000)	—	42.87%	The total endorsement/guarantee of the Company shall not exceed 80% of the net worth as shown through the latest financial statements of the Company (\$28,373,004)	Yes	No	Yes
KK Enterprise Co., Ltd.	KK Enterprise (Malaysia) Sdn. Bhd.	A subsidiary with direct shareholding in equity up to 70%	Within the maximum limit not in excess of 50% of the total endorsement/guarantee of the Company. (\$237,881)	56,814 (RM8,940)	56,814 (RM8,940)	37,749 (RM5,940)	—	5.97%	The total endorsement/guarantee of the Company shall not exceed 50% of the net worth as shown through the latest financial statements of the Company (\$475,762)	Yes	No	No

3) Holding of Marketable Securities at the End of Year (Not Including Subsidiaries, Associates and Joint Ventures)

Securities held by	Type and name of marketable securities		Relationship with the marketable securities issuer	General ledger account	At the end of year			
					Unit expressed in thousand shares	Carrying amount	Shareholding ratio (%)	Fair value
Grand Pacific Petrochemical Corporation	Stock	He Xin Venture Investment Enterprise Co., Ltd.	Other related party	Financial assets at fair values through other comprehensive income - noncurrent	37	\$1,478	2.85	\$1,478
		YODN Lighting Corp.	—	Financial assets at fair values through other comprehensive income - noncurrent	165	697	0.93	697
		Bridgestone Taiwan Co., Ltd.	—	Financial assets at fair values through other comprehensive income - noncurrent	1,151	97,371	1.42	97,371
		China Development Financial Holding Corporation	Other related party	Financial assets at fair values through other comprehensive income - noncurrent	21,297	372,705	0.12	372,705
GPPC Chemical Corporation	Stock	He Xin Venture Investment Enterprise Co., Ltd.	Other related party	Financial assets at fair values through other comprehensive income - noncurrent	49	1,977	3.80	1,977

Securities held by	Type and name of marketable securities		Relationship with the marketable securities issuer	General ledger account	At the end of year			
					Unit expressed in thousand shares	Carrying amount	Shareholding ratio (%)	Fair value
		YODN Lighting Corp.	—	Financial assets at fair values through other comprehensive income - noncurrent	64	271	0.36	271
		Kuo Tsung Development Co., Ltd.	—	Financial assets at fair values through other comprehensive income - noncurrent	200	-	1.06	-
		Kuo Tsung Construction Development Co., Ltd.	—	Financial assets at fair values through other comprehensive income - noncurrent	200	-	1.31	-
		Bridgestone Taiwan Co., Ltd.	—	Financial assets at fair values through other comprehensive income - noncurrent	934	79,028	1.15	79,028
		Com2B Corporation	—	Financial assets at fair values through other comprehensive income - noncurrent	750	-	1.67	-
		Grand Pacific Petrochemical Corporation - preferred shares	The Company's parent company	Financial assets at fair values through other comprehensive income - noncurrent	1,776	62,160	8.88	62,160
		China Development Financial Holding Corporation	The Company is that company's legal person director	Financial assets at fair values through other comprehensive income - noncurrent	12,110	211,925	0.07	211,925
GPPC INVESTMENT CORP.	Stock	YODN Lighting Corp.	—	Financial assets at fair values through other comprehensive income - noncurrent	631	2,662	3.54	2,662
	Partnership	China Development Asset Management Corporation's advantageous venture capital limited partnership	—	Financial assets at fair values through other comprehensive income - noncurrent	-	214,843	-	214,843
	Fund	KGI Victory Money Market Fund	—	Financial assets at fair value through profit or loss - current	5,242	61,293	-	61,293
GPPC Hospitality And Leisure Inc.	Fund	KGI Victory Money Market Fund	—	Financial assets at fair value through profit or loss - current	2,025	23,679	-	23,679
GPPC Development Co., Ltd.	Fund	KGI Victory Money Market Fund	—	Financial assets at fair value through profit or loss - current	7,486	\$87,530	-	\$87,530
Perfect Meat Co., Ltd.	Fund	KGI Victory Money Market Fund	—	Financial assets at fair value through profit or loss - current	686	8,025	-	8,025
Goldenpacific Equities Ltd.	Partnership	CDIB Capital Asia Partners L.P.	—	Financial assets at fair values through other comprehensive income - noncurrent	-	146,993	-	146,993
		CDIB Capital Global Opportunities Fund L.P.	—	Financial assets at fair values through other comprehensive income - noncurrent	-	251,348	-	251,348
Videoland Inc.	Partnership	CDIB Capital Asia Partners L.P.	—	Financial assets at fair values through other comprehensive income - noncurrent	-	125,877	-	125,877
	Stock	China Development Financial Holding Corporation - common shares	Other related party	Financial assets at fair values through other comprehensive income - noncurrent	150,647	2,636,320	0.88	2,636,320

