CHINA STEEL CHEMICAL CORPORATION

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2021 Annual Report

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Printed on March 31, 2022

Notice to readers：This English-version annual report is a translation of the Chinese version.
If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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None

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Content

A. Letter to Shareholders

Dear Shareholders,

Thank you for attending our annual shareholders' meeting. We would like to express our deepest gratitude for your long-term love and support. The Company’s 2021 operating results and the overview of the 2022 Business Plan are summarized as follows.

I. 2021 Business Report

(I) Business Overview

Despite the COVID-19 pandemic in 2021, with the various financial policies adopted by governments around the world to save the economy and the increased coverage of vaccination, the global economy bottomed out and took a turn from belt tightening to expansion. The demand for various types of products surged to result in the oil price climbing from USD 30/barrel in the beginning of the year to USD 70/barrel by the end of it. Prices of other raw materials and supplies surged as well. The Company’s operations bottomed out in 2021: selling prices of coal chemical products were on the rise and the market demand for carbon materials also climbed as a result of the proactive developments of the electric vehicle sector and energy storage businesses around the world. Despite the interference from the pandemic, which led to serious port congestion around the world and the surge in ocean freight, our people have worked hard to minimize the impacts. The revenue showed quarterly growths. The consolidated operating income of 2021 came to NTD 7.982 billion and the net profit before tax was NTD 1.313 billion; both showed a growth of 49% and 54%, respectively, from 2020. In the future, the Company will continue to promote respective established plans while at the same time more proactively engaging itself in energy conservation and carbon reduction. Besides setting up a corporate sustainable governance committee, we are defining short-term, mid-term, and long-term ESG (environment, society, corporate governance) goals to help with periodic reflections and improvements. Various expansion constructions are ongoing at the Company’s Pingnan Carbon Materials Plant, too, to address the increase in demand from downstream customers and the continuous developments of new products. The Company’s revenue and profitability are promising in the future.

Significant business results achieved by the Company in 2021 are as follows:

- CSCC's operating revenue and profits achieved the internal budget objectives.
- Transported all by-products such as light oil and coal tar generated from the coking of the CSC Group in time and sold all its products at the market rate.
- Communicate sufficiently with customers to overcome issues encountered in product quality and to improve the uptime of the Pingnan Plant.

(II) Business Plan Implementation Results

1. In 2021, the amount of coal tar processed totaled 251,681 tonnes and that of light oil was 109,154 tonnes. The annual sales volumes of coal tar products and light oil ones came to 237,678 tonnes and 103,088 tonnes, respectively; the annual sales of green mesophase powder and green graphite mesophase powder amounted to 2,553 tonnes.
2. Execution of business plan implementation

Unit: Tonnes

Item		Actual Amount	Budgeted Amount	Deviation	Fulfillment rate (%)
Coal tar products	Production volume	251,140	252,154	(1,014)	100
	Sales Volume	237,678	240,685	(3,007)	99
Light Oil Products	Production volume	102,093	102,546	(453)	100
	Sales Volume	103,088	103,727	(639)	99
Refined Carbon Materials	Production volume	10,337	10,926	(589)	95
	Sales Volume	9,480	9,235	245	103
Coke Products	Sales Volume	78,956	72,570	6,386	109
Trading item	Sales Volume	103,124	103,112	12	100
Processing Item	Processing Volume	356,837	348,464	8,373	102

Relevant consolidated and individual financial information is as follows:
Consolidated Statements of Comprehensive Income

Unit: NTD thousand

Item	2021	2020	Increase (decrease) amount	Increase (decrease) Rate (%)
Operating revenue	7,982,441	5,363,774	2,618,667	49
Operating costs	6,368,496	4,243,881	2,124,615	50
Gross profit	1,613,945	1,119,893	494,052	44
Operating expenses	420,491	349,994	70,497	20
Net operating profit	1,193,454	769,899	423,555	55
Total non-operating income and expenses	119,719	81,120	38,599	48
Profit before income tax	1,313,173	851,019	462,154	54
Net profit for the year	1,096,614	708,027	388,587	55

Item	2021	2020	Increase (decrease) amount	Increase (decrease) Rate (%)
Other comprehensive income (loss) for the year (after tax)	360,048	(29,687)	389,735	1,313
Total comprehensive income for the year	1,456,662	678,340	778,322	115
Net profit (loss) attributable to:				
Owners of the Corporation	1,098,394	716,891	381,503	53
Non-controlling interests	(1,780)	(8,864)	7,084	80
Total comprehensive income (loss) attributable to:				
Owners of the Corporation	1,466,181	702,662	763,519	109
Non-controlling interests	(9,519)	(24,322)	14,803	61

(1) The growths in operating revenues and gross profit in 2021 were the results of the easing impacts from the COVID-19 pandemic and rising oil prices and the increase in the selling prices of primary related products of the Company.

(2) The increase in operating expenses during the period was primarily due to the increase in expenses such as the operating expenses and bonuses as a result of the growths in operating income and profitability.

(3) The increase in non-operating income and expenses during the period was the result of the increase in investment gains measured using the equity method and the increase in income from the sale and valuation gains of financial instruments while the global economy continued to recover.

(4) Based on the above, the net profit after tax for 2021 was NTD 1.097 billion, a year-on-year increase of NTD 389 million or 55% for NTD 708 million.

Parent Company-only Statements of Comprehensive Income

Unit: NTD thousand

Item	2021	2020	Increase (decrease) amount	Increase (decrease) Rate (%)
Operating revenue	7,810,018	5,251,341	2,558,677	49
Operating costs	6,330,900	4,172,681	2,158,219	52
Gross profit	1,479,118	1,078,660	400,458	37
Operating expenses	412,636	339,801	72,835	21
Net operating profit	1,066,482	738,859	327,623	44
Total non-operating income and expenses	243,653	119,434	124,219	104
Profit before income tax	1,310,135	858,293	451,842	53
Net profit for the year	1,098,394	716,891	381,503	53
Other comprehensive income (loss) for the year (after tax)	367,787	(14,229)	382,016	2,685
Total comprehensive income for the year	1,466,181	702,662	763,519	109

(III) Analysis of Income, Expenditure and Profitability

Please refer to the Financial Statements enclosed under Financial Overview of 2021.

(IV) Research and Development

1. Products with a small particle size and high power of the UF series are successfully developed and have been officially sold to famous Japanese and Chinese LIB makers. In addition, significant results have been obtained in the development of coke-based artificial graphite anodes; the performance is comparable to that of commercial fast-charging artificial graphite ones. Trial mass production will be planned.
2. Isotropic graphite blocks are promoted and sold and development of highly pure crucibles is ongoing; they are applied in compounds, semiconductors, and silicon carbide crystal growing crucibles. Samples have been sent to customers for them to try and are approved through initial online evaluations. Samples will be provided for

qualification as requested by customers in the future. This year, purifying process equipment will be added, which will help improve product quality and competitive advantages.

3. With growing demand from end users of super-capacitors and lead-carbon batteries for advanced carbon materials, production lines will be gradually expanded in factories. New products and advanced production technologies for high-voltage super-capacitors will continue to be developed to improve product quality and reduce production costs.

II. Overview of 2022 Business Plan

(I) Operating Policy

1. Create operating revenue, stabilize profits, reduce costs, and improve efficiency.
2. Develop refined products and strengthen quality control.
3. Implement occupational safety management and reinforce experience inheritance.
4. Fulfill social responsibilities and facilitate harmonious labor-management relationship.

(II) Production and Sale Policy

1. Transport all by-products such as coal tar, crude light oil, and coke produced by group companies in time. Smoothly process and produce different products satisfying the demands of the market and customers and make sales in full in due course at the market rate to create greater economic value.
2. Reinforce the expansion of downstream customers, increase the customer base, and continue to develop new suppliers to increase healthy competition and reduce procurement costs.
3. Develop diversification and market width for carbon material products and actively acquiring customers in Europe, Japan, Southeast Asia, and Taiwan.
4. Keep abreast of the growth and plant expansion status of icon customers for carbon materials.
5. Reinforce our advantage of having the only graphitization plant in Taiwan, cooperate with customers, and increase our OEM business to advance our sales and OEM at once, and expand the value chain of our carbon material business.

(III) Estimated Sales Volume

Unit: Tonnes

Item	Production volume	Sales volume
Coal tar products	244,489	237,730
Light oil products	97,158	96,611
Refined carbon materials	14,503	13,520
Coke products	59,400	59,400
Trading item	53,400	53,400
Processing item	337,200	337,200

Note: The relevant data is calculated based on the past experiences of the Company in business and production, and its estimation for the market in the future.

III. Future Development Strategies

To achieve the Company's sustainable operations, we will continue to develop and respond to the changes and challenges in the future market; the Company has established the following strategic development policy and actions plans:

(I) Strategic Development Policy

1. Expand its production capacity for coal chemical products to provide premium services to customers and create a win-win situation.
2. Improve production technology, implement quality management, reduce production costs, and boost operating performance.
3. Increase R&D funding, utilize external resources, tap into new energy and material industries, and diversify the application of carbon materials.
4. Implement industrial safety and environmental protection to avoid occupational hazards and adopt environment-friendly measures to achieve sustainable operations.
5. Improve its labor-capital relationship, care for society, and fulfill its corporate social responsibility.

(I) Action Plan

1. Advanced operations: Expand revenue and profits.
2. Business expansion: Focus on its core technologies and expand its marketing layout.
3. Refined carbon materials development: Integrate the Group's resources to develop green energy products.
4. Energy and environmental protection: Adopt environment-friendly measures and improve the energy utilization rate.

IV. Effects of the External Competitive Environment, Regulatory Environment, and Overall Business Environment

(I) External Competition

1. Due to the unique nature of the coal chemical industry, the Company currently has no competitor in Taiwan, whereas the Company's light oil plants compete with companies in the domestic petrochemical plant sector.
2. The Company's product exports accounted for approximately 43% of the market share, mainly exporting to Australia and Asian countries. Given the massive exports of downstream coal tar products in China in recent years, the Company faces fierce competition regarding products from China, Japan, South Korea, and European countries.
3. Regarding mesophase graphite anode materials, we face competition from natural graphite and other artificial graphite products. Manufacturers in China are devoted to the production and are known for their strengths in throughput. Despite the fact that the strengths of the Company's products in quality remain, price competition is quite intense. In addition, in terms of advanced carbon materials, we also face fierce market competition.
4. Isotropic graphite blocks are still at the product and market development stage at present and are the runner-up on the market. We

need to compete with traditional heavyweights that have secured a market share as usual.

(II) Regulatory Environment

As far as the sector that the Company belongs to is concerned, impacts from regulatory requirements are minimal at present.

(III) Overall Operational Environment

As the vaccination rate in countries around the world climbs and the COVID-19 pandemic eases, the annual growth rate of Taiwan was 6.45% in 2021, a growth of 3.09% from 2020. On the path to recovery, the world was caught in global chip shortage, delayed sea and air logistics, and uneven distribution of vaccines, which further widened differences in the growth rates of economies around the world. In the second half of May, 2021, Taiwan saw a spread of the pandemic. Related preventive measures impacted the service sector. Fortunately, the resumption of economic activities in major economies such as Europe, the US, and China and even revenge spending maximized the export momentum to contribute to foreign trade. The easing monetary policies around the world also drove performance on the financial market.

Looking forward, despite the persistent infectious nature of Omicron, its fatality rate has significantly dropped. It is now being looked at as a flu-like virus in a lot of countries. Cultural and commercial activities are gradually normalized. After the multiple revitalization stimulus packages were introduced by the government, the unemployment rate in Taiwan was improved and domestic demand rose. Overall, Taiwan’s economy remains heated in 2022; both private spending and exports continue to be strong. Affected by the higher baseline, however, it is determined by the Taiwan Institute of Economic Research that the growth in GDP throughout 2022 will drop slightly from 2021 and stand at 4.10%.

The Company's products are closely related to the international economy, with its sales primarily focusing on the Asia region. Besides consolidating our market by means of long-term contracts, we have also provided stable quality and fast delivery terms to ensure our market competitiveness. In addition, we have made use of a flexible product portfolio to create the best interests for the Company.

Finally, on behalf of the Company, we would like to extend our appreciation to all Shareholders for their support. We wish all Shareholders good health and all the best.

Chairman Ching-Fang Tu

President Ming-Dar Fang

Chief Auditor Li-Li Kuo

B. Company Profile

I. Date of Establishment

China Steel Chemical Co., Ltd. (hereinafter referred to as “the Company” or "CSCC") was established on February 3, 1989. The construction of the fine coke treatment plant was completed in October 1991; the coal tar distillation plant was completed in December 1992; the light oil purification plant (I) was completed in March 1993. Subsequently, the equipment debottlenecking project was completed in November 1997; the production capacity improvement of the refined naphthalene unit was completed in April 2009; the construction of light oil treatment plant (II) was completed in April 2010. Currently, the Company's annual production capacity for coal tar and light oil is 260,000 tonnes and 120,000 tonnes, respectively. In addition, from May 2005 to March 2019, the construction of eight mesophase carbonsphere plants was successively completed; currently, our production capacity for carbonsphere is 7,500 tonnes per year. The Pingnan carbon material production plant was completed and put into use in March 2018, with an annual production capacity for mesophase graphite carbonspheres that amounted to 2,000 tonnes per year. By then, we had completed a consistent production system for domestic carbon materials. Approximately 43% and 57% of CSCC's primary products are for foreign sales and domestic sales, respectively. Our quality has been recognized by foreign and domestic suppliers. We have obtained a myriad of certifications, including the ISO9001 Quality System, ISO14001 Environment Management System, ISO45001 Occupational Safety and Health Management System, ISO50001 Energy Management System, and IATF16949: 2016 Quality Management System Standard for the Automotive Industry, and implemented the Plan-Do-Check-Act (PDCA) cycle.

With coal chemical as its bedrock, CSCC has introduced new technologies through years of following operating practices such as professionalism, the pursuit of quality, and pragmatism. We set foot into the field of downstream carbon materials, in order to enhance its competitive advantages. Under its diversified business strategies, CSCC has strengthened the development of its core business of coal chemicals and has invested in multiple firms, including Himag Magnetic Corporation, CHC Resources Corporation, Yung Jia International Co., Ltd., Ever Wealthy International Corporation, Kao Jui Investment Co., Ltd., Lichinglung Investment Co., Ltd, TaiAn Technologies Corporation, Eminent Venture Capital Corporation, Yun Hung Investment Company, Steel Union Development International Limited, China Steel Structure Co., Ltd., Formosa Ha Tinh (Cayman) Limited, China Steel Solar Power Co., Ltd, Eminent III Venture Capital Corporation, and Pro-Ascentek Investment Corporation, etc.

CSCC has well-organized technical teams for production and manufacturing, R&D, and quality assurance, and possesses a comprehensive international sales system that integrates the upstream and downstream production technologies of refined carbon materials to instantly provide the most economically efficient products and services to customers.

Looking forward, CSCC will continue to develop technologies and products that cater to market demands, expand the scale of its existing new products, and actively seek cooperation opportunities. CSCC established its headquarters in Taiwan, and the Company focuses on the Asia market as the leading company in the production and sales of coal chemicals and refined carbon materials.

II. Company History

1. Obtained the company license issued by the Ministry of Economic Affairs (MOEA) for its official establishment in February 1989.
2. Completed the construction of the fine coke processing plant in October 1991.
3. Completed the construction of the coal tar treatment plant in December 1992.
4. Completed the construction of light oil treatment plant (I) in March 1993.
5. Obtained the ISO9002 certification in May 1996; obtained the ISO9001 certification from May 1999 to May 2017; obtained the ISO9001: 2015 certification from September 2018 to August 2021.
6. Completed the coal tar treatment and debottleneck project of the light oil plant in November 1997.
7. Obtained the ISO14001 certification in August 1997; obtained the ISO14001 recertification from March 2001 to February 2022.
8. Listed on the Taiwan Stock Exchange in November 1998.
9. Received the 1st Elite Award in November 2000.
10. Received the 10th National Award of Outstanding SMEs in October 2011.
11. Obtained the OHSAS18001 Occupational Safety and Health Management System certification in March 2002; obtained the OHSAS18001 recertification from March 2005 to March 2017; completed the ISO45001 transition certification in March 2020.
12. Obtained the Quality Control Laboratory CNLA certification in April 2002; obtained the ISO17025 certification from April 2005 to August 2018; obtained the ISO17025: 2017 certification in September 2021.
13. Completed the 400-tonnes mesophase carbonsphere plant construction project in May 2005.
14. Completed the improvement in the production capacity of refined naphthalene production in April 2009.

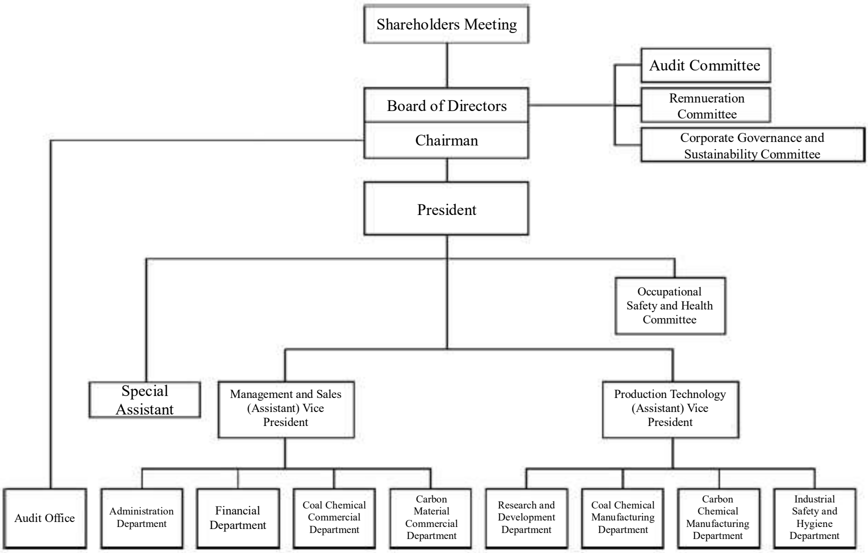
15. Completed the 600-tonnes mesophase carbonsphere plant construction project in March 2010.
16. Completed the light oil treatment plant (II) construction in April 2010.
17. Completed the 1,600-tonnes mesophase carbon microsphere plant construction project in September 2011.
18. Obtained the CNS15506 Taiwan Occupational Safety and Health Management System certification in April 2012; obtained the CNS15506 recertification from March 2016 to March 2019.
19. Obtained the ISO50001 certification in July 2013; obtained the ISO50001 recertification from July 2016 to July 2019; completed the transition certification in October 2019.
20. Obtained the ISO/TS16949 Requirements of A Quality Management System for Organizations in the Automotive Industry certification in October 2013; obtained the ISO/TS16949 recertification in September 2016; obtained the IATF 16949:2016 certification from September 2018 to August 2021.
21. Completed the 2,400-tonnes mesophase carbonsphere plant construction project in December 2013.
22. Received the Energy Saving Leadership Award from the MOEA in November 2014.
23. Acquired 130,340 square meters of land in Pingnan Industrial Park in September 2015.
24. Invested in a joint venture with Formosa Ha Tinh (Cayman) Limited in January 2016.
25. Completed the Pingnan Carbon Material Production Plant, and it was put into use in March 2018.

26. The Pingnan Carbon Materials Plant obtained the IATF16949:2016 compliance certification and ISO 9001: 2015 Quality Management System certification October 2018.
27. Received the Silver Award of the 2018 Taiwan Corporate Sustainability Awards in November 2018.
28. Completed the 2,500-tonnes mesophase carbon microsphere plant construction project in March 2019.
29. The Pingnan Carbon Materials Plant obtained the IATF16949:2016 Quality Management System Standard for the Automotive Industry certification in September 2019.
30. Completed certification of the Pingnan Carbon Materials Plant in October 2019 and included it in the Company's ISO50001 Energy Management System.
31. Received the Sustainable Elite Award issued by SGS, and 2019 Corporate Sustainability Award - Corporate Comprehensive Performance, and 2019 Taiwan Sustainable Enterprise Comprehensive Performance Award and Corporate Sustainability Report - Gold Award from TCSA in November 2019.
32. Received the Corporate Sustainability Report - Gold Award from TCSA in November 2020.
33. Received the "Sustainability Reports - Traditional Manufacturing Sector - Gold Award" from TCSA in November 2021.
34. Obtained Grade A Taiwan Intellectual Property Management System (TIPS) patient and trademark certifications in December 2021.

C. Corporate Governance Report

I. Organization

(I) Organization Structure



(II) Department Functions

1. Audit Office: Responsible for the execution of annual audits and the execution and supervision of internal control.
2. Research and Development Department: Responsible for the execution and supervision of technology and R&D plans.
3. Administrative Department: Responsible for the execution and supervision of human affairs, administration, and information planning, as well as the management of investments in investee companies.
4. Coal Chemical Commercial Department: Responsible for the planning, execution, and supervision of coal chemical products' sales and purchases.

5. Coal Chemical Manufacturing Department: Responsible for the planning, execution, and supervision of coal chemical products' production, maintenance, and quality control.
6. Carbon Material Commercial Department: Responsible for the planning, execution, and supervision of carbon materials products' sales.
7. Finance Department: Responsible for the planning, execution, and supervision of finance, accounting, and stock affairs.
8. Industrial Safety and Hygiene Department: Responsible for the planning, execution, and supervision of safety, health, fire safety, and environmental protection.
9. Carbon Chemical Manufacturing Department: Responsible for the planning, execution, and production supervision, maintenance, and quality control of carbon material products.

II. Information on the Director, President, Vice President, and Managers of Departments

(I) Director Information (1)

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected (Inaugurated)	Term	Date First Elected	Shareholding When Elected (Thousand shares)		Current Shareholding (Thousand shares)		Current Shareholding of Spouse and Minors		Current Shareholding in the Name of Others	
							Number of Shares	Shareholding ratio (%)	Share(s)	Shareholding ratio (%)	Share(s)	Shareholding ratio (%)	Share(s)	Shareholding ratio (%)
Chairman	Republic of China	Ching-Fang Tu Note 1	Male 64	Took office on May 31, 2021	3	1988.12.21	68,787 *14	29.04% *0.006%	68,787 *14	29.04% *0.006%	0 *5	– *0.002%	0 *0	–
Director	Republic of China	Chao-Tung Wong Note 1	Male 68	Elected on June 23, 2019	3	1988.12.21	68,787 *4	29.04% *0.002%	68,787 *4	29.04% *0.002%	0 *2	– *0.001%	0 *0	–
Director	Republic of China	Shyi-Chin Wang Note 1	Male 65	Elected on June 23, 2019	3	1988.12.21	68,787 *0	29.04% *0%	68,787 *0	29.04% *0%	0 *0	–	0 *0	–
Director	Republic of China	Ming-Dar Fang Note 1	Male 61	Elected on June 23, 2019	3	Elected on May 14, 2014 Took office on June 11, 2014	68,787 *5	29.04% *0.002%	68,787 *5	29.04% *0.002%	0 *0	–	0 *0	–
Director	Republic of China	Kung-Yi Ku Note 2	Male 39	Elected on June 23, 2019	3	Elected on May 8, 2001 Took office on June 11, 2001	11,759 *0	4.96% *0%	11,759 *0	4.96% *0%	0 *0	–	0 *0	–
Director	Republic of China	Tien-Fu Chao Note 2	Male 69	Elected on June 23, 2019	3	1988.12.21	11,759 *0	4.96% *0%	11,759 *0	4.96% *0%	0 *0	–	0 *0	–
Independent Director	Republic of China	Hsing-Shu Hsieh	Male 68	Elected on June 23, 2019	3	Elected on June 16, 2016 Took office on June 23, 2016	*0	*0%	*0	*0%	*0	–	*0	–
Independent Director	Republic of China	Yuan-Hung Wang	Male 53	Elected on June 23, 2019	3	Elected on June 16, 2016 Took office on June 23, 2016	*0	*0%	*0	*0%	*0	–	*0	–
Independent Director	Republic of China	Tsun-Tsi Hsu	Female 58	Elected on June 23, 2019	3	Elected on June 23, 2019	*0	*0%	*0	*0%	*0	–	*0	–

Note 1: Ching-Fang Tu, Chao-Tung Wong, Shyi-Chin Wang, and Ming-Dar Fang are the representatives of China Steel Corporation. On May 31, 2021, China Steel Corporation had Representative Ching-Fang Tu to replace Wen-Ge Lo instead.

Note 2: Kung-Yi Ku and Tien-Fu Chao are the representatives of International CSRC Investment Holdings Co., Ltd.

Note 3: The concurrent positions of Directors and Supervisors at the Company and at other companies are listed below.

Note 4: * refers to the number of shares held by the individual and its shareholding.

As of March 31, 2022

Education and work experience	Current positions at CSCC and other companies	Executives, Directors or Independent Directors who are Spouses or Within the Second Degree of Kinship		
		Title	Name	Relation
Assistant Vice President of China Steel Corporation, Chairman of Himag Magnetic Corporation Ph.D in Chemical Engineering, Vanderbilt University, U.S.A	Note 3	—	—	—
Chairman of China Steel Corporation; PhD in Resources Engineering, National Cheng Kung University	Note 3	—	—	—
Deputy Executive President of China Steel Corporation; PhD in Material Science, National Sun Yat-sen University	Note 3	—	—	—
Vice President of China Steel Chemical Corporation; PhD in Chemical and Materials Engineering, National Kaohsiung University of Science & Technology	Note 3	—	—	—
Chairman of International CSRC Investment Holdings Co., Ltd. and Taiwan Cement Corporation; Director of Tai He Development Co., Ltd.; Vice President of Investment Banking Division of Morgan Stanley; MBA, Wharton School of the University of Pennsylvania, U.S.A	Note 3	—	—	—
President of Taiwan Prosperity Chemical Corporation; Master of Chemical Engineering, National Taiwan University	Note 3	—	—	—
Representative of Hsing-Shu Hsieh CPA firm; Bachelor in Accounting, National Chengchi University; EMBA, National Chung Cheng University; passed the CPA Examination	Note 3	—	—	—
Managing Partner of Yung Hua Commercial Law Offices; Bachelor in Business Administration, National Cheng Kung University; passed the Attorneys' Examination	Note 3	—	—	—
Head of Taiwan ASEAN Studies Center of Chung-Hua Institution for Economic Research; associate researcher of WTO Center under Chung-Hua Institution for Economic Research; consultant of Chinese National Federation of Industries; Master of Law, Soochow University	Note 3	—	—	—

Note 3

Name	Concurrent positions in the Company and in other companies
Ching-Fang Tu	Director: Changzhou China Steel Chemical New Materials Technology Co., Ltd., Formosa Ha Tinh CSCC (Cayman) Limited, China Steel Structure Co., Ltd., Pro-Ascentek Investment Corporation
Chao-Tung Wong	Chairman: China Steel Corporation Director: Dragon Steel Corporation, China Steel Chemical Corporation, Chung Hung Steel Corporation, China Ecotek Corporation, Pro-Ascentek Investment Corporation, Taiwan High Speed Rail Corporation, China Petrochemical Development Corporation, InfoChamp Systems Corporation, Gains Investment Corporation, China Steel Global Trading Corporation
Shyi-Chin Wang	Chairman: Dragon Steel Corporation, China Steel Power Holding Corporation, China Steel Power Corporation President: China Steel Corporation Director: China Steel Corporation; China Steel Express Corporation; China Ecotek Corporation; China Steel Chemical Corporation; Gains Investment Corporation; China Steel Security Corporation
Ming-Dar Fang	Chairman: Ever Wealthy International Corporation, Changzhou China Steel Chemical New Materials Technology Co., Ltd President: China Steel Chemical Corporation Director: Formosa Ha Tinh CSCC (Cayman) Limited, Eminent III VC Corporation, ThinTech Materials Technology Co., Ltd. Supervisor: Eminent VC Corporation
Kung-Yi Ku	Chairman: International CSRC Investment Holdings Co., Ltd., Taiwan Prosperity Chemical Corporation Director: Taiwan Cement Ltd., Tai He Development Co., Ltd.
Tien-Fu Chao	President: Taiwan Prosperity Chemical Corporation
Hsing-Shu Hsieh	Responsible person: Hsing-Shu Hsieh CPA Firm Director: Tsang Yow Industrial Co., Ltd.
Yuan-Hung Wang	Managing partner: Yung Hua Commercial Law Offices
Tsun-Tsi Hsu	Chief: Taiwan ASEAN Studies Center of Chung-Hua Institution for Economic Research Associate researcher: WTO Center of Chung-Hua Institution for Economic Research Part-time researcher: Taiwan-Asia Exchange Foundation Committee Member: International Economic Relation Committee of the General Chamber of Commerce of the Republic of China and "Trade Development Committee" and "International Affairs Committee" of the Chinese National Federation of Industries. Consultant: Association of Foreign Relations, "International Government Procurement Affairs" of the Taiwan External Trade Development Council, and the Council of Taiwanese Chambers of Commerce in Vietnam

Table 1: Major shareholders of directors that are institutional shareholders

March 31, 2022

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders
China Steel Corporation	Ministry of Economic Affairs (20.00%), Employee's Stock Ownership Trust of China Steel Structure Co., Ltd. under the custody of Mega International Commercial Bank Co., Ltd. (2.53%), Fubon Life Insurance Co., Ltd. (2.50%), Transglory Investment Corporation (1.63%), New Labor Pension Fund (1.47%), Old Labor Pension Fund (1.10%), Vanguard Emerging Markets Stock Index Fund under the custody of JP Morgan Chase Bank N.A. Taipei Branch (1.08%), Winning Investment Corporation (1.01%), J. P. Morgan Chase Bank N.A. Taipei Branch as Trustee of Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds (1.01%), Public Service Pension Fund Management Board (0.74%)
International CSRC Investment Holdings Co., Ltd.	Taiwan Cement Corporation (15.59%), CITIC Investment Corp. (7.92%), Xinchang Investment Corp. (2.23%), Fupin Investment Corp. (1.72%), Zhongcheng Development Investment Corp. (1.50%), Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds, in custody of JPMorgan Chase Bank N.A., Taipei Branch (1.29%), Special Investment Account of Vanguard Emerging Markets ETC in custody of Morgan Chase Bank Taipei Branch (1.27%), Union Cement Traders, Inc. (1.16%), TransGlobe Life Insurance Inc. (1.04%), Special Investment Account of Norwegian Central Bank, in custody of Citibank Taiwan (0.85%)

Table 2: Major Shareholders of the Company's Major Institutional Shareholders in Table 1

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholder
Fubon Life Insurance Co., Ltd.	Fubon Financial Holding Co., Ltd. (100%)
Transglory Investment Corporation	China Steel Express Corporation (49.89%); Chung Hung Steel Corporation (40.91%); China Steel Chemical Corporation (9.20%)
Winning Investment Corporation	Gains Investment Corporation (49.00%); Maruichi Investment Co., Ltd. (42.00%); Transglory Investment Corporation (9.00%)
Taiwan Cement	CITIC Investment Corp. (3.95%), Chia Hsin Cement Corp.

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholder
Ltd.	(3.56%), Taiwan Life Insurance Co., Ltd. (1.99%), Labor Retirement Reserve Fund (The Old Fund) (1.80%), Fubon Life Insurance Co., Ltd. (1.77%), Tong Yang Chia Hsin International Corporation (1.74%), International CSRC Investment Holdings Co., Ltd. (1.69%), Taiwan Cooperative Financial Holding Co., Ltd. (1.68%), Heng Qiang Investment Co., Ltd. (1.67%), Cathay Life Insurance Co., Ltd. (1.56%)
CTBC Investment Co., Ltd.	Heng Qiang Investment Co., Ltd. (23.38%); Fortune Quality Investment Ltd. (23.33%); Taiwan Cement Corporation (9.36%); International CSRC Investment Holdings Co., Ltd. (4.48%); Taiwan Prosperity Chemical Corporation (3.45%); Hoping Industrial Port Corporation (3.31%); Kung Ching International Development Co., Ltd. (2.97%); Qiao Tai Investment Co., Ltd. (2.77%); Chung Ho Spinning Co., Ltd. (2.31%); Ta-Ho Maritime Corporation (2.09%)
Taiwan Prosperity Chemical Corporation (100%)	Taiwan Cement Ltd. (100%)
Fortune Quality Investment Ltd.	Hsuan-Hui Ku (49.9995%), Tien-Yi Ho (25.10%), Kung-Kai Ku (24.90%)
TransGlobe Life Insurance Inc.	Zhongwei Co., Ltd. (100%)
Chungcheng Development and Investment Co., Ltd.	International CSRC Investment Holdings Co., Ltd. (100%)
Union Cement Traders, Inc.	Taiwan Prosperity Chemical Corporation (100%)

(I) Disclosure of Professionalism of Directors and Supervisors and Independence of Independent Directors(2)

Criteria / Name		Professionalism and experience	Independence (Note 1)				Number of companies where the person serves as an independent director
			1	2	3	4	
Director	Wen-Ge Lo Relieved from the position on May 31, 2021	Masters of Metallurgy, Carnegie Mellon University, U.S.; Vice President, China Steel Corporation; Chairman of CSCC	No	0 0%	No	0	0
Director	Ching-Fang Tu Took office on May 31, 2021	Ph.D in Chemical Engineering, Vanderbilt University, U.S.A; Assistant Vice President, China Steel Corporation; Chairman of CSCC	No	19 0.008%	No	0	0
Director	Chao-Tung Wong	PhD in Resources Engineering, National Cheng Kung University; President, China Steel Corporation; Chairman of China Steel Corporation	No	6 0.003%	No	0	0
Director	Shyi-Chin Wang	PhD in Material Science, National Sun Yat-sen University; Executive Vice President, China Steel Corporation; President, China Steel Corporation	No	0 0%	No	0	0
Director	Ming-Dar Fang	Ph.D in Chemical Materials, National Kaohsiung University of Science and Technology Vice President, Production Technology Division, CSCC; President of China Steel Chemical Corporation	No	5 0.002%	No	0	0

Criteria / Name		Professionalism and experience	Independence (Note 1)				Number of companies where the person serves as an independent director
			1	2	3	4	
Director	Kung-Yi Ku	MBA, Wharton School of the University of Pennsylvania, U.S.A; Chairman of Taiwan Cement Corporation; Chairman of International CSRC Investment Holdings Co., Ltd.	No	0 0%	No	0	0
Director	Tien-Fu Chao	Master of Chemical Engineering, National Taiwan University; Vice President of CAPCO Co., Ltd.; President of Taiwan Prosperity Chemical Corporation	No	0 0%	No	0	0
Independent Director	Hsing-Shu Hsieh	Department of Accounting, National Chengchi University; EMBA, Business School, National Chung Cheng University; Passed the advanced CPA national exam; Person in charge of Hsing-Shu Hsieh Accounting Firm; Director of Tsang Yow Industrial Co., Ltd.	No	0 0%	No	0	0
Independent Director	Yuan-Hung Wang	Department of Business Administration, National Cheng Kung University; Passed the advanced Attorneys national exam; Attorney at Deloitte & Touche Taiwan; Managing Partner of Yung Hua Commercial Law Firm	No	0 0%	No	0	0

Criteria / Name		Professionalism and experience	Independence (Note 1)				Number of companies where the person serves as an independent director
			1	2	3	4	
Independent Director	Tsun-Tsi Hsu	Master of Law, Soochow University; Associate research fellow at the WTO Center of Chung-Hua Institution for Economic Research; Director at the Taiwan ASEAN Studies Center of Chung-Hua Institution for Economic Research; Member of the International Affairs Committee, Chinese National Federation of Industries	No	0 0%	No	0	0

Note 1: (1) Including, without limitation, whether or not the independent director himself/herself, his/her spouse, or a relative within the second degree of kinship is serving as the director, supervisor of, or working for the Company or any of its affiliates.

(2) The thousand number and weight of shares the independent director himself/herself, his/her spouse, or a relative within the second degree of kinship holds.

(3) Whether or not the independent director himself/herself, his/her spouse, or a relative within the second degree of kinship is serving as the director, supervisor of, or working for a company in a specific relationship with the Company (refer to the requirements in Article 3 Paragraph 1 Sub-paragraphs 5-8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.

(4) The amount of rewards received for business, legal affairs, financial affairs, and accounting services provided over the past two years to the Company or any of its affiliates.

Note 2: For information on the diversification and independence of the Board of Directors, refer to Exhibit 3 Status of Corporate Governance on Page 54.

(II) Information on the President, Vice President and Managers of Departments

Title	Nationality	Name	Gender	Date inaugurated	Shares held		Shares held by the spouse or any underage child		Shares held in someone else’s name		Education and work experience
					Share(s)	Shareholding ratio (%)	Share(s)	Shareholding ratio (%)	Share(s)	Shareholding ratio (%)	
President	Republic of China	Ming-Dar Fang	Male	2019.02.01	4,907	0.002%	0	—	0	—	PhD in Chemical and Materials Engineering, National Kaohsiung University of Science & Technology Vice President of China Steel Chemical Corporation
Vice President	Republic of China	Yi-Hung Chen	Male	2021.10.31	0	—	0	—	0	—	Bachelor in Mechanical Engineering, National Sun Yat-sen University Deputy Director for projects of China Steel Corporation
Vice President	Republic of China	Wen-Liang Tseng	Male	2021.10.31	417	—	0	—	0	—	Master’s degree, Department of Chemical and Materials Engineering, National Kaohsiung University of Science and Technology CSCC Chief Plant Director
Chief Auditor	Republic of China	Kuan-Jen Fang	Male	2021.11.30	0	—	3,119	0.001%	0	—	Department of Accounting, Chung Yuan Christian University Manager of CSCC
General Manager	Republic of China	Chien-Kuang Tung	Male	2018.10.22	8,818	0.003%	8,000	0.003%	0	—	Master in Chemical Engineering, National Cheng Kung University CSCC Deputy Plant Director

Title	Nationality	Name	Gender	Date inaugurated	Shares held		Shares held by the spouse or any underage child		Shares held in someone else's name		Education and work experience
					Share(s)	Shareholding ratio (%)	Share(s)	Shareholding ratio (%)	Share(s)	Shareholding ratio (%)	
Acting Director	Republic of China	Yu-Cheng Lin	Male	2021.10.31	736	—	0	—	0	—	Master of Wealth Management, National Kaohsiung University of Science and Technology Manager of CSCC
Assistant General Manager	Republic of China	Tong-A Lin	Male	2020.12.01	242	—	0	—	0	—	Department of Textile, Feng Chia University Manager of CSCC
General Superintendent	Republic of China	Wen-Bin Chiang	Male	2018.06.01	0	—	13,276	0.006%	0	—	Master in Chemical Engineering, National Tsing Hua University CSCC Chief Director
Assistant General Superintendent	Republic of China	Hsing-Yao Chang	Male	2018.02.01	68,619	0.03%	0	—	0	—	Bachelor in Chemical Engineering, Chung Yuan Christian University CSCC Supervisor
Assistant General Superintendent	Republic of China	Cheng-He Li	Male	2019.01.01	0	—	0	—	0	—	Bachelor in Mechanical Engineering, Chung Yuan Christian University CSCC Supervisor
Vice Project General Manager	Republic of China	Jing-Liao Hsu	Male	2021.03.16	0	—	0	—	0		MBA, National Sun Yat-sen University CSCC Supervisor
General Manager	Republic of China	Li-Li Kuo	Female	2019.08.01	1,000	—	0	—	0	—	Master in Finance, National Sun Yat-sen University CSCC Deputy Director

Title	Nationality	Name	Gender	Date inaugurated	Shares held		Shares held by the spouse or any underage child		Shares held in someone else's name		Education and work experience
					Share(s)	Shareholding ratio (%)	Share(s)	Shareholding ratio (%)	Share(s)	Shareholding ratio (%)	
General Manager	Republic of China	Yung-Chuan Chen	Male	2018.06.01	25,136	0.011%	13,000	0.005%	0	—	Master in Safety, Health and Environmental Engineering, National Kaohsiung University of Science and Technology, CSCC Deputy Plant Director
General Superintendent	Republic of China	Shun-Chi Hsu	Male	2020.02.01	913	—	0	—	0	—	Bachelor in Mechanical Engineering, National Sun Yat-sen University CSCC Deputy Plant Director
Assistant General Superintendent	Republic of China	Yung-Hung Tseng	Male	2015.01.12	95,435	0.04%	50,000	0.02%	0	—	MBA, National Sun Yat-sen University CSCC Supervisor
Assistant General Superintendent	Republic of China	Chien-Ping Chao	Male	2020.02.01	0	—	0	—	0	—	Bachelor in Chemical Engineering, Chung Yuan Christian University CSCC Supervisor

March 31, 2022

Current Positions at Other Companies	Managers who are Spouses or Within two Degrees of Kinship		
	Title	Name	Relation
Chairman of Ever Wealthy International Corporation and Changzhou China Steel Chemical New Materials Technology Co., Ltd.; Director of Formosa Ha Tinh CSCC (Cayman) Limited, Eminent III VC Corporation and ThinTech Materials Technology Co., Ltd.; Supervisor of Eminent VC Corporation.	None	None	None
Director of CHC Resources Corporation and Formosa Ha Tinh CSCC (Cayman) Limited; Supervisor of Changzhou China Steel Chemical New Materials Technology Co., Ltd. And Transglory Investment Corporation.	None	None	None
Supervisor of Himag Magnetic Co.	None	None	None
	None	None	None
Director of Yeong Long Technologies Co., Ltd.	None	None	None
	None	None	None
	None	None	None
Supervisor of Steel Union International Development Corporation and Huayang Aluminium-Tech Co., Ltd.	None	None	None
	None	None	None
	None	None	None
	None	None	None
Supervisor of Li-Ching-Long Investment Corporation, Ding Da Investment Corporation and Sheng Lih Dar Investment Corporation.	None	None	None
	None	None	None
	None	None	None
	None	None	None
Director of Changzhou China Steel Chemical New Materials Technology Co., Ltd	None	None	None

III. Remuneration Paid to Directors, the President, and Vice President in the Latest Year

(III) Remuneration of Directors and Independent Directors

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="8">Remuneration of Directors</th><th colspan="2">Ratio of the Sum of Items A, B, C, and D to Net Income After Tax (%)</th></tr>
<tr><th colspan="2">Remuneration (A)</th><th colspan="2">Severance Pay and Retirement Pension (B)</th><th colspan="2">Remuneration of Director (C)</th><th colspan="2">Business execution expenses (D)</th><th colspan="2"></th></tr>
<tr><th>The Company</th><th>All Companies in the Financial Report</th><th>The Company</th><th>All Companies in the Financial Report</th><th>The Company</th><th>All Companies in the Financial Report</th><th>The Company</th><th>All Companies in the Financial Report</th><th>The Company</th><th>All Companies in the Financial Report</th></tr>
<tr><td rowspan="2">Chairman</td><td>Wen-Ge Lo (Representative of China Steel Corporation)</td><td rowspan="7">0</td><td rowspan="7">0</td><td rowspan="7">0</td><td rowspan="7">0</td><td rowspan="7">9,889</td><td rowspan="7">9,889</td><td rowspan="7">1,050</td><td rowspan="7">1,050</td><td rowspan="7">1.00%</td><td rowspan="7">1.00%</td></tr>
<tr><td>Ching-Fang Tu (Representative of China Steel Corporation)</td></tr>
<tr><td>Director</td><td>Chao-Tung Wong (Representative of China Steel Corporation)</td></tr>
<tr><td>Director</td><td>Shyi-Chin Wang (Representative of China Steel Corporation)</td></tr>
<tr><td>Director</td><td>Ming-Dar Fang (Representative of China Steel Corporation)</td></tr>
<tr><td>Director</td><td>Kung-Yi Ku (Representative of International CSRC Investment Holdings Co., Ltd.)</td></tr>
<tr><td>Director</td><td>Tien-Fu Chao (Representative of International CSRC Investment Holdings Co., Ltd.)</td></tr>
<tr><td>Independent Director</td><td>Hsing-Shu Hsieh</td><td rowspan="3">1,800</td><td rowspan="3">1,800</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">524</td><td rowspan="3">524</td><td rowspan="3">0.21%</td><td rowspan="3">0.21%</td></tr>
<tr><td>Independent Director</td><td>Yuan-Hung Wang</td></tr>
<tr><td>Independent Director</td><td>Tsun-Tsi Hsu</td></tr>
</table>

1. The policy, system, standards and structure of the remuneration packages of the Independent Directors and explain the relevance of the amount of remuneration paid to them based on factors such as responsibility, risk and time commitment:
   (1) Independent directors are provided with fixed remuneration totaling NTD 50,000 per

person per month. They do not collect the remuneration for Directors specified in Article 26 of the Articles of Incorporation. The Company's profit or loss does not affect the fixed remuneration of.

(2) Independent Directors are required to attend meetings of the Board of Directors with transportation allowances paid by the Company.

(3) Where Independent Directors serve as members of the functional committees of the Board of Directors, they shall attend the meetings of the functional committees and the Company shall pay attendance fees based on their actual attendance.

2. Except for the disclosures made in the above table, the remuneration received by Directors for their services provided to all the companies in the financial report (such as assuming the position as a consultant that is not an employee) in the latest year: None.

Note: 1. Regard the remuneration of the Company's Directors, the remuneration is fully paid to the corporation represented by the Director who is the representative of the corporation.

2. On May 31, 2021, China Steel Corporation had Representative Ching-Fang Tu to replace Wen-Ge Lo instead.

2021 Unit: NT$000'/%

Relevant Remuneration Received by Directors who Are Also Employees								Ratio of the Sum of Items A, B, C, D, E, F, and G to Net Income After Tax (%)		Compensation Paid to Directors from the Parent Company or an Invested Company Other than the Company's Subsidiary
Salaries, Bonuses, and Allowances (E)		Severance Pay and Retirement Pension (F)		Employee Compensation (G)						
				The Company		All Companies in the Financial Report				
The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	Amount in Cash	Amount in Stock	Amount in Cash	Amount in Stock	The Company	All Companies in the Financial Report	
8,078	8,174	303 (Note 2)	303 (Note 2)	2,710 (Note 3)	0	2,710 (Note 3)	0	2.00%	2.01%	39,554
0	0	0	0	0	0	0	0	0.21%	0.21%	0

Range of Remunerations Paid to Directors of the Company	Name of Director	
	Total amount of the 4 preceding remunerations (A+B+C+D)	
	The Company	The parent company and all investees (I)
Less than NTD 1,000,000	Wen-Ge Lo, Ching-Fang Tu, Chao-Tung Wong, Shyi-Chin Wang, Ming-Dar Fang, Kung-Yi Ku, Tien-Fu Chao, Hsing-Shu Hsieh, Yuan-Hung Wang, and Tsun-Tsi Hsu	Wen-Ge Lo, Ching-Fang Tu, Chao-Tung Wong, Shyi-Chin Wang, Ming-Dar Fang, Kung-Yi Ku, Tien-Fu Chao, Hsing-Shu Hsieh, Yuan-Hung Wang, and Tsun-Tsi Hsu
NTD 1,000,000 (inclusive) to NTD 2,000,000 (exclusive)	None	None
NTD 2,000,000 (inclusive) to NTD 3,500,000 (exclusive)	International CSRC Investment Holdings Co., Ltd.	International CSRC Investment Holdings Co., Ltd.
NTD 3,500,000 (inclusive) to NTD 5,000,000 (exclusive)	None	None
NTD 5,000,000 (inclusive) to NTD 10,000,000 (exclusive)	China Steel Corporation	China Steel Corporation
NTD 10,000,000 (inclusive) to NTD 15,000,000 (exclusive)	None	None
NTD 15,000,000 (inclusive) to NTD 30,000,000 (exclusive)	None	None
NTD 30,000,000 (inclusive) to NTD 50,000,000 (exclusive)	None	None
NTD 50,000,000 (inclusive) to NTD 100,000,000 (exclusive)	None	None
Over NTD 100,000,000	None	None
Total	12	12

Note 1: Regarding the remuneration of the Company's Directors, the remuneration is fully paid to the corporation represented by the Director who is the representative of the corporation.

Name	
Total amount of the 7 preceding remunerations (A+B+C+D+E+F+G)	
The Company	All Companies in the Financial Report(J)
Wen-Ge Lo, Chao-Tung Wong, Shyi-Chin Wang, Kung-Yi Ku, Tien-Fu Chao, Hsing-Shu Hsieh, Yuan-Hung Wang, and Tsun-Tsi Hsu	Wen-Ge Lo, Chao-Tung Wong, Shyi-Chin Wang, Kung-Yi Ku, Tien-Fu Chao, Hsing-Shu Hsieh, Yuan-Hung Wang, and Tsun-Tsi Hsu
-	-
International CSRC Investment Holdings Co., Ltd.	International CSRC Investment Holdings Co., Ltd.
Ching-Fang Tu	Ching-Fang Tu
Ming-Dar Fang, China Steel Corporation	Ming-Dar Fang, China Steel Corporation
None	None
None	None
None	None
None	None
None	None
12	12

(IV) Remuneration of the President and Vice President

Title	Name	Salary (A)		Severance Pay and Retirement Pension (B)		Bonus and Allowance (C)	
		The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report
President	Ming-Dar Fang	5,365	5,365	402	402	4,742	4,710
Vice President	Chu-Kai Huang						
Vice President	Yi-Hung Chen						
Vice President	Wen-Liang Tseng						

Note: Chu-Kai Huang retired on October 29, 2021; Yi-Hung Chen succeeded as Vice President on October 31, 2021; Wen-Liang Tseng was promoted to be the Vice President on October 31, 2021.

Range of Remuneration Paid to the President and Vice Presidents of the Company	Names of the President and Vice president	
	The Company	All Companies in the Financial Report (E)
Less than NTD 1,000,000	None	None
NTD 1,000,000 (inclusive) to NTD 2,000,000 (exclusive)	Yi-Hung Chen, Wen-Liang Tseng	Yi-Hung Chen, Wen-Liang Tseng
NTD 2,000,000 (inclusive) to NTD 3,500,000 (exclusive)	None	None
NTD 3,500,000 (inclusive) to NTD 5,000,000 (exclusive)	Chu-Kai Huang	Chu-Kai Huang
NTD 5,000,000 (inclusive) to NTD 10,000,000 (exclusive)	Ming-Dar Fang	Ming-Dar Fang
NTD 10,000,000 (inclusive) to NTD 15,000,000 (exclusive)	None	None
NTD 15,000,000 (inclusive) to NTD 30,000,000 (exclusive)	None	None
NTD 30,000,000 (inclusive) to NTD 50,000,000 (exclusive)	None	None
NTD 50,000,000 (inclusive) to NTD 100,000,000 (exclusive)	None	None
Over NTD 100,000,000	None	None
Total	4	4

2021 Unit: NT$000'/%

Employee Compensation (D)				Ratio of the Sum of Items A, B, C, and D to Net Income After Tax (%)		Compensation Paid to Directors from the Parent Company or an Invested Company Other than the Company's Subsidiary
The Company		All Companies in the Financial Report		The Company	All Companies in the Financial Report	
Amount in Cash	Amount in Stock	Amount in Cash	Amount in Stock			
3,074	0	3,074	0	1.24%	1.24%	247

(V) Name of the Managers Distributing the Remuneration of Employees and the Distribution

2021 Unit: NT$000'/%

Title	Name	Amount in Stock	Amount in Cash	Total	Rate of Total Amount to Pure Profits After Tax (%)
President	Ming-Dar Fang	0	3,074	3,074	0.28%
Vice President	Chu-Kai Huang				
Vice President	Yi-Hung Chen				
Vice President	Wen-Liang Tseng				

Note: Chu-Kai Huang retired on October 29, 2021; Yi-Hung Chen succeeded as Vice President on October 31, 2021; Wen-Liang Tseng was promoted to be the Vice President on October 31, 2021.

(VI) Separate comparisons and descriptions on the analysis of the ratio of the total remuneration paid to the Directors, Independent Directors, President, and Vice President by the Company and all companies in the consolidated financial statements to net income after tax in the standalone or individual financial reports for the latest two years, and explain the connections between the policy, standards, and package of remuneration payment, procedures for determining the remuneration, and operating performance, and future risks.

Title	2021		2020	
	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements
Director	2.07%	2.08%	2.08%	2.09%
Independent Director	0.21%	0.21%	0.32%	0.32%
President and Vice Presidents	1.24%	1.24%	1.38%	1.39%

The connections between the policy, standards, and package of remuneration payment, procedures for determining the remuneration, and operating performance and future risks:

1. Directors: The traffic allowance of Directors, the compensation of Independent Directors, and the salary of the Chairman shall be determined by the Board with reference to the standards within the industries and of listed companies. The remuneration of Directors include the remuneration of Directors and allowance for business execution, and the distribution ratio for the remuneration of Directors (excluding Independent Directors) shall be subject to the requirements under Article 26 of the Company's Articles of Association: "Where the Company recorded any profit for the year, the Board shall resolve to appropriate no less than 1‰ as the remuneration to employees and no more than 1% as that to directors; the distribution targets for the remuneration of employees include employees of subsidiaries fulfilling certain conditions. When the Company has accumulated losses, the amount for compensating such losses shall be preserved before appropriating the remuneration of employees and remuneration of Directors according to the ratio in the previous paragraph." For the remuneration of an individual Director or Supervisor (excluding Independent Directors), the results of the Directors' performance evaluation based on Article 9 of the Company's Regulations for the Performance Evaluation of the Board of Directors are the basis for determining the remuneration allocation of the individual Director. The evaluation aspects include: Understanding of the Company's goals and tasks, understanding of the duties and functions of Directors, level of participation in corporate operations, internal relationship management and communication, professional and continuing education for Directors, and internal control. The Company completed its Directors'

performance evaluation for 2021, and established the principles for allocating the remuneration of Directors based on the Regulations for the Performance Evaluation of the Board of Directors; subsequently, the Company will distribute it following the distribution principles after the amount to be distributed is calculated with the weights converted to on the basis of individual directors’ performance evaluation findings. Independent Directors receive fixed compensation monthly without participating in the distribution of Directors' remuneration mentioned above. Directors of the Company acting as managers or employees shall receive salaries in accordance with the "Regulations Governing the Treatment of Salary and Wages."

2. President and Vice President: The remuneration paid to the President and Vice President includes salary, bonus, severance pay, and retirement pension, plus remuneration of employees. The distribution of salaries is based on the Regulations Governing the Treatment of Salary and Wages, Regulations Governing the Surplus Initiative, and examination system. At the beginning of the year, the Company's business targets and items of performance examination will be established according to the power and responsibilities and positions, and the bonus is provided at the end of the year based on the actual achievement and contributions. Relevant performance examination and the fairness of the compensation shall be reviewed by the Remuneration Committee and the Board, and shall be examined according to the actual operating status and the changes in laws and regulations in due course, so as to strike a balance between the Company's sustainable operations and risk control.

IV. Corporate Governance

(I) Board of Director's Operations

The Board had 7 meetings from January 2021 to December 2021; the attendance of Directors is as follows:

Title	Name (Note 1)	Actual attendance	Attendance by proxy	Expected attendance	Actual attendance rate (%) (Note 2)	Remarks
Chairman	China Steel Corporation Representative Wen-Ge Lo	2	0	2	100	On May 31, 2021 Ching-Fang Tu was assigned to replace Wen-Ge Lo and became the representative.
	China Steel Corporation Representative Ching-Fang Tu	5	0	5	100	
Director	China Steel Corporation Representative Chao-Tung Wong	6	1	7	86	
Director	China Steel Corporation Representative Shyi-Chin Wang	6	1	7	86	
Director	China Steel Corporation Representative Ming-Dar Fang	7	0	7	100	
Director	International CSRC Investment Holdings Co., Ltd. Representative Kung-Yi Ku	7	0	7	100	
Director	International CSRC Investment Holdings Co., Ltd. Representative Tien-Fu Chao	6	1	7	86	

Title	Name (Note 1)	Actual attendance	Attendance by proxy	Expected attendance	Actual attendance rate (%) (Note 2)	Remarks
Independent Director	Hsing-Shu Hsieh	7	0	7	100	
Independent Director	Yuan-Hung Wang	7	0	7	100	
Independent Director	Tsun-Tsi Hsu	7	0	7	100	

Other matters that should be documented:

I. When the operation of the Board of Directors is found with one of the following conditions, the date, session No., details of proposals, opinions of all independent directors and how the Company handles the opinions shall be stated:
   1. Items specified in Article 14-3 of the Securities and Exchange Act: For items specified in Article 14-3 of the Securities and Exchange Act that were applicable during the 2021 Board of Directors meeting, the independent directors approved them as is without opinions expressed.
   2. Besides those stated above, other matters decided through the Board of Directors meeting, for which Independent Directors expressed opposition or qualified opinions that were recorded or declared in writing: None.

II. For the enforcement of recusal upon conflicts of interest among directors, the name of the director, details of the proposal, reason for the recusal, and participation in the voting process or not shall be described:
   1. During the discussion about the performance evaluation results for the performance of the Company's managers for 2020 and the distribution of the surplus as year-end bonuses for 2020 at the 13th meeting of the Board of Directors of the 11th intake on May 6, 2021, stakeholders Chairman Wen-Ge Lo, President Ming-Dar Fang, and Vice President Chu-Kai Huang abstained from the discussion and voting for the proposal according to the Rules of Procedure for Board of Directors Meetings of the Company.
   2. During the discussion about the compensation and remuneration to the Chairman at the 15th meeting of the Board of Directors of the 11th intake on August 3, 2021, Director Ching-Fang Tu excused himself according to the Rules of Procedure for Board of Directors Meetings of the Company and did not take part in the discussion or voting session.
   3. During the discussion about the adjustment of salaries for the President, Vice President, and Corporate Governance Officer for 2021 at the 18th meeting of the Board of Directors of the 11th intake on December 27, 2021, President Ming-Dar Fang, Vice President Yi-Hung Chen, Vice President Wen-Liang Tseng, and Director Li-Li Kuo excused themselves according to the Rules of Procedure for Board of Directors Meetings of the Company and did not take part in the discussion or the voting session.

   All of the proposals above were approved by attending directors.

III. For details about the review of the Board of Director’s operation, refer to Note 3 below. The 2021 remuneration distributed to directors followed the self-assessment results of individual directors. The 2021 Board of Directors performance, on the other hand, was outsourced to Taiwan Corporate Governance Association.

IV. Reinforced assessments of functional objectives (such as setting up the Audit Committee, promoting information transparency, etc.) of the Board of Directors

Title	Name (Note 1)	Actual attendance	Attendance by proxy	Expected attendance	Actual attendance rate (%) (Note 2)	Remarks
	and implementation status of the objectives of the specific year and the most recent year: 1. The Company has established the Rules of Procedures for Board of Directors Meetings to be followed by its Board of Directors. 2. The Company has established the Standard Operating Procedures for Processing Directors' Requirements to assist Directors in executing their duties and improve the efficacy of the Board. 3. All major proposals passed by the Company's Board are announced and declared in accordance with the requirements. 4. The Company discloses its monthly self-assessed profit or loss on its website. 5. Members of the Compensation and Remuneration Committee completed its annual targets related to the supervision and examination over the remuneration and performance examination of managers and directors: (1) Distribute the 2020 remuneration to directors and supervisors according to the principles for allocating the remuneration to directors and combining the personal performance evaluation results of directors in 2020. (2) 2020 manager performance evaluation and distribution of earnings as incentives and define the items to be included in the 2021 performance evaluation. (3) Review the adjustment of salaries for managers and the Corporate Governance Officer and compensation and remuneration of the Chairman for 2021. 6. The Audit Committee achieved its annual targets related to the supervision of corporate operations and internal control: (1) Review ratifications of 2021 financial reports and distribution of earnings. (2) Review the investment in a second line of carbonization furnaces at the Pingnan Carbon Materials Plant. (3) Review the halogen purification furnace to facilitate development of highly pure carbon materials. (4) Review the independence of CPAs and accountants. (5) Review internal control and internal audit matters. 7. The Corporate Governance and Sustainability Committee was formed by all independent directors and two directors to take charge of promoting and supervising ESG-related behavior and to put beliefs in sustainable corporate operation into action; the first meeting was held on December 27, 2021. 8. The Company arranged the communication between, and the report of CPAs, Chief Auditor of the Company, to the Independent Directors of the Company. 9. The Company reported to the Board regarding the execution results on the Company's corporate social responsibilities, operations and execution of corporate ethical management, and concerns of stakeholders and responses. 10. The Company reported to the Board regarding the intellectual property management plan connected to the operating targets and its execution and established an intellectual property system that includes intellectual					

Title	Name (Note 1)	Actual attendance	Attendance by proxy	Expected attendance	Actual attendance rate (%) (Note 2)	Remarks
	property management policies, targets, and systems connected to operating strategies. 11. Risk identification and control were performed and impacts and countermeasures to water rationing at respective stages were reported to the Board of Directors. V. Does the Company have at least one Independent Director presenting at each meeting of the Board in person: The Board of Directors met a total of 7 times in 2021, and all Independent Directors attended them.					

Note 1: For corporate shareholders, the name of the corporate shareholders and the name of their representatives shall be disclosed.

Note 2: (1) For any Director dismissed before the end of the year, the date of separation shall be specified in the remarks column, and the actual attendance rate (%) shall be calculated based on the number of Board meetings held and the number of its actual attendance during its term of office.

(2) For any re-election of Directors before the end of the year, set out the new and former Directors and specify the former, new, or re-elected Directors and the date of re-election in the remarks column. The actual attendance rate (%) shall be calculated based on the number of Board meetings held and the number of its actual attendance during its term of office.

Note 3: Execution of the Board's evaluation

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Method of Evaluation	Content of Evaluation
Executed once a year.	The performance of the Board of Directors from January 1, 2021 to December 31, 2021 was evaluated.	1. Board of Directors. 2. Individual Directors. 3. Remuneration Committee. 4. Audit Committee.	Besides self-assessment, the Taiwan Corporate Governance Association was authorized on February 23, 2022 to perform the external performance evaluation as required by the Company's "Board of Directors Performance Evaluation Guidelines".	Please refer to Note (1) for the content of the performance evaluation of the Company's Board.

Note (1): 1. The item of measurement for the performance evaluation of the Company's Board includes five major aspects as follows:

(1) Level of participation in corporate operations.
(2) Improving the quality of the Board's decision-making.
(3) Composition and structure of the Board.
(4) Election and continuing education of Directors.
(5) Internal control.

2. The Item of measurement for the performance evaluation of the Company's Directors includes six major aspects as follows:
   (1) Understanding of the Company's goals and tasks.
   (2) Understanding of the duties and functions of Directors.
   (3) Level of participation in corporate operations.
   (4) Internal relationship management and communication.
   (5) Professional and continuing education for Directors.
   (6) Internal control.
3. The item of measurement for the performance evaluation of the Company's Audit Committee and Remuneration Committee includes five major aspects as follows:
   (1) Level of participation in corporate operations.
   (2) Understanding of the duties and functions of the functional committee.
   (3) Improving the quality of the functional committee's decision-making.
   (4) Composition of the functional committee and election of committee members.
   (5) Internal control.
4. The 2021 Board of Directors performance evaluation (including its functional committees) consisted of five categories in total. Each category consisted of 20 self-assessment indicators. Each self-assessment indicator had a full score of 5. The evaluation results are summarized as follows:
   (1) The results of the self-evaluation for the performance examination of the Board:
      a. Total average score of the questionnaire: 97.00 points.
      b. Total average score of the indicators: 4.85 points.
   (2) The results of self-evaluation for the performance examination of Directors:
      a. Total average score of the questionnaire: 98.44 points.
      b. Total average score of the indicators: 4.92 points.
   (3) The results of self-evaluation for the performance examination of the Audit Committee:
      a. Total average score of the questionnaire: 98.00 points.
      b. Total average score of the indicators: 4.90 points.
   (4) The results of self-evaluation for the performance examination of the Salary and Remuneration Committee:
      a. Total average score of the questionnaire: 99.33 points.
      b. Total average score of the indicators: 4.97 points.
   (5) Corporate Governance and Sustainability Committee Performance Self-Assessment Results:
      a. Total average score of the questionnaire: 95.60 points.
      b. Total average score of the indicators: 4.78 points.

(II) Operations of the Audit Committee

The Company established the Audit Committee on 24 June 2019; a total of 6 meetings were held for the Audit Committee of the 11th intake in 2021, and the attendance of independent directors is provided below:

Title	Name	Actual attendance	Attendance by proxy	Actual attendance rate (%)	Notes
Independent Director	Hsing-Shu Hsieh	6	0	100	
Independent Director	Yuan-Hung Wang	6	0	100	
Independent Director	Tsun-Tsi Hsu	6	0	100	

The key work performed by the Audit Committee during the year is summarized as follows:

1. Financial reports: Reviewed 2021 Business Report, Parent Company-only and Consolidated Financial Statements, and the earnings distribution proposal and submitted them to the Board of Directors for approval. The Audit Report was also issued and brought forth during the shareholders' meeting.
2. Validity of the internal control system: Evaluated the effectiveness of policies and procedures of the Company's internal control system (including control measures for finance, operation, risk management, information security, outsourcing, and legal compliance) and reviewed the Company's Audit Department, CPAs, and the regular reports from the management (including risk management and legal compliance). The Audit Committee considers that the Company's risk management and internal control systems are effective, and the Company had adopted necessary control mechanisms to supervise and correct default behaviors.
3. Appointment of CPAs and evaluation of CPAs' independence: To maintain the independence of CPAs and implement the internal rotation system for CPAs, a proposal related to the alteration of CPA for the Company's financial statements was passed, the Company's CPAs altered from CPAs Yu-Hsiang

Liu and Hong-Ru Liao to CPAs Chao-Chun Wang and Hong-Ru Liao.

4. Transactions with related parties: Reviewed donations to the CSC Group Education Foundation, lease of land for the fine coke and coal tar plants of China Steel Corporation, extension of the land lease upon expiration for the Coal Chemical Manufacturing Department of China Steel Corporation, rental of premises from and extension of land lease with Chung Hung Steel Corporation.
5. Distribution of earnings: Reviewed the 2020 earnings distribution through statutory surplus reserve plus cash.
6. Significant funds lending, endorsements or guarantees: There was no significant loan, endorsement, or guarantee during 2021.
7. Change of Chief Auditor.

Other matters that should be documented:

1. When the Audit Committee is found with one of the following conditions, the date of the Audit Committee meeting, session No., details of proposals, adverse opinions, qualified opinions, or major suggestions from independent directors, decisions made by the Audit Committee, and how opinions from the Audit Committee were addressed shall be specified.

   (1) Items specified in Article 14-5 of the Securities and Exchange Act:

Date and term of the board meeting	Content	Resolution Results Made by the Board	Resolution Results Made by the Audit Committee
2021.02.22 9th meeting of the 11th intake	Discussion 1: 2020 Business Report and financial reports.	Passed by all attending Directors.	9th meeting of the Audit Committee under the Board of Directors of the 11th intake on February 22, 2021: Passed by all attending Directors.
	Discussion 2: 2020 earnings distribution.	Passed by all attending Directors.	9th meeting of the Audit Committee under the Board of Directors of the 11th intake on February 22, 2021: Passed by all attending Directors.
	Discussion 3: 2020 Cash distribution from the statutory surplus reserve.	Passed by all attending Directors.	9th meeting of the Audit Committee under the Board of Directors of the 11th intake on February 22, 2021: Passed by all attending Directors.
	Discussion 4: 2020 internal control system	Passed by all attending	9th meeting of the Audit Committee under the Board of Directors of the 11th

Date and term of the board meeting	Content	Resolution Results Made by the Board	Resolution Results Made by the Audit Committee
	declaration.	Directors.	intake on February 22, 2021: Passed by all attending Directors.
	Discussion 5: Report on the alteration of the Company's CPAs.	Passed by all attending Directors.	9th meeting of the Audit Committee under the Board of Directors of the 11th intake on February 22, 2021: Passed by all attending Directors.
2021.05.06 10th meeting of the 11th intake	Discussion 1: Investment in a second line of carbonization furnaces at the Pingnan Carbon Materials Plant.	Passed by all attending Directors.	10th meeting of the Audit Committee under the Board of Directors of the 11th intake on May 6, 2021: Passed by all attending Directors.
	Discussion 2: Revision of the "Operating Procedure for Trading with Related Parties, Specific Companies, and Enterprises within the Group".	Passed by all attending Directors.	10th meeting of the Audit Committee under the Board of Directors of the 11th intake on May 6, 2021: Passed by all attending Directors.
	Discussion 3: Donation of NTD 500 thousand to CSC Group Education Foundation.	Passed by all attending Directors.	10th meeting of the Audit Committee under the Board of Directors of the 11th intake on May 6, 2021: Passed by all attending Directors.
2021.08.03 11th Meeting of the 11th Board	Discussion 1: Intended setup of the halogen purification furnace to facilitate development of highly pure carbon materials.	Passed by all attending Directors.	11th meeting of the Audit Committee under the Board of Directors of the 11th intake on August 3, 2021: Passed by all attending Directors.
	Discussion 2: Rental of premises from and extension of land lease with Chung Hung Steel Corporation.	Passed by all attending Directors.	11th meeting of the Audit Committee under the Board of Directors of the 11th intake on August 3, 2021: Passed by all attending Directors.
2021.09.22 12th meeting of the 11th intake	Discussion 1: Change of Chief Auditor.	Passed by all attending Directors.	12th meeting of the Audit Committee under the Board of Directors of the 11th intake on September 22, 2021: Passed by all attending Directors.
2021.12.27 14th meeting of the 11th intake	Discussion 1: 2022 internal audit plan.	Passed by all attending Directors.	14th meeting of the Audit Committee under the Board of Directors of the 11th intake on December 27, 2021: Passed by all attending Directors.
	Discussion 2: Report on the intended renewal of lease due to	Passed by all attending Directors.	14th meeting of the Audit Committee under the Board of Directors of the 11th intake on December 27, 2021: Passed

Date and term of the board meeting	Content	Resolution Results Made by the Board	Resolution Results Made by the Audit Committee
	the expiry of the lease between the Company and China Steel Corporation regarding land, plant, and equipment of the fine coke plant.		by all attending Directors.
	Discussion 3: Revision of the "Operating Procedure for Lending to Others".	Passed by all attending Directors.	14th meeting of the Audit Committee under the Board of Directors of the 11th intake on December 27, 2021: Passed by all attending Directors.
Measures adopted by the Company in response to the opinions from the Audit Committee: The aforementioned proposals were approved by at least one half of all members of the Audit Committee and submitted to the Board of Directors for resolution. The Audit Committee required the Company to provide explanations and examine the judging standards for significant customer complaints. The members had no other opinions after the Company provided explanations at the 4th meeting of the Audit Committee of the 11th intake on March 18, 2020.			

