Stock Code: 2108

南帝化學工業股份有限公司
NANTEX INDUSTRY CO., LTD.

2021 Annual Report

Date of Publication: March 28, 2022

Website of Nantex Industry Co., Ltd.: http://nantex.com.tw/

For our annual report, please visit this website: http://mops.twse.com.tw/

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Name of Exchange(s) where Foreign Securities are Listed and Traded, and Manner of Access to the Information of such Foreign Securities: None

Company Website: http://www.nantex.com.tw

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Chapter 1. Letter to Shareholders

Dear shareholders,

In the year of 2021, despite the persisting impact of the US-China trade war and the pandemic of COVID-19 and its Omicron variant, the global economy had apparently been recovering as a result of increasing vaccination coverage in major countries and gradual lifting of lockdowns in Europe and the US. However, due to port congestion, container shortage and rising transportation costs across the world, expected tightening of monetary policies caused by inflation, heavily fluctuating oil and raw materials prices worldwide and other uncertain factors, Nantex is still faced with challenges and tests posed by tremendous global change. In 2021, with low prices of the main raw materials and high demands in the latex market during the first half of the year, sales prices had gone up and led to an increase in the gross profit. Thanks to the hard work of our management team, our revenue and profit have grown significantly.

<I. 2021 Business Report >

1. **Business performance:**
   Our annual consolidated revenue was NT$23.518 billion, with an annual growth rate of approximately 63.3%. The revenue of the Linyuan Plant was NT$14.056 billion, with an annual growth rate of approximately 69.6%. The revenue of the Zhenjiang Plant was NT$8.188 billion, with an annual growth rate of approximately 59.0%. The annual revenue of Nanmat Technology Co., Ltd., where we have made reinvestment, was NT$1.427 billion, with an annual growth rate of approximately 43.1%. For 2021, on a parent-only basis, we recorded a pre-tax net profit of NT$8.667 billion, an after-tax net profit of NT$7.346 billion, a return on equity of 54.3%, a return on assets of 45.9% and a basic earnings per share of NT$14.92. On a consolidated basis, we recorded a pre-tax net profit of NT$9.796 billion, an after-tax net profit of NT$7.495 billion (including NT$0.148 billion for minority interest), a return on equity of 53.5%, a return on assets of 42.7% and a basic earnings per share of NT$14.92.

   Latex

   Latex is the main product of our Linyuan Plant. Primarily consisting of NBR latex, it can be used for making various types of gloves. With clear product positioning, excellent quality, and a brand reputation born out of highly efficient production and technological expertise, latex has laid a strong foundation for us. The COVID-19 pandemic had continued into the first half of 2021. During the second half of the year, our sales in this period were significantly impacted and affected by pandemic control measures in Western countries, the worsening of the pandemic in Malaysia, the main producer of NBR gloves, as well as sales and supply problems encountered by NBR gloves manufacturers in terms of transportation. Latex is not the most important product of our Zhenjiang Plant, but its capability to supply NBR latex has placed it in an advantageous position to meet the urgent market demand for latex.

Oil-resistant rubber

Our commitment to our pricing strategy has contributed to slight growth in the sales of our oil-resistant rubber in 2021. With gradual easing of the pandemic restrictions in Western countries, the resumption of many industrial activities and major changes in market supplies, we have recorded good performance for our oil-resistant rubber. The rubber business of our Zhenjiang Plant declined in early 2021 as a result of COVID-19 lockdowns. With the subsequent lifting of lockdowns, the rubber business has begun to recover gradually and see its demand grow.

Thermoplastic vulcanizate (TPV) /Carbon Master Batch (CMB)

After the gradual easing of COVID-19 lockdowns in many countries, the demands for TPV and NBR/PVC have slowly returned to a normal level due to their broad applications in the automotive industry.

2. **Research and development**:
In 2021, the research and development expense of the Linyuan Plant was NT$85.96 million, accounting for approximately 0.6% of the revenue, which was less than in the previous year.

Latex

In light of the general trend in and need for energy efficiency and reduction of energy consumption, we have made prompt improvement to reduce energy consumed in the latex manufacturing process, where such improvement has also helped increase production capacity and profit. Furthermore, we have cooperated with our customers in developing new products and broadening their applications.

Oil-resistant rubber

In addition to making improvement regarding energy efficiency and reduction of energy consumption in the existing manufacturing process of commercialized rubber, we have continued to develop niche products, such as adhesives used in the electronics industry, for which we have continued to receive customer orders. We will subsequently make further improvement to the processes of wastewater treatment and optimization.

Thermoplastic vulcanizate (TPV)

We have improved the formula to lower costs. Due to a shortage of raw materials, we have conducted an assessment of alternative raw materials in order to stabilize the supply sources.

Carbon Master Batch (CMB)

We have kept production ongoing for the orders of wet mixing NBR/PVC blend glue and have continued to send samples for evaluation regarding new applications of fusion grade NBR/PVC blend glue in textiles.

3. **Analysis of financial revenue and expenses:**
   Our financial policy has always adhered to the principle of stability and steadiness. As we have continued to shorten the period for recovery of accounts, we currently have sufficient financial funds to meet future needs, meaning such funds are ample and not in shortage. The debt-to-equity ratio of the parent-only financial structure is approximately 15:85, meaning our own funds are sufficient and that we have a low level of corporate risk exposure. The current and quick ratios have reached 345.6% and 322.2% respectively, indicating that our liquidity is good and that there is relative flexibility in our capital turnover.

<II. Overview of 2022 Business Plan>

1. **Business plan:**
   We expect 2022 to be a year full of challenges, whether in relation to rubber or latex. Troubles in global transportation and a big rise in

transportation costs have led to more cost pressure. The ensuing inflation and its impact will be a normal occurrence we mainly face in 2022.

Latex

We are facing fiercer competition at the customer end, and how we should respond to this will be one of main tests in 2022.

Oil-resistant rubber

With a tremendous change in supply, how we implement strategies is a challenge we have to face.

Thermoplastic Vulcanizate (TPV) /Carbon Master Batch (CMB)

We will seek a way to continue growth under high TPV costs and find a balance point as market attempts to control rising product prices.

2. **Estimated production and sales:**
   An estimation of the sales of our main products in 2022 indicates that for the Linyuan Plant, the sales of latex and oil-resistant rubber may reach approximately 268,000 and 13,100 metric tons respectively. For the Zhenjiang Plant, the estimated sales of latex and oil-resistant are approximately 69,000 and 46,000 metric tons respectively.

<III. Analysis of Trends in the Overall Economic Environment and Related Industry>

1. **Overall economic environment:**
   2022 is expected to be a year where the world enters a post-pandemic era, countries gradually reverse their financial policies, the borders begin to open, and economic activities are likely to slowly recover. In the short term, however, there is still no effective solution to the uncertainty over COVID-19 variants, tightened monetary policies and higher interest rates caused by greater inflation, and the problems of port congestion, container shortage and rising transportation costs. Moreover, the war between Russia and Ukraine has led to heavier fluctuations in oil prices, while Taiwan’s economy continues to be deeply affected by the US and China. Considering the factor of low base period in the previous year, we can expect an overall highly rocky economic environment in 2022, which may even perform worse than in 2021. Such challenges and changes are truly severe.

2. **Industrial trends:**
   It is a fact that competition over latex for NBR gloves has become fierce and heated, and such competition is especially fierce between gloves manufacturers. In the future, issues we need to consider include how to expand our customer base and find a direction for special applications in response to a changing competitive environment. We will continue to demonstrate our local reliability through stable supplies and pricing strategies not only for oil-resistant rubber but also with regard to NANCAR NBR/PVC and Dynaprene TPV.

<IV. Strategy for Future Development>

1. **Strategy for professional dedication and resource development:**
   With years of dedication in the field of NBR, we hope to identify more interactions between the technologies for latex and oil-resistant rubber to develop high value-added products.
2. **Strategy for regional market-oriented development:**
   Starting with innovation in the application of end products, processing of equipment and design of raw materials, we will engage in the characterization of traditional industries, servitization of manufacturing industry, and technologization and internationalization of the service industry for patent planning, accreditation or certification. Furthermore, we seek to progressively establish ourselves in more markets through the expansion of brand channels.

We sincerely appreciate the long-time encouragement and advice from our shareholders. Our management team will continue to do their best with an attitude based on their commitment to “Keep Improving and Excelling Ourselves.” It is our hope to see the business of Nantex flourish with sustainable growth and profitability.

Owner:	**President:**	**Accounting Manager:**
Tung-Yuan Yang	**Chien-Chu Hsu**	**Sheng-Chung Huang**

Chapter 2. About Nantex

I. Date of incorporation:

January 10, 1979

II. History of Nantex:

1. In January 1979, Nantex was approved for incorporation by the Ministry of Economic Affairs with an amount of NT$50 million as registered capital, and with Hsiu-Chi Wu as the Chairman and Wen-Hsiung Wu as the President.
2. In February 1982, the SBR and NBR synthetic latex plant officially began operation for production, and its products entered the market in April.
3. In May 1983, construction of the oil-resistant rubber plant was completed. In June, the plant began operation and its products entered the market. In August of the same year, construction of the latex plate plant was completed. In September, the plant began operation and its products entered the market.
4. In July 1987, the Board of Directors was reshuffled, with Kao-Hui Cheng appointed as the Chairman and Wen-Hsiung Wu continuing to serve as the President.
5. In August 1987, expansion of the SBR and NBR synthetic latex plant was completed.
6. In May 1988, construction of the Carbon Master Batch (CMB) plant was completed. In November, the second phase of its construction was completed, and its products entered the market in the same year.
7. In January 1989, expansion of the second production line of the latex plate plant was completed.
8. In June 1990, the stocks of Nantex were approved by the Securities Commission for OTC trading.
9. In October 1991, for the purpose of integrating the corporate image and product trademarks of Nantex, its English name was changed to NANTEX INDUSTRY CO., LTD (the original English name was PRESIDENT FINE CHEMICAL INDUSTRY CO., LTD.).
10. In August 1992, the stocks of Nantex were approved by the Securities Commission for listing on TWSE and were officially listed in October.
11. In March 1993, the third phase of expansion of the SBR and NBR synthetic latex plant was completed.
12. In 1994, Nantex received the five-star award of National Outstanding Enterprise in Promotion of Labor Safety and Health. (For three consecutive years from 1991–1993, Nantex received the award of National Outstanding Enterprise in Promotion of Labor Safety and Health)
13. In 1995, Nantex received the 5th National Enterprise Environmental Protection Award. In November, Nantex was recognized and registered under the ISO 9002 quality management system by the Bureau of Product Inspection, MOEA.
14. In 1996, Nantex received the highest honor for national promotion of autonomous protection system: Three Plum Blossom Award.
15. In April 1996, expansion of the third production line of the latex plate plant was completed.
16. In July 1997, Nantex established Nanmat Technology Co., Ltd. through reinvestment.
17. In June 1999, the fourth phase of expansion of the SBR and NBR synthetic latex plant was completed.
18. In February 2000, President Wen-Hsiung Wu retired mandatorily due to age, and Kuei-Hsien Hsu assumed the position of President.

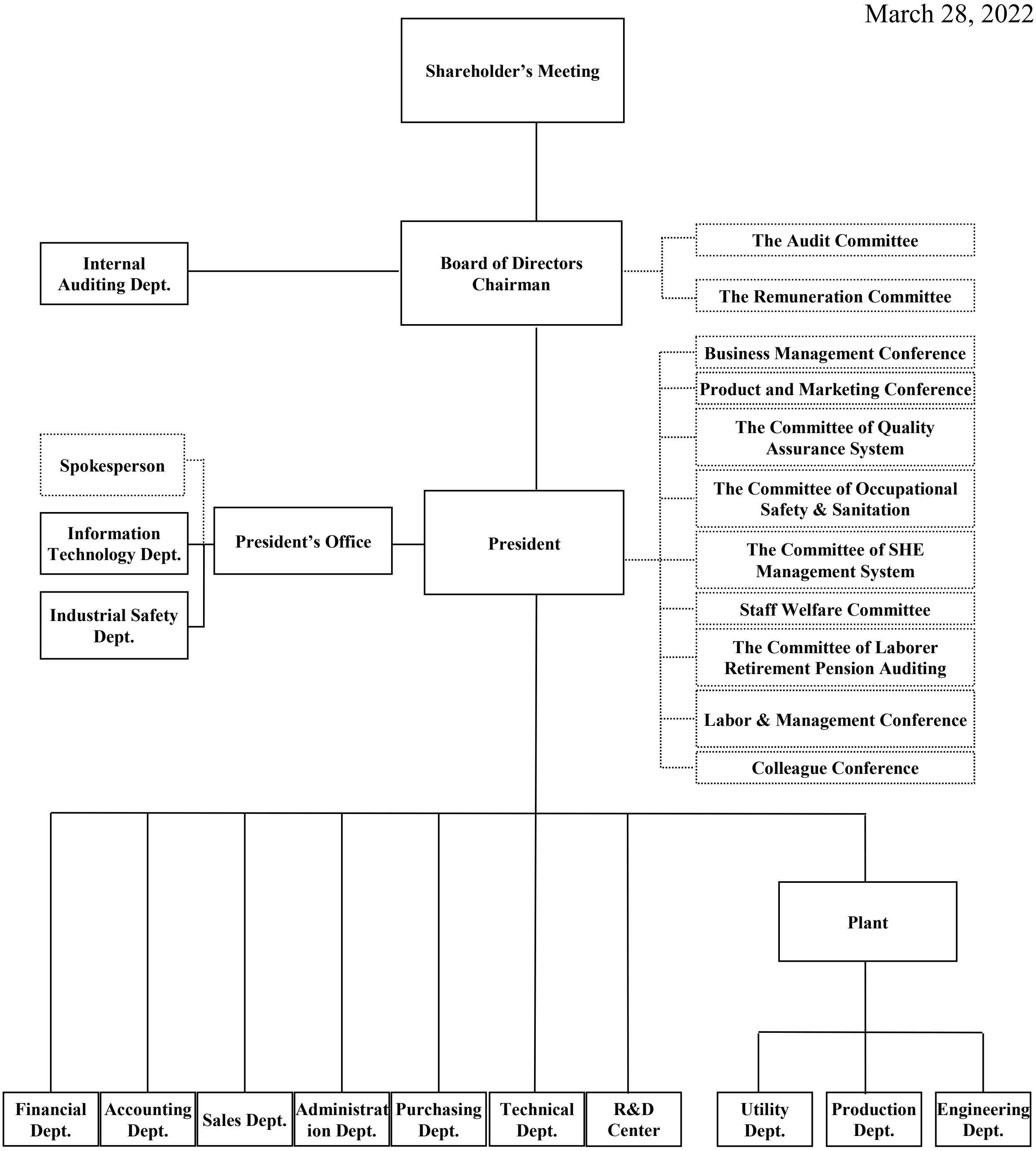
19. In May 2001, Nantex was recognized and registered under the ISO-14001 environmental management system by the Bureau of Standards, Metrology and Inspection, MOEA.
20. In October 2001, Nantex established Zhenjiang Nantex Chemical Industry Co., Ltd. in Mainland China through reinvestment.
21. In February 2003, Nantex was recognized and registered under the ISO-9001 quality management system by the Bureau of Standards, Metrology and Inspection, MOEA.
22. In August 2003, construction of the thermoplastic rubber plant was completed.
23. In September 2003, construction of the plant of the investee company Zhenjiang Nantex Chemical Industry Co., Ltd. was completed. The plant immediately began its trial operation, and its products entered the market.
24. In June 2004, the Board of Directors was reshuffled, with Tung-Yuan Yang appointed as the Chairman and Kuei-Hsien Hsu continuing to serve as the President.
25. In November 2007, expansion of the second production line of the thermoplastic rubber plant was completed.
26. In September 2009, President Kuei-Hsien Hsu retired mandatorily due to age, and Hua-Tang Cheng assumed the position of President.
27. In April 2010, Nantex was recognized and registered under the OHSAS 18001 occupational safety and health management system and the TOSHMS Taiwan occupational safety and health management system by the Bureau of Standards, Metrology and Inspection, MOEA.
28. In June 2012, the latex plate plant ceased production.
29. In October 2013, the fifth phase of expansion of the SBR and NBR synthetic latex plant was completed.
30. In March 2015, President Hua-Tang Cheng retired mandatorily due to age, and Chien-Chu Hsu assumed the position of President.
31. In July 2017, the sixth phase of expansion of the SBR and NBR synthetic latex plant was completed.
32. In December 2020, Nantex was recognized and registered under the ISO 45001 (2018 version) occupational safety and health management system and the TOSHMS (CNS-45001:2018) Taiwan occupational safety and health management system by the Metal Industries Research & Development Centre.
33. Through capital increases over the past years, our capital accumulated at the end of 2021 was NT$4,924,166,590.

Chapter 3. Corporate Governance Report

I. Organizational System

(I) Organization

March 28, 2022



(II) Business of the Main Departments

(1) Internal Auditing Dept.: Auditing and improvement tracking of company systems.

(2) Information Technology Dept.: Planning, development, maintenance of information system as well as information integration application and training.