Securities held by	Type and name of marketable securities		Relationship with the marketable securities issuer	General ledger account	At the end of year			
					Unit expressed in thousand shares	Carrying amount	Shareholding ratio (%)	Fair value
		China Development Financial Holding Corporation - preferred shares	Other related party	Financial assets at fair values through other comprehensive income - noncurrent	86,818	832,587	4.59	832,587
	Stock	Jeoutai Technology Co., Ltd.	—	Financial assets at fair values through other comprehensive income - noncurrent	2,007	76,108	5.96	76,108
		Global Mobile Corp.	—	Financial assets at fair values through other comprehensive income - noncurrent	1,440	-	0.52	-
		Great Dream Pictures, Inc.	—	Financial assets at fair values through other comprehensive income - noncurrent	100	524	9.98	524
		Ruei-Guang Broadcasting Co., Ltd.	—	Financial assets at fair values through other comprehensive income - noncurrent	10	1,233	10.00	1,233
		21 st Digital Technology Co., Ltd.	—	Financial assets at fair values through other comprehensive income - noncurrent	1,276	126,781	2.84	126,781
		Citiesocial Holding Cayman Co., Ltd.	—	Financial assets at fair values through other comprehensive income - noncurrent	1,769	29,007	12.82	29,007

4) Purchase or sale of the same marketable security with the accumulated amount reaching NT\$300 million or 20% of paid-in capital or more

Company of purchase/sale	Type and Name of securities	General ledger account	Transaction party	Relationship	At Beginning of year		Purchase		Sale				At end of year	
					1,000 shares/unit	Amount	1,000 shares/unit	Amount	1,000 shares/unit	Selling price	Carrying cost	Disposal of gain (loss)	1,000 shares/unit	Amount
Videoland Inc.	KGI Victory Money Market Fund	Financial assets at fair value through profit or loss - current	Open trading market	-	23,146	\$270,129	12,845	\$150,000	35,991	\$420,376	\$420,014 115 (Note 2)	\$362	-	-
Videoland Inc.	China Life Insurance Co., Ltd.	Financial assets at fair values through other comprehensive income - noncurrent	Share conversion	-	114,355	2,538,680	4,574 (Note 1)	- 1,322,498 (Note 3)	118,929	3,861,178	1,116,736 (Note 4) 2,744,442 (Note 5)	-	-	-
Videoland Inc.	China Development Financial Holding Corporation - common shares	Financial assets at fair values through other comprehensive income - noncurrent	Share conversion	-	55,504	516,183	95,143	1,665,009	-	-	-	-	150,647	\$2,636,320
Videoland Inc.	China Development	Financial assets at fair values through	Share conversion	-	-	-	86,818	832,587	-	-	-	-	86,818	832,587

Company of purchase/sale	Type and Name of securities	General ledger account	Transaction party	Relationship	At Beginning of year		Purchase		Sale				At end of year	
					1,000 shares/unit	Amount	1,000 shares/unit	Amount	1,000 shares/unit	Selling price	Carrying cost	Disposal of gain (loss)	1,000 shares/unit	Amount
	Financial Holding Corporation - preferred shares	other comprehensive income - noncurrent												
Land & Sea Capital Corp.	Zhangzhou Chimei Chemical Co., Ltd.	Investments accounted for using the equity method	Rights issue	Associate	-	2,034,143	-	926,176 154,508 (Note 6)	-	-	-	-	-	3,114,827
Grand Pacific Petrochemical Corporation	QuanZhou Grand Pacific Chemical Co., Ltd.	Investments accounted for using the equity method	Rights issue	Subsidiary	-	3,352,093	-	3,334,644	-	-	- 26,762 (Note 6)	-	-	6,659,975

Note: (1) Stock dividends from capitalization of retained earnings .