2. For the execution of Independent Directors abstaining from resolution in which they hold stakes, the names of the Independent Directors, the content of the resolutions, the reason of abstention due to a conflict of interests, and the participation in voting: None.
3. Communication between Independent Directors and Chief Internal Auditor and CPAs
   (1) Regular meetings for Independent Directors and CPAs are held at least once a year. CPAs report to Independent Directors regarding the Company's financial position, financial and overall operations of foreign and domestic subsidiaries, corporate governance, and audits on internal control, and communicate on whether there are major adjustment entries or whether the amendments to laws and regulations affect the accounting methods in detail. The meeting may be convened at any time upon any major abnormal event.
   (2) The Internal Audit Officer and independent directors met after each Audit Committee meeting to give a presentation on the internal audit implementation status and internal control status. The meeting may be convened at any time upon any major abnormal event.

Summary of Prior Communication between the Independent Directors and CPAs

Date	Communication Focus	Opinions from the Independent Directors	Measures Adopted in Response to the Opinions from the Independent Directors
2016.11.07	1. CPAs provided explanations on the finance and profit or loss during Q3 of 2016 and carried out a discussion on application issues related to partial accounting principles. 2. CPAs carried out discussions and exchanges regarding questions proposed by persons present at the meeting.	No opinion was expressed.	N/A
2017.11.30	1. CPAs provided explanations on the plan, scope, and method for the audit on the financial report for 2017. 2. CPAs provided explanations on the key audit matters determined based on the significant risks identified during the audit planned for the year. 3. CPAs carried out discussions and exchanges regarding questions proposed.	No opinion was expressed.	N/A
2018.03.15	1. CPAs provided explanations for the results of audits on the financial report for 2017. 2. CPAs carried out discussions and exchanges regarding questions proposed.	No opinion was expressed.	N/A
2018.12.24	1. The responsibility of the corporate governance department on improving the preparation ability of financial statements. 2. Annual audit schedule. 3. Key audit matters (KAM).	No opinion was expressed.	N/A
2019.12.23	1. The responsibility of the corporate governance department on improving the preparation ability of financial statements. 2. Annual audit schedule. 3. Key audit matters.	No opinion was expressed.	N/A
2020.12.29	1. Explanations on the duties of the Board and the Audit Committee. 2. Explanations on the audit on the financial report by the CPAs. 3. Accounting Standards No.43 - Evaluation on Matters of Fraud of the Company. 4. Reporting of the KAMs - sales income for 2020 5. Reported on the Corporate Governance 3.0.	No opinion was expressed.	N/A
2021.12.27	1. Scope and methodology of the audit. 2. Group Audit - Overview of audit results of underlying entities 3. Key audit matters. 4. Major accounting issues. 5. Corporate Governance 3.0. 6. Independence	No opinion was expressed.	N/A

Summary of Prior Communication between the Independent Directors and the Chief Auditor

Date	Communication Focus	Opinions from the Independent Directors	Measures Adopted in Response to the Opinions from the Independent Directors
2016.11.07	1. Reported on the execution of the audit operations for Q3 in 2016. 2. Reported on the processing of opinion mailbox.	No opinion was expressed.	N/A
2017.02.15	1. The order and collection operations shall comply with the Company's requirements for internal control. 2. Where personal information of an unrecruited candidate is included in the talent pool of the Company, the Company shall inform the party involved and request its consent. 3. Regulations for employee and contractor management shall be reinforced, and those who violated the Regulations shall receive appropriate punishment to implement the safety requirements.	No opinion was expressed.	N/A
2017.04.17 2017.06.20	1. Employees who have personal interests in performing their duties shall be handled according to the Company's ethical norms. 2. Attention shall be drawn to whether the download of documents by using a USB device is a violation of the Trade Secrets Act. 3. Attention shall be drawn to the preparation of evidence for bad debt provision	No opinion was expressed.	N/A
2017.08.21 2017.08.28	1. The authority to approve the project bidding and the precautions for the host of project biddings shall comply with the Company's engineering contract requirements. 2. Attention shall be drawn to whether the delay in check and acceptance is handled in accordance with the contract to avoid affecting the Company's interests.	No opinion was expressed.	N/A
2018.11.23	To avoid transactions with related parties, the Company shall regularly promote its Code of Ethics for Managers	No opinion was expressed.	N/A
2019.08.08	1. Reported on the internal audit and improvement of deficiencies. 2. Amended partial provisions of the Company's Internal Control System.	No opinion was expressed.	N/A

Date	Communication Focus	Opinions from the Independent Directors	Measures Adopted in Response to the Opinions from the Independent Directors
2019.12.23	1. Reported on the internal audit and improvement of deficiencies. 2. Reported on 2020 Internal Audit Plan.	No opinion was expressed.	N/A
2020.06.24	Reported on the internal audit and improvement of deficiencies.	No opinion was expressed.	N/A
2020.12.29	1. Reported on the internal audit and improvement of deficiencies. 2. Reported on 2021 Internal Audit Plan.	No opinion was expressed.	N/A
2021.08.03	Reported on the internal audit of waste management, project outsourcing management, and credit review and correction of deficiencies	No opinion was expressed.	N/A
2021.09.22	Reported on the internal audit of the Rules of Procedure for Board of Directors Meetings and safety control and information and communication security inspections of files and equipment and correction of deficiencies.	No opinion was expressed.	N/A
2021.11.01	Reported on the internal audit of filing of public information and management over the use of seals and digital certificates as well as requisition of notes and correction of deficiencies	No opinion was expressed.	N/A
2021.12.27	1. Reported on the internal audit of transactions with related parties, the procedure for preparing financial statements, and handling of customer complaints and correction of deficiencies 2. Reported on 2022 Internal Audit Plan.	No opinion was expressed.	N/A

(III) Operations of Corporate Governance and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof

Item	Operation			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
I. Has the Company established and disclosed its Corporate Governance Best Practice Principles based on the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"?	Yes		The Company established and disclosed its Corporate Governance Best Practice Principles in March 2018. In response to the subsequent amendments to relevant regulations, the Company made updates in due course. After the latest amendments made in July 2010, the Company's Corporate Governance Best Practice had been disclosed on the MOPS and the Company's website.	No significant deviation from the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies."
II. Equity structure and shareholders' interests of the Company (I) Has the Company established an internal operating procedure to process shareholders' recommendations, suspicions, disputes, and litigations and implemented such processing based on the procedure?	Yes		(I) The Company has appointed dedicated personnel and a stock affairs agent to deal with shareholders' recommendations, suspicions, disputes, and litigations.	(I) No deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(II) Does the Company possess the list of its major shareholders and the ultimate controlling parties of the major shareholders?	Yes		(II) The Company keeps abreast of the list of major shareholders' ultimate controlling companies at all times, and assistance is also provided by the stock affairs agency of the Company - Capital Securities.	(II) No deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(III) Has the Company	Yes		(III) The Company has	(III) No deviation from

Item	Operation			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
established and executed the risk control and firewall system with its affiliates?			established regulations for providing loans, endorsements, or guarantees to and doing business with its affiliates and reports to the Board of Directors periodically. The Company has a dedicated department in place to manage its investment business. The department regularly monitors the operating and financial conditions of the investee companies and is responsible for work related to communication and coordination.	the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(IV) Has the Company established its internal regulations to forbid internal parties to use undisclosed information in trading securities?	Yes		(IV) The Company has the "Procedure for Processing Significant Internal Information" and the "Code of Ethics for Directors and Senior Managers" in place and specifically defines the prohibition over trading securities with information yet to be released on the market by its directors, managers, and employees, among other insiders.	(IV) No deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
III. Composition and responsibilities of the Board (I) Has the Board of Directors developed diversification policies, substantial management goals and	Yes		(I) For the diversification policy, substantial management goals, their enforcement and implementation and	(I) No fundamental deviation from "the Corporate Governance Best Practice

Item	Operation			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
enforced them?			independence of the Board of Directors, refer to Note 2 (P66) for details. The overall arrangement for the 11th Board of the Company considered the diversification policies and objectives. The composition objective of the Directors is to include Board members of different gender, ages, know-how, and backgrounds. For the 11th Board, a female Independent Director was included; a qualified attorney and an expert in the economic and industrial analysis were included in the Independent Directors' composition; a Director under 40-year-old with international investment banking experiences was included. The Company had achieved the Board diversification objective as established.	Principles for TWSE/TPEx Listed Companies."
(II) Has the Company voluntarily established other functional committees in addition to the Remuneration Committee and the Audit Committee established according to the law?	Yes		(II) The Company has set up the Audit Committee and the Compensation and Remuneration Committee as required by law and the Corporate Governance and Sustainability Committee on November 1, 2021; it consists of all independent directors and two directors to take charge of promoting and supervising Company	(II) No deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Item	Operation			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			ESG behavior and to put beliefs in sustainable corporate operation into action.	
(III) Has the Company established the Regulations for the Performance Evaluation of the Board of Directors and its evaluation methods, regularly carried out the regular performance evaluation each year, reported to the Board regarding the results of the performance evaluation, and used the results as a reference for the remuneration and nomination for re-appointment of the individual Directors?	Yes		(III) The Company had established its Board of Directors Performance Evaluation Guidelines on 24 December 2019. The results of the directors' performance evaluation for 2021 was submitted to the Board of Directors on February 24, 2022. The self-evaluation results of individual directors were applied to the compensation and remuneration to individual directors and were the bases for distribution of the 2021 remuneration to directors. The results will also serve as reference for future nominations and extended term in office. In addition, Taiwan Corporate Governance Association was authorized on February 23, 2022 to perform the external performance evaluation as required by the “Board of Directors Performance Evaluation Guidelines”. For details on the results of the Directors' performance evaluation for 2021, please see the Corporate Governance section on the Company's website.	(III) No deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(IV) Has the Company	Yes		(IV) The Company regularly	(IV) No deviation from

Item	Operation			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
regularly evaluated the independence of CPAs?			evaluates the independence of its CPAs each year, and the results were submitted to and reviewed/approved by the Board of Directors in February 2022. According to the evaluation of the Company's Board, CPAs comply with the Company's independence evaluation standards (Note 2) (#p.70#).	the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
IV. Has the listed company allocated an appropriate number of persons in charge of corporate governance who are appropriate for such positions and designated a Chief of Corporate Governance to be responsible for affairs related to corporate governance (including but not limited to providing data required for the execution of businesses to Directors and supervisors, assisting Directors and supervisors in legal compliance, handling matters related to meetings of the Board and shareholders' meeting according to the law, carrying out	Yes		1. The director of the Finance Department also serves as the Corporate Governance Officer. 2. The Corporate Governance Officer already completed the hours needed for continuing education as required in 2021. The contents and hours of courses involved are already announced on the Company's website and the MOPS. 3. The Corporate Governance Officer is in charge of supervising corporate governance operations of the Company. The responsible unit is responsible for corporate governance-related matters reflective of their respective functions. Highlights of their operations throughout 2021 are as follows: (1) The dedicated	No deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Item	Operation			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
company registration and alteration registration, and preparing meeting minutes for meetings of the Board and shareholders' meeting)?			department shall notify Directors regarding the meeting schedules of functional committees and meetings of the board seven days in advance, convene meetings and provide data for the meeting; notices in advance shall be made for any case of abstention due to the conflict of interests, and the meeting minutes for the meetings of the Board shall be completed within 20 days. (2) Arrange the communication meeting between Independent Directors, Chief Internal Auditor, CPAs, or other internal departments to facilitate the business execution of Directors. (3) Organize promotions of insider transaction prevention for Directors. (4) Assist Directors in completing their annual continuing education program in advance. (5) Amend internal rules and regulations related to the Company's corporate governance according to the amendments to laws and regulations related to corporate governance and report the amendments to the Board for resolution. (6) Carry out the registration for the date of shareholders' meetings in	

Item	Operation			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			advance according to the law, prepare meeting notices, meeting handbooks, meeting minutes within the statutory period, and conduct alteration registration affairs for the amendment of Articles of Association or Director's re-election. (7) Improve internal items that have not reached the standards based on the items under the Corporate Governance Information Evaluation System.	
V. Has the company set up channels of communication for stakeholders (including but not limited to shareholders, employees, customers and suppliers), dedicated a section of the company's website for stakeholder affairs and adequately responded to stakeholders' inquiries on significant corporate social responsibility issues?	Yes		1. Based on the scope of business of each department, the Company has maintained healthy communication channels with different stakeholders and distributed questionnaires each year to conduct a survey on the opinions of stakeholders. 2. The Company set up a communication line for the convenience of stakeholders in reflecting issues. 3. The Company reported the communications with stakeholders to the 11th meeting of the Board of Directors of the 11th intake on February 24, 2022. 4. The Company will respond to issues concerned by	No deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Item	Operation			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			stakeholders, and the communication status is published in the stakeholder's section on the website; please visit http://www.cscc.com.tw/downlaod/inv2020.pdf.	
VI. Has the Company appointed a professional stock affair agency to process affairs related to shareholders' meetings?	Yes		The Company appointed the Transfer Agency Department of Capital Securities Corp. to process affairs related to shareholders' meetings on behalf of the Company.	No deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
VII. Open information (I) Has the Company established its website to disclose information on its financial operations and corporate governance?	Yes		(I) The Company established its website (www.cscc.com.tw) and disclosed relevant information.	(I) No deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(II) Does the company adopt other information disclosure methods (such as establishing English websites, assign dedicated personnel to collect and disclose company data, implement the spokesperson system, upload the investor conference processes to the company's website, etc.)?	Yes		(II) The Company established Chinese and English websites, designated dedicated personnel for information collection and disclosure, implemented a spokesman system, and uploaded the course of investor conferences on the Company's website according to the requirements. Furthermore, the Company also declares its data and discloses significant information according to the requirements of the	(II) No deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

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<tr><th rowspan="2">Item</th><th colspan="3">Operation</th><th rowspan="2">Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>(III) Has the Company published and declared its annual financial report within two months after the end of a fiscal year and published and declared its financial reports for the first, second, and third quarters as well as its operating status for each month before the specified deadline?</td><td>Yes</td><td></td><td>"Guidelines for Online Filing of Public Information by Public Companies."
(III) The Company's 2021 financial reports were announced and filed within two months after the end of the fiscal year. The Company currently publishes its financial reports for the first, second, and third quarters as well as its operating status for each month in advance unless there is any particular reason.</td><td>(III) No deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.</td></tr>
<tr><td colspan="5">VIII. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?
1. Employees' interests and care:
The Company has always taken into consideration the interests of customers, shareholders, and employees. For management, we seek to arrive at a balance between the system and humanization to stimulate employees' potential. We implement environmental protection work through the environmental management system and actively promote the 5S concept and division of responsibilities, and implement PSM audits. We duly implement our environmental, safety, and health tasks through the occupational safety and health management system and education training, and have established an Employee Welfare Committee, and multiple welfare systems. We regularly conduct employees' health inspections each year and implement an employee remuneration system.
2. Supplier relations:
We engage in transactions with suppliers and banks based on the principle of mutual benefit and respect. We would not sacrifice long-term interests in exchange for short-term interests. We strictly forbid personnel related to procurement to receive gifts or entertainment provided by suppliers. In addition, the Company duly implements a supplier selection system.
The Company completes the new supplier evaluation for all suppliers and registers it in the ERP system of the Company. To procure suppliers and transportation</td></tr>
</table>

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Operation</th><th rowspan="2">Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td colspan="5">contractors in complying with corporate social responsibility, the selection conditions for new suppliers consider the product quality, cooperation in the delivery term, and quality management abilities; we also prioritize suppliers obtaining ISO9001 certifications related to environmental protection (ISO14001, carbon footprint, and water footprint certifications) and occupational safety and health certifications (OHSAS18001 and TOSHMS certifications). Since 2018, the Company has included the four major aspects of environmental protection, labor conditions, human rights, and society as core evaluation items; in addition, 2018 was also the commencement year for promotional activities. In 2021, there were a total of 56 qualified suppliers.
3. Investor relations
The Company's website discloses information on finance, business, corporate governance, and corporate social responsibility. The Company also appointed dedicated personnel in processing shareholders' recommendations. Furthermore, we organize investors' conferences on a quarterly basis to explain the operating status of the Company to our broad investors.
4. Rights of stakeholders
Based on the scope of business of each department, the Company has maintained healthy communication channels with different stakeholders and distributed questionnaires each year to conduct a survey on the opinions of stakeholders. The Company also issued its CSR report to set out the communication with stakeholders and the disposals in the report. Furthermore, we analyzed significant issues concerned by stakeholders and established management policies. The communication between the Company and its stakeholders was reported at the meeting of the Board on February 24, 2022. The Company has set up a stakeholder's section on its website to respond to issues of interest to stakeholders.
5. Execution of risk management policies and risk evaluation standards:
The Company established its "Procedures for the Acquisition or Disposal of Assets," "Regulations for Endorsement and Guarantee," "Policies and Procedures for Risk Management," and "Operation Handbook for Risk Management and Crisis Processing" and other internal rules and regulations, and duly implemented them. Furthermore, the Company established stringent control measures for risks related to finance, raw materials, market, human resources, plant and equipment, environmental safety, construction, information security, and occupational safety and purchased relevant insurance policies to reasonably control the overall operating risks of the Company. The CSR report of the Company also disclosed the evaluation of relevant risks and its methods. A special report was provided to the Board of Directors in 2021 regarding the water shortage crisis in Kaohsiung.
6. Customer policies:
The Company continued to improve its manufacturing process and reinforce personnel training to maintain stable quality. We also reinforced the service attitude and professional abilities of our sales personnel and satisfied the supply demands as much as possible to improve customers' satisfaction. In addition, the Company conducts customer satisfaction surveys every year, and the survey results are used as reference for continuous improvement in the quality of products and services.
7. The Company has established the Code of Ethics for Directors and Senior Managers</td></tr>
</table>

Item	Operation			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	

(Note 3) (Page 75); it provides more specific specifications for directors and senior managers on their obligations of conducting the business operations with loyalty. The Code covers the content of ① Company's transactions ② using the Company's assets, information, and opportunities, ③ and the competition of the Company.

8. The Company's Directors and managers participate in continuing education programs related to corporate governance from time to time (Note 4) (Page 83).
9. The Company has provided liability insurance for Directors since August 1, 2003.
10. Succession planning for significant management:
    (1) Board members: The Company adopts a candidate nomination system, and the term of office is three years. Except for otherwise required by laws and regulations or the Articles of Association, the election of Directors shall be subject to the Company's "Regulations of Directors' Election." The election of the Company's Directors shall consider their basic conditions and values (including gender, ages, nationality, and culture), professional knowledge and skills (including professional backgrounds, professional skills, and industrial experiences), and diversified aspects. Furthermore, to achieve the ideal target for corporate governance, the Directors shall generally be equipped with the knowledge, skills, and capacity required for performing their duties as follows: I. the ability to make operational judgments; II. the ability for accounting and financial analysis; III. the ability for operational management; IV. the ability for crisis management; V. industrial knowledge; VI. international market viewpoint; VII. leadership; and VIII. decision-making ability. The Company carries out its succession candidate planning for Directors through the following methods: I. current Directors recommend appropriate candidates; II. Director candidates are recommended by shareholders; III. use the results of the Board's performance evaluation as the reference and basis for nominating Directors for re-appointment. To reinforce the efficacy of Directors in exercising their functions, the Company will keep abreast of the latest changes in internal and external environmental conditions and the development demand to arrange annual continuing education programs, so as to improve the Directors' professional knowledge and abilities.
    (2) Significant management: In response to the demands for sustainable operations and human resource development, the Company's Administration Department and senior managers regularly examine the planning for succession candidate and the cultivation. When planning for the succession candidates, the Company considers whether such candidates are equipped with outstanding expertise and management skills, and whether such candidates share the same values as the Company and have personal features such as integrity, earnestness, creativity, and entrepreneurship. The training content for successors of the management, the Administration Department arranges programs related to the management skills. Together with experiences accumulated from position rotation, successors would receive a comprehensive package to cultivate their decision-making abilities as senior executives.
    Hours of training completed by high-ranking officers in 2021 are provided in the table below: Hours

Item	Operation			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	

Title	Internal training	External training
Chairman Ching-Fang Tu	**26**	**5**
President Ming-Dar Fang	**3.5**	**26.5**
Vice President Yi-Hung Chen	**2.5**	**12**
Vice President Wen-Liang Tseng	**4.5**	**45**
Executive	**78.5**	**75**

11. Connection between the performance evaluation and remuneration of Directors and managers:
    (1) Director: The Company defined its Directors Performance Evaluation Guidelines and started to enforce directors' performance evaluations in 2019. In addition, the Principles for Distribution of Remuneration to Directors were prepared. The Principles are followed while the remuneration is being distributed according to the self-assessment results of directors. The 2021 directors' performance evaluation has been completed and the results were reported to the Board of Directors on February 24, 2022. The mean score of all directors was above 90. The remuneration was distributed according to the Principles for Distribution of Remuneration to Directors. It was NTD 9,889,230 in 2021; that is, each director (excluding the independent directors) is estimated to receive NTD 1,648,205.
    (2) Manager: Managers' performance targets for the year are set at the beginning of the year and passed by the Remuneration Committee and the Board. The performance evaluation and examination will be carried out in the following year. The results will be reported to the Remuneration Committee and the Board for determining their bonuses and compensation.

IX. According to the results of the Corporate Governance Evaluation by the Corporate Governance Center of TWSE for the latest year, explain the improvements and propose the matters to be improved first and measures regarding any conditions not improved. (Not applicable to companies not included in the evaluation)

(I) The improvements based on results of the 7th (2021) Corporate Governance Evaluation published in 2021 are given below:

1. (2.14) Has the Company set up functional committees other than those stipulated by the Establishment law that have no less than three members and a majority of the members being independent directors, and the composition, duties, and operations shall be disclosed?
   The Corporate Governance and Sustainability Committee was already set up on November 1, 2021 and the first meeting was held on December 27, 2021.
2. (2.22) Has the Company defined risk management policies and procedures approved by the Board of Directors, disclosed the scope of risk management, the organizational structure, and its operational status?
   Risk management policies and procedures approved by the Board of Directors

Item	Operation			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
are in place and related information is available on the Company's website. 3. (2.28) Has the Company defined how its internal audit staff is appointed, dismissed, and evaluated and how their compensation and remuneration will be submitted to the Board of Directors or be signed off by the Audit Head and then approved by the Chairman and disclosed such information on its website? The table showing related responsibilities is revised and such information is disclosed on the Company's website. 4. (3.4) Does the Company release its annual financial reports within two months after the end of a fiscal year? Financial reports are approved by the Board of Directors within two months after the end of a fiscal year and are released. 5. (4.11) Does the Company disclose greenhouse gas emissions, the amount of water used, and the total weight of waste generated over the past two years? Related information was disclosed in the 2020 Annual Report. (II) Matters to be improved first and measures regarding any conditions not improved are explained as follows: (4.1): Has the Company established an exclusive (or an associated) unit for promoting corporate social responsibilities to conduct risk evaluations on environmental, social, or corporate governance issues related to the Company's operations and established relevant risk management policies or strategies and disclosed such information on the Company's website and in its annual report? Related operations will be planned and completed in 2022.				

Note 1: For the diversification policy, substantial management goals, implementation, and independence of the Board of Directors

I. Standards and policies for the diversification of the Board:

To reinforce the corporate governance and facilitate the completeness of the Board composition and structure, the Company stipulated the standards and policies for the diversification of the Board in its "Regulations for the Election of Directors" and "Corporate Governance Best Practice Principles."

Diversification is considered for the Board composition. Directors that concurrently hold positions as the Company's managers shall not be more than one-third of the Board members. Appropriate diversification policies are also established for the Board's operation, operating pattern, and demands for development, including but not limited to the standards related to the two major aspects as follows:

1. Basic requirements and values: Gender, age, nationality, and culture.
2. Professional knowledge and skills: Professional background (e.g., accounting, business sector, or finance), professional skills or industry experience.

   Furthermore, members of the Board shall have the knowledge, skills, and quality necessary to perform their duties; the members shall possess the general abilities as follows:

(1) The ability to make operational judgments.
(2) The ability for accounting and financial analysis.
(3) The ability for operational management.
(4) The ability for crisis management.
(5) Industrial knowledge.
(6) International market viewpoint.
(7) Leadership.
(8) Decision-making ability.

The majority of the Company's Directors shall not be a spouse or a relative within the second degree of kinship of any other Director.

II. The overall arrangement for the 11th Board of the Company considered the diversification policies. The composition objective of the Directors is the inclusion of one female Director, younger Directors, and Directors of different know-how and backgrounds. For the 11th Board, a female Independent Director was included; a qualified attorney and an expert in the economic and industrial analysis were included in the Board's composition; a Director under 40 years of age with international investment banking experience was included. The Company achieved the Board diversification objective as established. Currently, the Company's Board has a total of nine Directors (including three Independent Directors), and no Director is a spouse or a relative within the second degree of kinship of any other Director.

Core Items for Diversification / Name of Director	Basic Composition						Industrial Experience and Background				Professional Skills				
			Age		Term of Office as an Independent Director										
	Gender	Concurrently A Company's Employee	35 to 55	56 to 65	Below 3 years	3 to 9 years	Chemical Engineering and Steel Related Industries	Finance and Accounting	Law	Economic and Industrial Analysis	Business Administration	Decision-making	Know-how	Operating Judgments	Finance and Accounting
Chairman Ching-Fang Tu	Male			V			V				V	V	V	V	
Director Chao-Tung Wong	Male			V			V				V	V	V	V	

Core Items for Diversification / Name of Director	Basic Composition						Industrial Experience and Background				Professional Skills				
	Gender	Concurrently A Company's Employee	Age		Term of Office as an Independent Director		Chemical Engineering and Steel Related Industries	Finance and Accounting	Law	Economic and Industrial Analysis	Business Administration	Decision-making	Know-how	Operating Judgments	Finance and Accounting
			35 to 55	56 to 65	Below 3 years	3 to 9 years									
Director Shyi-Chin Wang	Male			V			V				V	V	V	V	
Director Ming-Dar Fang	Male	V		V			V				V	V	V	V	
Director Kung-Yi Ku	Male		V				V	V		V	V	V	V	V	
Director Tien-Fu Chao	Male			V			V				V	V	V	V	
Director Hsing-Shu Hsieh	Male			V		V		V	V		V	V	V	V	V
Director Yuan-Hung Wang	Male		V			V		V	V		V	V	V	V	
Director Tsun-Tsi Hsu	Female			V	V				V	V	V	V	V	V	

Note: The nationality of the Directors is the Republic of China.

III. Independence of Board of Directors

The Company elected its directors for the 11th intake during its General Shareholders' Meeting on June 23, 2019 to serve a term of 3 years, including 3 independent directors that weigh 1/3. The directors are not the spouse or a relative within a second degree of kinship of one another. All the independent directors fulfill the requirements for independence, including, without limitation, the fact that the independent director, his/her spouse, or his/her relative within the second degree of kinship is not a director, a supervisor, or an employee of the Company or any of its affiliates, not holding the Company's shares, not a director, a supervisor, or an employee of a company in a specific relationship with the Company, has not received any reward for providing the Company or any of its affiliates with commercial, legal, financial, or accounting service.

Note 2: 2021 CPAs' independence evaluation criteria

Deloitte.

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www.deloitte.com.tw

Deloitte & Touche Kaoshiung No. 11001240 dated
November 18, 2021

Recipient: China Steel Chemical Corporation

Subject: We were authorized to audit Your Company's 2011 financial reports. As is required by "10. Integrity, Impartiality, Objectiveness, and Independence" in the Code of Ethics for Professional Accountants, members of the Audit Group hereby states that they have followed the requirements below without any violation of independence.

Description:

I. Members of the Audit Group and their spouse and dependents are not found with the following conditions:

   (I) Holding significant financial interests in Your Company directly or indirectly.

   (II) A business relationship with Your Company or its director/supervisor/manager that will affect their independence.

II. During the audit, members of the Audit Group and their spouse or dependent did not serve as the director, supervisor, or manager of Your Company or hold a position that has a direct and important influence.

III. Members of the Audit Group are not a spouse, lineal relative, relative by marriage, or relative by blood within the second degree of kinship with the director, supervisor, or manager of Your Company.

IV. Members of the Audit Group are not recipients of any offering or gift of significant value from Your Company or its director, supervisor, manager, or major shareholder (that is, the value does not exceed the ordinary social etiquette level).

V. Members of the Audit Group have followed necessary independence/conflict of interest procedures and no violation of independence or un-addressed conflict of interest is found.

Deloitte & Touche

CPA Wang Chao-Chun

CPA Hong-Ru Liao

China Steel Chemical Corporation

CPA's Independence Survey

Period: 2021
Accounting Firm: Deloitte & Touche

Item	2021 Yes	2021 No
I. Regulations of the Certified Public Accountant Act		
• Has the CPA not served a public position (handling related taxation cases and industrial/commercial registrations, trademark registrations) and handled the said tasks while working as a CPA in the locality of service within two years following severance?	V	
• No conditions under Article 22 Paragraph 1 Sub-paragraph 3 of the Certified Public Accountant Act: Tasks performed by the CPA in events where the CPA is a stakeholder.	V	
Does the CPA follow the requirement in Article 46 of the Certified Public Account Act by not getting involved in any of the following:	V	
• Permit others to practice under his or her name.	V	
• Practice under the name of another CPA.	V	
• Accept employment from a non-CPA to perform CPA services.	V	
• Take advantage of one's position as a CPA to engage in improper industrial or commercial competition.	V	
• Perform practice related to matters in connection with which one is an interested party.	V	
• Use the title of CPA to act as a guarantor in matters beyond the scope of CPA services.	V	
• Purchase real or personal property under his or her management as a CPA.	V	
• Solicit, agree to accept, or accept unlawful benefit or compensation.	V	
• Solicit business by improper means.	V	
• Advertise for promotional purposes not related to commencement of business, office relocation, merger, accepting client ngagements, or introduction of the CPA firm.	V	
• Disclose confidential information obtained in the performance of professional services without the permission of the appointing agency, client, or audited entity.	V	
• Engage in other conduct that could tarnish the reputation of CPAs, as specified by the competent authority.	V	

Item	2021 Yes	2021 No
Does the CPA follow the requirement in Article 47 of the Certified Public Account Act by not undertaking audit or attestation tasks from the authorizer under one of the following circumstances.		
• The CPA is currently employed by the Company to perform routine work for which he or she receives a fixed salary.	V	
• The CPA has previously served as a director, supervisor, or manager of the Company or worked as an employee with a significant influence on attestation cases and has separated from the position for less than two years.	V	
• The CPA is a spouse, lineal relative, relative by marriage, or relative by blood within the second degree of kinship of the person in charge or a manager of the Company.	V	
• The CPA or his/her spouse or underage child invests in the Company or shares financial interests of the Company.	V	
• The CPA or his/her spouse or underage child is in a fund borrowing/lending relationship with the Company.	V	
• The CPA provides management consulting or other non-attestation services that affect his or her independence.	V	
• The CPA fails to comply with regulations, as prescribed by the competent authority with relevant jurisdiction, governing CPA rotation, handling accounting matters on behalf of someone else, or other matters that affect his or her independence.	V	
II. Regulations of Generally Accepted Auditing Standards		
Does the CPA follow the requirement under Article 2 of the Generally Accepted Auditing Standards: The CPA shall be cautious and impartial and extraordinarily independent while performing audit tasks and preparing the report and shall pay due attention in honor of the profession.	V	
III. Code of Ethics for CPAs		
Does the CPA remain extraordinarily independent while serving society, holding a just, fair, and objective stance?	V	
Is the CPA free of the following conditions that will be affected by his/her own interest, that is, financial interest received through the Company or conflict of interest with the Company as a result of other concerning relationships?		
• The CPA is not directly or indirectly related to the Company in terms of financial interest.	V	
• The CPA is not engaged in any financing or guarantee activity with the Company or its director/supervisor.	V	
• Possible loss of customers is not a concern for the CPA.	V	
• The CPA is not in a close business relationship with the Company.	V	
• CPA was not in a potential employer-employee relationship with with Company.	V	
• No public expenses, if any, concerning the case being audited are present.	V	

Item	2021	
	Yes	No
Is the CPA free of the following conditions that will be affected by self assessment?		
• Members of the Audit Group are not serving and have not served for the past two years as the Company's director, supervisor, or manager or holding and have not held a position with significant impacts on the case being audited.	V	
• There are no significant items that will impact the case being audited directly as a result of non-auditing service provided to the Company.	V	
• Are members of the Audit Group free of the following conditions that will be affected by defense?		
• Not promoting or brokering shares or other securities issued by the Company.	V	
• Not serving as the defendant of the Company or coordinating on be half of the Company over conflicts with other third parties.	V	
Does the CPA or members of the Audit Group have none of any following conditions that will be affected by familiarity?		
• No relative of the Company's director, supervisor, or manager or someone holding a position with a significant influence on the case being audited.	V	
• None of a co-practicing CPA serving as the Company's director, supervisor, or manager or holding a position with a significant influence on the case being audited within less than a year of retirement.	V	
• The member is not a recipient of any offering or gift of significant value from the Company or its director, supervisor, or manager.	V	
• None of Any conditions that will be affected by coercion:		
• The Company does not require that the CPA accept improper choice of accounting policy made by the management or improper disclosure in the financial statements.	V	
• To bring down public expenses, the Company does not apply pressure to CPAs to inadequately make them reduce the work expected to be done by them during an audit.	V	
IV. Evaluation of CPA's independence by providing non-audit service		
• No handling of accounts on behalf of the Company.	V	
• No design or implementation of the financial information system.	V	
• No approval, implementation, or completion of transactions indicated in - on their own or authorization or direct permissions over implementation on behalf of the Company while providing service.	V	
• No making of important decisions unilaterally for the Company.	V	
• No reporting to the Board of Directors as mangers of the Company.	V	
• No supervision or control over the Company's assets.	V	
• No approval of daily duties of the Company's staff or evaluation of their performance.	V	

Item	2021 Yes	2021 No
• No preparation of source documents or data on behalf of the Company, such as: purchase orders and sales orders to prove occurrence of transactions.	V	
• For the appraisal service, the internal audit service, short-term staff dispatching service, recruitment of high-ranking management staff, and the wealth management service provided to the Company, are appropriate measures taken to reduce it to an acceptable extent?	V	
V. General matters		
• Are attestation CPAs rotate periodically (once every seven years at maximum) and not allowed to serve the same position for a certain period of time (which is usually no less than two years)?	V	
• Do attestation CPAs prepare the "Extraordinary Independence Declaration" periodically and provide it to their audit clients.	V	

CPA Wang Chao-Chun Date 11/15'21

CPA Hong-Ru Liao Date 11/15'21

Note 3:

China Steel Chemical Corporation
Code of Ethics for the Directors

Chapter 1 General

Article 1 The Code is established to promote integrity and ethical behavior of Directors and improve the overall corporate governance.

Chapter 2 Code of Ethics

Article 2 Directors shall comply with the following basic principles in performing their duties:

I. Protect shareholder equity.

II. Improve the function of the Board of Directors.

III. Respect the interests of stakeholders;

IV. Increase information transparency.

Article 3 The Directors shall have the objective in the pursuit of the Company's overall benefit when conducting their duties. Moreover, they may not damage the Company's rights and interests for the benefit of a specific individual or specific group, and shall treat all shareholders fairly.

Article 4 The Directors shall exercise the due care of good administrators when exercising their powers, be aware of the integrity and the principle of fairness, adhere to high self-discipline, and comply with laws and regulations, the Company's Articles of Association, and the resolutions of the shareholders' meeting.

Article 5 The Directors shall faithfully conduct their duties for the overall benefits of shareholders. The interests of the Company shall be the first priority when there is any conflict of personal interests with the interest of the Company, and Directors shall avoid using their powers for the following personnel or enterprises to obtain improper interests:

I. Directors themselves or their spouses, parents, children, or relatives within the third degree of kinship.

II. Companies in which the individuals in the subparagraph above directly or indirectly enjoy significant financial benefits;

III. Companies in which they serve as the chairman, executive director, or senior managerial officers;

The Company shall pay particular attention in loans, major asset transactions, purchase (sales) transactions, or provision of guarantee with the aforementioned individuals or companies.

Article 6 Directors shall safeguard shareholders' interests and respect the interests of stakeholders such as banks, creditors, employees, consumers, suppliers, subsidiaries, and communities.

Article 7 When a Director is at stake in any proposal at the meeting of the Board involves and may harm the Company's interests, the Director shall abstain itself from voting, and the Director may not exercise voting rights on behalf of other Directors.

Article 8 Where a Director enters into sales and purchases, loans, or other legal behaviors with the Company for itself or others, the Director shall disclose and explain the details of matters related to such transactions to the Board and the Audit Committee. The convener of the Audit Committee may represent the Company after such transactions are evaluated by the Audit Committee in accordance with Article 12 of the Organizational Regulations of the Audit Committee and approved by the Board (Article 12 of the Code) or the shareholders meeting (Article 9 of this Code).

Article 9 For any Director who engages in a conduct involving competition with the Company, the Director shall report to and obtain permission from the shareholders meeting in advance in accordance with the Company Act. The Directors shall be responsible for the confidentiality of the Company's information except for disclosures made upon authorization or required by the law.

Article 10 For any purchase, supply, cooperation, strategic alliance, or other business opportunities or opportunities of profits related to the Company acknowledged by a Director due to the execution of its duties; the Director shall give preference to provide such information to the Company to protect the Company's interests, and shall not seek personal benefits for itself or any third party.

Chapter 3 Appendix

Article 11 A corporate shareholder being a Director of the Company and the natural person designated by a corporate shareholder to act on its behalf in performing the Director's duties shall comply with the Code.

Article 12 For the exemption of Article 5's application, the Director shall fully disclose the interests of persons or enterprises, and the legal behaviors stated in Article 5, and the reasons that such interests are not in conflict with or have any effect on the Company's interests, and such interests shall be approved by the Board as a resolution.

For the exemption of Article 10's application, the Director shall explain the detailed content of such opportunities and the reasons that such interests are not in conflict with or have any effect on the Company's interests, and such interests shall be approved by the Board as a resolution.

After the Board had passed the exemption of application as a resolution in the previous two paragraphs and Article 8, the Company shall immediately disclose information related to the title and name of the person of permitted exemption, the date on which the Board passed the exemption, the period of the exemption, the reason for the exemption, and standards of exemption on the Company's open information website.

Article 13 The Code is implemented after being passed by the Board and reported to the shareholders' meeting, and the Code shall be disclosed in the annual report, prospectus, and MOPS. The same shall apply upon any amendment. However, the amendment made in March 2019 shall be implemented upon inauguration of the directors of the 11th intake.

China Steel Chemical Corporation
Code of Ethics for Senior Managers

Chapter 1 General

Article 1 The Code to be observed and maintained is established to provide a basis for the Company's senior managers in their behaviors and ethics and allow the Company's stakeholders to gain further understanding of the Company's ethical specification, and the Code includes specifications on personal responsibilities, group responsibilities, and responsibilities related to the Company, the public, and other stakeholders.

Article 2 The senior managers referred to in the Code apply to the managers of the Company (including the President, Vice President, and persons with equivalent titles, and executives of the Company); the purpose of the Code is to prevent improper behaviors and facilitate the following matters:

I. Integrity and ethical behaviors, including ethical management upon the conflict of personal interests and their duties.
II. Confidentiality of information.
III. Treating the Company's customers, employees and competitors legally.
IV. Protecting Company's assets in the hope of effective utilization.
V. Complying with government laws and regulations, including laws and regulations related to the prevention of insider trading.

Chapter 2 Code of Ethics

Article 3 Integrity and ethical behavior:

Senior managers shall perform their obligations with an honest and non-deceptive attitude in compliance with professional standards, including fairly handling matters related to conflicts of personal interest and their duties.

Article 4 Prevention of conflicts of personal interests:

Senior managers shall perform their duties in an objective and efficient manner and shall prevent using their positions in the Company in matters involving their personal interests to gain improper interests for themselves, spouse, parents, children, or relatives within the third degree of kinship.

Article 5 Avoiding opportunities to seek personal interests:

When the Company has any opportunities for profit, senior managers are responsible for maintaining and improving the proper legal benefits to be obtained by the Company, and shall avoid the following matters:

I. Gaining personal interests or having any opportunities to seek personal interests by using the Company's property or information or taking advantage of their positions.

II. Competing with the Company.

Article 6 Confidentiality of trade secrets:

Senior managers shall be obliged to maintain the confidentiality of any information regarding the Company itself or its customers, except for disclosures made upon authorization or required by the law. Confidential information includes any undisclosed information that may be utilized by competitors or that harms the Company or customers after leakage.

Article 7 Engage in legal transactions:

The Company is committed to market competition with its outstanding operations and services without gaining effects by adopting illegal or unethical measures. Senior managers shall treat the Company's customers, employees, and competitors in a legal manner, and shall not provide inaccurate descriptions of significant matters through manipulating, concealing, or abusing information acknowledged due to their duties or gain improper benefits by means of other illegal transactions.

Article 8 Safeguarding and proper use of the Company's assets:

The Company's assets shall be protected and utilized on the basis of the Company's legal business purposes. Senior managers are responsible for protecting the Company's assets and ensure that such assets may be effectively and legally used for business purposes and shall avoid behaviors of theft, negligence, or waste that directly affect the profitability of the Company.

Article 9 Compliance with laws and regulations:

Senior managers shall supervise the Company in strengthening its compliance with the Securities and Exchange Act and other laws and regulations, and the compliance with all laws and regulations that regulate the Company's activities. Senior managers shall not purposely violate any laws or regulations, or intentionally mislead, manipulate, or gain unfair benefits from customers and suppliers unfairly, and provide false descriptions of the Company's products or services.

Article 10 Prevent civil or criminal penalties arising from insider trading:

Senior managers shall comply with laws and regulations related to the prevention of insider trading and other securities laws and regulations related to the information processing for stock trading and business secrets. Insider trading is illegal and unethical, and the Company will intervene on behaviors relevant to insider trading.

Article 11 Encouraging reporting on illegal or unethical activities:

Senior managers shall improve the promotion of the Company's internal ethics and encourage employees to report to the managers, Audit Department, or other relevant personnel when suspecting or discovering any behavior violating laws and regulations or the Code, and the Company will be responsible for the confidentiality and protection of the reporter's identity with its best ability to avoid the reporter from being threatened.

Chapter 3 Appendix

Article 12 Disciplinary and complaint measures:

For any violations by the senior managers, apart from pursuing their legal responsibility in accordance with the laws, the audit department shall also pursue their administrative responsibilities (including handling complaints). Severe violations shall be submitted to the Board for discussion. The Company shall provide means of relief to those who violated the Code of ethics according to the relevant complaint system.

Article 13 Exemption and amendment:

Senior management may be exempted from complying with the Code with a resolution passed by the Board with justifiable reasons. The Company shall immediately disclose information related to the title and name of the person of permitted exemption, the date on which the Board passed the exemption, the period of the exemption, the reason for the exemption, and standards of exemption on the MOPS.

Article 14 The Code shall be disclosed in the annual report, prospectus, and MOPS. The Code is implemented after being passed by the Board and reported to the shareholders' meeting. The same shall apply upon any amendment.

Note 4:

Continuing Education of Directors

Title	Name	Date inaugurated	Date		Organizing Party	Name of the Course	Hours of Continuing Education
			Start	End			
Representative of Corporate Director	Chao-Tung Wong	2019.06.23	2021.05.07	2021.05.07	Taiwan Corporate Governance Association	Sustainable Corporate Governance from the Perspective of Risk -- From Corporate Governance to ESG	3.0
			2021.11.05	2021.11.05	Taiwan Investor Relations Institute	How to Enhance Corporate Governance Applying the Intellectual Property Rights Management System	3.0
Representative of Corporate Director	Shyi-Chin Wang	2019.06.23	2021.05.07	2021.05.07	Taiwan Corporate Governance Association	Sustainable Corporate Governance from the Perspective of Risk -- From Corporate Governance to ESG	3.0
			2021.11.05	2021.11.05	Taiwan Investor Relations Institute	How to Enhance Corporate Governance Applying the Intellectual Property Rights Management System	3.0
Representative of Corporate Director	Ching-Fang Tu	2021.05.31	2021.05.07	2021.05.07	Taiwan Corporate Governance Association	Sustainable Corporate Governance from the Perspective of Risk -- From Corporate Governance to ESG	3.0
			2021.06.22	2021.06.22	Accounting Research and Development Foundation	Comprehensive Analysis of Corporate Governance 3.0 - Sustainable Development Blueprint	3.0
			2021.07.30	2021.07.30	Taiwan Investor Relations Institute	Corporate Crisis Trends and Risk Forecast	3.0
			2021.11.05	2021.11.05	Taiwan Investor Relations Institute	How to Enhance Corporate Governance Applying the Intellectual Property Rights Management System	3.0
Representative of Corporate Director	Ming-Dar Fang	2019.06.23	2021.05.07	2021.05.07	Taiwan Corporate Governance Association	Sustainable Corporate Governance from the Perspective of Risk -- From Corporate Governance to ESG	3.0
			2021.11.05	2021.11.05	Taiwan Investor Relations Institute	How to Enhance Corporate Governance Applying the Intellectual Property Rights Management System	3.0
Representative of Corporate Director	Kung-Yi Ku	2019.06.23	2021.11.22	2021.11.22	Taiwan Corporate Governance Association	Unveil "Insider Trading" - Recent Insider Trading Cases in Our Country as Examples	3.0
			2021.11.22	2021.11.22	Taiwan Corporate Governance Association	Global Risk Awareness - Opportunities and Challenges for the Coming 10 Years and 2030/2050	3.0

Title	Name	Date inaugurated	Date		Organizing Party	Name of the Course	Hours of Continuing Education
			Start	End			
						Net Zero Emissions	
Representative of Corporate Director	Tien-Fu Chao	2019.06.23	2021.05.07	2021.05.07	Taiwan Corporate Governance Association	Sustainable Corporate Governance from the Perspective of Risk -- From Corporate Governance to ESG	3.0
			2021.11.05	2021.11.05	Taiwan Investor Relations Institute	How to Enhance Corporate Governance Applying the Intellectual Property Rights Management System	3.0
Independent Director	Hsing-Shu Hsieh	2019.06.23	2021.05.07	2021.05.07	Taiwan Corporate Governance Association	Sustainable Corporate Governance from the Perspective of Risk -- From Corporate Governance to ESG	3.0
			2021.11.05	2021.11.05	Taiwan Investor Relations Institute	How to Enhance Corporate Governance Applying the Intellectual Property Rights Management System	3.0
Independent Director	Yuan-Hung Wang	2019.06.23	2021.05.18	2021.05.18	Accounting Research and Development Foundation	Analysis of New Corporate Sustainable Development Policies and Cases in Prevention against Corruption	3.0
			2021.06.18	2021.06.18	Taiwan Investor Relations Institute	Corporate Information War - Practical Analysis in Accessing/Prevention of Business Secrets	3.0
			2021.11.05	2021.11.05	Taiwan Investor Relations Institute	How to Enhance Corporate Governance Applying the Intellectual Property Rights Management System	3.0
Independent Director	Tsun-Tsi Hsu	2019.06.23	2021.07.30	2021.07.30	Accounting Research and Development Foundation	Trends of Emphasis over ESG Sustainable Investment among Shareholders and Advice on Climate-related Financial Disclosure (TCFD)	3.0
			2021.09.01	2021.09.01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	6.0

Managers Participating in Continuing Education Related to Corporate Governance

Name	Title	Date		Organizing Party	Name of the Course	Hours of Continuing Education
		Start	End			
Ming-Dar Fang	President	2021.05.07	2021.05.07	Taiwan Corporate Governance Association	Sustainable Corporate Governance from the Perspective of Risk -- From Corporate Governance to ESG	3.0
		2021.11.05	2021.11.05	Taiwan Investor Relations Institute	How to Enhance Corporate Governance Applying the Intellectual Property Rights Management System	3.0
		2021.11.22	2021.11.22	Pricewaterhousecoopers Sustainability Services Company Ltd.	How Do Businesses Promote ESG and Future Developmental Trends	2.0
Yi-Hung Chen	Vice President	2021.05.07	2021.05.07	Taiwan Corporate Governance Association	Sustainable Corporate Governance from the Perspective of Risk -- From Corporate Governance to ESG	3.0
		2021.11.22	2021.11.22	Pricewaterhousecoopers Sustainability Services Company Ltd.	How Do Businesses Promote ESG and Future Developmental Trends	2.0
Wen-Liang Tseng	Vice President	2021.05.07	2021.05.07	Taiwan Corporate Governance Association	Sustainable Corporate Governance from the Perspective of Risk -- From Corporate Governance to ESG	3.0
		2021.11.22	2021.11.22	Pricewaterhousecoopers Sustainability Services Company Ltd.	How Do Businesses Promote ESG and Future Developmental Trends	2.0
Li-Li Kuo	Chief of Finance, Accounting, and Corporate Governance	2021.05.27	2021.05.27	Accounting Research and Development Foundation	Corporate Governance - Shortened Financial Reporting Period and Capital Market Blueprint/New Policy	6.0
		2021.06.18	2021.06.18	Taiwan Stock Exchange	Practical Training on Climate-related Financial Disclosure (TCFD)	3.0
		2021.09.09	2021.09.09	Accounting Research and Development Foundation	Continuing Education and Training for Accounting Managers	12.0
		2021.11.05	2021.11.05	Taiwan Investor Relations Institute	How to Enhance Corporate Governance Applying the Intellectual Property Rights Management System	3.0
		2021.11.22	2021.11.22	Pricewaterhousecoopers Sustainability Services Company Ltd.	How Do Businesses Promote ESG and Future Developmental Trends	2.0

(IV) When having the Remuneration Committee in place, the Company shall disclose its composition, duties, and operations

According to the requirements under Paragraph 1, Article 14-6 of the Securities Exchange Act and the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange" published and established by the FSC on March 18, 2011, the Company's "Organizational Regulations of Remuneration Committee" was passed at the 7th meeting of the 8th Board on December 7, 2011, and the amendments were made on December 24, 2019.

According to the Organizational Regulations of Remuneration Committee of the Company, the Committee shall exercise the due care of good administrators and faithfully perform the following functions and submit its recommendations to the Board for discussion.

I. Establish policies and systems for the performance evaluation of the Chairman, President, and Vice President, and regularly review the performance results of such persons.

II. Establish and regularly review the policies, systems, standards, and structures for the salaries of Directors, the President, Vice President, and Chief of Corporate Governance (including traffic allowance of Directors).

III. Regularly evaluate and establish salaries of Directors, the President, and Vice President (including traffic allowance of Directors).

Information on the Remuneration Committee Members

Identity (Note 1)	Criteria / Name	Professionalism and experience	Independence (Note 2)				Number of other publicly listed companies in which the member concurrently holds a position as a member of the Remuneration Committee
			1	2	3	4	
Independent Director	Hsing-Shu Hsieh	Department of Accounting, National Chengchi University; EMBA, Business School, National Chung Cheng University; Passed the advanced CPA national exam; Person in charge of Hsing-Shu Hsieh Accounting Firm; Director of Tsang Yow Industrial Co., Ltd.	No	0	No	0	0
Independent Director	Yuan-Hung Wang	Department of Business Administration, National Cheng Kung University; Passed the advanced Attorneys national exam; Attorney at Deloitte & Touche Taiwan; Managing Partner of Yung Hua Commercial Law Firm	No	0	No	0	0
Independent Director	Tsun-Tsi Hsu	Master of Law, Soochow University; Associate research fellow at the WTO Center of Chung-Hua Institution for Economic Research; Director at the Taiwan ASEAN Studies Center of Chung-Hua Institution for Economic Research; Member of the International Affairs Committee, Chinese National Federation of Industries	No	0	No	0	0

Note 1: Please refer to the annex on Page 22 - Director Information for related details.

Note 2: (1) Including, without limitation, whether or not the independent director himself/herself, his/her spouse, or a relative within the second degree of kinship is serving as the director, supervisor of, or working for the Company or any of its affiliates.

(2) The number and weight of shares the independent director himself/herself, his/her spouse, or a relative within the second degree of kinship holds.

(3) Is he/she the director, supervisor, or employee of a company related in a specific way to the Company (refer to the requirements in Article 6 Paragraph 1 Sub-paragraphs 5-8 of the Regulations Governing the Appointment and Exercise of Powers by the Compensation Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter?

(4) The amount of rewards received for business, legal affairs, financial affairs, and accounting services provided over the past two years to the Company or any of its affiliates.

Operations of the Remuneration Committee

I. There are three members in the Company's Remuneration Committee.

II. The term of office for current members: From June 24, 2019 to June 23 2022.

III. The Compensation and Remuneration Committee met 5 times (A) from January 2021 to December 2021. Qualification and attendance of the members are given below:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A) (Note)	Notes
Convener	Hsing-Shu Hsieh	5	0	100	
Committee Member	Yuan-Hung Wang	5	0	100	
Committee Member	Tsun-Tsi Hsu	5	0	100	
Other matters that should be documented: I. In the event that the Board of Directors does not adopt or revises advice from the Compensation and Remuneration Committee, the date, session number, details of proposals, decisions made by the Board of Directors, and how the Company addressed opinions from the Compensation and Remuneration Committee shall be stated (in the event that the compensation and remuneration approved by the Board of Directors are better than as advised by the Compensation and Remuneration Committee, the difference and the reason shall be specified): None. II. For decisions made by the Compensation and Remuneration Committee, as long as there are members objecting or having their reservations that are recorded or stated in writing, the date of the Compensation and Remuneration Committee meeting, the session number, contents of the proposal, and how opinions from all members and from opposing members are handled should be described: None.					

IV. Operations During the Year

Date/Period of the Remuneration Committee Meeting	Content	Compensation and Remuneration Committee Resolution	Resolution of the Board of Directors Result
2021/02/22 No. 09 of the 11th intake	1. Distribution of 2020 remuneration to employees and that to directors. 2. 2021 performance evaluation items for the Company's President and Vice President.	Approved by all attending members upon inquiry made by the chair.	Submitted to the meeting of the Board and approved by all attending Directors.
2021/05/06 No. 10 of the 11th intake	1. Results of 2020 annual performance evaluation results of managers and year-end finalized distribution of incentives with 2020 earnings.	Approved by all attending members upon inquiry made by the chair.	Submitted to the meeting of the Board and approved by all attending Directors.
2021/08/03 No. 11 of the 11th intake	1. Compensation and remuneration for Chairman Ching-Fang Tu.	Approved by all attending members upon inquiry made by the chair.	Submitted to the meeting of the Board and approved by all attending Directors.
2021/11/01 No. 12 of the 11th intake	1. Revision of the “Board of Directors Performance Evaluation Guidelines”.	Approved by all attending members upon inquiry made by the chair.	Submitted to the meeting of the Board and approved by all attending Directors.
2021/12/27 No. 13 of the 11th intake	1. Compensation and remuneration for the Vice President. 2. Salary rise for 2021 for managers.	Approved by all attending members upon inquiry made by the chair.	Submitted to the meeting of the Board and approved by all attending Directors.

(V) Promotion of sustainable developments

Action item	Implementation status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Description	
I. Does the company have the governance framework in place to help promote sustainable developments and have a unit that specializes (or is involved) in promoting sustainable developments and have the Board of Directors to empower high-ranking management to take care of it and report the progress to the Board of Directors?	Yes		The Company's Board of Directors promotes sustainable development-related tasks through the Corporate Governance and Sustainability Committee established. The Committee consists of 3 independent directors and 2 directors and underneath it are the "Corporate Governance and Ethical Corporate Management" group under the charge of the Corporate Governance Officer, the "Sustainable Environmental Development" group under the charge of the Vice President of Production Technology, and the "Employee Care and Social Involvement" group under the charge of the Vice President of Management and Sales. The Committee meets regularly twice a year and from time to time as needed. It already reported to the Board of Directors in December 2021 the implementation status of ESG for the year and the plan for the coming year.	Requirements of the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.
II. Has the Company conducted risk evaluations on environmental, social, and corporate governance issues related to the Company's operations, and established relevant risk management policies or strategies based on the materiality principle?	Yes		The CSR Committee is responsible for the preparation of the Company's CSR report. Regarding the risks related to material issues selected by members from environmental, social, and economic aspects, a total of seven material issues were selected. The report disclosed the analysis of risk evaluation on material issues and relevant risk management policies or strategies; the key summary is as follows: Material environmental issues:	Requirements of the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.

Action item	Implementation status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Description	
			The Company identified the risk of greenhouse gas (GHG) emissions, established management measures for annual GHG inspection, and established the target that GHG emissions shall be lower than 25,000 tonnes CO2e. Based on the Air Pollution Total Volume Control Plan in Kaohsiung-Pingtung Region, the departments reduced the total volume of air pollution emissions of SOx, NOx, and VOC. The Company has established a stringent environmental load evaluation system for its investment projects. Through work division between internal departments, the evaluation system enlarges or reduces the environmental load of the existing equipment's production capacities in proportion to evaluate the environmental load of investment projects and define the energy boundary diagram to calculate the changes in energy of its investment projects. Material social issues: For the social aspects, the Company includes the improvement in occupational safety and health management as a key item. The Company obtained the OHSAS 18001 certification in 2001 and passed the ISO45001 version transition smoothly in 2020. The relevant management policies include improving the attitude, cognition, and abilities of employees on safety and health through educational training and promotion, regular inspection by different level of Directors on-	

Action item	Implementation status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Description	
			site on behaviors of employees and contractors' staff, and operating environment. In 2021, a total of 2,519 deficiencies were found during the patrol inspection at Xiaogang Plant, and a total of 2,375 deficiencies were found during the patrol inspection at Pingnan Plant; persons at the plants have made improvements. Material corporate governance issues: Due to the effects of COVID-19, stakeholders focused on the Company's operating performance. The Company disclosed its risk and responding strategies in its CSR report. Given the effects made by all fellow colleges, the operating income of the Company for 2021 was NTD 7.81 billion and the profit before tax was NTD 1.31 billion.	
III. Environmental issues (I) Has the Company set up an appropriate environmental management system based on the characteristics of the industry in which it operates?	Yes		(I) The Company has passed and obtained international certification standards of ISO9001, SO14001, ISO45001, and ISO50001, etc. Currently, the Company's GHG inspection has been completed, and the reduction work is actively undergoing.	(I) Requirements of the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.
(II) Has the Company endeavored to improve the energy utilization efficiency and use renewable materials with minimal impacts on the environment?	Yes		(II) The Company has established the standard control value for resources such as utilities, and examines its achievements on a monthly basis to improve the usage efficiency of resources. During the procurement of raw materials, the Company	(II) Requirements of the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.

Action item	Implementation status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Description	
			gives preference to products with green environmental protection labels. In 2021, the Company's green accounting amounted to approximately NTD 266.24 million in aggregate, accounting for approximately 3.4% of the revenue.	
(III) Has the Company evaluated current and future potential risks and opportunities arising from climate change and adopted responding measures for issues related to climate?	Yes		(III) Risks that may arise from global climate change are disclosed in the Company's CSR Report. The Company analyzed its risks and opportunities from the economic, environmental, and social aspects, and established responding measures based on the level of impacts. In addition, for carbon reduction, carbon footprint inventory checks and external qualification of greenhouse gases have begun for primary products.	(III) Requirements of the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.
(IV) Has the Company prepared statistics on its GHG emissions, water use, and the total weight of waste for the past two years and established management policies related to energy-saving, carbon emission reduction, GHG reduction, water use reduction, or other wastes?	Yes		(IV) 1. Statistics on GHG emissions and related management policies: (1) The Company executes its GHG inspection on a yearly basis on its own, and the production plant has not discharged any substances that damage the atmosphere. For the GHG emission intensity of the Company, the turnover/total emission volume during the base year (2010) was NT$135.75 thousand/tonnes CO2e, and the Company included the emission volume of the Pingnan plant after 2018 for	(IV) Requirements of the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.

Action item	Implementation status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Description	
			a combined calculation; the GHG emission intensity in 2021 was NTD 68.12 thousand/tonnes CO2e. (2) GHG emissions of the Company for Xiaogang Plant of 2020 and 2021 came to 83,192.72 tonnes CO2e and 103,551.10 tonnes CO2e, respectively. GHG emission of the Company for Pingnan Plant of 2020 and 2021 came to 12,104.57 tonnes CO2e and 11,106.05 tonnes CO2e, respectively. (3) The Company established a five-year development strategic project focusing on GHG reduction. Since 2019, the Company has set the target of reducing 1% of the GHG emissions each year for the coal chemical production plant by means of refined manufacturing processes. That is, 812 tonnes CO2e/year, and a total of 4,060 tonnes CO2e for five years. 2. Statistics on water use and management policy: The management policy of water use is to circulate and recycle the water to reduce the volume of water use. In 2020 and 2021, the volume of tap water used by the Company was 18 tonnes and 14.8 tonnes, respectively; the water was primarily used in supplementing the circulating cooling water for three cooling towers, followed by the water used	

Action item	Implementation status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Description	
			for on-site cleaning and employees' daily use. Regarding the circulating cooling water that accounted for the major water use, we have made improvements to the manufacturing process in recent years to recycle the steam condensate and adjusted its tower operating conditions to achieve the reduction on supplementing cooling water. 3. Statistics on waste and management policy: The primary policy is to reduce packaging materials and the generation of living wastes. The major raw materials of the production plant are delivered to the Company through pipelines and tank cars. Its primary products are delivered to domestic downstream customers through tank cars or to foreign customers through chemical tankers, so as to reduce the consumption of packaging materials and the generation of wastes from the source of production. The waste management target of the Company is reduction and recycling for reuse. For the management of waste, the goals of the Company are reduction and reutilization. General industrial waste accounts for a majority of the waste generated by the plants and primarily consists of daily	

Action item	Implementation status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Description	
			trash from employees generated in offices and manufacturing facilities. Such general industrial waste is categorized and recycled. Regeneration and reuse is prioritized, followed by recycling of resources before such was is eventually cleared by the legal clearance company Shiau Gang Environmental Co., Ltd. and transported to the Southern District Waste Management Plant, Environmental Bureau, Kaohsiung City Government to be incinerated or to the contract re-utilization and removal service provider to be processed and be used again. The total amount of waste generated by the Xiaogang Plant in 2020 and 2021 came to 175 and 142 tonnes, respectively. The total amount of waste generated by the Pingnan Plant in 2020 and 2021 came to 57.56 and 58.7 tonnes, respectively.	
IV. Social issues (I) Has the Company established appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	Yes		(I) The Company complies with principles and spirits stated in the International Bill of Human Rights such as the "Universal Declaration of Human Rights," "The United Nations Global Compact," and "The ILO Declaration on Fundamental Principles and Rights at Work" issued	(I) Requirements of the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.

Action item	Implementation status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Description	
			by the International Labour Organization, treats and respects its current employees and contractors' staff with fairness and dignity, and avoids any behavior that infringes and violates human rights. The specific implementations include setting out policies and management plans related to the protection of human rights in the Company's "Human Affairs Management System" and improving employees' understanding of human rights protection through educational training. 1. Establish labor conditions according to government laws and regulations related to labor. 2. Provide equal working opportunities to all candidates according to the Employment Service Act. In 2021, there was no violation of human rights or discrimination event that occurred when hiring employees. 3. According to the "Guidelines for Handling Complaints," the Company has complaint channels in place to protect employees' human rights. Such channels are available for employees when their legal interests are infringed or improperly handled and cannot be fairly resolved. In 2021, there was no event of discrimination or complaint, nor any	

Action item	Implementation status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Description	
			violation of regulations related to human rights.	
(II) Has the Company established and implemented reasonable employee welfare measures (including remuneration, paid leaves, and other benefits) and reflected its operating performance or results in employees' remunerations?	Yes		(II) The Company has established reasonable policies for remuneration, paid leaves, and other benefits and reflected its operating performance or results in employees' remunerations. (Please refer to (VIII) Remuneration of Employees and Directors under Chapter 4. Fund Raising, and (VI) Labor-capital Relationship under Chapter 5. Business Overview)	(II) Requirements of the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.
(III) Has the Company provided a safe and healthy working environment for employees and organized training on health and safety for its employees on a regular basis?	Yes		(III) In order to enhance the risk control ability of the Company, ensure safety and health management performance, and reduce occupational disasters, the Company obtained OHSAS18001 and CNS15506 certifications in 2002 and 2012, respectively, and completed ISO45001 certification in 2020 and routine qualifications are done each year to utilize the occupational safety and health management system. The Company endeavors to comply with international advanced safety and health standards, commits to provide and maintain a working environment that aligns with requirements under laws and regulations, and to continually prevent any potential hazards that may harm lives and properties. The Company	(III) Requirements of the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.

Action item	Implementation status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Description	
			hired one full-time nurse in 2014 and added another one in 2022 to carry out related health promotion tasks. Items included in the health examination each year are better than those required by law and employees' families may have the examination if they want. In addition, various health workshops are organized periodically to reinforce ideas about staying healthy and health awareness among the employees. (Please refer to V. Work Environment and Protective Measures for the Personal Safety of Employees under Chapter 5. Business Overview)	
(IV) Has the Company established effective career development training plans for its employees?	Yes		(IV) The Company has defined its educational training guidelines and the "CSCC Talent Cultivation and Development Plan" to facilitate the training for new hires, professional trainings, and training for supervisors, etc. Target number of hours is set for educational training and the educational training plan is prepared each year; educational training is provided according to the plan.	(IV) Requirements of the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.
(V) Does the Company comply with laws and international standards concerning customer health and safety, customer privacy, marketing, and labeling of products and services	Yes		(V) The Company observes relevant laws and international standards related to customers' health and safety, customer privacy, marketing, and label of its products and services, and has appointed	(V) Requirements of the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed

Action item	Implementation status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Description	
and define related policies and complaint-filing procedures to protect the rights of consumers or customers?			dedicated personnel and set up a mailbox to handle issues related to complaints regarding the interests of the Company's consumers.	Companies are fulfilled.
(VI) Has the Company established its supplier management policies to require suppliers to observe relevant regulations on issues related to environmental protection, occupational safety and health or labor human rights, as well as their implementation?	Yes		(VI) The Company follows ISO9001, IATF16949: 2016 quality management systems while defining its supplier management procedure. Since 2018, the Company included four issues of environmental protection, labor condition, human rights, and society as the core evaluation items. In 2021, there were a total of 56 qualified suppliers.	(VI) Requirements of the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.
V. Does the Company prepare the Sustainability Report or other reports disclosing non-financial information of the Company by referring to international general principles or guidelines in the preparation of reports? Are there opinions from a third-party qualification unit to validate or guarantee the said reports?	Yes		Our 2020 CSR report passed the SGS certification, meaning that the content complies with the content of core options in the GRI Standards issued by the Global Reporting Initiative in 2016 and AA1000 Assurance Standard: Type 1 Assurance. The report received the “Sustainability Report – Traditional Manufacturing Sector - Gold Award” from TCSA.	Requirements of the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.
VI. If the Company has established its own sustainable development principles according to the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies, please describe the differences between its implementation and the established principles: The Company has established its Sustainable Development Best Practice Principles according to the "Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies,"				

Action item	Implementation status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Description	

and the actual operations comply with the requirements under the Principles.

VII. Other Important Information to Help Understand Implementation Status in the Promotion of Sustainable Developments

(I) Environmental aspects

The Company has always been deeply concerned about environmental issues, and it has implemented relevant systems through real actions, including the coal chemical production plant passing the ISO 14001:2015 Environmental Management System Certification and 2013 ISO 14064 GHG emission inspection. Due to current concerns on energy management issues and the future energy management challenges that the Company will face, it will achieve three purposes of energy cost reduction, energy-saving and carbon emission reduction, and improvement of its corporate image through establishing an energy management system and developing energy efficiency improvement plans to effectively manage its energy use, improve energy efficiency, and further improve its healthy, environmental-friendly corporate. SGS performed the ISO 50001 external certification of the Company's coal chemical production plant in June 2013, and the coal chemical production plant also successfully obtained the system certification from ISO50001: 2010 Energy Management and the system certification upon the version transition of ISO50001: 2018 Energy Management in 2019. The carbon material production plant was completed in March 2018, and the Company commenced the introduction of ISO50001 Energy Management System in 2019.

The internal energy-saving and carbon emission reduction measures of the coal chemical production plant referred to the best feasible technologies of international companies within the same industry. The K4103A/B vibration reduction and energy-saving improvement project was conducted in 2020. We organized A/C energy-saving management plan and adopted the second dosage of solvent for the MPS recycling for Laboratory II. The following energy-saving and carbon emission reduction measures were conducted for the carbon material production plant: (1) The B2121 exhaust fan was initially operating on a constant basis; after improving the ventilation, the exhaust fan is now a backup instead of being used. (2) We improved the action projects regarding the roughness of the P2A71C impeller and coated ceramics. (3) Installed an additional frequency converter for B2216 to reduce the operating frequency. (4) Installed the return pipe for the ice water pump and added a solenoid valve for control to reduce the number of operating hours for the ice water pump. The benefits of energy-saving and carbon emission reduction measures in 2021 are as explained in the below table:

Energy-saving and Carbon Emission Reduction Management Plan of the Coal Chemical Production Plant for 2021

Item	Energy-saving Action Plan	Benefits of Energy-saving
1	E127B is updated to be the spiral heat exchanger.	It reduces the electricity consumed a year by 32 kWh, accounting for about 0.06% of the annual electricity (49,140 kWh), saving 0.12% a year. From 2015 to 2021, cumulatively, 1.72% of electricity was saved on average.

Action item	Implementation status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Description	

2	DT-AO heat exchanger reduces the amount of steam used.	It saves the amount of steam used by 487Kg/hr, that is, up to 4,266 MT of steam a year, accounting for around 0.25% of the annual steam consumed (169,562MT), saving 0.83% a year.
3	Improved water spray for the materials farm.	The amount of water used on average in 2021 was below that in 2020, which was about 21.39MT.

2021 energy conservation management plan for carbon materials plants

No.	Energy-saving action plan	Benefits of energy-saving
1	B2217 reduces the operational frequency.	Statistics show that the current of the furnaces (PN0190~PN0244) dropped by 13% on average.
2	The temperature rise rate of D2415 is enhanced to bring down the time needed for drying each batch and conserves energy.	The cost of electricity saved a year is around NTD 16,951.