(3) Industrial Safety Dept.: Promotion and supervision of industrial safety and environment protection plans.

(4) Financial Dept.: Financial management and financial affairs operation.

(5) Accounting Dept.: Budget, accounts and cost settlement for the entire company.

(6) Sales Dept.: Domestic and export sales business related to latex, rubber and CMB and trademark use management.

(7) Administration Dept.: Relevant personnel, services, stock affairs, planning, management system and human resource planning, management related information handling.

(8) Purchasing Dept.: Management of relevant materials, warehouse storage and transportation.

(9) Technical Dept.: Product technical service and quality assurance, process improvement for latex, rubber and CMB.

(10) R&D Center: Research and development of new products and new technologies as well as new raw material evaluation.

(11) Plant: Supervision of the Production Dept., Engineering Dept. and Utility Dept., production management, engineering planning evaluation and company document control.

(12) Production Dept.: Production management for latex, rubber, thermoplastic rubber and CMB products.

(13) Engineering Dept.: Installation, maintenance and repair of machines and instrument equipment of the entire plant.

(14) Utility Dept.: Operation and maintenance of public utilities and environmental protection equipment and latex filling.

II. Information of Directors, Supervisors, President, Vice President, Assistant Vice Presidents, and Managers of Departments and Branches

Information of Directors and Supervisors (I):

March 28, 2022

Title	Nationality or country of registration	Name	Gender and age	Date of election	Term	Date of first election	Shareholding at time of election		Current shareholding		Shareholdings of spouse and minor children		Nominee shareholding		Main experience (education)	Concurrent positions at Nantex and other companies	Other managers, directors or supervisors with a spousal relationship or a relationship within the second degree of consanguinity			Remarks
							Number of shares	Shareholding	Number of Shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Title	Name	Relationship	
Chairman	Tainan Cit	Tainan Spinning Co., Ltd.		June 19, 2019	3	93.06.09	105,549,052	21.43	105,549,052	21.43	–	–	–	–	–	–	–	–	–	–
	R.O.C.	Representative: Tung-Yuan Yang	Male 71–80	June 19, 2019	3	93.06.09	–	–	–	–	–	–	–	–	Department of Business Administration, National Cheng Kung University	Advisor, Tainan Spinning Co., Ltd. Director, Zhenjiang Nantex Chemical Industry Co., Ltd.; Director, Nanmat Technology Co., Ltd.	–	–	–	–
Director	Tainan City	Tainan Spinning Co., Ltd.		June 19, 2019	3	78.08.21	105,549,052	21.43	105,549,052	21.43	–	–	–	–	–	–	–	–	–	–
	R.O.C.	Representative: Po-Ming Hou	Male 61–70	June 19, 2019	3	78.08.21	2,334,311	0.47	2,334,311	0.47	–	–	–	–	Chinese Culture University	Chairman: Tainan Spinning Vietnam Co., Ltd., Tainan Spinning International Investment Co., Ltd., Tainan Spinning Construction Co., Ltd., Tainan Spinning Retail and Distribution Co., Ltd., Yu Peng Investment Co., Ltd., Hsin Yu Peng Investment Co., Ltd., Tainan Spinning Culture and Education Foundation Director: Uni-President Enterprises Corporation, Prince Housing &	Director	Po-Yu Hou	Brothers	–

																Development Corp., President International Development Corp., Howard Beach Resort Kenting Co., Ltd., ScinoPharm Taiwan., Ltd., Tainan Spinning Development Co., Ltd., Zhenjiang Nantex Chemical Industry Co., Ltd., President Real Estate Co, Ltd., Nantai Royal Co., Ltd. Group CEO: Tainan Spinning Co., Ltd., Nantex Industry Co., Ltd.				
Director	R.O.C.	Li-Ling Cheng	Female 51–60	June 19, 2019	3	76.07.25	7,493,782	1.52	7,403,782	1.50	129,572	0.03	—	—	Department of Agricultural Economics, National Taiwan University	Chairman, Kao-Hui Cheng Social Welfare and Charitable Foundation; Chairman, Lilin Investment Co., Ltd.; Director, Eten Technologies Inc.; Director, Tainan Spinning Co., Ltd.; Director, Zhenjiang Nantex Chemical Industry Co., Ltd.; Director, Nanmat Technology Co., Ltd.	Director Director	Pi-Ying Cheng Po-Tsang Tu	Sisters Spouse	—
Director	Tainan City	Tainan Spinning Co., Ltd.		June 19, 2019	3	87.06.04	105,549,052	21.43	105,549,052	21.43	—	—	—	—	—	—	—	—	—	—
	R.O.C.	Representative: Liang-Hung Wu	Male 71–80	June 19, 2019	3	78.05.27	1,861,044	0.38	2,096,044	0.43	13,653	0.02	—	—	Department of Economics, National Taiwan University	Chairman, Kung Ching International Development Co., Ltd.; Vice Chairman, T.H. Wu Foundation; Vice Chairman, Shin Ho Sing Ocean Enterprise Co., Ltd.;	—	—	—	—

																Director, Tainan Spinning Co., Ltd.				
Director	Tainan City	Tainan Spinning Co., Ltd.		June 19, 2019	3	87.06.04	105,549,052	21.43	105,549,052	21.43	—	—	—	—	—	—	—	—	—	—
	R.O.C.	Representative: Po-Yu Hou	Male 61–70	June 19, 2019	3	87.06.04	11,878	—	11,878	—	—	—	—	—	Shih Hsin Junior College	Chairman, Shin Yong Sing Investment Co., Ltd.; Chairman, Mao Jiang Investment Co., Ltd.; Director, Uni-President Enterprises Corporation; Director, Tainan Spinning Co., Ltd.	Director	Po-Ming Hou	Brothers	—
Director	Taipei City	Shin Ho Sing Investment Co., Ltd.		June 19, 2019	3	78.05.27	10,129,684	2.06	10,129,684	2.06	—	—	—	—	—	—	—	—	—	—
	R.O.C.	Representative: Ching-Feng Wu	Male 71–80	June 19, 2019	3	78.05.27	100,840	0.02	100,840	0.02	390,004	0.08	—	—	Beimen Middle School	Chairman, Shin Ho Sing Ocean Enterprise Co., Ltd.; Chairman, Shin Ho Sing Investment Co., Ltd.	—	—	—	—
Director	Tainan City	Ta Chen Construction & Engineering Corp.		June 19, 2019	3	102.06.20	13,327,483	2.71	13,327,483	2.71	—	—	—	—	—	—	—	—	—	—
	R.O.C.	Representative: Ming-Fan Hsieh	Male 51–60	June 19, 2019	3	102.06.20	—	—	—	—	—	—	—	—	Postgraduate institute, Tamkang University	President, Prince Housing & Development Corp.	—	—	—	—

Title	Nationality or country of registration	Name	Gender and age	Date of election	Term	Date of first election	Shareholding at time of election		Current shareholding		Shareholdings of spouse and minor children		Nominee shareholding		Main experience (education)	Concurrent positions at Nantex and other companies	Other managers, directors or supervisors with a spousal relationship or a relationship within the second degree of consanguinity			Remarks
							Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Title	Name	Relationship	
Director	Taipei City	Rui Xing International Investment Co., Ltd.		June 19, 2019	3	108.06.19	10,000	—	12,496,717	2.54	—	—	—	—	—	—	—	—	—	—
	R.O.C.	Representative: Ying-Chih Chuang	Male 71–80	June 19, 2019	3	90.06.14	947,364	0.19	2,047,364	0.42	—	—	—	—	Hsing Wu Junior College of Commerce	Director, Prince Housing & Development Corp.; Director, Rui Xing International Investment Co., Ltd.; Director, Guang Wei Investment Co., Ltd.; Director, Tainan Spinning Co., Ltd.	—	—	—	—
Director	Tainan City	Yong Yuan Investment Co., Ltd.		June 19, 2019	3	101.05.07	1,043,150	0.21	1,043,150	0.21	—	—	—	—	—	—	—	—	—	—
	R.O.C.	Representative: Chung-Ho Wu	Male 61–70	June 19, 2019	3	101.05.07	1,787,580	0.36	1,787,580	0.36	53,397	0.01	—	—	Department of Chemistry, Fu Jen Catholic University	Chairman, San Shing Spinning Co., Ltd.; Chairman, Yong Yuan Investment Co., Ltd.; Director, Tainan Spinning Co., Ltd.; Director, Uni-President Enterprises Corporation; Director, Prince Housing & Development Corp.; Director, Eten Technologies Inc.; Supervisor, Nanmat Technology Co., Ltd.	—	—	—	—
Director	R.O.C.	Pi-Ying Cheng	Female 61–70	June 19, 2019	3	76.07.25	3,942,940	0.80	3,942,940	0.80	—	—	—	—	Department of History, National Taiwan University	Director, Nantex Industry Co., Ltd.	Director Director	Li-Ling Cheng Po-Tsang Tu	Sisters Related by marriage	—
Director	Tainan City	Tainan Spinning Co., Ltd.		June 19, 2019	3	87.06.04	105,549,052	21.43	105,549,052	21.43	—	—	—	—	—	—	—	—	—	—

	R.O.C.	Representative: Chih-Yuan Hou	Male 31–40	June 19, 2019	3	105.06.14	–	–	–	–	–	–	–	–	Center for East Asian Research, Harvard University	Vice President, Universal Cement Corporation; Director, Tainan Spinning Co., Ltd.; Director, Grand Bills Finance Corp.; Director, Sheng Yuan Investment Co., Ltd.	–	–	–	–
Director	Tainan City	Tainan Spinning Co., Ltd.		June 19, 2019	3	108.06.19	105,549,052	21.43	105,549,052	21.43	–	–	–	–	–	–	–	–	–	–
	R.O.C.	Representative: Li-Fan Wang	Male 51–60	June 19, 2019	3	108.06.19	–	–	–	–	–	–	–	–	M.B.A., Clemson University	Chairman, Tainan Spinning Holding Co., Ltd.; Chairman, Tainan Spinning Development Co., Ltd.; Vice Chairman, Tainan Spinning Vietnam Co., Ltd.; Vice Chairman, Tainan Spinning Retail and Distribution Co., Ltd.; President, Tainan Spinning Co., Ltd.; Director, President International Co, Ltd.; Director, Universal Venture Capital Investment Corp.; Director, Nantai Royal Co., Ltd.	–	–	–	–
Director	Tainan City	Tainan Spinning Co., Ltd.		June 19, 2019	3	108.06.19	105,549,052	21.43	105,549,052	21.43	–	–	–	–	–	–	–	–	–	–
	R.O.C.	Representative: Ching-Yao Chuang	Male 51–60	June 19, 2019	3	108.06.19	–	–	–	–	–	–	–	–	M.B.A., Golden Gate University	Chairman, Tainan Spinning Singapore Co., Ltd.; Chairman, United Investment PTE. (Samoa) Co. Ltd.; Chairman, United Investment PTE. (Singapore) Co., Ltd.; Assistant Vice President, Tainan Spinning Co., Ltd.; Director, President Securities Corporation; President, Tainan Spinning Retail and Distribution Co., Ltd.	–	–	–	–

Director	Tainan City	Jiu Fu Investment Co., Ltd.		June 19, 2019	3	76.07.25	23,960,668	4.87	23,960,668	4.87	—	—	—	—	—	—	—	—	—	—
	R.O.C.	Representative: Po-Tsang Tu	Male 61–70	June 19, 2019	3	102.06.20	129,572	0.03	129,572	0.03	7,403,782	1.50	—	—	M.B.A., University of Dallas	Chairman, My-Semi Inc.; Chairman, Shun Fu Tai Industrial Co., Ltd.; Chairman, Yao-Jun Technology Inc.; Director, President Securities Corporation; Supervisor, Lilin Investment Co., Ltd.	Director Director	Li-Ling Cheng Pi-Ying Cheng	Spouse Related by marriage	—
Director	Kaohsiung City	Hon Han Enterprise Corporation		June 19, 2019	3	102.07.10	10,734,869	2.18	10,734,869	2.18	—	—	—	—	—	—	—	—	—	—
	R.O.C.	Representative: Meng-Hsing Liao	Male 71–80	June 19, 2019	3	93.06.09	173,232	0.04	90,232	0.01	—	—	—	—	Department of Accountancy, National Cheng Kung University	Special Assistant to CEO, Tainan Spinning Co., Ltd.; Supervisor, Zhenjiang Nantex Chemical Industry Co., Ltd.; Director, Nanmat Technology Co., Ltd.	—	—	—	—
Director	R.O.C.	Wen-Teng Hou	Male 61–70	June 19, 2019	3	76.07.25	4,610,417	0.94	4,610,417	0.94	—	—	—	—	Chinese Culture University	President, Asia Plywood Corporation; Director, Tainan Spinning Co., Ltd.; Director, Grand Bills Finance Corp.	—	—	—	—

Title	Nationality or country of registration	Name	Gender and age	Date of election	Term	Date of first election	Shareholding at time of election		Current shareholding		Shareholdings of spouse and minor children		Nominee shareholding		Main experience (education)	Concurrent positions at Nantex and other companies	Other managers, directors or supervisors with a spousal relationship or a relationship within the second degree of consanguinity			Remarks
							Number of shares	Shareholding	Number of shares	Shareholding			Number of shares	Shareholding			Title	Name	Relationship	
Independent director	R.O.C.	Te-Kuang Chou	Male 51–60	June 19, 2019	3	105.06.14	–	–	–	–	–	–	–	–	PhD in Business Administration, National Sun Yat-sen University	Vice President and Dean of the Office of International Affairs, Southern Taiwan University of Science and Technology	–	–	–	–
Independent director	R.O.C.	Yung-Tzu Huang	Female 71–80	June 19, 2019	3	105.10.06	–	–	–	–	–	–	–	–	PhD in Chemistry, Massachusetts Institute of Technology (MIT)	Independent Director of Nantex Industrial Co., Ltd.	–	–	–	–
Independent director	R.O.C.	Ming-Tsai Lai	Male 51–60	June 19, 2019	3	105.10.06	–	–	–	–	–	–	–	–	PhD. in Industrial Engineering, National Tsing Hua University	Professor, EMBA Program, Southern Taiwan University of Science and Technology	–	–	–	–
Independent director	R.O.C.	Wu-Jung Shih	Male 51–60	June 19, 2019	3	105.10.06	–	–	–	–	–	–	–	–	PhD. in Systems Science and Industrial Engineering, State University of New York	Full-time Professor, Southern Taiwan University of Science and Technology	–	–	–	–

Note: Nantex has no major shareholder with a shareholding of at least 10%, except for Tainan Spinning Co., Ltd. At the time of the election of directors on June 19, 2019, the actual number of total outstanding shares was 492,416,659. As of December 31, 2021, the actual number of total outstanding shares was 492,416,659.