- (2) Profit and loss from equity instruments measured at fair value through profit or loss
 - (3) Unrealized valuation profit and loss from equity instruments measured at fair value through other comprehensive income
 - (4) Original investment amount in the disposed equity instruments measured at fair value through other comprehensive income
 - (5) Conversion of gains from disposal of equity instruments measured at fair value through other comprehensive income into retained earnings
 - (6) Evaluation adjustments accounted and impact upon exchange rates for using the equity method.
- 5) Acquisition of property reaching NT\$300 million or 20% of paid-in capital or more: Nil
 - 6) Disposal of property reaching NT\$300 million or 20% of paid-in capital or more: Nil

7) Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

Purchase (sale) company	Name of transaction party	Relationship	Descriptions of transaction				Description and reasons for difference in transaction terms compared to general transaction		Notes or accounts receivable (payable)	
			Purchas(sales of goods)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes or accounts receivable (payable)
Grand Pacific Petrochemical Corporation	GPPC Chemical Corporation	The Company's subsidiaries	Sales	\$1,548,147	8.52%	Based on sales contracts	The purchase or selling price under the contract is based on the mean price in the three regions, that is, FOB Korea, CFR Taiwan, and CFR SE Asia, in the respective issues of Styrene intelligence reports for the month according to Platt's Far East Petrochemical Scan.	To be settled at the end of each month and paid off 45 days following settlement, if the payment is not received as scheduled, the interest will be calculated at the one-year time deposit annual rate of the Bank of Taiwan as of January 1 of the specific year, however, is limited to 3 months at maximum.	-	-
GPPC Chemical Corporation	Grand Pacific Petrochemical Corporation	The Company's parent company	Purchase	1,548,147	82.06%	Based on purchase contracts	The purchase or selling price under the contract is based on the mean price in the three regions, that is, FOB Korea, CFR Taiwan, and CFR SE Asia, in the respective issues of Styrene intelligence reports for the month according to Platt's Far East Petrochemical Scan.	To be settled at the end of each month and paid off 45 days following settlement, if the payment is not received as scheduled, the interest will be calculated at the one-year time deposit annual rate of the Bank of Taiwan as of January 1 of the specific year, however, is limited to 3 months at maximum.	-	-

8) Receivable from related parties reaching NT\$100 million or 20% of paid-in capital or more: Nil

9) Trading in derivative instruments: Nil

10) Significant impact either directly or indirectly, name, location and such information of investees under control or joint ventures (excluding investment in Mainland China)

Name of investor	Name of investee	Location	Main business	Original investments		Holding status at end of year			Current profit/loss of the investee	Profit/loss recognized by the Company	Notes	
				Ending balance of current year	Ending balance of prior period	Shares in thousands	Shareholding ratio (%)	Carrying amount				
Grand Pacific Petrochemical Corporation	GPPC Chemical Corporation	No.66, Changxing Rd., Luzhu Dist., Kaohsiung City	Production and sale of impact-resistant and flame-resistant polystyrene	\$262,953	\$262,953	34,200	100.00	\$846,574	\$297,977	\$294,674	The investment profit/loss recognized includes the cash dividend of \$1,243 received from parent company and the difference in the parent company only financial statements and the consolidated financial statements to reduce by NT\$2,060.	
	GPPC Investment Corp.	10F, No.1, Sec. 4, Nanjing E. Rd., Taipei City	Investment business	170,307	170,307	22,032	81.60	289,601	(10,446)	(8,524)		
	GPPC Development Co., Ltd.	10F, No.1, Sec. 4, Nanjing E. Rd., Taipei City	General hotel business	50,000	50,000	5,000	38.46	46,494	(3,616)	(1,391)		Comprehensive shareholding up to control force
	Videoland Inc.	3F, No.480, Ruiguang Rd., Neihu Dist., Taipei City	Radio and television program production, domestic and foreign film copying, domestic film production, distribution, trading and other services	1,536,404	1,536,404	71,093	62.29	5,837,706	380,836	237,223		
	KK Enterprise Co., Ltd.	No.1, Ziqiang 3 rd Rd., Nangang Industrial Zone, Nantou City	Manufacture, wholesale and retail of various trademark paper, glue paper and PU Resin	110,190	110,190	7,934	15.73	149,675	89,848	14,133		Comprehensive shareholding up to control force
	Goldenpacific Equities Ltd. Land & Sea Capital Corp.	British Virgin Islands	Investment business	1,139,923	1,973,173	26,319	100.00	13,066,743	3,809,680	3,682,625		The recognized investment profit / loss including adjustment with difference in the parent company only financial statements and the consolidated financial statements to reduce by NT\$127,055
GPPC Investment Corp.	GPPC Hospitality And Leisure Inc.	1F, No.26, Lane 295, Sec. 1, Dunhua S. Rd., Taipei City	Catering service business	40,000	40,000	4,000	100.00	27,325	(10,390)	(10,390)		
GPPC Development Co., Ltd.	Perfect Meat Co., Ltd.	10F, No.1, Sec. 4, Nanjing E. Rd., Taipei City	Meat import sales	10,000	10,000	1,000	100.00	9,506	(135)	(135)		
Videoland Inc.	Videoland International Limited	Hongkong	Engaged in the business of trading wine related alcohol products	97,800	97,800	25,000	100.00	87,790	(886)	(886)	Comprehensive shareholding with significant power of influence	
	KK Enterprise Co., Ltd.	No.1, Ziqiang 3 rd Rd., Nangang Industrial Zone, Nantou City	Manufacture, wholesale and retail of various trademark paper, glue paper and PU Resin	238,248	238,248	17,046	33.79	321,520	89,848	30,360		
	GPPC Investment Corp.	10F, No.1, Sec. 4, Nanjing E. Rd., Taipei City	Investment business	35,372	35,372	4,968	18.40	65,302	(10,446)	(1,922)		
	GPPC Development Co., Ltd.	10F, No.1, Sec. 4, Nanjing E. Rd., Taipei City	General hotel business	29,873	29,873	3,000	23.08	27,902	(3,616)	(834)		
KK Enterprise Co., Ltd.	K.K. Chemical Company Limited	Hong Kong	Trademark paper, glue paper and such business	5,255	5,255	125	49.90	3,959	(24)	(12)	With control force	
	Dragon King Inc.	Samoa	Outward investment business	3,258	3,258	100	100.00	4,247	15	15	Recognition of investment gains and losses include realized and unrealized net gains and	
	KK Enterprise (Malaysia) Sdn.Bhd.	Malaysia	Trademark paper, glue paper and such business	15,995	15,995	1,680	70.00	50,921	7,385	5,169		