The production plant passed the ISO 14001 Environmental Management System Certification in 1997, and it adopted PDCA to continue improving to avoid factors that may result in pollution to the environment. Through the active manufacturing process improvements, energy-saving, and pollution prevention measures, the Company effectively reduced the emissions of various pollutants. The system was integrated with the ISO45001 Occupational Safety and Health Management System as the "Environmental Safety and Health Management System," and an "Occupational Safety and Health Committee" was established; the President is the chairperson, and is responsible for the decision-making of the environmental safety and health management; internal and external audits are executed each year. The coal chemical production plant successfully completed the ISO14001:2015 and ISO45001:2018 certifications in March 2021 to allow the operation of the production plant to comply with laws and regulations and the cycle of PDCA.

(II) Promote green life

In addition, the Company promotes green life and organizes events such as tree planting, beach cleaning, mountain climbing, among others. The Company also encourages employees to adopt behaviors of energy-saving, carbon emission reduction, and plastic reduction in their daily lives, engage in outdoor activities, and care for the Earth, which we depend on to live.

(III) Community participation and neighborliness

To carry out healthy interactions with communities, the Company admitted to the Linhai Industrial Park Association to participate in various activities of suppliers in the park. The Company visits neighborhoods and villages near the Company from time to time and sponsors community activities to achieve healthy interactions with community residents.

Action item	Implementation status			Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Description	

(1) Sponsorship of elementary students' summer camp in Xiaogang District, Kaohsiung City.
(2) Sponsorship of activities held by neighborhoods and societies in Xiaogang and Dalinpu.
(3) Assistance provided in the locality as a good neighbor together with the Xiaogang District Office.
(4) Purchase of handy gift boxes from students of ChiaTung Agricultural Vocational Senior High School in Pingtung and gave them to visitors.
(5) Tree planting campaign organized together with the Jiadong Township Office, Pingtung County.
(6) Beach cleaning campaign organized together with the Fangliao Township Office and the Fangliao Fishermen's Association, Pingtung County.

(IV) Social contribution and public welfare
(1) Sponsorship of the General Association of Chinese Culture for its "2021 Japan-Taiwan Friendship" event.
(2) Sponsorship was provided to fund moral education programs, transportation, and extracurricular club activities for the Jin-Jhu Elementary School in Neimen District, Kaohsiung City.
(3) Sponsorship of New Year's Eve Celebration of Kaohsiung City Government.
(4) Sponsorship for the "Union Benevolence Force" of Kaohsiung Labor Affairs Bureau.
(5) Sponsorship of the "2021 Love Without Barriers" of the Eden Social Welfare Foundation.
(6) Sponsorship of the Evergreen Lohas Campaign in Kaohsiung.
(7) Purchase of moon cakes for the Mid-autumn Festival from the Genesis Social Welfare Foundation to give to local residents as part of public relations efforts.
(8) Encouraging colleagues to donate money for the Chengzhongcheng fire in Kaohsiung.
(9) The Company continuously monitors the water quality of saltwater ports, streams, and rivers in the Xiaogang plant area, and immediately informs the competent authority to conduct emergency measures to solve pollution problems.
(10) Sponsorships provided to engineering academic associations such as the Kaohsiung City Industrial Association, China Mining and Metallurgical Engineering Society, Chinese Institute of Engineers, ROC Anti-corrosion Engineering Association, Taiwan Compound Semiconductor and Equipment Industry-Academia Alliance, and CSC Group Education Foundation.

(V) Consumers' interests
Adhering to the quality policy of "customers first," the Company is committed to producing products that meet customer needs; the Company conducts customer satisfaction surveys each year to understand its level of performance within the industry and customer satisfaction, and seek opportunities to further improve the quality of its products and services. The Company adjusts its business strategy to align with market development trends. Meanwhile, the Company has formulated customer complaint handling procedures to deal with customer complaints. In recent years, the Company has proactively developed green energy products for the downstream energy-saving industry

<table>
<tr><th rowspan="2">Action item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td colspan="5">to protect Earth’s environment.
(VI) Human rights
The Company adheres to its core values of "integrity, respect, and sustainability." We respect the human rights of all fellow colleagues, customers, and stakeholders. The Company complies with principles in the International Bill of Human Rights such as the "Universal Declaration of Human Rights," "The United Nations Global Compact," and "International Labor Office Tripartite Declaration of Principles.” The Company has complied with laws and regulations related to labor at the place where the Company is located, and has established and implemented relevant human resource policies and internal rules. In addition, we expect our suppliers to also comply with the spirit of our human rights policy. We have adopted execution policies as follows: Provide a safe and healthy work environment. Avoid illegal discrimination and ensure equal work opportunities. Prohibit child labor and prohibit forced labor. Assist employees in maintaining their physical and mental health and work balance. Encourage our suppliers in the supply chain to realize human rights protection. Such human rights policies are published on the Company's open website in the hope of realizing the protection of human rights.
(VII) Safety and health
For details, please see the safety and health management and measures on Page 185.
In the future, the Company will adhere to the concept of "take from society and give back to society," focus on aspects of environmental protection, community care service, and organization of public welfare events, continue to care for the society, communities, and vulnerable groups with sincerity and adopt real actions. For information on details on the operations of our corporate social responsibilities, please see the CSR report of CSCC or visit the CSR section on the website of CSCC.</td></tr>
</table>

(VI) Implementation of Ethical Management

Item	Operation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
I. Establishment of ethical management policies and programs				
(I) Has the Company established its ethical management policies that are passed by the Board, and expressively declared its ethical management policies and measures in its rules and documents for external parties, and the commitments made by the Board and the senior management to actively implement the operating policies?	Yes		(I) 1. The Company has established its "Ethical Norms for Employees" (Note 5) (#p.113#), "Ethical Management Principles," "Procedures and Behavioral Guidelines for Ethical Management" (Note 6) (#p.116#), and "Code of Ethics for Directors and Senior Managers," which were reported to and passed by the Board; the Company has preventive requirements for unethical behaviors in place. 2. The Company otherwise established its "Internal Control System," and the partial sections related to the human affairs management system also set out preventive requirements for unethical behaviors. The Company also stipulated the prohibition clauses on bribery and receipt of rebates in engineering, procurement, and contracting contracts.	(I) In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
(II) Has the company established a risk assessment mechanism against unethical conduct, analyze and assess operating activities with higher risk of unethical conducts on a regular basis, and	Yes		(II) 1. The Company has established its "Guidelines for Handling Gifts, Social Engagements, and Lobbying" to realize a quality corporate culture, safeguard its corporate image, and provide a basis for employees in handling gifts, social	(II) In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.

Item	Operation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
establish prevention programs accordingly, which shall at least include the preventive measures specified in Article 7, Paragraph 2 of the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx-Listed Companies"?			engagements, and lobbying. 2. The Company is disallowed to make political donations or be engaged in improper charity donations or sponsorships. 3. Except for ethical standards established for the management, the Company established its "Ethical Norms for Employees," "Regulations for the Whistleblowing, Complaints, and Punishment of Violations of Ethics" (Note 7) (#p.133#), and formulated clear specifications on ethical behaviors, punishment of violations, and the complaint system in place. 4. The Company is qualified by the TIPS for its intellectual properties and has related regulations and procedures in place to protect intellectual property rights. 5. The Audit Office conducts a risk evaluation based on the audit plan, regularly carries out audits on the implementation of ethical management, proposes improvement recommendations, monitors their progress, and reports the results to the Board.	
(III) Has the Company stated the operating procedures, behavioral guidelines, punishments for violations, and the complaint system in its unethical behavior preventive plan, duly	Yes		(III) The Company has established appropriate management regulations for business activities within its business scope which are at a higher risk of being involved in unethical conduct, such as the "Guidelines for Handling Gifts and Social	(III) In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.

Item	Operation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
implemented the plan, and regularly examined and amended the abovementioned plan?			Engagements," and prevents the occurrence of unethical behaviors through the multi-level of controls based on the "Table of Power and Responsibility Division." In addition, the whistle-blowing hotline and complaint-filing system are in place. The Audit Office conducts audits on the implementation of ethical management on a regular basis and reviews for improvements.	
II. Realize ethical management (I) Has the Company evaluated business counterparties' ethical records and included clauses related to ethical management in contracts with business counterparties? (II) Has the Company established a dedicated department supervised by the Board to be in charge of corporate ethical management? Has the dedicated department regularly (at least once a year) reported to the Board regarding the ethical management policies, unethical behavior preventive plan, and the execution of supervision?	 Yes Yes		 (I) The Company regularly conducts supplier evaluations each year and will refuse to work with those with records of unethical behaviors. The Company has stipulated clauses related to ethical management in the business contracts. (II) The Administration Department promotes relevant requirements of the Company; departments shall observe relevant requirements to ensure the due implementation of ethical management policies, and the supervision on execution and monitoring of improvements are conducted via the internal audit system and project audits. The Administration Department and the auditor regularly report to the Board regarding the deficiencies found during supervision and the execution of ethical management. The status of ethical management	 (I) In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies. (II) In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.

Item	Operation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			for 2021 had been reported at the meeting of the Board in December 2021. There was no violation of ethical management in 2021; for details on departments' responsibilities and relevant execution, please visit the Company's website.	
(III) Has the Company established policies to prevent conflicts of interest and provide appropriate communication channels, and implemented such policies?	Yes		(III) The Company has established its "Regulations for Whistleblowing, Complaints, and Punishments for Violations of Ethics," established internal and external whistleblowing channels and procedures, and disclosed the hotline and mailbox for complaints on the Company's website to provide appropriate communication channels. The whistleblowing hotline and mailbox are the phone number and mailbox of the Company's Chief Auditor.	(III) In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
(IV) Has the Company established effective accounting systems and internal control systems to implement ethical management, with the internal audit department being responsible for devising relevant audit plans based on the evaluation results of the risk of involvement in unethical behaviors, and examined, accordingly, the compliance with the unethical behavior	Yes		(IV) 1. Accounting system: The Company's accounting system primarily specifies the processing standards, procedures, accounting items and subjects, accounting certificate, accounting books, and the categories and formats of accounting statements and their method of preparation and use relating to the accounting affairs of the Company, in the hopes of protecting the safety of the Company's properties, preventing errors and fraud, stipulating work procedures and responsibilities,	(IV) In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.

Item	Operation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
preventive plan, or engaged CPAs to carry out the audit?			providing critical and objective financial accounting information to serve as the basis for establishing an overall information system, and connecting to the International Financial Reporting Standards (IFRSs). The processing of accounting affairs of the departments of the Company are subject to the requirements of the accounting system, and are reviewed by the responsible executive. 2. Internal control system: (1) Establish an effective internal control system The Company has established its internal control handbook, which serves as a basis for relevant departments and employees of the Company in executing the internal control system after being passed by the Board. The self-evaluation is conducted in October each year. Departments at various levels and subsidiaries shall implement the evaluation on business managed by themselves based on the "Internal Control Self-evaluation Form," and the Audit Office shall carry out the review. (2) Assist the Board and manages in examining and reviewing the internal control system and deficiencies of ethical behaviors, measuring the effect and efficiency of operations, and providing	

Item	Operation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			improvement recommendations and establishing relevant audit plans in due course to ensure the continual effect of the internal control system and serve as the basis for examining and amending the internal control system.	
(V) Has the Company regularly held internal and external educational training on ethical management?	Yes		(V) The Company's Ethical Norms for Employees and Ethical Management Principles have stipulated the ethical standards; furthermore, the CSR report published each year also clearly disclosed its ethical management policies. The Company communicates its corporate ethical management concept and requirements through employees' educational training and internal meetings to allow employees to fully understand and duly observe these concepts. In 2021, the Chief Auditor communicated unethical events over a course of an hour that was attended by a total of 92 people.	(V) In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
III. Whistle-blowing system (I) Has the Company established concrete whistleblowing and incentive systems, established convenient whistleblowing channels, and appointed appropriate dedicated handling personnel for the targets being	Yes		(I) The Company has established its "Regulations for Whistleblowing, Complaints, and Punishments for Violations of Ethics" that set out the whistleblowing channels and the complete handling process, including establishing the information for whistleblowing and information to be provided	(I) In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.

Item	Operation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
reported?			by the whistleblowers, and requirements on handling process by the dedicated department, and the appropriate incentives provided to whistleblowers.	
(II) Has the Company established standard operating procedures for investigating the matters being reported and relevant confidentiality systems?	Yes		(II) The Company has established its "Regulations for Whistleblowing, Complaints, and Punishments for Violations of Ethics." The provisions stipulate the internal and external whistleblowing handling procedures, investigation operating procedures, and stipulated that the Audit Office shall keep secret the identity of the whistleblowers and the content of the report; verification shall be done through independent channels.	(II) In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
(III) Has the Company adopted measures to protect whistleblowers from being mistreated due to whistleblowing?	Yes		(III) Regulations for Whistleblowing, Complaints, and Punishments for Violations of Ethics stated that the Audit Office shall keep secret the identity of the whistleblowers and the content of the report, and the Company shall protect whistleblowers from being mistreated due to whistleblowing.	(III) In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
IV. Improve information disclosure (I) Has the Company disclosed the content of its Ethical Management Principles and the results of its implementation on the Company's website	Yes		(I) The Company disclosed its "Ethical Management Principles," "Procedures and Behavioral Guidelines for Ethical Management," and execution of ethical management on its website (www.cscc.com.tw) and	(I) In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Operation</th><th rowspan="2">Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>and MOPS?</td><td></td><td></td><td>MOPS.</td><td>Companies.</td></tr>
<tr><td colspan="5">V. Where the Company has established its Ethical Management Principles according to the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies," please describe its operations and the deviation from the Principles
The Company has established its "Ethical Management Principles" and "Procedures and Behavioral Guidelines for Ethical Management," and the operations of the organization have complied with the requirements under the Code of Ethical Management.</td></tr>
<tr><td colspan="5">VI. Other important information that helps understand the implementation of ethical corporate management of the company (e.g., review and amendment of the company's Ethical Corporate Management Best Practice Principles)
Adhering to the business philosophy of honesty and integrity with a responsible and accountable attitude, the Company's information on ethical management is listed as follows:
(I) Suppliers: The Company and its suppliers have entered into contracts to carry out business activities in a fair and transparent manner, and the Company stipulates clauses related to ethical behaviors in the contracts.
(II) Employees: The Company organizes educational training and promotion to allow employees to fully understand its determination and policies on ethical management and results of violating ethical behaviors.
(III) Investors: The Company has set up its corporate website to disclose its corporate profiles, basic data, and financial information, and discloses corporate information regularly at the MOPS in a timely, open, and transparent manner according to the requirements.
(IV) Consumers: The Company and its customers have entered into contracts to carry out business activities in a fair and transparent manner. The Company also established dedicated personnel and a mailbox to handle relevant issues for complaints related to customers' interests of the Company and handle the complaints from consumers in a fair and instant manner.
(V) The Company: All operations shall comply with laws and regulations in principle in the hopes of establishing its positive business image.
(VI) The Company reviews and amends or formulates regulations related to ethical management from time to time in order to meet the actual operating requirements.</td></tr>
</table>

Note 5

China Steel Chemical Corporation

Code of Ethics & Practice for Practitioners

Established on January 8, 2009

I. The “CSCC Code of Ethics & Practice for Practitioners” was formulated in order to promote the culture of probity, allowing employees to self-request and be spontaneous in executing their duties, so as to realize the CSC Group's four major spirits: team, corporate, pragmatism, and innovation and pass down a premium corporate culture.

II. Practitioners shall be cautious with their words and behaviors with probity in their conduct. They shall not seek improper benefits for themselves or any third party by using its identity, relationship, or news due to their power or duty.

III. Practitioners shall not request, agree on, or receive gifts, social engagements, or other benefits from stakeholders related to their duties. Gifts, social engagement, or other benefits based on social activities shall comply with the principles of etiquette.

IV. When Practitioners invite guests to social engagements for the purpose of performing their duties and developing external business relationships, the social engagement shall be organized in accordance with the principles of etiquette and simplicity instead of being extravagant and wasteful.

V. Practitioners who encounter any incident involving themselves or their relatives' stakes when performing their duties shall recuse themselves based on the principles of recusal for conflicts of interests.

VI. Practitioners shall not accept social engagement invitations or other entertainment activities from stakeholders that are not necessary for executing their duties without the consent of executives.

Practitioners shall avoid accepting invitations to banquets and entertainment from non-interested parties but are not suitable for their identity or position.

VII. Practitioners shall not accept illegal requests or lobbying and shall not treat any particular individual or group differently.

VIII. Practitioners shall avoid loaning money, inviting or participating in unions, or act as a guarantor of properties or identities to the extent possible.

All levels of executives shall strengthen the review of employees' ethical conducts, and shall immediately report or deal with any financial abnormalities and abnormal conditions in their daily lives discovered.

IX. Practitioners shall keep their weddings, funerals, events, and celebrations simple, and shall not take the opportunity to abuse their positions or business relationships to send out excessive wedding invitations or obituary notices. The same shall apply for moving into a new house or relocation.

X. Practitioners are strictly forbidden to illegally request or seek a promotion or job rotation.

XI. Practitioners shall describe material evidence in a proper way when reporting illegal activities, with no anonymous whistleblowing or intentionally punish others by false reports and facts.

XII. During their tenure, practitioners shall keep classified the secrets on account of performing business and commercial secrets or other personal data in accordance with the confidentiality regulations. The same shall apply after resignation.

XIII. Practitioners shall be devoted, pragmatic, and diligent, and take the initiative at work, abide by the rules for employee attendance and leave, and shall not leave their work without authorization and neglect their duties.

XIV. Practitioners shall respect administrative ethics in performing their duties. The superiors shall exercise due care in guiding, care, and cultivating subordinates, while the subordinates shall respect, obey, and support the guidance of their superiors, and honestly express opinions as reference for their superiors; harmonious cooperation shall be achieved among colleagues.

XV. Practitioners shall have a team spirit and focus on the overall and long-term interests of the Company and the Group's companies to improve horizontal connections, deepen vertical communications, cooperate with each other, and avoid self-centered or selfish behaviors.

XVI. Practitioners shall adhere to a pragmatic spirit when engaging in business transactions with companies within the CSC Group, and shall not accept or offer gifts for festive events unless necessary.

XVII. Practitioners who follow this Code and have achieved evident and outstanding performance shall be rewarded. Violations of this Code that are proven to be true after investigation shall be punished depending on their severity, and those liable to criminal sanctions will be reported to related law enforcement agencies.

XVIII. The Code shall be enacted and publicized after being approved by the Chairman. The same shall apply upon any amendment.

Note 6

CSCC Ethical Management Principles

Established on August 5, 2015

1st amendment on March 20, 2019

Article 1 The Company established the Principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies" to establish a corporate culture and healthy development for ethical corporate management and provide a reference framework for good business operations.

The Principles are applicable to the Company's subsidiaries, business conglomerate, and organizations that are corporates in which the Company directly or indirectly donated an aggregate of overall 50% of their funds or other institutions or corporates under the Company's substantial control (the "Business Conglomerate and Organizations").

Article 2 When engaging in commercial activities, Directors, managerial officers, employees, and trustees of the Company or persons having substantial control over the Company ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty (hereinafter referred to as "unethical conduct") for purposes of acquiring or maintaining benefits.

Parties referred to in the preceding paragraph include public servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers, employees or substantial controllers, or other stakeholders.

Article 3 "Benefits" in these Principles means any items of value, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits occasionally received or given in accordance with accepted social customs that do not affect particular rights and obligations shall be excluded.

Article 4 The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, rules and regulations related to TWSE and TPEx, or other laws and regulations related to business conducts as an essential precondition to realizing ethical management.

Article 5 The Company shall adhere to honesty, transparency, and responsibility, establish its operating policies based on ethics, and establish a healthy corporate governance and risk control system to create an operating environment for sustainable development.

Article 6 The Company shall establish ethical management practices and the programs to forestall unethical conduct (hereinafter referred to as "prevention programs"), including operating procedures, guidelines, and training in accordance with the business policies specified above.

The Preventive Plan in the preceding article shall comply with relevant local laws and regulations where the Company and Business Conglomerate and Organizations operate.

During the course of establishing the Preventive Plan, the Company shall communicate with its employees, labor union, significant business counterparts, or other stakeholders.

Article 7 When establishing the prevention programs, the Company shall analyze which business activities within its business scope which are possibly at a higher risk of being involved in an unethical conduct, and strengthen the preventive measures.

The Preventive Plan established by the Company shall at least include preventive measures against the following behaviors:

I. Offering and accepting bribes.
II. Providing illegal political donations.
III. Improper charitable donations or sponsorships.
IV. Offering or accepting unreasonable presents, social engagements, or other unjust benefits.
V. Infringement of trade secrets, trademark rights, patent rights, copyrights, and other intellectual property rights.
VI. Engaging in unfair competitive conduct.
VII. Direct or indirect harm to the interests, health, and safety of consumers or other stakeholders arising from the R&D, procurement, manufacturing, provision, or sales of its products and services.

Article 8 The Company and its group shall clearly specify in their rules and external documents the ethical corporate management policies and the commitment by the board of directors and the management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in external commercial activities.

Article 9 The Company shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management.

Before any business dealings, the Company shall consider the legality of distributors, suppliers, customers, or other business counterparties, and whether they have records of unethical behaviors, and avoid conducting transactions with those having records of unethical behaviors.

When entering into contracts with distributors, suppliers, customers, or other business counterparties, the Company shall include clauses related to the observation of ethical management policies and termination or cancelation of contract at any time upon any unethical behavior of the business counterparties.

Article 10 The Company, its Directors, managers, employees, trustees, and Substantial Controllers shall not directly or indirectly offer, promise, request, or receive any unjust benefits in any form to or from customers, distributors, contractors, suppliers, public servants, or other stakeholders when executing businesses. However, those complying with the local laws shall be excluded.

Article 11 The direct or indirect organization of personal donations made by the Company's Directors, managers, employees, trustees, and Substantial Controllers to political parties and political events shall comply with the Political Donations Act and the Company's internal relevant operating procedures without seeking business benefits or trading advantages.

Article 12 Charitable donations or sponsorship made by the Company, its Directors, managers, employees, trustees, and Substantial Controllers shall comply with relevant laws and regulations and internal operating procedures without involving disguised bribery.

Article 13 The Company its Directors, managers, employees, trustees, and Substantial Controllers shall not directly or indirectly provide or accept any unjust gift, social engagement, or other unjust benefits to establish business relationships or affect business transactions.

Article 14 The Company its Directors, managers, employees, trustees, and Substantial Controllers shall comply with requirements under regulations related to intellectual properties, the Company's internal operating procedures and contracts. Without consent from the owner of the intellectual property rights, there shall not be any use, leakage, disposal, harm, or other behaviors infringing the intellectual property rights.

Article 15 The Company shall engage in business activities according to the relevant competition regulations and shall not fixate prices, manipulate tenders, restrict production volume and quota, or share or divide markets by way of allocating customers, suppliers, operating regions, or business categories.

Article 16 The Company, its Directors, managers, employees, trustees, and Substantial Controllers shall comply with relevant regulations and international standards in the course of R&D, procurement, manufacturing, provision, or sales of products and services, ensure the information transparency and safety of products and services, establish and publish policies for the protection of consumers or other stakeholders, and implement such policies in the business activities to prevent products or services from directly or indirectly harming the interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts proving that the Company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the Company shall, in principle, recall the batch of products or suspend the services immediately.

Article 17 The Company's Directors, managers, employees, trustees, and Substantial Controllers shall exercise the due care of good administrators, supervise the Company in preventing unethical behaviors, and examine the implementation effects and continue to improve at any time to ensure the implementation of ethical management policies.

To achieve sound ethical management, the Company's internal departments shall be in charge of the following matters, and the auditor shall supervise its execution, and report to the Board on a regular basis:

I. Administrative Department:

(I) Assist in incorporating ethics and moral values into the Company's business strategy.

(II) Plan the internal organization, structure, and allocation of responsibilities and set up mutual supervision and counterbalance mechanisms of the business activities within the business scope which are possibly at a higher risk of involving unethical behaviors.

(III) Establish the Preventive Plan to ensure ethical management according to laws and regulations and establish standard Procedures and Behavioral Guidelines related to work and businesses in the Plan.

(IV) Promote and coordinate communications and training with respect to ethics policies.

II. Auditor

(I) Organize a whistleblowing system and ensure its effective execution.

(II) Assist the Board in reviewing and evaluating whether the preventive measures established for realizing ethical management are in operation effectively, and regularly evaluate the compliance of relevant business procedures to prepare reports.

Article 18 The Company's Directors, managers, employees, trustees, and Substantial Controllers shall comply with laws and regulations and the Preventive Plan when executing businesses.

Article 19 The Company shall establish policies for preventing conflicts of interest, to identify, supervise, and manage risks of unethical conduct resulting from conflicts of interest, and shall provide appropriate channels for Directors, managers, and other stakeholders attending or presenting at the Board meetings to voluntarily explain whether their interests would potentially conflict with those of the Company.

Where the Directors, managers, and other stakeholders attending or presenting at the Board meeting themselves or the corporates they represent are at stake in any proposal in the meeting, they shall explain the major content of such stakes on the Board meeting. When there may be harm to the Company's interests, they shall declare their opinions and answer to inquiries; they shall not participate in the discussion and voting, and shall not represent other Directors in exercising their voting rights. The Directors shall practice self-discipline and shall not support one another in improper dealings.

The Company's Directors, managers, employees, trustees, and Substantial Controllers shall not take advantage of their positions or influence in the Company to gain improper benefits for themselves, their spouses, parents, children, or any other parties.

Article 20 The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and implement of the systems are showing results.

The internal auditors of the Company shall carry out audits on the compliance with the above systems on a regular basis, and prepare audit reports to submit to the Board; CPAs may be engaged to execute the audit; when necessary, professionals may be engaged for assistance.

Article 21 The Company shall establish operational procedures and behavioral guidelines in accordance with Article 6 that specify matters that require attention when Directors, managers, employees, and

Substantial Controllers are executing businesses; their content shall at least cover the following matters:

I. Standards for recognizing offering or accepting unjust benefits.
II. Requirements that prohibit political donations.
III. Procedures and standards for the amount in terms of providing proper charitable donations or sponsorship.
IV. Declaration and handling procedures for avoiding conflicts of interests related to relevant interests.
V. Confidentiality requirements for confidential and business-sensitive data acknowledged during the course of business.
VI. Regulations and procedures for dealing with suppliers, customers, and business counterparties involved in unethical behaviors.
VII. Procedures for violations of the corporate's Ethical Management Principles.
VIII. Punishments and disposals on those who conducted violations.

Article 22 The Company's Chairman, President, or senior management shall communicate the importance of ethics to its Directors, employees, and trustees on a regular basis.

The Company shall periodically organize educational training and communication for Directors, managers, employees, trustees, and Substantial Controllers and invite the Companies' business counterparties to participate in such training and communication for them to fully understand the Companies' determination, policies, Preventive Plan, and results of violating ethical behaviors.

The Company shall integrate its ethical management policies with its policies on employee performance evaluation and human resources and establish an explicit and effective incentive and punishment system.

Article 23 The Company shall establish a concrete whistleblowing system and duly execute the system; the content shall at least cover the following matters:

I. Establish and announce the internal independent whistleblowing mailbox and hotline, or engage other external independent institutions to provide the whistleblowing mailbox and hotline for internal and external parties of the Company to use.

II. Appoint dedicated personnel or a department in charge of whistleblowing; where the reported matter involves any Director or senior executives, such matter shall be reported to the Independent Directors; establish categories for the reported matters and their investigation standard operating procedures.

III. The records and preservation of accepted reported cases, investigation process, investigation results, and the preparation of relevant documents.

IV. Confidentiality regarding the identity of whistleblowers and the reported content.

V. Measures to protect whistleblowers from being mistreated due to whistleblowing.

VI. Whistleblowing incentive measures.

For material misconduct or likelihood of material impairment to the Company found during investigations, the dedicated personnel or department handling the whistleblowing shall immediately prepare a report and notify Independent Directors in writing.

Article 24 The Company shall establish the punishment and complaint system for the violations of ethical management requirements and immediately disclose the date of violation, the content of violation, and the handling status in the internal website of the Company.

Article 25 The Company shall establish quantitative data for promoting ethical management, continue analyzing and evaluating the effects of promoting ethical management, and disclose measures adopted for ethical management, performance status, the above quantitative data, and the promoting effects on the Company's website and in its annual report and prospectus, and disclose the content of its Ethical Management Principles on the MOPS.

Article 26 The Company shall at all times monitor the development of relevant domestic and foreign regulations concerning ethical management and encourage Directors, managers, and employees to propose recommendations, and the Company shall examine and improve the ethical management policies and promoting measures established based on such recommendations to improve the implementation effects of the Company's ethical management.

Article 27 The Principles are implemented after being passed by the Board and submitted to the shareholders' meeting. The same shall apply upon any amendment. However, the amendment made in March 2019 shall be implemented upon inauguration of the directors of the 11th intake.

When submitting the Ethical Management Principles to the meeting of the Board for discussion according to the requirements in the preceding paragraph, the Company shall fully consider the opinions from Independent Directors and set out their opposing or qualified opinions in the meeting minutes of the Board meeting. Where Independent Directors are unable to attend the meeting of the Board in person to express their opposing or qualified opinions, except for having justifiable reasons, they shall issue their written opinions, and such opinions shall be set out in the meeting minutes of the Board meeting.

China Steel Chemical Corporation
Procedures and Behavioral Guidelines for Ethical Management

Established on December 30, 2015
1st amendment on August 8, 2019

Article 1 The Company engages in business activities based on the principles of fairness, honesty, faithfulness, and transparency. To fully implement ethical management policies and actively prevent unethical behaviors, the Procedures and Behavioral Guidelines are established pursuant to the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies and Article 6 and Article 18 of the Company's Ethical Management Principles, specifying matters to be noticed when personnel of the Company is executing their businesses.

The application scope of the Procedures and Behavioral Guidelines includes the Company's subsidiaries.

Except for otherwise stated in other rules and regulations, the Company shall comply with matters stated in the Procedures and Behavioral Guidelines.

Article 2 The term "personnel of the Company" mentioned in the Procedures and Behavioral Guidelines refers to the Directors, managers, employees, staff, trustees, and persons with substantial control of the Company and the business conglomerate and organizations.

The Company evaluates the conduct of the personnel of the Company based on any unjust interests provided, promised, requested, or received from a third party by the personnel of the Company.

Article 3 The term "unethical behaviors" mentioned in the Procedures and Behavioral Guidelines refers to the personnel of the Company directly or indirectly providing, receiving, promising, or requesting any unjust benefits to gain or maintain its interests during the course of executing its businesses or engaging in other behaviors that violate ethics, laws, or the trustee's obligations.

Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers, employees, or persons with substantial control or other stakeholders.

Article 4 The term "benefits" mentioned in the Procedures and Behavioral Guidelines refers to money, presents, gifts, commissions, positions, services, discounts, rebates, facilitation payment, social engagements, entertainment, and other valuable matters and subjects in any form or under any name.

Article 5 The Auditing Office is responsible for the relevant operations such as registration and archiving of the execution of the Procedures and Behavioral Guidelines, the reported content, and its supervision. The Auditing Office shall regularly report to the Board.

The Administration Department is responsible for the amendment, interpretation, and consultation services of the Operating Procedures.

Article 6 Personnel of the Company directly or indirectly providing, receiving, promising, or requesting any benefits stated in Article 4 shall be subject to the "Guidelines for Handling Gifts and Social Engagements."

Article 7 Personnel of the Company encountering direct or indirect provision or promises of any benefits stated in Article 4 from other parties shall be subject to the "Guidelines for Handling Gifts and Social Engagements."

Article 8 The Company shall neither provide nor promise any facilitation payment.

Personnel of the Company providing or promising facilitation payment due to threats or blackmailing shall be subject to the "Guidelines for Handling Gifts and Social Engagements."

Article 9 No political contributions shall be made by the Company.

Article 10 Charitable donations or sponsorship provided by the Company shall be subject to the following matters and shall take place after being reported to and approved by the responsible executives. Donations to related parties or significant donations to non-related parties shall be discussed or ratified by the Board according to Subparagraph 7, Paragraph 1, Article 7 of the “Rules of Procedure for Board of Directors Meetings”; the Audit Office shall perform audits on the abovementioned donations or sponsorships and prepare audit reports:

I. Comply with requirements under local laws and regulations where the Company operates.

II. Prepare written records of the decisions.

III. Charitable donations shall be made to charitable institutions without being disguised bribery.

IV. Sponsorships shall be provided to relevant persons who are not business counterparties of the Company or share interests with personnel of the Company as the returns of the sponsorship are explicit and reasonable.

V. After making charitable donations or sponsorships, the Company shall confirm that the flow of the funds and usage is consistent with the purpose of the donations.

Article 11 Personnel of the Company shall observe the requirements under the "Code of Ethics for Directors" and "Code of Ethics for Senior Managers" according to their titles.

Article 12 The management, preservation, and procedures for confidentiality of the Company's confidential information shall be subject to the requirements under the "Regulations for the Management of Business Secrets."

Article 13 Personnel of the Company shall duly observe the requirements related to confidentiality under the "Code of Ethics for Directors," "Code of Ethics for Senior Managers," and "Regulations for the Management of Business Secrets," and shall not disclose or deliver the confidential information of the Company they acknowledged to other parties, and shall not inquire or collect the confidential information of the Company that is not related to their duties.

Article 14 Personnel of the Company shall comply with the requirements under the Securities and Exchange Act, "Code of Ethics for Directors," "Code of Ethics for Senior Managers," and "Regulations for the Management of Business Secrets," and shall not use the undisclosed information they acknowledged to engage in insider trading, and shall not disclose such information to other, so as to prevent others from using the undisclosed information to engage in insider trading.

Article 15 Other institutions or personnel involving in the Company's merger, split, acquisition, and transfer of shares, significant memorandum, strategic alliances, other business projects, or significant contracts shall sign non-disclosure agreements with the Company to promise that they will not disclose the Company's confidential information or other significant information they acknowledged to others, and will not use such information without the Company's consent.

Article 16 The Company shall disclose its ethical management policies in its internal rules and regulations, annual report, on its corporate website, or in other printed literature, and declare in activities for external parties such as product launch presentations or investors conferences in due course, allowing its suppliers, customers, or other institutions and personnel related to its businesses to explicitly understand the Company's concepts and specification of ethical management.

Article 17 During the course of engaging in business conduct, personnel of the Company shall explain to business counterparties the Company's ethical management policies and relevant requirements and explicitly refuse to directly or indirectly provide, promise, request, or receive unjust benefits in any form or under any name.

Article 18 Personnel of the Company shall avoid engaging in business transactions with distributors, suppliers, customers, or other business counterparties involved in unethical behaviors. When discovering any unethical behavior of business counterparties or cooperative partners, personnel of the Company shall immediately stop the business dealings and include such counterparties or partners on the blacklist to duly implement the Company's ethical management.

Article 19 When entering into contracts with others, the Company shall include observing the Company's ethical management policies into the contract clauses, and shall at least state the following matters in the contracts:

I. When any party acknowledged personnel violating the contract clause related to the prohibition on receiving commissions, rebates, or other unjust benefits, the party shall immediately inform the other party regarding the personnel's identity, the method of providing, promising, requesting, or receiving the amount or other unjust benefits, and provide relevant evidence and cooperate with the investigation of the other party. When damages occurred to one party due to such violations, the party may request damage compensation from the other party, and such compensation may be deducted accordingly from the contracted consideration.

II. When any party is involved in unethical behavior during its business activities, the other party may unconditionally terminate or cancel the contract at any time.

III. Specify explicit and reasonable payment content, including payment venue, method, and relevant tax regulations to be observed.

Article 20 When the discovering or receiving reports on personnel of the Company involving in unethical behaviors, the Company shall immediately investigate relevant facts. Where it is verified that such personnel violated relevant laws or regulations or the requirements of the Company's ethical management policies, the Company shall immediately request such personnel to stop relevant behaviors and make proper disposals. When necessary, the Company may request damage compensation via legal procedures to protect the Company's reputation and interests.

Regarding unethical behavior that occurred, the Company shall procure relevant departments to examine relevant internal control systems and operating procedures and propose improvement measures to avoid the recurrence of such behaviors.

The Audit Office shall report to the Board regarding the unethical behaviors, handling methods, and subsequent examination and improvement measures.

Article 21 When personnel of the Company encounter others engaging in unethical behaviors against the Company, where their behavior involves an illegal conduct, the Company shall notify juristic and prosecuting authorities of the relevant facts; where any public agency or public servant is involved, the Company shall notify the government's anti-corruption authority.

Article 22 The Company shall include ethical management in policies of employee performance evaluation and human resources and establish an explicit and effective incentive and punishment system. For severe violations of ethics conducted by personnel of the Company, the Company shall dismiss or layoff such personnel according to relevant laws and regulations or the Company's human affairs regulations.

The Company shall disclose the title and name of personnel who violated ethics, the date of violation, the content of violation, and handling status on its internal website.

Article 23 The Procedures and Behavioral Guidelines were implemented after being passed by the Director as a resolution, submitted to Independent Directors, and reported to the shareholders' meeting. The same shall apply upon any amendment.

When submitting the Procedures and Behavioral Guidelines to the meeting of the Board for discussion according to the requirements in the preceding paragraph, the Company shall fully consider the opinions from Independent Directors and set out their opposing or qualified opinions in the meeting minutes of the Board meeting. Where Independent Directors are unable to attend the meeting of the Board in person to express their opposing or qualified opinions, except for having justifiable reasons, they shall issue their written opinions, and such opinions shall be set out in the meeting minutes of the Board meeting.

Note 7

China Steel Chemical Corporation

Regulations for the Whistleblowing, Complaints, and Punishment of Violations of Ethics

Established on January 6, 2016
1st amendment on March 23, 2020

Article 1 These Regulations were established to duly implement the Company's Ethical Management Principles and establish the Company's internal and external whistleblowing channels and handling procedures.

Article 2 The Company's Audit Office is the department handling whistleblowing. The whistleblowing hotline and mailbox are the phone number and mailbox of the Company's Chief Auditor.

Article 3 When the reported matter involves Directors or managers, the Audit Office shall report to Independent Directors. When the reported matter involves the Chief Auditor, the acting audit executive shall be the handling personnel responsible for relevant operations such as the investigation and the report.

Article 4 Categories of whistleblowing matters:

I. Offering and accepting bribes.

II. Providing illegal political donations.

III. Improper charitable donations or sponsorships.

IV. Offering or accepting unreasonable presents, social engagements, or other unjust benefits.

V. Infringement of trade secrets, trademark rights, patent rights, copyrights, and other intellectual property rights.

VI. Engaging in unfair competitive conduct.

VII. Direct or indirect harm to the interests, health, and safety of consumers or other stakeholders arising from the R&D, procurement, manufacturing, provision, or sales of its products and services.

VIII. Others

Article 5 Handling procedures:

I. Anonymous whistleblowing: The whistleblower shall provide its name and actual fact for whistleblowing. Anonymous whistleblowing will not be processed in principle; however, where the content claimed requires investigation, it may be processed by dividing it as a separate case, and it shall serve as a reference for internal examination.

II. Named whistleblowing: The Audit Office shall clarify the purpose and specific evidence of whistleblowing, and fill out the whistleblowing/complaint registration form (see Attachment 1), and submit the form to the Chairman for approval.

III. The Audit Office shall keep confidential the identity of whistleblowers and the content reported, and adopt an independent channel for investigation.

IV. In order to protect the rights of the counterparties of the reported cases to avoid retaliation due to resentment, the Company shall offer opportunities of complaints for such counterparties.

Article 6 The Audit Office shall record and preserve the acceptance of the reported cases, investigation process, investigation results, and relevant documents, which shall be preserved for at least five years, and they may be preserved in electronic means. If there is any litigation incurred related to the content reported before the expiry of the preservation period, relevant data shall be kept until the litigation has ended.

Article 7 The Company shall protect whistleblowers from being mistreated due to whistleblowing. However, where the reported case is verified as falsification, false accusation, report abuse, or slander on others after investigation, the Company shall discuss the disposal based on the circumstances.

Article 8 Where the whistleblower is the Company's employee, the whistleblower may be granted appropriate incentives based on the severity of the circumstances of the reported case verified as true after investigation.

Article 9 For handling whistleblowing cases, for any likelihood of significant violations or significant impairment to the Company is discovered after investigation; a report shall be immediately made. After submitting the report to managers who are concurrently Directors and the Chairman, written notices shall be sent to Independent Directors.

Article 10 For complaint cases related to the violations of ethical management requirements that are verified as true after investigation, the Company shall disclose information such as the date of violations, the content of violations, and handling status on its internal website.

Article 11 For whistleblowing cases related to the violations of ethics that are verified as true after investigation, the Company shall impose punishment based on the severity of the circumstances.

Article 12 The Regulations were implemented after being approved by the President. The same shall apply upon any amendment.

(VII) Rules and Regulations for Corporate Governance and Its Inquiry Method

1. Rules and Regulations for Corporate Governance
   (1) According to relevant regulations established by the Financial Supervisory Commission under the Executive Yuan, the Company established its ① Internal control system ② Procedure for the Acquisition or Disposal of Assets ③ Operating Procedure for Endorsement and Guarantee ④ Operating Procedure for Lending to Others ⑤ Board of Directors' Meeting Procedure ⑥ Compensation and Remuneration Committee Organic Rules ⑦ Audit Committee Organic Rules
   (2) According to relevant regulations and samples established by Taiwan Stock Exchange, the Company established its ①Rules of Procedure for the Shareholders' Meeting ② Code of Ethics for the Directors ③ Code of Ethics for Senior Managers ④Board Directors Election Regulations ⑤ Operating Procedure for Trading with Related Parties, Specific Companies, and Enterprises within the Group ⑥ Ethical Corporate Management Best Practice Principles ⑦ Procedures and Behavioral Guidelines for Ethical Management ⑧ Corporate Governance Best Practice Principles ⑨ Corporate Social Responsibility Best Practice Principles ⑩ Board of Directors Performance Evaluation Guidelines ⑪ Regulations for the Report of Internal Significant Events.
2. Inquiry methods
   (1) Market Observation Post System (New version: http://mops.twse.com.tw/mops/web/index; Old version: http://newmopsov.twse.com.tw): in "Establishment of related corporate governance regulations and rules" under "Corporate Governance".
   (2) Corporate website of the Company

(http://www.cscc.com.tw/Govern.htm#Reg): Documents are available for download at "Articles of Association and Relevant Significant Procedures" under "Corporate Governance."

(VIII) Other information enabling a better understanding of the Company's corporate governance operations shall be disclosed

1. Personnel related to the transparency of financial information obtaining relevant certificates designated by competent authorities: None.
2. Establishment and promotion of procedures for significant internal information: The Company has established its Regulations for the Report of Internal Significant Events (for details, please see the corporate website of the Company).

(IX) Execution of the Internal Control System

1. Statement of Internal Control System

China Steel Chemical Corporation

Statement of Internal Control System

Date: February 24, 2022

This Statement of Internal Control System is issued based on the self-assessment results of the Company for year 2021.

I. The Company acknowledges that establishing, implementing, and maintaining the internal control system is the responsibility of the Company's Board and managers. The Company has established the system. The purpose of which is to provide reasonable assurance on the achievements of objectives such as effects and efficiency of operations (including profits, performance, and protection of assets' safety), credibility, timeliness, and transparency of reports, compliance with relevant regulations and relevant laws, regulations, and rules.

II. An internal control system has inherent limitations. Regardless of the comprehensive design, an effective internal control system may merely provide reasonable assurance on achieving the three objectives mentioned above. Moreover, the effectiveness of an internal control system is subject to changes in the environment and circumstances. Nevertheless, the Company's internal control system contains self-monitoring mechanisms, and the Company adopts immediate remedial actions in response to any identified deficiencies.

III. The Company established the determination items for the effectiveness of its internal control system based on the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (the "Regulations") to determine whether the design and execution of its internal control system is effective. The determination items for the internal control system adopted by the "Regulations" divide the internal control system into five key components based on the course of management and control: 1. control environment; 2. risk evaluation; 3. control operations; 4. information and communications; and 5. supervisory operations. Each key component includes certain items. Please refer to the requirements of the "Regulations" for the aforementioned items.

IV. The Company adopted the abovementioned determination items for the internal control system to evaluate the effectiveness of the internal control system's design and execution.

V. Based on the evaluation results above, the Company considered that the design and execution of the internal control system (including supervision and management of subsidiaries) as of December 31, 2021, are effective (including the understanding of the level of achievement regarding the objectives of operations' effects and efficiency, credibility, timeliness, and transparency of reports, compliance with relevant regulations and relevant laws, regulations, and rules), and the internal control system is able to provide reasonable assurance on the achievement of the above objectives.

VI. The Statement is a major part of the Company's annual report and prospectus that is disclosed to the public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.

VII. The Statement was passed at the meeting of the Board of Directors on February 24, 2022. It is hereby stated that among the nine attending directors, none held opposing opinions, and the remaining directors have agreed on the content of the Statement.

China Steel Chemical Corporation

Chairman: Ching-Fang Tu

President: Ming-Dar Fang

2. Where CPAs were engaged to conduct a project audit on the internal control system, the audit report shall be disclosed: None.

(X) Any penalties imposed upon the Company or internal personnel by laws, or punishment imposed by the Company on internal personnel for violation of the Company's internal control system regulations, details on the punishment if it might have significant impact on the shareholders' equity or securities prices, major defects and corrective action thereof in the most recent year and upt to the date the Annual Report was printed: None.

(XI) Major Resolutions of Shareholders' Meeting and Board Meetings During the Latest Year and as of the Date of Publishing the Annual Report:

1. Major resolutions of the 2021 shareholders' meeting and their execution

(1) Ratification of the 2020 Business Report, the 2021 Business Plan Overview, and the 2020 consolidated and parent company-only financial reports. Approved as is.

(2) Ratification of the 2020 earnings distribution; it was approved as is and has been precisely enforced. The ex-dividend date was August 25, 2021, and the distribution date was September 15, 2021. (Bonus in cash worth NTD 2.6 per share was distributed)

(3) Discussion of the distribution of cash with the 2020 statutory surplus reserve. It was approved as is and has been duly executed. (Bonus in cash worth NTD 0.2 per share was distributed)

2. Material resolution of the Board meeting

Date	Board of Directors	Material Resolution
2021.02.23	Board of Directors	1. 2020 Business Report and 2020 Consolidated and Parent Company-only Financial Statements. 2. Distribution of 2020 earnings. 3. Statutory surplus reserve and cash to be distributed as part of the 2020 earnings. 4. Distribution of 2020 remuneration to employees and that to directors. 5. Date, venue, and agenda of the 2021 General Shareholders' Meeting and duration available for shareholders to submit proposals 6. 2020 Internal Control System Declaration. 7. 2021 performance evaluation items for the President and Vice President. 8. Revision of some provisions of the "Salary and Wage Regulations". 9. Replacement of CPAs to go with the rotation policy of the accounting firm.
2021.05.06	Board of Directors	1. 2020 Manager Performance Evaluation Results and finalized distribution of year-end bonus as the incentive for earnings. 2. Intended investment in the second line of carbonization furnaces at the Pingnan Carbon Materials Plant. 3. Revision of the Operating Procedure for Trading with Related Parties, Specific Companies, and Enterprises within the Group. 4. Donation to the "CSC Group Education Foundation".
2021.05.31	Board of Directors	1. Hiring of Former Chairman Mr. Wen-Ge Lo as the unpaid honorary consultant. 2. Change of the time of the 2021 Shareholders' Meeting.
2021.08.03	Board of Directors	1. Compensation and remuneration for Chairman Ching-Fang Tu. 2. Ex-dividend base dates for the distribution of 2020 earnings in cash. 3. Setup of halogen purification furnace. 4. Rental of premises from and extension of land lease with Chung Hung Steel Corporation. 5. Revision of the "Sales Regulations". 6. Revision of the "Retirement, Compensation, Occupational Hazard Indemnities, and Severance Regulations".

Date	Board of Directors	Material Resolution
2021.09.22	Board of Directors	1. Update of 2021 budget. 2. Mr. Wen-Liang Tseng as the Vice President of Production Technology. 3. Mr. Yi-Hung Chen as the Vice President of Management and Sales as well as the spokesperson. 4. Mr. Kuan-Jen Fang as the Chief Auditor. 5. Revision of the “Warehousing Regulations”. 6. Salary adjustment for practitioners.
2021.11.01	Board of Directors	1. Revision of the “Salary and Wage Regulations”. 2. Preparation of the “Corporate Governance and Sustainability Committee Organic Rules”. 3. Appointment of members of the “Corporate Governance and Sustainability Committee” under the Board of Directors of the 11th intake. 4. Revision of the “Board of Directors Performance Evaluation Guidelines”.
2021.12.27	Board of Directors	1. 2022 budget. 2. 2022 Internal Audit Plan. 3. Contract with MUFG Bank and Cathay United Bank over the limits of mid-to-long-term borrowings. 4. Renewal of lease upon expiration the between the Company and China Steel Corporation regarding land, plant, and equipment of the fine coke plant. 5. Revision of the “Rules of Procedure for Shareholders’ Meetings”. 6. Revision of the “Operating Procedure for Lending to Others”. 7. Revision of the “Directors Election Regulations”. 8. Revision of the “Promotion and and Evaluation Guidelines”. 9. Revision of the “Duties Division Table”. 10. Manager Yu-Rui Ou at the Accounting Division as the Chief Accountant. 11. Compensation and remuneration for the Vice President. 12. Salary rise for 2021 for managers.

(XII) Directors or Independent Directors' Opposing Opinions on Major Resolutions Passed at the Board Meetings with Records or Written Declarations During the Latest Year as of the Date of Publishing the Annual Report: None.

(XIII) Summary of resignations and dismissals of the Company's Chairman, President, head of accounting, head of finance, head of internal audit, head of corporate governance, and head of R&D in the most recent year up to the date the Annual Report was printed

Summary of resignations and dismissals of related staff of the Company

Title	Name	Date Appointed	Date Dismissed	Reasons for resignation or dismissal
Chairman	Wen-Ge Lo	2019.10.31	2021.05.31	Retirement
Chief Auditor	Ming-Wei Wu	2000.04.01	2021.11.30	Retirement

V. Information on Fees to CPA

(I) Information and amount of public expenditure on CPAs

Unit: NTD thousand

Name of CPA's Firm	Name of CPAs	Audit Period	Audit expenditure	Non-audit expenditure	Total	Notes
Deloitte & Touche	Wang Chao-Chun	2021.01.01~ 2021.12.31	4,430	1,040	5,470	Non-audit expenditure refers to taxation attestation expenditure of NTD 510 thousand, the expenditure on the preparation of the transfer pricing report of NTD 350 thousand, and the advances of NTD 180 thousand.
	Hong-Ru Liao					

Note 1:For any changes in the CPAs or CPA's firm, the audit period shall be stated, and explanations for such changes shall be set forth in the Remarks column. The information such as the audit fees and non-audit fees paid shall be disclosed in order. Not audit expenditure and nature of the service provided shall be noted.

(II) Regarding Changes in the CPA's Firm, the Audit Fees Paid During the Year in Which Such Changes Occurred Are Lower Than the Audit Fees During the Year Before the Changes: Not applicable.

(III) Audit Fees Reduced by 10% and above as Compared with the Previous Year: Not applicable.

VI. Information on the Change of CPAs

(I) Former CPAs

<table>
<tr><td>Date of Change</td><td colspan="4">Passed by the Board February 23, 2021</td></tr>
<tr><td>Reasons and Explanations for The Change</td><td colspan="4">Due to the internal rotation of the CPA's firm, the CPAs for the attestation of the Company's financial statements changed from CPAs Yu-Hsiang Liu and Hong-Ru Liao to CPAs Chao-Chun Wang and Hong-Ru Liao from the first quarter of 2021.</td></tr>
<tr><td rowspan="3">Explain Whether the Consignor or the CPA Made the Termination or the CPA Refused to Accept the Appointment</td><td colspan="2">Parties involved
Condition</td><td>CPA</td><td>Consignor</td></tr>
<tr><td colspan="2">Voluntarily terminate the appointment</td><td colspan="2" rowspan="2">N/A</td></tr>
<tr><td colspan="2">No longer accept (continue) the appointment</td></tr>
<tr><td>Issuance of the Report Audit Opinions other than Unqualified Opinions in the Latest Two Years and the Reasons Thereof</td><td colspan="4">N/A</td></tr>
<tr><td rowspan="6">Opposing Opinions with the Issuer</td><td rowspan="4">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosures in the financial report</td></tr>
<tr><td></td><td colspan="2">Audit scope or process</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td>None</td><td colspan="3"></td></tr>
<tr><td>Remarks</td><td colspan="3">N/A</td></tr>
<tr><td>Other Disclosures (Disclosures to be Made as Specified in Articles 10.6.1.4 to 10.6.1.7 of the Standards)</td><td colspan="4">None</td></tr>
</table>

(II) Successor CPAs

Name of the Firm	Deloitte & Touche
Name of CPAs	Chao-Chun Wang and Hong-Ru Liao
Date of Appointment	Passed by the Board February 23, 2021
Inquiries on the Accounting Method or Accounting Principles for Particular Transactions, and Opinions that may be Issued on the Financial Report Before the Appointment and the Results Thereof	N/A
Succeeding CPA's Written Opinion of Disagreement Toward the Former CPA	N/A

VII. Company's Chairman, President, Financial or Accounting Affairs Manager who has Served in the Firm that the CPAs belong or Any of its Affiliates in the Most Recent Year

None.

VIII. Changes in Equity Transfer and Pledge of Equity by Directors, Managers, and Shareholders with Shareholdings Over 10% for the Latest Year and as of the Date of Publishing the Annual Report

(I) Changes in the Equity of Directors, Managers, and Major Shareholders

Unit: Share

Title	Name	2021		2022 up to March 31		Notes
		Increase (Decrease) in the Number of Shares Held	Increase (Decrease) in the Number of Shares Pledged	Increase (Decrease) in the Number of Shares Held	Increase (Decrease) in the Number of Shares Pledged	
Corporate Director	China Steel Corporation	0	0	0	0	
Corporate Director	International CSRC Investment Holdings Co., Ltd.	0	0	0	0	
Director	Chao-Tung Wong	0	0	0	0	
Director	Shyi-Chin Wang	0	0	0	0	
Director	Wen-Ge Lo	0	0	0	0	Dismissed on May 31, 2021
Director	Ching-Fang Tu	0	0	0	0	Newly inaugurated on May 31, 2021
Director	Ming-Dar Fang	0	0	0	0	
Director	Kung-Yi Ku	0	0	0	0	
Director	Tien-Fu Chao	0	0	0	0	
Independent Director	Hsing-Shu Hsieh	0	0	0	0	
Independent Director	Yuan-Hung Wang	0	0	0	0	
Independent Director	Tsun-Tsi Hsu	0	0	0	0	
Manager	Ming-Dar Fang	0	0	0	0	
Manager	Chu-Kai Huang	0	0	0	0	Dismissed on October 29, 2021

Title	Name	2021		2022 up to March 31		Notes
		Increase (Decrease) in the Number of Shares Held	Increase (Decrease) in the Number of Shares Pledged	Increase (Decrease) in the Number of Shares Held	Increase (Decrease) in the Number of Shares Pledged	
Manager	Yi-Hung Chen	0	0	0	0	Newly inaugurated on October 31, 2021
Manager	Wen-Liang Tseng	0	0	0	0	Newly inaugurated on October 31, 2021
Manager	Li-Li Kuo	0	0	0	0	

Note: The number of shares held by the outgoing directors and managers at the end of the period refers to the number of shares held in the current month of the dismissal; the number of shares held by the newly-inaugurated directors and managers at the beginning of the period refers to the number of shares held in the month of inauguration.

(II) Information on equity transfer: The equity transfer of the Directors, managers, and major shareholders holding 10% of interests in the Company are performed within the market, and the counterparts for the equity transfers are non-related parties.

(III) Information on equity pledge: None.

IX. Relationship among Top 10 shareholders in terms of the holding ratio

Relationship among Top 10 shareholders in terms of the holding ratio

December 31, 2021

Name (Note 1)	Shares held by the shareholder		Shares held by the spouse or any underage child		Shareholding in the Name of Others		The title or name and relationship among the Top 10 shareholders who are related to one another, the spouse of each other, or relatives within the second degree of kinship (Note 3)		Notes
	Share(s)	Shareholding ratio (%)	Share(s)	Shareholding ratio (%)	Share(s)	Shareholding ratio (%)	Name (Or name)	Relationship	
China Steel Corporation	68,787,183	29.04%	–	–	–	–	Ever Wealthy International Co., Ltd.	Groups and Enterprises	
China Steel Corporation Representative: Ching-Fang Tu	13,783	0.006%	5,000	0.002%	–	–	None	None	
China Steel Corporation Representative: Chao-Tung Wong	4,000	0.002%	2,000	–	–	–	None	None	
China Steel Corporation Representative: Shyi-Chin Wang	0	0%	–	–	–	–	None	None	
China Steel Corporation Representative: Ming-Dar Fang	4,907	0.002%	–	–	–	–	None	None	
Fubon Life Insurance Co., Ltd.	12,578,000	5.30%	–	–	–	–	None	None	
Fubon Life Insurance Co., Ltd. Representative: Ming-Hsing Tsai	0	0%	–	–	–	–	None	None	
International CSRC Investment Holdings Co., Ltd.	11,759,096	4.96%	–	–	–	–	None	None	
International CSRC Investment Holdings Co., Ltd. Representative: Kung-Yi Ku	0	0%	–	–	–	–	None	None	

Name (Note 1)	Shares held by the shareholder		Shares held by the spouse or any underage child		Shareholding in the Name of Others		The title or name and relationship among the Top 10 shareholders who are related to one another, the spouse of each other, or relatives within the second degree of kinship (Note 3)		Notes
	Share(s)	Shareholding ratio (%)	Share(s)	Shareholding ratio (%)	Share(s)	Shareholding ratio (%)	Name (Or name)	Relationship	
International CSRC Investment Holdings Co., Ltd. Representative: Tien-Fu Chao	0	0%	–	–	–	–	None	None	
Cathay Life Insurance Co., Ltd.	6,331,000	2.67%	–	–	–	–	None	None	
Cathay Life Insurance Co., Ltd. Representative: Diao-Kuei Huang	0	0%	–	–	–	–	None	None	
Ever Wealthy International Co., Ltd.	4,753,537	2.01%	–	–	–	–	China Steel Corporation	Groups and Enterprises	
Ever Wealthy International Co., Ltd. Representative: Ming-Dar Fang	4,907	0.002%	–	–	–	–	None	None	
Chichengte Investment Co., Ltd.	3,448,867	1.46%	–	–	–	–	None	None	
Chichengte Investment Co., Ltd. Representative: Kunag-Cheng Wang	0	0%	–	–	–	–	None	None	
Chang Gung Medical Foundation	2,752,000	1.16%	–	–	–	–	None	None	
Chang Gung Medical Foundation Representative: Rui-Hui Wang	0	0%	–	–	–	–	None	None	
Xin Yang Investment Co., Ltd.	2,094,089	0.88%	–	–	–	–	None	None	
Xin Yang Investment Co., Ltd. Representative: Mu-Liang Chang	232,000	0.10%	–	–	–	–	None	None	
JP Morgan Chase Bank Vanguard	2,053,000	0.87%	–	–	–	–	None	None	

Name (Note 1)	Shares held by the shareholder		Shares held by the spouse or any underage child		Shareholding in the Name of Others		The title or name and relationship among the Top 10 shareholders who are related to one another, the spouse of each other, or relatives within the second degree of kinship (Note 3)		Notes
	Share(s)	Shareholding ratio (%)	Share(s)	Shareholding ratio (%)	Share(s)	Shareholding ratio (%)	Name (Or name)	Relationship	
Emerging Markets Stock Index Fund Investment Account									
Kao Hsing Chang Iron & Steel Corp.	1,955,000	0.83%					None	None	
Kao Hsing Chang Iron & Steel Corp. Representative: Tai-Jung Lu	0	0%					None	None	

Note 1: Shareholders with top ten shareholdings shall be fully stated, and the title of the corporate shareholder and the name of the representative for the corporate shareholders shall be separately stated.

Note 2: The calculation of shareholdings refers to the ratio of shares held by the shareholders themselves, their spouses, minors, and in the name of others.

Note 3: The relations between the shareholders set out above (including corporates and natural persons) shall be disclosed.

X. Shareholdings of the Company, the Company's Directors, Managers, and Companies Directly or Indirectly Controlled by the Company in the Same Investee Companies

December 31, 2021

Total Shareholding　　　　Unit: Share; %

Investee Company (Note)	Investment of the Company		Investments in Companies Directly or Indirectly Controlled by Directors, Independent Directors, and Managers		Total Investments	
	Share(s)	Shareholding	Share(s)	Shareholding	Share(s)	Shareholding
Ever Wealthy International Co., Ltd.	104,574,982	100.00%	0	—	104,574,982	100.00%
Formosa Ha Tinh CSCC (Cayman) Limited	10,000,000	50.00%	0	—	10,000,000	50.00%
Himag Magnetic Co., Ltd.	2,161,203	7.83%	22,032,286	79.81%	24,193,489	87.64%
Lichinglung Investment Co., Ltd.	700,000	35.00%	1,300,000	65.00%	2,000,000	100.00%
Kao Jui Investment Co., Ltd.	1,196,000	40.00%	1,794,000	60.00%	2,990,000	100.00%
Pro-Ascentek Investment Corporation	6,000,000	5.00%	65,000,000	54.17%	71,000,000	59.17%
CHC Resources Corporation	15,019,341	6.04%	73,497,555	29.57%	88,516,896	35.61%
TaiAn Technologies Corporation	499,998	5.00%	1,666,700	16.67%	2,166,698	21.67%
Transglory Investment Corporation	69,000,960	9.20%	680,962,827	90.80%	749,963,787	100.00%
Eminent VC Corporation	1,350,000	5.00%	13,500,000	50.00%	14,850,000	55.00%
Steel Union International Development Corporation	2,450,000	5.00%	36,320,000	74.12%	38,770,000	79.12%
China Steel Structure Co., Ltd.	600,069	0.30%	70,605,636	35.30%	71,205,705	35.60%
CSC Solar Corporation	26,160,000	15.00%	148,240,000	85.00%	174,400,000	100.00%
Eminent III VC Corporation	16,000,000	8.83%	59,000,000	32.57%	75,000,000	41.40%

Note: The Company's long-term investment through the equity method.

D. Fund-raising

I. Capital and Shares of the Company

(I) Source of Capital

Unit: Share; NT$

Year/Month	Issue Price (NT$)	Authorized Capital		Paid-up Capital	
		Share(s)	Amount	Share(s)	Amount
February 1989	10	53,000,000	530,000,000	15,000,000	150,000,000
September 1990	10	53,000,000	530,000,000	53,000,000	530,000,000
September 1991	10	83,200,000	832,000,000	83,200,000	832,000,000
August 1994	10	150,000,000	1,500,000,000	106,200,000	1,062,000,000
June 1997	10	150,000,000	1,500,000,000	118,944,000	1,189,440,000
September 1998	10	150,000,000	1,500,000,000	143,536,566	1,435,365,660
October 2000	10	210,000,000	2,100,000,000	158,335,480	1,583,354,800
May 2001	10	210,000,000	2,100,000,000	175,540,180	1,755,401,800
August 2002	10	210,000,000	2,100,000,000	185,728,749	1,857,287,490
August 2003	10	210,000,000	2,100,000,000	190,936,813	1,909,368,130
June 2004	10	210,000,000	2,100,000,000	197,022,924	1,970,229,240
June 2005	10	210,000,000	2,100,000,000	203,473,438	2,034,734,380
July 2006	10	300,000,000	3,000,000,000	211,008,314	2,110,083,140
July 2007	10	300,000,000	3,000,000,000	223,444,336	2,234,443,360
July 2008	10	300,000,000	3,000,000,000	236,904,480	2,369,044,800

Mar 31, 2021; Unit: Share

Category of Shares	Authorized Capital			Notes
	Outstanding shares (Note 1)	Unissued Shares	Total	
Registered ordinary shares	236,904,480	63,095,520	300,000,000	—

Note 1: TWSE listed shares.

(II) Source of Capital

Unit: Share; NT$

Notes		
Sources of capital	Capital Increase by Assets Other than Cash	Others
The capital was NT$150,000,000 upon establishment.	None	None
In August 1990, the Company's capital increase in cash of NTD 380,000,000 and a supplemented public issuance were performed under Letter (79) Tai-Cai-Zheng-(Yi) No. 01973 approved by the Securities and Exchange Commission.	None	None
A capital increase in cash of NT$302,000,000 was performed under Letter (80) Tai-Cai-Zheng-(Yi) No. 02034 approved by the Securities and Exchange Commission on July 27, 1991; the capital increase was declared and became effective on July 26, 1991.	None	None
A capital increase in cash of NT$230,000,000 was performed under Letter (83) Tai-Cai-Zheng-(Yi) No. 29045 approved by the Securities and Exchange Commission on June 27, 1994.	None	None
In 1997, the issuance of 12,744,000 ordinary shares due to a capital increase from earnings was performed under Letter (86) Tai-Cai-Zheng-(Yi) No. 45654 approved by the Securities and Exchange Commission and became effective on June 6, 1997.	None	None
In 1998, the issuance of 24,592,566 ordinary shares due to a capital increase from earnings was performed under Letter (87) Tai-Cai-Zheng-(Yi) No. 58853 approved by the Securities and Exchange Commission and became effective on Monday, September 7, 1998.	None	None
In 2000, the issuance of 14,798,914 ordinary shares due to a capital increase from earnings was performed under Letter	None	None

Notes		
Sources of capital	Capital Increase by Assets Other than Cash	Others
(89) Tai-Cai-Zheng-(Yi) No. 59076 approved by the Securities and Exchange Commission and became effective on Friday, July 21, 2000.		
In 2001, the issuance of 17,204,700 ordinary shares due to a capital increase from earnings was performed under Letter (90) Tai-Cai-Zheng-(Yi) No. 133649 approved by the Securities and Exchange Commission and became effective on Thursday, May 31, 2001.	None	None
In 2002, the issuance of 10,188,569 ordinary shares due to a capital increase from earnings was performed under Letter Tai-Cai-Zheng-Yi-Zi No. 0910137959 approved by the Securities and Exchange Commission and became effective on July 10, 2002.	None	None
In 2003, the issuance of 5,208,064 ordinary shares due to a capital increase from earnings was performed under Letter Tai-Cai-Zheng-Yi-Zi No. 0920128722 approved by the Securities and Exchange Commission and became effective on Friday, June 27, 2003.	None	None
In 2004, the issuance of 6,086,111 ordinary shares due to a capital increase from earnings was performed under Letter Tai-Cai-Zheng-Yi-Zi No. 0930124614 approved by the Securities and Exchange Commission and became effective on Thursday, June 3, 2004.	None	None
In 2005, the issuance of 6,450,514 ordinary shares due to a capital increase from earnings was performed under Letter Jin-Guan-Zheng-Yi-Zi No. 0940125946 approved by the Securities and Exchange Commission and became effective on June 29, 2005.	None	None
In 2006, the issuance of 7,534,876 ordinary shares due to a capital increase from earnings was performed under Letter Jin-Guan-Zheng-Yi-Zi No. 0950129671 approved by the Securities and Exchange Commission and became effective on Tuesday, July 11, 2006.	None	None
In 2007, the issuance of 12,436,022 ordinary shares due to a capital increase from earnings was performed under Letter Jin-Guan-Zheng-Yi-Zi No. 0960035231 approved by the Securities and Exchange Commission and became effective on Tuesday, July 10, 2007.	None	None

Notes		
Sources of capital	Capital Increase by Assets Other than Cash	Others
In 2008, the issuance of 13,460,144 ordinary shares due to a capital increase from earnings was performed under Letter Jin-Guan-Zheng-Yi-Zi No. 0970032539 approved by the Securities and Exchange Commission and became effective on Tuesday, July 1, 2008.	None	None

(III) Shareholder Structure

December 31, 2021

Shareholder Structure / Quantity	Government Agencies	Financial Institutions	Other Corporations	Individuals	Foreign Institutions and Individuals	Total
Number of Shareholders	2	10	251	31,062	161	31,486
Number of Shares Held	409,000	28,143,034	106,183,291	82,020,951	20,148,204	236,904,480
Shareholding	0.17%	11.88%	44.82%	34.62%	8.51%	100.00%
Note: The shareholding of investors in Mainland as foreign corporate shareholders is 0.						

(IV) Equity Dispersion

December 31, 2021

Range of Shareholdings	Number of Shareholders	Number of Shares Held	Shareholding ratio
1 to 999	13,759	1,088,476	0.46%
1,000 to 5,000	14,415	27,547,672	11.63%
5,001 to 10,000	1,801	13,720,111	5.79%
10,001 to 15,000	520	6,563,471	2.77%
15,001 to 20,000	301	5,449,926	2.30%
20,001 to 30,000	247	6,170,201	2.60%
30,001 to 40,000	122	4,291,432	1.81%
40,001 to 50,000	72	3,289,481	1.39%
50,001 to 100,000	130	9,186,433	3.88%
100,001 to 200,000	56	7,663,940	3.24%

Range of Shareholdings	Number of Shareholders	Number of Shares Held	Shareholding ratio
200,001 to 400,000	23	6,595,783	2.78%
400,001 to 600,000	14	6,734,602	2.84%
600,001 to 800,000	4	2,745,407	1.16%
800,001 to 1,000,000	3	2,627,150	1.11%
1,000,001 and above	19	133,230,395	56.24%
Total	31,486	236,904,480	100.00%

(V) List of Major Shareholders

December 31, 2021

Shares / Name of Major Shareholders	Number of Shares Held	Shareholding
China Steel Corporation	68,787,183	29.04%
Fubon Life Insurance Co., Ltd.	12,578,000	5.30%
International CSRC Investment Holdings Co., Ltd.	11,759,096	4.96%
Cathay Life Insurance Co., Ltd.	6,331,000	2.67%
Ever Wealthy International Co., Ltd.	4,753,537	2.01%
Chichengte Investment Co., Ltd.	3,448,867	1.46%
Chang Gung Medical Foundation	2,752,000	1.16%
Hsinyang Investment Co., Ltd.	2,094,089	0.88%
Vanguard Emerging Markets Emerging Markets Stock Index Fund Investment Account	2,053,000	0.87%
Kao Hsing Chang Iron & Steel Corp.	1,955,000	0.83%

(VI) Market price per share, net value, earnings, and dividends of the most recent two years

Item \ Year			2021	2020	Financial Data in the Current Year up to March 31, 2022
Market Price Per Share	Highest		130.50	125.50	126.00
	Lowest		100.00	86.40	112.00
	Average		111.52	102.04	118.84
Net Value per Share	Before Distribution		31.67	28.15	33.73
	Post-distribution		Undistributed	25.29	Undistributed
Earnings Per Share	Weighted Average Number of Shares		232,150 thousand shares	232,150 thousand shares	232,150 thousand shares
	Earnings Per Share		4.73	3.09	1.48
Dividends Per Share	Cash Dividends		(Note 4)	2.8	-
	Stock dividends	Share Dividends Made from Earnings	0	0	-
		Stock dividend with capital reserve	0	0	-
	Accumulated Unpaid Dividends		0	0	-
Analysis on Investment Return	PE ratio (Note 1)		23.58	33.02	-
	Price-dividend ratio (Note 2)		27.88	36.44	-
	Cash dividend yield (Note 3)		3.59%	2.74%	-

Note 1: P/E ratio = average closing price per share for the current year/earnings per share.
Note 2: Price-to-dividend ratio = average closing price per share for the current year/cash dividends per share.
Note 3: Cash dividend yield = cash dividends per share/average closing price per share for the current year.
Note 4: Pending for the resolution at the shareholders' meeting.