Major Shareholders of Corporate Shareholders

December 31, 2021

Name of corporate shareholder	Major Shareholders of Corporate Shareholders
Tainan Spinning Co., Ltd.	Po-Yu Hou (6.25%), Po-Ming Hou (6.22%), Po-Yi Hou (6.15%) Pi-Hua Hou Chen (1.57%), Ying-Chih Chuang (1.34%), Ying-Nan Chuang (1.29%), Shin Yong Sing Investment Co., Ltd. (4.63%) Hsin Fu Hsing Industrial Co., Ltd. (4.20%), Rui Xing International Investment Co., Ltd. (1.62%), Chi-Hsing Hou (1.09%)
Rui Xing International Investment Co., Ltd.	Yun-Ta Chuang (20.0%), Hsiu-Wen Wang (12.5%), Ting-Ya Chuang (12.5%), Chih-Chin Chuang (12.5%) Ching-Chih Chuang Lin (10.93%), Ming-Hsuan Chuang (10.0%), Yu-Hsuan Chuang (10.0%), Ying-Nan Chuang (5.0%) Mei-Yu Chuang Chen (5.0%), Ying-Chih Chuang (1.57%)
Jiu Fu Investment Co., Ltd.	Chao-Yuan Cheng (85.73%), Hung-Yi Cheng (14.27%)
Ta Chen Construction & Engineering Corp.	Cheng-Shi Investment Holding Co., Ltd. (100.00%)
Yong Yuan Investment Co., Ltd.	Chung-Ho Wu (24.52%), Ai-Kuei Huang (13.84%), Man-Hui Wu (8.50%), Pao-Hui Wu (8.50%), Pin-Yi Wu (4.15%), Ming-Ching Wu (4.15%), Han-Ting Cheng (4.15%), Mei-Hsiang Chen (3.40%) The Wu Thun-Chih Foundation for Charity and Public Welfare (24.65%)
Hon Han Enterprise Corporation	Ching-Chang Huang (47.10%), Hsueh-Hua Liao (19.75%), Hui-Jung Huang (14.41%) Yuan-Yi Huang (12.69%), Fu-Yu Tsai (3.09%), Chiu-Chin Hsieh Huang (2.96%)
Shin Ho Sing Investment Co., Ltd.	Ying-Chen Wu (3.48%), Liang-Hung Wu (3.23%), Tzu-Hsiu Wu (3.07%) Cheng-Hsiung Yen (2.67%), Cheng-Chi Yen (2.67%), Ying-Nan Chuang (2.66%), Ying-Chih Chuang (2.66%) Rang De Investment Co., Ltd. (9.92%), Yan Ling Investment Co., Ltd. (9.86%) Taipei Christian Missionary Menorah Foundation (3.03%)

Major Shareholders of Corporations which are Major Shareholders

December 31, 2021

Name of corporation	Major shareholder(s) of corporation
Shin Yong Sing Investment Co., Ltd.	Po-Yu Hou (32.09%), Po-Ming Hou (31.94%), Po-Yi Hou (31.09%) Pi-Hua Hou Chen (1.42%), Chin-Chien Hou Su (0.93%), Chih-Sheng Hou (0.85%) Chih-Yuan Hou (0.85%), Ching-Hua Ho (0.62%), Hou Sing Co., Ltd. (0.21%)
Hsin Fu Hsing Industrial Co., Ltd.	Po-Yu Hou (24.11%), Po-Ming Hou (24.09%), Po-Yi Hou (23.51%) Pi-Hua Hou Chen (9.88%), Chin-Chien Hou Su (3.00%), Chih-Sheng Hou (0.33%) Chih-Yuan Hou (0.30%), Shin Yong Sin Investment Co., Ltd. (14.68%), Hou Sing Co., Ltd. (0.10%)
Rui Xing International Investment Co., Ltd.	Yun-Ta Chuang (20.0%), Hsiu-Wen Wang (12.5%), Ting-Ya Chuang (12.5%), Chih-Chin Chuang (12.5%) Ching-Chih Chuang Lin (10.93%), Ming-Hsuan Chuang (10.0%), Yu-Hsuan Chuang (10.0%), Ying-Nan Chuang (5.0%) Mei-Yu Chuang Chen (5.0%), Ying-Chih Chuang (1.57%)
Cheng-Shi Investment Holding Co., Ltd.	Prince Housing & Development Corp. (100%)
The Wu Thun-Chih Foundation for Charity and Public Welfare	Shu-Min Wu, Man-Hui Wu, Pao-Hui Wu, Chung-Ho Wu, Lung-Hun Sun, Hsin-Hsiung Chang, Jung-Feng Wu, Yu-Lin Hou, Shih-Hung Chuang, Peng-Ling Nieh, Tien-Mao Lin, Ping-Huang Yen, Ching-Chih Huang, Ting-Yi Wu, Chia-Ni Wu

Rang De Investment Co., Ltd.	Ying-Chen Wu (16.66%), Liang-Hung Wu (14.19%), Tzu-Hsiu Wu (14.19%)
Yan Ling Investment Co., Ltd.	Tzu-Hsiu Wu (11.77%), Ying-Chen Wu (11.77%), Liang-Hung Wu (11.19%), Hui-Lan Wu (11.19%), Rang De Investment Co., Ltd. (29.35%)
Taipei Christian Missionary Menorah Foundation	Chairman Chuang-Mei Wu Tsai

Information of Directors and Supervisors (II):

I. Disclosure of Information about the Professional Qualifications of Directors and the Independence of Independent Directors:

Title	Criteria / Name	Professional qualifications and experience	Independence	Also an independent director at the following number of other publicly listed company(ies)
Chairman	Tung-Yuan Yang, Representative of Tainan Spinning Co., Ltd.	See the relevant information in "Information of Directors and Supervisors (I)."	1. None of the circumstances under Article 30 of the Company Act applies. 2. The requirements under the "Procedures for Election of Directors" are met.	0
Director	Po-Ming Hou, Representative of Tainan Spinning Co., Ltd.			0
Director	Li-Ling Cheng			0
Director	Liang-Hung Wu, Representative of Tainan Spinning Co., Ltd.			0
Director	Po-Yu Hou, Representative of Tainan Spinning Co., Ltd.			0
Director	Ching-Feng Wu, Representative of Shin Ho Sing Investment Co., Ltd.			0
Director	Ming-Fan Hsieh, Representative of Ta Chen Construction & Engineering Corp.			0
Director	Ying-Chih Chuang, Representative of Rui Xing International Investment Co., Ltd.			0
Director	Chung-Ho Wu, Representative of Yong Yuan Investment Co., Ltd.			0
Director	Pi-Ying Cheng			0
Director	Chih-Yuan Hou, Representative of Tainan Spinning Co., Ltd.			0

Director	Li-Fan Wang, Representative of Tainan Spinning Co., Ltd.			0
Director	Ching-Yao Chuang, Representative of Tainan Spinning Co., Ltd.			0
Director	Po-Tsang Tu, Representative of Jiu Fu Investment Co., Ltd.			0
Director	Meng-Hsing Liao, Representative of Hon Han Enterprise Corporation			0
Director	Wen-Teng Hou			0

Title	Criteria / Name	Professional qualifications and experience	Independence	Also an independent director at the following number of other publicly listed company(ies)
Independent director (Member of the Audit Committee) (Member of the Remuneration Committee)	Te-Kuang Chou	PhD in Business Administration, National Sun Yat-sen University; LLM in International Business Law, University of California, Davis. He served as the vice president and dean of the Office of International Affairs of Southern Taiwan University of Science and Technology (STUST), an associate professor at the Department of Business Administration of STUST, the dean of the College of Business of STUST, and the chair of the Department of Finance of STUST. He passed the Senior Exam as a financial specialist and is an independent director at KNH Enterprise Co., Ltd. None of the circumstances under Article 30 of the Company Act applies.	1. The requirements under the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" are met. 2. Neither he/she, his/her spouse nor any of his/her relatives within the second degree of consanguinity is an employee of Nantex or any of its affiliates. 3. Neither he/she, his/her spouse nor any of his/her relatives within the second degree of consanguinity holds the shares of Nantex.	0
Independent director (Member of the Audit Committee) (Member of the Remuneration Committee)	Yung-Tzu Huang	PhD in Chemistry, Massachusetts Institute of Technology (MIT). He served as the deputy director for specialty macromolecules at the Industrial Technology Research Institute, the executive vice president of E'dale Technology Co., Ltd., and the dean of the Office of Academia Research and Industry Collaboration of Southern Taiwan University of Science and Technology. None of the circumstances under Article 30 of the Company Act applies.		0
Independent director (Member of the Audit Committee) (Member of the Remuneration Committee)	Ming-Tsai Lai	PhD in Industrial Engineering, National Tsing Hua University. He served as the vice president and dean of the Office of Academic Affairs of Southern Taiwan University of Science and Technology (STUST), a professor at the EMBA Program of STUST, the dean of the College of Management of STUST, and the dean of the College of Business of STUST. None of the circumstances under Article 30 of the Company Act applies.		0
Independent director (Member of the Audit Committee) (Member of the Remuneration Committee)	Wu-Jung Shih	PhD in Systems Science and Industrial Engineering, State University of New York. He served as the chair of the Department of Industrial Management and Information of Southern Taiwan University of Science and Technology (STUST), the director of the Graduate Institute of Industrial Management of STUST, the director of the Graduate Institute of Technological Management of STUST, the director of the EMBA Program of STUST, the director of the GMBA Program of STUST, and the associate dean of the College of Business of STUST. None of the circumstances under Article 30 of the Company Act applies.		0

II. Diversity and Independence of the Board of Directors:

(I) Diversity of the Board of Directors: The Articles of Incorporation sets forth the composition of the Board of Directors (seven to twenty directors, including a number of independent directors accounting for no less than one-fifth of all directors). The number of directors shall be determined by the Board of Directors.
The composition of the Board of Directors shall be determined by taking diversity into account and formulating an appropriate diversity policy based on Nantex's business operation, business type and development needs, including basic requirements and values (e.g. gender, age, nationality and culture), professional knowledge and skills (professional background, e.g. law, accounting, industry, finance, marketing or technology), professional skills and industrial experience. Members of the Board of Directors shall possess the necessary knowledge, skills and experience for performing their duties. To achieve the ideals and goals of corporate governance, Article 20 of the "Rules for Corporate Governance" requires members of the Board of Directors to possess the following abilities:

1. Ability in operational judgment.
2. Ability in accounting and financial analysis.
3. Ability in business management.
4. Ability in crisis management.
5. Industrial knowledge.
6. An international market vision.
7. Leadership ability.
8. Decision-making ability.

(II) Independence of the Board of Directors: Nantex has four independent directors, accounting for one-fifth of the total directors. All operations of the Board of Directors are in accordance with applicable laws and regulations, and none of the circumstances under Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act.

Note:

1. Professional qualifications and experience: The professional qualifications and experience of each director or supervisor must be specified. In the case of a member of the Audit Committee specialized in accounting or finance, his/her background and work experience in accounting or finance must be specified, including a description of whether any of the circumstances under Article 30 of the Company Act applies.
2. In the case of an independent director, his/her compliance with independence requirements must be described, including but not limited to whether he/she, his/her spouse or any of his/her relatives within the second degree of consanguinity serves as a director, supervisor or employee at Nantex or any of its affiliates; the number and percentage of shares held by him/her, his/her spouse or any of his/her relatives within the second degree of consanguinity (or through nominees); whether he/she, his/her spouse or any of his/her relatives within the second degree of consanguinity serves as a director, supervisor or employee at any company with a special relationship with Nantex (see Subparagraphs 5-8, Paragraph 1, Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies"); and the amount of remuneration received for provision of business, legal, financial and accounting services to Nantex or any of its affiliates within the most recent two years.

Information of President, Vice President, Assistant Vice Presidents, and Managers of Departments and Branches:

March 28, 2022

Title	Nationality	Name	Gender	Date of taking office	Shareholding		Shareholdings of spouse and minor children		Nominee shareholding		Main experience (education)	Concurrent position(s) at other company(ies)	Manager(s) with a spousal relationship or a relationship within the second degree of consanguinity			Remarks
					Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Title	Name	Relationship	
President	R.O.C.	Chien-Chu Hsu	Male	March 26, 2015	–	–	–	–	–	–	Graduate Institute of Agricultural Machinery, National Taiwan University	Chairman, Zhenjiang Nantex Chemical Industry Co., Ltd.; Director, Intermedium International Ltd.; Director, Nanmat Technology Co., Ltd.; Director, Lushun Warehouse Co., Ltd.	None			–
Vice President	R.O.C.	Wen-Hsin Huang	Male	September 1, 2018	–	–	–	–	–	–	Graduate Institute of Chemilcal Engineering, National Taiwan University	Director, Nanmat Technology Co., Ltd.	None			–

Plant Director	R.O.C.	Chih-Ho Shih	Male	September 1, 2018	–	–	–	–	–	–	Department of Chemical Engineering, National Taiwan University	Director, Nanmat Technology Co., Ltd.	None	–
Assistant Vice President	R.O.C.	Yu-Chen Chung	Male	January 1, 2015	–	–	–	–	–	–	Department of Chemistry, Fu Jen Catholic University	–	None	–
Assistant Vice President	R.O.C.	Han-Yang Wang	Male	July 1, 2016	–	–	–	–	–	–	Department of Commerce, Manila	–	None	–
Assistant Vice President	R.O.C.	Yao-Te Huang	Male	July 1, 2016	1,000	–	20,861	–	–	–	Department of Chemical Engineering, Tamkang University	President, Zhenjiang Nantex Chemical Industry Co., Ltd.; Director, Intermedium International Ltd.; Director, Zhenjiang Nantex Chemical Industry Co., Ltd.	None	–
Assistant Vice President	R.O.C.	Chi-Tsang Chen	Male	July 1, 2019	2,000	–	–	–	–	–	Department of Chemical Engineering, National Cheng Kung University	–	None	–

Assistant Vice President and Accounting Manager	R.O.C.	Sheng-Chung Huang	Male	September 1, 2018	–	–	1	–	–	–	Department of Accounting, Tunghai University	Director, Intermedium International Ltd.; Director, Zhenjiang Nantex Chemical Industry Co., Ltd.; Director, Nanmat Technology Co., Ltd.	None	–
Financial Manager	R.O.C.	Hsin-Fu Tai	Male	June 1, 2019	–	–	–	–	–	–	Department of Business Management, Tatung Institute of Technology	–	None	–

III. Remuneration Paid to Directors, President, Vice Presidents, etc., in the Most Recent Year

Remuneration for Directors and Independent Directors (Consolidated Disclosure of Names by Remuneration Range)

2021 (NT$ thousand)

Title	Name	Remuneration for director								Sum of A, B, C and D as a % of after-tax net profit		Remuneration received for concurrent service as an employee								Sum of A, B, C, D, E, F and G as a % of after-tax net profit		Remuneration received from non-subsidiary investee companies or parent
		Remuneration (A)		Post-employment pension (B)		Remuneration for director (C)		Business execution expense (D)				Salary, bonus and special disbursement (E)		Post-employment pension (F)		Remuneration for employee (G)						
																Nantex		All companies in the financial report				
		Nantex	All companies in the financial report	Nantex	All companies in the financial report	Nantex	All companies in the financial report	Nantex	All companies in the financial report	Nantex	All companies in the financial report	Nantex	All companies in the financial report	Nantex	All companies in the financial report	Amount in cash	Amount in shares	Amount in cash	Amount in shares	Nantex	All companies in the financial report	
Chairman	Tainan Spinning Co., Ltd. Representative: Tung-Yuan Yang	4,565	25,098	–	–	273,690	276,798	5,360	9,908	3.86%	4.24%	8,692	36,158	–	–	2,773	–	2,773	–	4.02%	4.77%	None
Director	Tainan Spinning Co., Ltd. Representative: Po-Ming Hou																					
Director	Li-Ling Cheng																					
Director	Tainan Spinning Co., Ltd. Representative: Liang-Hung Wu																					
Director	Tainan Spinning Co., Ltd. Representative: Po-Yu Hou																					
Director	Shin Ho Sing Investment Co., Ltd. Representative: Ching-Feng Wu																					
Director	Ta Chen Construction & Engineering Corp. Representative: Ming-Fan Hsieh																					
Director	RuiXing International Investment Co., Ltd.																					

	Representative: Ying-Chih Chuang																					
Director	YoungYun Investment Co., Ltd.																					
	Representative: Chung-Ho Wu																					
Director	Pi-Ying Cheng																					
Director	Tainan Spinning Co., Ltd.																					
	Representative: Chih-Yuan Hou																					
Director	Tainan Spinning Co., Ltd.																					
	Representative: Li-Fan Wang																					
Director	Tainan Spinning Co., Ltd.																					
	Representative: Ching-Yao Chuang																					

Title	Name	Remuneration for director								Sum of A, B, C and D as a % of after-tax net profit		Remuneration received for concurrent service as an employee								Sum of A, B, C, D, E, F and G as a % of after-tax net profit		Remuneration received from non-subsidiary investee companies or
		Remuneration (A)		Post-employment pension (B)		Remuneration for director (C)		Business execution expense (D)				Salary, bonus and special disbursement (E)		Post-employment pension (F)		Remuneration for employee (G)						
																Nantex		All companies in the financial report				
		Nantex	All companies in the financial report	Nantex	All companies in the financial report	Nantex	All companies in the financial report	Nantex	All companies in the financial report	Nantex	All companies in the financial report	Nantex	All companies in the financial report	Nantex	All companies in the financial report	Amount in cash	Amount in shares	Amount in cash	Amount in shares	Nantex	All companies in the financial report	
Director	Jiu Fu Investment Co., Ltd. Representative: Po-Tsang Tu																					
Director	Hon Han Enterprise Corporation Representative: Meng-Sheng Liao																					
Director	Wen-Teng Hou																					
Independent director	Te-Kuang Chou	–	–	–	–	–	–	3,320	3,320	0.05%	0.05%	–	–	–	–	–	–	–	–	0.05%	0.05%	
Independent director	Yung-Tzu Huang																					
Independent director	Ming-Tsai Lai																					
Independent director	Wu-Jung Shih																					

1. The policy, system, standards and structure for payment of remuneration to independent directors, and a description of the relevance to the remuneration paid based on factors including job responsibilities, risks and the time invested: The remuneration for the independent directors of Nantex is paid according to their job responsibilities (remuneration + attendance fee + other income), subject to review and approval by the Remuneration Committee.
2. Remuneration received by directors for providing services (e.g. serving as a non-employee advisor to the parent company/all companies in the financial report/investee companies) within the most recent year, other than that disclosed in the table above: Director Po-Ming Hou received NT$4,565,000 as remuneration for his concurrent service as Nantex's group CEO.