11) Business Relation and Important Transaction Details between Parent Company and Subsidiary and between Subsidiaries

Name of counterparty	Name of transaction party	Relationship with counterparty	Transaction conditions			Ratio to consolidated total revenues or total assets
			Account name	Amount	Transaction terms	
Grand Pacific Petrochemical Corporation	GPPC Chemical Corporation	Parent company vs. subsidiary	Sales revenues	\$1,548,147	The purchase or selling price under the contract is based on the mean price in the three regions, that is, FOB Korea, CFR Taiwan, and CFR SE Asia, in the respective issues of Styrene intelligence reports for the month according to Platt's Far East Petrochemical Scan.	6.87%
			Other revenues	8,400	As per the requirements in the contract	0.04%
			Other revenues	2	To be counted based on general transaction prices	—
			Technical support revenues (Entered as deduction of expense)	3,048	As per the requirements in the contract	0.01%
	GPPC Investment Corp.	Parent company vs. subsidiary	Rent revenues	23	As per the requirements in the lease agreement	—
	GPPC Development Co., Ltd.	Parent company vs. subsidiary	Rent revenues	13	As per the requirements in the lease agreement	—
	Perfect Meat Co., Ltd.	Parent company vs. subsidiary	Rent revenues	23	As per the requirements in the lease agreement	—
	Videoland Inc.	Parent company vs. subsidiary	Rent revenues	58	As per the requirements in the lease agreement	—
	KK Enterprise Co., Ltd.	Parent company vs. subsidiary	Other revenues	565	As per the requirements in the Articles of Incorporation	—
	QuanZhou Grand Pacific Chemical Co., Ltd.	Parent company vs. subsidiary	Technical support revenues (Entered as deduction of expense)	21,423	As per the requirements in the contract	0.10%
Other revenues			377	As per the requirements in the contract	—	
Other receivables			377	As per the requirements in the contract	—	
Investment under the equity method			3,334,644	Rights issue	6.82%	
Endorsements/ guarantees			15,204,000	As per endorsements/guarantee operating procedures	31.09%	
GPPC Chemical Corporation	Grand Pacific Petrochemical Corporation	Subsidiary vs. parent company	Sales revenues	2,762	To be counted based on general transaction prices	0.01%
			Rent revenues	72	As per the requirements in the lease agreement	—