(VII) The Company's Dividend Policy and the Execution Status

1. Where the Company recorded earnings after the final annual account, the Company shall pay tax according to the law, make compensation for accumulated losses, and appropriate 10% as the statutory surplus reserve; however, when the statutory surplus reserve has reached the paid-up capital of the Company, this provision is no longer required. The Company shall appropriate or reverse special surplus reserve according to the requirements of the laws and regulations regarding the remaining earnings. The remaining balance shall be combined with the undistributed earnings for the preceding year as the earnings available for distribution, and the Board shall prepare the distribution proposal and submit the proposal to the shareholders' meeting to determine the distribution of dividends or retaining the earnings.
2. Given the potential growth in the operational environment, the Company shall keep abreast of the economic environment for its sustainable operations. Regarding the Company's dividend policy, the Company refers to the future and actual operations and focuses on the stability and growth of dividends. When there are accumulated earnings available for distribution, the distribution amount shall be no less than 50% of such earnings. For the dividend distributed, the part in cash shall be not less than 50%.
3. Distribution of Dividends Discussed at the Shareholders' Meeting

Unit: NTD

Undistributed earnings at the beginning of 2021	$	83,552,672
Actuarial gains and losses included in retained earnings	(	6,646,217)
Net (losses) gains from the disposals of financial assets under IFRS 9 included in retained earnings		2,953,387

After-tax net profit of 2021		1,098,393,061
Less: Statutory surplus reserve	(	109,470,023)
Earnings Available for Distribution		1,068,782,880
Distribution items:		
Shareholders' cash dividend: NTD 4/share	(	947,617,920)
Undistributed earnings at the end of 2021	$	121,164,960

Note: Shareholder dividends: Cash dividends per share to be distributed at NTD 4.0. Once it is approved during the General Shareholders' Meeting, the Chairman is authorized to set the ex-dividend day separately to facilitate the distribution.

(VIII) The Effect of the Right Issue Discussed at the Shareholders' Meeting on the Company's Operating Performance and Earnings Per Share:

Not applicable.

(IX) Remuneration of Employees and Directors

1. Information related to remuneration of employees and Directors set out in the Articles of Associations

   Where the Company recorded profits for the year, the Board shall determine to appropriate no less than 1‰ as remuneration of employees and no more than 1% as remuneration for Directors; the distribution targets for the remuneration of employees include employees of subsidiaries fulfilling certain conditions. However, when the Company has accumulated losses, it shall preserve the amount for compensation and appropriate the remuneration of employees and Directors according to the above ratios.

2. The estimation basis for the amount of the remuneration of employees and Directors, the basis for the calculation of the number of shares regarding the remuneration of employees made in shares, and the accounting for differences between the actual distribution amount and the estimated amount

The remuneration of employees and directors for 2021 was calculated based on the Company's profit before tax and before deducting remuneration of employees and directors for 2021 amounted to NTD 1,369,469,925. The Company appropriated 3.610605176%, that is, NTD 49,446,152 to be the remuneration to employees and 0.722121006%, that is, NTD 9,889,230 to be the remuneration to directors. After the end of the year, when there are any significant changes in the distribution amount determined by the Board, the annual expenses appropriated initially shall be adjusted according to such changes. Where there are any significant changes in the amount after the publishing date of the annual financial report, such amount shall be accounted for as changes in accounting estimation, and shall be adjusted and accounted for in the following year.

3. Remuneration distribution passed by the Board of Directors

    (1) On February 24, 2022, the Board of Directors decided to distribute NTD 49,446,152 as the remuneration to employees and NTD 9,889,230 to be that to directors for 2021. The difference of NTD 701,175 between the above remuneration to employees and that to directors for 2021 and the value estimated in the 2021 financial statements, that is, 58,634,207, is listed as the adjustment to be made for the 2022 expenses.

    (2) The ratio of the intended amount of remuneration of employees in shares distributed to the net profit after tax in the individual or standalone financial reports for the period and the total remuneration of employees: Not applicable; the Company had not distributed remuneration of employees in shares.

    (3) Imputed earnings per share after considering appropriating the remuneration of employees and Directors: Not applicable; the remuneration of employees and directors distributed above had

been accounted for as expenditure of 2021.

4. Actual distribution of remuneration of employees and Directors distributed from the earnings of the preceding year

(Unit: NTD)

		Board of Directors Actual distribution amount determined
(1) Distribution		
Remuneration of Directors:	$	6,760,570
Employee Compensation	$	33,802,848

(2) The actual distribution remuneration of employees and Directors determined by the Board for 2021 was NT$40,563,418; the expenses recognized in 2020 was NT$37,821,768; the differences arising from the accounting estimation were NT$2,741,650, which was accounted for as adjustments in expenses for 2021.

(X) Repurchase of the Company's Shares by the Company: None.

II. Corporate Bonds

None.

III. Preferential Shares

None.

IV. Global Depository Receipt

None.

V. Employee Stock Warrant

None.

VI. Restricted Stock Awards

None.

VII. Mergers with or Transfers of Other Companies' Shares for the Issuance

None.

VIII. Execution of the Capital Utilization Plan

There is no previous incomplete issuance or private offering of securities or those completed during the latest three years with no effect of such plans showed.

E. Business Overview

I. Scope of Business

(I) Scope of Business

1. Primary scope of business and its business proportion

   The main businesses include the production, processing, and sales of coal tar distillation products, light oil series, coke series products, and Green mesophase powder series products, and trading of upstream and downstream products. The annual business ratios of 2021 are given below:

Product	Ratio to sales (%)	
	Individual	Consolidated
Coal tar and chemical series products	41.34	40.89
Light oil and oil series product	30.18	29.85
Coke series products	9.69	9.58
Green mesophase powder series products	5.49	6.51
Others	13.30	13.17
Total	100.00	100.00

2. Current products (services)

Current products (services)	
Coal tar series products	Soft pitch
	Creosote oil, carbon black oil
	Wash oil
	Naphthalene
	Special pitch paint
	Wood preservative oil
	Refined tar
	Naphthalene residue oil
Light oil series products	Benzene
	Toluene, non-aromatic oils, mixed xylene

Current products (services)	
Coke series products	Dehydrated coke fine
	Fine coke, CDQ, Xylene mixture
Carbon materials series products	Green mesophase powder, Mesophase graphite powder, high- surface area advanced carbon materials, refined pitch, binding carbon powder, high softening point pitch, and OEM for graphitization
Other trade products	Sulfur, iron oxide powder, carburant

3. New products (services) to be developed: high-capacity and low-resistance anode material for lithium-ion batteries, fast-charging soft carbon anode material, high-capacity silicon-graphite anode material, isotropic graphite block and advanced carbon for super capacitors and lead-carbon batteries, electrode graphitization OEM, graphite electrode dealership and distribution.

(II) Industry Overview

1. Industry status and development

The development of the coal chemical industry has a long history in Europe, the US, Japan, and other developed countries. With the change of the industry, the output focus of the coke, coal tar, and light oil worldwide has gradually moved to Asia and account for around 82% of the overall global output; China, in particular, secures around 60% and above of the global output. In the Europe and North America region, restricted by environmental regulations and requirements affected by PCI, the supply of coal tar has been decreasing on a yearly basis, while the focus of the coal chemical industry has gradually moved to Asia. In addition, due to the high transportation cost of coal tar-related products and region-oriented supply, the Company's primary market is, and competitors are in Asia.

Coal tar and light oil are by-products of the coking process, and their output accounts for approximately 3% to 4% of the coke output, and their compositions are extremely complex. Various high added-value products may be obtained after distillation and purification by coal tar and light oil processing plants, primarily including soft pitch, creosote oil, carbon black oil, refined naphthalene, benzene, and methylbenzene. With the continuous expansion of the iron and steel industry in recent years, additional coal tar and light oil have been produced.

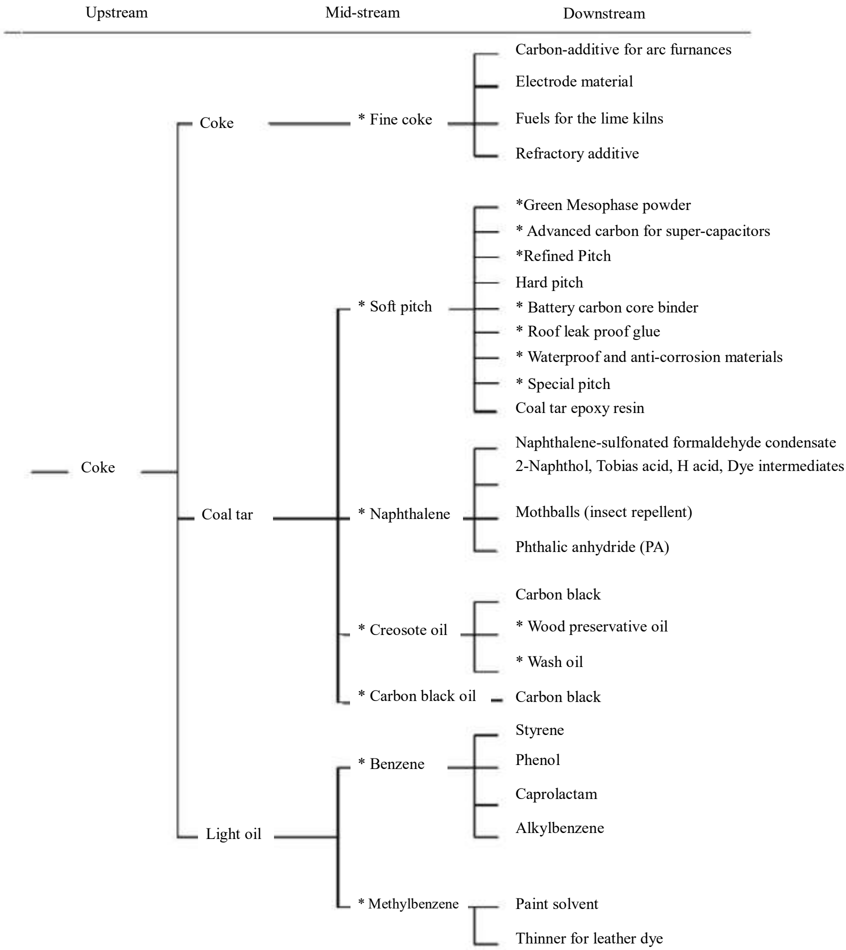
Impacted by its trade war against the US, the steel market, and the "dual carbon policy": carbon peaking and carbon neutrality, as well as the energy consumption and intensity dual control system, it was estimated that the annual throughput of coal tar in 2021 would reach 17,000,000 to 17,200,000 tonnes; the coke refining sector would see a reduction in production; and prices would be fluctuating.

As the technology advances and with the help of the green energy and electric vehicle sectors, lithium batteries will grow at a two-digit annual compound rate in the future. For now, the sector is still highly focused in Asian regions such as China, Korea, and Japan. China, in particular, accounts for a majority of related raw materials and throughput. As a supplier of materials for lithium battery anode materials, the Company will have to deal with the large-scale throughput and low-cost competitive advantages of China manufacturers and hence the challenges in the future will be daunting. Nevertheless, we will continue to honor the belief in "Quality Comes First" and provide customers with top-quality products as well as the soundest technical service.

Under the effect of environmental protection issues in the Mainland China region, the coking industry recently recorded a reduction in its output, causing the decrease in coal tar supply and the high fluctuation in prices. Apart from securing the primary products' market by means of long-term contracts, the Company also maintains steady quality and prompt delivery to ensure its market competitiveness. In addition, we have made use of a flexible product portfolio to create the best interests for the Company.

2. Connection between upstream, midstream, and downstream within the industry

   The connection between upstream, midstream, and downstream within the industry in the coal chemical industry is shown in the figure below. The upstream shall be the coke, coal tar, and light oil produced by coke ovens of steel plant consistent operations or independent coke plants; the midstream shall be fine coke processing plants, coal tar distillation plants, and light oil distillation plants. The fine coke-related products processed by CSCC can be used in steel-making carburants, electrode materials, lime industry fuels, and refractory additives. The main products after coal tar processing are soft pitch, naphthalene, creosote, and carbon black oil, of which soft pitch can be used in producing mesophase carbonsphere, high-proportioned advanced surface area carbon materials for supercapacitors and lead-carbon batteries, impregnated pitch, hard pitch (as binders for aluminum smelting anodes and graphite electrodes), battery carbon core binder, waterproof and anti-corrosion materials, special pitch, and coal tar epoxy resin. Naphthalene can be used to produce naphthalene-sulfonated formaldehyde condensate (a water reducer for concrete), dye intermediates, phthalic anhydride, and naphthalene balls. Creosote oil can be used in producing carbon black, scrubbing oil, and wood preservative oil. Carbon black oil is used in producing carbon black. The main products from the processing of light oil include benzene and methylbenzene; benzene can be used in producing styrene, phenol, caprolactam, and alkylbenzene, and methylbenzene is used as paint solvent and thinner for leather dye and surface finishing.



* means CSCC's products products

3. Development trend of products and competition

(1) Development trend of products

① Pitch is mainly used as the adhesives for aluminum smelting anodes (accounted for approximately 75% to 80%) and used in graphite electrodes (accounted for 10% to 15%) and special carbon materials. The amount of carbon black oil used for blending has been increasing in recent years, and there is no substitute at present.

The major competitors of the Company are from Korea and China. As China accounted for a higher portion of output and sales, the prices in China affect the international market.

② Creosote oil is mainly used in producing high-quality carbon black (mainly used as wood preservatives in the North American market). Upholding the low-cost strategy, customers adopt low-cost raw materials as substitution, reducing the demand for creosote oil.

③ Carbon black oil is mainly used in producing carbon black of general quality. Upholding the low-cost strategy, customers tend to use low-cost raw materials. The demand for carbon black oil is expected to increase in the future.

④ The major market for refined naphthalene mainly consists of mothballs and dye intermediates. Currently, there is no evident substitute for dye intermediates; a partial market for naphthalene ball is replaced by PDCB and other fragrances. Currently, the major competitors of the Company are from Belgium, Spain, Czech Republic, and China.

⑤ Green mesophase powder series products are mainly used in lithium-ion battery anode materials. Competing products include petroleum coke series artificial graphite and natural graphite. Artificial graphite is the mainstream in the current market. With features of high magnification and long useful lives; therefore, mesophase carbonsphere products still maintain their competitive advantages in power lithium-ion battery applications.

(2) Product competition

Taiwan is located at the heart of Asia. The Company is located close to Kaohsiung Port and possesses its exclusive shipping terminal, giving the Company a transportation advantage. The competition of the Company's major products is analyzed as follows:

① Soft pitch: The Company has signed a long-term sales contract with its Australian customer. Currently, 50% of the soft pitch raw material required by the Australian company each year is provided by the Company. The Company has maintained smooth cooperation with its Australian customer for a long time, coupled with stable quality and supply volume. The two parties signed a long-term supply contract for ten years to set a stable foundation for the cooperation.

② Creosote/carbon black oil: Creosote/carbon black oil is the main raw material for producing carbon black. The annual output of the Company's creosote/carbon black oil is approximately 150,000 tonnes. Our supplies to the domestic, Japanese, and Southeast Asian markets are made through smooth distribution channels.

③ Fine naphthalene: The market for chemical-grade refined naphthalene is mainly in Mainland China and India, with customers mainly in the dye intermediate sector.

The market of the fine naphthalene ball mainly spreads across the Asia region, including Korea, Japan, Hong Kong, Vietnam, Myanmar, Malaysia, Philippines, Indonesia, Thailand, Pakistan, India, and Sri Lanka, which are the largest production and consumption markets for naphthalene balls. The Company has a market share of at least 80% for naphthalene balls in the said region.

④ Benzene: The domestic demand gap of benzene is approximately 910,000 tonnes. The current output of the Company is approximately 89,000 tonnes per year, accounting for an insignificant ratio of the demand gap in Taiwan.

⑤ Toluene: The Company produces approximately 1,000 tonnes of methylbenzene each month, which is mainly for export sales, while a small portion is sold to domestic solvent suppliers via distributors.

⑥ Green mesophase powder series products: The annual output is approximately 7,500 tonnes of green mesophase powder. The products are sold to relevant lithium-ion battery manufacturers in Taiwan, Mainland China, Japan, the US, and Europe. The Company also expanded into the new application of such products in graphite block materials. Both quality and purity will be improved in the future to meet the demand of domestic semi-conductor clients.

(III) Technology and R&D Overview

1. Devoted R&D expenditure: It was NTD 161,466 thousand for January 1, 2021 through December 31, 2021.

2. Technologies or products successfully developed (over the most recent year and up to the date the Annual Report was printed)

(1) Successfully developed small-particle and high-power products, UF series. This series of products have been supplied to famous Japanese and Chinese LIB makers. Additionally, development of coke-based artificial graphite anodes have great progress as well, which offers comparable performance to fast-charging artificial graphite on the market. Trial mass production of artificial graphite will be conducted.

(2) Development of isotropic graphites for use in the thermal field for compound semiconductor silicon carbide crystal growing crucibles and dies is completed and has been promoted and sold. Meanwhile, development of the forming, carbonization,

graphitization, and machining techniques and configuration of the equipment for isotropic graphites are completed.

(3) The setup and trial run of mass production lines for advanced carbon materials are completed to help with expansion and planning of the production sites. Meanwhile, the long-lasting advanced carbon for super-capacitors is developed.

3. Future R&D development projects

(1) Development of fast-charging low-resistance anode materials.

(2) Development of key technologies and mass production processes for artificial graphite.

(3) Development of high-capacity silicon-graphite anode materials.

(4) Development of advanced carbon materials with high voltage and setup of the equipment.

(5) Development of high-purity isotropic graphite crucibles and setup of the equipment.

(6) Development of the technology to bring down the cost of graphitization.

(IV) Long-term and Short-term Business Development Plan

1. Short-term

(1) Sell all the products of the coal tar plant, light oil plant, coke plant, and carbon material plant in a timely manner.

(2) In response to the rise of the global green energy industry, seek maximized benefits from business opportunities brought about by green energy in order to create a new situation of energy storage and new energy vehicles. Upon the completion of Pingnan's autonomous graphitization plant, restructure the sale portfolio of raw and cured spheroidal graphites and proactively seek opportunities to work with customers outside Mainland China to improve the brand quality and value of carbon materials and reinforce customer satisfaction.

(3) Exert the sales function of Changzhou CSNMT. CO, strengthen the market competitiveness of refined pitch, mesophase graphite carbonspheres, and advanced carbon materials, and the advantage of providing local services to customers in Mainland China.

2. Long-term

(1) As the electric vehicle has become the future development trend of countries worldwide, the Company will continue to develop high-capacity silicon-carbon anode materials for lithium batteries and organize sales planning of related products.

(2) Actively develop new products and markets of advanced carbon materials for supercapacitors and lead-carbon batteries with our advantages of raw materials and capacity for optimizing manufacturing process, together with cooperating with domestic and foreign research institutions and suppliers.

II. Market, Production, and Marketing Overview

(I) Market Analysis

1. Sales (supply) regions of primary products (services)

(1) Coal tar series products: Taiwan, Australia, Mainland China, Japan, Korea, Vietnam, Myanmar, Thailand, Malaysia, Philippines, Indonesia, Pakistan, Sri Lanka, India, Bangladesh, and Belgium.

(2) Light oil series products: Taiwan, Singapore, Mainland China.

(3) Coke: Taiwan and Indonesia.

2. Market share: The Company possesses the sole domestic coal tar distillation plant in Taiwan and is the sole domestic supplier for products Naphthalene such as coal pitch, coal-based carbon black feed oil, and refined naphthalene. The Company's benzene products and petroleum benzene are substitutes for one another, and the domestic market share of the Company amounted to approximately 4%.

3. Future supply and demand in the market and its growth

(1) Approximately 60,000 tonnes to 65,000 tonnes of soft pitch are sold to the Australian customer each year. In addition, given the market demand for the production of lithium battery anode materials and impregnated pitch, the soft pitch market is expected to remain stable in the future.

(2) The output of creosote/carbon black oil (carbon black feed) is approximately 150,000 tonnes each year. Approximately 100,000 tonnes are sold to domestic customers, and the remainder is exported and sold to carbon black plants in Japan, Korea, and Southeast Asia.

(3) The output of fine naphthalene is approximately 14,000 tonnes each year. Naphthalene Approximately 40% of the total output is sold to the naphthalene ball market in Asia, and the remaining is sold to dye markets in Mainland China and India. The Company has received the positive recognition of customers due to the optimal quality of refined naphthalene and steady and fast lead time; the monthly output may be fully sold.

(4) The output of benzene is fully sold to the domestic sales market; however, the output remains insufficient to meet customers' demands.

(5) Coke is mostly for domestic sales; export sales are made when there is any surplus.

(6) The mesophase carbonspheres are mainly sold to China. For the sales of mesophase graphite carbonspheres, the competition in the Chinese market has become increasingly intense due to the decrease in the subsidies provided to the new energy vehicles in China. Primary battery suppliers are shifting their focus to the European market. In addition to maintaining its existing customers, the Company actively facilitates the exchange and

cooperation with customers in Japan, Korea, Europe, and the US with a global market layout, in the hope of increasing the sales ratio of carbon materials step by step.

4. Competitive niche, favorable and unfavorable factors for development prospects, and countermeasures

(1) Favorable factors

① Raw material coal tar and crude light oil are stably supplied by CSC, DSC, and Formosa Ha Tinh Steel Corporation, benefiting the Company's stable production and sales.

② The Company possesses the sole domestic coal tar series product production plant. Except for benzene, methylbenzene, and mixed xylene in the light oil series products, which compete with petrochemical series products, other products are unlikely to be replaced, and the sales channels remain stable.

③ The Company recorded achievements in the R&D of new products and continued to expand the production of carbon material products, benefiting the Company's business growth.

④ CSCC has stable operations, healthy credit, premium employees, and has been actively developing new products.

(2) Unfavorable factors

① The Company's export sales ratio of products is approximately 43%; the changes in exchange rates have significant impacts on its operating income.

② The excess production capacity for coal tar deep processing in China will cause adverse effects on the global downstream coal tar industry.

③ The Company's export sales ratio of products is high. Given the continuous production under consistent operations and limited storage tank equipment, the delay in the sailing schedule for export sales easily affects our normal operations and production.

④ The Company's soft pitch would face market competition upon the decrease in the demand of downstream customers.

(3) Countermeasures

① The Company shall adopt flexible financial arrangements and duly carry out the currency management.

② Keep abreast of market dynamics, gather information on customers' demands, and conduct timely response and handling.

③ The sales channels shall be flexible, in order to prevent affecting the normal operations and production.

④ Create brands and acquire internationally renowned customers.

⑤ Improve product quality to meet customers' requirements.

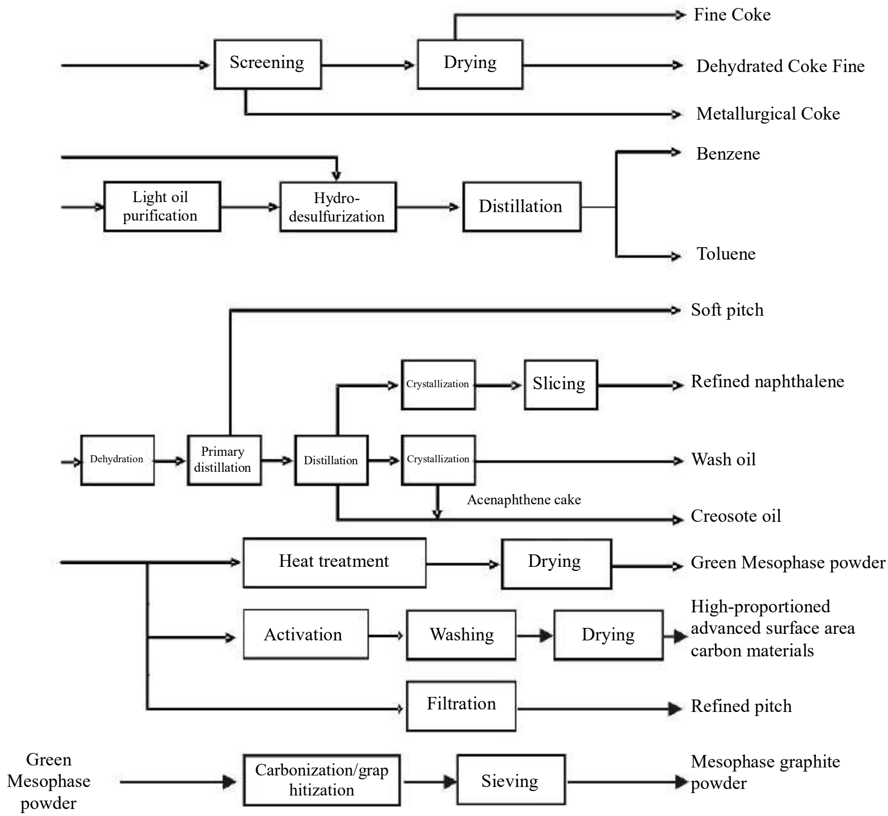
(II) Primary Products' Important Usage and Production Process

1. Primary products' important usage

Primary Products of Services	Primary Usage or Function
Coal tar series products	1. Aluminum electrode rod binder 2. Refined pitch 3. Tar epoxy anti-corrosive paint filler 4. Tar PU runway bottom material filler 5. Dry-cell battery carbon rod binder 6. Synthetic raw materials for naphthalene-sulfonated series water reducers or dye intermediates 7. Anti-corrosion and anti-insect mothballs 8. Carbon black raw materials 9. Wash oil 10. Wood preservative oil
Light oil series products	1. Styrene, caprolactam, phenol, alkylbenzene, and other raw materials 2. Solvent for paint

Primary Products of Services	Primary Usage or Function
Coke series products	Lime kiln fuel or recarburizer for electric furnace steelmaking
Green mesophase powder series products	Lithium-ion battery anode materials
High-proportioned advanced surface area carbon materials	Supercapacitors and lead-carbon batteries

2. Production process of primary products



(III) Supply of Primary Raw Materials

Raw material supply in 2021

1. Coal tar: Coal tar is delivered to CSCC via pipeline from CSC and by tank trucks from DSC; the total amount was 251,720 tonnes in 2021.
2. Crude light oil: Crude light oil is delivered to CSCC via pipelines from CSC and by tank trucks from DSC; the crude light oil is partially imported from foreign countries; the total amount was 104,037 tonnes in 2021.
3. Fine coke: Fine coke is delivered from CSC's fine coke area to the screening area for processing, screening, and drying; the total amount used was 284,604 tonnes in 2021.

(IV) List of Customers Accounting for more than 10% of the Total Purchases (Sales) During the Latest Two Years

1. Information on major suppliers during the latest two years

	2021				2020			
Item	Name	Amount (NT$000')	Total annual net purchase ratio (%)	Relationship with the issuer	Name	Amount (NT$000')	Total annual net purchase ratio (%)	Relationship with the issuer
1	CSC	2,382,286	52	Parent company and subsidiary	CSC	1,447,865	54	Parent company and subsidiary
2	Formosa Ha Tinh Steel Corporation	1,232,818	27	Other related parties	Formosa Ha Tinh Steel Corporation	605,995	23	Other related parties
3	Dragon Steel Corporation (DSC)	901,637	19	Brother Corporation	Dragon Steel	515,258	19	Brother Corporation
4	Others	104,438	2		Others	93,372	4	
	Net purchases	4,621,179	100		Net purchases	2,662,490	100	

2. Information on major customers of sales for the latest two years

	2021				2020			
Item	Name	Amount (NT$000')	Proportion of total net sales value for the entire year (%)	Relationship with the issuer	Name	Amount (NT$000')	Proportion of total net sales value for the entire year (%)	Relationship with the issuer
1	DALIAN	1,283,673	16		Linyuan Advanced	845,761	16	Note
2	Linyuan Advanced	1,229,576	15	Note	DALIAN	831,292	15	
3	KCMC	793,657	10		KCMC	652,193	12	
4	Others	4,675,535	59		Others	3,034,528	57	
	Net sales	7,982,441	100		Net sales	5,363,774	100	

Note: A subsidiary of the major management of the Company.

(V) Table of Production Volume and Value of During the Latest Two Years

Unit: Production capacity and volume - Tonnes
Production value－NTD thousand

Main Product (Or Department) \ Production volume and value \ Year	2021			2020		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Coal tar and chemical series products	200,000~ 260,000	251,140	3,425,603	200,000~ 260,000	262,500	2,554,648
Light oil and oil series product	100,000~ 120,000	102,093	2,339,871	100,000~ 120,000	108,868	1,471,564
Coke series products	333,300	78,861	652,331	333,300	65,731	457,279
Refined carbon materials series	Note	9,933	654,060	Note	8,403	612,600
Total		442,027	7,071,865		445,502	5,096,091

Note: Refined carbon materials series products include mesophase carbonspheres, mesophase graphite carbonspheres, refined pitch, and graphitization OEM. Given the diversified nature of items and their varying specifications, the throughput varies as well and hence it is impossible to list them one by one.

Table of Sales Volume and Value During the Latest Two Years

Unit: Sales volume - Tonnes
Sales value - NTD thousand

Main Product (Or Department) \ Sales volume and value \ Year	2021				2020			
	Domestic sales		Foreign Sales		Domestic Sales		Foreign Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Coal tar and chemical series products	110,668	1,370,077	127,010	1,858,432	111,472	961,446	147,025	1,514,609
Light oil and oil series product	91,227	2,147,449	11,861	209,313	97,960	1,345,688	12,148	134,907
Coke series products	78,878	651,381	78	950	65,706	456,988	25	291
Refined carbon materials series	932	151,172	8,548	363,015	751	100,092	5,792	188,302
Total	281,705	4,320,079	147,497	2,431,710	275,889	2,864,214	164,990	1,838,109

(VI) Key Performance Indicators (KPIs) for the Particularity of the Coal Chemical Industry

The Company possesses the sole domestic coal tar distillation plant, and there is no similar company in Taiwan with the industrial particularity to be used as reference. Therefore, a sound financial structure and stable profitability are the KPIs particular to the industry. For 2021 and 2020, the Company's debt ratio was 35% and 42%, respectively, and the ratio of long-term capital to property, plant, and equipment amounted to 241% and 214%, respectively. For 2021 and 2020, the Company's return on assets was 10% and 6%, respectively, the return on equity was 15% and 10%, and the net profit margin was 14% and 13%, respectively. The Company continues its efforts in achieving its objective of maintaining its outstanding long-term profitability and a sound financial structure. In the future, the Company will continue to develop technologies and products complying with the market demands, in the hope of establishing a supply center focusing on coal chemicals and carbon materials.

III. Employees

March 31, 2022

Information on Employees of CSCC and Subsidiaries

Year		2021	2020	Current year up to March 31, 2022
Number of Employees	Total	304	316	316
Average Age		40.07	39.17	39.92
Average Length of Service		12.87	11.99	12.62
Academic Distribution Ratio	PhD	3.0%	2.5%	2.5%
	Master	26.6%	26.9%	25.9%
	University and College	55.9%	57.0%	57.3%
	High School and Vocational School	14.5%	13.6%	14.3%
	Below High School	0%	0%	0%

Information on Employees of CSCC

Year		2021	2020	Current year up to March 31, 2022
Number of Employees	Total	294	306	306
Average Age		40.34	39.43	40.14
Average Length of Service		13.14	12.24	12.84
Academic Distribution Ratio	PhD	3.1%	2.6%	2.6%
	Master	27.2%	27.5%	26.5%
	University and College	55.8%	56.5%	56.9%
	High School and Vocational School	13.9%	13.4%	14.0%
	Below High School	0%	0%	0%

IV. Information on Environmental Expenses

The Company adheres to the spirit of continual improvement and establishes an annual plan to reduce the generation of pollutants and reduce the use of energy, in order to gradually improve the performance of environmental management.

1. To reduce the use of energy and resources (including electricity, steam, fuel oil, and gas), the Company resets new consumption standards each year, which not only reduces the emission of greenhouse gases (GHG), but also enhances our business management effectiveness.
2. Air pollution control
   (1) Apart from ensuring the normal operation of multiple monitoring equipment and completing the test and declaration for all chimney particulate pollutants, sulfur oxides, nitrogen oxides, and volatile organic compounds, the Company also applies for the establishment and operations of permits in accordance with the laws.
   (2) Reduction of volatile organic pollutants: The Company reduces the pollutant emissions by minimizing the number of equipment components. For the parts required, the Company regularly tests their fugitive concentration to ensure that it is below the control concentration. For pollutants discharged by equipment, the Company selects equipment with the highest processing efficiency to reduce the impact on the environment.
3. Waste treatment
   (1) Legal processing suppliers are engaged to recycle and process waste refractories and keep-warm materials so as to reuse such wastes as raw materials.
   (2) When the coal chemical production plant clears out a small amount of slag due to annual repair, regular repair, or the

abnormal operations of equipment resulting from the accumulation of slag, the Company enters into a reuse contract with CSC according to the Regulations of Waste Reuse to deliver the slag to CSC for reuse, reducing the load of waste treatment.

(3) For the treatment of business wastes, apart from the removal and disposal of wastes in accordance with the Waste Disposal Act, the Company also formulates its internal management plans for waste reduction.

4. Effluent sewage treatment

(1) The Company has implemented its plan of water pollution prevention measures in accordance with laws and improved the manufacturing process from the source to reduce the generation of wastewater.

(2) Steam condensates are collected and recycled to be used in the manufacturing process in order to reduce the use of water.

(3) All generated wastewater is properly treated without any exceptional discharge.

5. In response to GHG reduction, the Company organized the establishment of its GHG inventory inspection management system, provided training courses were for internal inspection personnel, and formulated strategies and action plans related to GHG management were. In October 2013, CSCC also passed the external certification of GHG inventory inspection.

In 2021, the total GHG emissions of the Xiaogang Plant came to 103,551.10 tonnes. Direct (Scope 1) and indirect (Scope 2) GHG emissions were 24,295.68 tonnes and 79,255.42 tonnes, respectively, accounting for 23.46% and 76.54% of all emissions. The total GHG emissions of the Pingnan Plant came to 11,106.054 tonnes of CO2e. For Scope 1, it was 46.757 tonnes of CO2e and for Scope 2, it was 11,062.296 tonnes of CO2e. Due to the fact that carbon materials production plants mainly rely on electricity for operations, Scope 2 accounted for 99.61% of all emissions.

(I) Losses Incurred Due to Environmental Pollution During the Latest Two Years and as of the Date of Publishing the Annual Report

No fines were imposed due to violation of the Air Pollution Control Act in 2020 and 2021.

(II) Countermeasures

1. Improvement measures to be adopted
   (1) Improvement Plan: None.
   (2) Estimated environmental protection expenses in the following two years
      ① For 2022, the estimated expenditure on environmental protection shall be NTD 21,480,000.
      ② For 2023, the estimated expenditure on environmental protection shall be NTD 25,000,000.
   (3) Effects after improvements
      ① Effects on net profit: No significant effect.
      ② Effects on competitive status: None.
2. No countermeasures adopted
   (1) Reasons for not adopting any countermeasure: None.
   (2) Status of pollution: None.
   (3) Amount of possible losses and compensation: None.

V. Work Environment and Protective Measures for the Personal Safety of Employees

(I) Substantial Measures for Safety and Health Management

1. Evaluation of the safety hazard of the manufacturing process and the countermeasures

   Risk evaluation is regularly performed for the existing manufacturing process of the Company. Risk evaluation commences for the new manufacturing process unit during the design stage. Where the level of risk evaluated through the systematic methods is not acceptable, the Company modifies the manufacturing method or equipment to reduce the risk to an acceptable level.

2. Healthcare and management

   The Company implements health inspections for employees engaging in general operations and particular hazard operations based on the "Rules for Health Protection of Labor" and professional medical institutions are engaged to perform employees' annual health inspections. In addition to the hierarchical management of particular health inspection results, the Company also engaged physicians to provide medical and healthcare consultancy for employees on a monthly basis. When necessary, the Company urges employees to receive professional treatment. Regarding the common domestic diseases such as high blood pressure, high blood lipids, and abnormalities in blood glucose, the Company communicates with employees on different occasions and arranges nutrition educational events and weight loss contests, among other health promotion activities, to encourage them to form optimal dietary and exercise habits. The Company further encourages employees to participate in club activities (such as mountain-climbing and cycling) to exercise and relieve stress.

3. Assessment of the operating environment

The Company engages qualified institutions for operating environment assessment every six months to perform the operating environment assessment regarding chemical factors according to the "Regulations for the Implementation of Operating Environment Assessment for Labors," (chemical factors are carbon dioxide, dust, organic solvent, and particular chemical substances) and determine whether the assessment results comply with the requirements under laws and regulations. For any anomaly in the assessment result, the Company immediately takes improvement actions and makes adjustments to protect the health of our fellow colleagues.

4. Safety and health management system certification

Since passing the SGS "OHSAS18001" safety and health management system in 2002 up to now, the Company has conducted hazard analysis, management plan, safety and health training, correction and prevention, consultancy and communication according to a systematic management method, and has achieved continual improvements under the PDCA cycle. The Company passed the re-certification in 2005, 2008, 2011, 2014, and 2017, and completed the certification of version transition for ISO45001 in March 2020. Qualification is done routinely each year.

5. Health hazard prevention educational training

To allow our employees to accurately understand the hazard of health hazard factors and their prevention countermeasures, the Company arranges programs for our fellow colleagues organized by external professional training institutions from time to time to carry out educational training related to safety, health, and health hazard, improving employees' professional knowledge.

(II) Implementation of Operational Safety Management

1. The Company has carried out risk evaluation and engineering

practices according to laws and regulations related to safety and health, implemented particular operational control and work permits for hazardous operations such as elevated work, outage, fire operations, and limited space, and established procedures for the safety of work required for construction personnel to observe during operations, so as to ensure the safety of personnel and equipment during construction.

2. Employees are encouraged to report all injury, non-injury, and false alarm events, allowing other personnel to learn from their experiences to eliminate potential hazards and prevent the recurrence of similar accidents. In addition, emergency response training (including leakage, fire, and personnel injuries) is conducted on a regular basis. The Company simulates the handling and responding abilities of employees upon the occurrence of any emergency through pre-planning and training, so as to minimize the losses upon the real occurrence of disasters.
3. Inspections are regularly performed on all hazardous equipment and pipelines. Apart from internal and external inspections performed on hazardous machinery and equipment according to the law, we also arrange annual cleanups and inspections on equipment with high operating pressure, with content that is easily corroded, blocked, or has damaged holes. The Company performs inspections and repairs or uses spare parts if an anomaly is found to ensure operational safety.
4. For audits and patrol inspections by Superiors, the senior executives perform monthly or weekly plant inspections from time to time when focusing on contractor management, improvements on non-conformities in safety and health, execution and implementation of procedures for the safety of work, and the reorganization of environment based on the 5S methodology. After the patrol inspection, deficiencies discovered shall be followed up by the responsible

department until the completion of improvements.

5. Superiors and safety and health personnel conduct daily patrol inspections, and Superiors of departments perform daily inspections within their scope of responsibilities to ensure the normal operations and safety and health conditions. The safety and health personnel are responsible for a comprehensive plant inspection. Cross-audit is adopted to ensure that plant operations are under normal and safe conditions.
6. Strengthen contract management: Contractors were engaged for partial operations of the plant. In the past, many accidents have been related to the content of construction by contractors. Therefore, unlike other plants, the Company's contractors reside in the plant, and fixed contractors are responsible for maintenance and repair. Through long-term residence and training provided by the Company, contractors are able to accumulate their engineering experiences, reduce the staff mobility, and in turn understand the hazardous operations of the business department and take the initiative to observe its relevant requirements, rendering positive support to create a safe environment. The Undertaker Management Information System was created in 2021 to improve the management over undertakers in an electronically integrated way in terms of their selection, training, statutory certifications, and work permits for fire operations/accessing tanks, among others.

VI. Labor-Management Relations

(I) Employee Welfare Measures, Continuing Education, Training, Retirement Systems and Their Implementation, Labor-Capital Agreements, and Measures to Protect Employees' Interests

1. Employee welfare measures and their implementation

   The Company established its Employee Welfare Committee in January 1990 to be responsible for the welfare of all our fellow colleagues. The measures include group insurance, travel subsidies, consolation money for new year and festivals, consolation money for bereavement, consolation money for injury and disability, consolation money for hospitalization, offspring educational subsidies for employees who passed away or became physically impaired due to corporate business, medical subsidies for hospitalization for employees and their family members, marriage subsidies, offspring educational subsidies for employees, subsidies for recreational club activities, and emergency borrowings for employees. The annual budgets, expenditure, and arrangement for employee benefits are discussed and monitored by members of the Employee Welfare Committee, which plays an effective part in stabilizing employees' emotions at the workplace.

   The Company purchased the employee group insurance policy on December 31, 1990. The insurance coverage includes the employees themselves, their spouses, and their offspring. The insurance benefits include life insurance, accident insurance, hospitalization insurance, critical disease insurance, cancer insurance, and occupational accident insurance.

   Other benefits: Parental leave, stock ownership trust, birthday and festive gift money, Labor Day gift money, consumer loans, and special offers at merchants and hotels.

2. Continuing education and training for employees and the implementation

   The Company has established the Regulations for the Management of Educational Training to encourage employees to improve their academic knowledge and skills and their working quality and efficiency, so as to maintain the foundation of the Company's sustainable operations and development. The Company's educational training system is divided into internal training, external training, and domestic and overseas on-the-job training.

   The Company spent NTD 1,422 thousand on educational training in 2021 and the average number of training hours was 19.4. The content of the program includes training programs related to quality management, management programs, internal control and internal audit practice programs, cell seminars, training programs for product R&D, programs related to information, programs related to international trade practices, fire-fighting and extinguishing training, programs for emergency management practices, training programs for superiors related to specialization, organic, and dust operations, forklift training programs, first-aid personnel training programs, programs of energy-saving and carbon emission reduction, programs related to maintenance, programs related to occupational safety and environmental protection, and training programs related to finance and accounting.

3. The retirement system and its implementation

   To provide incentives for employees' professional services and settle their on-the-job or post-retirement livings, the Company has established the Regulations for Retirement, Indemnities, and Severance according to the requirements under the Labor Standard Act and relevant laws and regulations. In terms of retirement regulations, those who have worked for more than 15 years with an age of 55 or above or those who have worked for more than 25 years with an age of 60 or above may apply for retirement. Regarding the granting standards for pension, two bases were provided for a year of service and one base is provided for a year of service for those who have worked for more than 15 years; the maximum total shall be up to 45 bases. The Company also established a Labor Pension Allowance Supervisory Committee to appropriate the labor pension allowance on a monthly basis. In term of indemnities, any employees who passed away due to diseases or accidents on the job shall receive compensation equivalent to two months of their salaries and funeral subsidies equivalent to three months of their salaries, and indemnities shall be provided to their living family members according to the payment criteria specified in Article 55 Paragraph 1 Sub-paragraph 1 of the Labor Standards Act; the maximum amount shall be equivalent to 45 months of their salaries. Five years shall be adopted as the basis for those who have worked for the Company for less than 5 years. Where the employee is deceased due to bravery demonstrated in rescuing lives during a disaster or due to an accident while performing duties at work (including inside or outside the Company); due to an accident while commuting to and back from the plant for emergency repairs or a business trip; or due to occupational hazards or an accident in a natural disaster while commuting to and back from work, or due to other disasters that are determined to be related to the occupation according to law, besides the funeral expenses equivalent to five months of the average salary, he/she is entitled to a lump-sum death compensation to the living family members equivalent to 45 months of the average salary and special indemnities worth NTD 2.5 million, NTD 2.4 million, and NTD 800 thousand will be issued, respectively. In terms of severance regulations and the granting of severance pay, a severance pay equivalent to one month of the average wage shall be granted for a year of service; for those who worked for less than one year, the severance pay shall be calculated proportionally.

In response to the implementation of the Labor Pension Act on July 1, 2005, certain employees of the Company opted to apply the Labor Pension Act from July 1, 2005; the Company appropriates labor pension to employees' personal accounts on a monthly basis.

4. Stock ownership trust

To integrate the employees' personal wealth and the Company's growth for the better protection of employees' lives after retirement and call upon the centripetal force for the Company and improving the labor-capital harmony, the Company implemented its employees' stock ownership trust system in January 1999. Employees participating in the trust may flexibly select the appropriation base (up to 12 bases) within the cap of 10% of their basic salaries, and each base shall be NT$1,000. The Company also appropriates a fixed proportion to the monthly appropriation amount of participating employees as incentives. A financial institution is engaged to use all the funds to purchase the Company's shares in the name of an exclusive account and utilize and manage such funds on behalf of the Company. The participating employees may collect the shares under the trust upon severance or retirement.

5. Measures to protect employees' interests

In order to promote honesty at the workplace, so that employees have self-discipline, honorably perform their duties, and adhere to the four major spirits of teamwork, enterprise, steadiness, and innovation, the Company established the "CSCC Ethical Norms for Employees" on January 8, 2009. In addition, the Company formulated the "Ethical Management Principles," "Procedures and Behavioral Guidelines for Ethical Management," and "Regulations for the Whistleblowing, Complaints, and Punishment of Violations of Ethics" on August 5, 2013, December 30, 2015, and January 6, 2016, respectively for all our fellow colleagues to duly observe.

6. Labor-management agreement

   In order to achieve harmonious labor-management relationships, ensure labor and management rights, cooperate in business development, and show mutual respect regarding the legitimate exercise of employees and employer's rights, the Company and the Labor Union of CSC Group have been negotiating the collective bargaining agreement in accordance with the Collective Agreement Act since 2015.

7. Labor-management meeting

   The representatives for the very first labor-management meeting were elected on April 10, 2017. Ever since then, labor-management meetings have been held periodically as agreed upon between workers and the management. A total of four such meetings took place in 2021. The convening of labor-capital meetings is beneficial to the facilitation of labor-capital harmony.

(II) Estimated Losses Incurred to The Company Due to Labor-Capital Disputes and the Potential Occurrence in the Future and Countermeasures During the Latest Two Years and as of the Date of Publishing the Annual Report

The Company values the labor-capital harmony and the communications between our fellow colleagues. In general, the smooth communication channels between superiors and employees allow the joint cultivation of capital and labor as a whole to share joys and sorrows and invest in the creation of a harmonious CSCC family. Also, the management rules, regulations, and systems comply with the requirements under the Labor Standard Act; therefore, a harmonious labor-capital relationship is recorded for the Company. There have been no labor-capital disputes or losses. Where the Company continues to actively promote and realize its employee welfare measures in the future, it is estimated that there shall be no losses incurred due to labor-capital disputes.

VII. Information and Communication Security Management

(I) Specify the information and communication security risk management framework, the information and communication security policy, the substantial management plans, and resources to be devoted to information and communication security management, etc. (Refer to (9) Information security risk - Administration Department on Pages 398-407).

(II) List the losses as a result of major information and communication security events, their possible impacts, and countermeasures over the most recent year and up to the date the Annual Report was printed; if reasonable estimation is impossible, why it is impossible shall be specified: None.

VIII. Important contract

Nature of contract	Parties to the contract	Start/End dates of contract	Main contents	Restrictions
1. Sales contract	KCMC, Australia	From January 1, 2018 to December 31, 2027	85°C soft asphalt sales contract	None
2. Sales contract	TPCC (4725TT)	From January 1, 2021 to December 31, 2021 From January 1, 2022 to December 31, 2022	Benzene sales contract	None
3. Sales contract	FUCC (1709TT)	From January 1, 2021 to December 31, 2021 From January 1, 2022 to December 31, 2022	Benzene sales contract	None
4. Sales contract	SMCT (1310TT)	From January 1, 2021 to December 31, 2021 From January 1, 2022 to December 31, 2022	Benzene sales contract	None
5. Sales contract	GPPC (1312TT)	From January 1, 2021 to December 31, 2021 From January 1, 2022 to December 31, 2022	Benzene sales contract	None
6. Sales contract	TOKAI CARBON	From January 1, 2021 to December 31, 2021	Creosote oil sales contract	None

Nature of contract	Parties to the contract	Start/End dates of contract	Main contents	Restrictions
		From January 1, 2022 to December 31, 2022		
7. Sales contract	Dalian Shengyuan Chemical Co., Ltd.	From January 1, 2021 to December 31, 2021 From January 1, 2022 to December 31, 2022	Creosote oil sales contract	None
8. Sales contract	Linyuan Advanced	From January 1, 2021 to December 31, 2021 From January 1, 2022 to December 31, 2022	Creosote oil sales contract	None
9. Purchase contract	CSC	From March 1, 2018 to February 28, 2023	Crude light oil purchase contract	None
10. Purchase contract	CSC	From April 1, 2019 to March 31, 2024	Coal tar purchase contract	None
11. Purchase contract	CSC	From January 1, 2018 to December 31, 2022	Nut coke purchase contract	None
12. Purchase contract	CSC	From January 1, 2018 to December 31, 2022	Anhydrous coke powder purchase contract	None
13. Purchase contract	CSC	From January 1, 2018 to December 31, 2022	Hydrated coke breeze purchase contract	None
14. Purchase contract	CSC	From January 1, 2018 to December 31, 2022	CDQ purchase contract	None
15. Purchase contract	CSC	From January 1, 2018 to December 31, 2022	Fine powder dust collector purchase contract	None
16. Purchase contract	CPC	From January 1, 2021 to December 31, 2021 From January 1, 2022 to December 31, 2022	Hydrogen purchase contract	None
17. Commissioned processing contract	CSC	From January 1, 2018 to December 31, 2022	Fine powder coke processing contract	None
18. Purchase contract	CPC	From May 31, 2019 to May 30, 2022	Natural gas purchase contract	None

F. Financial Overview

I. Condensed Balance Sheet and Statements of Profit or Loss and CPAs' Audit Opinions for the Latest Five Years

(I) Condensed Balance Sheet - IFRS - Consolidated

Unit: NTD thousand

Item \ Year		Financial information for the latest 5 years (Note 1)				
		At the End of 2021 (Note 4)	At the End of 2020	At the End of 2019	At the End of 2018	At the End of 2017
Current Assets		3,693,120	3,750,561	3,971,549	4,486,105	4,613,437
Property, Plant, and Equipment (Note 2)		3,937,319	4,148,025	4,438,535	3,982,399	3,200,754
Intangible Assets		-	-	-	-	-
Other Assets (Note 2)		4,102,430	3,744,287	3,681,721	3,248,242	3,421,346
Total Assets		11,732,869	11,642,873	12,091,805	11,716,746	11,235,537
Current Liabilities	Before Distribution	2,250,169	2,755,348	3,255,046	3,533,944	4,178,494
	After Distribution	(Note 3)	3,418,681	4,439,569	4,789,538	5,268,254
Non-current Liabilities		1,864,793	2,077,099	1,478,041	827,260	183,853
Total Liabilities	Before Distribution	4,114,962	4,832,447	4,733,087	4,361,204	4,362,347
	After Distribution	(Note 3)	5,495,780	5,917,610	5,616,798	5,425,107
Equity Attributable to Owners of the Corporation		7,351,169	6,534,169	6,992,245	6,985,203	6,521,537
Share Capital		2,369,044	2,369,044	2,369,044	2,369,044	2,369,044
Capital Surplus		883,789	869,637	845,852	820,648	755,849
Retained Earnings	Before Distribution	4,037,644	3,606,276	4,071,819	4,047,059	3,684,283
	After Distribution	(Note 3)	2,942,943	2,887,296	2,791,465	2,594,523
Other Equity		178,330	(193,150)	(176,832)	(133,910)	(161,983)
Treasury shares		(117,638)	(117,638)	(117,638)	(117,638)	(125,656)
Non-controlling interests		266,738	276,257	366,473	370,339	351,653
Total Equity	Before Distribution	7,617,907	6,810,426	7,358,718	7,355,542	6,873,190
	After Distribution	(Note 3)	6,147,093	6,174,195	6,099,948	5,783,430

Note 1: The financial information from 2017 to 2021 has been audited and certified by CPAs.
Note 2: The Company has not performed asset re-valuation.
Note 3: Annual proposal of earning distribution for 2021 is pending a decision through the General Shareholders' Meeting.
Note 4: The date of publishing the annual report of the Company is March 31, 2022; therefore, the latest financial information audited or reviewed by CPAs shall be the information at the end of 2021.

Condensed Balance Sheet - IFRS - Parent Company-only

Unit: NTD thousand

Item \ Year		Financial information for the latest 5 years (Note 1)				
		At the End of 2021 (Note 4)	At the End of 2020	At the End of 2019	At the End of 2018	At the End of 2017
Current Assets		2,473,845	2,567,440	2,642,162	2,774,028	2,992,087
Property, Plant, and Equipment (Note 2)		3,910,005	4,099,878	4,387,111	3,944,735	3,161,609
Intangible Assets		-	-	-	-	-
Other Assets (Note 2)		4,706,336	4,321,753	4,352,291	4,337,552	4,332,754
Total Assets		11,090,186	10,989,071	11,381,564	11,056,315	10,486,450
Current Liabilities	Before Distribution	1,922,604	2,427,133	2,960,370	3,243,852	3,783,368
	After Distribution	(Note 3)	3,090,466	4,144,893	4,499,446	4,873,128
Non-current Liabilities		1,816,413	2,027,769	1,428,949	827,260	181,545
Total Liabilities	Before Distribution	3,739,017	4,454,902	4,389,319	4,071,112	3,964,913
	After Distribution	(Note 3)	5,118,235	5,573,842	5,326,706	5,054,673
Equity Attributable to Owners of the Corporation		7,351,169	6,534,169	6,992,245	6,985,203	6,521,537
Share Capital		2,369,044	2,369,044	2,369,044	2,369,044	2,369,044
Capital Surplus		883,789	869,637	845,852	820,648	755,849
Retained Earnings	Before Distribution	4,037,644	3,606,276	4,071,819	4,047,059	3,684,283
	After Distribution	(Note 3)	2,942,943	2,887,296	2,791,465	2,594,523
Other Equity		178,330	(193,150)	(176,832)	(133,910)	(161,983)
Treasury shares		(117,638)	(117,638)	(117,638)	(117,638)	(125,656)
Non-controlling interests		-	-	-	-	-
Total Equity	Before Distribution	7,351,169	6,534,169	6,992,245	6,985,203	6,521,537
	After Distribution	(Note 3)	5,870,836	5,807,722	5,729,609	5,431,777

Note 1: The financial information from 2017 to 2021 has been audited and certified by CPAs.

Note 2: The Company has not performed asset re-valuation.

Note 3: Annual proposal of earning distribution for 2021 is pending a decision through the General Shareholders' Meeting.

Note 4: The date of publishing the annual report of the Company is March 31, 2022; therefore, the latest financial information audited or reviewed by CPAs shall be the information at the end of 2021.

(II) Condensed Statements of Comprehensive Income - IFRS - Consolidated

Unit: NT$000' (except for the unit of earnings per share being NT$)

Item \ Year	Financial information for the latest 5 years (Note 1)				
	2021 (Note 3)	2020	2019	2018	2017
Operating revenues	7,982,441	5,363,774	7,541,990	8,559,743	6,241,824
Gross profit	1,613,945	1,119,893	1,845,947	2,156,512	1,590,112
Operating Profit or Loss	1,193,454	769,899	1,442,393	1,776,255	1,249,264
Non-operating Income and Expenses	119,719	81,120	152,932	109,412	115,902
Profit before income tax	1,313,173	851,019	1,595,325	1,885,667	1,365,166
Net profit (loss) for the year	1,096,614	708,027	1,297,989	1,515,710	1,207,511
Other comprehensive income (net value after tax) for the year	360,048	(29,687)	(64,423)	4,653	(121,783)
Total Comprehensive Income for the Year	1,456,662	678,340	1,233,566	1,520,363	1,085,728
Net Profits Attributable to Owners of the Corporation	1,098,394	716,891	1,292,839	1,508,446	1,159,836
Net Profits Attributable to Non-controlling Interests	(1,780)	(8,864)	5,150	7,264	47,675
Total comprehensive income attributed to owners of the corporation	1,466,181	702,662	1,237,432	1,501,677	1,064,630
Total Comprehensive Income Attributable to Non-controlling Interests	(9,519)	(24,322)	(3,866)	18,686	21,098
Earnings Per Share (Note 2)	4.73	3.09	5.57	6.50	5.00

Note 1: The financial information from 2017 to 2021 has been audited and certified by CPAs.

Note 2: Calculated based on the weighted average number of outstanding shares.

Note 3: The date of publishing the annual report of the Company is March 31, 2022; therefore, the latest financial information audited or reviewed by CPAs shall be the information at the end of 2021.

Condensed Statements of Comprehensive Income - IFRS - Parent Company-only

Unit: NT$000' (except for the unit of earnings per share being NT$)

Year / Item	Financial information for the latest 5 years (Note 1)				
	2021 (Note 3)	2020	2019	2018	2017
Operating revenues	7,810,018	5,251,341	7,379,595	8,192,713	5,813,537
Gross profit	1,479,118	1,078,660	1,786,352	2,018,912	1,347,065
Operating Profit or Loss	1,066,482	738,859	1,398,571	1,652,744	1,018,499
Non-operating Income and Expenses	243,653	119,434	191,514	216,456	297,195
Profit before income tax	1,310,135	858,293	1,590,085	1,869,200	1,315,694
Net Profit for the Year	1,098,394	716,891	1,292,839	1,508,446	1,159,836
Other comprehensive income	367,787	(14,229)	(55,407)	(6,769)	(95,206)
Total comprehensive income	1,466,181	702,662	1,237,432	1,501,677	1,064,630
Earnings Per Share (Note 2)	4.73	3.09	5.57	6.5	5.00

Note 1: The financial information from 2017 to 2021 has been audited and certified by CPAs.

Note 2: Calculated based on the weighted average number of outstanding shares.

Note 3: The date of publishing the annual report of the Company is March 31, 2022; therefore, the latest financial information audited or reviewed by CPAs shall be the information at the end of 2021.

(III) Names of CPAs and the Audit Opinions for the Latest Five Years

Year of attestation	Name of CPAs	Audit Opinions
2017	Jui-Hsuan Hsu and Yu-Hsiang Liu	Unqualified Opinion
2018	Jui-Hsuan Hsu and Yu-Hsiang Liu	Unqualified Opinion
2019	Jui-Hsuan Hsu and Yu-Hsiang Liu	Unqualified Opinion
2020	Yu-Hsiang Liu and Hung-Ju Liao	Unqualified Opinion
2021	Chao-Chun Wang and Hung-Ju Liao	Unqualified opinion

Note: The changes in CPAs were due to the business restructuring of the CPA's firm.

II. Financial Analysis for the Latest Five Years

IFRS - Consolidated

Analysis Item (Note 3)	Year	Financial analysis of the latest five years (Note 1) 2021 (Note 3)	2020	2019	2018	2017	Change ratio (%) Comparison of 2021 and 2020	Variation Analysis >20%
Financial structure (%)	Debt-to-assets ratio	35.1	41.5	39.1	37.2	38.8	(15)	
	Ratio of long-term fund to property, plant and equipment	240.8	214.3	199.1	205.5	220.5	12	
Solvency %	Current ratio	164.1	136.1	122.0	126.9	110.4	21	1
	Quick Ratio	105.3	91.5	85.5	89.3	88.0	15	
	Interest Coverage Ratio	45.5	29.6	61.9	226.2	100.4	54	2
Operating Capacity	Receivables turnover (times)	14.0	11.2	13.5	14.5	11.8	25	3
	Average Number of Days for Cash Collection	26.1	32.6	27.0	25.2	31.0	(20)	3
	Inventory turnover (times)	6.5	4.7	7.8	11.0	9.1	38	4
	Payables turnover (times)	25.4	20.0	22.4	23.5	19.4	27	5
	Average days of sales	55.8	78.0	46.7	33.3	39.9	(28)	4
	Turnover (times) of real estate properties, factories and equipment	2.0	1.2	1.8	2.4	2.2	67	6
	Total assets turnover (times)	0.7	0.5	0.6	0.7	0.6	40	6
Profitability	Return on assets (%)	9.6	6.2	11.0	13.3	11.7	55	7
	Return on equity (%)	15.2	10.0	17.6	21.3	17.6	52	8
	Pre-tax profit to paid-in capital ratio (%)	55.4	35.9	67.3	79.6	57.6	54	9
	Net profit margin (%)	13.7	13.2	17.2	17.7	19.4	4	
	Earnings per Share (NTD) (Note 2)	4.73	3.09	5.57	6.50	5.00	53	10
Cash Flows	Cash flow ratio (%)	61.1	37.0	47.4	50.9	22.2	65	11
	Cash flow adequacy ratio (%)	74.8	63.5	57.8	61.0	67.1	18	
	Cash reinvestment ratio (%)	5.07	(1.04)	2.4	6.13	-	588	12
Leverage	Operating Leverage	1.43	1.66	1.33	1.18	1.24	(14)	
	Financial Leverage	1.03	1.04	1.01	1.00	1.01	(1)	

Reason of variation in financial ratios for the latest two years (comparison between 2021 and 2020):

1. The current ratio increased by 21% primarily due to the decrease in current liabilities as compared to 2020.
2. The interest coverage ratio increased by 54% primarily due to the increase in net profit before tax as compared to 2020.
3. The accounts receivable turnover ratio increased by 25% and the average number of days for cash collection decreased by 20% primarily due to the increase in sales compared to 2020.
4. The turnover ratio for inventories increased by 38% and the average number of days for sales decreased by 28% primarily due to the recovery of the economy as a result of the accelerated destocking of the inventory in 2021.
5. The accounts receivable turnover ratio increased by 27% primarily due to the increase in purchases compared to 2020.
6. The turnover ratio for real estate properties, plants, and equipment increased by 67% and the overall asset turnover ratio increased by 40% primarily due to the increase in sales.
7. The return on assets increased by 55% primarily due to the increase in net profit after tax compared to 2020.
8. The return on equity increased by 52% primarily due to the increase in net profit after tax compared to 2020.
9. The ratio of net profit before tax to paid-up capital increased by 54% primarily due to the increase in net profit before tax compared to 2020.
10. The earnings per share increased by 53% primarily due to the increase in net profit after tax compared to 2020.
11. The cash flow ratio increased by 65% primarily due to the increase in net cash inflows from operating activities and the decrease in current liabilities compared to 2020.
12. The cash reinvestment ratio rose by 588% primarily due to the increase in cash inflows from operating activities as the sales grew.

Note 1: The financial information from 2017 to 2021 has been audited and certified by CPAs.
Note 2: Calculated based on the weighted average number of outstanding shares.
Note 3: The date of publishing the annual report of the Company is March 31, 2022; therefore, the latest financial information audited or reviewed by CPAs shall be the information at the end of 2021.

Financial Analysis - IFRS - Parent Company-only

Analysis Item (Note 3)	Year	Financial Analysis for the Latest Five Years (Note 1) 2021 (Note 3)	2020	2019	2018	2017	Change ratio (%) Comparison of 2021 and 2020	Variation Analysis >20%
Financial structure (%)	Debt-to-assets ratio	33.7	40.5	38.6	36.8	37.8	(17)	
	Ratio of long-term fund to property, plant and equipment	234.5	208.8	192.0	198.0	212.0	12	
Solvency (%)	Current ratio	128.7	105.8	89.3	85.5	79.1	22	1
	Quick Ratio	76.8	67.2	59.4	61.1	63.6	14	
	Interest Coverage Ratio	47.9	31.4	65.5	229.5	97.4	53	2
Operating Capacity	Receivables turnover (times)	15.3	12.3	12.3	12.1	10.4	24	3
	Average Number of Days for Cash Collection	23.9	29.7	29.8	30.1	35.2	(20)	3
	Inventory turnover (times)	7.2	5.2	9.4	13.5	10.3	38	4
	Payables turnover (times)	25.2	19.0	18.6	19.1	17.4	33	5
	Average days of sales	50.5	70.7	38.8	27.1	35.6	(29)	4
	Turnover (times) of real estate properties, factories and equipment	2.0	1.2	1.8	2.3	2.0	67	6
	Total assets turnover (times)	0.7	0.5	0.7	0.76	0.6	40	6
Profitability	Return on assets (%)	10.2	6.6	11.7	14.1	12.1	55	7
	Return on equity (%)	15.8	10.6	18.5	22.33	17.8	49	8
	Pre-tax profit to paid-in capital ratio (%)	55.3	36.2	67.1	78.9	55.5	53	9
	Net profit margin (%)	14.1	13.7	17.5	18.4	20.0	3	
	Earnings per share (NT$) (Note 2)	4.73	3.09	5.57	6.50	5.00	53	10
Cash Flows	Cash flow ratio (%)	70.2	40.5	47.7	81.2	27.3	73	11
	Cash flow adequacy ratio (%)	83.2	72.9	64.5	69.5	68.4	14	
	Cash reinvestment ratio (%)	4.92	(1.54)	1.25	13.45	-	419	12
Leverage	Operating Leverage	1.47	1.68	1.33	1.18	1.29	(13)	
	Financial Leverage	1.03	1.03	1.01	1.00	1.01	-	

Reason of variation in financial ratios for the latest two years (comparison between 2021 and 2020):

13. The current ratio increased by 22% primarily due to the decrease in current liabilities as compared to 2020.
14. The interest coverage ratio increased by 53% primarily due to the increase in net profit before tax as compared to 2020.
15. The accounts receivable turnover ratio increased by 24% and the average number of days for cash collection decreased by 20% primarily due to the increase in sales compared to 2020.
16. The turnover ratio for inventories increased by 38% and the average number of days for sales decreased by 29% primarily due to the recovery of the economy as a result of the accelerated destocking of the inventory in 2021.
17. The accounts receivable turnover ratio increased by 33% primarily due to the increase in purchases compared to 2020.
18. The turnover ratio for real estate properties, plants, and equipment increased by 67% and the overall asset turnover ratio increased by 40% primarily due to the increase in sales.
19. The return on assets increased by 55% primarily due to the increase in net profit after tax compared to 2020.
20. The return on equity increased by 49% primarily due to the increase in net profit after tax compared to 2020.
21. The ratio of net profit before tax to paid-up capital increased by 53% primarily due to the increase in net profit before tax compared to 2020.
22. The earnings per share increased by 53% primarily due to the increase in net profit after tax compared to 2020.
23. The cash flow ratio increased by 73% primarily due to the increase in net cash inflows from operating activities and the decrease in current liabilities compared to 2020.
24. The cash reinvestment ratio rose by 419% primarily due to the increase in cash inflows from operating activities as the sales grew.

Note 1: The financial information from 2017 to 2021 has been audited and certified by CPAs.
Note 2: Calculated based on the weighted average number of outstanding shares.
Note 3: The date of publishing the annual report of the Company is March 31, 2022; therefore, the latest financial information audited or reviewed by CPAs shall be the information at the end of 2021.

The calculation formulas for the financial analysis are as follows:

1. Financial structure
   (1) Debt ratio = Total liabilities/Total assets.
   (2) Long-term fund ratio for property, plant, and equipment = (total equity + non-current liabilities) / net for property, plant, and equipment.
2. Solvency
   (1) Current ratio = Current assets/Current Liabilities.
   (2) Quick ratio = (current assets - inventories - prepaid expenses) / current liabilities.
   (3) Interest coverage ratio = Earnings before income tax and interest/Interest expenses for the period.
3. Operating Capacity
   (1) Turnover rate for receivables (including account receivable and notes receivable arising from operations) = Net sales/Average balance of receivables (including account receivable and notes receivable arising from operations) for each period.
   (2) Average number of days for cash collection = 365/Turnover rate for receivables.
   (3) Turnover rate for inventories = Cost of sales/Average inventories
   (4) Turnover rate for payable (including account payable and notes payable arising from operations) = Cost of sales/Average balance of payables (including account payable and notes payable arising from operations) for each period.
   (5) Average number of days for sales = 365/Turnover rate for inventories.
   (6) Turnover rate for property, plant, and equipment = Net sales/Average net property, plant, and equipment.
   (7) Turnover rate for total assets = Net sales/Average total assets.
4. Profitability
   (1) Return on assets = (net income + interest expenses × (1 - tax rate)) / average total assets.
   (2) Return on equity = Gains or losses after tax/Average total equity.
   (3) Profit margin = Gains or losses after tax/Net sales.
   (4) Earnings per share = (gains or losses attributable to owners of the parent company - preferred stock dividends) / weighted average number of shares issued. (Note 4)

5. Cash Flows

(1) Cash flow ratio = Cash flow from operating activities/Current liabilities.

(2) Net cash flow adequacy ratio = Cash generated from operating activities for the latest five years/(Capital expenditure + Increase in inventories + cash dividends) for the latest five years.

(3) Cash reinvestment ratio = (Net cash flows from operating activities- Cash dividends)/(Gross amount of property, plant and equipment + Long-term investment + Other non-current assets + Working capital). (Note 5)

6. Leverage

(1) Operating leverage = (Net operating income - Variable operating costs and expenses)/Operating gains. (Note 6)

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

Note 4: Attention shall be attached to the following matters during the measurement for the calculation of earnings per share above:

1. Base on the weighted average number of ordinary shares, rather than the number of shares issued at the end of the year.
2. Where there is capital increase by share or treasury share transactions, the weighted average number of shares shall be calculated with reference to the period of circulation.
3. Where there is a surplus to capital increase or capital surplus to capital increase, the calculation of the earnings per share for the previous year and half year should be adjusted by the proportion of capital increase, rather than the period the capital increase is issued.
4. Where preferential shares are non-convertible cumulative preferential shares, the dividends for the year (whether distributed or not) shall be deductible from the net profit after tax or increased to net losses after tax. Where preferential shares are non-cumulative, and in the case of having net profits after tax, the preferential share dividends shall be deducted from the net profits after tax; in the case of losses, no adjustment is required.