Table of Remuneration Range for Directors

Range of remuneration paid to each director of Nantex	Name of director			
	Sum of first four items (A + B + C + D)		Sum of first seven items (A + B + C + D + E + F + G)	
	Nantex	All companies in the financial report	Nantex	All companies in the financial report
Less than NT$1 million	Te-Kuang Chou, Yung-Tzu Huang, Ming-Tsai Lai, Wu-Jung Shih	Te-Kuang Chou, Yung-Tzu Huang, Ming-Tsai Lai, Wu-Jung Shih	Te-Kuang Chou, Yung-Tzu Huang, Ming-Tsai Lai, Wu-Jung Shih	Te-Kuang Chou, Yung-Tzu Huang, Ming-Tsai Lai, Wu-Jung Shih
NT$1 million – less than NT$2 million	–	–	–	–
NT$2 million – less than NT$3.5 million	–	–	–	–
NT$3.5 million – less than NT$5 million	–	–	–	–
NT$5 million – less than NT$10 million	–	–	–	–
NT$10 million – less than NT$15 million	–	–	–	–
NT$15 million – less than NT$30 million	Representatives of Tainan Spinning Co., Ltd.: Po-Ming Hou, Liang-Hung Wu, Po-Yu Hou, Chih-Yuan Hou, Li-Fan Wang, Ching-Yao Chuang Representative of Rui Xing International Investment Co., Ltd.: Ying-Chih Chuang Representative of Yong Yuan Investment Co., Ltd.: Chung-Ho Wu Representative of Hon Han Enterprise Corporation: Meng-Hsing Liao Representative of Shin Ho Sing Investment Co., Ltd.: Ching-Feng Wu Representative of Ta Chen Construction & Engineering Corp.: Ming-Fan Hsieh Representative of Jiu Fu Investment Co., Ltd.: Po-Tsang Tu Li-Ling Cheng, Pi-Ying Cheng, Wen-Teng Hou	Representatives of Tainan Spinning Co., Ltd.: Liang-Hung Wu, Po-Yu Hou, Chih-Yuan Hou, Li-Fan Wang, Ching-Yao Chuang Representative of Rui Xing International Investment Co., Ltd.: Ying-Chih Chuang Representative of Yong Yuan Investment Co., Ltd.: Chung-Ho Wu Representative of Hon Han Enterprise Corporation: Meng-Hsing Liao Representative of Shin Ho Sing Investment Co., Ltd.: Ching-Feng Wu Representative of Ta Chen Construction & Engineering Corp.: Ming-Fan Hsieh Representative of Jiu Fu Investment Co., Ltd.: Po-Tsang Tu Li-Ling Cheng, Pi-Ying Cheng, Wen-Teng Hou	Representatives of Tainan Spinning Co., Ltd.: Po-Ming Hou, Liang-Hung Wu, Po-Yu Hou, Chih-Yuan Hou, Li-Fan Wang, Ching-Yao Chuang Representative of Rui Xing International Investment Co., Ltd.: Ying-Chih Chuang Representative of Yong Yuan Investment Co., Ltd.: Chung-Ho Wu Representative of Hon Han Enterprise Corporation: Meng-Hsing Liao Representative of Shin Ho Sing Investment Co., Ltd.: Ching-Feng Wu Representative of Ta Chen Construction & Engineering Corp.: Ming-Fan Hsieh Representative of Jiu Fu Investment Co., Ltd.: Po-Tsang Tu Li-Ling Cheng, Pi-Ying Cheng, Wen-Teng Hou	Representatives of Tainan Spinning Co., Ltd.: Liang-Hung Wu, Po-Yu Hou, Chih-Yuan Hou, Li-Fan Wang, Ching-Yao Chuang Representative of Rui Xing International Investment Co., Ltd.: Ying-Chih Chuang Representative of Yong Yuan Investment Co., Ltd.: Chung-Ho Wu Representative of Hon Han Enterprise Corporation: Meng-Hsing Liao Representative of Shin Ho Sing Investment Co., Ltd.: Ching-Feng Wu Representative of Ta Chen Construction & Engineering Corp.: Ming-Fan Hsieh Representative of Jiu Fu Investment Co., Ltd.: Po-Tsang Tu Li-Ling Cheng, Pi-Ying Cheng, Wen-Teng Hou
NT$30 million – less than NT$50 million	Representative of Tainan Spinning Co., Ltd.: Tung-Yuan Yang	Representative of Tainan Spinning Co., Ltd.: Po-Ming Hou		Representative of Tainan Spinning Co., Ltd.: Po-Ming Hou
NT$50 million – less than NT$100 million	–	Representative of Tainan Spinning Co., Ltd.: Tung-Yuan Yang	Representative of Tainan Spinning Co., Ltd.: Tung-Yuan Yang	Representative of Tainan Spinning Co., Ltd.: Tung-Yuan Yang
More than NT$100 million	–	–	–	–
Total	20	20	20	20

Note: 1. The salary paid to the Chairman's driver is NT$516,600. 2. The Chairman has one company car, which costs NT$6,787,000.

Remuneration for President and Vice President (Consolidated Disclosure of Names by Remuneration Range)

2021 (NT$ thousand)

Title	Name	Salary (A)		Post-employment pension (B)		Bonus and special disbursement (C)		Remuneration for employee (D)				Sum of A, B, C and D as a % of after-tax net profit (%)		Remuneration received from non-subsidiary investee companies or parent company
		Nantex	All companies in the financial report	Nantex	All companies in the financial report	Nantex	All companies in the financial report	Nantex		All companies in the financial report		Nantex	All companies in the financial report	
								Amount in cash	Amount in shares	Amount in cash	Amount in shares			
President	Chien-Chu Hsu	43,602	45,612	474	474	－	2,530	3,504	－	3,504	－	0.65%	0.71%	None
Vice President	Wen-Hsin Huang													

Table of Remuneration Range for President and Vice President

Range of remuneration paid to each president and vice president of Nantex	Names of president and vice president	
	Nantex	All companies in the financial report
Less than NT$1 million	—	—
NT$1 million – less than NT$2 million	—	—
NT$2 million – less than NT$3.5 million	—	—
NT$3.5 million – less than NT$5 million	—	—
NT$5 million – less than NT$10 million	—	—
NT$10 million – less than NT$15 million	Wen-Hsin Huang	Wen-Hsin Huang
NT$15 million – less than NT$30 million	—	—
NT$30 million – less than NT$50 million	Chien-Chu Hsu	Chien-Chu Hsu
NT$50 million – less than NT$100 million	—	—
More than NT$100 million	—	—
Total	2	2

Note: 1. The President has one company car: NT$3,170,000; the Vice President has one company car: NT$1,000,000.
2. The post-employment pension is an amount of employee pension contribution to which the systems under the “Labor Standards Act” and the “Labor Pension Act” are applicable.

Names of Managers to whom the Remuneration for Employees is Distributed, and the Remuneration Distributed

2021 (NT$ thousand)

<table>
<tr><th></th><th>Title</th><th>Name</th><th>Amount of shares</th><th>Amount of cash</th><th>Total</th><th>The sum as a % of after-tax net profit</th></tr>
<tr><td rowspan="10">Managers</td><td>President</td><td>Chien-Chu Hsu</td><td rowspan="10">—</td><td rowspan="10">12,190</td><td rowspan="10">12,190</td><td rowspan="10">0.17%</td></tr>
<tr><td>Vice President</td><td>Wen-Hsin Huang</td></tr>
<tr><td>Plant Director</td><td>Chih-Ho Shih</td></tr>
<tr><td>Assistant Vice President</td><td>Yu-Chen Chung</td></tr>
<tr><td>Assistant Vice President</td><td>Han-Yang Wang</td></tr>
<tr><td>Assistant Vice President</td><td>Yao-Te Huang</td></tr>
<tr><td>Assistant Vice President</td><td>Chi-Tsang Chen</td></tr>
<tr><td>Assistant Vice President and Accounting Manager</td><td>Sheng-Chung Huang</td></tr>
<tr><td>Financial Manager</td><td>Hsin-Fu Tai</td></tr>
</table>

Analysis of the Total Remuneration Paid by Nantex and All Companies in the Consolidated Financial Statements to the Directors, Supervisors, President and Vice President of Nantex within the Most Recent Two Years as a Percentage of After-tax Net Profit, and a Description of the Policy, Standards and Combinations for Payment of Remuneration, the Procedures for Determination of Remuneration, and the Relevance to the Operating Performance:

<table>
<tr><th rowspan="2">Name</th><th colspan="2">2021</th><th colspan="2">2020</th></tr>
<tr><th>Nantex</th><th>All companies in the consolidated financial statements</th><th>Nantex</th><th>All companies in the consolidated financial statements</th></tr>
<tr><td>Director</td><td rowspan="2">4.72 %</td><td rowspan="2">5.53 %</td><td rowspan="2">4.85 %</td><td rowspan="2">5.64 %</td></tr>
<tr><td>President and Vice President</td></tr>
</table>

Description:

1. The policy and standards for payment of remuneration to the directors of Nantex are subject to Article 26 of the Articles of Incorporation, which stipulates that the Board of Directors shall be authorized to determine the payment of remuneration for directors based on the level of their participation in and their contribution to the operations of Nantex and the general standards of peer companies. The salaries for the President and Vice President are determined in accordance with the regulations for determination of salaries established by Nantex, and based on personal competencies, the level of their contribution to Nantex, performance and the market value of their positions, taking into account the future operating risks of Nantex.
2. The policy, standards and combinations for payment of remuneration, the procedures for determination of remuneration, and the relevance to the operating performance and future risks: The salaries, remuneration and performance evaluation for the directors and managers of Nantex are subject to review by the Remuneration Committee and to approval by a resolution of the Board of Directors.

IV. Information of Corporate Governance

(I) Operations of the Board of Directors:

In 2021, the Board of Directors held five meetings (A), and the attendance of directors in these meetings is as follows:

Title	Name	Actual number of meeting attended (in voting/non-voting capacity) (B)	Number of meetings attended by proxy	Actual rate of attendance (in voting/non-voting capacity) (%) (B/A)	Remarks
Chairman	Tung-Yuan Yang, Representative of Tainan Spinning Co., Ltd.	5	0	100%	
Director	Po-Ming Hou, Representative of Tainan Spinning Co., Ltd.	5	0	100%	
Director	Li-Ling Cheng	5	0	100%	
Director	Liang-Hung Wu, Representative of Tainan Spinning Co., Ltd.	4	1	80%	
Director	Po-Yu Hou, Representative of Tainan Spinning Co., Ltd.	5	0	100%	
Director	Ching-Feng Wu, Representative of Shin Ho Sing Investment Co., Ltd.	5	0	100%	
Director	Ming-Fan Hsieh, Representative of Ta Chen Construction & Engineering Corp.	4	1	80%	
Director	Ying-Chih Chuang, Representative of Rui Xing International Investment Co., Ltd.	4	1	80%	
Director	Chung-Ho Wu, Representative of Yong Yuan Investment Co., Ltd.	5	0	100%	
Director	Pi-Ying Cheng	5	0	100%	
Director	Chih-Yuan Hou, Representative of Tainan Spinning Co., Ltd.	5	0	100%	
Director	Li-Fan Wang, Representative of Tainan Spinning Co., Ltd.	5	0	100%	
Director	Ching-Yao Chuang, Representative of Tainan Spinning Co., Ltd.	5	0	100%	
Director	Po-Tsang Tu, Representative of Jiu Fu Investment Co., Ltd.	5	0	100%	
Director	Meng-Hsing Liao, Representative of Hon Han Enterprise Corporation	5	0	100%	

Director	Wen-Teng Hou	5	0	100%	
Independent director	Te-Kuang Chou	4	1	80%	
Independent director	Yung-Tzu Huang	5	0	100%	
Independent director	Ming-Tsai Lai	5	0	100%	
Independent director	Wu-Jung Shih	5	0	100%	

Other information required:

1. Where any of the following applies to the operations of the Board of Directors, the date and number of session of the relevant Board of Directors meeting, the proposal(s) for the meeting, all opinions of independent directors and the actions taken by Nantex in response to the opinions of independent directors must be specified:
   (1) Matters set forth under Article 14-3 of the Securities and Exchange Act.
   (2) Matters other than the foregoing ones, for which the Board of Directors have adopted resolutions and for which objections or reservations have been expressed by the independent directors in records or written statements.

<table>
<tr><th>Board of Directors</th><th>Proposal and subsequent actions taken in response</th><th>Matters set forth under Article 14-3 of the Securities and Exchange Act</th><th>Objections or reservations expressed by the independent directors</th></tr>
<tr><td rowspan="4">15th term, 10th meeting March 17, 2021</td><td>1. Engagement of the CPAs for Nantex</td><td>V</td><td>—</td></tr>
<tr><td colspan="3">Opinions of independent directors: None.</td></tr>
<tr><td colspan="3">Actions taken by Nantex in response to the opinions of independent directors: None.</td></tr>
<tr><td colspan="3">Result of resolution: Approved by all attending directors.</td></tr>
</table>

2. With respect to the recusal of any director with a stake in a proposal, the name of the director, the proposal, the reason for recusal and his/her participation in the voting must be specified: None
3. Evaluation of the goals for enhancing the functions of the Board of Directors (e.g. establishing an Audit Committee, or increasing information transparency) in the current and most recent years, and of their implementation: To enhance the comprehensiveness of the operations of the Board of Directors and corporate governance, Nantex has established the Remuneration Committee and the Audit Committee and appointed a chief corporate governance officer, and completes the evaluation of the performance of directors and the submission of relevant information by the end of the first quarter each year.

(II) Evaluation of the Board of Directors:

On June 16, 2020, the Board of Directors adopted the "Regulations for Evaluation of the Performance of the Board of Directors," which stipulates that the Board of Directors shall conduct at least an evaluation of the performance of the Board of Directors, directors and the functional committees each year. In January 2022, Nantex completed an evaluation of the performance of the Remuneration Committee and the Audit Committee, and submitted a report to the Board of Directors on March 8, 2022.

Cycle of evaluation	Period of evaluation	Scope of evaluation	Method of evaluation	Items evaluated
Annually	January 1 to December 31, 2021	An overall evaluation of the performance of the Board of Directors, individual directors and the functional committees.	Self-evaluation questionnaires for the Board of Directors, directors and the functional committees.	◇ Evaluation of the performance of the Board of Directors: 1. Level of participation in the operations of Nantex. 2. Quality of decision-making by the Board of Directors. 3. Composition and structure of the Board of Directors. 4. Election and continuing training of

				the directors. 5. Internal control. ◇ Evaluation of the performance of individual directors: 1. Understanding of the goals and missions of Nantex. 2. Awareness of the responsibilities of a director. 3. Level of participation in the operations of Nantex. 4. Management and communication regarding internal relationship. 5. Professionalism and continuing training of directors. 6. Internal control. ◇ Evaluation of the performance of the functional committees: 1. Level of participation in the operations of Nantex. 2. Awareness of the responsibilities of the functional committees. 3. Improvement of the quality of decision-making by the functional committees. 4. Composition and election of members of the functional committees. 5. Internal control.

The evaluation of the performance of the Board of Directors (including the functional committees) in 2021 includes four categories, with a full score of 5 for each self-evaluation indicator. All results of the evaluation are "Good," summarized as follows:

Result of self-evaluation of the performance of the Board of Directors:

1. Total average of questionnaire scores: 96.44.
2. Total average of indicator scores: 4.82.

Result of self-evaluation of the performance of directors:

1. Total average of questionnaire scores: 96.78.
2. Total average of indicator scores: 4.84.

Result of self-evaluation of the performance of the functional committees:

1. Audit Committee:

    1. Total average of questionnaire scores: 98.86.
    2. Total average of indicator scores: 4.94.

1. Remuneration Committee:

    1. Total average of questionnaire scores: 98.64.
    2. Total average of indicator scores: 4.93.

The results of the performance evaluation show that the efficiency and operations of the Board of Directors, directors and the functional committees have received positive recognition, that their performance has been good and that they have been able to exercise their functions well.

(III) Operations of the Audit Committee:

1. Annual work focus of the Audit Committee:

The Audit Committee, composed of four independent directors, has been established for the purposes of assisting the Board of Directors in enhancing supervisory functions and strengthening managerial functions, including ensuring a fair presentation of financial statements, the appointment (discharge), independence and performance of CPAs, the effectiveness of internal control, compliance with applicable laws and regulations, and the control of existing or potential risks. The following are the main and key matters subject to review by the Audit Committee within its powers:

(1) Establishment or amendment of the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.

(2) Evaluation of the effectiveness of the internal control system.

(3) Establishment or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of procedures for material financial or business actions, including acquisition or disposal of assets, transactions of derivatives, loaning of funds to others, and provision of endorsements or guarantees to others.

(4) Any matter involving the personal stake of a director.

(5) Any material transaction of assets or derivatives.

(6) Material loaning of funds or provision of endorsements or guarantees.

(7) Offering, issuance or private placement of equity securities.

(8) Engagement and discharge of or remuneration for CPAs.

(9) Appointment or discharge of a financial or accounting manager or the chief internal auditor.

(10) Annual financial report signed or sealed by the Chairman, President and accounting manager, and financial report for the second quarter requiring audit and certification by CPAs.

(11) Other material matters required by Nantex or the competent authorities.

2. Operations of the Audit Committee:

In 2021, the Audit Committee held four meetings (A), and the attendance of independent directors in these meetings is as follows:

Title	Name	Actual number of meeting attended in non-voting capacity (B)	Number of meetings attended by proxy	Actual rate of attendance in non-voting capacity (%) (B/A)	Remarks
Independent director (Convener)	Te-Kuang Chou	3	1	75%	
Independent director	Yung-Tzu Huang	4	0	100%	
Independent director	Ming-Tsai Lai	4	0	100%	
Independent director	Wu-Jung Shih	4	0	100%	

Other information required:

1. Where any of the following applies to the operations of Audit Committee, the date and number of session of the relevant Audit Committee meeting, the proposal(s) for the meeting, the objections, reservations or material suggestions of independent directors, the relevant resolution of the Audit Committee and the actions taken by Nantex in response to the opinions of the Audit Committee must be specified:
   (1) Matters set forth under Article 14-5 of the Securities and Exchange Act.
   (2) Matters other than the foregoing ones, which have not been approved by the Audit Committee but have been approved in resolutions by at least two-thirds of all directors.