Name of counterparty	Name of transaction party	Relationship with counterparty	Transaction conditions			
			Account name	Amount	Transaction terms	Ratio to consolidated total revenues or total assets
			Other receivables	13,966		0.03%
Videoland Inc.	KK Enterprise Co., Ltd.	Subsidiary vs. subsidiary	Other revenues	565	As per the requirements in the Articles of Incorporation	—
GPPC Hospitality And Leisure Inc.	Grand Pacific Petrochemical Corporation	Subsidiary vs. parent company	Catering revenues	112	To be counted based on general transaction prices	—
	Videoland Inc.	Subsidiary vs. subsidiary	Catering revenues	238	To be counted based on general transaction prices	—
KK Enterprise Co., Ltd.	KK Enterprise(Malaysia) Sdn Bhd.	Parent company vs. subsidiary	Sales revenues	31,761	To be counted based on general transaction prices	0.14%
			Accounts receivable	3,337	Within 90 days on a monthly basis	0.01%
			Endorsements/ guarantees	56,814	As per endorsements/guarantee operating procedures	0.12%
	KK Enterprise (Kunshan) Co., Ltd.	Parent company vs. subsidiary	Sales revenues	13,862	To be counted based on general transaction prices	0.06%
	KK Enterprise (Zhongshan) Co., Ltd.	Parent company vs. subsidiary	Sales revenues	144	To be counted based on general transaction prices	—
KK Enterprise (Zhongshan) Co., Ltd.	KK Enterprise (Kunshan) Co., Ltd.	Subsidiary vs. subsidiary	Sales revenues	12,712	To be counted based on general transaction prices	0.06%
			Accounts receivable	8,342	Within 90 days on a monthly basis	0.02%
KK Enterprise (Kunshan) Co., Ltd.	KK Enterprise (Zhongshan) Co., Ltd.	Subsidiary vs. subsidiary	Sales revenues	4,403	To be counted based on general transaction prices	0.03%
	KK Enterprise (Malaysia) Sdn Bhd.	Parent company vs. subsidiary	Sales revenues	3,029	To be counted based on general transaction prices	0.01%
			Accounts receivable	3,017	Within 90 days on a monthly basis	0.01%
	Dragon King Inc.	Subsidiary vs. subsidiary	Sales revenues	129	To be counted based on general transaction prices	—

Note:

- (1) In case of the same transaction between parent and subsidiary companies or among subsidiaries, there is no need for repeated disclosure. For example, if the parent company has disclosed the transaction between the parent company and the subsidiary, the subsidiary part does not need to disclose repeatedly; if the transaction among the subsidiaries has been disclosed by one of its subsidiaries, the other subsidiary need not be disclosed repeatedly.
- (2) The calculation of the ratio of the transaction amount to the consolidated total revenue or total assets. If it is an balance sheet item, it should be calculated as the ending balance of the consolidated total assets; if it is a profit or loss item, it is calculated as the cumulative amount in the period as a percentage to the total consolidated revenue.

(3) Information on investments in Mainland China

Name of investors	Name of investee in China	Main business lines	Paid-in capital	Method of investment	Beginning amount of accumulated investment with outward remittance from Taiwan this year	Amount of investment remitted outward or retrieved this year		Ending amount of accumulated investment with outward remittance from Taiwan this year	Profit or loss of investees this year Note (5)	The Company's shareholding ratio either directly or indirectly investment Note (4)	Investment gain /loss recognized in the year Note (5)	Carrying amount of investment at end of year Note (4)	Investment gains having been received at end of year
						Outward remittance	Retrieval						
Grand Pacific Petrochemical Corporation	Zhenjiang Chimei Chemical Co., Ltd.	Production and sales of series products and their products using styrene as raw materials and various chemical raw materials and fuel oil handling, storage and transportation and operation	USD380,850	Note (2)	\$1,652,206 (USD52,830)	-	-	\$1,652,206 (USD52,830)	\$13,150,760	30.40%	\$3,997,831	\$8,429,325	\$473,318 (USD15,496)
	Zhangzhou Chimei Chemical Co., Ltd.	Primary form plastics and synthetic resin manufacturing	CNY2,308,000	Note (2)	716,901 (USD23,340)	-	-	716,901 (USD23,340)	305,083	30.40%	92,745	3,114,827	-
	QuanZhou Grand Pacific Chemical Co., Ltd.	Propane dehydrogenation to propylene, polypropylene and hydrogen products	CNY1,519,200	Note (1)	3,251,088 (CNY759,600)	\$3,334,644 (CNY759,600)	-	6,585,732 (CNY1,519,200)	33,579	100.00%	33,579	6,659,975	-
KK Enterprise Co., Ltd.	KK Enterprise (Zhongshan) Co., Ltd.	Trademark paper, glue paper and such business	HKD12,300	Note (3)	21,509 (HKD6,150)	-	-	21,509 (HKD6,150)	11,294	50.00%	5,515 Note (6)	78,151	45,491
	KK Enterprise (Kunshan) Co., Ltd.	Trademark paper, glue paper and such business	USD6,100	Note (1)	206,958 (USD5,168) (Machine USD827)	-	-	206,958 (USD5,168) (Machine USD827)	5,808	100.00%	5,768 Note (6)	203,689	36,061