Note 5: Attention shall be attached to the following matters during the measurement for cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the statements of cash flow.
2. Capital expenditures refer to the cash outflow from capital investment each year.
3. The increase in inventories shall only be included when the closing balance is greater than the opening balance. Where the inventories decreased at the end of the year, zero shall be used for the calculation.
4. Cash dividends include cash dividends for ordinary shares and preferential shares.
5. Gross amount of plant, property and equipment refers to the total amount of property, plant and equipment before deducting accumulated depreciation.

Note 6: The issuer shall divide operating costs and operating expenses into fixed or variable based on their natures. When involving the estimation or subjective judgments, it shall be aware of the fairness and consistency.

Note 7: The calculation of the foreign companies' ratio to paid-up capital shall be calculated based on the ratio to net value.

III. Audit Committee’s Review Report of 2021 Financial Reports

China Steel Chemical Corporation

Audit Committee’s Review Report

The Board of Directors has prepared and submitted the 2021 Business Report, Financial Statements, and Earnings Distribution Proposal. The financial statements, in particular, have been duly audited by CPAs Chao-Chun Wang and Hung-Ju Liao from Deloitte & Touche appointed by the Board of Directors, and they have issued an audit report. The said business report, financial statements, and the proposal of earning distribution have been reviewed by the Audit Committee and it considered that they are in compliance with the Company Act and relevant laws and regulations. Therefore, the Audit Committee's report is hereby prepared in accordance with Article 14-4 of the Securities Act and Article 219 of the Company Act.

Submitted for your review.

Sincerely,

2022 Annual Shareholders' Meeting of China Steel Chemical Corporation

China Steel Chemical Corporation

Convener of the Audit Committee: Hsing-Shu Hsieh

February 24, 2022

Deloitte.

勤業眾信

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
China Steel Chemical Corporation

Opinion

We have audited the accompanying consolidated financial statements of China Steel Chemical Corporation (the "Corporation") and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation and its subsidiaries as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

Key audit matter of the Corporation and its subsidiaries' consolidated financial statements for the year ended December 31, 2021 is stated as follows:

Appropriateness of export sales cutoff

The Corporation and its subsidiaries' export transaction procedures are complicated and needs to be confirmed manually so that the control of the goods is transferred to the customer according to the trade terms of the sale and recognizes revenue at the time of the transfer of the control. The management is under pressure to achieve the expected target and market expectations, which may lead to manipulation of operating revenue. As a result, we considered the timing of revenue recognition of the operating revenue from export sales within certain period before and after the financial reporting date as a key audit matter.

Our audit procedures for the above export sales included the following:

1. We obtained an understanding and tested the operating effectiveness of the design and implementation of internal control of sales.

2. We performed cutoff procedures for export sales took place within certain period before and after the financial reporting date and verified the related documents to confirm the appropriateness of the revenue recognition.

Other Matters

We have also audited the standalone financial statements of China Steel Chemical Corporation as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion with emphasis of matter paragraph.

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

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Corporation and its subsidiaries' financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Chao-Chun Wang and Hung-Ju Liao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 24, 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.

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	December 31, 2021		December 31, 2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 621,616	5	$ 994,321	9
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	688,875	6	701,915	6
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	266,455	2	209,453	2
Notes receivable (Notes 4 and 11)	83,569	1	60,429	1
Accounts receivable, net (Notes 4 and 11)	449,238	4	271,865	2
Accounts receivable - related parties (Notes 4, 11 and 30)	161,090	1	113,885	1
Other receivables (Note 30)	301,238	3	221,455	2
Current tax assets (Note 26)	544	-	495	-
Inventories (Notes 4 and 12)	977,930	8	970,561	8
Other financial assets - current (Notes 4, 13 and 19)	97,886	1	168,533	1
Other current assets	44,679	-	37,649	-
Total current assets	3,693,120	31	3,750,561	32
NON-CURRENT ASSETS				
Financial assets at fair value through profit of loss - non-current (Notes 4 and 7)	81,202	-	76,042	1
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	81,400	-	-	-
Financial assets at amortized cost - non-current (Notes 4 and 9)	-	-	3,939	-
Investments accounted for using the equity method (Notes 4 and 15)	2,068,967	18	1,664,220	14
Property, plant and equipment (Notes 4, 16 and 30)	3,937,319	34	4,148,025	36
Right-of-use assets (Notes 4, 17 and 30)	646,878	6	674,799	6
Investment properties (Notes 4 and 18)	552,988	5	552,988	5
Deferred tax assets (Notes 4 and 26)	90,004	1	85,121	1
Prepaid equipment	21,636	-	54,784	-
Refundable deposits	4,451	-	5,050	-
Other non-current assets (Notes 14 and 19)	554,904	5	627,344	5
Total non-current assets	8,039,749	69	7,892,312	68
TOTAL	$ 11,732,869	100	$ 11,642,873	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 20)	$ 901,641	8	$ 1,093,251	10
Contract liabilities (Notes 4 and 24)	49,541	-	12,088	-
Accounts payable	50,763	-	29,175	-
Accounts payable - related parties (Note 30)	264,401	2	158,044	2
Other payables (Notes 14, 21, 22 and 30)	795,676	7	760,717	7
Current tax liabilities (Note 26)	152,264	1	154,914	1
Lease liabilities - current (Notes 4, 17 and 30)	29,251	-	40,321	-
Current portion of long-term borrowings (Note 20)	-	-	500,000	4
Other current liabilities	6,632	-	6,838	-
Total current liabilities	2,250,169	18	2,755,348	24
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 20)	1,100,000	10	1,300,000	11
Deferred tax liabilities (Notes 4 and 26)	5,058	-	1,545	-
Lease liabilities - non-current (Notes 4, 17 and 30)	606,284	5	618,829	6
Net defined benefit liabilities (Notes 4 and 22)	149,971	1	151,868	1
Guarantee deposit received	3,480	-	4,857	-
Total non-current liabilities	1,864,793	16	2,077,099	18
Total liabilities	4,114,962	34	4,832,447	42
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 4 and 23)				
Ordinary share capital	2,369,044	20	2,369,044	20
Capital surplus	883,789	8	869,637	8
Retained earnings				
Legal reserve	2,666,240	23	2,641,723	23
Special reserve	193,150	2	176,833	1
Unappropriated earnings	1,178,254	10	787,720	7
Total retained earnings	4,037,644	35	3,606,276	31
Other equity	178,330	2	(193,150)	(2)
Treasury shares	(117,638)	(1)	(117,638)	(1)
Total equity attributable to owners of the Corporation	7,351,169	64	6,534,169	56
NON-CONTROLLING INTERESTS (Note 23)	266,738	2	276,257	2
Total equity	7,617,907	66	6,810,426	58
TOTAL	$ 11,732,869	100	$ 11,642,873	100

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

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

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

	For the Year Ended December 31			
	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 24 and 30)				
Sales	$ 7,791,478	98	$ 5,231,184	98
Other operating revenue	190,963	2	132,590	2
Total operating revenue	7,982,441	100	5,363,774	100
OPERATING COSTS (Notes 12, 22, 25 and 30)	6,368,496	80	4,243,881	79
GROSS PROFIT	1,613,945	20	1,119,893	21
OPERATING EXPENSES (Notes 22, 25 and 30)				
Selling and marketing expenses	153,413	2	117,580	2
General and administrative expenses	105,612	1	101,435	2
Research and development expenses	161,466	2	130,979	3
Total operating expenses	420,491	5	349,994	7
PROFIT FROM OPERATIONS	1,193,454	15	769,899	14
NON-OPERATING INCOME AND EXPENSES (Notes 25 and 30)				
Interest income	7,269	-	14,611	-
Other income	78,903	1	79,281	2
Other gains and losses	(32,890)	-	(60,917)	(1)
Share of profit of associates	95,966	1	77,946	2
Interest expenses	(29,529)	-	(29,801)	(1)
Total non-operating income and expenses	119,719	2	81,120	2
PROFIT BEFORE INCOME TAX	1,313,173	17	851,019	16
INCOME TAX EXPENSES (Notes 4 and 26)	216,559	3	142,992	3
NET PROFIT FOR THE YEAR	1,096,614	14	708,027	13
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 22, 23 and 26)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	(7,234)	-	1,199	-
Unrealized gain/(loss) on financial assets at fair value through other comprehensive income	72,130	1	4,964	-

(Continued)

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

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

	For the Year Ended December 31			
	2021		2020	
	Amount	%	Amount	%
Share of other comprehensive income (loss) of associates accounted for using the equity method	$ 308,285	4	$ (7,519)	-
Income tax (expense) benefit related to items that will not be reclassified subsequently to profit or loss	1,447	-	(240)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translaton of the financial statement of foreign operations	(16,623)	-	(25,742)	-
Unrealized gain/(loss) on investments in debt instruments at fair value through other comprehensive income	(494)	-	(795)	-
Gain/(loss) on hedging instruments	-	-	2,080	-
Share of other comprehensive income/(loss) of associates accounted for using the equity method	2,537	-	(3,218)	-
Income tax (expense) benefit related to items that may be reclassified subsequently to profit or loss	-	-	(416)	-
Other comprehensive income/(loss) for the year, net of income tax	360,048	5	(29,687)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,456,662	19	$ 678,340	13
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	$ 1,098,394	14	$ 716,891	13
Non-controlling interests	(1,780)	-	(8,864)	-
	$ 1,096,614	14	$ 708,027	13
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	$ 1,466,181	19	$ 702,662	13
Non-controlling interests	(9,519)	-	(24,322)	-
	$ 1,456,662	19	$ 678,340	13
EARNINGS PER SHARE (Note 27)				
Basic	$ 4.73		$ 3.09	
Diluted	$ 4.72		$ 3.08	

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

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Corporation													
			Retained Earnings				Other Equity							
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total Retained Earnings	Exchange Differences on Translation of the Financial Statement of Foreign Operations	Unrealized Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain/(Loss) on Hedging Instruments	Total	Treasury Shares	Total Equity Attributable to Owners of the Corporation	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2020	$ 2,369,044	$ 845,852	$ 2,561,069	$ 161,983	$ 1,348,767	$ 4,071,819	$ (71,241)	$ (103,927)	$ (1,664)	$ (176,832)	$ (117,638)	$ 6,992,245	$ 366,473	$ 7,358,718
Appropriation of 2019 earnings (Note 23)														
Legal reserve	-	-	128,035	-	(128,035)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	14,850	(14,850)	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,137,142)	(1,137,142)	-	-	-	-	-	(1,137,142)	-	(1,137,142)
Cash dividends distributed by legal reserve	-	-	(47,381)	-	-	(47,381)	-	-	-	-	-	(47,381)	-	(47,381)
	-	-	80,654	14,850	(1,280,027)	(1,184,523)	-	-	-	-	-	(1,184,523)	-	(1,184,523)
Changes in capital surplus from investments in associates accounted for using the equity method	-	17	-	-	-	-	-	-	-	-	-	17	-	17
Net profit for the year ended December 31, 2020	-	-	-	-	716,891	716,891	-	-	-	-	-	716,891	(8,864)	708,027
Other comprehensive income/(loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	939	939	(13,506)	(3,330)	1,668	(15,168)	-	(14,229)	(15,458)	(29,687)
Total comprehensive income/(loss) for the year ended December 31, 2020	-	-	-	-	717,830	717,830	(13,506)	(3,330)	1,668	(15,168)	-	702,662	(24,322)	678,340
Adjustments to capital surplus arising from dividends paid to subsidiaries	-	23,768	-	-	-	-	-	-	-	-	-	23,768	-	23,768
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(65,894)	(65,894)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	1,150	1,150	-	(1,150)	-	(1,150)	-	-	-	-
BALANCE AT DECEMBER 31, 2020	2,369,044	869,637	2,641,723	176,833	787,720	3,606,276	(84,747)	(108,407)	4	(193,150)	(117,638)	6,534,169	276,257	6,810,426
Appropriation of 2020 earnings (Note 23)														
Legal reserve	-	-	71,898	-	(71,898)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	16,317	(16,317)	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(615,952)	(615,952)	-	-	-	-	-	(615,952)	-	(615,952)
Cash dividends distributed by legal reserve	-	-	(47,381)	-	-	(47,381)	-	-	-	-	-	(47,381)	-	(47,381)
	-	-	24,517	16,317	(704,167)	(663,333)	-	-	-	-	-	(663,333)	-	(663,333)
Changes in capital surplus from investments in associates accounted for using the equity method	-	842	-	-	-	-	-	-	-	-	-	842	-	842
Net profit for the year ended December 31, 2021	-	-	-	-	1,098,394	1,098,394	-	-	-	-	-	1,098,394	(1,780)	1,096,614
Other comprehensive income/(loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	(6,646)	(6,646)	(6,331)	380,780	(16)	374,433	-	367,787	(7,739)	360,048
Total comprehensive income/(loss) for the year ended December 31, 2021	-	-	-	-	1,091,748	1,091,748	(6,331)	380,780	(16)	374,433	-	1,466,181	(9,519)	1,456,662
Adjustments to capital surplus arising from dividends paid to subsidiaries	-	13,310	-	-	-	-	-	-	-	-	-	13,310	-	13,310
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	2,953	2,953	-	(2,953)	-	(2,953)	-	-	-	-
BALANCE AT DECEMBER 31, 2021	$ 2,369,044	$ 883,789	$ 2,666,240	$ 193,150	$ 1,178,254	$ 4,037,644	$ (91,078)	$ 269,420	$ (12)	$ 178,330	$ (117,638)	$ 7,351,169	$ 266,738	$ 7,617,907

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

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

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

	For the Year Ended December 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,313,173	$ 851,019
Adjustments for:		
Depreciation expense	466,209	463,019
Amortization expense	9,508	12,959
Net gain on financial assets at fair value through profit or loss	(55,364)	(15,724)
Interest expense	29,529	29,801
Interest income	(7,269)	(14,611)
Dividend income	(6,788)	(7,164)
Share of profit of associates	(109,936)	(84,511)
Loss (gain) on disposal of property, plant and equipment	(343)	66
Impairment loss recognized on financial assets	3,878	-
Impairment loss recognized on non-financial assets	28,089	38,515
Loss on disposal of subsidiaries	-	2,524
Gain on lease modification	-	(15)
Loss on casualty	10,349	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	36,879	28,616
Notes receivable	(23,140)	32,134
Accounts receivable	(177,373)	45,999
Accounts receivable - related parties	(47,205)	(13,048)
Other receivables	(18,236)	40,981
Inventories	(35,343)	(166,696)
Other current assets	(7,030)	57,307
Contract liabilities	37,453	(784)
Accounts payable	21,588	(21,219)
Accounts payable - related parties	106,357	(28,105)
Other payables	28,554	(110,897)
Other current liabilities	(206)	1,280
Net defined benefit liabilities	(9,131)	(15,603)
Cash generated from operations	1,594,202	1,125,843
Income taxes paid	(219,181)	(106,306)
Net cash generated from operating activities	1,375,021	1,019,537
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(89,571)	(48,079)
Proceeds from sale of financial assets at fair value through other comprehensive income	22,805	17,394
Acquisition of financial assets at fair value through profit or loss	(458,288)	(415,711)
Proceeds from sale of financial assets at fair value through profit or loss	422,806	455,050
Acquisition of investment accounted for using the equity method	(60,000)	(80,000)

(Continued)

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

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

	For the Year Ended December 31	
	2021	2020
Proceeds from capital return on investment accounted for using the equity method	$ 847	$ 25,087
Acquisition of property, plant and equipment	(207,003)	(109,035)
Proceeds from disposal of property, plant and equipment	1,526	100
Decrease in refundable deposits	599	3,604
Decrease in other financial assets	130,799	2,467
Increase in other non-current assets	-	(59,008)
Decrease in other non-current assets	17,706	-
Interest received	7,569	15,897
Dividends received from associates	76,006	58,999
Dividends received from others	6,788	7,164
Net cash used in investing activities	(127,411)	(126,071)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	3,705,614	3,000,241
Repayments of short-term borrowings	(3,897,224)	(3,899,495)
Proceeds from short-term bills payable	320,000	550,000
Repayments of short-term bills payable	(320,000)	(550,000)
Proceeds from long-term borrowings	1,150,000	1,250,000
Repayments of long-term borrowings	(1,850,000)	(100,000)
Proceeds from guarantee deposit received	-	1,327
Refund of guarantee deposit received	(1,377)	-
Repayments of the principal portion of lease liabilities	(32,204)	(32,937)
Dividends paid	(649,332)	(1,159,226)
Interest paid	(30,830)	(33,145)
Decrease in non-controlling interests	-	(65,894)
Net cash used in financing activities	(1,605,353)	(1,039,129)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(14,962)	(16,683)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(372,705)	(162,346)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	994,321	1,156,667
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 621,616	$ 994,321

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

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

1. GENERAL INFORMATION

China Steel Chemical Corporation (the "Corporation") was incorporated by China Steel Corporation (CSC) and other shareholders in February 1989. The Corporation started operations in May 1993, and CSC is the parent company that has substantive control over the Corporation. As of December 31, 2021 and 2020, CSC owned 29.04% of the Corporation's voting shares. The Corporation mainly engages in the production, processing and sales of coal tar distillation products, Naphtha products and coke products; in addition, it also trades related upstream and downstream products.

The shares of the Corporation have been listed on the Taiwan Stock Exchange (TWSE) since November 1998.

The consolidated financial statements are presented in the Corporation's functional currency, the New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation's board of directors and authorized for issue on February 24, 2022.

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

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

   The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Corporation and its subsidiaries' accounting policies.

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

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

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

January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

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

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

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

Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 “Inventories”. Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards.

The amendments are applicable only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021. The Corporation and its subsidiaries’ shall restate its comparative information when it initially applies the aforementioned amendments.

Except for the above impact, as of the date the consolidated financial statements were authorized to the board of directors for issue, the Corporation and its subsidiaries’ is continuously assessing the possible impact that the application of other standards and interpretations will have on the Corporation’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

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

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

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

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

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

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

As of the date the consolidated financial statements were authorized to the board of directors for issue, the Corporation and its subsidiaries' is continuously assessing the possible impact that the application of other standards and interpretations will have on the Corporation's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for the financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of the plan assets.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

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

3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets are realized within 12 months after the balance sheet date; and

3) Cash and 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.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the balance sheet date; and

3) Liabilities without an unconditional right to defer settlement for at least 12 months after the balance sheet date.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

1) Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (its subsidiaries).

Income and expenses of subsidiaries disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Corporation.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

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

2) Subsidiaries included in consolidated financial statements

Refer to Note 14, Table 6 and 7 for the detail information of subsidiaries (including the percentage of ownership and main business).

e. Foreign currencies

In preparing the financial statements of each individual consolidated entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the year.

Non-monetary items that are denominated in foreign currencies measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items denominated in a foreign currency and measured at historical cost are not retranslated.

For the purpose of presenting consolidated financial statements, the financial statements of foreign subsidiaries are translated into the presentation currency - New Taiwan dollars as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the balance sheet date; and income and expense items are translated at the average exchange rates for the year. The resulting currency translation differences are recognized in other comprehensive income accumulated in equity attributed to the owners of the Corporation and non-controlling interests as appropriate.

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Corporation and its subsidiaries are reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials, supplies, work-in-progress and finished goods and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost.

g. Investments in associates

An associate is an entity over which the Corporation and its subsidiaries have significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Corporation and its subsidiaries use the equity method to account for their investments in associates. Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Corporation and its subsidiaries' share of profit or loss and other comprehensive income of the associate. The Corporation and its subsidiaries also recognize the changes in the share of equity of associates.

When the Corporation and its subsidiaries subscribe for additional new shares of an associate at a percentage different from their existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Corporation and its subsidiaries' proportionate interest in the associate. The Corporation and its subsidiaries record such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Corporation and its subsidiaries' ownership interest is reduced due to the additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Corporation and its subsidiaries' share of losses of an associate equals or exceeds their interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Corporation and its subsidiaries' net investment in the associate), the Corporation and its subsidiaries discontinue recognizing their share of further losses. Additional losses and liabilities are recognized only to the extent that the Corporation and its subsidiaries have incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

When impairment loss is evaluated, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment has subsequently increased.

The Corporation and its subsidiaries discontinue the use of the equity method from the date on which their investment ceases to be an associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Corporation and its subsidiaries account for all amount previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When the Corporation and its subsidiaries' transacts with its associates, profits or losses resulting from the transactions with the associate are recognized in the Corporation's consolidated financial statements only to the extent of interests in the associate that are not related to the Corporation and its subsidiaries'.

h. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation.

Property, plant and equipment in the course of construction are measured at cost. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each balance sheet date, with the effect of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

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

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

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

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

k. Financial instruments

Financial assets and financial liabilities are recognized when the Corporation and its subsidiaries become a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost, and investments in debt instruments and equity instruments at FVTOCI.

i Financial assets at FVTPL

Financial asset classified as at FVTPL is financial asset mandatorily classified as at FVTPL.

Financial assets mandatorily classified as at FVTPL included investments in equity instruments which are not designated as at FVTOCI and debt investments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 29.

ii Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

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

Financial assets at amortized cost, including cash and cash equivalents, notes and accounts receivable (including related parties) at amortized cost, other receivables, refundable deposits and other financial assets, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset; and

ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits and short-term bills with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and

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

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to interest income calculated using the effective interest method are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv Investments in equity instruments at FVTOCI

On initial recognition, the Corporation and its subsidiaries may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Corporation and its subsidiaries' right to receive the dividends are established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Corporation and its subsidiaries recognize a loss allowance for expected credit losses on financial assets at amortized cost (including notes and accounts receivables) and investments in debt instruments that are measured at FVTOCI at each balance sheet date.

The Corporation and its subsidiaries always recognizes lifetime Expected Credit Losses (ECLs) for notes and accounts receivables. For all other financial instruments, the Corporation and its subsidiaries recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Corporation and its subsidiaries measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. 12-month ECLs represents the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. In contrast, lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instruments.

For internal credit risk management purposes, the Corporation and its subsidiaries considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Corporation and its subsidiaries):

i Internal or external information show that the debtor is unlikely to pay its creditors.

ii Financial asset is more than 90 days past due unless the Corporation and its subsidiaries has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Corporation and its subsidiaries derecognize a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset’s carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling to through profit or loss.

2) Equity instruments

Equity instruments issued by the Corporation and its subsidiaries are recognized at the proceeds received, net of direct issue costs.

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

3) Financial liabilities

a) Subsequent measurement

The Corporation and its subsidiaries' all financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

l. Treasury shares

Shares of the Corporation held by subsidiaries are reclassified to treasury shares from investments accounted for using equity method at the acquisition cost. The Corporation distributes dividends to its subsidiaries, it will write-off investment income in its accounts and also adjust additional paid-in capital treasury shares.

m. Hedging instruments

The Corporation and its subsidiaries designate certain hedging instruments, which include non-derivatives in respect of foreign currency risk, as cash flow hedges.

<u>Cash flow hedges</u>

The effective portion of changes in the fair value on derivatives that are designated and qualified as cash flow hedges is recognized in other comprehensive income. The gains or losses relating to the ineffective portion are recognized immediately in profit or loss.

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as reclassification adjustments in the line items relating to the hedged item in the same period in which the hedged item affects profit or loss. If a hedge of a forecasted transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and included in the initial cost of the non-financial asset or non-financial liability.

The Corporation and its subsidiaries discontinue hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised. The cumulative gain or loss on the hedging instrument that was previously recognized in other comprehensive income from the period in which the hedge was effective remains separately in equity until the forecasted transaction occurs. When a forecasted transaction is no longer expected to occur, the gains or losses accumulated in equity are recognized immediately in profit or loss.

n. Revenue recognition

The Corporation and its subsidiaries identify contracts with customers, allocate the transaction price to the performance obligations and recognize revenue when performance obligations are satisfied.

For contract where the period between the date on which the Corporation and its subsidiaries transfers a promised good or service to a customer and the date on which the customer pays for that good or service is within twelve months, the Corporation and its subsidiaries does not adjust the promised amount of consideration for the effects of a significant financing component.

1) Revenue from sale of goods

   Sales of goods are recognized as revenue when the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods and bears the risks of obsolescence. Accounts receivables are recognized concurrently. Advance received from customers is recognized as a contract liability.

   The Corporation and its subsidiaries do not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Revenue from rendering of services

   Service income is recognized when services are provided.

o. Leases

At the inception of a contract, the Corporation and its subsidiaries assesses whether the contract is, or contains, a lease.

1) The Corporation and its subsidiaries as lessor

   Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

   Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Corporation and its subsidiaries as lessee

   The Corporation and its subsidiaries recognize right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

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

   Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

   Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee’s incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Corporation and its subsidiaries remeasures the lease liabilities with a corresponding adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Corporation and its subsidiaries account for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

p. Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the year in which they are incurred.

q. Government grants

Government grants are not recognized until there is reasonable assurance that the Corporation and its subsidiaries will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized as a reduction of the related costs on a systematic basis over the periods in which the Corporation and its subsidiaries recognize as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Corporation and its subsidiaries with no future related costs are recognized in profit or loss in the period in which they are received.

r. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

Net defined benefit liability represents the actual deficit in the Corporation and its subsidiaries' defined benefit plan.

s. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Corporation and its subsidiaries are able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Corporation and its subsidiaries consider the economic implications of the COVID-19 when making their critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty - Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience in the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	2020
Cash on hand	$ 500	$ 500
Checking accounts and demand deposits	442,004	534,965
Cash equivalents (investments with original maturities less than 3 months)		
Time deposits	123,752	236,594
Short-term bills	55,360	222,262
	$ 621,616	$ 994,321

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at FVTPL - current

	December 31	
	2021	2020
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	$ 546,669	$ 529,164
Domestic listed shares	89,908	109,563
Financial bonds	52,298	63,188
	$ 688,875	$ 701,915

Financial assets at FVTPL - non-current

	December 31	
	2021	2020
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Emerging market shares	$ 27,131	$ 24,996
Domestic unlisted shares	54,071	51,046
	$ 81,202	$ 76,042

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

Current

	December 31	
	2021	2020
Foreign investments in debt instruments		
Financial bonds	$ 14,762	$ 29,890
Domestic investments in equity instruments - listed shares		
Ordinary shares	239,785	167,884
Preference shares	11,908	11,679
	$ 266,455	$ 209,453

Non-Current

	December 31	
	2021	2020
Domestic equity investments - listed shares		
Emerging market shares	$ 50,400	$ -
Domestic unlisted shares	31,000	-
	$ 81,400	$ -

These investments in equity instruments are held by the Corporation and its subsidiaries' strategy and are not for the purposes of trading and for short-term profit. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI.

9. FINANCIAL ASSETS AT AMORTIZED COST - NON-CURRENT

	December 31	
	2021	2020
Corporate bonds	$ 3,906	$ 3,939
Less: Allowance for impairment loss	(3,906)	-
	$ -	$ 3,939

The Corporation and its subsidiaries cannot evaluate the recoverable amount of the bond. Accordingly, the Corporation and its subsidiaries fully recognized impairment loss under investment revenue.

10. FINANCIAL INSTRUMENTS FOR HEDGING

For the purpose of managing cash flow risk arising from exchange rate fluctuations, the Corporation designated foreign currency time deposits for the future increase in investment. The Corporation performed an assessment of effectiveness and it is expected that the value of the foreign currency time deposits and the value of the corresponding hedged items will systematically change in opposite directions in response to movements in the underlying exchange rates. However, the Corporation expected that there will be no increase in investment in the near future, and thus the corresponding cash outflows is no longer expected to occur. Accordingly, the Corporation has discontinued adopting cash flow hedges from December, 2020.

Refer to Note 23 for information relating to profit (loss) arising from the change of fair value of financial instruments for hedging.

11. NOTES AND ACCOUNTS RECEIVABLE (INCLUDING RELATED PARTIES)

	December 31	
	2021	**2020**
Notes receivable (due to operating)		
At amortized cost		
Gross carrying amount	$ 83,569	$ 60,429
Accounts receivable (including related parties)		
At amortized cost		
Gross carrying amount	$ 610,328	$ 385,750

The average credit period of sales of goods was 30-90 days. No interest was charged on accounts receivable. The Corporation and its subsidiaries adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. In order to minimize credit risk, the management of the Corporation and its subsidiaries has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Corporation and its subsidiaries reviews the recoverable amount of each individual trade debt at the end of the balance sheet date to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes that the Corporation and its subsidiaries' credit risk was significantly reduced.

The expected credit losses on notes and accounts receivable are estimated using a provision matrix prepared by reference to past default experience of the customer and an analysis of the customer's current financial position, adjusted for general economic condition of the industry in which the customer operates, as well as an assessment of industry outlook at the reporting date. As the Corporation and its subsidiaries' historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Corporation and its subsidiaries' different customer base. As of December 31, 2021 and 2020, the Corporation and its subsidiaries' have no allowance for impairment loss.

The following table details the loss allowance of notes and accounts receivable based on the Corporation and its subsidiaries' provision matrix.

December 31, 2021

	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 180 Days Past Due	181 to 365 Days Past Due	Over 365 Days Past Due	Total
Expected credit loss rate (%)	-	-	-	-	-	-	
Gross carrying amount	$ 653,902	$ 39,995	$ -	$ -	$ -	$ -	$ 693,897
Loss allowance (Lifetime ECL)	-	-	-	-	-	-	-
Amortized cost	$ 653,902	$ 39,995	$ -	$ -	$ -	$ -	$ 693,897

December 31, 2020

	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 180 Days Past Due	181 to 365 Days Past Due	Over 365 Days Past Due	Total
Expected credit loss rate (%)	-	-	-	-	-	-	
Gross carrying amount	$ 431,923	$ 13,720	$ -	$ 536	$ -	$ -	$ 446,179
Loss allowance (Lifetime ECL)	-	-	-	-	-	-	-
Amortized cost	$ 431,923	$ 13,720	$ -	$ 536	$ -	$ -	$ 446,179

The movements of the loss allowance of notes and accounts receivable were as follow:

	For the Year Ended December 31	
	2021	2020
Balance, beginning of the year	$ -	$ 112
Written off	-	(111)
Effect of foreign currency exchange differences	-	(1)
Balance, end of the year	$ -	$ -

12. INVENTORIES

	December 31	
	2021	2020
Finished goods	$ 634,503	$ 626,744
Work in progress	137,037	119,581
Raw materials	90,102	100,753
Supplies	116,288	123,483
	$ 977,930	$ 970,561

The cost of inventories recognized as operating costs for the years ended December 31, 2021 and 2020 were NT$6,301,830 thousand and NT$4,177,811 thousand, respectively, which included inventory write-downs of inventories at NT$28,089 thousand and NT$38,515 thousand, respectively.

13. OTHER FINANCIAL ASSETS

	December 31	
	2021	2020
Current		
Deposits for project		
Restricted deposits	$ 97,886	$ 168,533

Since the Corporation applied The Management, Utilization, and Taxation of Repatriated Offshore Funds Act, the earnings remitted from overseas subsidiary were recognized as restricted deposits and determined whether they were current or non-current based on the expected time of use of funds.

14. SUBSIDIARIES

The consolidated entities were as follows:

Investor	Investee	Main Businesses	Percentage of Ownership (%) December 31, 2021	Percentage of Ownership (%) December 31, 2020
China Steel Chemical Corporation (CSCC)	Ever Wealthy International Corporation (EWI)	General investment	100	100
	Formosa Ha Tinh CSCC (Cayman) International Limited (CSCCC)	General investment	50	50
EWI	Changzhou China Steel New Materials Technology Co., Ltd. (CCSNM)	Processing and trading of asphalt mesocarbon microbeads product sorting	100	100

In October 2015, the Corporation entered into a joint venture and collaboration agreement with Formosa Ha Tinh (Cayman) and Formosa Ha Tinh Steel Corporation (Formosa Ha Tinh). According to the agreement, CSCCC was to be established through a joint investment from the Corporation and Formosa Ha Tinh (Cayman) in which the Corporation would own 50% of the equity. CSCCC mainly engages in the processing and sale of the by-products produced by Formosa Ha Tinh such as coal tar products, naphtha products and coke. CSCCC was established in January 2016 with a paid-in capital of US$10,000 thousand from the Corporation. As of December 31, 2021, US$3,000 thousand has been paid to this account.

According to the joint venture and collaboration agreement, CSCCC should pay US$18,580 thousand to Formosa Ha Tinh to acquire the underwriting premium from Formosa Ha Tinh for its produced coal tar products, naphtha products and coke (listed under other noncurrent assets). As of December 31, 2021, this account has not been paid and is listed under other payables.

Due to restriction on external laws affecting the execution of the aforementioned joint venture and collaboration agreement, the Corporation and its subsidiary, CSCCC, concluded a supplementary agreement to suspend capital injection and the royalties payable for underwriting premium. Both parties will evaluate the future development and direction of cooperation before deciding on follow-up matters (until December 31, 2022). The resolution was reported and approved by the board of directors on August 3, 2021.

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The Corporation and its subsidiaries' investments accounted for by equity method were as follows:

	December 31 2021	December 31 2020
Material associates		
CHC Resources Corporation (CHC)	$ 347,996	$ 324,626
Transglory Investment Corporation (TIC)	861,237	600,376
CSC Solar Corporation (CSCSC)	285,818	286,981
	1,495,051	1,211,983
Associates that are not individually material	573,916	452,237
	$ 2,068,967	$ 1,664,220

a. Material associates

Name of Associate	Proportion of Ownership and Voting Rights (%)	
	December 31	
	2021	2020
CHC	6	6
TIC	9	9
CSCSC	15	15

Refer to Table 6 "Information on Investees" for the nature of activities, principal places of business and countries of incorporation of the above associates.

Fair values (Level 1) of investments in associates with available published price quotation are summarized as follows:

	December 31	
	2021	2020
CHC	$ 681,127	$ 712,668

The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRSs adjusted by the Corporation and its subsidiaries for equity accounting purposes.

CHC

	December 31	
	2021	2020
Current assets	$ 2,798,678	$ 2,889,894
Non-current assets	10,329,853	10,340,503
Current liabilities	(2,762,857)	(2,903,673)
Non-current liabilities	(4,380,828)	(4,742,185)
Equity	5,984,846	5,584,539
Non-controlling interests	(223,329)	(209,939)
	$ 5,761,517	$ 5,374,600
Proportion of the Corporation and its subsidiaries' ownership (%)	6	6
Equity attributable to the Corporation and its subsidiaries	$ 347,996	$ 324,626
Carrying amount	$ 347,996	$ 324,626

	For the Year Ended December 31	
	2021	2020
Operating revenue	$ 10,770,774	$ 9,970,633
Net profit for the year	$ 724,125	$ 773,023
Other comprehensive income (loss)	181,995	(70,086)
Total comprehensive income	$ 906,120	$ 702,937

TIC

	December 31	
	2021	2020
Current assets	$ 1,052	$ 2,469
Non-current assets	9,470,285	6,598,420
Current liabilities	(110,059)	(75,063)
Equity	$ 9,361,278	$ 6,525,826
Proportion of the Corporation and its subsidiaries' ownership (%)	9	9
Equity attributable to the Corporation and its subsidiaries	$ 861,237	$ 600,376
Carrying amount	$ 861,237	$ 600,376

	For the Year Ended December 31	
	2021	2020
Operating revenue	$ 79,856	$ 134,062
Net profit for the year	$ 69,511	$ 120,233
Other comprehensive income (loss)	2,874,026	230,521
Total comprehensive income	$ 2,943,537	$ 350,754

CSCSC

	December 31	
	2021	2020
Current assets	$ 98,219	$ 303,574
Non-current assets	3,920,985	4,094,952
Current liabilities	(692,403)	(766,693)
Non-current liabilities	(1,421,350)	(1,718,627)
Equity	$ 1,905,451	$ 1,913,206
Proportion of the Corporation and its subsidiaries' ownership (%)	15	15
Equity attributable to the Corporation and its subsidiaries	$ 285,818	$ 286,981
Carrying amount	$ 285,818	$ 286,981

	For the Year Ended December 31	
	2021	2020
Operating revenue	$ 457,875	$ 480,149
Net profit for the year	$ 128,163	$ 153,194
Other comprehensive income (loss)	1,859	(268)
Total comprehensive income	$ 130,022	$ 152,926

b. Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2021	**2020**
The Corporation and its subsidiaries' share of		
Net profit for the year	$ 41,405	$ 4,432
Other comprehensive income (loss)	35,624	(27,935)
Total comprehensive income (loss)	$ 77,029	$ (23,503)

The Corporation and its subsidiaries along with its parent company CSC and fellow subsidiaries held more than 20% of shares in the abovementioned associates and they were accounted for using the equity method.

The investments accounted for using the equity method and the Corporation and its subsidiaries' share of profit or loss and comprehensive income (loss) were based on the associates' financial statement audited by auditors for the same year.

16. PROPERTY, PLANT AND EQUIPMENT

For the Year Ended December 31, 2021

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress	Total
Cost							
Balance at January 1, 2021	$ 1,145,237	$ 1,541,464	$ 5,421,564	$ 159,595	$ 195,089	$ 159,210	$ 8,622,159
Additions	-	21,942	238,771	3,763	2,607	(30,266)	236,817
Disposals	-	-	(60,532)	(1,155)	(1,477)	-	(63,164)
Effect of foreign currency exchange differences	-	(8,115)	(8,390)	(32)	(166)	-	(16,703)
Balance at December 31, 2021	$ 1,145,237	$ 1,555,291	$ 5,591,413	$ 162,171	$ 196,053	$ 128,944	$ 8,779,109
Accumulated depreciation							
Balance at January 1, 2021	$ -	$ 444,322	$ 3,794,584	$ 107,044	$ 128,184	$ -	$ 4,474,134
Depreciation expense	-	74,887	324,085	16,502	14,395	-	429,869
Disposals	-	-	(59,476)	(1,034)	(1,471)	-	(61,981)
Effect of foreign currency exchange differences	-	-	(82)	(23)	(127)	-	(232)
Balance at December 31, 2021	$ -	$ 519,209	$ 4,059,111	$ 122,489	$ 140,981	$ -	$ 4,841,790
Carrying amount at December 31, 2021	$ 1,145,237	$ 1,036,082	$ 1,532,302	$ 39,682	$ 55,072	$ 128,944	$ 3,937,319

For the Year Ended December 31, 2020

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress	Total
Cost							
Balance at January 1, 2020	$ 1,145,237	$ 1,513,589	$ 5,229,892	$ 153,602	$ 194,931	$ 277,506	$ 8,514,757
Additions	-	19,992	209,628	7,131	1,722	(118,295)	120,178
Disposals	-	-	(26,440)	(1,210)	(1,925)	-	(29,575)
Effect of foreign currency exchange differences	-	7,883	8,484	72	361	(1)	16,799
Balance at December 31, 2020	$ 1,145,237	$ 1,541,464	$ 5,421,564	$ 159,595	$ 195,089	$ 159,210	$ 8,622,159
Accumulated depreciation							
Balance at January 1, 2020	$ -	$ 366,182	$ 3,507,435	$ 90,665	$ 111,940	$ -	$ 4,076,222
Depreciation expense	-	78,140	313,331	17,437	17,871	-	426,779
Disposals	-	-	(26,375)	(1,110)	(1,924)	-	(29,409)
Effect of foreign currency exchange differences	-	-	193	52	297	-	542
Balance at December 31, 2020	$ -	$ 444,322	$ 3,794,584	$ 107,044	$ 128,184	$ -	$ 4,474,134
Carrying amount at December 31, 2020	$ 1,145,237	$ 1,097,142	$ 1,626,980	$ 52,551	$ 66,905	$ 159,210	$ 4,148,025

The above items of property, plant and equipment using by the Corporation and its subsidiaries are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main structure	2-50 years
Facility	5-25 years
Machinery and equipment	
Power equipment	3-20 years
Examination equipment	3-10 years
Computer equipment	3-10 years
Transportation equipment	
Transportation equipment	3-10 years
Telecommunication equipment	3-10 years
Other equipment	
Fire extinguishing equipment	5-10 years
Air condition and utilities equipment	3-10 years
Monitoring, office and other equipment	3-10 years

17. LEASE AGREEMENT

a. Right-of-use assets

	December 31	
	2021	**2020**
Carrying amounts		
Land	$ 333,474	$ 348,618
Machinery	231,082	239,596
Buildings	82,322	86,585
	$ 646,878	$ 674,799

	For the Year Ended December 31	
	2021	**2020**
Additions to right-of-use assets	$ 6,932	$ 15,831
Depreciation charge for right-of-use assets		
Land	$ 15,157	$ 15,157
Machinery	10,540	10,461
Buildings	10,643	10,622
	$ 36,340	$ 36,240

b. Lease liabilities

	December 31	
	2021	**2020**
Carrying amounts		
Current	$ 29,251	$ 40,321
Non-current	$ 606,284	$ 618,829

Range of discount rate for lease liabilities was as follows:

	December 31	
	2021	2020
Land (%)	1.4703	1.4703
Machinery (%)	1.4703	1.4703
Buildings (%)	0.6972-3.0000	0.8626-3.0000

c. Material leasing activities and terms

The Corporation and its subsidiaries' leases machineries for the use of product manufacturing with lease terms of 23 to 25 years. These arrangements do not contain renewal or purchase options. Some lease arrangements for equipment that lease payments will be adjusted every year on the basis of changes in the consumer Price Index.

The Corporation and its subsidiaries' also leases land and buildings for the use of factories with leas terms of 2 to 45 years. Some lease arrangements were calculated according to 3% of the announced total present value or 6% of the announced total land value. The Corporation and its subsidiaries' does not have renewal or purchase option to the right-of-use assets. The Corporation and its subsidiaries' will not transfer or sublet all or part of the leased premises without lessors' approval.

d. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	$ 4,189	$ 4,918
Total cash outflow for all lease agreements (including short-term lease agreements)	$ (46,577)	$ (48,369)

Refer to Note 18 for the Corporation and its subsidiaries' leasing of their own investment properties as operating leases.

18. INVESTMENT PROPERTIES

For the Year Ended December 31, 2021 and 2020

	Land	Buildings	Total
Cost			
Balance at January 1 and December 31, 2021 and 2020	$ 561,813	$ 47,665	$ 609,478
Accumulated depreciation and impairment			
Balance at January 1 and December 31, 2021 and 2020	$ 8,825	$ 47,665	$ 56,490
Carrying amount at December 31, 2021 and 2020	$ 552,988	$ -	$ 552,988

The lease term of investment properties is 3 years. The rent was calculated according to 3% of the announced total present value. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

Lease commitments (the Corporation and its subsidiaries' as a lessor) with lease terms commencing after the balance sheet dates are as follow:

	December 31	
	2021	2020
Lease commitments of investment properties	$ 56,911	$ 65,235

The Corporation's investment properties of buildings are depreciated in 50 years by straight-line depreciation method.

As of December 31 2021 and 2020, the fair value of investment properties was NT$926,715 thousand and NT$895,837 thousand, respectively. The fair value was based on the management's evaluation model used by market participants using Level 3 inputs and with reference to comparison of the similar transaction price in the market. The significant and unobservable inputs included the rate of capitalization of return and related fee rate.

All of the Corporation's investment properties are held under freehold interests.

Refer to Note 30 for the lease transactions conducted with related parties.

19. OTHER NON-CURRENT ASSETS

	December 31	
	2021	2020
Product underwriting premium (Note 14)	$ 514,294	$ 529,159
Deferred charges	40,610	39,916
Restricted deposits (Note 13)	-	58,269
	$ 554,904	$ 627,344

20. BORROWINGS

a. Short-term borrowings

	December 31	
	2021	2020
Bank loans	$ 884,000	$ 1,084,000
Letters of credit borrowings	17,641	9,251
	$ 901,641	$ 1,093,251
Range of interest rate (%)	0.72-1.02	0.72-1.02

b. Long-term bank borrowings

	December 31	
	2021	2020
Secured band loans		
Due on various dates through February, 2024	$ 1,100,000	$ 1,800,000
Less: Current portion	-	500,000
	$ 1,100,000	$ 1,300,000
Range of interest rate (%)	0.79-0.9416	0.8772-1.1955

In May 2018, the Corporation entered into a credit facility agreement with KGI Bank for a NT$500,000 thousand credit line. The Corporation applied for the extension of the agreement period to 2023 in June 2020. Under the agreement, based on the Corporation's quarterly reviewed consolidated financial statements and audited annual consolidated financial statements, which shall be verified quarterly, the consolidated profit from operations of the Corporation shall not be negative for two consecutive quarters. Otherwise, the credit line shall be cancelled until the quarter profit from operation becomes positive. The Corporation and its subsidiaries did not violate the provision.

21. OTHER PAYABLES

	December 31	
	2021	2020
Royalties (Note 14)	$ 512,439	$ 527,250
Salaries and incentive bonus	116,528	81,309
Employees' compensation and remuneration of directors	58,634	37,822
Outsourced repair and construction	42,258	39,632
Soil remediation expense	22,239	32,986
Dividends payable	6,823	6,132
Purchase of equipment	510	5,315
Others (freight, commission and insurance, etc.)	36,245	30,271
	$ 795,676	$ 760,717

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Corporation adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Corporation makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of a subsidiary in China make contributions in accordance with the local regulations. The subsidiary is required to contribute a specified percentage of payroll costs to the government. The only obligation of the subsidiary in China with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

The defined benefit plan adopted by the Corporation in accordance with the Labor Standards Law (the "LSL") is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation contributes amounts a specific amounts of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Corporation has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Corporation and its subsidiaries' defined benefit plans were as follows:

	December 31	
	2021	2020
Present value of defined benefit obligation	$ 381,383	$ 382,165
Fair value of plan assets	(230,768)	(228,279)
Net defined benefit liability	$ 150,615	$ 153,886
Current (recognized as other payables)	$ 644	$ 2,018
Non-current	149,971	151,868
	$ 150,615	$ 153,886

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2020	$ 367,200	$ (196,592)	$ 170,608
Service cost			
Current service cost	7,078	-	7,078
Interest expense (income)	2,754	(1,566)	1,188
Recognized in profit or loss	9,832	(1,566)	8,266
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(6,332)	(6,332)
Actuarial loss - changes in financial assumptions	10,095	-	10,095
Actuarial gain - experience adjustments	(4,962)	-	(4,962)
Recognized in other comprehensive income	5,133	(6,332)	(1,199)
Contributions from the employer	-	(23,789)	(23,789)
Balance at December 31, 2020	382,165	(228,279)	153,886

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Service cost			
Current service cost	$ 6,286	$ -	$ 6,286
Interest expense (income)	1,911	(1,221)	690
Recognized in profit or loss	8,197	(1,221)	6,976
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,725)	(2,725)
Actuarial loss - changes in demographic assumptions	4,465	-	4,465
Actuarial loss - experience adjustments	5,494	-	5,494
Recognized in other comprehensive income	9,959	(2,725)	7,234
Contributions from the employer	-	(17,481)	(17,481)
Benefits paid	(18,938)	18,938	-
	(18,938)	1,457	(17,481)
Balance at December 31, 2021	$ 381,383	$ (230,768)	$ 150,615

(Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2021	2020
Operating costs	$ 5,164	$ 5,970
Selling and marketing expenses	626	761
General and administrative expenses	650	748
Research and development expenses	536	787
	$ 6,976	$ 8,266

Through the defined benefit plans under the LSL, the Corporation is exposed to the following risks:

1) Investment risk

   The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk

   A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2021	**2020**
Discount rate (%)	0.50	0.50
Expected rate of salary increase (%)	3	3

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2021	**2020**
Discount rate		
0.25% increase	$ (9,673)	$ (10,095)
0.25% decrease	$ 10,007	$ 10,460
Expected rate of salary increase		
0.25% increase	$ 9,605	$ 10,038
0.25% decrease	$ (9,337)	$ (9,743)

The above sensitivity analysis may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2021	**2020**
Expected contributions to the plans for the next year	$ 7,913	$ 32,046
Average duration of the defined benefit obligation	10.5 years	11.1 years

23. EQUITY

a. Ordinary share capital

	December 31	
	2021	**2020**
Number of shares authorized (in thousands)	300,000	300,000
Shares authorized	$ 3,000,000	$ 3,000,000
Number of shares issued and fully paid (in thousands)	236,904	236,904
Shares issued	$ 2,369,044	$ 2,369,044

Fully paid ordinary shares, which have a par value of NT$10, carry one vote per share and the right to dividends.

b. Capital surplus

	December 31	
	2021	2020
May be used to offset a deficit, distribute cash or transfer to share capital (see note below)		
Additional paid-in capital	$ 218	$ 218
Treasury share transactions	881,434	868,124
May be used to offset deficits only		
Share of changes in equity of associates	2,137	1,295
	$ 883,789	$ 869,637

Note: Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital.

c. Retained earnings and dividends policy

Under the dividends policy, where the Corporation made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders.

The Corporation is currently in a growing industry environment and the Corporation intends to take advantage of the economic environment to seek for a sustainable operation. The Corporation's dividend policy is to focus on dividend stability and growth by referring to future operating conditions; also, the Corporation should distribute not less than 50% of distributable earnings, and cash dividend may not be less than 50% of the amount distributed.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital. The legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriation of earnings and dividends per share for 2020 and 2019 had been approved in the shareholder's meeting in July 2021 and June 2020 were as follows:

	Appropriation of Earnings For the Year Ended December 31		Dividend Per Share (NT$) For the Year Ended December 31	
	2020	2019	2020	2019
Legal reserve	$ 71,898	$ 128,035		
Special reserve	16,317	14,850		
Cash dividends	615,952	1,137,142	$ 2.6	$ 4.8

In addition, the Corporation's board of directors resolved to distribute cash from legal reserve of NT$47,381 thousand at NT$0.2 per share, totaling NT$2.8 per share for 2020.

In addition, the Corporation's board of directors resolved to distribute cash from legal reserve of NT$47,381 thousand at NT$0.2 per share, totaling NT$5 per share for 2019.

The appropriation of earnings for 2021 had been proposed by the Corporation's board of directors in February 2022. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 109,470	
Cash dividends	947,618	$ 4

The appropriations of earnings for 2021 are subject to the resolution in the shareholders' meeting to be held in June 2022.

d. Other equity items

1) Exchange differences on the translation of the financial statement of foreign operations

	For the Year Ended December 31	
	2021	2020
Balance, beginning of the year	$ (84,747)	$ (71,241)
Recognized for the year		
Exchange differences arising on translation of foreign operations	(8,884)	(10,284)
Share of exchange difference of associates accounted for using the equity method	2,553	(3,222)
Balance, end of the year	$ (91,078)	$ (84,747)

2) Unrealized gains and losses on financial assets at FVTOCI

	For the Year Ended December 31	
	2021	2020
Balance, beginning of the year	$ (108,407)	$ (103,927)
Recognized for the year		
Unrealized gains and losses - debt instruments	(494)	(795)
Unrealized gains and losses - equity instruments	72,130	4,964
Share from associates accounted for using the equity method	309,144	(7,499)
Other comprehensive income recognized for the year	380,780	(3,300)
Cumulative unrealized gains and losses of equity instruments transferred to retained earnings due to disposal	(2,953)	(1,150)
Balance, end of the year	$ 269,420	$ (108,407)

3) Gains and losses on hedging instruments (cash flow hedges)

	For the Year Ended December 31	
	2021	2020
Balance, beginning of the year	$ 4	$ (1,664)
Recognized for the year		
Foreign currency risk - changes in the fair value of hedging instruments	-	(10,900)
Share of fair value changes of hedging instruments of associates accounted for using the equity method	(16)	4
Income tax effect	-	2,180
Reclassification adjustments		
Hedged item no longer expected to occur		
Foreign currency risk - changes in the fair value of hedging instruments	-	12,980
Income tax effect	-	(2,596)
Balance, end the of year	$ (12)	$ 4

e. Non-controlling interests

	For the Year Ended December 31	
	2021	2020
Balance, beginning of the year	$ 276,257	$ 366,473
Net loss for the year	(1,780)	(8,864)
Other comprehensive income in the year		
Exchange difference arising from translating foreign operation	(7,739)	(15,458)
Distribution of cash dividends	-	(65,894)
Balance, end of the year	$ 266,738	$ 276,257

f. Treasury shares

The Corporation's shares acquired and held by its subsidiary - EWI for the purpose of investment accounted for as treasury shares were as follows (in thousands of shares):

For the Year Ended December 31, 2021

Beginning of the Year		Decrease During the Year			End of the Year		
Number of Shares Held	Carrying Amount	Number of Shares Held	Carrying Amount	Selling Price	Number of Shares Held	Carrying Amount	Market Price
4,754	$ 117,638	-	$ -	$ -	4,754	$ 117,638	$ 572,801

For the Year Ended December 31, 2020

Beginning of the Year		Decrease During the Year			End of the Year		
Number of Shares Held	Carrying Amount	Number of Shares Held	Carrying Amount	Selling Price	Number of Shares Held	Carrying Amount	Market Price
4,754	$ 117,638	-	$ -	$ -	4,754	$ 117,638	$ 515,759

The Corporation's shares held by the subsidiaries are accounted for as treasury shares with all shareholders' rights, except the rights to participate in the Corporation's capital increase in cash and right to vote.

24. OPERATING REVENUE

	For the Year Ended December 31	
	2021	2020
Revenue from contracts with customers		
Revenue from chemical product production and sale	$ 6,653,460	$ 4,661,008
Revenue from trading	1,138,018	570,176
Revenue from the rendering of services	104,267	85,383
	7,895,745	5,316,567
Revenue from investment		
Gain on fair value change of financial assets at FVTPL	70,904	35,077
Impairment loss on financial assets	(3,878)	-
Share of profit of associates	13,970	6,565
Dividend income	5,700	5,565
	86,696	47,207
	$ 7,982,441	$ 5,363,774

a. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Notes and accounts receivable (including related parties)	$ 693,897	$ 446,179	$ 511,263
Contract liabilities			
Sale of goods	$ 49,541	$ 12,088	$ 12,872

The changes in the contract liability balances primarily result from the timing difference between the Corporations and its subsidiaries' satisfaction of performance obligation and the respective customer's payment.

Revenue in the current year that was recognized from the balance at the beginning of the year contract liability was summarized as follows:

	For the Year Ended December 31	
	2021	2020
From contract liabilities at the beginning of the year		
Sale of goods	$ 12,079	$ 13,368

b. Disaggregation of revenue

For the year ended December 31, 2021

	Chemicals Product - Production and Sales	Chemicals Product - Trading	Investment Product	Total
Type of goods or services				
Sale of goods	$ 6,653,460	$ 1,138,018	$ -	$ 7,791,478
Rendering of services	104,267	-	-	104,267
Others	-	-	86,696	86,696
	$ 6,757,727	$ 1,138,018	$ 86,696	$ 7,982,441

For the year ended December 31, 2020

	Chemicals Product - Production and Sales	Chemicals Product - Trading	Investment Product	Total
Type of goods or services				
Sale of goods	$ 4,661,008	$ 570,176	$ -	$ 5,231,184
Rendering of services	85,383	-	-	85,383
Others	-	-	47,207	47,207
	$ 4,746,391	$ 570,176	$ 47,207	$ 5,363,774

25. PROFIT BEFORE INCOME TAX

Profit before income tax consisted of following items:

a. Interest income

	For the Year Ended December 31	
	2021	2020
Financial assets at amortized cost	$ 4,335	$ 4,861
Bank deposits	2,024	8,339
Investments in debt instruments at FVTOCI	901	1,398
Others	9	13
	$ 7,269	$ 14,611

b. Other income

	For the Year Ended December 31	
	2021	2020
Income from sale of prototype trail products	$ 21,849	$ 20,448
Rental income (Note 30)	16,489	16,610
Subsidy income	15,209	20,598
Remuneration of directors	12,698	2,757
Technical service income	5,084	-
Income from sale of scarp and wastes	4,129	4,142
Dividend income	1,088	1,599
Reversal of accrued payables	-	11,213
Others	2,357	1,914
	$ 78,903	$ 79,281

c. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Net foreign exchange loss	$ (6,454)	$ (38,705)
Loss on fair value change of financial assets mandatorily at FVTPL	(15,540)	(19,353)
Loss on disposal of subsidiaries	-	(2,524)
Gain (loss) on disposal of property, plant and equipment	343	(66)
Loss on casualty	(10,349)	-
Others	(890)	(269)
	$ (32,890)	$ (60,917)

The components of net foreign exchange losses were as follows:

	For the Year Ended December 31	
	2021	2020
Foreign exchange gains	$ 24,354	$ 28,019
Foreign exchange losses	(30,808)	(66,724)
Net foreign exchange losses	$ (6,454)	$ (38,705)

d. Interest expenses

	For the Year Ended December 31	
	2021	2020
Interest on bank loans	$ 20,816	$ 23,174
Interest on lease liabilities	10,184	10,514
	31,000	33,688
Less: Amounts included in the cost of qualifying assets	1,471	3,887
	$ 29,529	$ 29,801

Information relating to the capitalized interest is as follows:

	For the Year Ended December 31	
	2021	2020
Capitalized interest amount	$ 1,471	$ 3,887
Capitalization rate (%)	0.8-1.1955	1.1955

e. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
Property, plant and equipment	$ 429,869	$ 426,779
Right-of-use asset	36,340	36,240
Other non-current assets	9,508	12,959
	$ 475,717	$ 475,978
An analysis of depreciation by function		
Operating costs	$ 413,061	$ 428,493
Operating expenses	53,148	34,526
	$ 466,209	$ 463,019
An analysis of amortization by function		
Operating costs	$ 9,508	$ 12,959

f. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits		
Salaries	$ 474,925	$ 381,980
Labor and health insurance	27,248	25,304
Others	23,038	19,683
	525,211	426,967
Post-employment benefits		
Defined contribution plans	8,695	8,060
Defined benefit plans (Note 22)	6,976	8,266
	15,671	16,326
	$ 540,882	$ 443,293
An analysis by function		
Operating costs	$ 361,501	$ 291,965
Operating expenses	179,381	151,328
	$ 540,882	$ 443,293

g. Employees' compensation and remuneration of directors

The Articles of the Corporation stipulated the Corporation to distribute employees' compensation and remuneration of directors at the rates no less than 0.1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The Corporation accrued compensation of employees and remuneration of directors of NT$48,862 thousand and NT$9,772 thousand, respectively for the years ended December 31, 2021.

The employees' compensation and the remuneration of directors for the years ended December 31, 2021 and 2020 which have been approved by the Corporation's board of directors in February 2022 and 2021, respectively, were as follows:

	Cash	
	For the Year Ended December 31	
	2021	2020
Compensation of employees	$ 49,446	$ 33,803
Remuneration of directors and supervisors	9,889	6,761

Material differences between such estimated amounts and the amounts resolved by the board of directors on or before the date the annual consolidated financial statements are authorized for issue are adjusted in the year the bonus and remuneration were recognized. If there is a change in the proposed amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in accounting estimate and will be adjusted in the following year.

The appropriations of employees' compensation and remuneration of directors (all paid in cash) have been resolved by the board of directors in February 2021 and March 2020 as follows:

	For the Year Ended December 31, 2020		For the Year Ended December 31, 2019	
	Compensation of Employees	Remuneration of Directors	Compensation of Employees	Remuneration of Directors
Amounts approved in the board of directors' meeting	$ 33,803	$ 6,761	$ 59,867	$ 11,973
Amounts recognized in the annual consolidated financial statements	$ 31,518	$ 6,304	$ 58,411	$ 12,040

The difference amounts above were recognized in profit and loss in 2021 and 2020.

Information on employees' compensation and remuneration of directors resolved by the Corporation's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

26. INCOME TAX

a. Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	$ 224,975	$ 160,963
Adjustments for prior year	(11,736)	1,143
Adjustments under the Alternative Minimum Tax Act	3,242	-
Income tax on unappropriated earnings	1	16
	216,482	162,122
Deferred tax		
In respect of the current year	77	(19,130)
	$ 216,559	$ 142,992

The reconciliation of accounting profit and income tax expense was as follows:

	For the Year Ended December 31	
	2021	2020
Profit before income tax	$ 1,313,173	$ 851,019
Income tax expense at the statutory rate	$ 263,711	$ 181,187
Deductible income in determining taxable income	(38,659)	(39,354)
Additional income tax under the Alternative Minimum Tax Act	3,242	-
Income tax on unappropriated earnings	1	16
Adjustments for prior years	(11,736)	1,143
	$ 216,559	$ 142,992

The subsidiaries in China are subject to income tax rate of 25%. Tax rates applied by other subsidiaries operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Income tax (benefit) recognized in other comprehensive income (loss)

	For the Year Ended December 31	
	2021	2020
Recognized in other comprehensive income (loss)		
Cash flow hedges	$ -	$ 416
Remeasurement of defined benefit plan	(1,447)	240
	$ (1,447)	$ 656

c. Current tax assets and liabilities

	December 31	
	2021	2020
Current tax assets		
Income tax refund receivable	$ 544	$ 495
Current tax liabilities		
Income tax payable	$ 152,264	$ 154,914

d. Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

For the Year Ended December 31, 2021

Deferred tax assets	Balance, Beginning of the Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of the Year
Temporary differences				
Defined benefit plan	$ 30,777	$ (2,101)	$ 1,447	$ 30,123
Write-down of inventories	30,972	7,456	-	38,428
Difference between tax reporting and financial reporting - depreciation methods	6,378	(324)	-	6,054
Foreign investment losses, net	9,593	1,358	-	10,951
Others	7,401	(2,953)	-	4,448
	$ 85,121	$ 3,436	$ 1,447	$ 90,004

Deferred tax liabilities	Balance, Beginning of the Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of the Year
Temporary differences				
Unrealized exchange gains, net	$ 1,545	$ 3,320	$ -	$ 4,865
Deferred revenue or others	-	193	-	193
	$ 1,545	$ 3,513	$ -	$ 5,058

For the Year Ended December 31, 2020

Deferred tax assets	Balance, Beginning of the Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of the Year
Temporary differences				
Defined benefit plan	$ 34,121	$ (3,104)	$ (240)	$ 30,777
Write-down of inventories	22,705	8,267	-	30,972
Difference between tax reporting and financial reporting - depreciation methods	6,702	(324)	-	6,378
Foreign investment losses, net	-	9,593	-	9,593
Others	9,510	(1,693)	(416)	7,401
	$ 73,038	$ 12,739	$ (656)	$ 85,121

(Continued)

Deferred tax liabilities	Balance, Beginning of the Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of the Year
Temporary differences				
Unrealized exchange gains, net	$ 395	$ 1,150	$ -	$ 1,545
Foreign investment gain, net	7,541	(7,541)	-	-
	$ 7,936	$ (6,391)	$ -	$ 1,545

(Concluded)

e. Income tax assessments

The Corporation and EWI's income tax returns through 2019 have been assessed by the tax authorities.

27. EARNINGS PER SHARE

The net profit and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net profit for the year

	For the Year Ended December 31	
	2021	2020
Net profit attributable to owners of the Corporation	$ 1,098,394	$ 716,891

The weighted average number of ordinary shares outstanding (in thousands of shares)

	For the Year Ended December 31	
	2021	2020
Weighted average number of ordinary shares outstanding	236,904	236,904
Less: Number of treasury shares acquired by subsidiaries	4,754	4,754
Weighted average number of ordinary shares used in the computation of basic earnings per share	232,150	232,150
Plus: Effect of dilutive potential ordinary shares - employees' compensation	452	428
Weighted average number of ordinary shares used in the computation of diluted earnings per share	232,602	232,578

Since the Corporation is allowed to settle compensation paid to employees by cash or shares, the Corporation assumed that the entire amount of the compensation will be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the shares have a dilutive effect. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

28. CAPITAL MANAGEMENT

The capital management of the Corporation and its subsidiaries is aimed at ensuring effective use of capital and ensuring a smooth operation and ensuring optimized debt and equity balance. The overall strategy of the Corporation and its subsidiaries has not significantly changed for the year ended December 31, 2021. The capital structure of the Corporation and its subsidiaries consist of net liabilities and equity. Except for description of Note 20, without any need for complying with other external capital requirements. The Corporation and its subsidiaries review capital structure on a quarterly basis, including the consideration of capital costs and related risks. Currently, the equity in the capital structure is greater than liabilities and it will be used to pay for dividends or debts; also, the Corporation and its subsidiaries have invested in financial instruments as part of capital and fund management.

29. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
December 31, 2021				
Financial assets at FVTPL				
Mutual funds	$ 546,669	$ -	$ -	$ 546,669
Domestic listed shares	89,908	-	-	89,908
Emerging market shares	-	-	27,131	27,131
Domestic unlisted shares	-	-	54,071	54,071
Financial bonds	52,298	-	-	52,298
	$ 688,875	$ -	$ 81,202	$ 770,077
Financial assets at FVTOCI				
Domestic listed shares	$ 251,693	$ -	$ -	$ 251,693
Emerging market shares	-	-	50,400	50,400
Domestic unlisted shares	-	-	31,000	31,000
Financial bonds	14,762	-	-	14,762
	$ 266,455	$ -	$ 81,400	$ 347,855
December 31, 2020				
Financial assets at FVTPL				
Mutual funds	$ 529,164	$ -	$ -	$ 529,164
Domestic listed shares	109,563	-	-	109,563
Emerging market shares	-	-	24,996	24,996
Domestic unlisted shares	-	-	51,046	51,046
Financial bonds	63,188	-	-	63,188
	$ 701,915	$ -	$ 76,042	$ 777,957

(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Domestic listed shares	$ 179,563	$ -	$ -	$ 179,563
Financial bonds	29,890	-	-	29,890
	$ 209,453	$ -	$ -	$ 209,453

(Concluded)

There were no transfers between Level 1 and Level 2 for the years ended December 31, 2021 and 2020.

2) Reconciliation of Level 3 fair value measurements of financial assets

For the Year Ended December 31, 2021

	Equity Instrument		
	Financial Assets at FVTPL	**Financial Assets at FVTOCI**	**Total**
Balance, beginning of the year	$ 76,042	$ -	$ 76,042
Recognized in profit or loss	4,025	-	4,025
Purchases	1,135	81,400	82,535
Balance, end of the year	$ 81,202	$ 81,400	$ 162,602

For the Year Ended December 31, 2020

	Equity Instrument		
	Financial Assets at FVTPL	**Financial Assets at FVTOCI**	**Total**
Balance, beginning of the year	$ 71,910	$ -	$ 71,910
Recognized in profit or loss	5,422	-	5,422
Capital reduction	(1,290)	-	(1,290)
Balance, end of the year	$ 76,042	$ -	$ 76,042

3) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

a) The fair value of emerging market shares was based on the closing price adjusted for liquidity risk premium.

b) The fair value of unlisted shares was based on the current net value or trading price.

b. Categories of financial instruments

	December 31	
	2021	2020
Financial assets		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL (including non-current)	$ 770,077	$ 777,957
Financial assets at FVTOCI		
Investments in equity instruments	333,093	179,563
Investments in debt instruments	14,762	29,890
Financial assets at amortized cost 1)	1,719,088	1,897,746
Financial liabilities		
Financial liabilities at amortized cost 2)	3,109,138	3,839,912

1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable (including related parties), restricted deposits (including noncurrent), other receivables and refundable deposits.

2) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, accounts payable (including related parties), other payables, long-term borrowings (including current portion of long-term borrowings) and guarantee deposit received.

c. Financial risk management objectives and policies

The Corporation and its subsidiaries' major financial instruments include equity and debt investments' accounts receivable, accounts payable, short-term and long-term borrowings. The Corporation and its subsidiaries' treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Corporation and its subsidiaries through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Corporation and its subsidiaries sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Corporation and its subsidiaries' policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Corporation and its subsidiaries did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Corporation and its subsidiaries' activities exposed them primarily to the financial risks of changes in foreign currency exchange rates and interest rates. There had been no change to the Corporation and its subsidiaries' exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Corporation and its subsidiaries had sales in foreign currencies, which were exposed to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing foreign exchange forward contracts or were mitigated by future receivables and payables denominated in the same foreign currency.

The carrying amounts of the Corporation and its subsidiaries' foreign currency denominated monetary assets and monetary liabilities at the balance sheet date are set out in Note 32.

Sensitivity analysis

The Corporation and its subsidiaries were mainly exposed to the currencies USD and RMB. The following table details the Corporation and its subsidiaries' sensitivity to a 3% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity rate of 3% represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis included only the outstanding foreign monetary items at each balance sheet date. Scenario 1 in the following table indicates the profit and loss of the Corporation and its subsidiaries when the functional currency against the USD or RMB appreciated by 3%. Scenario 2 in the following table indicates the profit or loss of the Corporation and its subsidiaries when the functional currency against the USD or RMB depreciated by 3%.

	USD Effect (Note) For the Year Ended December 31		RMB Effect (Note) For the Year Ended December 31	
	2021	**2020**	**2021**	**2020**
Profit or loss in Scenario 1	$ (4,398)	$ (13,344)	$ (3,560)	$ (2,000)
Profit or loss in Scenario 2	4,398	13,344	3,560	2,000

Note: It was mainly derived from the cash and cash equivalents, accounts receivable, other receivables, restricted deposits (including noncurrent), financial assets at amortized cost - noncurrent, accounts payable, and other payables denominated in foreign currency without cash flow hedging arranged at the balance sheet date by the Corporation and its subsidiaries.

Changes in the exchange rate sensitivity of the Corporation and its subsidiaries in 2021 and 2020 mainly due to the increase or decrease of USD and RMB assets. The management believes that the sensitivity analysis is not representative of the inherent risk of exchange rate since the foreign currency risk exposure at balance sheet date does not reflect the interim risk exposure; also, the sales denominated in USD and RMB will be affected by customer orders and shipping schedules.

b) Interest rate risk

The carrying amounts of the Corporation and its subsidiaries financial assets and financial liabilities with exposure to interest rates at the balance sheet date were as follows:

	December 31	
	2021	**2020**
Fair value interest rate risk		
Financial liabilities	$ 635,535	$ 1,159,150
Cash flow interest rate risk		
Financial assets	386,965	492,274
Financial liabilities	1,100,000	1,300,000

Because of held financial liabilities, if interest rates had been 1% higher/lower and all other variables were held constant, the Corporation and its subsidiaries' cash in the next year for the years ended December 31, 2021 and 2020 would have decreased/increased by NT$11,000 thousand and NT$13,000 thousand, respectively.

c) Other price risk

The Corporation and its subsidiaries are exposed to equity price risk through their investments in listed shares and mutual funds; the risk is managed by maintaining a portfolio of investments with different risks. The equity price risk of the Corporation and its subsidiaries was primarily concentrated on the share and fund market in Taiwan and it was evaluated by the closing price of the equity securities and net value of the mutual funds on a monthly basis.