<table>
<tr><th>The Audit Committee</th><th>Proposal and subsequent actions taken in response</th><th>Matters set forth under Article 14-5 of the Securities and Exchange Act</th><th>Matters which have not been approved by the Audit Committee but have been approved in resolutions by at least two-thirds of all directors</th></tr>
<tr><td rowspan="4">1st term, 8th meeting March 17, 2021</td><td>1. 2020 financial report</td><td>V</td><td>—</td></tr>
<tr><td>2. Engagement of the CPAs for Nantex</td><td>V</td><td>—</td></tr>
<tr><td colspan="3">Result of resolution of the Audit Committee: Approved by all members of the Audit Committee.</td></tr>
<tr><td colspan="3">Actions taken by Nantex in response to the opinions of the Audit Committee: None</td></tr>
<tr><td rowspan="3">1st term, 9th meeting May 10, 2021</td><td>1. Consolidated financial report for the first quarter of 2021</td><td>V</td><td>—</td></tr>
<tr><td colspan="3">Result of resolution of the Audit Committee: Approved by all members of the Audit Committee.</td></tr>
<tr><td colspan="3">Actions taken by Nantex in response to the opinions of the Audit Committee: None</td></tr>
<tr><td></td><td>1. Consolidated financial</td><td>V</td><td>—</td></tr>
</table>

1st term, 10th meeting August 9, 2021	report for the second quarter of 2021		
	Result of resolution of the Audit Committee: Approved by all members of the Audit Committee.		
	Actions taken by Nantex in response to the opinions of the Audit Committee: None		
1st term, 11th meeting November 9, 2021	1. Consolidated financial report for the third quarter of 2021	V	—
	Result of resolution of the Audit Committee: Approved by all members of the Audit Committee.		
	Actions taken by Nantex in response to the opinions of the Audit Committee: None		

2. With respect to the recusal of any independent director with a stake in a proposal, the name of the independent director, the proposal, the reason for recusal and his/her participation in the voting must be specified: None
3. Communication between independent directors and the chief internal auditor and CPAs (such information must include the material matters, methods and results of communication regarding the financial and business conditions of Nantex):
   (1) Communication between independent directors and the chief internal auditor: In 2021, the chief internal auditor of Nantex attended, in non-voting capacity, four Audit Committee meetings and five Board of Directors meetings to give reports on the implementation of auditing business in recent period. The chief internal auditor also attends the first Audit Committee meeting each year to give a report to the independent directors regarding the overall performance of auditing work in the previous year, and to communicate sufficiently with the independent directors regarding business audits, deficiencies and anomalies discovered in the internal control system, and their improvements and follow-ups. The internal audit department provides a written audit report and an improvement follow-up report to the independent directors on a monthly and quarterly basis. It also, if necessary, engages in direct communication with the independent directors promptly via e-mail, telephone or interview.

Date	Focus of communication	Result of communication
March 17, 2021	1. Report on the implementation of auditing business during the period from October 2020 to January 2021. 2. December 1, 2020: Submission of the 2021 work plan was completed, with its copies provided to the CPAs. 3. January 7, 2021: Submission of the 2021 report for auditors and their substitutes was completed. 4. January 7, 2021: Submission of the hours of continuing training of auditors and their substitutes in 2020 was completed. 5. February 3, 2021: Submission of report on the implementation of the 2020 internal audit plan was completed, with its copies provided to the CPAs. 6. January 26, 2021: The form for company-wide self-evaluation of internal control in 2020 was	No objections

Date	Focus of communication	Result of communication
	completed, with a proposal to issue the 2020 statement of internal control.	
May 10, 2021	1. Report on the implementation of auditing business during the period from February to March 2021. 2. March 24, 2021: Submission of the 2020 statement of internal control was completed.	No objections
August 9, 2021	1. Report on the implementation of auditing business during the period from April to June 2021. 2. May 3, 2021: Submission of the 2020 report on “improvements of deficiencies and anomalies in internal control” was completed.	No objections
November 9, 2021	1. Report on the implementation of auditing business during the period from July to September 2021. 2. 2022 audit work plan. 3. Proposal to amend IM006A “Description of work derived from other management control” and all rules for implementation of internal audits. 4. Proposal to amend IM0069 “Description of work derived from research and development cycle” and all rules for implementation of internal audits. 5. Proposal to amend IM0061 “Description of work derived from sales and receipt cycle” and all rules for implementation of internal audits.	No objections

(2) Communication between independent directors and CPAs:
The CPAs attend at least two regular meetings (of the Audit Committee) each year to give reports to the independent directors regarding the financial conditions and overall operations of Nantex and the audits of internal control, and to communicate sufficiently regarding whether there is any material adjustment of entries or whether any amendment to laws or regulations has affected the accounts.

Date	Focus of communication	Result of communication
1st Audit Committee, 8th meeting March 17, 2021	I. Audit of 2020 parent-only and consolidated financial reports: (1) Categories of opinion and types of reporting for the review report (2) Key audit matters (3) Materiality in the current period (4) Material adjustments and reclassifications and unadjusted items (5) Options and changes of material related party transactions, accounting estimates and accounting policies II. Other discussions: (1) Policy on the independence of CPAs	No objections

Date	Focus of communication	Result of communication
	(2) Issuance of customer statements (3) Whether there is any significant deficiencies in internal control (4) Material subsequent events (5) Other reports	
1st Audit Committee, 11th meeting November 9, 2021	I. Review of the consolidated financial report for the third quarter of 2021: (1) Categories of opinion and types of reporting for the review report (2) Materiality of the overall financial statements and individual items in the current period (3) Material adjustments and reclassifications and unadjusted entries (4) Options and changes of related party transactions, material accounting estimates and accounting policies II. Other matters: (1) Policy on the independence of CPAs (2) Issuance of customer statements (3) Whether there is any significant deficiencies in internal control (4) Material subsequent events (5) Other reports III. Planning of audit at the end of 2021: (1) Audit schedule, audit method, audit materiality and risk assessment (2) Key audit matters (3) Whether there is any significant deficiencies in internal control (4) Use of expert reports (5) Major entities constituting the group's business organization, and their current operations (6) Remote auditing is conducted due to inability to visit the site (7) Schedule for submission of reports (8) Matters for communication with the governing bodies during an audit	No objections

(3) Nantex has engaged PwC Taiwan to audit its financial report and to issue an audit opinion report to the independent directors for review.

(IV) Implementation of Corporate Governance, Differences with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the Reasons for such Differences:

Item assessed	Implementation			Differences with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reasons for such differences
	Yes	No	Summarized description:	
I. Does your company establish and disclose its corporate governance best-practice principles in accordance with the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	✓		The Board of Directors of Nantex adopted such principles on November 10, 2020.	No material differences with Article 59 of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.
II. Company's equity structure and shareholders' equity				
(I) Does your company establish internal procedures for handling shareholders' suggestions, questions, disputes, and lawsuits? Does your company follow such procedures?	✓		(I) Nantex has established the Regulations Governing Shareholder Services and has appointed personnel to handle shareholders' suggestions or disputes and other issues.	(I) No material differences with Article 13 of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.
(II) Does your company keep a list of major shareholders actually controlling your company and the ultimate controllers of the major shareholders?	✓		(II) Nantex is constantly informed of increases/decreases in or changes in mortgage of the shares held by shareholders with a shareholding of at least 10% and by directors or supervisors.	(II) No material differences with Article 19 of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.
(III) Has your company established and implemented a system for risk control and firewalls with its affiliates?	✓		(III) The financial, business and accounting operations of affiliates are independent and managed by specialized personnel, and are subject to control and audit by the headquarters.	(III) No material differences with Article 14 of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.
(IV) Has your company established internal regulations that prevent insiders from trading securities using non-public market information?	✓		(IV) To reduce the occurrence of equity transfers by insiders in violation of the regulations, Nantex has submitted reports as required by Articles 22-2 and 25 of the Securities and Exchange Act. Nantex has also established an internal control system and procedures for treatment of material insider information to "prevent insider trading" by stipulating that no insider may disclose any material insider information he/she has learned.	(IV) No material differences with Article 10 of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.

Item assessed	Implementation			Differences with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reasons for such differences
	Yes	No	Summarized description:	
III. Composition and responsibilities of the board of directors				
(I) Has your board of directors established a diversity policy and specific goals of management? Have such policy and goals been implemented?		✓	(I) The Articles of Incorporation of Nantex sets forth the composition of the Board of Directors (7–20 directors, and a number of independent directors accounting for no less than one-fifth of all directors), and Nantex has established rules of procedure for the Board of Directors.	(I) Nantex has not established and therefore has not implemented a corporate governance system, which is currently discussed and planned by the Board of Directors.
(II) Has your company, apart from establishing a remuneration committee and an audit committee, voluntarily set up any other functional committee?		✓	(II) Nantex has established the Remuneration Committee and Audit Committee as required by law, and is planning for other functional committees.	(II) The committees have been established in accordance with Article 14-6 of the Securities and Exchange Act.
(III) Has your company established regulations and methods for evaluation of the performance of the board of directors? Does your company conduct such performance evaluation on a regular basis each year? Are the results of such performance evaluation submitted to the board of directors and used as reference for the remuneration for individual directors and for their nomination or re-election?	✓		(III) Nantex has established the "Regulations for Evaluation of the Performance of the Board of Directors," and has submitted the results of evaluation to the Board of Directors meeting in March as required. The results of evaluation for the current year were submitted to the Board of Directors on March 8, 2022.	(III) No material differences with Article 37 of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.
(IV) Does your company assess the independence of CPAs on a regular basis?	✓		(IV) Nantex conducts an assessment of the independence of the CPAs annually, and the results were submitted to the Board of Directors on March 8, 2022 for review and approval. Nantex assesses that Tzu-Yu Lin and Yung-Chih Lin, the CPAs from PwC Taiwan, have met the criteria of Nantex for review and assessment of independence (Note 1), and that they are qualified as the CPAs of Nantex. Their accounting firm has also issued a declaration in this regard. (Note 2)	(IV) No material differences with Article 29 of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.

Item assessed	Implementation			Differences with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reasons for such differences
	Yes	No	Summarized description:	
IV. Does your TWSE/TPEx listed company appoint an appropriate number of competent corporate governance officers and designate a chief corporate governance officer to be in charge of corporate governance affairs (including but not limited to providing the information required for directors or supervisors to perform their duties, assisting directors or supervisors in compliance, managing affairs for board of directors meetings and shareholders' meetings as required by law, and preparing minutes for board of directors meetings and shareholders' meetings)?	✓		The Administration Dept. and Accounting Dept. of Nantex are jointly responsible for corporate governance affairs and participate in relevant training sessions on a regular basis. In March 2020, the Board of Directors approved the appointment of a chief corporate governance officer. (Note 3)	No material differences with Article 3-1 of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.
V. Does your company establish channels of communication with stakeholders (including but not limited to shareholders, employees, customers and suppliers)? Does your company create a section for stakeholders on its website and give proper responses regarding important issues of corporate social responsibility that concern stakeholders?	✓		For shareholders, they can contact specialized personnel. For employees, they can contact the labor union. For customers, they can use the customer complaint channel. For good relations with the neighboring community, a special department is in charge. In addition, Nantex has set up a section for stakeholders on its website and designated an independent contact.	No material differences with Article 51 of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.
VI. Does your company engage any professional shareholder services agent to manage affairs for shareholders' meetings?	✓		Nantex has engaged a professional shareholder services agent to manage affairs for shareholders' meetings and has appointed specialized personnel for shareholder services.	No material differences with Article 7 of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.

Item assessed	Implementation			Differences with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reasons for such differences
	Yes	No	Summarized description:	
VII. Information disclosure				
(I) Does your company set up a website to disclose financial, business and corporate governance information?	✓		(I) Nantex has set up a website and regularly discloses financial and business related information.	(I) No material differences with Articles 55 and 57 of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.
(II) Does your company use other means to disclose information (e.g. setting up an English website, assigning specialized personnel to collect and disclose corporate information, implementing a spokesperson system, uploading the proceedings of investor conferences to your company's website)?	✓		(II) Nantex has appointed specialized personnel to collect and disclose corporate information as reference for shareholders and stakeholders. Nantex has also implemented a spokesperson system.	(II) No material differences with Articles 55 and 56 of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.
(III) Does your company publish and submit an annual financial report within two months after the end of each fiscal year? Does your company publish and submit financial reports of the first, second and third quarters and the monthly status of operations before the required deadline?	✓		(III) The Board of Directors meeting for the first quarter is still held in March, so it is not possible to publish and submit an annual financial report within two months after the end of each fiscal year. On the other hand, Nantex has been able to publish and submit financial reports of the first, second and third quarters and the monthly status of operations before the required deadline.	(III) No material differences with Article 55 of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.

Item assessed	Implementation			Differences with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reasons for such differences
	Yes	No	Summarized description:	
VIII. Does your company have other important information useful for understanding the status of corporate governance of your company (including but not limited to employees' rights, employee care, investor relations, supplier relationship, stakeholders' rights, continuing training of directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, and purchase of liability insurance for directors and supervisors by your company)?	✓		1. Employees' rights: Nantex has always treated its employees with integrity. Nantex has protected the legitimate rights of its employees in accordance with the Labor Standards Act, and has signed collective agreements with the labor union. 2. Employee care: Through appropriate welfare system for stabilizing employees' living and proper training system, excellent relationship with mutual trust and dependence is established with the employees. For example: Increasing the amount of welfare fund contribution to promote employee club activities, physical examination, group insurance and labor education, and providing a parking lot for employees. 3. Investor relations: Nantex has appointed spokespersons and a shareholder services department to manage shareholders affairs. 4. Supplier relationship: Nantex has always maintained good relationships with suppliers. 5. Stakeholders' rights: Stakeholders may communicate with and give advice to Nantex in order to maintain their legitimate rights. 6. Continuing education of directors and supervisors: Continuing education of directors in 2021 (Note 4). 7. Implementation of risk management policies and risk measurement standards: Nantex has established various internal regulations as required by law to engage in risk management and assessment. 8. Implementation of customer policies: Nantex maintains stable and good relationship with its customers to generate profits. 9. Purchase of liability insurance for directors and supervisors by your company: Nantex purchased liability insurance for directors on June 28, 2019.	No material differences with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.
IX. The result of corporate governance evaluation released by the Corporate Governance Center of the Taiwan Stock Exchange in the most recent year has described the matters improved and specified the priorities and measures for improvement with respect to matters not yet improved. Matters improved: Preparation of corporate social responsibility (CSR) report. Priorities and measures for improvement with respect to matters not yet improved: Continuing education of directors.				

(Note 1)

Nantex Industry Co., Ltd.
Form for Assessment of Independence of Certified Public Accountants

Reviewees: CPA Tzu-Yu Lin and CPA Yung-Chih Lin
Date of review: January 18, 2022

Item no.	Item assessed	Result of assessment	Independence criteria are met
1	The CPA or audit service team member currently serves, or served within the most recent two years, as a director or manager or in a position with material effect on audit cases at Nantex	No	Yes
2	The CPA or audit service team member has promoted or acted as a broker for the shares issued by Nantex	No	Yes
3	The CPA or audit service team member has, in addition to engaging in business permitted by law, represented Nantex in defending legal cases or other disputes with third parties	No	Yes
4	The CPA or audit service team member is a relative of a director, manager or person serving in a position with material effect on audit cases at Nantex	No	Yes
5	The CPA has a direct or material indirect financial interest with Nantex	No	Yes
6	The CPA has borrowed funds from Nantex	No	Yes
7	The CPA has a close business relationship and a potential employment relationship with Nantex	No	Yes
8	The CPA has been employed by the appointer or reviewee to perform routine work with a fixed salary	No	Yes

(Note 2)

Letter

Recipient: Nantex Industry Co., Ltd.

Date: January 18, 2022
Doc. no.: Zi-Hui-Zong-Zi No. 22000093

Subject: At the request of Nantex and subsidiaries (collectively, “Group”), and in accordance with the Standards of Professional Ethics for Certified Public Accountants Bulletin No. 10 “Integrity, Fairness, Objectivity and Independence,” we have conducted an assessment of the independence of our firm from your Group. Please see “Description” below for the results of assessment and the declaration issued.

Description:

I. According to Article 4 of the Standards of Professional Ethics for Certified Public Accountants Bulletin No. 10 (“Bulletin No. 10”), for a CPA auditing or reviewing financial statements, “being independent in form is more important than maintaining independence in substance. Therefore, the audit service team members, other co-practicing CPAs, the firm and affiliates of the firm (hereinafter “Audit Service Team Members and Affiliates of the Firm”) must remain independent from audit customers.” Furthermore, Article 7 of Bulletin No. 10 states that “independence may be affected by personal interest, self-assessment, defense, familiarity and threat.” In view of the above, with regard to the factors that may affect independence under Article 7, we provide a declaration to your Group stating that the independence of our firm is not affected by any of the factors above.