Name of investor	Amount of accumulated investment remitted from Taiwan to the Mainland China at the end of year	Amounts of investment approved by Investment Commission, Ministry of Economic Affairs	Maximum limit of investment in Mainland China as promulgated by Investment Commission, Ministry of Economic Affairs (Note 7)
Grand Pacific Petrochemical Corporation	\$8,954,839(USD76,170, CNY1,519,200)	\$13,235,607(USD478,165)(Note 8)	\$23,538,324
KK Enterprise Co., Ltd.	\$228,467(USD5,168, HKD6,150 and Machine USD827)	\$228,467(USD5,995、HKD6,150)	\$632,266

- Note:
- (1) As direct investment.
 - (2) Investment in the Mainland China based firm through a company incorporated in a third territory after being approved by the government.
 - (3) Investment in the Mainland China based firm by outsourcing a company incorporated in a third territory after being approved by the government.
 - (4) As the shareholding ratio of direct investment, reinvestment, or direct and indirect investment of a third-region company entrusted to it, and the book value of the investment at the end of the period.
 - (5) Based on the financial statements audited/certified by other certified public accountants of the international Certified Public Accountant Firms in cooperation relationship with the Certified Public Accountant Firms of the Republic of China and other Certified Public Accountant (practicing) of the Company's Certified Public Accountant Firms as well as the certified public accountant of the parent company in Taiwan to recognize the investment gains or losses accounted for using the equity method to the shareholding ratio of investment, either directly or indirectly.
 - (6) The investment gains and losses recognized in this current year including the realized, unrealized net gains and losses generated by the forward, countercurrent and side stream exchanges.
 - (7) Under the provisions of the Investment Commission, Ministry of Economic Affairs, the maximum limit for the amounts or percentages of accumulated investment toward Mainland China shall be 60% of the Company's net worth or the consolidated net worth (whichever was the higher).
 - (8) As of December 31, 2021, the amount of accumulated investment by the Group toward Mainland China as approved by the Investment Commission, Ministry of Economic Affairs totaled at USD629,348 thousand. Pursuant to Article 3 of "Principles for Investment or Technical Cooperation Review in the Mainland China", the amount of capital increase with earnings into Mainland China would not be counted into the accumulated investment. Besides, where the share capital or earnings of investment in Mainland China were remitted back to Taiwan by investor, the accumulated amount of investment could be deducted accordingly. The Group's earnings used for capital increase (additional investment) in Mainland China as approved by the Investment Commission, Ministry of Economic Affairs came to USD135,687 thousand and the surplus remitted back amounted to USD15,496 thousand, which had both been deducted from the cumulative amounts of approved investment in Mainland China.
 - (9) The foreign currency amounts in this Table are converted to New Taiwan Dollars the exchange rate quoted on the balance sheet date, except that the amount of investment remitted outward from Taiwan which was measured at historical exchange rates.
- 2) Significant transactions occurring with Mainland China based investees via a

third territory directly or indirectly:

QuanZhou Grand Pacific Chemical Co., Ltd., KK Enterprise (Zhongshan) Co., Ltd. and KK Enterprise (Kunshan) Co., Ltd. as included in the preparation of the consolidated financial statements because the Group's direct and indirect investment with more than 50% of comprehensive shareholding ratio. Those by and between the Group and QuanZhou Grand Pacific Chemical Co., Ltd., KK Enterprise (Zhongshan) Co., Ltd. and KK Enterprise (Kunshan) Co., Ltd. either directly or indirectly through the business in the third territory were eliminated in full upon preparation of the consolidated financial statements. For more detail regarding major transactions by and between the Group and the Mainland China based investees, please refer to Note 13(1) (2)-11.