<u>Sensitivity analysis</u>

The sensitivity analysis measures the exposure to equity price risk at the balance sheet date. Considering the market price fluctuation of the Corporation and its subsidiaries' main investment targets, the fluctuation of 6% was used for the sensitivity analysis of equity securities.

If equity prices had been 6% higher/lower, the pre-tax profit for 2021 and 2020 would have been higher/lower by NT$38,195 thousand and NT$38,324 thousand, respectively, as a result of the fair value changes of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2021 and 2020 would have been higher/lower by NT$15,102 thousand and NT$10,774 thousand, respectively, as a result of the changes in fair value of FVTOCI, respectively.

2) Credit risk

Credit risk refers to the risk that counterparty will default resulting in financial loss to the Corporation and its subsidiaries. The Corporation and its subsidiaries' maximum exposure to credit risk is the carrying amount of accounts receivables from customers could not be recovered. The main customers of the Corporation and its subsidiaries were creditworthy and continuously to evaluate the customers' financial condition. If necessary, the customers will be requested to provide collaterals or to pay cash for each transaction. The business department also understands the credit status of customers through external credit investigation and industry reports. The credit risk was immaterial to Corporation and its subsidiaries.

The Corporation and its subsidiaries' concentrations of credit risk in total of notes and accounts receivable were as follows:

	December 31	
	2021	**2020**
Customer A	$ 127,344	$ 90,911
Customer B	78,171	49,059
	$ 205,515	$ 139,970

3) Liquidity risk

The Corporation and its subsidiaries have supported business operation through management and by maintaining sufficient cash and cash equivalents or easily realizable financial instruments. In addition, the Corporation and its subsidiaries signed line of credit contracts with financial institutions for a ready source of funds to support the business operation of the Corporation and its subsidiaries.

The Corporation and its subsidiaries rely on bank borrowings as a significant source of liquidity. As of December 31, 2021 and 2020, the Corporation and its subsidiaries had available unutilized short-term and long-term bank loan facilities amounted to NT$5 billion and NT$4.3 billion, respectively.

Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Corporation and its subsidiaries' remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Corporation and its subsidiaries can be required to pay. The table includes both interest and principal cash flows. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

December 31, 2021

	Less than 1 Year	1-5 Years	5+ Years	Total
Non-interest bearing liabilities	$ 1,109,697	$ 3,480	$ -	$ 1,113,177
Lease liabilities	38,803	134,676	582,778	756,257
Variable interest rate liabilities	911,512	1,108,649	-	2,020,161
	$ 2,060,012	$ 1,246,805	$ 582,778	$ 3,889,595

December 31, 2020

	Less than 1 Year	1-5 Years	5+ Years	Total
Non-interest bearing liabilities	$ 947,936	$ 4,857	$ -	$ 952,793
Lease liabilities	42,318	135,718	614,231	792,267
Variable interest rate liabilities	1,106,071	1,313,245	-	2,419,316
Fixed interest rate liabilities	503,652	-	-	503,652
	$ 2,599,977	$ 1,453,820	$ 614,231	$ 4,668,028

30. TRANSACTIONS WITH RELATED PARTIES

Related Party Name	Relationship with the Corporation
China Steel Corporation (CSC)	The parent entity of the Corporation
International CSRC Investment Holding Co., Ltd.	The Corporation as key management personnel of other related parties
Linyuan Advanced Materials Technology Co. Ltd. (Linyuan Advanced)	The Corporation as key management personnel of subsidiaries
E-One Moli Energy Corporation	The Corporation as key management personnel of subsidiaries

(Continued)

Related Party Name	Relationship with the Corporation
China Steel Structure Corporation	Fellow subsidiary
Dragon Steel Corporation (DSC)	Fellow subsidiary
Chung Hung Steel Corporation (CHS)	Fellow subsidiary
CHC Resources Corporation	Fellow subsidiary
Himag Magnetic Corporation	Fellow subsidiary
China Steel Global Trading Corporation	Fellow subsidiary
Steel Castle Technology Corporation	Fellow subsidiary
Union Steel Development Corporation	Fellow subsidiary
China Steel Security Corporation	Fellow subsidiary
Thintech Materials Technology Co., Ltd.	Fellow subsidiary
China Steel Precision Materials Corporation (CSPM)	Fellow subsidiary
China Ecotek Corporation	Fellow subsidiary
Betacera Inc.	Fellow subsidiary
CSC Solar Corporation	Fellow subsidiary
Pro-Ascentek Investment Corporation	Fellow subsidiary
Eminent Venture Capital Corporation	Fellow subsidiary
Formosa Ha Tinh (Cayman) Limited (Formosa Ha Tinh (Cayman))	Other related party
Formosa Ha Tinh Steel Corporation (Formosa Ha Tinh)	Other related party
Eminent III Venture Capital Corporation	Associate

(Concluded)

Details of transactions between the Corporation and its subsidiaries and related parties were as follows:

a. Operating revenue

Account Items	Related Party Category/Name	For the Year Ended December 31 2021	2020
Revenue from sales of goods	The Corporation as key management personnel of subsidiaries		
	Linyuan Advanced	$ 1,229,576	$ 845,761
	Others	92,097	49,071
		1,321,673	894,832
	Parent entity	14,000	10,584
	Fellow subsidiaries	11,574	7,734
		$ 1,347,247	$ 913,150
Revenue from the rendering of services	Parent entity	$ 97,575	$ 84,595
	Fellow subsidiaries	6,328	411
		$ 103,903	$ 85,006

Part of sales to the parent entity and fellow subsidiaries were charged at the cost plus additional percentage; sales to others were charged in accordance with the agreed pricing formula. Sales referred to above except for revenue from rendering of services from the parent entity and fellow subsidiaries, did not have similar transactions for comparison; but not significantly different from regular trading.

b. Purchase of goods

Related Party Category/Name	For the Year Ended December 31 2021	2020
Parent entity		
CSC	$ 2,382,286	$ 1,447,865
Fellow subsidiaries		
DSC	901,637	515,258
Others	2,061	1,220
	903,698	516,478
Other related parties		
Formosa Ha Tinh	1,232,818	605,995
	$ 4,518,802	$ 2,570,338

The Corporation entered into agreements for purchase of light oil products and coal tar with the parent entity in March 2013 and July 2010, respectively. Besides, the Corporation entered into agreements for purchase of light oil products and coal tar with DSC in May 2008. The terms of agreements were 5 years and the agreements would be extended automatically for 5 years each time upon maturity if there was no objection raised by either party. Prices were negotiated between both sides and paid with letters of credit at sight. If any price adjustments occurred due to market volatilities, it shall be settled separately.

In addition, the Corporation entered into agreement for fine coke processing with the parent company for 5 years in January 2008; the agreement would be extended automatically for 5 years each time upon maturity if there was no objection raised by either party.

The Corporation and its subsidiaries entered into agreements for purchase of light oil products and coal tar (including coal tar (refined)) with Formosa Ha Tinh. The agreement would be extended automatically according to the negotiation. Prices were negotiated between both sides and paid 10 days after shipment. If any price adjustments occurred due to market volatilities, it shall be settled separately.

c. Receivables from related parties

Account Items	Related Party Category/Name	December 31 2021	2020
Accounts receivable - related parties	Parent entity	$ 11,529	$ 10,430
	Fellow subsidiaries	757	1,997
	The Corporation as key management personnel of subsidiaries		
	Linyuan Advanced	127,344	90,911
	Others	21,460	10,547
		$ 161,090	$ 113,885

(Continued)

Account Items	Related Party Category/Name	December 31 2021	December 31 2020
Other receivables	Parent entity		
	CSC	$ 22,310	$ 1,601
	Fellow subsidiaries	1,352	1,292
	Other related parties		
	Formosa Ha Tinh (Cayman)	193,760	199,360
		$ 217,422	$ 202,253

(Concluded)

No guarantee had been received for receivables from related parties. For the years ended December 31, 2021 and 2020, no impairment loss was recognized on receivables from related parties.

d. Payables to related parties

Account Items	Related Party Category/Name	December 31 2021	December 31 2020
Accounts payable - related parties	Parent entity		
	CSC	$ 264,391	$ 151,092
	Fellow subsidiaries	10	-
	Other related parties	-	6,952
		$ 264,401	$ 158,044
Other payables	Parent entity	$ 9,854	$ 8,820
	Fellow subsidiaries	321	82
	The Corporation as key management personnel of other related parties	3,257	2,101
	Other related parties		
	Formosa Ha Tinh	512,439	527,250
		$ 525,871	$ 538,253

The outstanding accounts payable to related parties were unsecured.

e. Acquisitions of property, plant and equipment

Related Party Category/Name	Purchase Price For the Year Ended December 31 2021	Purchase Price For the Year Ended December 31 2020
Parent entity	$ 831	$ 23,990
Fellow subsidiaries	1,200	1,470
	$ 2,031	$ 25,460

f. Lease arrangements

Related Party Category/Name	For the Year Ended December 31 2021	2020
Acquisition of right-of-use assets		
Parent entity-CSC	$ -	$ 14,118
Fellow subsidiaries		
CHS	6,932	-
	$ 6,932	$ 14,118

Account Items	Related Party Category/Name	December 31 2021	2020
Lease liabilities	Parent entity-CSC	$ 580,090	$ 604,985
	Fellow subsidiaries		
	CSPM	49,665	50,625
	CHS	5,780	1,166
		55,445	51,791
		$ 635,535	$ 656,776

Account Items	Related Party Category/Name	For the Year Ended December 31 2021	2020
Interest expenses	Parent entity-CSC	$ 8,650	$ 8,988
	Fellow subsidiary		
	CSPM	1,476	1,456
	CHS	17	31
		1,493	1,487
		$ 10,143	$ 10,475

Leases of land and plants

The Corporation leased land and plants from its parent entity with total of 3 arrangements. The rental was calculated by an annual rate of 3% based on the current land value and an annual rate of 6% based on the announced land value, respectively. The lease term of the contracts was all 1 year or 5 years, which ended in December 2021 and 2025, respectively. The rental was paid every half year.

The Corporation also leased coke plant from its parent entity. The lease term of the contract was 1 year, which ended in December 2021. The rental was paid every half year.

The Corporation and its subsidiaries' leased land and plants from its fellow subsidiary. The lease term will end in December 2058. The rental was paid annually or quarterly according to the contract.

Leases from related parties were without similar transactions with other non-related parties.

Leases of office buildings

The Corporation leased office buildings from its parent entity. The lease term of the contract will end in December 2022. The rental was paid quarterly. Prices were negotiated between both sides and rental was paid according to the contract. Prices were same as local rental and there was no material difference in the term of contract between related parties and non-related parties.

g. Lease arrangements

As described in Note 17, the Corporation leased out land, which was located in the Xiaogang District, Kaohsiung City to its parent entity. The rental was calculated by an annual rate of 3% based on the current land value. The rental is collected in advance every half year. The lease term of the contract will end in December 2025. As of December 31, 2021 and 2020, the gross lease payments received were NT$49,268 thousand and NT$61,585 thousand, respectively. The amounts of lease income recognized for the years ended December 31, 2021 and 2020 were both NT$12,317 thousand.

h. Other related party transactions

1) Public fluid

The Corporation's factory was located inside the parent entity's plant; the primary energy needed for production was supplied by the parent entity. The Corporation paid on a monthly basis for expenses on public fluid, including electricity, wastewater treatment, waste gas treatment, consumption of steam, and coke ovens, based on market prices or cost plus percentage. The expenses mentioned above amounted to NT$314,204 thousand and NT$304,280 thousand for the years ended December 31, 2021 and 2020, respectively. The Corporation and other non-related parties had no similar transactions available for comparison.

2) Technical service fees

The Corporation commissioned the parent entity to provide technical services, including activated carbon like Isotropic graphite block material analysis and the applied technological development in graphitizing mass production. The fees for technical services amounted to NT$6,360 thousand and NT$6,340 thousand for the years ended December 31, 2021 and 2020, respectively.

3) Technical Service Revenue

The Corporation signed an agreement providing technical service with its other related parties and the technical service revenue amounted to NT$5,084 thousand for the year ended December 31, 2021.

i. Compensation of key management personnel

	For the Year Ended December 31	
	2021	**2020**
Short-term employee benefits	$ 37,578	$ 38,397
Post-employment benefits	923	1,374
	$ 38,501	$ 39,771

The compensation of the directors and the other management was determined by the Remuneration Committee in accordance with the personal performance evaluation and market trends.

31. SIGNIFICANT CONTINGENT CONTINGENT LIABILITIES AND UNRECOGNIZED UNRECOGNIZED CONTRACTUAL COMMITMENTS

Significant commitments and contingencies of the Corporation and its subsidiaries' as of December 31, 2021 were as follows:

a. Guarantee notes provided to sellers for purchase of goods and agreements amounted to NT$89,793 thousand.

b. Unused letters of credit issued by the Corporation for the purchase of raw materials and goods in the amount of NT$1,004,319 thousand.

c. Property, plant and equipment construction contract signed for total amount of NT$48,738 thousand, in which about NT$20,817 thousand has not yet completed.

32. SIGNIFICANT FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Corporation and its subsidiaries and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant financial assets and liabilities denominated in foreign currencies were as follows:

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
December 31, 2021				
Financial assets				
Monetary items				
USD	$ 15,791	27.68	(USD:NTD)	$ 437,098
RMB	27,317	4.344	(RMB:NTD)	118,665
JPY	49,329	0.2405	(JPY:NTD)	11,864
Non-monetary items				
Financial assets mandatorily designated as at FVTPL				
USD	7,996	27.68	(USD:NTD)	221,339
Financial assets at FVTOCI				
USD	533	27.68	(USD:NTD)	14,762
Financial liabilities				
Monetary items				
USD	7,991	27.68	(USD:NTD)	221,202
USD	2,504	6.372	(USD:RMB)	69,311
December 31, 2020				
Financial assets				
Monetary items				
USD	27,183	28.48	(USD:NTD)	774,184
RMB	15,234	4.377	(RMB:NTD)	66,680
Non-monetary items				
Financial assets mandatorily designated as at FVTPL				
USD	9,444	28.48	(USD:NTD)	268,976
Financial assets at FVTOCI				
USD	1,050	28.48	(USD:NTD)	29,890

(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
Financial liabilities				
Monetary items				
USD	$ 7,758	28.48	(USD:NTD)	$ 220,950
USD	3,807	6.507	(USD:RMB)	108,420
				(Concluded)

For the years ended December 31, 2021 and 2020, realized and unrealized net foreign exchange gains and losses were loss of NT$6,454 thousand and NT$38,705 thousand, respectively. It is impractical to disclose net foreign exchange gains or losses by each significant foreign currency due to the variety of the foreign currency transaction and functional currencies of the Corporation and its subsidiaries.

33. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. investees:

1) Financing provided to others (Table 1)

2) Endorsements/guarantees provided (None)

3) Marketable securities held (excluding investments in subsidiaries and associates) (Table 2)

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (None)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 3)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 4)

9) Trading in derivative instruments: The Corporation entered into non-designated hedged foreign exchange forward contracts amounted to NT$111,511 thousand and NT$77,727 thousand which generated realized exchange gain NT$367 thousand and NT$753 thousand for the year ended December 31, 2021 and 2020, respectively. As of December 31, 2021, the Corporation and its subsidiaries did not hold any derivative instruments.

10) Intercompany relationships and significant intercompany transactions (Table 5)

11) Information on investees (Table 6)

b. Information on investments in mainland China

   1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income (loss) of investees, investment gain (loss), carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 7)

   2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices and payment terms:

      a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period (Table 3)

      b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period (Table 3)

      c) The amount of property transactions and the amount of the resultant gains or losses (None)

      d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes (None)

      e) The highest balance, the end of period balance and the interest rate range with respect to financing of funds (Table 1)

      f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services (None)

d. Information of major shareholders: List all shareholders with a stake of 5 percent or greater in shareholding percentage and the number of shares. (Table 8)

34. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Reported segments of the Corporation and its subsidiaries were as follows:

a. CSCC/CCSNM - Production and marketing of chemical products.

b. EGI (liquidation in September 2020)/CSCCC - Trade of chemical products.

c. EWI - Investments.

d. Department income and operating results

   The Corporation and its subsidiaries have the reporting segments analyzed as follows:

	CSCC/CCSCM	CSCCC	EWI	Adjustment and Write-off	Consolidated
For the year ended December 31, 2021					
Revenue from external customers	$ 7,895,745	$ -	$ 86,696	$ -	$ 7,982,441
Inter segment revenue	129,477	-	24,794	(154,271)	-
Segment revenue	$ 8,025,222	$ -	$ 111,490	$ (154,271)	$ 7,982,441
Segment income (loss)	$ 1,078,357	$ (3,808)	$ 110,380	$ 8,525	$ 1,193,454
Interest income	7,012	249	1,090	(1,082)	7,269
Share of profits of subsidiaries and associates	195,034	-	-	(99,068)	95,966
Other income	101,084	-	11,139	(33,320)	78,903
Interest expense	(30,604)	-	(7)	1,082	(29,529)
Other gains and losses	(29,263)	-	(3,627)	-	(32,890)
Profit (loss) before income tax	1,321,620	(3,559)	118,975	(123,863)	1,313,173
Income tax expense	211,741		4,818	-	216,559
Net profit (loss) for the year	$ 1,109,879	$ (3,559)	$ 114,157	$ (123,863)	$ 1,096,614
For the year ended December 31, 2020					
Revenue from external customers	$ 5,316,567	$ -	$ 47,207	$ -	$ 5,363,774
Inter segment revenue	61,346	-	11,805	(73,151)	-
Segment revenue	$ 5,377,913	$ -	$ 59,012	$ (73,151)	$ 5,363,774
Segment income (loss)	$ 725,032	$ (20,349)	$ 56,918	$ 8,298	$ 769,899
Interest income	11,883	2,346	1,978	(1,596)	14,611
Share of profits of subsidiaries and associates	97,565	-	-	(19,619)	77,946
Other income	98,234	-	1,150	(20,103)	79,281
Interest expense	(31,397)	-	-	1,596	(29,801)
Other gains and losses	(53,973)	(2,197)	(4,747)	-	(60,917)
Profit (loss) before income tax	847,344	(20,200)	55,299	(31,424)	851,019
Income tax expense	142,415	-	577	-	142,992
Net profit (loss) for the year	$ 704,929	$ (20,200)	$ 54,722	$ (31,424)	$ 708,027

Department interests refers to the profits earned by each department, excluding the administrative cost of the headquarters to be amortized and remuneration of directors and supervisors, rent income, interest income, loss from disposal of property, plant, and equipment, net foreign currency exchange gains and losses, financial instruments valuation gains and losses, interest expense and income tax expense, etc. These measurements and amount are provided to the chief operating decision-maker for allocating resources to each segment and for assessing their performance.

e. Segment total assets and liabilities

	December 31 2021	December 31 2020
Segment assets		
Chemicals segment		
Production and sales	$ 11,476,575	$ 11,344,052
Trading	1,045,915	1,079,762
Investment segment	1,877,041	1,688,085
Adjustments and write-off	(2,666,662)	(2,469,026)
	$ 11,732,869	$ 11,642,873

(Continued)

	December 31	
	2021	2020
Segment liabilities		
Chemicals segment		
Production and sales	$ 3,962,241	$ 4,657,055
Trading	512,439	527,250
Investment segment	4,636	135
Adjustments and write-off	(364,354)	(351,993)
	$ 4,114,962	$ 4,832,447

(Concluded)

f. Revenue from major products and services

The main products and services revenue of the Corporation and its subsidiaries are analyzed as follows:

	For the Year Ended December 31	
	2021	2020
Revenue from contracts with customers		
Chemical product production and sale revenue	$ 6,653,460	$ 4,661,008
Trading revenue	1,138,018	570,176
Service revenue	104,267	85,383
Investment income	86,696	47,207
	$ 7,982,441	$ 5,363,774

g. Geographical information

The Corporation and its subsidiaries are operating business mainly in Taiwan and mainland China.

The revenue of the Corporation and its subsidiaries generated from external customers by the country of operation and information on its non-current assets by country of assets were as follows:

	Revenue from External Customers For the Year Ended December 31		Non-current Assets December 31	
	2021	2020	2021	2020
Taiwan	$ 4,542,290	$ 2,955,946	$ 5,092,560	$ 5,414,647
China	1,680,150	1,122,965	106,871	114,135
Australia	793,657	652,193	-	-
Others	966,344	632,670	514,294	529,158
	$ 7,982,441	$ 5,363,774	$ 5,713,725	$ 6,057,940

Non-current assets exclude financial instruments, investments accounted for using the equity method, deferred income tax assets and refundable deposits.

h. Information about major customers

The external customers that accounted for more than 10% of the consolidated operating revenue of the Corporation and its subsidiaries in 2021 and 2020 were customers of the Corporation. The main customers were as follows:

	For the Year Ended December 31			
	2021		2020	
	Amount	Percentage of Operating Revenue (%)	Amount	Percentage of Operating Revenue (%)
Company A	$ 1,283,673	16	$ 826,569	15
Company B	1,229,576	15	845,761	16
Company C	793,656	10	652,193	12
	$ 3,306,905	41	$ 2,324,523	43

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn (Note 3)	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits	Note
													Item	Value			
1	Ever Wealthy International Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Other receivables	Yes	$ 175,455	$ 69,200	$ 69,200	1%-1.1%	Note 1	$ -	Operating capital	$ -	-	$ -	$ 374,481	$ 561,721	Note 2

Note 1: The need for short-term financing.

Note 2: According to "The Process of Financing Others" established by Ever Wealthy International Corporation, the total available amount for lending to others and the total amount for lending to a company shall not exceed 30% and 20% of the net worth of Ever Wealthy International Corporation, respectively; the financing limit amount for parent company shall not exceed 30% of the net worth of the company.

Note 3: The transaction had been eliminated when preparing consolidated financial statement.

TABLE 2

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities		Relationship with the Holding Company	Financial Statement Account	DECEMBER 31, 2021				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
China Steel Chemical Corporation	Mutual fund	PineBridge ESG Quantitative Global Equity Fund A (USD)	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	50,000	$ 14,587		$ 14,587	
China Steel Chemical Corporation	Mutual fund	Taishin China Policy Trends Fund A USD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	52,974	13,798		13,798	
China Steel Chemical Corporation	Mutual fund	JPMorgan Funds - Global Healthcare Fund - JPM Global Healthcare A (acc) - USD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	855	12,187		12,187	
China Steel Chemical Corporation	Mutual fund	UG Great Wall Absolute Return Fund B Class	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	18,514	9,239		9,239	
China Steel Chemical Corporation	Mutual fund	JPMorgan Pacific Technology Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	2,854	9,126		9,126	
China Steel Chemical Corporation	Mutual fund	Taishin CSI Lead Cons and Serv Ind USD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	275,391	6,974		6,974	
China Steel Chemical Corporation	Mutual fund	Jih Sun China Strategy A Share Fund TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	285,225	4,005		4,005	
China Steel Chemical Corporation	Mutual fund	Cathay US Multi-Income Balanced Fund A USD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,427,115	15,761		15,761	
China Steel Chemical Corporation	Mutual fund	Taishin Efficient Fallen Angels High Yield Bond Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	80,950	22,725		22,725	
China Steel Chemical Corporation	Mutual fund	Taishin US Enhanced High Yield Bond Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	42,951	12,626		12,626	
China Steel Chemical Corporation	Mutual fund	Cathay Taiwan Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,195,438	15,013		15,013	
China Steel Chemical Corporation	Mutual fund	Prudential Financial Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	626,975	10,026		10,026	
China Steel Chemical Corporation	Financial bond	SOFTBK 4 5/8 07/06/28	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	5,000	13,514		13,514	

(Continued)

Holding Company Name	Type and Name of Marketable Securities		Relationship with the Holding Company	Financial Statement Account	DECEMBER 31, 2021				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
China Steel Chemical Corporation	Financial bond	STANLN 4.3 PERP	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	5,000	$ 13,335		$ 13,335	
China Steel Chemical Corporation	Financial bond	INTNED 4 1/4 PERP	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	5,000	13,053		13,053	
China Steel Chemical Corporation	Financial bond	MEX 3 3/4 04/19/71	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	5,000	12,396		12,396	
China Steel Chemical Corporation	Financial bond	STANLN 4.3 02/19/27	No relation	Financial assets at fair value through other comprehensive income - current	5,000	14,762		14,762	
China Steel Chemical Corporation	Preferred stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income - current	229,000	11,908		11,908	
China Steel Chemical Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income - current	2,556,915	90,387		90,387	
Ever Wealthy International Corporation	Mutual fund	Cathay High Dividend Taiwan Equity Fund A	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,000,000	18,980		18,980	
Ever Wealthy International Corporation	Mutual fund	Taishin 2000 High Technology Equity Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	94,158	6,533		6,533	
Ever Wealthy International Corporation	Mutual fund	Jih Sun Taiwan Sustainable Growth and Dividend Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	500,000	6,170		6,170	
Ever Wealthy International Corporation	Mutual fund	UPAMC All Weather Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	24,690	5,959		5,959	
Ever Wealthy International Corporation	Mutual fund	Taishin ESG Global Enviornmental Growth Equity Fund-TWD-A	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	2,520,248	24,850		24,850	
Ever Wealthy International Corporation	Mutual fund	JPMorgan (Taiwan) Global Growth Fund TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	973,403	20,062		20,062	
Ever Wealthy International Corporation	Mutual fund	Jih Shu Global Smart Car Fund (TWD A)	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,017,113	17,830		17,830	
Ever Wealthy International Corporation	Mutual fund	KGI Global Trend Fund - TWD A	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,000,000	10,130		10,130	
Ever Wealthy International Corporation	Mutual fund	FSITC AI Global Precision Medicine Fund TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	726,183	10,072		10,072	
Ever Wealthy International Corporation	Mutual fund	UPAMC Global AIoT Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	500,947	10,024		10,024	
Ever Wealthy International Corporation	Mutual fund	FSITC Global Utilities and Infrastructure Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	622,579	7,913		7,913	

(Continued)

Holding Company Name	Type and Name of Marketable Securities		Relationship with the Holding Company	Financial Statement Account	DECEMBER 31, 2021				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Ever Wealthy International Corporation	Mutual fund	FSITC Global AI Robotics and Smart Auto TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	254,842	$ 5,084		$ 5,084	
Ever Wealthy International Corporation	Mutual fund	FSITC Global AI Fintech TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	260,960	5,039		5,039	
Ever Wealthy International Corporation	Mutual fund	Prudential Financial China Brands Fund TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	281,333	4,785		4,785	
Ever Wealthy International Corporation	Mutual fund	FSITC Global Video Gaming & eSports Fund-TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	400,000	4,664		4,664	
Ever Wealthy International Corporation	Mutual fund	KGI Cloud Force Fund USD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	3,228	3,688		3,688	
Ever Wealthy International Corporation	Mutual fund	FSITC Global Pet Care Fund-TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	300,000	3,316		3,316	
Ever Wealthy International Corporation	Mutual fund	FSITC Global Health & Weight Loss Fund - TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	300,000	3,294		3,294	
Ever Wealthy International Corporation	Mutual fund	Yuanta Global Agribusiness Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	142,857	3,191		3,191	
Ever Wealthy International Corporation	Mutual fund	Allianz Global Investors China Strategic Growth Fund TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	91,715	2,703		2,703	
Ever Wealthy International Corporation	Mutual fund	Jih Sun China Strategy A Share Fund TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	135,218	1,898		1,898	
Ever Wealthy International Corporation	Mutual fund	JPMorgan (Taiwan) Multi Income Fund of Fund TWD Acc	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,529,469	20,486		20,486	
Ever Wealthy International Corporation	Mutual fund	PineBridge ESG Quant Multi-Asset Fund A TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,470,504	15,246		15,246	
Ever Wealthy International Corporation	Mutual fund	Taishin High Dividend Yield Balanced Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	106,520	6,011		6,011	
Ever Wealthy International Corporation	Mutual fund	Prudential Financial Balanced Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	70,755	3,397		3,397	
Ever Wealthy International Corporation	Mutual fund	Jih Sun Upstream Fund A	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	107,181	8,155		8,155	
Ever Wealthy International Corporation	Mutual fund	Taishin ESG Emerging Markets Bond Fund (A) USD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	50,000	12,943		12,943	
Ever Wealthy International Corporation	Mutual fund	Taishin Strategy Senior Total Return High Yield Bond Fund Acc TWD A	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,008,875	10,418		10,418	

(Continued)

Holding Company Name	Type and Name of Marketable Securities		Relationship with the Holding Company	Financial Statement Account	DECEMBER 31, 2021				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Ever Wealthy International Corporation	Mutual fund	PGIM USD High Yield Bond Fund-TWD (A)	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	500,000	$ 5,050		$ 5,050	
Ever Wealthy International Corporation	Mutual fund	PineBridge ESG Quant Multi-Asset Fund A USD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	99,951	29,458		29,458	
Ever Wealthy International Corporation	Mutual fund	KGI Taiwan Premium Assets Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	2,373,084	27,972		27,972	
Ever Wealthy International Corporation	Mutual fund	KGI Next Generation Multi-Asset Fund-TWD A	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	500,000	6,445		6,445	
Ever Wealthy International Corporation	Mutual fund	PineBridge Taiwan Money Market Securities Investment Trust Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	698,334	9,623		9,623	
Ever Wealthy International Corporation	Mutual fund	Allianz Global Investors Taiwan Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	515,843	6,529		6,529	
Ever Wealthy International Corporation	Mutual fund	Taishin North American Income Trust Fund TWD A	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	400,000	12,440		12,440	
Ever Wealthy International Corporation	Mutual fund	Jih Sun Long-Term Care REITS Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,000,000	9,160		9,160	
Ever Wealthy International Corporation	Mutual fund	Prudential Financial Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,024,645	16,386		16,386	
Ever Wealthy International Corporation	Mutual fund	Yuanta De-Bao Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	599,104	7,267		7,267	
Ever Wealthy International Corporation	Mutual fund	FSITC Taiwan Money Market	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	319,843	4,948		4,948	
Ever Wealthy International Corporation	Mutual fund	FSITC Glbl Artificl Intlignc Fd TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	355,619	6,554		6,554	
Ever Wealthy International Corporation	Mutual fund	PGIM Jennison Global Equity Opportunities Fund USD T Accumulation	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,056	5,929		5,929	
Ever Wealthy International Corporation	Common stock	TA CHEN STAINLESS PIPE CO., LTD.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,020,057	47,178		47,178	
Ever Wealthy International Corporation	Common stock	Mega Financial Holding Co., Ltd.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	257,000	9,136		9,136	
Ever Wealthy International Corporation	Common stock	CATHAY FINANCIAL HOLDING CO., LTD.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	95,748	5,984		5,984	
Ever Wealthy International Corporation	Common stock	TAISHIN FINANCIAL HOLDING CO., LTD.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	219,521	4,160		4,160	

(Continued)

Holding Company Name	Type and Name of Marketable Securities		Relationship with the Holding Company	Financial Statement Account	DECEMBER 31, 2021				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Ever Wealthy International Corporation	Common stock	Nishoku Technology Inc.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	24,400	$ 2,232		$ 2,232	
Ever Wealthy International Corporation	Common stock	TAICHUNG COMMERCIAL BANK CO., LTD.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	113,965	1,385		1,385	
Ever Wealthy International Corporation	Preferred Stock	TAISHIN FINANCIAL HOLDING CO., LTD. Class E Preferred Shares Ⅱ	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	164,139	8,519		8,519	
Ever Wealthy International Corporation	Preferred Stock	Fubon Financial Holding Co., Ltd. Ltd. Preferred Shares C	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	175,000	10,518		10,518	
Ever Wealthy International Corporation	Preferred Stock	Cathay Financial Holding Co., Ltd. (B)	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	12,540	796		796	
Ever Wealthy International Corporation	Common stock	YEONG LONG TECHNOLOGIES CO., LTD.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	1,540,000	49,631	4	49,631	Note 1
Ever Wealthy International Corporation	Common stock	National Kaohsiung First University of Science and Technology Investment Corporation	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	300,000	2,368	9	2,368	Note 1
Ever Wealthy International Corporation	Common stock	TCC RECYCLE ENERGY TECHNOLOGY COMPANY	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	194,679	1,791	-	1,791	Note 1
Ever Wealthy International Corporation	Common stock	Riselink Venture Capital Corp.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	2,632	260	2	260	Note 1
Ever Wealthy International Corporation	Common stock	Harbinger Venture III Capital Corp.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	1,000	21	1	21	Note 1
Ever Wealthy International Corporation	Common stock	Asia Hepato Gene CO.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	133,300	-	2	-	Impairment loss has been recognized fully
Ever Wealthy International Corporation	Common stock	JU-KAO ENGINEERING CO., LTD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	1,961,493	27,131	7	27,131	
Ever Wealthy International Corporation	Common stock	China Steel Chemical Corporation	Parent company	Financial assets at fair value through other comprehensive income - current	4,753,537	572,801		572,801	Note 2
Ever Wealthy International Corporation	Common stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - current	4,226,265	149,398		149,398	
Ever Wealthy International Corporation	Common stock	JIH SUN International Leasing & Finance Co., Ltd.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	1,000,000	31,000	1	31,000	

(Continued)

Holding Company Name	Type and Name of Marketable Securities		Relationship with the Holding Company	Financial Statement Account	DECEMBER 31, 2021				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Ever Wealthy International Corporation	Common stock	EVERGREEN AVIATION TECHNOLOGIES CORPORATION	No relation	Financial assets at fair value through other comprehensive income - noncurrent	800,000	$ 50,400	-	$ 50,400	
Ever Wealthy International Corporation	Financial bond	CNH Bond Offering by ITNL Offshore Pte Limited	No relation	Financial assets at amortized cost - noncurrent	30,000	-		-	Impairment loss has been recognized fully

(Concluded)

Note 1: The basis of fair value is net assets value which had not been audited by independent accountants.

Note 2: Listed as treasury shares when preparing consolidated financial statement.

TABLE 3

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer (Seller)	Related Party	Relationship	Relationship				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
China Steel Chemical Corporation	Linyuan Advanced Materials Technology Co., Ltd.	Subsidiary of director of the board	Sales	$ (1,229,576)	(16)	Receivables are collected as the end of every month of when invoice is issued	Note 1	Note 1	$ 127,344	20	
China Steel Chemical Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Subsidiary	Sales	(127,558)	(2)	150 day after shipment	Note 2	Note 2	99,680	16	
China Steel Chemical Corporation	China Steel Corporation	Parent company	Purchases	2,382,286	52	Letter of credit at sight	Note 1	Note 1	(264,391)	(84)	
China Steel Chemical Corporation	Formosa Ha Tinh Steel Corporation	Other related parties	Purchases	1,232,818	27	10 days after shipment	Note 1	Note 1	-	-	
China Steel Chemical Corporation	Dragon Steel Corporation	Fellow subsidiary	Purchases	901,637	20	Letter of credit at sight	Note 1	Note 1	-	-	
Changzhou China Steel New Materials Technology Co., Ltd.	China Steel Chemical Corporation	Parent company	Purchases	159,007	86	150 day after shipment	Note 2	Note 2	(99,680)	(100)	

Note 1: Refer to Note 30.

Note 2: Sales to subsidiaries are priced on a cost-plus basis, and there is no significant difference in terms of payment except that the credit period for Changzhou China Steel New Materials Technology Co., Ltd is 150 days.

TABLE 4

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
China Steel Chemical Corporation	Linyuan Advanced Materials Technology Co., Ltd.	Subsidiary of director of the board	$ 127,344	11.27	$ -	-	$ 127,344	$ -
Formosa Ha Tinh CSCC (Cayman) International Limited	China Steel Chemical Corporation	Parent company	193,760 (Notes 1 and 2)	Note 1	-	-	-	-
Formosa Ha Tinh CSCC (Cayman) International Limited	Formosa Ha Tinh (Cayman) Limited	Other related parties	193,760 (Note 1)	Note 1	-	-	-	-

Note 1: Dividends receivable.

Note 2: The transaction had been eliminated when preparing consolidated financial statement.

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Investee Company	Counterparty	Relationship	Transaction Details			% of Total Operating Revenues or Assets
				Financial Statement Accounts	Amount	Payment Terms	
0	China Steel Chemical Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Parent to subsidiaries	Sales	$ 159,007 (Note)	Charged at the cost plus additional percentage, and net 150 days from end of the month of when invoice is issued	2.00
0	China Steel Chemical Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Parent to subsidiaries	Accounts receivable	99,680		1.00
0	China Steel Chemical Corporation	Formosa Ha Tinh CSCC (Cayman) International Limited	Parent to subsidiaries	Other payables	193,760		2.00
1	Ever Wealthy International Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Subsidiaries to subsidiaries	Other receivables	69,311		1.00

Note : Sales amount includes sales of trial product NT$27,659 thousand and sale of supplies NT$3,790 thousand, the Corporation recognizes them as other income and manufacturing expense deduction, respectively.

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Number of Shares	%	Carrying Amount			
China Steel Chemical Corporation	CHC Resources Corporation	Republic of China	Manufacture and sale of GBFS powder and slag cement, air-cooled BFS and BOFS, surveys and remediation of soil and groundwater, intermediate solidification, reutilization of resources	$ 91,338	$ 91,338	15,019,341	6.00	$ 347,996	$ 710,207	$ 42,912	
China Steel Chemical Corporation	China Steel Structure Co., Ltd.	Republic of China	Manufacture and sale of products of steel structure	13,675	13,675	600,069	-	15,551	494,044	1,483	
China Steel Chemical Corporation	Ever Wealthy International Corporation	Republic of China	General investment	300,083	300,083	104,574,982	100.00	1,417,242	114,157	100,847	Subsidiary (Note)
China Steel Chemical Corporation	Formosa Ha Tinh CSCC (Cayman) International Limited	Cayman Island	General investment	100,320	100,320	10,000,000	50.00	266,738	(3,559)	(1,779)	Subsidiary (Note)
China Steel Chemical Corporation	Transglory Investment Corporation	Republic of China	General investment	450,000	450,000	69,000,960	9.00	861,237	69,511	6,395	
China Steel Chemical Corporation	CSC Solar Corporation	Republic of China	Solar energy generation	261,600	261,600	26,160,000	15.00	285,818	128,163	19,224	
China Steel Chemical Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	160,000	160,000	16,000,000	9.00	133,271	130,326	11,510	
China Steel Chemical Corporation	Pro-Ascentek Investment Corporation	Republic of China	General investment	60,000	-	6,000,000	5.00	63,871	20,687	1,034	
China Steel Chemical Corporation	HIMAG Magnetic Corporation	Republic of China	Production and sale of industrial magnetic, chemical, and iron oxides	47,950	47,950	2,161,203	8.00	51,792	112,455	8,805	
China Steel Chemical Corporation	United Steel International Development Corporation	British Virgin Islands	Holding and investment	68,839	68,839	2,450,000	5.00	26,591	(100,212)	(5,010)	
China Steel Chemical Corporation	Gau Ruei Investment Corporation	Republic of China	General investment	15,070	15,070	1,196,000	40.00	37,203	9,388	3,755	
China Steel Chemical Corporation	Li-Ching-Long Investment Corporation	Republic of China	General investment	7,000	7,000	700,000	35.00	19,905	472	165	
China Steel Chemical Corporation	Eminent Venture Capital Corporation	Republic of China	General Investment	13,500	13,500	1,350,000	5.00	12,782	98,510	4,924	
China Steel Chemical Corporation	TaiAn Technologies Corporation	Republic of China	Bio-Tech consultants and management	2,295	2,295	499,998	5.00	6,967	15,582	779	
China Steel Chemical Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	-	847	-	-	-	(2)	(10)	
Ever Wealthy International Corporation	Thintech Materials Technology Co., Ltd.	Republic of China	Sputtering target manufacturing and sales	45,987	45,987	6,119,748	8.00	97,572	70,311	5,855	
Ever Wealthy International Corporation	HIMAG Magnetic Corporation	Republic of China	Production and sale of industrial magnetic, chemical, and iron oxides	33,015	33,015	1,584,731	6.00	37,968	112,455	6,455	
Ever Wealthy International Corporation	Hung-Chuan Investment Corporation	Republic of China	General investment	9,000	9,000	900,000	45.00	25,594	466	209	
Ever Wealthy International Corporation	Sheng Lih Dar Investment Corporation	Republic of China	General investment	8,400	8,400	840,000	35.00	23,288	1,791	627	
Ever Wealthy International Corporation	Ding Da Investment Corporation	Republic of China	General investment	10,495	10,495	897,000	30.00	21,561	2,746	824	

Note: The transaction had been eliminated when preparing consolidated financial statement.

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020 (Note 1)	Remittance of Funds (Note 1)		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021 (Note 1)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Income (Loss) (Note 2)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
					Outward	Inward							
Ningbo Huayang Aluminium-Tech Co., Ltd.	Production of aluminum products	$ 1,356,320	Investments through a holding company registered in a third region	$ 67,816	$ -	$ -	$ 67,816	$ (99,468)	5.00	$ (4,973)	$ 26,134	$ 5,439	
Changzhou China Steel New Materials Technology Co., Ltd.	Mesophase sales and trading	173,543	Direct investment	180,086	-	-	180,086	11,484	100.00	11,484	163,167	-	Note 4

Investor Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021 (Note 1)	Investment Amount Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
China Steel Chemical Corporation	$ 247,902	$ 247,902	$ 4,410,701

Note 1: The amounts were calculated based on the foreign exchange rate as of December 31, 2021.

Note 2: The basis for recognition of investment income (loss) is based on the financial statements audited and attested by R.O.C. parent company’s CPA.

Note 3: The limit on investment in Mainland China pursuant to “Principle of investment or Technical Cooperation in Mainland China” is applicable; investments shall not exceed 60% of their net worth.

Note 4: The transaction had been eliminated when preparing consolidated financial statement.

TABLE 8

CHINA STEEL CHEMICAL CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021

Name of The Shareholder	Shares	
	Number of Shares Owned	Percentage of Ownership
CHINA STEEL CORPORATION	68,787,183	29.04
FUBON LIFE ASSURANCE CO., LTD	12,578,000	5.30

Note 1: Major shareholders in the table above are shareholders owning 5% or more of the Corporation's common stocks (including treasury stocks) based on calculations performed by the Taiwan Depository & Clearing Corporation using data as of the last business date at the end of each quarter. The amount of capital in the consolidated financial statements may differ from the Corporation's actual number of stocks that have completed dematerialized registration and delivery due to different calculation bases.

Note 2: Where the stocks are entrusted by shareholders, information is disclosed by the individual account of settlor who has segregated trust accounts opened by trustees. As for shareholders filing shareholdings of insiders with 10% or more of the Corporation's stocks pursuant to the securities and exchange laws and regulations, the number of stocks owned shall be ones owned by the persons plus ones entrusted where the shareholders have the power to decide how to utilize the trust property. Please access the Market Observation Post System website for information on insiders' shareholding filings.

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
China Steel Chemical Corporation

Opinion

We have audited the accompanying standalone financial statements of China Steel Chemical Corporation (the "Corporation"), which comprise the standalone balance sheets as of December 31, 2021 and 2020, and the standalone statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the standalone financial statements, including a summary of significant accounting policies (collectively referred to as the "standalone financial statements").

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

Basis for Opinion

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

Key Audit Matters

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

Key audit matter of the Corporation's standalone financial statements for the year ended December 31, 2021 is stated as follows:

<u>Appropriateness of export sales cutoff</u>

The Corporation's export transaction procedures are complicated and need to be confirmed manually so that the control of the goods is transferred to the customer according to the trade terms of the sale and recognizes revenue at the time of the transfer of the control. The management is under pressure to achieve the expected target and market expectations, which may lead to manipulation of operating revenue. As a result, we considered the timing of revenue recognition timing of the operating revenue from export sales within certain period before and after the financial reporting date as a key audit matter.

Our audit procedures for the above export sales included the following:

1. We obtained an understanding and tested the operating effectiveness of the design and implementation of internal control of sales.

2. We performed cutoff procedures for export sales took place within certain period before and after the financial reporting date and verified the related documents to confirm the appropriateness of the revenue recognition.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Chao-Chun Wang and Hung-Ju Liao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 24, 2022

Notice to Readers

The accompanying standalone financial statements are intended only to present the standalone 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 standalone financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying standalone 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 standalone financial statements shall prevail.

CHINA STEEL CHEMICAL CORPORATION

STANDALONE BALANCE SHEETS
AS OF DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	December 31, 2021		December 31, 2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 428,913	4	$ 734,809	7
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	198,365	2	234,399	2
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	117,057	1	104,853	1
Notes receivable (Notes 4 and 10)	601	-	2,211	-
Accounts receivable, net (Notes 4 and 10)	373,082	3	233,529	2
Accounts receivable - related parties (Notes 4, 10 and 28)	260,770	2	153,639	1
Other receivables (Note 28)	87,004	1	18,114	-
Inventories (Notes 4 and 11)	868,125	8	883,423	8
Other financial assets - current (Notes 4 and 12)	97,886	1	168,533	2
Other current assets	42,042	-	33,930	-
Total current assets	2,473,845	22	2,567,440	23
NON-CURRENT ASSETS				
Investments accounted for using the equity method (Notes 4 and 13)	3,429,326	31	2,933,043	27
Property, plant and equipment (Notes 4, 14 and 28)	3,910,005	36	4,099,878	37
Right-of-use assets (Notes 4, 15 and 28)	575,548	5	601,633	5
Investment properties (Notes 4 and 16)	552,988	5	552,988	5
Deferred tax assets (Notes 4 and 24)	90,004	1	85,121	1
Prepaid equipment	21,636	-	54,784	1
Refundable deposits	4,451	-	5,050	-
Other non-current assets (Note 17)	32,383	-	89,134	1
Total non-current assets	8,616,341	78	8,421,631	77
TOTAL	$ 11,090,186	100	$ 10,989,071	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	$ 901,641	8	$ 1,093,251	10
Contract liabilities (Notes 4 and 22)	49,536	-	12,084	-
Accounts payable	50,763	-	28,819	-
Accounts payable - related parties (Note 28)	264,401	3	158,400	2
Other payables (Notes 19, 20 and 28)	473,442	5	433,801	4
Current tax liabilities (Note 24)	147,776	1	154,914	1
Lease liabilities - current (Notes 4, 15 and 28)	27,966	-	39,026	-
Current portion of long-term borrowings (Note 18)	-	-	500,000	5
Other current liabilities	7,079	-	6,838	-
Total current liabilities	1,922,604	17	2,427,133	22
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 18)	1,100,000	10	1,300,000	12
Deferred tax liabilities (Notes 4 and 24)	5,058	-	1,545	-
Lease liabilities - non-current (Notes 4, 15 and 28)	557,904	5	569,499	5
Net defined benefit liabilities (Notes 4 and 20)	149,971	1	151,868	2
Guarantee deposit received	3,480	-	4,857	-
Total non-current liabilities	1,816,413	16	2,027,769	19
Total liabilities	3,739,017	33	4,454,902	41
EQUITY (Notes 4 and 21)				
Ordinary share capital	2,369,044	21	2,369,044	21
Capital surplus	883,789	8	869,637	8
Retained earnings				
Legal reserve	2,666,240	24	2,641,723	24
Special reserve	193,150	2	176,833	2
Unappropriated earnings	1,178,254	11	787,720	7
Total retained earnings	4,037,644	37	3,606,276	33
Other equity	178,330	2	(193,150)	(2)
Treasury shares	(117,638)	(1)	(117,638)	(1)
Total equity	7,351,169	67	6,534,169	59
TOTAL	$ 11,090,186	100	$ 10,989,071	100

The accompanying notes are an integral part of the standalone financial statements.

CHINA STEEL CHEMICAL CORPORATION

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

	For the Year Ended December 31			
	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 22 and 28)				
Sales	$ 7,705,751	99	$ 5,165,958	98
Other operating revenue	104,267	1	85,383	2
Total operating revenue	7,810,018	100	5,251,341	100
OPERATING COSTS (Notes 11, 20, 23 and 28)	6,330,900	81	4,172,681	79
GROSS PROFIT	1,479,118	19	1,078,660	21
OPERATING EXPENSES (Notes 20, 23 and 28)				
Selling and marketing expenses	150,002	2	114,570	2
General and administrative expenses	101,084	1	94,252	2
Research and development expenses	161,550	2	130,979	3
Total operating expenses	412,636	5	339,801	7
PROFIT FROM OPERATIONS	1,066,482	14	738,859	14
NON-OPERATING INCOME AND EXPENSES (Notes 23 and 28)				
Interest income	6,603	-	11,760	-
Other income	100,602	1	98,099	2
Other gains and losses	(30,675)	-	(59,735)	(1)
Share of profit of subsidiaries and associates	195,034	2	97,565	2
Interest expense	(27,911)	-	(28,255)	(1)
Total non-operating income and expenses	243,653	3	119,434	2
PROFIT BEFORE INCOME TAX	1,310,135	17	858,293	16
INCOME TAX EXPENSE (Notes 4 and 24)	211,741	3	141,402	3
NET PROFIT FOR THE YEAR	1,098,394	14	716,891	13

(Continued)

CHINA STEEL CHEMICAL CORPORATION

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

	For the Year Ended December 31			
	2021		2020	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 20, 21 and 24)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	$ (7,234)	-	$ 1,199	-
Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	27,332	1	1,372	-
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	353,083	4	(3,927)	-
Income tax (expense) benefit related to items that will not be reclassified subsequently to profit or loss	1,447	-	(240)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statement of foreign operations	(8,884)	-	(10,410)	-
Unrealized gain/(loss) on investments in debt instruments at fair value through other comprehensive income	(494)	-	(795)	-
Gain/(loss) on hedging instruments	-	-	2,080	-
Share of other comprehensive income/(loss) of subsidiaries and associates accounted for using the equity method	2,537	-	(3,092)	-
Income tax expense related to items that may be reclassified subsequently to profit or loss	-	-	(416)	-
Other comprehensive income/(loss) for the year, net of income tax	367,787	5	(14,229)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,466,181	19	$ 702,662	13
EARNINGS PER SHARE (Note 25)				
Basic	$ 4.73		$ 3.09	
Diluted	$ 4.72		$ 3.08	

The accompanying notes are an integral part of the standalone financial statements. (Concluded)

CHINA STEEL CHEMICAL CORPORATION

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

			Retained Earnings				Other Equity					
	Ordinary Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translation of the Financial Statement of Foreign Operations	Unrealized Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain/(Loss) on Hedging Instruments	Total	Treasury Shares	Total Equity
BALANCE AT JANUARY 1, 2020	$ 2,369,044	$ 845,852	$ 2,561,069	$ 161,983	$ 1,348,767	$ 4,071,819	$ (71,241)	$ (103,927)	$ (1,664)	$ (176,832)	$ (117,638)	$ 6,992,245
Appropriation of 2019 earnings (Note 21)												
Legal reserve	-	-	128,035	-	(128,035)	-	-	-	-	-	-	-
Special reserve	-	-	-	14,850	(14,850)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,137,142)	(1,137,142)	-	-	-	-	-	(1,137,142)
Cash dividends distributed by legal reserve	-	-	(47,381)	-	-	(47,381)	-	-	-	-	-	(47,381)
	-	-	80,654	14,850	(1,280,027)	(1,184,523)	-	-	-	-	-	(1,184,523)
Changes in capital surplus from investments in subsidiaries and associates accounted for using the equity method	-	17	-	-	-	-	-	-	-	-	-	17
Net profit for the year ended December 31, 2020	-	-	-	-	716,891	716,891	-	-	-	-	-	716,891
Other comprehensive income/(loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	939	939	(13,506)	(3,330)	1,668	(15,168)	-	(14,229)
Total comprehensive income/(loss) for the year ended December 31, 2020	-	-	-	-	717,830	717,830	(13,506)	(3,330)	1,668	(15,168)	-	702,662
Adjustments to capital surplus arising from dividends paid to subsidiaries	-	23,768	-	-	-	-	-	-	-	-	-	23,768
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	1,150	1,150	-	(1,150)	-	(1,150)	-	-
BALANCE AT DECEMBER 31, 2020	2,369,044	869,637	2,641,723	176,833	787,720	3,606,276	(84,747)	(108,407)	4	(193,150)	(117,638)	6,534,169
Appropriation of 2020 earnings (Note 21)												
Legal reserve	-	-	71,898	-	(71,898)	-	-	-	-	-	-	-
Special reserve	-	-	-	16,317	(16,317)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(615,952)	(615,952)	-	-	-	-	-	(615,952)
Cash dividends distributed by legal reserve	-	-	(47,381)	-	-	(47,381)	-	-	-	-	-	(47,381)
	-	-	24,517	16,317	(704,167)	(663,333)	-	-	-	-	-	(663,333)
Changes in capital surplus from investments in subsidiaries and associates accounted for using the equity method	-	842	-	-	-	-	-	-	-	-	-	842
Net profit for the year ended December 31, 2021	-	-	-	-	1,098,394	1,098,394	-	-	-	-	-	1,098,394
Other comprehensive income/(loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	(6,646)	(6,646)	(6,331)	380,780	(16)	374,433	-	367,787
Total comprehensive income/(loss) for the year ended December 31, 2021	-	-	-	-	1,091,748	1,091,748	(6,331)	380,780	(16)	374,433	-	1,466,181
Adjustments to capital surplus arising from dividends paid to subsidiaries	-	13,310	-	-	-	-	-	-	-	-	-	13,310
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	2,953	2,953	-	(2,953)	-	(2,953)	-	-
BALANCE AT DECEMBER 31, 2021	$ 2,369,044	$ 883,789	$ 2,666,240	$ 193,150	$ 1,178,254	$ 4,037,644	$ (91,078)	$ 269,420	$ (12)	$ 178,330	$ (117,638)	$ 7,351,169

The accompanying notes are an integral part of the standalone financial statements.

CHINA STEEL CHEMICAL CORPORATION

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

	For the Year Ended December 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,310,135	$ 858,293
Adjustments for:		
Depreciation expense	460,659	455,663
Amortization expense	8,492	11,907
Net loss on financial assets at fair value through profit or loss	15,540	17,156
Interest expense	27,911	28,255
Interest income	(6,603)	(11,760)
Dividend income	(1,088)	(1,599)
Share of profit of subsidiaries and associates	(195,034)	(97,565)
Loss (gain) on disposal of property, plant and equipment	(50)	66
Impairment loss recognized on non-financial assets	37,280	41,336
Loss on disposal of subsidiaries	-	2,524
Gain on lease modification	-	(15)
Loss on casualty	10,349	-
Changes in operating assets and liabilities		
Notes receivable	1,610	566
Accounts receivable	(139,553)	42,044
Accounts receivable - related parties	(107,131)	33,126
Other receivables	(13,205)	55,057
Inventories	(21,982)	(193,385)
Other current assets	(8,112)	53,911
Contract liabilities	37,452	(784)
Accounts payable	21,944	(21,988)
Accounts payable - related parties	106,001	(43,895)
Other payables	33,236	(127,694)
Other current liabilities	241	1,281
Net defined benefit liabilities	(9,131)	(15,603)
Cash generated from operations	1,568,961	1,086,897
Income taxes paid	(218,802)	(102,837)
Net cash generated from operating activities	1,350,159	984,060
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(8,171)	(48,079)
Proceeds from sale of financial assets at fair value through other comprehensive income	22,805	17,394
Acquisition of financial assets at fair value through profit or loss	(458,288)	(399,910)
Proceeds from sale of financial assets at fair value through profit or loss	422,806	404,285
Acquisition of investments accounted for using the equity method	(60,000)	(80,000)

(Continued)

CHINA STEEL CHEMICAL CORPORATION

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

	For the Year Ended December 31	
	2021	**2020**
Disposal of subsidiaries	$ -	$ 36,836
Proceeds from capital reduction on investment accounted for using the equity method	847	25,087
Acquisition of property, plant and equipment	(206,618)	(122,480)
Proceeds from disposal of property, plant and equipment	752	100
Decrease in refundable deposits	599	3,604
Increase in other financial assets	-	(46,533)
Decrease in other financial assets	130,799	-
Increase in other non-current assets	(11,893)	(58,269)
Interest received	6,894	13,083
Dividends received from subsidiaries and associates	118,792	166,551
Other dividends received	1,088	1,599
Net cash used in investing activities	(39,588)	(86,732)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	3,705,614	3,000,241
Repayments of short-term borrowings	(3,897,224)	(3,899,495)
Proceeds from short-term bills payable	300,000	550,000
Repayments of short-term bills payable	(300,000)	(550,000)
Proceeds from long-term borrowings	1,150,000	1,250,000
Repayments of long-term borrowings	(1,850,000)	(100,000)
Proceeds from guarantee deposit received	-	1,327
Refund of guarantee deposit received	(1,377)	-
Repayments of the principal portion of lease liabilities	(31,626)	(32,367)
Cash dividends paid	(662,642)	(1,184,523)
Interest paid	(29,212)	(31,599)
Net cash used in financing activities	(1,616,467)	(996,416)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(305,896)	(99,088)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	734,809	833,897
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 428,913	$ 734,809

The accompanying notes are an integral part of the standalone financial statements. (Concluded)

CHINA STEEL CHEMICAL CORPORATION

NOTES TO STANDALONE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

China Steel Chemical Corporation (the "Corporation") was incorporated by China Steel Corporation (CSC) and other shareholders in February 1989. The Corporation started operations in May 1993, and CSC is the parent company that has substantive control over the Corporation. As of December 31, 2021 and 2020, CSC owned 29.04% of the Corporation's voting shares. The Corporation mainly engages in the production, processing and sales of coal tar distillation products, Naphtha products and coke products; in addition, it also trades related upstream and downstream products.

The shares of the Corporation have been listed on the Taiwan Stock Exchange (TWSE) since November 1998.

The standalone financial statements are presented in the Corporation's function currency, the New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The standalone financial statements were approved by the Corporation's board of directors and authorized for issue on February 24, 2022.

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

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

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

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

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

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

January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

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

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

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

Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 “Inventories”. Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards.

The amendments are applicable only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021. The Corporation shall restate its comparative information when it initially applies the aforementioned amendments.

Except for the above impact, as of the date the standalone financial statements were authorized to the board of directors for issue, the Corporation is continuously assessing the possible impact that the application of other standards and interpretations will have on the Corporation’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

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

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

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

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

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

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

As of the date the standalone financial statements were authorized to the board of directors for issue, the Corporation is continuously assessing the possible impact that the application of other standards and interpretations will have on the Corporation's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

The standalone financial statements have been prepared on the historical cost basis except for the financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of the plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

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

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

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

When preparing the parent company only financial statements, the Corporation account for Subsidiaries and associates by using the equity method. In order to agree with the amount of the net income, other comprehensive income and equity attributable to shareholders of the parent in the consolidated financial statements, the differences of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under the heading of investments accounted for using equity method, share of profits of subsidiaries and associates and share of other comprehensive income of subsidiaries and associates in the parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the balance sheet date; and

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the balance sheet date; and

3) Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least 12 months after the balance sheet date.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the financial statements of the Corporation, transactions in currencies other than the Corporation's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the year in which they arise expect for exchange difference on transactions entered into in order to hedge certain foreign currency risks.

Non-monetary items that are denominated in foreign currencies measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items denominated in a foreign currency and measured at historical cost are stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting standalone financial statements, the investments of the Corporation's foreign operations (including subsidiaries and associates operating in other countries or using currencies different from the Corporation's currencies) are translated into the presentation currency - New Taiwan dollars as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the balance sheet date; and income and expense items are translated at the average exchange rates for the year. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

e. Inventories

Inventories consist of raw materials, supplies, work-in-progress and finished goods and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost.

f. Investments in subsidiaries

The Corporation uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Corporation.

Under the equity method, an investment is initially recognized at cost and adjusted thereafter to recognize the Corporation’s share of the profit or loss and other comprehensive income of the subsidiary. The Corporation also recognizes the changes in the share of other equity of subsidiaries.

Changes in the Corporation’s ownership interest in a subsidiary that do not result in the Corporation losing control of the subsidiary are accounted for as equity transactions. The Corporation recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

The Corporation assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee’s financial statements as a whole. If the recoverable amount of the investment subsequently increases, the Corporation recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Corporation loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Corporation accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Corporation directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the standalone financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized in standalone financial statements only to the extent of interests in the subsidiaries that are not related to the Corporation.

g. Investments in associates

An associate is an entity over which the Corporation has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Corporation uses the equity method to account for its investments in associates. Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Corporation’s share of profit or loss and other comprehensive income of the associate. The Corporation also recognizes the changes in the share of equity of associates.

When the Corporation subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Corporation’s proportionate interest in the associate. The Corporation records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Corporation’s ownership interest is reduced due to the additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Corporation’s share of losses of an associate equals or exceeds their interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Corporation’s net investment in the associate), the Corporation discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Corporation has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

When impairment loss is evaluated, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment has subsequently increased.

The Corporation discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Corporation account for all amount previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When the Corporation transacts with its associates, profits or losses resulting from the transactions with the associate are recognized in the Corporation's standalone financial statements only to the extent of interests in the associate that are not related to the Corporation.

h. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation.

Property, plant and equipment in the course of construction are measured at cost. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each balance sheet date, with the effect of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

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

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

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

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

k. Financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost and investments in debt instruments and equity instruments at FVTOCI.

i Financial assets at FVTPL

Financial assets classified as at FVTPL are financial assets mandatorily classified as at FVTPL.

Financial assets mandatorily classified as at FVTPL included investments in equity instruments which are not designated as at FVTOCI and debt investments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 27.

ii Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

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

Financial assets at amortized cost, including cash and cash equivalents, notes and accounts receivable (including related parties) at amortized cost, other receivables, refundable deposits and other financial assets, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits and short-term bills with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and

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

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to interest income calculated using the effective interest method are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv Investments in equity instruments at FVTOCI

On initial recognition, the Corporation may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Corporations' right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Corporation recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including notes and accounts receivables) and investments in debt instruments that are measured at FVTOCI.

The Corporation always recognizes lifetime Expected Credit Losses (ECLs) for notes and accounts receivables. For all other financial instruments, the Corporation recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Corporation measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. 12-month ECLs represents the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. In contrast, lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instruments.

For internal credit risk management purposes, the Corporation considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Corporation):

i Internal or external information show that the debtor is unlikely to pay its creditors.

ii Financial asset is more than 90 days past due unless the Corporation has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Corporation derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the assets's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling to profit or loss.

2) Equity instruments

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

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

l. Treasury shares

Shares of the Corporation held by subsidiaries are reclassified to treasury shares from investments accounted for using equity method at the acquisition cost. When the Corporation distributes dividends to its subsidiaries, it will write off investment income in its account and also adjust additional paid-in capital - treasury shares.

m. Hedging instruments

The Corporation designates certain hedging instruments, which include non-derivatives in respect of foreign currency risk, as cash flow hedges.

Cash flow hedges

The effective portion of changes in the fair value on derivatives that are designated and qualified as cash flow hedges is recognized in other comprehensive income. The gains or losses relating to the ineffective portion are recognized immediately in profit or loss.

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as reclassification adjustments in the line items relating to the hedged item in the same period in which the hedged item affects profit or loss. If a hedge of a forecasted transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and included in the initial cost of the non-financial asset or non-financial liability.

The Corporation discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised. The cumulative gain or loss on the hedging instrument that was previously recognized in other comprehensive income from the period in which the hedge was effective remains separately in equity until the forecasted transaction occurs. When a forecasted transaction is no longer expected to occur, the gains or losses accumulated in equity are recognized immediately in profit or loss.

n. Revenue recognition

The Corporation identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For contracts where the period between the date on which the Corporation transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Corporation does not adjust the promised amount of consideration for the effects of a significant financing component.

1) Revenue from sale of goods

Sales of goods are recognized as revenue when the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods and bears the risks of obsolescence. Accounts receivables are recognized concurrently. Advance received from customers is recognized as a contract liability.

The Corporation does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Revenue from rendering of services

Service revenue is recognized when services are provided.

o. Leases

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

1) The Corporation as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Corporation as lessee

The Corporation recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

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

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Corporation remeasures the lease liabilities with a corresponding adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Corporation accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the standalone balance sheets.

p. Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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

q. Government grants

Government grants are not recognized until there is reasonable assurance that the Corporation will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized as a reduction of the related costs on a systematic basis over the periods in which the Corporation recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Corporation with no future related costs are recognized in profit or loss in the period in which they are received.

r. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

Net defined benefit liability represents the actual deficit in the Corporation's defined benefit plan.

s. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Corporation is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Corporation considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty - Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience in the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	**2020**
Cash on hand	$ 500	$ 500
Checking accounts and demand deposits	360,021	389,373
Cash equivalents (investments with original maturities less than 3 months)		
Time deposits	13,032	122,674
Short-term bills	55,360	222,262
	$ 428,913	$ 734,809

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

	December 31	
	2021	**2020**
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	$ 146,067	$ 171,211

(Continued)

	December 31	
	2021	2020
Financial bonds	$ 52,298	$ 63,188
	$ 198,365	$ 234,399

(Concluded)

8. FINANCIAL ASSETS AT FAIR VALUE THOUGH OTHER COMPREHENSIVE INCOME - CURRENT

	December 31	
	2021	2020
Domestic investments in equity instruments - listed shares		
Ordinary shares	$ 90,387	$ 63,284
Preference shares	11,908	11,679
Foreign investments in debt instruments		
Financial bonds	14,762	29,890
	$ 117,057	$ 104,853

These investments in equity instruments are held with the Corporation's strategy and are not for the purpose of trading and for short-term profit. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI.

9. FINANCIAL INSTRUMENTS FOR HEDGING

For the purpose of managing cash flow risk arising from exchange rate fluctuations, the Corporation designated foreign currency time deposits for the future increase in investment. The Corporation performed an assessment of effectiveness and it is expected that the value of the foreign currency time deposits and the value of the corresponding hedged items will systematically change in opposite directions in response to movements in the underlying exchange rates. However, the Corporation expected that there will be no increase in investment in the near future, and thus the corresponding cash outflows is no longer expected to occur. Accordingly, the Corporation has discontinued adopting cash flow hedges from December, 2020.

Refer to Note 21 for information relating to profit (loss) arising from the change of fair value of financial instruments for hedging.

10. NOTES AND ACCOUNTS RECEIVABLE (INCLUDING RELATED PARTIES)

	December 31	
	2021	2020
Notes receivable (due to operating)		
At amortized cost	$ 601	$ 2,211
Accounts receivable (including related parties)		
At amortized cost		
Gross carrying amount	$ 633,852	$ 387,168

The average credit period of sales of goods was 30-90 days. No interest was charged on accounts receivable. The Corporation adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. In order to minimize credit risk, the management of the Corporation has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Corporation reviews the recoverable amount of each individual trade debt at the end of the balance sheet date to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, management believes that the Corporation's credit risk was significantly reduced.

The expected credit losses on notes and accounts receivable are estimated using a provision matrix prepared by reference to past default experience of the customer and an analysis of the customer's current financial position, economic condition of the industry in which the customer operates, as well as an assessment of industry outlook at the reporting date. As the Corporation's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Corporation's different customer base.

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

December 31, 2021

	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 180 Days Past Due	181 to 365 Days Past Due	Over 365 Days Past Due	Total
Expected credit loss rate (%)	-	-	-	-	-	-	
Gross carrying amount	$ 633,384	$ 1,069	$ -	$ -	$ -	$ -	$ 634,453
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-	-
Amortized cost	$ 633,384	$ 1,069	$ -	$ -	$ -	$ -	$ 634,453

December 31, 2020

	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 180 Days Past Due	181 to 365 Days Past Due	Over 365 Days Past Due	Total
Expected credit loss rate (%)	-	-	-	-	-	-	
Gross carrying amount	$ 388,142	$ 1,237	$ -	$ -	$ -	$ -	$ 389,379
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-	-
Amortized cost	$ 388,142	$ 1,237	$ -	$ -	$ -	$ -	$ 389,379

11. INVENTORIES

	December 31	
	2021	**2020**
Finished goods	$ 594,159	$ 603,081
Work in progress	86,920	78,896
Supplies	115,124	119,153
Raw materials	71,922	82,293
	$ 868,125	$ 883,423

The cost of inventories recognized as operating costs for the years ended December 31, 2021 and 2020 were NT$6,264,234 thousand and NT$4,106,612 thousand, respectively, which included write-downs of inventories at NT$37,280 thousand and NT$41,336 thousand, respectively.

12. OTHER FINANCIAL ASSETS

	December 31	
	2021	2020
Restricted deposits	$ 97,886	$ 168,533

Since the Corporation applied The Management, Utilization, and Taxation of Repatriated Offshore Funds Act, the earnings remitted from overseas subsidiary were recognized as restricted deposits and determined whether they were current or non-current based on the expected time of use of funds.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2021	2020
Investments in subsidiaries	$ 1,566,342	$ 1,448,448
Investments in associates	1,862,984	1,484,595
	$ 3,429,326	$ 2,933,043

a. Investments in subsidiaries

	December 31	
Name of subsidiary	2021	2020
Ever Wealthy Investment Corporation (EWI)	$ 1,417,242	$ 1,289,830
Formosa Ha Tinh CSCC (Cayman) International Limited (CSCCC)	266,738	276,256
	1,683,980	1,566,086
Less: Shares held by subsidiaries accounted for as treasury shares	117,638	117,638
	$ 1,566,342	$ 1,448,448

	Proportion of Ownership and Voting Rights (%)	
	December 31	
	2021	2020
EWI	100	100
CSCCC	50	50

The above investments accounted for using the equity method and the Corporation's share of profit or loss and other comprehensive income were based on the audited financial statements of the subsidiaries for the same reporting period.

The Corporation liquidated its subsidiary Ever Glory International Co., Ltd. in September, 2020 and acquired NT$36,836 thousand as proceeds from liquidation.