II. Independence not affected by personal interest

We declare that none of the audit service team members and affiliates of our firm (1) has any direct or material indirect financial interest with, (2) has any close business relationship with, (3) has any potential employment relationship with, or (4) has engaged in financing or guarantees with your Group or its directors or supervisors.

III. Independence not affected by self-assessment

We declare that none of the audit service team members currently serves, or served within the most recent two years, as a director or supervisor or in a position with direct material effect on audit cases. In addition, our firm does not provide important items of non-audit service cases with direct effect on audit cases.

IV. Independence not affected by defense

We declare that none of the audit service team members has been engaged to defend the positions or opinions of your Group, or represented your Group in mediating any conflict between your Group and a third party.

V. Independence not affected by familiarity

We declare that: (1) none of the audit service team members is a relative of any director, manager or person serving in a position with material effect on audit cases at your Group; (2) none of the co-practicing CPAs who have left their positions within one year has served as a director, supervisor or manager or in a position with direct material effect on audit cases at your Group; (3) none of the audit service team members has accepted any donation or gift of material value from your Group or any of its directors, supervisors or managers.

VI. Independence not affected by threat

We declare that none of the audit service team members has received or been subject to any improper request from the management of your Group regarding the choice of accounting policies or disclosure of financial statements; and that the objectivity and professional skepticism of such members have not been affected due to reduction of the required audit work based on the reason of lower professional fees.

Our declaration above has been implemented in accordance with our relevant procedures for review of the independence of customers, and we have exercised due professional care. Respectfully,

Attachment(s):

I. List of audit service team members as required by Bulletin No. 10.
II. List of co-practicing CPAs withdrawing from our firm within the most recent year.
III. List of affiliates of PwC Taiwan.
IV. Non-audit services provided by PwC Taiwan and its affiliates to Nantex Industry Co., Ltd.

PwC Taiwan

CPA: Yung-Chih Lin

Attachment 1: List of audit service team members as required by Bulletin No. 10.

Name	Title	Name	Title
Yung-Chih Lin	CPA	Huai-Min Shih	Team Lead
Tzu-Yu Lin	CPA	Hsiang-Jung Li	Team Lead
Shu-Fen Yu	CPA	Yu-Hung Chiang	Team Lead
Ying-Hsun Liu	CPA	Meng-Han Chiang	Team Lead
Ching-Ju Yao	Vice President	Ching-Ting Huang	Team Lead
Hui-Hua Li	Vice President	Hung-Yu Chen	Team Lead
Chia-Ying Lin	Assistant Vice President	Hui-Shan Chen	Auditor
Tung-Chieh Wu	Assistant Vice President	Pei-Yu Chen	Auditor
Mu-An Lo	Assistant Vice President	Hao-Chun Yuan	Auditor
Tzu-Shan Hung	Manager	Chi-Yuan Tseng	Auditor
Wen-Chieh Chang	Team Lead	Ho-Yun Tai	Auditor
Hui-Lan Wang	Team Lead	Chia-Hsin Li	Auditor
Tsung-Ta Yang	Team Lead	Miao-I Hou	Auditor
Chia-Chun Hsieh	Team Lead	Chia-Chun Li	Auditor
Kuan-Yu Shen	Team Lead	Tzu-En Huang	Auditor
Hui-Chen Wang	Team Lead	Han-Yu Fu	Auditor
Pin-Han Yen	Team Lead	Chien-Jung Yu	Auditor

Attachment 2: List of co-practicing CPAs withdrawing from our firm within the most recent year:

Name	Date of withdrawal
Chin-Mu Hsiao	May 25, 2021
Kuo-Hua Tseng	May 25, 2021
Shou-Hung Hsueh	May 25, 2021
Wen-Kuan Hsu	May 25, 2021
Tung-Chiao Lin	June 30, 2021

Attachment 3: List of affiliates of PwC Taiwan:

(1)	PricewaterhouseCoopers Legal Taiwan
(2)	PricewaterhouseCoopers Management Consulting Company Ltd.
(3)	PricewaterhouseCoopers International Financial Consulting Co., Ltd.
(4)	PricewaterhouseCoopers Human Resources and Management Consulting Co., Ltd.
(5)	PricewaterhouseCoopers Tax Consulting Co., Ltd.
(6)	PricewaterhouseCoopers Sustainable Development Service Co., Ltd.
(7)	PricewaterhouseCoopers International Real Estate Consulting Ltd.
(8)	PricewaterhouseCoopers Intelligence Risk Management and Consulting Co., Ltd.
(9)	PricewaterhouseCoopers Innovation Consulting Ltd.

Attachment 4: Non-audit services provided by PwC Taiwan and its affiliates to Nantex Industry Co., Ltd.:

I. Audit and certification of profit-seeking enterprise income tax.
II. Application for substantive investments from undistributed earnings.
III. Projects for research and analysis of transfer pricing, and tax consulting services.
IV. English translation of financial reports.
V. Annual advisory and operational maintenance services for offshore companies.
VI. Assistance to a company in remitting its dividends to an offshore third area for approval.
VII. Assistance to a company in registering changes.

(Note 3)

Chief Corporate Governance Officer

According to the resolution adopted by the Board of Directors on March 16, 2020, Jung-Yi Yeh, the shareholder services manager, has been appointed as the chief corporate governance officer (with no less than three years of experience in a position of shareholder services manager at a publicly listed company) of Nantex.

The main responsibilities of the chief corporate governance officer include:

I. Managing affairs for Board of Directors meetings and shareholders' meetings as required by law.
II. Preparing minutes for Board of Directors meetings and shareholders' meetings.
III. Assisting directors in taking office and their continuing training.
IV. Providing the information required for directors to perform their duties.
V. Assisting directors in compliance.
VI. Other matters set out in the Articles of Incorporation or contracts.

In 2021, the following duties were performed:

1. Establishing/Amending the relevant internal regulations in accordance with the latest amendments and development of laws related to corporate compliance and corporate governance.
2. Assisting in providing the information required for directors to perform their duties.
3. Managing compliance affairs in relation to the rules of procedure and resolutions of the Board of Directors and shareholders' meeting.
   (1) Checking whether the shareholders' meeting and Board of Directors meetings were convened in accordance with applicable laws and regulations.
   (2) Checking whether the information for Board of Directors meetings and shareholders' meeting (meeting notice, meeting handbook and meeting minutes) was in compliance with legal requirements.
   (3) Reviewing whether a resolution of the Board of Directors constituted an announcement of material information.
4. Reviewing the items of corporate governance evaluation indicators that have not met the criteria.
5. Corporate governance evaluation.
6. Assisting in the preparation of Nantex's annual report.

The following is the status of continuing training of the chief corporate governance officer in 2021:

Date of training	Organizer	Course title	Training hours	Accumulated training hours
May 10, 2021	Taiwan Corporate Governance Association	COVID-19 and Corporate Governance 3.0	3	3
August 9, 2021	Taiwan Corporate Governance Association	Risk Management in Response to COVID-19: What Companies Should Do	3	6
August 31, 2021	The Institute of Internal Auditors-Chinese Taiwan	Audit of the Purchasing System in the Manufacturing Industry: Practices	6	12

(Note 4)

The following is the status of continuing training of directors in 2021:

Name	Date of training	Organizer	Course title	Training hours	Total training hours
Corporate Director Tung-Yuan Yang	May 10, 2021	Taiwan Corporate Governance Association	COVID-19 and Corporate Governance 3.0	3	6
	August 9, 2021	Taiwan Corporate Governance Association	Risk Management in Response to COVID-19: What Companies Should Do	3	
Corporate Director Po-Ming Hou	May 10, 2021	Taiwan Corporate Governance Association	COVID-19 and Corporate Governance 3.0	3	6
	August 9, 2021	Taiwan Corporate Governance Association	Risk Management in Response to COVID-19: What Companies Should Do	3	
Li-Ling Cheng	May 10, 2021	Taiwan Corporate Governance Association	COVID-19 and Corporate Governance 3.0	3	6
	August 9, 2021	Taiwan Corporate Governance Association	Risk Management in Response to COVID-19: What Companies Should Do	3	
Corporate Director Liang-Hung Wu	May 10, 2021	Taiwan Corporate Governance Association	COVID-19 and Corporate Governance 3.0	3	6
	August 9, 2021	Taiwan Corporate Governance Association	Risk Management in Response to COVID-19: What Companies Should Do	3	
Corporate Director Po-Yu Hou	April 23, 2021	Taiwan Institute of Directors	Obligations and Responsibilities of Companies, Directors and Supervisors under the Securities and Exchange Act	3	6
	May 10, 2021	Taiwan Corporate Governance Association	COVID-19 and Corporate Governance 3.0	3	

Corporate Director Ching-Feng Wu	May 10, 2021	Taiwan Corporate Governance Association	COVID-19 and Corporate Governance 3.0	3	6
	August 9, 2021	Taiwan Corporate Governance Association	Risk Management in Response to COVID-19: What Companies Should Do	3	
Corporate Director Ming-Fan Hsieh	May 10, 2021	Taiwan Corporate Governance Association	COVID-19 and Corporate Governance 3.0	3	6
	August 9, 2021	Taiwan Corporate Governance Association	Risk Management in Response to COVID-19: What Companies Should Do	3	
Corporate Director Ying-Chih Chuang	May 10, 2021	Taiwan Corporate Governance Association	COVID-19 and Corporate Governance 3.0	3	6
	August 9, 2021	Taiwan Corporate Governance Association	Risk Management in Response to COVID-19: What Companies Should Do	3	
Corporate Director Chung-Ho Wu	May 10, 2021	Taiwan Corporate Governance Association	COVID-19 and Corporate Governance 3.0	3	6
	August 9, 2021	Taiwan Corporate Governance Association	Risk Management in Response to COVID-19: What Companies Should Do	3	
Pi-Ying Cheng	April 23, 2021	Taiwan Institute of Directors	Obligations and Responsibilities of Companies, Directors and Supervisors under the Securities and Exchange Act	3	12
	May 10, 2021	Taiwan Corporate Governance Association	COVID-19 and Corporate Governance 3.0	3	
	August 9, 2021	Taiwan Corporate Governance Association	Risk Management in Response to COVID-19: What Companies Should Do	3	
	October 22, 2021	Taiwan Institute of Directors	Future Roadmap of Sustainable Development for Corporate Governance 3.0	3	

Corporate Director Chih-Yuan Hou	April 14, 2021	Taiwan Institute of Directors	Turning the Tide: What Can We Learn from the Reform and Transformation of a 100-year-old Business	3	9
	May 10, 2021	Taiwan Corporate Governance Association	COVID-19 and Corporate Governance 3.0	3	
	August 9, 2021	Taiwan Corporate Governance Association	Risk Management in Response to COVID-19: What Companies Should Do	3	
Corporate Director Li-Fan Wang	May 10, 2021	Taiwan Corporate Governance Association	COVID-19 and Corporate Governance 3.0	3	6
	August 9, 2021	Taiwan Corporate Governance Association	Risk Management in Response to COVID-19: What Companies Should Do	3	
Corporate Director Ching-Yao Chuang	May 10, 2021	Taiwan Corporate Governance Association	COVID-19 and Corporate Governance 3.0	3	6
	August 9, 2021	Taiwan Corporate Governance Association	Risk Management in Response to COVID-19: What Companies Should Do	3	
Corporate Director Po-Tsang Tu	May 10, 2021	Taiwan Corporate Governance Association	COVID-19 and Corporate Governance 3.0	3	9
	August 9, 2021	Taiwan Corporate Governance Association	Risk Management in Response to COVID-19: What Companies Should Do	3	
	August 23, 2021	Taiwan Institute of Directors	Management of AML and CTF Risks and the Principle of Fair Treatment of Customers	3	
Corporate Director Meng-Sheng Liao	May 10, 2021	Taiwan Corporate Governance Association	COVID-19 and Corporate Governance 3.0	3	6
	August 9, 2021	Taiwan Corporate Governance Association	Risk Management in Response to COVID-19: What Companies Should Do	3	

Wen-Teng Hou	May 10, 2021	Taiwan Corporate Governance Association	COVID-19 and Corporate Governance 3.0	3	6
	August 9, 2021	Taiwan Corporate Governance Association	Risk Management in Response to COVID-19: What Companies Should Do	3	
Independent Director Te-Kuang Chou	May 10, 2021	Taiwan Corporate Governance Association	COVID-19 and Corporate Governance 3.0	3	6
	August 9, 2021	Taiwan Corporate Governance Association	Risk Management in Response to COVID-19: What Companies Should Do	3	
Independent Director Yung-Tzu Huang	May 10, 2021	Taiwan Corporate Governance Association	COVID-19 and Corporate Governance 3.0	3	6
	August 9, 2021	Taiwan Corporate Governance Association	Risk Management in Response to COVID-19: What Companies Should Do	3	
Independent Director Ming-Tsai Lai	May 10, 2021	Taiwan Corporate Governance Association	COVID-19 and Corporate Governance 3.0	3	6
	August 9, 2021	Taiwan Corporate Governance Association	Risk Management in Response to COVID-19: What Companies Should Do	3	
Independent Director Wu-Jung Shih	May 10, 2021	Taiwan Corporate Governance Association	COVID-19 and Corporate Governance 3.0	3	6
	August 9, 2021	Taiwan Corporate Governance Association	Risk Management in Response to COVID-19: What Companies Should Do	3	

(V) Operations of the Remuneration Committee:

1. Information of members of the Remuneration Committee:

Position (Note 1)	Criteria / Name	Professional qualifications and experience	Independence	Also a remuneration committee member at the following number of other publicly listed company(ies)
Independent director (Convener)	Ming-Tsai Lai	See "Disclosure of Information about the Professional Qualifications of Directors and the Independence of Independent Directors" in this annual report.	1. The requirements under the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" are met. 2. Neither he/she, his/her spouse nor any of his/her relatives within the second degree of consanguinity is an employee of Nantex or any of its affiliates. 3. Neither he/she, his/her spouse nor any of his/her relatives within the second degree of consanguinity holds the shares of Nantex.	0
Independent director	Te-Kuang Chou			0
Independent director	Yung-Tzu Huang			0
Independent director	Wu-Jung Shih			0

Note 1: All members of the Remuneration Committee of Nantex are independent directors.

2. Information of operations of the Remuneration Committee:

(1) The Remuneration Committee of Nantex consists of four members.

(2) Term of the current members: June 19, 2019 to June 18, 2022. In 2021, the Remuneration Committee held two meetings (A), and the qualifications of the members and their attendance in these meetings are as follows:

Title	Name	Actual number of attendance	Number of meetings attended by proxy	Actual rate of attendance (%)	Remarks
Convener	Ming-Tsai Lai	2	0	100%	
Member	Yung-Tzu Huang	2	0	100%	
Member	Te-Kuang Chou	1	1	50%	
Member	Wu-Jung Shih	2	0	100%	

(3) Matters discussed and resolutions adopted by the Remuneration Committee:

Remuneration Committee	Matters discussed	Resolution:
4th term, 5th meeting March 17, 2021	1. 2020 operating results and plan for appropriation of the remuneration for directors, supervisors and employees	Approved
	2. Review of the remuneration for directors and managers in 2021	Approved
4th term, 6th meeting November 9, 2021	1. Annual adjustment to the remuneration for managers in 2021	Approved
	2. Evaluation of the policy, system, standards, structure and performance of the remuneration for directors and managers in 2021	Approved
	3. 2022 work plan.	Approved

Other information required:

I. Where the Board of Directors has declined to adopt or amend the suggestions of the Remuneration Committee, the date and number of session of the relevant Board of Directors meeting, the proposal(s) for the meeting, the relevant resolution of the Board of Directors and the actions taken by Nantex in response to the opinions of the Remuneration Committee must be specified (if the remuneration approved by the Board of Directors is higher than that suggested by the Remuneration Committee, the difference and its reason must be specified): None.

II. Where members of the Remuneration Committee have expressed objections or reservations in records or written statements to any matter subject to a resolution of the Remuneration Committee, the date and number of session of the relevant Remuneration Committee meeting, the proposal(s) for the meeting, the opinions of all members and the actions taken in response to the opinions of the members must be specified: None.

3. Information of Members of the Nomination Committee and its Operations:

Nantex has not established a Nomination Committee.