In addition, the Group's major transactions with Zhenjiang Chimei Chemical Co., Ltd. and Zhangzhou Chimei Chemical Co., Ltd. via a third territory based enterprises either directly or indirectly for the years ended December 31, 2021 and 2020 are as follows:

- A. Ending balance and percentage of payables regarding purchase amounts & percentage: Nil
- B. Ending balance and percentage of receivables regarding sales amounts & percentage:

① For the Year Ended December 31, 2021 & December 31, 2021

Company name of sales	Name of transaction object	Sales revenues		Accounts receivable	
		Amount	Percentage of net sales	Amount	Percentage of total accounts receivable
Grand Pacific Petrochemical Corporation	Zhenjiang Chimei Chemical Co., Ltd.	\$18,285	0.10%	\$ -	-

② For the Year Ended December 31, 2020 & December 31, 2020

Company name of sales	Name of transaction object	Sales revenues		Accounts receivable	
		Amount	Percentage of net sales	Amount	Percentage of total accounts receivable
Grand Pacific Petrochemical Corporation	Zhenjiang Chimei Chemical Co., Ltd.	\$15,785	0.13%	\$6,940	0.45%

③ The transactions terms and conditions had been conducted as per the specified selling prices. The payments were collected 30 days maturity after account settlement on a monthly basis.

- C. Amounts in property transaction and amount of profit or loss so incurred: Nil
- D. Ending balance of the endorsements/guarantees of notes or the collateral provided: Nil
- E. The highest balance of fund financing, ending balance, interest rate range

and total amount of interest in the current year: Nil

F. Other transactions that had a significant impact on the current profit/loss or financial status: Nil

(4) Information of major shareholders:

No single shareholder held 5% or more of the Company's stakes as of December 31, 2021.

14. Information of the operating segments

(1) The "operating segments" as set forth herein were business composing units which would comport with the following characteristics:

- 1) The operating activities to obtain revenues and incur expenses.
- 2) Where the operating results would be regularly rechecked by the enterprise's decision-makers to formulate decisions to allocate resources of the segments and to evaluate the performance of the segments
- 3) With individual and separable financial information.

(2) Based on the view of the operating decision-makers, the Group would recheck the link up with various managerial departments and the products and labor services. The operating units were classified into three reportable operating segments:

- 1) Petrochemistry Department: That department was responsible for the production, processing and trading of related products and their products using styrene as raw materials.
- 2) Television Media Department: That department was responsible for TV program production, import and export agency distribution of cable TV programs and various advertising agencies and the planning and production thereof.
- 3) Packaging Materials Department: That department was responsible for manufacturing, processing and trading of various packaging materials such as trademark paper and release paper.

Other operating activities not reported by the Group and related information of the operating segments are consolidated and disclosed under "Other Departments".

(3) The departments required to be reported to the Group were strategic business units to provide different products and labor services. Each strategic business unit would call for different technologies and marketing strategies, so they must be managed separately.

(4) Here in the Group, the management individually monitored the operating results of the business units to formulate resource distribution and performance evaluation decisions. The performance of the operating segment was measured based on operating profit or loss, and the amount so measured was provided to the chief operating decision maker to allocate resources to the department and evaluate its performance and, in turn, adopted the consistent method of operating profit or loss in the consolidated financial report. The operating cost of the headquarters in the consolidated financial report, income tax expense (gain) and non-recurring profit or loss (non-operating income and expenditure) were, nevertheless, based on the management of the parent company, and was not distributed to the reportable department. The reported amount and the report used by the operating decision maker proved consistent. The transfer price between the operating segments was based on the regular transactions as similar to external

third parties. The operating segment's accounting policies were roughly the same as those shown in Note 4 to Consolidated Financial Statements.

(5) Financial information of the operating segments

1) For the Year Ended December 31, 2021 & December 31, 2021

Items	Petrochemistry Dept.	TV Media Dept.	Packaging Material Dept.	Other Departments	Adjustment (reconciliation) and elimination	Total
Revenues						
Revenues from external customers	\$ 19,001,130	\$ 2,012,381	\$ 1,523,766	\$ 10,076	\$ -	\$ 22,547,353
Revenues between segments	1,550,909	-	65,390	350	(1,616,649)	-
Total revenues	<u>\$ 20,552,039</u>	<u>\$ 2,012,381</u>	<u>\$ 1,589,156</u>	<u>\$ 10,426</u>	<u>(\$ 1,616,649)</u>	<u>\$ 22,547,353</u>
Segment profit or loss	<u>\$ 2,452,818</u>	<u>\$ 383,450</u>	<u>\$ 113,525</u>	<u>(\$ 43,628)</u>	<u>\$ 6,639</u>	<u>\$ 2,912,804</u>
Non-operating revenues and expenditures						4,444,495
Net profit before tax from continuing operations unit						<u>\$ 7,357,299</u>
Segment profit or loss include:						
Depreciation & amortization	<u>\$ 571,453</u>	<u>\$ 705,814</u>	<u>\$ 65,318</u>	<u>\$ 4,932</u>	<u>(\$ 57)</u>	<u>\$ 1,347,460</u>
Segment assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,909,720</u>	<u>\$ 48,909,720</u>
Segment liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,679,180</u>	<u>\$ 9,679,180</u>