In October 2015, the Corporation entered into a joint venture and collaboration agreement with Formosa Ha Tinh (Cayman) and Formosa Ha Tinh Steel Corporation (Formosa Ha Tinh). According to the agreement, CSCCC was to be established through a joint investment from the Corporation and

Formosa Ha Tinh (Cayman) in which the Corporation would own 50% of the equity. CSCCC mainly engages in the processing and sale of the by-products produced by Formosa Ha Tinh such as coal tar products, naphtha products and coke. CSCCC was established in January 2016 with a paid-in capital of US$10,000 thousand from the Corporation. As of December 31, 2021, US$3,000 thousand has been paid to this account.

b. Investments in associates

	December 31	
	2021	**2020**
Material associates		
CHC Resources Corporation (CHC)	$ 347,996	$ 324,626
Transglory Investment Corporation (TIC)	861,237	600,376
CSC Solar Corporation (CSCSC)	285,818	286,981
	1,495,051	1,211,983
Associates that are not individually material	367,933	272,612
	$ 1,862,984	$ 1,484,595

1) Material associates

	Proportion of Ownership and Voting Rights (%) December 31	
Name of Associate	**2021**	**2020**
CHC	6	6
TIC	9	9
CSCSC	15	15

Refer to Table 5 “Information on Investees” for the nature of activities, principal places of business and countries of incorporation of the above associates.

Fair values (Level 1) of investments in associates with available published price quotation are summarized as follows:

	December 31	
	2021	**2020**
CHC	$ 681,127	$ 712,668

The summarized financial information below represents amounts shown in the associates’ financial statements prepared in accordance with IFRSs adjusted by the Corporation for equity accounting purposes.

CHC

	December 31	
	2021	**2020**
Current assets	$ 2,798,678	$ 2,889,894
Non-current assets	10,329,853	10,340,503
Current liabilities	(2,762,857)	(2,903,673)

(Continued)

	December 31	
	2021	2020
Non-current liabilities	$ (4,380,828)	$ (4,742,185)
Equity	5,984,846	5,584,539
Non-controlling interests	(223,329)	(209,939)
	$ 5,761,517	$ 5,374,600
Proportion of the Corporation's ownership (%)	6	6
Equity attributable to the Corporation	$ 347,996	$ 324,626
Carrying amount	$ 347,996	$ 324,626

(Concluded)

	For the Year Ended December 31	
	2021	2020
Operating revenue	$ 10,770,774	$ 9,970,633
Net profit for the year	$ 724,125	$ 773,023
Other comprehensive income (loss)	181,995	(70,086)
Total comprehensive income	$ 906,120	$ 702,937

TIC

	December 31	
	2021	2020
Current assets	$ 1,052	$ 2,469
Non-current assets	9,470,285	6,598,420
Current liabilities	(110,059)	(75,063)
Equity	$ 9,361,278	$ 6,525,826
Proportion of the Corporation's ownership (%)	9	9
Equity attributable to the Corporation	$ 861,237	$ 600,376
Carrying amount	$ 861,237	$ 600,376

	For the Year Ended December 31	
	2021	2020
Operating income	$ 79,856	$ 134,062
Net profit for the year	$ 69,511	$ 120,233
Other comprehensive income (loss)	2,874,026	230,521
Total comprehensive income	$ 2,943,537	$ 350,754

CSCSC

	December 31	
	2021	2020
Current assets	$ 98,219	$ 303,574
Non-current assets	3,920,985	4,094,952
Current liabilities	(692,403)	(766,693)
Non-current liabilities	(1,421,350)	(1,718,627)
Equity	$ 1,905,451	$ 1,913,206
Proportion of the Corporation's ownership (%)	15	15
Equity attributable to the Corporation	$ 285,818	$ 286,981
Carrying amount	$ 285,818	$ 286,981

	For the Year Ended December 31	
	2021	2020
Operating revenue	$ 457,875	$ 480,149
Net profit for the year	$ 128,163	$ 153,194
Other comprehensive income (loss)	1,859	(268)
Total comprehensive income	$ 130,022	$ 152,926

2) Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2021	2020
The Corporation's share of		
Net profit (loss) for the year	$ 27,435	$ (2,133)
Other comprehensive income (loss)	16,663	(29,462)
Total comprehensive income (loss)	$ 44,098	$ (31,595)

The Corporation held more than 20% of the shares with its parent company CSC and fellow subsidiaries are accounted for using the equity method.

The investments accounted for using the equity method and the share of income (loss) and other comprehensive income (loss) for the years ended December 31, 2021 and 2020 were based on the associates' financial statements audited by auditors for the same years.

14. PROPERTY, PLANT AND EQUIPMENT

For the year ended December 31, 2021

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress	Total
Cost							
Balance at January 1, 2021	$ 1,145,237	$ 1,533,349	$ 5,376,983	$ 155,198	$ 173,133	$ 159,210	$ 8,543,110
Additions	-	21,942	238,605	3,763	2,388	(30,266)	236,432
Disposals	-	-	(59,813)	(1,155)	(1,457)	-	(62,425)
Balance at December 31, 2021	$ 1,145,237	$ 1,555,291	$ 5,555,775	$ 157,806	$ 174,064	$ 128,944	$ 8,717,117
Accumulated depreciation							
Balance at January 1, 2021	$ -	$ 444,322	$ 3,783,589	$ 104,075	$ 111,246	$ -	$ 4,443,232
Depreciation expense	-	74,888	321,825	15,977	12,913	-	425,603
Disposals	-	-	(59,237)	(1,034)	(1,452)	-	(61,723)
Balance at December 31, 2021	$ -	$ 519,210	$ 4,046,177	$ 119,018	$ 122,707	$ -	$ 4,807,112
Carrying amount at December 31, 2021	$ 1,145,237	$ 1,036,081	$ 1,509,598	$ 38,788	$ 51,357	$ 128,944	$ 3,910,005

For the year ended December 31, 2020

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress	Total
Cost							
Balance at January 1, 2020	$ 1,145,237	$ 1,506,578	$ 5,187,163	$ 149,277	$ 173,421	$ 277,386	$ 8,439,062
Additions	-	26,771	216,260	7,131	1,637	(118,176)	133,623
Disposals	-	-	(26,440)	(1,210)	(1,925)	-	(29,575)
Balance at December 31, 2020	$ 1,145,237	$ 1,533,349	$ 5,376,983	$ 155,198	$ 173,133	$ 159,210	$ 8,543,110
Accumulated depreciation							
Balance at January 1, 2020	$ -	$ 366,182	$ 3,498,885	$ 88,284	$ 98,600	$ -	$ 4,051,951
Depreciation expense	-	78,140	311,079	16,901	14,570	-	420,690
Disposals	-	-	(26,375)	(1,110)	(1,924)	-	(29,409)
Balance at December 31, 2020	$ -	$ 444,322	$ 3,783,589	$ 104,075	$ 111,246	$ -	$ 4,443,232
Carrying amount at December 31, 2020	$ 1,145,237	$ 1,089,027	$ 1,593,394	$ 51,123	$ 61,887	$ 159,210	$ 4,099,878

The above items of property, plant and equipment used by the Corporation are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main structure	2-50 years
Facility	5-25 years
Machinery and equipment	
Power equipment	3-20 years
Examination equipment	3-10 years
Computer equipment	3-10 years
Transportation equipment	
Transportation equipment	3-10 years
Telecommunication equipment	3-10 years
Other equipment	
Fire extinguishing equipment	5-10 years
Air condition and utilities equipment	3-10 years
Monitoring, office and other equipment	3-10 years

15. LEASE AGREEMENT

a. Right-of-use assets

Carrying amounts	December 31 2021	December 31 2020
Land	$ 333,474	$ 348,618
Machinery	231,082	239,596
Buildings	10,992	13,419
	$ 575,548	$ 601,633

	For the Year Ended December 31 2021	For the Year Ended December 31 2020
Additions to right-of-use assets	$ 6,932	$ 15,831
Depreciation charge for right-of-use assets		
Land	$ 15,157	$ 15,157
Machinery	10,540	10,461
Buildings	9,359	9,355
	$ 35,056	$ 34,973

b. Lease liabilities

Carrying amounts	December 31 2021	December 31 2020
Current	$ 27,966	$ 39,026
Non-current	$ 557,904	$ 569,499

Range of discount rate for lease liabilities were as follows:

	December 31 2021	December 31 2020
Land (%)	1.4703	1.4703
Machinery (%)	1.4703	1.4703
Buildings (%)	0.6972-1.1955	0.8626-1.1955

c. Material leasing activities and terms

The Corporation leases machineries for the use of product manufacturing with lease terms of 23 to 25 years. These arrangements do not contain renewal or purchase options. Some lease arrangements for equipment that lease payments will be adjusted every year on the basis of changes in the consumer Price Index.

The Corporation also leases land and buildings for the use of factories with leas terms of 2 to 5 years. Some lease arrangements were calculated according to 3% of the announced total present value or 6% of the announced total land value. The Corporation does not have renewal or purchase option to the right-of-use assets. The Corporation will not transfer or sublet all or part of the leased premises without lessors' approval.

d. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	$ 3,013	$ 3,795
Total cash outflow for all lease agreements (including short-term lease agreements)	$ (43,346)	$ (45,220)

Refer to Note 16 for the Corporation leasing their own investment properties in operating leases.

16. INVESTMENT PROPERTIES

For the year ended December 31, 2021 and 2020

	Land	Buildings	Total
Cost			
Balance at January 1 and December 31, 2021 and 2020	$ 561,813	$ 47,665	$ 609,478
Accumulated depreciation and impairment			
Balance at January 1 and December 31, 2021 and 2020	$ 8,825	$ 47,665	$ 56,490
Carrying amount at December 31, 2021 and 2020	$ 552,988	$ -	$ 552,988

The lease term of investment properties is 3 years. The rent was calculated according to 3% of the announced total present value. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

Lease commitments (the Corporation as a lessor) with lease terms commencing after the balance sheet dates are as follow:

	December 31	
	2021	2020
Lease commitments of investment properties	$ 56,911	$ 65,235

The Corporation's investment properties of buildings are depreciated over 50 years by straight-line depreciation method.

As of December 31, 2021 and 2020, the fair value of investment properties was NT$926,715 thousand and NT$895,837 thousand, respectively. The fair value was based on the adoption of the Corporation's management the evaluation model used by market participants using Level 3 inputs and with reference to comparison of the similar transaction price in the market. The significant and unobservable inputs included the rate of capitalization of return and related fee rates.

All of the Corporation's investment properties are held under freehold interests.

Refer to Note 28 for the lease transactions conducted with related parties.

17. OTHER NON-CURRENT ASSETS

	December 31	
	2021	2020
Deferred expenses	$ 32,383	$ 30,865
Restricted deposits (Note 12)	-	58,269
	$ 32,383	$ 89,134

18. BORROWINGS

a. Short-term borrowings

	December 31	
	2021	2020
Bank loans	$ 884,000	$ 1,084,000
Letters of credit borrowings	17,641	9,251
	$ 901,641	$ 1,093,251
Range of interest rate (%)	0.72-1.02	0.72-1.02

b. Long-term bank borrowings

	December 31	
	2021	2020
Secured band loans		
Due on various dates through February, 2024	$ 1,100,000	$ 1,800,000
Less: Current portion	-	500,000
	$ 1,100,000	$ 1,300,000
Range of interest rate (%)	0.79-0.9416	0.8772-1.1955

In May 2018, the Corporation entered into a credit facility agreement with KGI Bank for a NT$500,000 thousand credit line and extended the duration to 2023 in June 2020. Under the agreement, based on the Corporation's quarterly reviewed consolidated financial statements and audited annual consolidated financial statements, which shall be verified quarterly, the consolidated profit from operations of the Corporation shall not be negative for two consecutive quarters. Otherwise, the credit line shall be cancelled until the quarter profit from operation becomes positive. The Corporation did not violate the provision.

19. OTHER PAYABLES

	December 31	
	2021	2020
Investments payable (Note 13)	$ 193,760	$ 199,360
Salaries and incentive bonus	115,793	80,672
Employees' compensation and remuneration of directors	58,634	37,822
Outsourced repair and construction	42,258	39,632
Soil remediation expense	22,239	32,986
Dividends payable	6,823	6,132
Purchase of equipment	510	5,315
Others (freight, commission and insurance, etc.)	33,425	31,882
	$ 473,442	$ 433,801

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Corporation adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Corporation makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Corporation in accordance with the Labor Standards Law (the "LSL") is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation contributes a specific amounts of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Corporation has no right to influence the investment policy and strategy.

The amounts included in the standalone balance sheets in respect of the Corporation's defined benefit plans were as follows:

	December 31	
	2021	2020
Present value of defined benefit obligation	$ 381,383	$ 382,165
Fair value of plan assets	(230,768)	(228,279)
Net defined benefit liability	$ 150,615	$ 153,886
Current (recognized as other payables)	$ 644	$ 2,018
Non-current	149,971	151,868
	$ 150,615	$ 153,886

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2020	$ 367,200	$ (196,592)	$ 170,608
Service cost			
Current service cost	7,078	-	7,078
Interest expense (income)	2,754	(1,566)	1,188
Recognized in profit or loss	9,832	(1,566)	8,266
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(6,332)	(6,332)
Actuarial loss - changes in financial assumptions	10,095	-	10,095
Actuarial gain - experience adjustments	(4,962)	-	(4,962)
Recognized in other comprehensive income	5,133	(6,332)	(1,199)
Contributions from the employer	-	(23,789)	(23,789)
Balance at December 31, 2020	382,165	(228,279)	153,886
Service cost			
Current service cost	6,286	-	6,286
Interest expense (income)	1,911	(1,221)	690
Recognized in profit or loss	8,197	(1,221)	6,976
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,725)	(2,725)
Actuarial loss - changes in demographic assumptions	4,465	-	4,465
Actuarial loss - experience adjustments	5,494	-	5,494
Recognized in other comprehensive income	9,959	(2,725)	7,234
Contributions from the employer	-	(17,481)	(17,481)
Benefits paid	(18,938)	18,938	-
	(18,938)	1,457	(17,481)
Balance at December 31, 2021	$ 381,383	$ (230,768)	$ 150,615

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2021	2020
Operating costs	$ 5,164	$ 5,970
Selling and marketing expenses	626	761
General and administrative expenses	650	748

(Continued)

	For the Year Ended December 31	
	2021	**2020**
Research and development expenses	$ 536	$ 787
	$ 6,976	$ 8,266

(Concluded)

Through the defined benefit plans under the LSL, the Corporation is exposed to the following risks:

1) Investment risk

   The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk

   A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk

   The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2021	**2020**
Discount rate (%)	0.50	0.50
Expected rate of salary increase (%)	3	3

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2021	**2020**
Discount rate		
0.25% increase	$ (9,673)	$ (10,095)
0.25% decrease	$ 10,007	$ 10,460

(Continued)

	December 31	
	2021	2020
Expected rate of salary increase		
0.25% increase	$ 9,605	$ 10,038
0.25% decrease	$ (9,337)	$ (9,743)

(Concluded)

The above sensitivity analysis may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2021	2020
Expected contributions to the plans for the next year	$ 7,913	$ 32,046
Average duration of the defined benefit obligation	10.5 years	11.1 years

21. EQUITY

a. Ordinary share capital

	December 31	
	2021	2020
Number of shares authorized (in thousands)	300,000	300,000
Shares authorized	$ 3,000,000	$ 3,000,000
Number of shares issued and fully paid (in thousands)	236,904	236,904
Shares issued	$ 2,369,044	$ 2,369,044

Fully paid ordinary shares, which have a par value of NT$10, carry one vote per share and the right to dividends.

b. Capital surplus

	December 31	
	2021	2020
May be used to offset a deficit, distribute cash or transfer to share capital (see note below)		
Additional paid-in capital	$ 218	$ 218
Treasury share transactions	881,434	868,124
May be used to offset deficits only		
Share of changes in equity of associates	2,137	1,295
	$ 883,789	$ 869,637

Note: Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and once a year).

c. Retained earnings and dividend policy

Under the dividend policy, where the Corporation made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders.

The Corporation is currently in a growing industry environment and the Corporation intends to take advantage of the economic environment to seek for a sustainable operation. The Corporation's dividend policy is to focus on dividend stability and growth by referring to future operating conditions; also, the Corporation should distribute not less than 50% of distributable earnings, and cash dividend may not be less than 50% of the amount distributed.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital. The legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriation of earnings and dividends per share for 2020 and 2019 that had been approved in the shareholder's meeting in July 2021 and June 2020, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31		Dividend Per Share (NT$) For the Year Ended December 31	
	2020	2019	2020	2019
Legal reserve	$ 71,898	$ 128,035		
Special reserve	16,317	14,850		
Cash dividends	615,952	1,137,142	$ 2.6	$ 4.8

In addition, the Corporation's board of directors resolved to distribute cash from legal reserve of NT$47,381 thousand, with NT$0.2 per share, total NT$2.8 per share for 2020.

In addition, the Corporation's board of directors resolved to distribute cash from legal reserve of NT$47,381 thousand, with NT$0.2 per share, total NT$5 per share for 2019.

The appropriation of earnings and dividends per share for 2021 had been proposed by the Corporation's board of directors in February 2022 were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 109,470	
Cash dividends	947,618	$ 4

The appropriations of earnings for 2021 are subject to the resolution in the shareholders' meeting to be held in June 2022.

d. Other equity items

1) Exchange differences on the translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2021	2020
Balance, beginning of the year	$ (84,747)	$ (71,241)
Recognized for the year		
Exchange differences arising on translation of the net assets of foreign operations	(8,884)	(14,232)
Share of exchange difference of subsidiaries and associates accounted for using the equity method	2,553	(3,096)
Disposal of interests in subsidiaries	-	3,822
Balance, end of the year	$ (91,078)	$ (84,747)

2) Unrealized gains and losses on financial assets at FVTOCI

	For the Year Ended December 31	
	2021	2020
Balance, beginning of the year	$ (108,407)	$ (103,927)
Recognized for the year		
Unrealized gains and losses - debt instruments	(494)	(795)
Unrealized gains and losses - equity instruments	27,332	1,372
Share from subsidiaries and associates accounted for using the equity method	353,942	(3,527)
Disposal of interests in subsidiaries	-	(380)
Other comprehensive income recognized for the year	380,780	(3,330)
Cumulative unrealized gains and losses of equity instruments transferred to retained earnings due to disposal	(2,953)	(1,150)
Balance, end of the year	$ 269,420	$ (108,407)

3) Gains and losses on hedging instruments (cash flow hedges)

	For the Year Ended December 31	
	2021	2020
Balance, beginning of the year	$ 4	$ (1,664)
Recognized for the year		
Foreign currency risk - changes in the fair value of hedging instruments	-	(10,900)
Share from associates accounted for using the equity method	(16)	4
Income tax effect	-	2,180
Reclassification adjustments		
Hedged item no longer expected to occur		
Foreign currency risk - changes in the fair value of hedging instruments	-	12,980
Income tax effect	-	(2,596)
Balance, end of the year	$ (12)	$ 4

e. Treasury shares

The Corporation's shares acquired and held by its subsidiary - EWI for the purpose of investment accounted for as treasury shares were as follows (number of shares in thousands):

For the Year Ended December 31, 2021

Beginning of the Year		Decrease During the Year			End of the Year		
Number of Shares Held	Carrying Amount	Number of Shares Held	Carrying Amount	Selling Price	Number of Shares Held	Carrying Amount	Market Price
4,754	$ 117,638	-	$ -	$ -	4,754	$ 117,638	$ 572,801

For the Year Ended December 31, 2020

Beginning of the Year		Decrease During the Year			End of the Year		
Number of Shares Held	Carrying Amount	Number of Shares Held	Carrying Amount	Selling Price	Number of Shares Held	Carrying Amount	Market Price
4,754	$ 117,638	-	$ -	$ -	4,754	$ 117,638	$ 515,759

The Corporation's shares held by the subsidiaries are accounted for as treasury shares with all shareholders' rights, except the rights to participate in the Corporation's capital increase in cash and right to vote.

22. OPERATING REVENUE

	For the Year Ended December 31	
	2021	2020
Revenue from contracts with customers		
Revenue from the sale of goods	$ 7,705,751	$ 5,165,958
Other revenue	104,267	85,383
	$ 7,810,018	$ 5,251,341

a. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Notes and accounts receivable (including related parties)	$ 634,453	$ 389,379	$ 465,115
Contract liabilities			
Sale of goods	$ 49,536	$ 12,084	$ 12,868

The changes in the balance of contract liabilities primarily result from the timing difference between the Corporation's satisfaction of performance obligations and the respective customer's payment.

Revenue in the current year that was recognized from the contract liability balance at the beginning of the year was summarized as follows:

	For the Year Ended December 31 2021	2020
From contract liabilities at the beginning of the year		
Sale of goods	$ 12,079	$ 12,868

b. Disaggregation of revenue

For the year ended December 31, 2021

Type of goods or services	Chemicals Product - Production and Sales	Chemicals Product - Trading	Total
Sale of goods	$ 6,666,063	$ 1,039,688	$ 7,705,751
Rendering of services	104,267	-	104,267
	$ 6,770,330	$ 1,039,688	$ 7,810,018

For the year ended December 31, 2020

Type of goods or services	Chemicals Product - Production and Sales	Chemicals Product - Trading	Total
Sale of goods	$ 4,637,095	$ 528,863	$ 5,165,958
Rendering of services	85,383	-	85,383
	$ 4,722,478	$ 528,863	$ 5,251,341

23. PROFIT BEFORE INCOME TAX

Profit before income tax consisted of following items:

a. Interest income

	For the Year Ended December 31 2021	2020
Bank deposits	$ 1,358	$ 5,488
Financial assets at amortized cost	4,335	4,861
Investments in debt instruments at FVTOCI	901	1,398
Others	9	13
	$ 6,603	$ 11,760

b. Other income

	For the Year Ended December 31	
	2021	2020
Subsidy income	$ 15,209	$ 20,598
Income from sale of prototype trial products	49,508	20,448
Rental income (Note 28)	16,539	16,661
Technical service income (Note 28)	9,259	16,568
Reversal of accrued payables	-	11,213
Income from sale of scrap and wastes	4,129	4,142
Dividend income	1,088	1,599
Others	4,870	6,870
	$ 100,602	$ 98,099

c. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Loss on fair value change of financial assets mandatorily at FVTPL	$ (15,540)	$ (17,156)
Loss on casualty	(10,349)	-
Net foreign exchange losses	(4,490)	(40,003)
Loss on disposal of subsidiaries	-	(2,524)
Gain (loss) on disposal of property, plant and equipment	50	(66)
Others	(346)	14
	$ (30,675)	$ (59,735)

The components of net foreign exchange losses were as follows:

	For the Year Ended December 31	
	2021	2020
Foreign exchange gains	$ 20,110	$ 25,416
Foreign exchange losses	(24,600)	(65,419)
Net foreign exchange losses	$ (4,490)	$ (40,003)

d. Interest expenses

	For the Year Ended December 31	
	2021	2020
Interest on bank loans	$ 20,675	$ 23,084
Interest on lease liabilities	8,707	9,058
	29,382	32,142
Less: Amounts included in the cost of qualifying assets	1,471	3,887
	$ 27,911	$ 28,255

Information relating to the capitalized interest is as follows:

	For the Year Ended December 31	
	2021	2020
Capitalized interest amount	$ 1,471	$ 3,887
Capitalization rate (%)	0.8-1.1955	1.1955

e. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
Property, plant and equipment	$ 425,603	$ 420,690
Right-of-use asset	35,056	34,973
Other non-current assets	8,492	11,907
	$ 469,151	$ 467,570
An analysis of depreciation by function		
Operating costs	$ 408,859	$ 422,531
Operating expenses	51,800	33,132
	$ 460,659	$ 455,663
An analysis of amortization by function		
Operating costs	$ 8,492	$ 11,907

f. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits		
Salaries	$ 467,120	$ 374,855
Labor and health insurance	27,009	25,146
Others	20,477	17,343
	514,606	417,344
Post-employment benefits		
Defined contribution plans	8,302	8,027
Defined benefit plans (Note 20)	6,976	8,266
	15,278	16,293
	$ 529,884	$ 433,637
An analysis by function		
Operating costs	$ 355,903	$ 286,810
Operating expenses	173,981	146,827
	$ 529,884	$ 433,637

g. Employees' compensation and remuneration of directors

The Articles of the Corporation stipulated the Corporation to distribute compensation of employees and remuneration of directors at the rates no less than 0.1% and no higher than 1%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The Corporation accrued compensation of employees and remuneration of directors for NT$48,862 thousand and NT$9,772 thousand, respectively for the years ended December 31, 2021.

The compensation of employees and the remuneration of directors for the years ended December 31, 2021 and 2020 which have been approved by the Corporation's board of directors in February 2022 and 2021, respectively, were as follows:

	Cash	
	For the Year Ended December 31	
	2021	2020
Compensation of employees	$ 49,446	$ 33,803
Remuneration of directors	9,889	6,761

If there is a change in the proposed amounts after the annual standalone financial statements were authorized for issue, the differences are recorded as a change in accounting estimate and will be adjusted in the following year.

The appropriations of employees' compensation and remuneration of directors which will be distributed in cash, have been resolved by the board of directors in February 2021 and March 2020 and standalone financial statements for 2020 and 2019 as follows:

	For the Year Ended December 31, 2020		For the Year Ended December 31, 2019	
	Compensation of Employees	Remuneration of Directors	Compensation of Employees	Remuneration of Directors
Amounts approved in the board of directors' meeting	$ 33,803	$ 6,761	$ 59,867	$ 11,973
Amounts recognized in the annual financial statements	$ 31,518	$ 6,304	$ 58,411	$ 12,040

The differences were adjusted to profit and loss in 2021 and 2020.

Information on compensation of employees and remuneration of directors resolved by the Corporation's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

24. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	$ 223,513	$ 160,761
Adjustments for prior years	(11,849)	(245)
Income tax on unappropriated earrings	-	16
	211,664	160,532
Deferred tax		
In respect of the current year	77	(19,130)
	$ 211,741	$ 141,402

The reconciliation of accounting profit and income tax expense was as follows:

	For the Year Ended December 31	
	2021	2020
Profit before income tax	$ 1,310,135	$ 858,293
Income tax expense calculated at the statutory rate	$ 262,027	$ 171,659
Deductible income in determining taxable income	(38,437)	(30,028)
Income tax on unappropriated earnings	-	16
Adjustments for prior years	(11,849)	(245)
	$ 211,741	$ 141,402

b. Income tax expense (benefit) recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
Recognized in other comprehensive income		
Cash flow hedges	$ -	$ 416
Remeasurement of defined benefit plans	(1,447)	240
	$ (1,447)	$ 656

c. Current tax liabilities

	December 31	
	2021	2020
Current tax liabilities		
Income tax payable	$ 147,776	$ 154,914

d. Deferred tax assets and liabilities

The movements of deferred tax assets and liabilities were as follows:

For the year ended December 31, 2021

Deferred tax assets	Balance, Beginning of the Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of the Year
Temporary differences				
Defined benefit plans	$ 30,777	$ (2,101)	$ 1,447	$ 30,123
Write-down of inventories	30,972	7,456	-	38,428
Difference between tax reporting and financial reporting - depreciation methods	6,378	(324)	-	6,054
Foreign investment losses, net	9,593	1,358	-	10,951
Others	7,401	(2,953)	-	4,448
	$ 85,121	$ 3,436	$ 1,447	$ 90,004

Deferred tax liabilities	Balance, Beginning of the Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of the Year
Temporary differences				
Unrealized exchange gains, net	$ 1,545	$ 3,320	$ -	$ 4,865
Others	-	193	-	193
	$ 1,545	$ 3,513	$ -	$ 5,058

For the year ended December 31, 2020

Deferred tax assets	Balance, Beginning of the Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of the Year
Temporary differences				
Defined benefit plans	$ 34,121	$ (3,104)	$ (240)	$ 30,777
Write-down of inventories	22,705	8,267	-	30,972
Difference between tax reporting and financial reporting - depreciation methods	6,702	(324)	-	6,378
Foreign investment losses, net	-	9,593	-	9,593
Others	9,510	(1,693)	(416)	7,401
	$ 73,038	$ 12,739	$ (656)	$ 85,121

Deferred tax liabilities	Balance, Beginning of the Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of the Year
Temporary differences				
Unrealized exchange gains, net	$ 395	$ 1,150	$ -	$ 1,545
Foreign investment gain, net	7,541	(7,541)	-	-
	$ 7,936	$ (6,391)	$ -	$ 1,545

e. Income tax assessments

The Corporation’s income tax returns through 2019 have been assessed by the tax authorities.

25. EARNINGS PER SHARE

The net profit and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net profit for the year

	For the Year Ended December 31	
	2021	2020
Net profit for the year	$ 1,098,394	$ 716,891

The weighted average number of ordinary shares outstanding (in thousands of shares)

	For the Year Ended December 31	
	2021	2020
Weighted average number of ordinary shares outstanding	236,904	236,904
Less: Number of treasury shares acquired by subsidiaries	4,754	4,754
Weighted average number of ordinary shares used in the computation of basic earnings per share	232,150	232,150
Plus: Effect of dilutive potential ordinary shares - compensation of employees	452	428
Weighted average number of ordinary shares used in the computation of diluted earnings per share	232,602	232,578

The Corporation may settle the compensation of employees in cash or shares; therefore, the Corporation assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

26. CAPITAL MANAGEMENT

The Corporation manages its capital to ensure that it will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Corporation overall strategy remains unchanged from 2021.

The capital structure of the Corporation consists of net debt and equity of the Corporation, except described in Note 18, the Corporation is not subject to any externally imposed capital requirements. The Corporation reviews the capital structure on a quarterly basis. As part of this review, the Corporation considers the cost of capital and the risks associated with each class of capital. Currently, the equity in the capital structure is greater than debt and it will be used to pay for dividends or debts; also, the Corporation has invested in financial instruments as part of capital and fund management.

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are measured at fair value on a recurring basis

Fair value hierarchy

	Level 1	Level 2	Level 3	Total
December 31, 2021				
Financial assets at FVTPL				
Mutual funds	$ 146,067	$ -	$ -	$ 146,067
Financial bonds	52,298	-	-	52,298
	$ 198,365	$ -	$ -	$ 198,365
Financial assets at FVTOCI				
Domestic listed shares	$ 102,295	$ -	$ -	$ 102,295
Financial bonds	14,762	-	-	14,762
	$ 117,057	$ -	$ -	$ 117,057
December 31, 2020				
Financial assets at FVTPL				
Mutual funds	$ 171,211	$ -	$ -	$ 171,211
Financial bonds	63,188	-	-	63,188
	$ 234,399	$ -	$ -	$ 234,399
Financial assets at FVTOCI				
Domestic listed shares	$ 74,963	$ -	$ -	$ 74,963
Financial bonds	29,890	-	-	29,890
	$ 104,853	$ -	$ -	$ 104,853

There were no transfers between Level 1 and Level 2 for the years ended December 31, 2021 and 2020.

b. Categories of financial instruments

	December 31	
	2021	2020
Financial assets		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	$ 198,365	$ 234,399
Financial assets at FVTOCI		
Investments in equity instruments	102,295	74,963
Investments in debt instruments	14,762	29,890
Financial assets at amortized cost 1)	1,252,707	1,374,154
Financial liabilities		
Financial liabilities at amortized cost 2)	2,786,904	3,512,996

1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables, restricted deposits (including non-current) and refundable deposits.

2) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, accounts payable (including related parties), other payables, long-term borrowings (including current portion of long-term borrowings) and guarantee deposit received.

c. Financial risk management objectives and policies

The Corporation's major financial instruments include equity and debt investments, accounts receivable, accounts payable and short-term and long-term borrowings. The Corporation's treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Corporation through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Corporation sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Corporation's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Corporation did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Corporation's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. There had been no change to the Corporation's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Corporation had sales in foreign currencies, which were exposed to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing foreign exchange forward contracts or were mitigated by future receivables and payables denominated in the same foreign currency.

The carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities at the balance sheet date are set out in Note 30.

Sensitivity analysis

The Corporation was mainly exposed to the currency USD and RMB. The following table details the Corporation's sensitivity to a 3% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity rate of 3% represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis included only the outstanding foreign monetary items at each balance sheet date. Scenario 1 in the following table indicates the profit or loss of the Corporation when the functional currency against the USD and RMB appreciated by 3%. Scenario 2 in the following table indicates the profit or loss of the Corporation when the functional currency against the USD and RMB depreciated by 3%.

	USD Impact (Note)		RMB Impact (Note)	
	For the Year Ended December 31		For the Year Ended December 31	
	2021	2020	2021	2020
Profit or loss in Scenario 1	$ (4,368)	$ (12,278)	$ (3,545)	$ (1,868)
Profit or loss in Scenario 2	4,368	12,278	3,545	1,868

Note: The result was mainly attributable to the exposure on outstanding cash and cash equivalents, accounts receivable (including related parties), other receivables, restricted deposits (including non-current), accounts payable, and other payables denominated in foreign currencies that were not hedged at the balance sheet date.

The Corporation's sensitivity to foreign currency changed during 2021 and 2020 mainly due to the fluctuation in USD and RMB denominated assets. In the management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign currency risk because the exposure at the balance sheet date did not reflect the exposure during the year. USD and RMB denominated sales was seasonally affected by customer orders and shipping schedules.

b) Interest rate risk

The carrying amounts of the Corporation's financial assets and financial liabilities with exposure to interest rates at the balance sheet date were as follows:

	December 31	
	2021	2020
Fair value interest rate risk		
Financial liabilities	$ 585,870	$ 1,108,525
Cash flow interest rate risk		
Financial assets	304,982	346,682
Financial liabilities	1,100,000	1,300,000

Because of held financial liabilities, if interest rates had been 1% higher/lower and all other variables were held constant, the Corporation's cash in the next year for the years ended December 31, 2021 and 2020 would have decreased/increased by NT$11,000 thousand and NT$13,000 thousand, respectively.

c) Other price risk

The Corporation was exposed to equity price risk through its investments in listed shares and mutual funds. The Corporation manages this exposure by maintaining a portfolio of investments with different risks. The Corporation's equity price risk was primarily concentrated in the share and fund market in Taiwan and they were evaluated by the closing price of the equity securities and net value of mutual funds, respectively on a monthly basis.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the balance sheet date. For the purposes of sensitivity analysis, the sensitivity rate was adjusted from - 6% to 6% as a result of the volatile financial markets.

If equity prices had been 6% higher/lower, pre-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by NT$8,764 thousand and NT$10,273 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2021 and 2020 would have increased/decreased by NT$6,138 thousand and NT$4,498 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Corporation. The Corporation's maximum exposure to credit risk could be the carrying amount of accounts receivable from customers could not be recovered. The main customers of the Corporation were creditworthy and continuously to evaluate the customers' financial condition. If necessary, the customers will be requested to provide collaterals or to pay cash for each transaction. The sales department also understands the credit status of customers through external credit investigation and industry reports. The credit risk was immaterial to the Corporation.

The Corporation's concentration of credit risk in notes and accounts receivable was as follows:

	December 31	
	2021	**2020**
Customer A	$ 127,344	$ 90,911
Customer B	99,680	39,754
Customer C	78,171	49,059
	$ 305,195	$ 179,724

3) Liquidity risk

The Corporation managed liquidity risk by monitoring and maintaining a level of cash and cash equivalents and financial instruments, which are readily convertible to a known amount of cash deemed adequate to finance the Corporation's operations. In addition, the Corporation entered into credit agreements with financial institutions and maintained at a level of credit deemed adequate to finance the Corporation's operations.

The Corporation relied on bank borrowings as a significant source of liquidity. As of December 31, 2021 and 2020, the Corporation had available unutilized short-term and long-term bank loan facilities amounted to NT$4.9 billion and NT$4.2 billion, respectively.

Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Corporation's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Corporation can be required to pay. The table includes both interest and principal cash flows. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

December 31, 2021

	Less than 1 Year	1-5 Years	5+ Years	Total
Non-interest bearing liabilities	$ 787,463	$ 3,480	$ -	$ 790,943
Lease liabilities	36,702	126,274	515,558	678,534
Variable interest rate liabilities	911,512	1,108,649	-	2,020,161
	$ 1,735,677	$ 1,238,403	$ 515,558	$ 3,489,638

December 31, 2020

	Less than 1 Year	1-5 Years	5+ Years	Total
Non-interest bearing liabilities	$ 621,020	$ 4,857	$ -	$ 625,877
Lease liabilities	40,200	127,246	544,332	711,778
Variable interest rate liabilities	1,106,071	1,313,245	-	2,419,316
Fixed interest rate liabilities	503,652	-	-	503,652
	$ 2,270,943	$ 1,445,348	$ 544,332	$ 4,260,623

28. TRANSACTIONS WITH RELATED PARTIES

Related Party Name	Relationship with the Corporation
China Steel Corporation (CSC)	The parent entity of the Corporation
International CSRC Investment Holding Co., Ltd.	The Corporation as key management personnel of other related parties
Linyuan Advanced Materials Technology Co., Ltd. (Linyuan Advanced)	The Corporation as key management personnel of subsidiary
E-One Moli Energy Corporation	The Corporation as key management personnel of subsidiary
Ever Wealthy International Corporation	Subsidiary
Formosa Ha Tinh CSCC (Cayman) International Limited (CSCCC)	Subsidiary
Changzhou China Steel New Materials Technology Co., Ltd. (CCSNM)	Subsidiary
China Steel Structure Corporation	Fellow subsidiary
Dragon Steel Corporation (DSC)	Fellow subsidiary
Chung Hung Steel Corporation (CHS)	Fellow subsidiary
CHC Resources Corporation	Fellow subsidiary
Himag Magnetic Corporation	Fellow subsidiary
China Steel Global Trading Corporation	Fellow subsidiary
Steel Castle Technology Corporation	Fellow subsidiary
Union Steel Development Corporation	Fellow subsidiary
China Steel Security Corporation	Fellow subsidiary
Thintech Materials Technology Corporation	Fellow subsidiary
China Ecotek Corporation	Fellow subsidiary

(Continued)

Related Party Name	Relationship with the Corporation
Betacera Inc.	Fellow subsidiary
CSC Solar Corporation	Fellow subsidiary
Pro-Ascentek Investment Corporation	Fellow subsidiary
Eminent Venture Capital Corporation	Fellow subsidiary
Formosa Ha Tinh (Cayman) Limited (Formosa Ha Tinh (Cayman))	Other related party
Formosa Ha Tinh Steel Corporation (Formosa Ha Tinh)	Other related party
Eminent Ⅲ Venture Capital Corporation	Associates

(Concluded)

Details of transactions between the Corporation and other related parties were as follows:

a. Operating revenue

Account Items	Related Party Category/Name	For the Year Ended December 31 2021	2020
Revenue from sale of goods	The Corporation as key management personnel of subsidiaries		
	Linyuan Advanced	$ 1,229,576	$ 845,761
	Others	92,097	49,071
		1,321,673	894,832
	Subsidiaries	127,558	55,085
	Parent entity	14,000	10,584
	Fellow subsidiaries	11,574	7,734
		$ 1,474,805	$ 968,235
Revenue from the rendering of services	Parent entity	$ 97,575	$ 84,595
	Fellow subsidiaries	6,328	411
		$ 103,903	$ 85,006

Part of sales to the parent entity, subsidiaries and fellow subsidiaries were charged at the cost plus additional percentage; sales to others were charged in accordance with the agreed pricing formula. Sales referred to above except for revenue from rendering of services from the parent entity and fellow subsidiaries did not have similar transactions for comparison, but was not significantly different from regular trading. The credit term have no significant difference except for to CCSNM was 150 days after shipment.

b. Purchase of goods

Related Party Category/Name	For the Year Ended December 31 2021	2020
Parent entity		
CSC	$ 2,382,286	$ 1,447,865
Subsidiaries	1,835	6,261

(Continued)

Related Party Category/Name	For the Year Ended December 31 2021	2020
Fellow subsidiaries		
DSC	$ 901,637	$ 515,258
Others	2,061	1,220
	903,698	516,478
Other related parties		
Formosa Ha Tinh	1,232,818	605,995
	$ 4,520,637	$ 2,576,599

(Concluded)

The Corporation entered into agreements for purchase of light oil products and coal tar with the parent entity in March 2013 and July 2010, respectively. Besides, the Corporation entered into agreements for purchase of light oil products and coal tar with DSC in May 2008. The terms of agreements were 5 years and the agreements would be extended automatically for 5 years each time upon maturity if there was no objection raised by either party. Prices were negotiated between both sides and paid with letters of credit at sight. If any price adjustments occurred due to market volatilities, it shall be settled separately. Purchase of goods from subsidiaries was calculated at cost plus an additional percentage. The terms of agreements were paid after inspection and acceptance or 30 days after shipment.

In addition, the Corporation entered into agreement for fine coke processing with the parent company for 5 years in January 2008; the agreement would be extended automatically for 5 years each time upon maturity if there was no objection raised by either party.

The Corporation entered into agreements for purchase of light oil products and coal tar (including coal tar (refined)) with Formosa Ha Tinh and the agreement would be extended automatically if there was no objection raised by either party. Prices were negotiated between both sides and paid 10 days after shipment. If any price adjustments occurred due to market volatilities, it shall be settled separately.

c. Receivables from related parties

Account Items	Related Party Category/Name	December 31 2021	2020
Accounts receivable - related parties	Parent entity	$ 11,529	$ 10,430
	Subsidiary		
	CCSNM	99,680	39,754
	The Corporation as key management personnel of subsidiaries		
	Linyuan Advanced	127,344	90,911
	Others	21,460	10,547
		148,804	101,458
	Fellow subsidiaries	757	1,997
		$ 260,770	$ 153,639

(Continued)

Account Items	Related Party Category/Name	December 31 2021	December 31 2020
Other receivables	Parent entity		
	CSC	$ 11,857	$ 1,601
	Subsidiaries	1,126	1,444
	Fellow subsidiaries	1,200	1,292
		$ 14,183	$ 4,337

(Concluded)

The outstanding accounts receivable from related parties were unsecured. For the years ended December 31, 2021 and 2020, no impairment loss was recognized for accounts receivable from related parties.

d. Payables to related parties

Account Items	Related Party Category/Name	December 31 2021	December 31 2020
Accounts payable - related parties	Parent entity		
	CSC	$ 264,391	$ 151,092
	Subsidiaries	-	356
	Fellow subsidiaries	10	-
	Other related parties	-	6,952
		$ 264,401	$ 158,400
Other payables	Parent entity	$ 9,854	$ 8,820
	Subsidiaries		
	CSCCC	193,760	199,360
	Others	-	3,014
		193,760	202,374
	The Corporation as key management personnel of other related parties	3,257	2,101
	Fellow subsidiaries	215	-
		$ 207,086	$ 213,295

The outstanding accounts payable to related parties were unsecured.

e. Acquisition of property, plant and equipment

Related Party Category/Name	Purchase Price For the Year Ended December 31 2021	Purchase Price For the Year Ended December 31 2020
Parent entity	$ 831	$ 23,990
Fellow subsidiaries	1,200	1,470
	$ 2,031	$ 25,460

f. Lease arrangements

Related Party Category/Name	For the Year Ended December 31 2021	2020
Acquisition of right-of-use assets		
Parent entity-CSC	$ -	$ 14,118
Fellow subsidiary		
CHS	6,932	-
	$ 6,932	$ 14,118

Account Items	Related Party Category/Name	December 31 2021	2020
Lease liabilities	Parent entity-CSC	$ 580,090	$ 604,985
	Fellow subsidiary		
	CHS	5,780	1,166
		$ 585,870	$ 606,151

Account Items	Related Party Category/Name	For the Year Ended December 31 2021	2020
Interest expenses	Parent entity-CSC	$ 8,650	$ 8,988
	Fellow subsidiary		
	CHS	17	31
		$ 8,667	$ 9,019

Leases of land and plants

The Corporation leased land and plants from its parent entity with total of 3 arrangements. The rental was calculated by an annual rate of 3% based on the current land value and an annual rate of 6% based on the announced land value, respectively. The lease term of the contracts was all 1 year or 5 years, which was ended in December 2021 and 2025, respectively. The rental was paid every half year.

The Corporation also leased the coke plant from its parent entity. The lease term of the contract was 1 year, which was ended in December 2021. The rental was paid every half year.

The Corporation leased land and plants from its fellow subsidiary. The lease term will end in August 2022. The rental was paid quarterly.

Leases from related parties were without similar transactions with other non-related parties.

Leases of office buildings

The Corporation leased office buildings from its parent entity. The lease term of the contract will end in December 2022. The rental was paid quarterly. Prices were negotiated between both sides and rental was paid according to the contract. Prices were same as local rental and there was no material difference in the term of contract between related parties and non-related parties.

g. Lease arrangements

As descirbed in Note 16, the Corporation leased out land, which was located in the Xiaogang District, Kaohsiung City to its parent entity. The rental was calculated by an annual rate of 3% based on the current land value. The rental was collected in advance every half year. The lease term of the contract will end in December 2025. As of December 31, 2021 and 2020, the gross lease payments received were NT$49,268 thousand and NT$61,585 thousand, respectively. The amounts of lease income recognized for the years ended December 31, 2021 and 2020 were both NT$12,317 thousand.

h. Other transactions with related parties

1) Public fluid

The Corporation's factory was located inside the parent entity's plant; the primary energy needed for production was supplied by the parent entity. The Corporation paid on a monthly basis for expenses on public fluid, including electricity, wastewater treatment, waste gas treatment, consumption of steam, and coke ovens, based on market prices or cost plus percentage. The expenses mentioned above amounted to NT$314,204 thousand and NT$304,280 thousand for the years ended December 31, 2021 and 2020, respectively. The Corporation and other non-related parties had no similar transactions available for comparison.

2) Technical service fees

The Corporation commissioned the parent entity to provide technical services, including activated carbon like Isotropic graphite block material analysis and the applied technological development in graphitizing mass production. The fees for technical services amounted to NT$6,360 thousand and NT$6,340 thousand for the years ended December 31, 2021 and 2020, respectively.

3) Technical service revenue

The Corporation signed technical service contract with its subsidiaries. Technical service revenue amounted to NT$4,175 thousand and NT$16,586 thousand for the years ended December 31, 2021 and 2020, respectively. In addition, the Corporation signed technical service contract with its other related parties and the technical service revenue was NT$5,084 thousand for the year ended December 31, 2021.

4) Revenue from sale of prototype trial products

The Corporation's revenue from sale of trial produce to its subsidiary - CCSNM was NT$27,659 thousand and NT$16,230 thousand for the years ended December 31, 2021 and 2020, respectively. Amounts were recognized as other revenue and the deduction of construction in progress, respectively. The selling price of Corporation to its subsidiaries had no similar transaction available for comparison. The credit terms were 150 days after shipment.

i. Compensation of key management personnel

	For the Year Ended December 31	
	2021	**2020**
Short-term employee benefits	$ 37,578	$ 38,397
Post-employment benefits	923	1,374
	$ 38,501	$ 39,771

The compensation of directors and other key management personnel was determined by the remuneration committee based on the personal performance evaluation and market trends.

29. SIGNIFICANT CONTINGENT COMMITMENTS AND UNRECOGNIZED CONTINGENCIES

Significant commitments and contingencies of the Corporation as of December 31, 2021 were as follows:

a. Guarantee notes provided to sellers for purchase of goods and agreements amounted to NT$89,793 thousand.

b. Unused letters of credit issued by the Corporation for the purchase of raw materials and goods in the amount of NT$1,004,319 thousand.

c. Property, plant and equipment construction contract signed for total amount of NT$48,738 thousand; within which about NT$20,817 thousand were not yet completed.

30. SIGNIFICANT FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Corporation and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant financial assets and liabilities denominated in foreign currencies were as follows:

December 31, 2021	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
Financial assets				
Monetary items				
USD	$ 13,251	27.68	(USD:NTD)	$ 366,794
RMB	27,205	4.344	(RMB:NTD)	118,177
JPY	49,329	0.2405	(JPY:NTD)	11,864
Non-monetary items				
Financial assets mandatorily designated as at FVTPL				
USD	6,117	27.68	(USD:NTD)	169,321
Investment accounted for using the equity method				
USD	9,636	27.68	(USD:NTD)	266,738
Financial assets at FVTOCI				
USD	533	27.68	(USD:NTD)	14,762
Financial liabilities				
Monetary items				
USD	7,991	27.68	(USD:NTD)	221,202

(Continued)

December 31, 2020	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
Financial assets				
Monetary items				
USD	$ 22,129	28.48	(USD:NTD)	$ 630,227
RMB	14,222	4.377	(RMB:NTD)	62,250
Non-monetary items				
Financial assets mandatorily designated as at FVTPL				
USD	7,703	28.48	(USD:NTD)	219,376
Investment accounted for using the equity method				
USD	9,700	28.48	(USD:NTD)	276,256
Financial assets at FVTOCI				
USD	1,050	28.48	(USD:NTD)	29,890
Financial liabilities				
Monetary items				
USD	7,758	28.48	(USD:NTD)	220,950

(Concluded)

For the years ended December 31, 2021 and 2020, realized and unrealized net foreign exchange gains and losses were loss NT$4,490 thousand and NT$40,003 thousand, respectively. It is impractical to disclose net foreign exchange gains or losses by each significant foreign currency due to the variety of the foreign currency transaction and functional currencies of the Corporation.

31. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. investees:

1) Financing provided to others (Table 1)

2) Endorsements/guarantees provided (None)

3) Marketable securities held (excluding investments in subsidiaries and associates) (Table 2)

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (None)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 3)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 4)

9) Trading in derivative instruments: The Corporation entered into non-designated hedged foreign exchange forward contracts amounted to NT$111,511 thousand and NT$77,727 thousand which generated realized exchange gain NT$367 thousand and NT$753 thousand for the year ended December 31, 2021 and 2020, respectively. As of December 31, 2021, the Corporation did not hold any derivative instruments.

10) Information on investees (Table 5)

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income (loss) of investees, investment gain (loss), carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 6)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices and payment terms:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year (Table 3)

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year (Table 3)

c) The amount of property transactions and the amount of the resultant gains or losses (None)

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes (None)

e) The highest balance, the end of year balance and the interest rate range with respect to financing of funds (Table 1)

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services (None)

d. Information of major shareholders: List all shareholders with a stake of 5 percent or greater in shareholding percentage and the number of shares. (Table 7)

33. SEGMENT INFORMATION

Disclosure of the segment information in standalone financial statements is waived.

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Year	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits	Note
													Item	Value			
1	Ever Wealthy International Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Other receivables	Yes	$ 175,455	$ 69,200	$ 69,200	1%-1.1%	Note 1	$ -	Operating capital	$ -	-	$ -	$ 374,481	$ 561,721	Note 2

Note 1: The need for short-term financing.

Note 2: According to "The Process of Financing Others" established by Ever Wealthy International Corporation, the total available amount for lending to others and the total amount for lending to a company shall not exceed 30% and 20% of the net worth of Ever Wealthy International Corporation, respectively; the financing limit amount for parent company shall not exceed 30% of the net worth of the company.

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities		Relationship with the Holding Company	Financial Statement Account	DECEMBER 31, 2021				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
China Steel Chemical Corporation	Mutual fund	PineBridge ESG Quantitative Global Equity Fund A (USD)	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	50,000	$ 14,587		$ 14,587	
China Steel Chemical Corporation	Mutual fund	Taishin China Policy Trends Fund A USD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	52,974	13,798		13,798	
China Steel Chemical Corporation	Mutual fund	JPMorgan Funds - Global Healthcare Fund - JPM Global Healthcare A (acc) - USD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	855	12,187		12,187	
China Steel Chemical Corporation	Mutual fund	UG Great Wall Absolute Return Fund B Class	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	18,514	9,239		9,239	
China Steel Chemical Corporation	Mutual fund	JPMorgan Pacific Technology Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	2,854	9,126		9,126	
China Steel Chemical Corporation	Mutual fund	Taishin CSI Lead Cons and Serv Ind USD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	275,391	6,974		6,974	
China Steel Chemical Corporation	Mutual fund	Jih Sun China Strategy A Share Fund TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	285,225	4,005		4,005	
China Steel Chemical Corporation	Mutual fund	Cathay US Multi-Income Balanced Fund A USD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,427,115	15,761		15,761	
China Steel Chemical Corporation	Mutual fund	Taishin Efficient Fallen Angels High Yield Bond Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	80,950	22,725		22,725	
China Steel Chemical Corporation	Mutual fund	Taishin US Enhanced High Yield Bond Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	42,951	12,626		12,626	
China Steel Chemical Corporation	Mutual fund	Cathay Taiwan Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,195,438	15,013		15,013	
China Steel Chemical Corporation	Mutual fund	Prudential Financial Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	626,975	10,026		10,026	
China Steel Chemical Corporation	Financial bond	SOFTBK 4 5/8 07/06/28	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	5,000	13,514		13,514	

(Continued)

Holding Company Name	Type and Name of Marketable Securities		Relationship with the Holding Company	Financial Statement Account	DECEMBER 31, 2021				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
China Steel Chemical Corporation	Financial bond	STANLN 4.3 PERP	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	5,000	$ 13,335		$ 13,335	
China Steel Chemical Corporation	Financial bond	INTNED 4 1/4 PERP	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	5,000	13,053		13,053	
China Steel Chemical Corporation	Financial bond	MEX 3 3/4 04/19/71	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	5,000	12,396		12,396	
China Steel Chemical Corporation	Financial bond	STANLN 4.3 02/19/27	No relation	Financial assets at fair value through other comprehensive income - current	5,000	14,762		14,762	
China Steel Chemical Corporation	Preferred stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income - current	229,000	11,908		11,908	
China Steel Chemical Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income - current	2,556,915	90,387		90,387	
Ever Wealthy International Corporation	Mutual fund	Cathay High Dividend Taiwan Equity Fund A	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,000,000	18,980		18,980	
Ever Wealthy International Corporation	Mutual fund	Taishin 2000 High Technology Equity Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	94,158	6,533		6,533	
Ever Wealthy International Corporation	Mutual fund	Jih Sun Taiwan Sustainable Growth and Dividend Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	500,000	6,170		6,170	
Ever Wealthy International Corporation	Mutual fund	UPAMC All Weather Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	24,690	5,959		5,959	
Ever Wealthy International Corporation	Mutual fund	Taishin ESG Global Enviornmental Growth Equity Fund-TWD-A	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	2,520,248	24,850		24,850	
Ever Wealthy International Corporation	Mutual fund	JPMorgan (Taiwan) Global Growth Fund TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	973,403	20,062		20,062	
Ever Wealthy International Corporation	Mutual fund	Jih Shu Global Smart Car Fund (TWD A)	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,017,113	17,830		17,830	
Ever Wealthy International Corporation	Mutual fund	KGI Global Trend Fund - TWD A	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,000,000	10,130		10,130	
Ever Wealthy International Corporation	Mutual fund	FSITC AI Global Precision Medicine Fund TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	726,183	10,072		10,072	
Ever Wealthy International Corporation	Mutual fund	UPAMC Global AIoT Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	500,947	10,024		10,024	
Ever Wealthy International Corporation	Mutual fund	FSITC Global Utilities and Infrastructure Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	622,579	7,913		7,913	

(Continued)

Holding Company Name	Type and Name of Marketable Securities		Relationship with the Holding Company	Financial Statement Account	DECEMBER 31, 2021 Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	Note
Ever Wealthy International Corporation	Mutual fund	FSITC Global AI Robotics and Smart Auto TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	254,842	$ 5,084		$ 5,084	
Ever Wealthy International Corporation	Mutual fund	FSITC Global AI Fintech TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	260,960	5,039		5,039	
Ever Wealthy International Corporation	Mutual fund	Prudential Financial China Brands Fund TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	281,333	4,785		4,785	
Ever Wealthy International Corporation	Mutual fund	FSITC Global Video Gaming & eSports Fund-TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	400,000	4,664		4,664	
Ever Wealthy International Corporation	Mutual fund	KGI Cloud Force Fund USD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	3,228	3,688		3,688	
Ever Wealthy International Corporation	Mutual fund	FSITC Global Pet Care Fund-TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	300,000	3,316		3,316	
Ever Wealthy International Corporation	Mutual fund	FSITC Global Health & Weight Loss Fund - TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	300,000	3,294		3,294	
Ever Wealthy International Corporation	Mutual fund	Yuanta Global Agribusiness Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	142,857	3,191		3,191	
Ever Wealthy International Corporation	Mutual fund	Allianz Global Investors China Strategic Growth Fund TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	91,715	2,703		2,703	
Ever Wealthy International Corporation	Mutual fund	Jih Sun China Strategy A Share Fund TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	135,218	1,898		1,898	
Ever Wealthy International Corporation	Mutual fund	JPMorgan (Taiwan) Multi Income Fund of Fund TWD Acc	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,529,469	20,486		20,486	
Ever Wealthy International Corporation	Mutual fund	PineBridge ESG Quant Multi-Asset Fund A TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,470,504	15,246		15,246	
Ever Wealthy International Corporation	Mutual fund	Taishin High Dividend Yield Balanced Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	106,520	6,011		6,011	
Ever Wealthy International Corporation	Mutual fund	Prudential Financial Balanced Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	70,755	3,397		3,397	
Ever Wealthy International Corporation	Mutual fund	Jih Sun Upstream Fund A	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	107,181	8,155		8,155	
Ever Wealthy International Corporation	Mutual fund	Taishin ESG Emerging Markets Bond Fund (A) USD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	50,000	12,943		12,943	
Ever Wealthy International Corporation	Mutual fund	Taishin Strategy Senior Total Return High Yield Bond Fund Acc TWD A	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,008,875	10,418		10,418	

(Continued)

Holding Company Name	Type and Name of Marketable Securities		Relationship with the Holding Company	Financial Statement Account	DECEMBER 31, 2021				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Ever Wealthy International Corporation	Mutual fund	PGIM USD High Yield Bond Fund-TWD (A)	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	500,000	$ 5,050		$ 5,050	
Ever Wealthy International Corporation	Mutual fund	PineBridge ESG Quant Multi-Asset Fund A USD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	99,951	29,458		29,458	
Ever Wealthy International Corporation	Mutual fund	KGI Taiwan Premium Assets Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	2,373,084	27,972		27,972	
Ever Wealthy International Corporation	Mutual fund	KGI Next Generation Multi-Asset Fund-TWD A	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	500,000	6,445		6,445	
Ever Wealthy International Corporation	Mutual fund	PineBridge Taiwan Money Market Securities Investment Trust Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	698,334	9,623		9,623	
Ever Wealthy International Corporation	Mutual fund	Allianz Global Investors Taiwan Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	515,843	6,529		6,529	
Ever Wealthy International Corporation	Mutual fund	Taishin North American Income Trust Fund TWD A	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	400,000	12,440		12,440	
Ever Wealthy International Corporation	Mutual fund	Jih Sun Long-Term Care REITS Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,000,000	9,160		9,160	
Ever Wealthy International Corporation	Mutual fund	Prudential Financial Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,024,645	16,386		16,386	
Ever Wealthy International Corporation	Mutual fund	Yuanta De-Bao Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	599,104	7,267		7,267	
Ever Wealthy International Corporation	Mutual fund	FSITC Taiwan Money Market	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	319,843	4,948		4,948	
Ever Wealthy International Corporation	Mutual fund	FSITC Glbl Artificl Intlignc Fd TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	355,619	6,554		6,554	
Ever Wealthy International Corporation	Mutual fund	PGIM Jennison Global Equity Opportunities Fund USD T Accumulation	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,056	5,929		5,929	
Ever Wealthy International Corporation	Common stock	TA CHEN STAINLESS PIPE CO., LTD.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,020,057	47,178		47,178	
Ever Wealthy International Corporation	Common stock	Mega Financial Holding Co., Ltd.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	257,000	9,136		9,136	
Ever Wealthy International Corporation	Common stock	CATHAY FINANCIAL HOLDING CO., LTD.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	95,748	5,984		5,984	
Ever Wealthy International Corporation	Common stock	TAISHIN FINANCIAL HOLDING CO., LTD.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	219,521	4,160		4,160	

(Continued)

Holding Company Name	Type and Name of Marketable Securities		Relationship with the Holding Company	Financial Statement Account	DECEMBER 31, 2021				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Ever Wealthy International Corporation	Common stock	Nishoku Technology Inc.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	24,400	$ 2,232		$ 2,232	
Ever Wealthy International Corporation	Common stock	TAICHUNG COMMERCIAL BANK CO., LTD.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	113,965	1,385		1,385	
Ever Wealthy International Corporation	Preferred Stock	TAISHIN FINANCIAL HOLDING CO., LTD. Class E Preferred Shares Ⅱ	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	164,139	8,519		8,519	
Ever Wealthy International Corporation	Preferred Stock	Fubon Financial Holding Co., Ltd. Ltd. Preferred Shares C	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	175,000	10,518		10,518	
Ever Wealthy International Corporation	Preferred Stock	Cathay Financial Holding Co., Ltd. (B)	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	12,540	796		796	
Ever Wealthy International Corporation	Common stock	YEONG LONG TECHNOLOGIES CO., LTD.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	1,540,000	49,631	4	49,631	Note
Ever Wealthy International Corporation	Common stock	National Kaohsiung First University of Science and Technology Investment Corporation	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	300,000	2,368	9	2,368	Note
Ever Wealthy International Corporation	Common stock	TCC RECYCLE ENERGY TECHNOLOGY COMPANY	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	194,679	1,791	-	1,791	Note
Ever Wealthy International Corporation	Common stock	Riselink Venture Capital Corp.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	2,632	260	2	260	Note
Ever Wealthy International Corporation	Common stock	Harbinger Venture III Capital Corp.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	1,000	21	1	21	Note
Ever Wealthy International Corporation	Common stock	Asia Hepato Gene CO.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	133,300	-	2	-	Impairment loss has been recognized fully
Ever Wealthy International Corporation	Common stock	JU-KAO ENGINEERING CO., LTD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - noncurrent (including measurement)	1,961,493	27,131	7	27,131	
Ever Wealthy International Corporation	Common stock	China Steel Chemical Corporation	Parent company	Financial assets at fair value through other comprehensive income - current	4,753,537	572,801		572,801	
Ever Wealthy International Corporation	Common stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - current	4,226,265	149,398		149,398	
Ever Wealthy International Corporation	Common stock	JIH SUN International Leasing & Finance Co., Ltd.	No relation	Financial assets at fair value through other comprehensive income - noncurrent	1,000,000	31,000	1	31,000	

(Continued)

Holding Company Name	Type and Name of Marketable Securities		Relationship with the Holding Company	Financial Statement Account	DECEMBER 31, 2021				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Ever Wealthy International Corporation	Common stock	EVERGREEN AVIATION TECHNOLOGIES CORPORATION	No relation	Financial assets at fair value through other comprehensive income - noncurrent	800,000	$ 50,400	-	$ 50,400	
Ever Wealthy International Corporation	Financial bond	CNH Bond Offering by ITNL Offshore Pte Limited	No relation	Financial assets at amortized cost - noncurrent	30,000	-		-	Impairment loss has been recognized fully

(Concluded)

Note: The basis of fair value is net assets value which had not been audited by independent accountants.

TABLE 3

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer (Seller)	Related Party	Relationship	Relationship				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
China Steel Chemical Corporation	Linyuan Advanced Materials Technology Co., Ltd.	Subsidiary of director of the board	Sales	$ (1,229,576)	(16)	Receivables are collected as the end of every month of when invoice is issued	Note	Note	$ 127,344	20	
China Steel Chemical Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Subsidiary	Sales	(127,558)	(2)	150 days after shipment	Note	Note	99,680	16	
China Steel Chemical Corporation	China Steel Corporation	Parent company	Purchases	2,382,286	52	Letter of credit at sight	Note	Note	(264,391)	(84)	
China Steel Chemical Corporation	Formosa Ha Tinh Steel Corporation	Other related parties	Purchases	1,232,818	27	10 days after shipment	Note	Note	-	-	
China Steel Chemical Corporation	Dragon Steel Corporation	Fellow subsidiary	Purchases	901,637	20	Letter of credit at sight	Note	Note	-	-	
Changzhou China Steel New Materials Technology Co., Ltd.	China Steel Chemical Corporation	Parent company	Purchases	159,007	86	150 days after shipment	Note	Note	(99,680)	(100)	

Note: Refer to Note 28.

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
China Steel Chemical Corporation	Linyuan Advanced Materials Technology Co., Ltd.	Subsidiary of director of the board	$ 127,344	11.27	$ -	-	$ 127,344	$ -
Formosa Ha Tinh CSCC (Cayman) International Limited	China Steel Chemical Corporation	Parent company	193,760 (Note)	Note	-	-	-	-
Formosa Ha Tinh CSCC (Cayman) International Limited	Formosa Ha Tinh (Cayman) Limited	Other related parties	193,760 (Note)	Note	-	-	-	-

Note: Dividends receivable.

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Number of Shares	%	Carrying Amount			
China Steel Chemical Corporation	CHC Resources Corporation	Republic of China	Manufacture and sale of GBFS powder and slag cement, air-cooled BFS and BOFS, surveys and remediation of soil and groundwater, intermediate solidification, reutilization of resources	$ 91,338	$ 91,338	15,019,341	6.00	$ 347,996	$ 710,207	$ 42,912	
China Steel Chemical Corporation	China Steel Structure Co., Ltd.	Republic of China	Manufacture and sale of products of steel structure	13,675	13,675	600,069	-	15,551	494,044	1,483	
China Steel Chemical Corporation	Ever Wealthy International Corporation	Republic of China	General investment	300,083	300,083	104,574,982	100.00	1,417,242	114,157	100,847	Subsidiary
China Steel Chemical Corporation	Formosa Ha Tinh CSCC (Cayman) International Limited	Cayman Island	General investment	100,320	100,320	10,000,000	50.00	266,738	(3,559)	(1,779)	Subsidiary
China Steel Chemical Corporation	Transglory Investment Corporation	Republic of China	General investment	450,000	450,000	69,000,960	9.00	861,237	69,511	6,395	
China Steel Chemical Corporation	CSC Solar Corporation	Republic of China	Solar energy generation	261,600	261,600	26,160,000	15.00	285,818	128,163	19,224	
China Steel Chemical Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	160,000	160,000	16,000,000	9.00	133,271	130,326	11,510	
China Steel Chemical Corporation	Pro-Ascentek Investment Corporation	Republic of China	General investment	60,000	-	6,000,000	5.00	63,871	20,687	1,034	
China Steel Chemical Corporation	HIMAG Magnetic Corporation	Republic of China	Production and sale of industrial magnetic, chemical, and iron oxides	47,950	47,950	2,161,203	8.00	51,792	112,455	8,805	
China Steel Chemical Corporation	United Steel International Development Corporation	British Virgin Islands	Holding and investment	68,839	68,839	2,450,000	5.00	26,591	(100,212)	(5,010)	
China Steel Chemical Corporation	Gau Ruei Investment Corporation	Republic of China	General investment	15,070	15,070	1,196,000	40.00	37,203	9,388	3,755	
China Steel Chemical Corporation	Li-Ching-Long Investment Corporation	Republic of China	General investment	7,000	7,000	700,000	35.00	19,905	472	165	
China Steel Chemical Corporation	Eminent Venture Capital Corporation	Republic of China	General Investment	13,500	13,500	1,350,000	5.00	12,782	98,510	4,924	
China Steel Chemical Corporation	TaiAn Technologies Corporation	Republic of China	Bio-Tech consultants and management	2,295	2,295	499,998	5.00	6,967	15,582	779	
China Steel Chemical Corporation	Ascentek Venture Capital Corporation	Republic of China	General investment	-	847	-	-	-	(2)	(10)	
Ever Wealthy International Corporation	Thintech Materials Technology Co., Ltd.	Republic of China	Sputtering target manufacturing and sales	45,987	45,987	6,119,748	8.00	97,572	70,311	5,855	
Ever Wealthy International Corporation	HIMAG Magnetic Corporation	Republic of China	Production and sale of industrial magnetic, chemical, and iron oxides	33,015	33,015	1,584,731	6.00	37,968	112,455	6,455	
Ever Wealthy International Corporation	Hung-Chuan Investment Corporation	Republic of China	General investment	9,000	9,000	900,000	45.00	25,594	466	209	
Ever Wealthy International Corporation	Sheng Lih Dar Investment Corporation	Republic of China	General investment	8,400	8,400	840,000	35.00	23,288	1,791	627	
Ever Wealthy International Corporation	Ding Da Investment Corporation	Republic of China	General investment	10,495	10,495	897,000	30.00	21,561	2,746	824	

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020 (Note 1)	Remittance of Funds (Note 1)		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021 (Note 1)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Income (Loss) (Note 2)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
					Outward	Inward							
Ningbo Huayang Aluminium-Tech Co., Ltd.	Production of aluminum products	$ 1,356,320	Investments through a holding company registered in a third region	$ 67,816	$ -	$ -	$ 67,816	$ (99,468)	5.00	$ (4,973)	$ 26,134	$ 5,439	
Changzhou China Steel New Materials Technology Co., Ltd.	Mesophase sales and trading	173,543	Direct investment	180,086	-	-	180,086	11,484	100.00	11,484	163,167	-	

Investor Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021 (Note 1)	Investment Amount Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
China Steel Chemical Corporation	$ 247,902	$ 247,902	$ 4,410,701

Note 1: The amounts were calculated based on the foreign exchange rate as of December 31, 2021.

Note 2: The basis for recognition of investment income (loss) is based on the financial statements audited and attested by R.O.C. parent company’s CPA.

Note 3: The limit on investment in Mainland China pursuant to “Principle of investment or Technical Cooperation in Mainland China” is applicable; investments shall not exceed 60% of their net worth.

TABLE 7

CHINA STEEL CHEMICAL CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021

Name of The Shareholder	Shares	
	Number of Shares Owned	Percentage of Ownership
CHINA STEEL CORPORATION	68,787,183	29.04
FUBON LIFE ASSURANCE CO., LTD	12,578,000	5.30

Note 1: Major shareholders in the Table above are shareholders owning 5% or more of the Corporation's common stocks (include treasury stocks) based on calculations performed by the Taiwan Depository & Clearing Corporation using data as of the last business date at the end of each quarter. The amount of capital in the standalone financial statements may differ from the Corporation's actual number of stocks that have completed dematerialized registration and delivery due to different calculation bases.

Note 2: Where the stocks are entrusted by shareholders, information is disclosed by the individual account of settlor who has segregated trust accounts opened by trustees. As for shareholders filing shareholdings of insiders with 10% or more of the Corporation's stocks pursuant to the securities and exchange laws and regulations, the number of stocks owned shall be ones owned by the persons plus ones entrusted where the shareholders have the power to decide how to utilize the trust property. Please access the Market Observation Post System website for information on insiders' shareholding filings.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

CHINA STEEL CHEMICAL CORPORATION

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Maturity Date	Interest Rates (%)	Amount
Cash on hand			$ 500
Bank deposits			
Checking accounts			152,925
Demand deposits			94,134
Foreign currency deposits - including USD3,924 thousand and RMB999 thousand (Note)			112,962
Time deposits - including RMB3,000 thousand (Note)	2022.01.22	2.5	13,032
Short-term bills - including USD2,000 thousand (Note)	2022.02.18	1	55,360
			$ 428,913

Note: USD1=NT$27.68 and RMB1=NT$4.344.