(VI) Promotion of Sustainable Development, Differences with the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies, and the Reasons for such Differences:

push the project	Implementation			Differences with the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies, and the reasons for such differences
	Yes	No	Summarized description:	
I. Does your company promote a governance framework for sustainable development? Does your company establish a specialized (or designate an existing) department to promote sustainable development, which the senior management is authorized by the board of directors to manage under the supervision of the board of directors?		✓	Although Nantex has not established any specialized department for sustainable development, the Administration Dept. and the Industrial Safety Dept. are committed to promoting corporate social responsibility (CSR), and Nantex has published CSR reports since 2020.	No material differences with Article 7 of the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies.
II. Does your company conduct any risk assessment regarding environmental, social and corporate governance issues related to your company's operations according to the materiality principle? Does your company establish any relevant risk management policy or strategy?	✓		The Industrial Safety Dept. has been designated to conduct risk assessments regarding environmental, social and corporate governance issues related to the operations of Nantex based on internal and external issues and matters that concern stakeholders, in order to promote a management system for ISO 14001 environmental management system and ISO 45001 occupational safety and health management system, to identify environmental considerations and hazards, and to, based on the results of assessment, establish HSE goals, subjects and management plans and implement regular reviews and follow-ups and incorporate them into the management system.	No material differences with Article 3 of the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies.
III. Environmental issues (I) Does your company create an appropriate environmental management system based on the industrial characteristics of your company?	✓		(I) Based on the industrial characteristics of Nantex, the promotion of an HSE system has been in compliance with domestic HSE laws and regulations and in line with international standards. Nantex has received the certifications of ISO 14001 environmental management system (version 2015), ISO 45001 occupational safety and health management system (version 2018) and TOSHMS (CNS15506), and has continued to operate in accordance with the PDCA system framework.	(I) No material differences with Article 13 of the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies.

push the project	Implementation			Differences with the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies, and the reasons for such differences
	Yes	No	Summarized description:	
(II) Is your company committed to achieving more efficient use of energy and using renewable materials with low impact on environmental burdens?	✓		(II) Nantex is committed to the improving sources, increasing the use and recycling of resources and conducting assessment of low-toxicity materials in order to achieve the goal of reduction of raw materials and waste for the purpose of reducing environmental impact.	(II) No material differences with Article 12 of the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies.
(III) Does your company assess the present and future potential risks and opportunities arising from climate change for your company? Does your company take any measures in response?	✓		(III) In accordance with ISO 14001 (version 2015), Nantex has conducted an assessment of potential risks and opportunities with regard to climate change issues and has taken measures in response, including the promotion of ISO 14064 greenhouse gas inventories and engaging a third party (Bureau Veritas Taiwan) for accreditation, annual review and establishment of relevant reduction strategies. Additionally, the HSE Committee conducts regular follow-ups and reviews of the performance on a quarterly basis.	(III) No material differences with Article 17 of the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies.
(IV) Does your company make statistics of the greenhouse gas emissions, water usage and total weight of waste over the previous two years? Does your company establish policies for greenhouse gas reduction, reduction of water usage or management other waste?	✓		(IV) For the statistical data of Nantex over the most recent three years, see Note 1.	(IV) No material differences with Articles 15, 16 and 17 of the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies.
IV. Social issues (I) Does your company establish relevant management policies and procedures in accordance with applicable laws and regulations and international human rights conventions?	✓		(I) To protect the basic rights of its employees, Nantex has complied with applicable laws and regulations and followed the regulations governing its internal control system with respect to the appointment and discharge of and remuneration for employees. To ensure that every employee is treated and respected in a fair and humane manner, Nantex has established the "Regulation for Prevention, Complaints and Penalties of Sexual Harassment" to protect the rights of all employees.	(I) No material differences with Article 18 of the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies.

push the project	Implementation			Differences with the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies, and the reasons for such differences
	Yes	No	Summarized description:	
(II) Does your company establish and implement reasonable employee welfare measures (including remuneration, leave and other benefits)? Is the operating performance or result appropriately reflected in the remuneration for employees?	✓		(II) Nantex has regularly communicated its operating status and policies through labor union meetings or labor–management meetings, and has engaged in mediation of issues concerning the rights of the labor and management through discussion and communication in order to achieve harmonious labor–management relations. Employees wishing to file complaints can express their opinions and have such complaints addressed through the labor union, labor–management meetings, colleague conferences and the managing department.	(II) No material differences with Article 21 of the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies.
(III) Does your company provide employees with a safe and healthy work environment and give safety and health training to employees regularly?	✓		(III) Nantex is committed to providing its employees with a safe and health working environment, and has organized labor safety training sessions on a regular basis. For physical health, Nantex has organized employee health examinations annually and held a variety of health seminars (including consultations with the monthly on-site doctors) for its employees to further understand their health conditions. For work safety, Nantex helps its employees develop their emergency response ability and safety awareness through continuous training and promotion to enhance their cognitive ability and reduce the occurrence of accidents due to unsafe behaviors.	(III) No material differences with Article 20 of the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies.
(IV) Does your company establish an effective plan for development and training of the career abilities of employees?	✓		(IV) Nantex organizes regular and irregular training sessions on the occupational abilities and professional skills of its employees to make them competent for their jobs.	(IV) No material differences with Article 21 of the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies.
(V) Regarding customer health and safety, customer privacy, marketing and labeling in relation to products and services, does your company comply with applicable laws and international standards? Does your company establish policies and complaint procedures for the protection of consumer or customer rights?	✓		(V) Nantex has complied with applicable laws and international standards with regard to the marketing and labeling of products and services. Safety data sheets (SDS) have been prepared for all products in accordance with domestic and foreign laws. Moreover, Nantex has established the "Regulations for Communication on Health, Safety and Environment" with regard to the complaint procedures for customer safety, environment and health.	(V) No material differences with Article 24 of the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies.
(VI) Does your company establish any supplier management policy that requires suppliers to comply with relevant regulations with regard to issues of environmental protection, occupational safety and health or labor rights? What is the status of its implementation?		✓	(VI) None of the contracts between Nantex and its suppliers includes any provision that the contract may be terminated or canceled at any time if the supplier has violated its CSR policy and if such violation has significant effect on the environment and society.	(VI) No material differences with Article 26 of the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies.

push the project	Implementation			Differences with the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies, and the reasons for such differences
	Yes	No	Summarized description:	
V. Does your company prepare a sustainable development report and other reports that disclose non-financial information of your company based on internationally accepted standards or guidelines for preparation of reports? Do the foregoing reports receive the assurance or guarantee opinions of any third-party certifying agency?	✓		Nantex prepared a sustainable development report and disclosed it on the website of Nantex in 2021.	No material differences with Article 29 of the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies.
VI. Where your company has established its own principles of sustainable development in accordance with the "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies," the differences between the operations of your company and such principles must be described: None. The corporate governance of Nantex has been implemented in accordance with the Company Act and the relevant regulations of the Securities and Futures Bureau, with inclusion of the main governance principles.				
VII. Other important information useful for understanding the status of promotion of sustainable development: (I) Nantex conducts regular reviews of its safety and environmental policies. Based on the requirements of safety and environmental laws and policies and future trends, Nantex establishes work goals and subjects and work management and implementation plans on an annual basis and reviews the performance of their implementation. Presently, Nantex has continued to promote the environmental management system, ISO 45001 occupational safety and health management system and TOSHMS Taiwan occupational safety and health management system to achieve the goals of zero accidents and zero pollution. (II) Nantex has participated in activities organized by the "Taiwan Responsible Care Association" to play a role in "caring for the society and being responsible and self-disciplined." (III) To maintain good relations with the neighboring community, Nantex has actively participated in community charitable activities including those for community culture and education, environmental protection and community development.				

Note 1: The following is the statistical data of Nantex's greenhouse gas emissions, water usage and total weight of waste in the most recent three years:
Calculation of actual reduction = (2018 unit consumption - 2021 unit consumption) / 2018 unit consumption × 100%:

Year	Greenhouse gas emission (ton-CO_2e/year)	Water usage of whole plant (ton/year)	Production of primary waste (ton/year)
2019	35,598.155	538,371	1,043.78
2020	36,375.363	566,774	1,027.83
2021	40,659.669	604,946	1,330.81
Prospective goal (three-year reduction from the base year of 2018 to 2021)	3% decrease in unit product greenhouse gas emission	3% decrease in unit product water usage	3% decrease in unit product waste production
Actual reduction	8.14% decrease in unit product greenhouse gas emission	9.43% decrease in unit product water usage	9.4% increase in unit product waste production
Measures to achieve reduction or reasons for failure to achieve reduction	1. Replacement of LED energy-saving lights (2020). 2. Use of mini water blasters to clean tanks (2020). 3. Inventory, renewal and replacement of energy-intensive equipment: (1) Renewal of three cooling water pumps and replacement of two blades (2020); (2) purchase of two additional movable explosion-proof high pressure water blasters to replace the energy-intensive pumps (2020); (3) increase of the electric current of four pumps, which were replaced with variable-frequency ones (2020); (4) Replacement of old wastewater booster pumps (2021).	1. Purchase of additional movable explosion-proof high pressure water blasters to replace the large-caliber water blasters for reduction of water consumption (2020). 2. Recycling and reuse of steam condensate water (2020).	1. In May 2021, due to two unexpected power outages cause by the Taiwan Power Company, the plant suspended operations for preventive purposes, resulting in an increase in waste production. 2. In the fourth quarter of 2021, due to failure of the sludge dryer, sludge could not be dried, leading to higher water content and increased weight.

(VII) Status of Ethical Management, Differences with the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies, and the Reasons for such Differences:

Item assessed	Implementation			Differences with the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies, and the reasons for such differences
	Yes	No	Summarized description:	
I. Establishment of ethical management policies and plans (I) Does your company establish any ethical management policy adopted by the board of directors? Do the regulations and external documents of your company specify the policy and practices of ethical management and the commitments by the board of directors and the senior management to actively implementing the ethical management policy?	✓		(I) Nantex has been in compliance with the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act, the applicable regulations for TWSE/TPEx listed companies or other regulations concerning business activities, which have served as the basis for implementation of ethical management.	(I) No material differences with Article 4 of the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies.
(II) Does your company established any mechanism for assessment of the risks of unethical behavior to perform regular analysis and assessment of operating activities with higher risks of unethical behavior within the scope of business of your company? Does your company establish, on the basis of the foregoing, any plan for prevention of unethical behavior, including at least measures for prevention of the behavior under Paragraph 2, Article 7 of the "Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies"? (III) Does your company specify and implement the operating procedures, guidelines of behavior, penalties for violations and complaint system in the plan for prevention of unethical behavior? Is the foregoing plan reviewed and amended on a regular basis?		✓	(2 & 3) To ensure the implementation of ethical management, Nantex has established effective accounting and internal control systems, with the internal auditors regularly conducting audits of the compliance with the aforementioned systems. In addition, the internal auditors are subordinate to the Board of Directors. They attend Board of Directors meetings in non-voting capacity and can report directly to the Board of Directors in order to ensure consistency between the operations of Nantex and the resolutions of the Board of Directors.	(2 & 3) To be established based on the operating status and scale of the operations of Nantex.

Item assessed	Implementation			Differences with the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies, and the reasons for such differences
	Yes	No	Summarized description:	
II. Implementation of ethical management (I) Does your company assess the history of integrity of its business counterparties? Does the contract between your company and a business counterparty include any provision governing ethical behavior?		✓	(I) Nantex has not established any ethical management principles. However, before engaging in any business dealing, Nantex always takes into account the ethical behavior of the counterparty.	(I) No material differences with Article 9 of the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies.
(II) Does your company set up any unit under the board of directors that is responsible for the promotion of corporate ethical management and that gives a report to the board of directors regarding its ethical management policy and unethical behavior prevention plan and their supervision and implementation on a regular basis (at least annually)?		✓	(II) Nantex has not established any ethical management principles. However, the Internal Auditing Dept. conducts regular and irregular audits and submits regular reports to the Board of Directors.	(II) To be established based on the operating status and scale of the operations of Nantex.

Item assessed	Implementation			Differences with the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies, and the reasons for such differences
	Yes	No	Summarized description:	
(III) Does your company establish any policy for prevention of conflict of interest, provide any appropriate channel for representation, and implement such policy? (IV) Does your company establish effective accounting and internal control systems to ensure the implementation of ethical management? Does the internal audit department establish any relevant audit plan based on the result of assessment of the risks of unethical behavior? Does your company, in accordance with the foregoing plan, conduct an audit of the compliance with the unethical behavior prevention plan, or engage a CPA to conduct such audit?	 ✓	✓	(3 & 4) To ensure the implementation of ethical management, Nantex has established effective accounting and internal control systems, with the internal auditors and CPAs regularly conducting audits of the compliance with the aforementioned systems. The rules of procedure for the Board of Directors also include provisions on recusal in case of conflict of interest. In addition, the internal auditors are subordinate to the Board of Directors. They attend Board of Directors meetings in non-voting capacity and can report to the Board of Directors in order to ensure consistency between the operations of Nantex and the resolutions of the Board of Directors.	(3 & 4) No material differences with Article 20 of the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies.
(V) Does your company organize internal and external training sessions on ethical management on a regular basis?		✓	(5) At Nantex, all departments and audit and internal control mechanisms make their best efforts to implement ethical management within the scope of their duties.	(5) To be established based on the operating status and scale of the operations of Nantex.

Item assessed	Implementation			Differences with the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies, and the reasons for such differences
	Yes	No	Summarized description:	
III. Operations of the whistleblowing system of your company (I) Does your company establish specific systems for whistleblowing, rewards and penalties? Does your company establish any convenient whistleblowing channel and appoint any appropriate person to handle the case of a person reported? (II) Does your company establish standard operating procedures for investigation of cases reported by whistleblowers, including subsequent measures required after the completion of investigation and the relevant confidentiality measures? (III) Does your company take measures to protect whistleblowers from improper retaliation as a result of whistleblowing?		✓	Nantex has not established any system for whistleblowing and rewards in relation to its ethical management principles, and has only included general provisions for rewards and penalties in the management regulations of Nantex.	To be established based on the operating status and scale of the operations of Nantex.
IV. Enhance information disclosure Does your company disclosed the contents of its ethical management principles and the results of their promotion on its website and the Market Observation Post System?		✓	Nantex has not established any ethical management principles, but the relevant rules can be found on its website.	To be established based on the operating status and scale of the operations of Nantex.

Item assessed	Implementation			Differences with the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies, and the reasons for such differences
	Yes	No	Summarized description:	
V. Where your company has established its own ethical management principles in accordance with the "Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies," the differences between the operations of your company and such principles must be described: Nantex has not established any ethical management principles, but its operations are all in accordance with applicable laws and regulations.				
VI. Other important information useful for understanding the status of ethical management at your company (e.g. review and amendment by your company of its ethical management principles): 1. Nantex has been in compliance with the Company Act, the Securities and Exchange Act and other applicable regulations of the competent authorities, which have served as the basis for implementation of ethical management. 2. The "Rules of Procedure for the Board of Directors" of Nantex includes a system for recusal of directors in case of conflict of interest. The system requires any director who has a personal stake or who represents a corporation with a stake in any proposal to a meeting of the Board of Directors to give an explanation of the key aspects of such stake at the meeting. If such stake is likely to prejudice the interests of Nantex, the director may not participate in the discussion and voting on that proposal and must recuse himself/herself from such discussion and voting. In addition, the director may not exercise voting rights on behalf of any other director on that proposal.				

(VIII) Where your company has established corporate governance principles and relevant regulations, the method of access thereto must be disclosed: The relevant regulations are disclosed on the website of Nantex.

(IX) Other important information useful for understanding the status of corporate governance may also be disclosed: To establish a good system for management and disclosure of material insider information of Nantex, prevent improper disclosure of information and ensure the consistency and accuracy of information released by Nantex to the public, Nantex has established the "Procedures for Management of Material Insider Information," which stipulates that insiders (including directors, supervisors and managers) and employees must perform their duties faithfully with the due care of a good administrator and may not disclose any material insider information they have learned. In addition, Nantex has disclosed the contents of these rules on its internal website to enhance the awareness of employees.

(X) Information Required to be Disclosed in relation to the Operation of the Internal Control System:

1. Statement of internal control system

Nantex Industry Co., Ltd.
Statement of Internal Control System

Date: March 8, 2022

Based on the results of self-audit of our internal control system, we hereby issue the following statement:

I. We acknowledge that our Board of Directors and managers are responsible for establishment, implementation and maintenance of the internal control system, and that we have established such system. Its purpose is to enhance the sound management of Nantex to ensure reasonable achievement of the following goals: 1) Operational effectiveness and efficiency; 2) reliable, timely and transparent reporting in compliance with applicable regulations; and 3) compliance with applicable laws and regulations.

II. The internal control system has its inherent limits. Regardless of how perfect its design is, an effective internal control system can only provide reasonable assurance for the achievement of the above-mentioned three goals. Moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may also change. Nonetheless, our internal control system has a self-monitoring mechanism. Once a deficiency is identified, we will take action to correct it.

III. We determine whether the design and implementation of our internal control system are effective based on the criteria specified in the “Regulations Governing Establishment of Internal Control Systems by Public Companies” (hereinafter the “Regulations”) for determination of the effectiveness of an internal control system. The criteria adopted by the “Regulations” for determination of an internal control system divide such system into five elements based on the process of management and control: 1. control environment; 2. risk assessment; 3. control operations; 4. information and communication; and 5. supervision. Each of the elements further includes several criteria. For the foregoing criteria, please see the requirements of the “Regulations.”

IV. We have adopted the above-mentioned criteria for determination of an internal control system to audit the effectiveness of the design and implementation of our internal control system.