2) For the Year Ended December 31, 2020 & December 31, 2020

Items	Petrochemistry Dept.	TV Media Dept.	Packaging Material Dept.	Other Departments	Adjustment (reconciliation) and elimination	Total
Revenues						
Revenues from external customers	\$ 13,190,962	\$ 1,856,345	\$ 1,519,235	\$ 9,242	\$ -	\$ 16,575,784
Revenues between segments	1,013,978	-	49,198	69	(1,063,245)	-
Total revenues	<u>\$ 14,204,940</u>	<u>\$ 1,856,345</u>	<u>\$ 1,568,433</u>	<u>\$ 9,311</u>	<u>(\$ 1,063,245)</u>	<u>\$ 16,575,784</u>
Segment profit or loss	<u>\$ 1,301,090</u>	<u>\$ 397,094</u>	<u>\$ 87,117</u>	<u>(\$ 37,685)</u>	<u>(\$ 9,262)</u>	<u>\$ 1,756,878</u>
Non-operating revenues and expenditures						3,352,473
Net profit before tax from continuing operations unit						<u>\$ 5,109,351</u>
Segment profit or loss include:						
Depreciation & amortization	<u>\$ 613,845</u>	<u>\$ 570,109</u>	<u>\$ 70,206</u>	<u>\$ 4,934</u>	<u>(\$ 137)</u>	<u>\$ 1,258,957</u>
Segment assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,322,368</u>	<u>\$ 36,322,368</u>
Segment liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,202,031</u>	<u>\$ 5,202,031</u>

3) Descriptions on adjustment (reconciliation) and elimination

- A. The revenues between segments were eliminated upon consolidation.
- B. The adjustment (reconciliation) and elimination of segment profit or loss were primarily subject to the elimination of profit or loss between the segments at the moment of consolidation.
- C. Where the amounts to be measured amidst assets and liabilities between segments were not the indications for measurement by decision-makers, the amount to measure assets and liabilities to be disclosed was NT\$0. The amounts of unamortized assets and liabilities were recorded under

items of adjustment (reconciliation).

- (6) Revenues of main products and labor services

Please see descriptions of Note 6(37)

- (7) Territories information

The Group's revenues coming from external customers have been classified based on the locations where the sales or labor services were provided and the noncurrent assets were classified based on the locations where the assets were in, the territories information is as follows:

Territory	Revenues from external customers		Noncurrent assets	
	For the Year	For the Year	December 31,	December 31,
	Ended December	Ended December	2021,	2020
	31, 2021	31, 2020		
Taiwan	\$ 13,979,077	\$ 10,508,107	\$ 7,450,924	\$ 7,559,043
Mainland China	7,031,741	5,149,182	7,331,502	1,337,606
Asia	920,732	776,095	48,260	27,980
Americas	452,128	65,534	-	-
Africa	29,860	60,589	-	-
Europe	129,100	12,163	-	-
Oceania	4,715	4,114	-	-
Total	\$ 22,547,353	\$ 16,575,784	\$ 14,830,686	\$ 8,924,629

Note: Noncurrent assets exclude noncurrent assets held for sale, financial instruments, deferred income tax assets, post-employment benefits assets as well as assets generated by insurance contracts.

- (8) Information on key customers

A single customer with revenues reaching for over 10% of the net consolidated operating revenues of the Group for the years ended December 31, 2021 and 2020, the details were as follows:

Customers	Year Ended December 31, 2021			Customers	Year Ended December 31, 2020		
	Amount	% to net operating revenues	Segment to be reported		Amount	% to net operating revenues	Segment to be reported
Company A	\$ 3,920,651	17.39%	Petrochemistry Department	Company A	\$ 2,644,923	15.96%	Petrochemistry Department