CHINA STEEL CHEMICAL CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Marketable Securities	Shares/Units	Par Value(NT$)	Carrying Value	Interest Rates (%)	Cost	Fair Value (Note) Unit Price(NT$)	Fair Value (Note) Total Amount	Note
Mutual funds								
Cathay US Multi-Income Balanced Fund A USD	1,427,115	$ 9.93	$ 14,175		$ 14,175	$ 11.04	$ 15,761	
Cathay Taiwan Money Market Fund	1,195,438	12.55	15,000		15,000	12.56	15,013	
Prudential Financial Money Market Fund	626,975	15.95	10,000		10,000	15.99	10,026	
Jih Sun China Strategy A Share Fund TWD	285,225	17.53	5,000		5,000	14.04	4,005	
Taishin CSI Lead Cons and Serv Ind USD	275,391	30.99	8,535		8,535	25.32	6,974	
Taishin Efficient Fallen Angels High Yield Bond Fund	80,950	282.05	22,832		22,832	280.73	22,725	
Taishin China Policy Trends Fund A USD	52,974	277.05	14,676		14,676	260.47	13,798	
PineBridge ESG Quantitative Global Equity Fund A (USD)	50,000	276.75	13,838		13,838	291.75	14,587	
Taishin US Enhanced High Yield Bond Fund	42,951	294.79	12,662		12,662	293.97	12,626	
UG Great Wall Absolute Return Fund B Class	18,514	462.13	8,556		8,556	499.00	9,239	
JPMorgan Pacific Technology Fund	2,854	3,956.16	11,292		11,292	3,197.04	9,126	
JPMorgan Funds - Global Healthcare Fund - JPM Global Healthcare A (acc) - USD	855	13,202.69	11,292		11,292	14,248.00	12,187	
Financial bonds								
SOFTBK 4 5/8 07/06/28	5,000	2,825.64	14,128	4.625	14,128	2,702.79	13,514	
STANLN 4.3 PERP	5,000	2,783.57	13,918	4.300	13,918	2,666.91	13,335	
INTNED 4 1/4 PERP	5,000	2,763.00	13,815	4.250	13,815	2,610.53	13,053	
MEX 3 3/4 04/19/71	5,000	2,845.00	14,225	3.750	14,225	2,479.46	12,396	
			$ 203,944		$ 203,944		$ 198,365	

Note: The above fair value are calculated on the basis of the closing price of financial bonds and net value of funds at the balance sheet date.

CHINA STEEL CHEMICAL CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Marketable Securities	Shares/Units	Par Value (NT$)	Carrying Value	Interest Rates (%)	Cost	Accumulated Impairment	Fair Value (Note) Unit Price (NT$)	Fair Value (Note) Total Amount	Note
Domestic listed Common stock									
China Steel Corporation	2,556,915	$ 10	$ 25,569		$ 62,600	$ -	$ 35.35	$ 90,387	
Domestic listed Preferred stock									
China Steel Corporation	229,000	10	2,290		5,758	-	52.00	11,908	
Financial bonds									
STANLN 4.3 02/19/27	5,000	3,218.20	16,091	4.3	16,091	-	2,952.35	14,762	
			$ 43,950		$ 84,449	$ -		$ 117,057	

Note: The above fair value are calculated on the basis of the closing price of stocks and net value of financial bonds at the balance sheet date.

CHINA STEEL CHEMICAL CORPORATION

STATEMENT OF RECEIVABLES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Customer Name	Amount
Notes Receivable	
Non-Related Parties	
Talent Sky Enerprise CO.	$ 491
KOTEMEIN INTERNATIONAL BIOTECHNOLOGY CO., LTD.	110
	$ 601
Accounts Receivable	
Related Parties	
Linyuan Advanced Materials Technology CO., Ltd.	$ 127,344
Changzhou China Steel New Materials Technology CO., Ltd.	99,680
E-One Moli Energy Corporation	21,460
Others (Note)	12,286
	$ 260,770
Non-Related Parties	
Taiwan Styrene Monomer CO.	$ 78,171
Formosan Union Chemical CO.	50,557
Taiwan Prosperity Chemical CO.	48,113
JFE Shoji Coporation	40,638
Pt Suryamas Mentari	20,829
GRAND PACIFIC PETROCHEMICAL CORPORATION	20,074
SINO UNITED CHEMICALS INTERNATIONAL CO., LTD.	19,831
Others (Note)	94,869
	$ 373,082

Note: The amount of individual customer included in others does not exceed 5% of the account balance.

STATEMENT 5

CHINA STEEL CHEMICAL CORPORATION

STATEMENT OF OTHER RECEIVABLES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Amount
Receivable for disposal of mutual fund	$ 72,491
Receivable for raw material	11,857
Others (Note)	2,656
	$ 87,004

Note: The amount of individual item included in others does not exceed 5% of the account balance.

CHINA STEEL CHEMICAL CORPORATION

STATEMENT OF INVENTORIES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Amount	
	Carrying Amount (Note 1)	Net Realizable Value (Note 2)
Finished goods	$ 594,159	$ 640,942
Work in progress	86,920	97,179
Supplies	115,124	115,124
Raw materials	71,922	72,030
	$ 868,125	$ 925,275

Note 1: Carrying amount was net value of deduction of allowance for loss on inventory value decline and idleness amounted to NT$192,140 thousand.

Note 2: Refer to Note 4.

CHINA STEEL CHEMICAL CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investees	Balance, January 1, 2021		Additions (Note 1)		Decrease (Note 1)		Gain and Loss from Investment	Balance, December 31, 2021			Market Value or Net Assets Value (Note 2)		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount	Amount	Shares	% of Ownership	Amount	Unit Price (NT$)	Total Amount		
Listed companies														
CHC Resources Corporation	15,019,341	$ 324,626	-	$ -	-	$ 19,542	$ 42,912	15,019,341	6	$ 347,996	$ 45.35	$ 681,127	None	
China Steel Structure Co., Ltd.	600,069	14,421	-	-	-	353	1,483	600,069	-	15,551	59.20	35,524	None	
Unlisted companies														
Ever Wealthy International Corporation	104,574,982	1,289,830	-	26,565	-	-	100,847	104,574,982	100	1,417,242	17.90	1,872,405	None	
Transglory Investment Corporation	69,000,960	600,376	-	254,466	-	-	6,395	69,000,960	9	861,237	12.48	861,237	None	
United Steel International Development Corporation	2,450,000	31,841	-	-	-	240	(5,010)	2,450,000	5	26,591	10.85	26,591	None	
Eminent Venture Capital Corporation	1,350,000	7,858	-	-	-	-	4,924	1,350,000	5	12,782	9.47	12,782	None	
Gau Ruei Investment Corporation	1,196,000	26,095	-	7,353	-	-	3,755	1,196,000	40	37,203	31.11	37,203	None	
Ascentek Venture Capital Corporation	84,672	6,218	-	-	84,672	6,208	(10)	-	-	-	-	-	None	
HIMAG Magnetic Corporation	2,161,203	43,348	-	-	-	361	8,805	2,161,203	8	51,792	23.96	51,792	None	
Li-Ching-Long Investment Corporation	700,000	14,035	-	5,705	-	-	165	700,000	35	19,905	28.44	19,905	None	
TaiAn Technologies Corporation	499,998	7,151	-	-	-	963	779	499,998	5	6,967	13.93	6,967	None	
Formosa Ha Tinh CSCC (Cayman) International Limited	10,000,000	276,256	-	-	-	7,739	(1,779)	10,000,000	50	266,738	26.67	266,738	None	
CSC Solar Corporation	26,160,000	286,981	-	-	-	20,387	19,224	26,160,000	15	285,818	10.93	285,818	None	
Eminent III Venture Capital Corporation	16,000,000	121,645	-	116	-	-	11,510	16,000,000	9	133,271	8.33	133,271	None	
Pro-Ascentek Investment Corporation	-	-	6,000,000	62,837	-	-	1,034	6,000,000	5	63,871	10.65	63,871	None	
		3,050,681		357,042		55,793	195,034			3,546,964		$ 4,355,231		
Less: Shares held by subsidiaries accounted for as treasury shares		117,638		-		-	-			117,638				
		$ 2,933,043		$ 357,042		$ 55,793	$ 195,034			$ 3,429,326				

Note 1: Changes for the year ended December 31,2021 consisted of increase in investment amounted to NT$60,000 thousand, proceeds from capital reduction amounted to NT$847 thousand, dividends received from investees amounted to NT$118,792 thousand, unrealized gain of financial instruments of investees amounted to NT$353,942 thousand, increase in additional paid-in capital amounted to NT$14,152 thousand, exchange differences on translation of the financial statements of foreign operation amounted to NT$6,331 thousand, remeasurement of defined benefit plans amounted to NT$859 thousand and loss on hedging instrument amounted to NT$16 thousand.

Note 2: Market value of listed companies is the closing price at the balance sheet date. Net asset value of unlisted companies is calculated based on the investees' financial statements and the Corporation's ownership percentage.

CHINA STEEL CHEMICAL CORPORATION

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Balance, January 1, 2021	Additions	Remeasurement of Lease Liabilities	Balance, December 31, 2021
Cost				
Land	$ 378,882	$ -	$ 13	$ 378,895
Machinery	260,864	-	2,026	262,890
Buildings	26,567	6,932	(6,136)	27,363
Total	666,313	$ 6,932	$ (4,097)	669,148
Accumulated depreciation				
Land	30,264	$ 15,157	$ -	45,421
Machinery	21,268	10,540	-	31,808
Buildings	13,148	9,359	(6,136)	16,371
Total	64,680	$ 35,056	$ (6,136)	93,600
	$ 601,633			$ 575,548

CHINA STEEL CHEMICAL CORPORATION

STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars and US Dollars, Unless Stated Otherwise)

Type	Contract Period	Range of Interest Rates (%)	Balance, End of the Year	Loan Commitments	Collateral
Letters of credit					
Taiwan Cooperation Bank	2021.12.03-2022.01.31	1.02	$ 13,863	$ 700,000	None
Bank of Taiwan	2021.11.26-2022.06.22	0.93	3,778	300,000	None
Unsecured loans					
Mizuho Bank	2021.07.29-2022.01.28	0.72	784,000	US$ 90,000	None
	2021-09.11-2022.03.11	0.72	100,000		
			$ 901,641		

CHINA STEEL CHEMICAL CORPORATION

STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Related Parties	
China Steel Corporation	$ 264,391
Others (Note)	10
	$ 264,401
Non-related Parties	
CPC Corporation	$ 7,552
GREAT FORWARD INTERNATIONAL LIMITED	11,187
ASAHI FINE CARBON DALIAN CO., LTD.	7,664
IMERYS GRAPHITE & CARBON SWITZERLAND LTD.	4,908
Others (Note)	19,452
	$ 50,763

Note: The amount of individual vendor in others does not exceed 5% of the account balance.

CHINA STEEL CHEMICAL CORPORATION

STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Bank Name	Contract Period and Repayment Method	Interest Rates (%)	Balance, December 31,2021 Current	Over 1 Year	Total	Collateral
KGI Bank	The amount of borrowings for circular use in NT$500,000 thousand, from August 2020 to August 2023, repaid on due.	0.9416	$ -	$ 100,000	$ 100,000	None
Taipei Fubon Commercial Bank	The amount of borrowings for circular use in NT$500,000 thousand, from November 2020 to November 2023, repaid on due.	0.8775-0.878	-	500,000	500,000	None
Cathay United Bank	The amount of borrowings for circular use in NT$400,000 thousand, from December 2021 to December 2023, repaid on due.	0.79	-	300,000	300,000	None
Bank of Taiwan	The amount of borrowings for circular use in NT$200,000 thousand, form February 2021 to February 2024, repaid on due.	0.8	-	200,000	200,000	None
			$ -	$ 1,100,000	$ 1,100,000	

CHINA STEEL CHEMICAL CORPORATION

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Object	Period	Discount Rates (%)	Amount
Land	Lease of land	2021.01.01-2025.12.31	1.4703	$ 340,431
Machinery	Lease of reservoir and relating facilities, etc	2018.01.01-2022.12.31	1.4703	236,415
Buildings	Lease of plants and office	2017.02.10-2022.12.31	0.6972-1.1955	9,024
				585,870
Less: Current portion				27,966
				$ 557,904

CHINA STEEL CHEMICAL CORPORATION

STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Quantities (Metric Tons)	Amount
Sale of goods		
Pure benzene products	91,829	$ 2,245,536
Creosote oils products	159,335	1,871,151
Pitch products	63,234	947,632
Others (Note 1)		2,656,298
		7,720,617
Sales return and allowance	144	(14,866)
Revenue from the sale of goods		7,705,751
Rendering of services (Note 2)		104,267
		$ 7,810,018

Note 1: The amount of each item included in others does not exceed 10% of the account balance.

Note 2: Coke processing and technical service revenue.

STATEMENT 14

CHINA STEEL CHEMICAL CORPORATION

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw materials used	
Raw materials, beginning of the year	$ 82,293
Raw material purchased	3,521,079
Raw materials, end of the year	(71,922)
Others	(29,644)
	3,501,806
Direct labor	133,983
Manufacturing expenses	1,546,403
Manufacturing cost	5,182,192
Work in progress, beginning of the year	78,896
Work in progress purchased	59,533
Work in progress, end of the year	(86,920)
Others	(12,017)
	5,221,684
Finished goods, beginning of the year	603,081
Finished goods, end of the year	(594,159)
Others	15,825
	5,246,431
Merchandise purchased	1,012,412
	6,258,843
Others (Note)	72,057
Cost of goods sold	$ 6,330,900

Note: The amount include cost of processing, inventory loss on supplies and revenue from sale of scraps.

CHINA STEEL CHEMICAL CORPORATION

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Payroll expense and pension	$ 44,099	$ 50,830	$ 53,944	$ 148,873
Packing and processing fee	70,805	115	1,008	71,928
Depreciation	113	6,454	45,233	51,800
Consumables	483	1,420	32,142	34,045
Import/export fee	14,830	1,942	37	16,809
Remuneration of directors	-	10,229	-	10,229
Repair and maintenance expenses	131	624	10,302	11,057
Professional fee	1,041	10,025	3,743	14,809
Others	18,500	19,445	15,141	53,086
Total	$ 150,002	$ 101,084	$ 161,550	$ 412,636

CHINA STEEL CHEMICAL CORPORATION

STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Year Ended December 31, 2021			Year Ended December 31, 2020		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits						
Salaries	$ 311,547	$ 142,476	$ 454,023	$ 245,471	$ 119,873	$ 365,344
Labor and health insurance	18,598	8,411	27,009	17,197	7,949	25,146
Post-employment benefits	11,034	4,244	15,278	11,716	4,577	16,293
Remuneration of directors	-	13,097	13,097	-	9,511	9,511
Others	14,724	5,753	20,477	12,426	4,917	17,343
	$ 355,903	$ 173,981	$ 529,884	$ 286,810	$ 146,827	$ 433,637
Depreciation	$ 408,859	$ 51,800	$ 460,659	$ 422,531	$ 33,132	$ 455,663
Amortization	8,492	-	8,492	11,907	-	11,907

Note 1: As of December 31, 2021 and 2020, the Corporation had 308 and 311 employees, respectively. Among them 7 directors did not serve concurrently as employees in 2021 and 2020.

Note 2: Additional disclosures are as follows:

1) Average employee benefits for the year ended December 31, 2021 was NT$1,717 thousand (Amounts of employee benefits for the year ended December 31, 2021 less amounts of remuneration of directors for the year ended December 31, 2021/number of employees for the year ended December 31, 2021 less number of directors not serving concurrently as employees for the year ended December 31, 2021)

   Average employee benefits for the year ended December 31, 2020 was NT$1,395 thousand (Amounts of employee benefits for the year ended December 31, 2020 less amounts of remuneration of directors for the year ended December 31, 2020/number of employees for the year ended December 31, 2020 less number of directors not serving concurrently as employees for the year ended December 31, 2020)

2) Average salaries for the year ended December 31, 2021 was NT$1,508 thousand (Amounts of salaries for the year ended December 31, 2021/number of employees for the year ended December 31, 2021 less number of directors not serving concurrently as employees for the year ended December 31, 2021)

   Average salaries for the year ended December 31, 2020 was NT$1,202 thousand (Amounts of salaries for the year ended December 31, 2020/number of employees for the year ended December 31, 2020 less number of directors not serving concurrently as employees for the year ended December 31, 2020)

Note 3: Change of adjustments of average salaries was 25.46% (Average salaries for the year ended December 31, 2021 less average salaries for the year ended December 31, 2020/average salaries for the year ended December 31, 2020)

Note 4: The Corporation did not have supervisors in 2021 and 2020.

(Continued)

Note 5: The compensation policies were summarized as follows:

1) The policies of remuneration of directors: The remuneration for directors included the compensation and allowances (mainly transportation reimbursement) of directors. The Corporation established regulation governing performance assessment of board of directors on December 24, 2019 and assessed performance of board of directors for the year ended December 21, 2019. The result was presented to the board of directors and was in the use of evaluation of remuneration of individual director and nomination of continuance in board. The remuneration for directors shall be distributed in accordance with Article 26 of the Corporatons' Articles of Incorporation: If the Corporation is profitable in the current fiscal year, no less than 0.1% shall be allocated as employee compensation to employees of controlling or subordinate company, and no more than 1% shall be allocated as the compensation for directors by resolution of the board of directors. However, the Corporation's accumulated losses shall have been covered before the employee compensation and remuneration for directors based on the aforementioned proportion. Directors of the Corporation acting as managers or employees shall be paid in accordance with the "Regulations Governing the Treatment of Salary and Wages".

2) The policies of remuneration of managerial personnel: The remuneration of managerial personnel included salary, bonus, severance pay, and employee compensation. The salary and bonus were paid to managerial personnel based on their duties and the economic environment, with reference to the industrial level and the Corporation's operating performance in the past. Pension costs of 6% of a worker's monthly wages are deposited into the labor pension account managed by the Bureau of Labor Insurance. Employees' compensation shall be distributed in accordance with Article 26 of the Corporation's Articles of Incorporation. In addition, the Corporation's remuneration committee would also carry out the duties, which included review and evaluation of the salary and compensation of the managerial personnel on a regular basis, and submitting proposals to the board of directors for discussion, in order to balance between sustainability and risk management.

3) The policies of employees' compensation: The compensation included salary, bonus and employees' compensation. Salary took into account individual's obligation of their positions and was determined in reference to the general pay levels in the industry and financial position of the Corporation. Bonus and employees' compensation were related to the profit for the year of the Corporation and individual's performance. In every year, employees had opportunities of annual raise based on their level of position and individual's performance. Raise was highly correlated to individual's performance. Besides, the Corporation adjusted employees' salaries, which was approved by the board of directors, based on Consumer Price Index, general pay levels in the industry, operation and financial position of the Corporation and performance review annually.

(Concluded)

VI. Financial Difficulty for the Company and Its Affiliates over the Most Recent Year up to the Date the Annual Report was printed

None.

G. Review and Analysis of the Financial Position and Financial Results and Evaluation on Matters of Risk

I. Financial Position Analysis

(I) Consolidated Financial Position Analysis

Unit: NTD thousand

Year / Item	At the End of 2021	At the End of 2020	Differences	
			Amount	%
Current Assets	3,693,120	3,750,561	(57,441)	(1.53)
Property, Plant, and Equipment	3,937,319	4,148,025	(210,706)	(5.08)
Other Assets	4,102,430	3,744,287	358,143	9.57
Total Assets	11,732,869	11,642,873	89,996	0.77
Current Liabilities	2,250,169	2,755,348	(505,179)	(18.33)
Non-current Liabilities	1,864,793	2,077,099	(212,306)	(10.22)
Total Liabilities	4,114,962	4,832,447	(717,485)	(14.85)
Share Capital	2,369,044	2,369,044	—	—
Capital Reserve	883,789	869,637	14,152	1.63
Retained Earnings	4,037,644	3,606,276	431,368	11.96
Other Equity	178,330	(193,150)	371,480	192.33
Treasury shares	(117,638)	(117,638)	—	—
Non-controlling interest	266,738	276,257	(9,519)	(3.45)
Total Equity	7,617,907	6,810,426	807,481	11.86

Analysis and explanations for the changes in the increase or decrease ratios

1. The decrease in current liabilities was primarily due to the repayment of short-term borrowings and long-term borrowings due within a year.
2. The decrease in non-current liabilities was primarily due to the repayment of long-term borrowings.
3. The increase in other equities was primarily due to the increase in unrealized gains or losses of financial assets measured at fair value through other comprehensive income.

(II) Individual Financial Position Analysis

Unit: NTD thousand

Item \ Year	At the End of 2021	At the End of 2020	Differences	
			Amount	%
Current Assets	2,473,845	2,567,440	(93,595)	(3.65)
Property, Plant, and Equipment	3,910,005	4,099,878	(189,873)	(4.63)
Other Assets	4,706,336	4,321,753	384,583	8.90
Total Assets	11,090,186	10,989,071	101,115	0.92
Current Liabilities	1,922,604	2,427,133	(504,529)	(20.79)
Non-current Liabilities	1,816,413	2,027,769	(211,356)	(10.42)
Total Liabilities	3,739,017	4,454,902	(715,885)	(16.07)
Share Capital	2,369,044	2,369,044	—	—
Capital Reserve	883,789	869,637	14,152	1.63
Retained Earnings	4,037,644	3,606,276	431,368	11.96
Other Equity	178,330	(193,150)	371,480	192.33
Treasury shares	(117,638)	(117,638)	—	—
Total Equity	7,351,169	6,534,169	817,000	12.50

1. The decrease in current liabilities was primarily due to the repayment of short-term borrowings and long-term borrowings due within a year.
2. The decrease in non-current liabilities was primarily due to the repayment of long-term borrowings.
3. The increase in other equities was primarily due to the increase in unrealized gains or losses of financial assets measured at fair value through other comprehensive income.

II. Financial Performance

(I) Consolidated Financial Performance Comparison and Analysis

Unit: NTD thousand

Item \ Year	2021	2020	Increase (decrease) amount	Percentage of change (%)
Net operating income	7,982,441	5,363,774	2,618,667	48.82
Operating cost	6,368,496	4,243,881	2,124,615	50.06
Operating Gross profit	1,613,945	1,119,893	494,052	44.12
Operating Expenses	420,491	349,994	70,497	20.14
Operating Gains	1,193,454	769,899	423,555	55.01
Non-operating Income and Expenses	119,719	81,120	38,599	47.58
Net profit before tax	1,313,173	851,019	462,154	54.31
Income Tax	216,559	142,992	73,567	51.45
Net Profit for the Period	1,096,614	708,027	388,587	54.88

Analysis and explanations for the changes in the increase or decrease ratios

1. The increase in operating income, operating cost, operating gross profit, and operating gains was primarily due to the climbing international oil prices, the increase in selling prices of primary products, and the increase in demand.
2. The increase in non-operating income and expenses was primarily due to the combined effect of the increase in investment gains accounted for using the equity method and the increase in the appraisal gains from financial assets.
3. To sum up, net profit before tax and net profit after tax climbed from 2020.

(II) Individual Financial Performance Comparison and Analysis

Unit: NTD thousand

Item \ Year	2021	2020	Increase (decrease) amount	Percentage of change (%)
Net operating income	7,810,018	5,251,341	2,558,677	48.72
Operating cost	6,330,900	4,172,681	2,158,219	51.72
Operating Gross profit	1,479,118	1,078,660	400,458	37.13
Operating Expenses	412,636	339,801	72,835	21.43
Operating Gains	1,066,482	738,859	327,623	44.34
Non-operating Income and Expenses	243,653	119,434	124,219	104.01
Net profit before tax	1,310,135	858,293	451,842	52.64
Income Tax	211,741	141,402	70,339	49.74
Net Profit for the Period	1,098,394	716,891	381,503	53.22

Analysis and explanations for the changes in the increase or decrease ratios

1. The increase in operating income, operating cost, operating gross profit, and operating gains was primarily due to the climbing international oil prices, the increase in selling prices of primary products, and the increase in demand.
2. The increase in non-operating income and expenses was primarily due to the combined effect of the increase in investment gains accounted for using the equity method and the increase in the appraisal gains from financial assets.
3. To sum up, net profit before tax and net profit after tax climbed from 2020.

III. Cash Flows Analysis

1. Analysis of the changes in the cash flow during the year

   The consolidated net cash outflows of 2021 came to NTD 372,705 thousand and the changes in cash flows for operating activities are as follows:

   (1) Operating activities: The net cash inflows of NTD 1,375,021 thousand were primarily due to the cash inflows from the net profit and the net changes in items such as operating assets and liabilities for the current term.

   (2) Investment activities: The net cash outflows of NTD 127,411 thousand were primarily due to the combined effect of the acquisition and purchase of property, plant, and equipment and the acquisition of investments accounted for using the equity method and financial instruments.

   (3) Financing activities: The net cash outflows of NTD 1,605,353 thousand were primarily due to the repayment of long-and-short-term borrowings and the issuance of cash dividends.

   The individual net cash outflows of 2021 came to NTD 305,896 thousand and the changes in the cash flows for operating activities are given below:

   (1) Operating activities: The net cash inflows of NTD 1,350,159 thousand were primarily due to the cash inflows from the net profit and the net changes in items such as operating assets and liabilities for the current term.

   (2) Investment activities: The net cash outflows of NTD 39,588 thousand were primarily due to the combined effect of the acquisition and purchase of property, plant, and equipment and the receipt of dividends from investees.

   (3) Financing activities: The net cash outflows of NTD 1,616,467 thousand were primarily due to the repayment of long-and-short-term borrowings and the net effect arising from the issuance of cash dividends.

2. Cash flow analysis for the following year

Unit: NTD thousand

Opening Cash Balances	Estimated Net Cash Flow from Operating Activities Throughout the year	Estimated net cash inflows throughout the year	Estimated cash surplus (shortage) amount	Measures for the Estimated Amount of Deficient Cash	
				Investment Plan	Wealth Manageme nt Plan
$428,913	$1,690,137	$155,121	$659,899	–	–

   (1) Analysis of the changes in estimated cash flows of 2022:

   ① Operating activities: Primarily due to the net profit and the net cash flow arising from the changes in relevant assets and liabilities for the period.

   ② Investment activities: Primarily due to the net cash outflow arising from the purchase of property, plant, and equipment.

   ③ Financing activities: Primarily due to the issuance of cash dividends.

   (2) Expected cash deficit remedies and liquidity analysis: Not applicable.

IV. Effects of Significant Capital Expenditures on the Financial Operations for the Latest Year

(I) Utilization of Major Capital Expenditure and the Source of Funds

Unit: NTD thousand

Project	Actual or Estimated Source of Funds	Actual or Estimated Completion Date	Total Funds Required	Actual or Estimated Utilization of Funds		
				2020	2021	2022
Second line expansion project for carbonization furnaces	Self-owned funds	2022.09.30	67,800	0	15,730	52,070
Second line expansion project for activation furnaces	Self-owned funds	2022.09.30	30,932	0	13,227	17,705
Expansion of the T2 test plant	Self-owned funds	2022.12.31	26,000	0	16,000	10,000
Exhaust gas treatment system improvement project	Self-owned funds	2020.12.31	130,000	10	8,890	0

(II) Revenue Expected to be Generated

1. Second line expansion project for carbonization furnaces: The flourishing developments on the markets for electric vehicles and energy storage materials as well as batteries are driving rapid growths of lithium battery anode materials on the market as well. The expansion will further enhance the self-production ratio of mesophase graphite carbonspheres and deepen the development of refined carbon materials.
2. Second line expansion project for activation furnaces: This extension of the current production line will bring about an annual production of advanced carbon for super-capacitors ACS of 90 tonnes.
3. Expansion of the T2 test plant: It is expected to add to R&D projects and increase the demand for setting up additional R&D equipment.

4. Exhaust gas treatment system improvement project: It stabilizes the process and increases waste gas processing capabilities and can accommodate the waste gas emissions from additional production lines in the future so that the cap requirement can be fulfilled in the future.
5. Explanations on other benefits: None.

(III) Amount of Investments Made Exceeding 5% of the Paid-up Capital During the Recent Years

1. Utilization of major capital expenditure and the source of funds

Unit: NTD thousand

Project	Actual or Estimated Source of Funds	Actual or Estimated Completion Date	Total Funds Required	Actual or Estimated Utilization of Funds		
				2020	2021	2022
Exhaust gas treatment system improvement project	Self-owned funds	109.12.31	130,000	10	8,890	0

V. Investment Policy, Its Major Reasons of Profit or Loss, Improvement Plan for the Latest Year, and the Investment Plan for the Following Year

The Company's investment policy primarily aligns with the development of its core business of coal chemicals and the diversified operations, in the hopes of improving shareholders' interests.

In 2021, the Company's investment gains recognized using the equity method came to NTD 195,034 thousand, an increase from the preceding year primarily due to the increase in impacts from the market on investment gains from financial instruments of the subsidiaries.

The management will duly evaluate and prepare the Company's investment plan for the following year according to the overall development of the industry and the demands for the Company's businesses, and submit the plan to the Board for discussion.

VI. Risk Assessment

(I) Effect of Changes in Interest Rate, Currency Rate, and Inflation on the Company's Profit or Loss and Countermeasures in the Future

1. Analysis of the effect of interest income and expenses and gains or losses from foreign currency exchanges on the Company's profit or loss (consolidate)

Item	2021 (NTD thousand)
Net Interest Income and Expenses (Net Interest Expenses)	(22,260)
Net Gains or Losses from Foreign Currency Exchanges (Net Losses from Foreign Currency Exchanges)	(6,454)
Ratio of Interest Income and Expenses to Net Operating Income	0.28%
Ratio of Interest Income and Expenses to Net Operating Profit Before Tax	1.70%
Ratio of Gains or Losses from Foreign Currency Exchanges to Net Operating Income	0.08%
Ratio of Gains or Losses from Foreign Currency Exchanges to Net Operating Profit Before Tax	0.49%

2. Financial risk evaluation (consolidated)

Items of Risk	Effect on the Company	Future Countermeasures
Interest Rate Risk	At the end of 2021, financial assets with the cash flow risk related to changes in interest rate came to NTD 386,965 thousand.	The Company and its subsidiaries possess healthy financial structures. Changes in interest rate have no significant effect on the Company and its subsidiaries. The Company and its subsidiaries regularly evaluate the borrowing interest rate of banks and maintain close contact with banks to obtain preferential borrowing interest rates.
Currency Risk	The Company and its subsidiaries are exposed to the risk of currency changes arising from transactions denominated in non-functional currencies.	The Company makes use of forward exchange contracts or receivables denominated in the same currencies in the future to minimize the risk exposure for currency.
Credit Risk	Major customers of the Company and its subsidiaries possess healthy credibility. Furthermore, the Company keeps abreast of the credit status of customers with business dealings at all time through external credit investigation and visits to companies within the same industries each year; as evaluated, the credit risk remains insignificant.	None.
Liquidity Risk	The Company and its subsidiaries manage and maintain sufficient cash equivalents or easily realizable financial products	None.

Items of Risk	Effect on the Company	Future Countermeasures
	to support the operations of the Company. Credit loan contracts were otherwise entered into with financial institutions to maintain appropriate credit limits for the requirements of the Company's operations; therefore, there is no liquidity risk.	
Inflation	According to the Directorate-General of Budget, Accounting and Statistics, Executive Yuan, the annual growth rate of CPI for 2021 was 1.96%, and a mild increase in inflation was recorded. The selling prices of production raw materials and products of the Company are based on the pricing stated in contracts, and inflation has a relatively less significant effect on the Company's operations.	None.

(II) Policies for Engaging in High-risk or High-leverage Investments, Loans to Others, Endorsement and Guarantee, and Derivative Transactions, Primary Reasons for Gains or Losses, and Future Countermeasures

1. The financial operations of the Company comply with the principle of stability; therefore, there are no high-risk or high-leverage investments.
2. As of Thursday, March 31, 2022, the Company had not provided any loan to others.
3. As of Thursday, March 31, 2022, the Company had not provided any endorsement or guarantee.

4. The purpose of engaging in derivative transactions of the Company is for foreign currency hedge according to the requirements. The Company primarily engages in transactions of financial products such as funds and shares. The Company regularly evaluates its risk and gains and losses, audits, performs regular reviews; therefore, there is no risk of derivative.

(III) Future R&D Plans and R&D Expenses Estimated to be Invested

Plans During the Latest Year	Current Progress	R&D Expenses to be Invested (Unit: NTD ten thousand)	Completion Time	Applications
Development of fast-charging low-resistance anode materials	The polygonization technology and surface treatment technique for materials and setup of mass production equipment are completed.	1,200	2022/4Q	Power battery used by electric vehicles and energy storage systems.
Development of key technologies and mass production processes for artificial graphite.	Coke-series raw materials are defined and the grinding technique and surface treatment technique are established.	1,200	2022/4Q	Demand for fast-charging batteries with high-magnification charging and discharging power.
Development of High-capacity Silicon-carbon Anode Materials	Silicon-carbon anode materials are jointly developed and promoted in collaboration with the cooperating partners.	500	2022/4Q	Anode materials for lithium batteries with high energy density.
Development of advanced carbon materials with high-voltage for super-capacitors	The surface refining technique for carbon materials is in place and the samples are being qualified by customers. Mass	3,000	2022/4Q	Wind power storage, automotive stop/start system, electric buses, light-rail

Plans During the Latest Year	Current Progress	R&D Expenses to be Invested (Unit: NTD ten thousand)	Completion Time	Applications
	production equipment will be planned later.			EMU, lead-carbon batteries.
Development of high-purity isotropic graphite	Trial production and setup of machining equipment are completed and high-temp purification conditions are optimized. Isotropic graphite crucibles are being produced as trial and samples are submitted for qualification.	5,000	2022/4Q	Crystal growing crucibles, 3D product dies, discharge processing electrodes, and production equipment to be used in the thermal field.

(IV) The effect of changes in important domestic and foreign policies and laws on the Company's financial position and business operations, and response measures

There were no such circumstances during 2021 and as of the date of publishing the annual report.

(V) Effects of Changes in Technologies and Industries on the Company's Financial Operations and Countermeasures

As carbon reduction remains a heated issue in countries around the world, renewable energies secure the mainstream in future developments, which accordingly gives rise to the demand for energy storage devices. In addition, the growing trend of electric vehicles will bring about amazing growths in the demand for batteries. Given the industrial changes and trends, batteries are required to be longer-lasting and safer. The lithium-ion battery anode materials mesophase carbon sphere series products of the Company are hence more and more widely applied and seeing higher and higher demand; they will contribute positively to the revenue in the future. In addition, the development and application of 5G will also drive growing demand for network communication equipment and the UPS. Super-capacitors, which are important parts and components, will be focusing attention on the market, too. The advanced carbon materials produced by the Company are key raw materials to super-capacitors featuring a high capacity and a long life span. With the production size to grow further this year, subsequent benefits will be promising. Compound semi-conductor silicon carbide materials are gradually gaining prominence. As a result, the demand on the market for high-purity crystal growing crucibles needed for the production of silicon carbide is steadily growing, too. The Company proactively invests in the development of high-purity isotropic graphite crucibles in order to satisfy the needs on the domestic market and it will contribute to growths in the revenue.

(VI) Effects of Changes in the Corporate Image on the Company's Crisis Management and Countermeasures

The Company has adhered to quality policies that focus on customers, integrity, quality, and smooth cooperation for years and is committed to maintaining its corporate image of ethical operations and complying with laws and regulations. So far, no circumstance that may affect our corporate image has occurred.

(VII) Expected Benefits and Possible Risks Arising from Mergers and Acquisitions and Countermeasures

There were no such circumstances during 2021 and as of the date of publishing the annual report.

(VIII) Expected Benefits and Possible Risks Associated with any Plant Expansion, and Mitigation Measures Being or to be Taken

The expansions of the Company's plants have gone through comprehensive, due, and professional evaluations. Significant capital expenditures are reported to the Board. The Company has comprehensively considered the investment benefits and possible risks.

(IX) Risks Arising from Concentrate Sales or Purchases and Countermeasures

The top three customers of sales accounted for approximately 16%, 15% and 10% of the Company's revenue; therefore, there is no circumstance of concentrated sales. Meanwhile, long-term contracts and pricing formulas were established to mitigate risks. For purchases, the largest purchasing supplier is CSC, accounting for 55% of the purchases. Due to the parent company and subsidiary relationship and long-term contracts and pricing formulas established, the risk of concentrated purchases has been effectively reduced.

(X) Effects of Significant Transfers of or Changes in Equity by Directors or Top Ten Major Shareholders with over 10% Shareholding on the Company, Risks, and Countermeasures

There were no such circumstances during 2021 and as of the date of publishing the annual report.

(XI) Effects of Changes in the Ownership of the Company, Risks, and Countermeasures

There were no such circumstances during 2021 and as of the date of publishing the annual report.

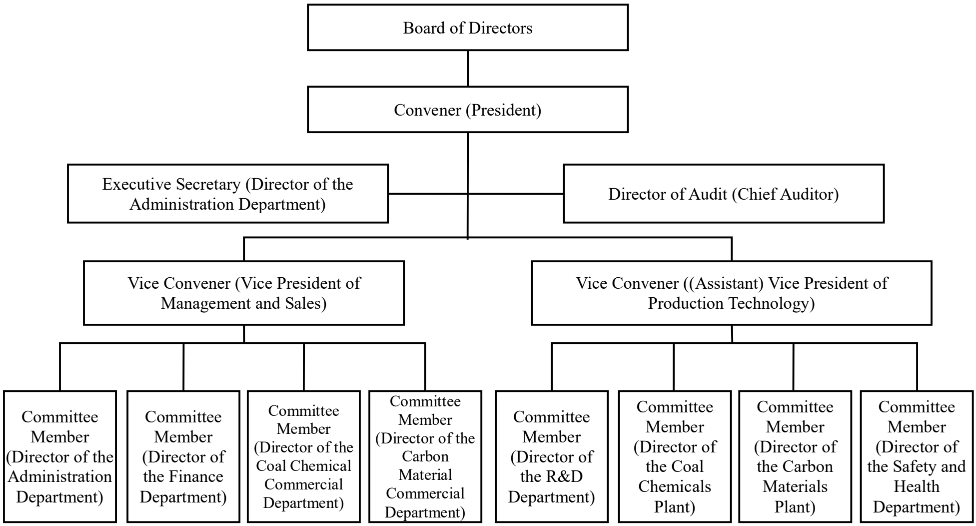
(XII) For Significant Litigation, Non-litigation, or Administrative Disputes with Confirmed Judgment or in Continuation of the Company, the

Company's Directors, President, Substantial Representative, Top Ten Major Shareholders with over 10% Shareholding with Results that May have Significant Effects on Shareholders' Interests or Equity Prices, the Details of Disputes, Target Amount, Commencement Date of the Litigation, Primary Parties Involved in the Litigation, and Handling Status as of the Date of Publishing the Annual Report

There were no such circumstances during 2021 and as of the date of publishing the annual report.

(XIII) Other Significant Risks and Countermeasures

1. Organizational structure of risk management



2. The composition of the Company's risk management team and its work and tasks

Title	Supervisor	Work and Tasks
Convener	President	Responsible for supervising departments in establishing risk management systems and response SOPs, integrating relevant resources, and preventing and processing instantly to minimize the losses arising from the matters of risk.
Deputy Convener	Vice President	Responsible for supervising departments in establishing risk management systems and response SOPs, integrating relevant resources, and preventing and processing instantly to minimize the losses arising from the matters of risk.
Director of Audit	Chief Auditor	Ensure the appropriateness and effectiveness of the Company's risk management system, review the risk items and risk analysis table submitted by the departments of the Company, and evaluate the risk management effect of the departments.
Executive Secretary	Director of the Administration Department	Responsible for organizing and coordinating the establishment of risk management systems and the response SOPs of departments, establishing the Company's risk analysis table, evaluating risk hazards to establish risk countermeasures, and tracking the processing effects.
Committee Member	Executive of plants and departments	Responsible for promoting the risk management work of departments, establishing risk management systems and response SOPs, submitting the risk items and analysis table of departments, discussing improvement countermeasures, and tracking the processing effects.

The Company has implemented its risk management policies and established crisis management systems required to cultivate employees' abilities in risk management and crisis management and the effects and minimize the level of crisis incurred, so as to achieve the operating objective of sustainable corporate operations. The Company has established its "Policies and Procedures for Risk Management" and "Operation Handbook for Risk Management and Crisis Processing" for employees to observe. The Company also established its internal risk management promoting team to regularly conduct overall examinations, discuss risk items of the Company, and prepare the response plans as preparations.

3. Risk management

The Company has established control measures for potential risks of its business activities to reduce the occurrence of risks and reasonably control the operating risks; the primary measures adopted are as follows:

(1) Financial risk - Finance Department

① The Company has performed credit investigation and evaluation each year for customers with receivables and provided the results to operating departments as reference for loans to reduce the insurance of bad debt.

② For the increase and decrease in currencies, the Company adopts flexible management. The Company would sell forward currency in advance when expecting a mid-to-long-term increase in currencies to reduce the losses arising from currency exchanges.

③ Regarding the increase and decrease in interest rates, the Company seeks the lowest interest rate in the market for borrowings to achieve the minimum capital costs and utilizes the attributes of financial products to spread its investments and increase the return on capital.

(2) Raw material risk - Business Department

The Company and raw material suppliers CSC and DSC have entered into long-term supply contracts; there is no risk in the raw material supply. Raw materials supplied by CSC are delivered via pipelines, and the delivery condition is preferential, benefiting the long-term business development of the Company.

(3) Market risk - Business Department

① The Company's benzene may be successfully sold domestically. Where there is risk in sales arising from force majeure events, export sales would be adopted. The Company possesses abundant experiences in export sales in the past.

② For soft pitch, creosote oil, carbon black oil, and refined naphthalene, the Company entered into long-term contracts with customers and realized smooth production and marketing.

③ Improve the production flexibility of mesophase carbon sphere in different particle size and expand the scope of product supply according to the market demand.

④ Regarding the concern of the Company's sales of products violating the Anti-trust Law and the Anti-dumping Law, the Company has engaged lawyers to organize training programs related to legal issues associated with the Anti-trust Law and the Anti-dumping Law, allowing employees to gain the general knowledge of laws and avoid the violation of laws due to unfamiliarity. Meanwhile, the Company has established its "Operating Standards for Anti-trust Law" and "Guidelines for Cases of Anti-dumping Investigation" for employees to observe in daily operations.

(4) Delivery risk - Business Department

① The production plant of the Company is located within the CSC's plant. Raw materials supplied by CSC are delivered via pipelines, and there is no safety risk. Raw materials from DSC are delivered from Taichung to our plant by land transportation using tank trucks. Our partial products are delivered to downstream customers with tank trucks.

② The Company engages premium delivery companies who passed our evaluation for the delivery of raw materials and products as the Company has no self-owned transport vehicles. Evaluation items include driver recruitment and training, operating procedures, safety equipment, crisis management and control, vehicles and devices, and repair standards.

③ The Company also participated in the "Toxic and Concerned Chemical Substances Mutual Aid Group" associated with the delivery support agreement initiated by Taiwan Responsible Care Association. Where an anomaly occurs to tank trucks for the delivery of the Company's materials or products, the Company may seek instant assistance from local members of the Mutual Aid Group to minimize the crisis arising from the delivery accidents of tank trucks.

(5) Human resource risk - Administration Department

Our fellow colleagues have signed the employee's guarantee, non-competition declaration, agreement, and non-disclosure agreement for businesses. The Company implements favorable employees' remuneration and welfare systems to improve employees' centripetal force and satisfaction. The Company has also established its "Code of Ethics for Senior Managers," "Ethical Norms for Employees," "Ethical Management Principles," and "Procedures and Behavioral Guidelines for Ethical Management" to achieve the hierarchical control based on the Table of Power and Responsibility Division. Furthermore, the Company has established, implemented, and maintained an internal control system that is effectively operating to successfully minimize the human resource risk.

(6) Plant and equipment risk - coal chemical production plant

According to the analysis, the plant may be exposed to the following risks; preventive and improvement measures have been adopted:

① All risk insurance, business interruption insurance, and public liability insurance have been purchased for significant plant facilities and equipment to mitigate operating risks.

② Earthquake: The Company engaged CTCI Corporation to evaluate potential crises that may incur upon earthquakes based on the design and construction data of its existing equipment.

③ Tsunami: To prevent tsunamis from invading the facilities in the plant from the port and riverway, the Company has analyzed the possibility of crucial equipment in the plant being affected by a tsunami and completed the improvement measures.

④ Fire: Regarding the characteristics of inflammable and flammable substances widely used in the plant's operations, the Company has installed firefighting equipment according to the requirements under laws and regulations and carried out the following preventive measures:

a. Add sufficient premium foam fire extinguishers to immediately put out the fire at the beginning.

b. Add the CCTV system in the plant to detect anomalies as early as possible.

c. Improve the existing fire extinguishers for the storage tank.

d. Assign personnel to participate in training at the Fire and Ambulance Services Academy, the US.

⑤ The plants have emergency response plans, and drills are performed every six months, so as to effectively minimize the crises brought by disasters.

(7) Engineering management risk - coal chemical production plant

① Except for complying with requirements related to environmental protection, safety, and heath, the Company stipulated that employer's liability insurance shall be purchased for all engineering projects.

② During the design stage of engineering projects, the Company requires that the design standards of the design companies shall be reviewed by the Engineering Department of the Company to ensure the safety of the engineering projects during the design stage. During the construction stage, the Engineering Department assigns personnel to monitor the construction on-site to ensure that the on-site construction methods duly comply with the approved engineering design data.

③ Before the on-site construction, safety and health training and hazard notification matters are provided to the construction personnel, and the suppliers are requested to assign resident safety and health management personnel at the construction site. The Company also assigns personnel to perform reviews on the construction site to ensure construction safety.

(8) Environmental protection, safety, and health risk - Safety and Health Department

① Ensure that all systems, equipment, and management of the

Company comply with the requirements under laws and regulations related to environmental protection, labor, and firefighting. The improvement of any non-conformity shall be prioritized.

② Promote management systems to allow environmental protection, safety, and health works to achieve the expected objectives under the healthy PDCA cycle. The management systems include PSM (process safety management), ISO14001 Environmental Management, and OHSAS18001 and CNS15506 Occupational Safety and Health Management Systems.

③ Perform process recycling to minimize the production of pollutants (such as exhaust gas, wastewater, and wastes), energy-saving, emission reduction, and reduce the emissions of GHG.

④ Continue to carry out process risk evaluations and improvements based on the evaluation results to reduce the level of risk.

⑤ Regularly perform firefighting and emergency management training and drills to allow employees to be more familiarized with the countermeasures for anomalies.

(9) Information security risk - Administration Department

① Information Security Risk Management Structure

The unit in charge of information security in the Company is the IT Division under the Administrative Department; it is responsible for centrally planning, implementing, and promoting information security policies, managing information security, communicating messages about information security, providing employees with educational training on information security, improving employees' awareness of information security, consolidating information security management measures, and continuing to improve them.

② Information Security Policy

Information Security Goals

Build a safe and reliable computerized operating environment, ensure data, system, equipment, and network security, ensure information confidentiality, integrity, and usability, and provide safe and valid information services.

Scope of Information Security

a. Keep the information system sustainable and operative.
b. Maintain physical and environmental safety.
c. Prevent against invasion and destruction by hackers and viruses.
d. Prevent against intentional illegitimate and illegal use.
e. Control system and file access to prevent against leakage of confidential and sensitive data.
f. Staff management and information security educational training.

③ Substantial management solutions and measures

Item	Substantial management measures
Anti-virus software	➢ Use anti-virus software and automatically update the virus code in order to reduce chances of viral infections.
Firewall protection	➢ Set the connection rules for the firewall. ➢ Request for additional access is required if exceptional connection is needed.
User network access control	➢ Users can only access the network when their request is approved. The system will automatically screen and block access to websites containing the Trojan Horse virus, the ransomware, or the malware.
Update of operating system	➢ The operating system is updated automatically; if it does not, the Information Management Division will help update it.

Item	Substantial management measures
Data backup	➢ The database data and apps are backed up periodically. ➢ The backup mechanism is created for the shared hard disk drive; important data are transcribed onto the backup shared hard disk drive on a weekly basis so that data are not lost if the current hard disk drive is damaged or attacked by the virus.
Disaster recovery	➢ The disaster recovery drill takes place for the information systems on a quarterly basis. The automatically backed files and data are transferred to the database being tested to check if the data of a specific system are normal.
Mail security control	➢ Mails are scanned for protective purpose to prevent users from receiving unsafe attachments, phishing emails, and spams. ➢ As soon as a mail is received on a personal computer, the anti-virus software will also scan whether or not it contains unsafe attachments.
Access management	➢ Management and review of access to personal accounts. ➢ The personal account access is checked periodically.
Access control	➢ The password is mandated to be changed once every three months and shall consist of 6 digits at minimum. ➢ Access to network drives is controlled by respective units reflective of their permissions. ➢ The user fills out the USB application form and has it approved by his/her supervisor so that access may be given to the USB.
System operation maintenance and management	➢ For important system resources, maintenance contracts are signed with service providers to keep the systems functioning normally.
Staff training	➢ Two training sessions on information security are provided to employees each year. ➢ Information security incidents are communicated through the Company's EIP website from time to time. ➢ Representatives are sent to attend domestic workshops from time to time.
Information security audit	➢ Internal audits and internal control documentation audits are done periodically each year by external auditors (CPAs) and by the Information Security Division of China Steel Corporation.

④ Emergency reporting procedure

a. Information on levels of information security incidents:

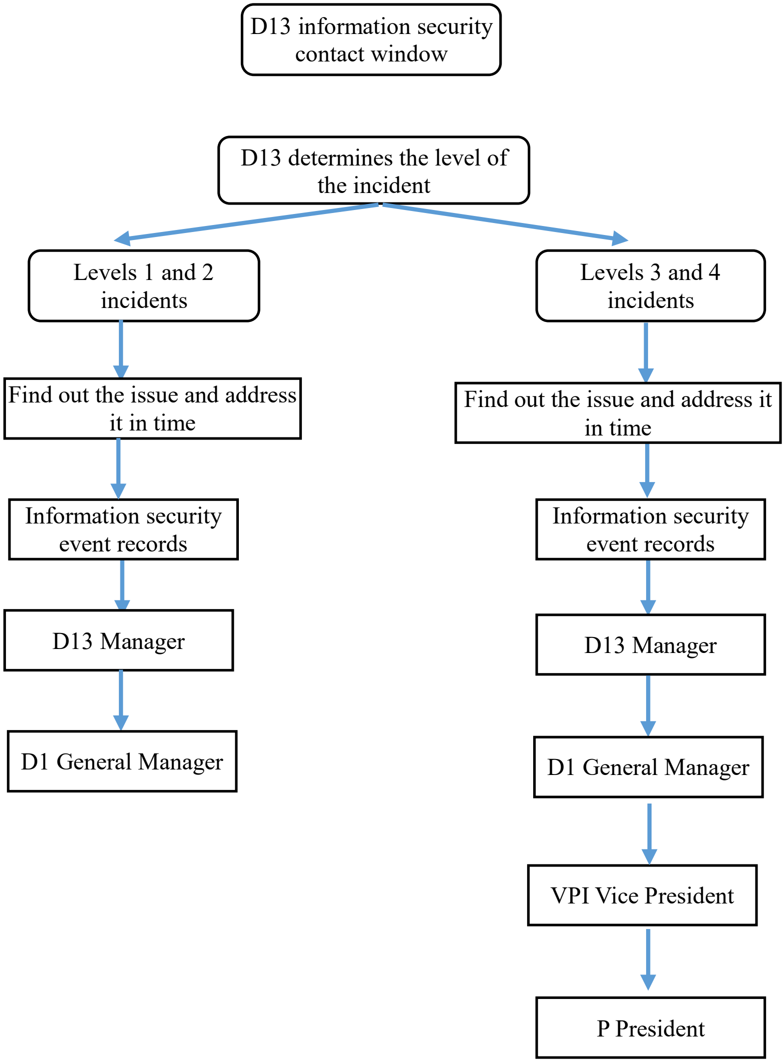
   Level 1: Isolated incident involving minimal damage; the suspended operation can be repaired and restored shortly.

   Level 2: Localized incident resulting in discontinuation of certain operations to undermine the overall system efficiency.

   Level 3: Company-side incident resulting in comprehensive downtime, with impacts on the Company’s operation.

   Level 4: Major incident that is sufficient to jeopardize corporate reputation and sustainable operation.

b. In case of an information security incident, the affected unit shall report it to the information security window so that the level of the incident may be determined and troubleshooting may begin; the incident can be addressed in real time with records kept according the procedure provided below:


D13 information security contact window
D13 determines the level of the incident
Levels 1 and 2 incidents
Levels 3 and 4 incidents
Find out the issue and address it in time
Find out the issue and address it in time
Information security event records
Information security event records
D13 Manager
D13 Manager
D1 General Manager
D1 General Manager
VPI Vice President
P President

⑤ Impacts on respective units and countermeasures in case of discontinued production as a result of information security risk

Check the network and status of system equipment and determine whether or not to block access to external networks according to the operational status of the information system in order to keep off invasion and destruction from hackers (electronic operations may be switched to paper-based procedures while the system is being repaired; the shipment schedule may not be affected).

For network security, the Information Management Division is to schedule periodic test plans that shall cover cyber attack simulation, periodic monitoring of specific threats, dependency identification and loophole priority determination; the testing is about the risk of disconnection with related customers. The training plans and implementation records are to be kept at the Information Management Division for future reference.

a. Emergency Management Plan

Step	Schedule	Response step	Description of countermeasure	Time to expected completion	Responsible party
1	T	Kick-off meeting	Check the network and system equipment and explore impacted aspects. (Including evaluation of the impacts of shipping to customers)	1HR	D3S/D8S/D13
2	T+1	Confirm the severity of discontinuation	Confirm the duration of discontinuation and determine whether or not to block access to external networks according to the operational status of the information system in order to keep off invasion and destruction from hackers and minimize the harm done. Based on the findings from the evaluation of impacts on shipment, confirm if the shipment is to be switched to manual operations instead of through the ERP system.	1HR	Factory head
3	T+1	Confirm the status of the system	Understand the user demand and required resources at respective units according to the foregoing status (manpower and time).	1HR	Respective units
4	T+2	Verify the supply	Before the IT system is confirmed to have been restored, in order to ensure shipments on schedule, the operations will be turned paper-based and subject to manual double-checking to ensure that the quality is free of concern. (1) The computer-based purchase order (D5), the shipping list (D5), and the dispatch notification (D24) are to be faxed to the responsible unit instead, followed by notification over the phone. (2) The quantity of products	1 days	D13 D3S/D8S D5/D2 D24 D81/D31 D823/D323 D83/D33

Step	Schedule	Response step	Description of countermeasure	Time to expected completion	Responsible party
			entering and leaving the warehouse is to be recorded and checked manually. (D81/D31, D823/D323) (If only the network is paralyzed and the computer is still usable, software such as excel may be used to help with registration; if the computer is not available, either, register on a piece of paper by handwriting, instead.) (3) For the quality of the products, the Quality Assurance Office is to issue the Word quality analysis report (or fill out the information manually) and determine whether or not it is qualified before handing it over to the Warehousing Division to help with product testing and determination of the qualified status. (D83/D33、D823/D323) (4) The lot number is selected manually by the inventory report and the quality analysis report. (D3S/D81/D323/D823) (5) For the Quality Certificate or the Quality Analysis Report of shipped items, if only the network is paralyzed and the computer is still usable, Word is used to issue the Quality Certificate. Once it is signed off for approval, it is faxed or handed over directly to related people that need it. If the computer is not available, either, on the		

Step	Schedule	Response step	Description of countermeasure	Time to expected completion	Responsible party
			other hand, print out the paper-based copy of the Procedural Document and fill in related shipment information data manually. Once it is signed off for approval, it is faced or handed over directly to related people that need it. (D83/D33) (6) The unit (D823/D323, D24) that has received the Quality Certificate or Quality Analysis Report, reflective of the shipment demand, enclose it in the shipment or fax it to the customer and complete related shipping procedures.		
5	T+2	Keep the customer informed	Report to the customer the discontinuation incident and the response plan.	1HR	D2/D5
6	T+3	System recovery	(1) D13 repairs the IT system. (2) It is determined that the IT system is free of threat.	1 day (Depending on the actual circumstances)	D13
7	T+4	Decision to restore the original operating mode	Based on D13's report, it is determined that the information about the IT system supports recovery to the original operating mode.	1HR	Factory head
8	T+4	Notice of to restore the original operating mode	The Information Management Division notifies respective units to restore the normal operating mode. Sales representatives notify customers that the issue is resolved.	0.5HR	D13 Sales Representative

Note 1: If the actual situation does not answer to the schedule in the procedure, it is to be adjusted reflective of the actual situation.

Note 2: 1. DCS Software: No access to external networks and impossibility to perform updates through the USB; therefore, it is not at risk of Cyberattacks.

2. Process equipment is only PLC (Programmable Logic Controller) board

operating software:

(1) It will be updated by the CSCC engineer (D822/D322) through the Intranet. When D822/D322 people download the PLC board update software onto their personal computer, the file will go through the anti-virus software on the anti-virus USB for related virus scanning and interception.

(2) The PLC board operating software is to be backed up by D822/D322. In case of any issue encountered in the update of the PLC board, the backed old software program may be downloaded again so that the production at the customer's end will not be discontinued. There is not network connection among respective PLC boards; they do not affect one another, either.

b. Responsibilities

Composition of the crisis management group	Role	Responsibility
Factory head	Supervises conditions throughout the factory.	Confirms and reports conditions in the factory and makes decision over recovery to the original operating mode.
D13 Supervisor	Confirms situation of the network IT system and determines system recovery status.	Reports system recovery and recovery status.
Operational Planning Officer	Keeps track of system maintenance and service status.	Confirms scheduling to accommodate the demand for shipping final products and prepares a plan to schedule deliveries of final products.
Sales Representative	Communicates with customers.	Reports the response plan to customers.
Operation Management Division (D24) Production Office (D81/D31) Warehousing and Storage Section (D823/D323) Quality Assurance Office (D83/D33)	Other executive units for the emergency response	Carries out tasks in response before the IT system is restored to ensure smooth shipments.

c. Communicating with stakeholders

Priority	Stakeholder	Method	Item	Person in charge
1	Customer	Telephone, E-MAIL	Confirms the tolerable duration	Sales Representative
2	Factories:	Telephone, E-MAIL	Additional information on corresponding response	D13 D3S/D8S D5/D2 D24 D81/D31 D823/D323 D83/D33

(10) Customer privacy protection - Administration Department

① The Company is committed to providing the best products and services to customers and providing optimized protection for data provided by customers to ensure customers' privacy. The Company has not recorded any complaint cases related to impairment of customer privacy and loss of customer data in recent years.

② Methods to protect customer privacy and data:

a. Anti-virus software and network firewalls are installed for all computer equipment to prevent the leakage of customer information.

b. Connection account, password, and authorization are required for the inquiry and operation of ERP data; personnel not related to the operations are unable to acquire data related to customers.

4. Crisis management

The crisis management of the Company responds to crises in different natures. The Chairman would promptly convene and establish an emergency management team until the crises are lifted to prepare emergency management plans for significant disasters and outbreaks. The content of the "emergency management plan" includes the responding organizational structure and process, action plans, tools preparation, and educational training for different types of disasters. Regular disaster prevention lectures, programs, and drills are organized each year according to the plan. All personnel in the plant are required to participate in the drills to allow them to possess emergency management abilities, ensuring their personal safety and the safety of the Company's equipment and properties, maintaining normal operations of the Company.

VII. Other Significant Matters

None.

H. Special Notes

I. Profile on affiliates

(I) Consolidated Business Report of Affiliates

1. Brief introduction of affiliates

(1) Organizational chart of affiliates:

The Company

Company Name	Ever Wealthy International Co., Ltd.	Formosa Ha Tinh CSCC (Cayman) Limited
Relationship with the Company	Note 1	Note 1
Shareholding	100.00%	50.00%

Note 1: The Company in the controlling company.

Changzhou China Steel New Materials Technology Co., Ltd
Note 1
100.00%

(2) Basic information on affiliates:

Unit: NTD thousand (Unless specified otherwise)

Company name	Date of Establishment	Address	Paid-up Capital	Major Business or Products
China Steel Chemical Corporation	1989.02.03	25F, No. 88, Cheng Gong 2nd Rd., Qian Zhen Dist., Kaohsiung City, Taiwan25F	2,369,044	Production of coal tar distillation series, light oil series and coke series products; processing and sales of carbon materials
Ever Wealthy International Co., Ltd.	1999.08.30	25F, No. 88, Cheng Gong 2nd Rd., Qian Zhen Dist., Kaohsiung City, Taiwan25F	1,045,750	General investment
Changzhou China Steel New Materials Technology Co., Ltd	2013.12.19	No. 18, Changyang Road, Jingji Development Area, Wujin, Jiangsu Province, China	USD 6,506,000	Production and sales of battery anode materials; sales of asphalt products, carbon materials and graphite materials
Formosa Ha Tinh CSCC (Cayman) Limited	2016.01.04	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O.Box 32052,Grand Cayman KY1-1208 Cayman Islands	USD 20,000,000	General investment

(3) Presumed as having relationships of control and subordination under Article 369-3 of the Company Act:

None.

(4) Overall industries covered by businesses operated by affiliates and connections among businesses operated by individual affiliates:

① Overall industries covered by businesses operated by affiliates: General investment, petrochemical manufacturing, wholesale and international trade.

② Connections among businesses operated by individual affiliates: Individual affiliates would contact other appropriate affiliates based on product type and delivery location.

(5) The names of Directors, Supervisors, and President of each affiliate and their shareholding in or capital contribution to such affiliate:

March 31, 2022

Unit: thousand shares; %

Company name	Title	Name or Representative	Shares held	
			Share(s)	Shareholding (%)
China Steel Chemical Corporation	Chairman	China Steel Corporation Representative: Ching-Fang Tu	68,787	29.04
	Director	China Steel Corporation Representative: Chao-Tung Wong	68,787	29.04
	Direcor	China Steel Corporation Representative: Shyi-Chin Wang	68,787	29.04
	Director (concurrently President)	China Steel Corporation Representative: Ming-Dar Fang	68,787	29.04
	Director	International CSRC Investment Holdings Co., Ltd. Representative: Kung-Yi Ku	11,759	4.96
	Director	International CSRC Investment Holdings Co., Ltd. Representative: Tien-Fu Chao	11,759	4.96

Company name	Title	Name or Representative	Shares held	
			Share(s)	Shareholding (%)
	Independent Director	Hsing-Shu Hsieh	0	0
	Independent Director	Yuan-Hung Wang	0	0
	Independent Director	Tsun-Tsi Hsu	0	0
Ever Wealthy International Corporation	Chairman	China Steel Chemical Corporation Representative: Ming-Dar Fang	104,575	100
	President	Yi-Hung Chen		
Changzhou China Steel New Materials Technology Co., Ltd	Chairman	Ever Wealthy International Corporation Representative: Ming-Dar Fang	-	100
	Director	Ever Wealthy International Corporation Representative: Ching-Fang Tu	-	100
	Director	Ever Wealthy International Corporation Representative: Chien-Ping Chao	-	100
	Supervisor	Ever Wealthy International Corporation Representative: Yi-Hung Chen	-	100
	President	Chien-Ping Chao	-	
Formosa Ha Tinh CSCC (Cayman) Limited	Director	China Steel Chemical Corporation Representative: Ching-Fang Tu	10,000	50
	Director	China Steel Chemical Corporation Representative: Ming-Dar Fang	10,000	50
	Director	China Steel Chemical Corporation Representative: Yi-Hung Chen	10,000	50
	Director	Formosa Ha Tinh (Cayman) Corporation Representative: Cheng-Fa Chin	10,000	50
	Director	Formosa Ha Tinh (Cayman) Corporation Representative: Yao-Kang Lin	10,000	50
	Director	Formosa Ha Tinh (Cayman) Corporation Representative: Hsin-Hua Lee	10,000	50

2. Operating overview of affiliates

Unit: NTD thousand

Company name	Capital	Total Assets	Total Liabilities	Net value	Operating income	Operating Gains (Losses)	Net profit (loss) for the current term (After Tax)	Basic Earnings (Net Loss) per Share (NT$) (After Tax)
Ever Wealthy International Corporation	1,045,750	1,877,041	4,636	1,872,405	111,490	110,379	114,157	1.09
Changzhou China Steel New Materials Technology Co., Ltd	197,448	386,389	223,222	163,167	215,205	11,876	11,484	-
Formosa Ha Tinh CSCC (Cayman) Limited	668,800	1,045,915	512,439	533,476	-	(3,808)	(3,559)	(0.18)

Note: 1. Formosa Ha Tinh CSCC (Cayman) Limited owns 20,000,000 shares.

2. Where the affiliate is a foreign company, relevant figures are translated into NT$ for presentation based on the following exchange rate.

Exchange rate for the balance sheet:

USD: 27.68 CNY: 4.344

Exchange rate for the statements of profit or loss:

USD: 28.0118 CNY: 4.3412

(II) Consolidated Financial Statements of Affiliated Enterprises: Please refer to the consolidated financial statements of the parent company and subsidiaries.

(III) Affiliation Report

1. Relationship between the subsidiaries and the controlling company

Unit: Share; %

Name of the Controlling Company	Control Reason	Shareholding and Pledge of the Controlling Company			Directors, Supervisors, or Managers Appointed by the Controlling Company	
		Number of Shares Held	Shareholding ratio	Number of Shares Pledged	Title	Name
China Steel Corporation	With substantial controlling relationship	68,787,183	29.04%	None	Chairman Director Director Director and President	Ching-Fang Tu Chao-Tung Wong Shyi-Chin Wang Ming-Dar Fang

2. The following matters shall be disclosed for the transactions

(1) Purchase and sales transactions:

Unit: NTD thousand; %

Transactions with controlling company				Transaction Conditions with the Controlling Company		Regular transaction terms		Reasons for differences	Notes/accounts receivable (payable)		Overdue receivables			Notes
Purchases (sales)	Amount	Percentage of total purchases (sales) (%)	Sales margin	Unit price (NT$)	Credit period	Unit price (NT$)	Credit period		Balance	Ratio to total notes and accounts receivable (payable) (%)	Amount	Processing Method	Allowance for Bad Debt	
Purchases	2,382,286	52	—	—	Issuance of current L/C	—	—	—	(264,391)	(84)	—	—	—	
Sales	—	—	—	—	—	—	—	—	—	—	—	—	—	

(2) Property transaction: None.

(3) Accommodation of fund: None.

(4) Major lease of assets:

Unit: NTD thousand

Transaction Type (Rental or Lease)		Target: Name	Target: Location	Lease Period	Lease type	Basis for determining rent	Collection (Payment) method	Comparison with general rent criteria	Total rent for the current term	Collection and payment status for the current	Other terms
Lessee	Land and plant	13 pieces of land at No. 1005, Yanshui Port Section	East side of CSC south gate	2021.01.01~ 2025.12.31	Business	3% of the present value announced	Once every half year	No comparable transactions with related parties	14,430	Settled	
		Land, plant, and equipment of the coke tar plant	CSC plant	2021.01.01~ 2021.12.31		Fixed consideration as agreed in the contract			3,397		
		Land No. 1050, Dalinpu Section 650m2	CSC plant	2021.01.01~ 2025.12.31		3% of the land price announced			238		
	Storage tank	Storage tank T1000/2/4/6	CSC plant	2018.01.01~ 2022.12.31		Taiwan Consumer Price Index (Housing Index)	Monthly payment		10,036		
		Storage tank 108/92F	CSC plant	2018.01.01~ 2022.12.31					1,841		
	Office	Office at headquarters of CSC Group	25F., No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City , Taiwan (R.O.C.)	2020.01.01~ 2022.12.31		Based on market conditions	Quarterly payment		4,900		
Rented	Land	Lot No. 506, subsection 1, Dianzi end section 33,110 m2	No. 6, Jiaxing St., Xiaogang Dist.	2021.01.01~ 2025.12.31	Business	3% of the present value announced	Once every half year	No comparable transactions with related parties	12,317	Settled	

(5) Other significant transactions

The Company’s plant is located at the CSC plant. The major power required for production is provided by CSC, and the Company makes monthly payments for utilities such as electricity, sewage processing, waste gas processing, steam consumption and coke oven gas to CSC based on the market price or the cost-plus pricing. For 2021, annual fees for utilities were NTD 314,204 thousand in total. In addition, the Company received coke tar processing income from CSC totaling NTD 97,575 thousand.

3. Endorsement and guarantees: None.
4. Other matters having significant effects on the Company's finance and business: None.
5. Public statement of the affiliation report: None.

II. Private Offering for the Latest Year and as of the Date of Publishing the Annual Report: None.

III. Shares of the Company Held or Disposed of by Subsidiaries for the Latest Year and as of the Date of Publishing the Annual Report

March 31, 2022, Unit: NTD thousand (except for otherwise stated); share; %

Subsidiary Name	Paid-up Capital	Source of Capital	The Company's Shareholding	Date of Acquisition or Disposal	Number of Shares and Amount Acquired	Number of Shares and Amount Disposed of	Gains or Losses on Investments	Number of Shares Held and Amount as of the Date of Publishing the Annual Report	Pledge	Amount of Endorsement or Guarantee Provided to Subsidiaries by the Company	Amount of Loans Provided to Subsidiaries by the Company
Ever Wealthy International Co., Ltd.	1,045,750	Self-owned	100.00%	2021.01.01~ 2022.03.31	0 share 0 thousand	0 share 0 thousand	0	4,753,537 shares 117,638 thousand	None	0	0

IV. Other Matters of Supplements and Explanations Required

None.

I. Matters Having Significant Effects on Shareholder's Interests or Securities' Price Stated in Subparagraph 2, Paragraph 3 under Article 36 of the Securities Exchange Act for the Latest Year and as of the Date of Publishing the Annual Report:

None.

China Steel Chemical Corporation

Chairman:

Ching-Fang Tu