V. Based on the results of the foregoing audit, we consider that our internal control system (including the supervision and management of subsidiaries) as of December 31, 2021, including the design and implementation of the internal control system in relation to the knowledge of operational effectiveness and efficiency, the level of accomplishment of the goals, the reliability of financial reporting and the compliance with applicable laws and regulations, is effective and able to reasonably ensure the achievement of the above-mentioned goals.

VI. This statement will form part of the main information of our annual report and prospectus and will be published. In the event that any of the above published information involves falsification, concealment or other illegality, we will be subject to the legal liabilities under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.

VII. We declare that this statement was approved by a Board of Directors meeting on March 8, 2022. None of the 20 directors attending the meeting expressed any objection, and all of them approved the information in this statement.

Nantex Industry Co., Ltd.

Chairman: Tung-Yuan Yang (Signature)

President: Chien-Chu Hsu (Signature)

2. Where the internal control system has been reviewed by a CPA, the review report of the CPA must be disclosed: None.

(XI) Where the penalties legally imposed on your company and its internal employees or penalties imposed by your company on its internal employees for violation of the requirements of its internal control system during the most recent year and as of the date of publication of its annual report are likely to result in material effects on shareholders' equity or securities price, the penalties, main deficiencies and the status of their improvement must be described: None.

(XII) Important resolutions adopted by the shareholders' meeting and the board of directors during the most recent year and as of the date of publication of the annual report:

1. Important resolutions adopted by the shareholders' meeting and the status of their implementation during the most recent year and as of the date of publication of the annual report:
   (1) 10:00 a.m., July 26, 2021
      (A) Ratifications:
         (a) Ratification of the 2020 statements of final accounts and the proposal for distribution of the earnings for 2020.
      (B) Discussions:
         (a) Approval of an amendment to certain provisions of the "Articles of Incorporation."
         Status of implementation: After the amendment was made on August 10, 2021, it was published in the work rules of Nantex.
         (b) Approval of an amendment to certain provisions of the "Rules of Procedure for Shareholders' Meeting."
         Status of implementation: After the amendment was made on August 10, 2021, it was published in the work rules of Nantex.
         (c) Approval of the repeal of the "Regulations for Election of Directors" and the establishment of the "Procedures for Election of Directors."
         Status of implementation: After the amendment was made on August 10, 2021, it was published in the work rules of Nantex.

2. Important resolutions adopted by the Board of Directors during the most recent year and as of the date of publication of the annual report:
   (1) 10:40 a.m., March 17, 2021
      (A) Approval of the remuneration for employees and directors in 2020.
      (B) Approval of the 2020 business report, parent-only financial report and consolidated financial report.
      (C) Approval of the proposal for distribution of the earnings for 2020, with distribution of cash dividends at NT$4.0 per share.
      (D) Approval of an amendment to the "Articles of Incorporation."
      (E) Approval of an amendment to the "Rules of Procedure for Shareholders' Meeting."
      (F) Approval of the repeal of the "Regulations for Election of Directors" and the establishment of the "Procedures for Election of Directors."

(G) Approval of the proposal to convene the 2021 annual shareholders' meeting at 10:00 a.m. June 15, 2021 at No. 261, Nanmen Rd., Tainan City (Conference Hall, 1F, Tainan City Labor Recreation Center).
(H) Approval of the assessment of the independence of the CPAs.
(I) Approval of the audit by the CPAs in 2021.
(J) Approval of the preparation of the 2020 statement of internal control in accordance with the requirements of the "Regulations Governing Establishment of Internal Control Systems by Public Companies."
(K) Approval of the remuneration for directors and managers in 2021.

(2) 10:30 a.m., May 10, 2021
(A) Approval of the consolidated financial report for the first quarter of 2021 and the CPAs' review report.

(3) 10:00 a.m., July 2, 2021
(A) Approval of the proposal to change the date and location of the 2021 annual shareholders' meeting.
(B) Approval of the proposal to appoint legal advisors.

(4) 10:30 a.m., August 9, 2021
(A) Approval of the consolidated financial report for the second quarter of 2021 and the CPAs' review report.
(B) Approval of the 2021 salary adjustment.

(5) 10:45 a.m., November 9, 2021
(A) Approval of the 2022 audit work plan.
(B) Approval of the proposal to amend the description of work derived from "other management control" and all rules for implementation of internal audits.
(C) Approval of the proposal to amend the description of work derived from "research and development cycle" and all rules for implementation of internal audits.
(D) Approval of the proposal to amend the description of work derived from "sales and receipt cycle" and all rules for implementation of internal audits.
(E) Approval of the consolidated financial report for the third quarter of 2021 and the CPAs' review report.
(F) Approval of the annual adjustment to the remuneration for managers in 2021.
(G) Approval of the evaluation of the policy, system, standards, structure and performance of the remuneration for directors and managers in 2021 reviewed and approved by the Remuneration Committee.
(H) Approval of investment in the "MiLLERFUL No. 1 REIT."

(6) 10:30 a.m., March 8, 2022
(A) Approval of the remuneration for employees and directors in 2021.
(B) Approval of the 2021 business report, parent-only financial report and consolidated financial report.
(C) Approval of the proposal for distribution of the earnings for 2021, with distribution of cash dividends at NT$7.0 per share.
(D) Approval of the proposal to distribute cash dividends and set the ex-dividend date.
(E) Approval of an amendment to the "Procedures for Loaning of Funds to Others."
(F) Approval of an amendment to the "Procedures for Acquisition or Disposal of Assets."

(G) Approval of the election of new directors.
(H) Approval of the procedures for the acceptance of proposals from shareholders and the nomination of candidates for directors.
(I) Approval of the proposal to lift non-compete restrictions on newly elected directors.
(J) Approval of the proposal to convene the 2022 annual shareholders' meeting at 10:00 a.m. May 26, 2022 at No. 261, Nanmen Rd., Tainan City (Conference Hall, 1F, Tainan City Labor Recreation Center).
(K) Approval of the review of the list of candidates for the 16th term of directors.
(L) Approval of the assessment of the independence of the CPAs.
(M) Approval of the audit by the CPAs in 2022.
(N) Approval of the professional fees for audits and certifications performed by the CPAs in 2022–2023.
(O) Approval of the preparation of the 2021 statement of internal control in accordance with the requirements of the "Regulations Governing Establishment of Internal Control Systems by Public Companies."
(P) Approval of the proposal to amend the description of work derived from "purchase and payment cycle" and all rules for implementation of internal audits.
(Q) Approval of the proposal to amend the description of work derived from "financing cycle" and all rules for implementation of internal audits.
(R) Approval of the proposal to amend the description of work derived from "control of computer operations" and all rules for implementation of internal audits.
(S) Approval of an amendment to the "Regulations for Internal Audit Management."
(T) Approval of the appropriateness of the remuneration for directors and managers in 2022.

(XIII) Where directors or supervisors have expressed different opinions in records or written statements with regard to important resolutions adopted by the board of directors during the most recent year and as of the date of publication of the annual report, the main contents of such opinions must be specified: None.

(XIV) Summary of the resignations or discharges of the chairman, president, accounting manager, financial manager, chief internal auditor, chief corporate governance officer and chief R&D officer of your company during the most recent year and as of the date of publication of the annual report: None.

V. Information of Professional Fees for the CPAs

Information of Professional Fees for the CPAs

Name of CPA firm	Name of CPA	Audit fees	Non-audit fees					Audit period	Remarks
			System design	Business registration	Human resources	Others	Sub-total		
PwC Taiwan	Tzu-Yu Lin Yung-Chih Lin	2,140	300	—	—	800	1,100	2021	It is a public fee for Nantex visa, and other items that are not audit public expenses are financial report translation fees and salary disclosure inspection fees.
PwC Taiwan	Ying-Hsun Liu	—	—	50	—	390	440	2021	Fees for the amendment of the Articles of Incorporation; others are fees for transfer pricing reports.
PwC Taiwan	Tzu-Yu Lin	700	—	—	—	79	79	2021	It is a public fee for BVI visa, and other items that are not audit public fees are service fees.
PwC Taiwan	Tzu-Yu Lin	500	—	—	—	—	—	2021	Certification fees for Nanmat.

(I) Where the CPA firm is changed and the audit fees paid for the year when such change occurs are less than those paid for the year prior to such change, the amounts of the audit fees before and after such change and the reasons for such differences must be disclosed: None.

(II) Where the decrease in the audit fees is no less than 10% from the previous year, the amount and percentage of and the reasons for such decrease in the audit fees must be disclosed: None.

VI. Information of Change of CPAs

None.

VII. The Chairman, President or Financial or Accounting Manager of Your Company has Served at the Firm of the CPAs or Any of Its Affiliates during the Most Recent Year:

None.

VIII. Transfers and Pledges of Shares Held by Directors, Supervisors, Managers and Shareholders with a Shareholding of more than 10% during the Most Recent Year and as of the Date of Publication of the Annual Report:

(I) Change in shares held by directors, supervisors, managers and major shareholders

(Unit: Share)

Title	Name	2021		As of the date of publication	
		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
Chairman (Major shareholder)	Tung-Yuan Yang, Representative of Tainan Spinning Co., Ltd.	–	–	–	–
Director	Po-Ming Hou, Representative of Tainan Spinning Co., Ltd.	–	–	–	–
Director	Li-Ling Cheng	(90,000)	–	–	–
Director	Liang-Hung Wu, Representative of Tainan Spinning Co., Ltd.	–	–	–	–
Director	Po-Yu Hou, Representative of Tainan Spinning Co., Ltd.	–	–	–	–
Director	Ching-Feng Wu, Representative of Shin Ho Sing Investment Co., Ltd.	–	–	–	–
Director	Ming-Fan Hsieh, Representative of Ta Chen Construction & Engineering Corp.	–	–	–	–
Director	Ying-Chih Chuang, Representative of Rui Xing International Investment Co., Ltd.	–	–	–	–
Director	Chung-Ho Wu, Representative of Yong Yuan Investment Co., Ltd.	–	–	–	–
Director	Pi-Ying Cheng	–	–	–	–
Director	Chih-Yuan Hou, Representative of Tainan Spinning Co., Ltd.	–	–	–	–
Director	Li-Fan Wang, Representative of	–	–	–	–

	Tainan Spinning Co., Ltd.				
Director	Ching-Yao Chuang, Representative of Tainan Spinning Co., Ltd.	–	–	–	–
Director	Po-Tsang Tu, Representative of Jiu Fu Investment Co., Ltd.	–	–	–	–
Director	Meng-Hsing Liao, Representative of Hon Han Enterprise Corporation	–	–	–	–
Director	Wen-Teng Hou	–	–	–	–
Independent director	Te-Kuang Chou	–	–	–	–
Independent director	Yung-Tzu Huang	–	–	–	–
Independent director	Ming-Tsai Lai	–	–	–	–
Independent director	Wu-Jung Shih	–	–	–	–

Title	Name	2021		As of the date of publication	
		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
President	Chien-Chu Hsu	—	—	—	—
Vice President	Wen-Hsin Huang	—	—	—	—
Plant Director	Chih-Ho Shih	—	—	—	—
Assistant Vice President	Yu-Chen Chung	—	—	—	—
Assistant Vice President	Yao-Te Huang	(11,000)	—	(1,000)	—
Assistant Vice President	Han-Yang Wang	—	—	—	—
Assistant Vice President	Chi-Tsang Chen	(40,977)	—	1,000	—
Assistant Vice President and Accounting Manager	Sheng-Chung Huang	—	—	—	—
Financial Manager	Hsin-Fu Tai	—	—	—	—

Note: Tainan Spinning Co., Ltd. holds more than 10% of the total shares of Nantex and is therefore recognized as a major shareholder.

(II) Information of related parties for transfer of shares: None

(III) Information of related parties for pledge of shares: None

IX. Information of the relationship between the top 10 shareholders:

March 28, 2022

Name	Personal shareholding		Shareholdings of spouse and minor children		Total nominee shareholding		Name and relationship of shareholders among the top 10 who are related parties or are spouses or relatives within the second degree of consanguinity		Remarks
	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding	Name	Relationship	
Tainan Spinning Co., Ltd.	105,549,052	21.43%	–	–	–	–	Nanfang Construction Co., Ltd.	Parent company	–
Representative: Yu Peng Investment Co., Ltd.	–	–	–	–	–	–	–	–	
Nanfang Construction Co., Ltd.	27,362,884	5.56%	–	–	–	–	Tainan Spinning Co., Ltd.	Investee company	–
Representative: Po-Ming Hou	2,334,311	0.47%	–	–	–	–	–	–	
Jiu Fu Investment Co., Ltd.	23,960,668	4.87%	–	–	–	–	–	–	–
Representative: Chao-Yuan Cheng	–	–	–	–	–	–			
Ta Chen Construction & Engineering Corp.	13,327,483	2.71%	–	–	–	–	Prince Housing and Development Corp.	Sub-subsidiary	–
Representative: Jung-Tien Chang	–	–	–	–	–	–	–	–	
Rui Xing International Investment Co., Ltd.	12,496,717	2.54%	–	–	–	–	–	–	–
Representative: Ying-Nan Chuang	1,301,355	0.26%	–	–	–	–	–	–	
Hon Han Enterprise Corporation	10,734,869	2.18%	–	–	–	–	–	–	–
Representative: Ching-Chang Huang	–	–	–	–	–	–	–	–	
Shin Ho Sing Investment Co., Ltd.	10,129,684	2.06%	–	–	–	–	–	–	–
Representative: Ching-Feng Wu	100,840	0.02%	390,004	0.08%	–	–	–	–	
T.H. Wu Foundation (Note)	8,864,302	1.80%	–	–	–	–	–	–	–
Prince Housing and Development Corp.	7,564,988	1.54%	–	–	–	–	Ta Chen Construction & Engineering Corp.	Parent company	–
Representative: Chih-Hsien Lo	–	–	–	–	–	–	–	–	–
Li-Ling Cheng	7,403,782	1.50%	129,572	0.03%	–	–	–	–	–

Note: With respect to those who are not directors and supervisors of Nantex, the information of the shareholdings of their spouses and minor children and their nominee shareholdings is not available.

X. Information of Comprehensive Shareholding:

December 31, 2021

Investee company	Investment of Nantex		Investments of directors, supervisors, managers and directly or indirectly controlled companies		Comprehensive investment	
	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding
Nanmat Technology Co., Ltd.	17,017,492	44.20%	766,704	2.00 %	17,784,196	46.20%
Intermedium International Ltd. (B.V.I.)	55,503,757	100%	—	—	55,503,757	100%
Zhenjiang Nantex Chemical Industry Co., Ltd.	—	100%	—	—	—	100%
Micro Sova Co., Ltd.	1,021,317	0.52%	100,800	0.04 %	1,122,117	0.56%
President International Development Corporation	8,820,000	0.67%	—	—	8,820,000	0.67%
Grand Bills Finance Corp.	720,345	0.13%	2,626,637	0.48%	3,346,982	0.61%
Lushun Warehouse Co., Ltd.	2,700,000	15.00%	—	—	2,700,000	15.00%

Chapter 4. Financing:

I. Capital and Shares:

(I) Sources of share capital

March 28, 2022

Year/Month	Issue price (NT$)	Authorized share capital		Paid-in share capital		Remarks		
		Number of shares (Thousand shares)	Amount (NT$ thousand)	Number of shares (Thousand shares)	Amount (NT$ thousand)	Sources of share capital	Non-cash property used as share payment	Others
107/08	10	600,000	6,000,000	492,417	4,924,167	—	—	—

Type of share	Authorized share capital			Remarks
	Outstanding shares	Unissued shares	Total	
Common share	492,416,659	107,583,341	600,000,000	

(II) Shareholder structure

March 28, 2022

Shareholder structure / Number	Government agency	Financial institution	Other juridical persons	Individual	Foreign institution and person	Total
Shareholders	—	1	248	52,010	212	52,471
Number of shares held	—	313	260,088,361	192,606,371	39,721,614	492,416,659
Shareholding	—	0	52.82%	39.11%	8.07%	100%

(III) Distribution of shareholding

1. Common shares

March 28, 2022

Shareholding range (shares)	Number of shareholders	Number of shares held	Shareholding
1 to 999	22,838	2,393,389	0.48 %
1,000 to 5,000	24,958	47,539,638	9.65 %
5,001 to 10,000	2,633	20,418,180	4.15 %
10,001 to 15,000	730	9,356,822	1.90 %
15,001 to 20,000	377	6,881,391	1.40 %
20,001 to 30,000	338	8,648,756	1.76 %
30,001 to 40,000	154	5,399,207	1.10 %
40,001 to 50,000	82	3,752,237	0.76 %
50,001 to 100,000	144	9,849,811	2.00 %
100,001 to 200,000	77	11,067,296	2.25 %
200,001 to 400,000	50	14,338,587	2.91 %
400,001 to 600,000	17	8,303,325	1.69 %
600,001 to 800,000	17	11,328,280	2.30 %

800,001 to 1,000,000	11	9,823,762	1.99 %
1,000,001 or more	45	323,315,978	65.66 %
Total	52,471	492,416,659	100.00 %

2. Preferred shares: None

(IV) List of major shareholders (names of shareholders with a shareholding of no less than 5% or the top 10 shareholders, the numbers of shares held by them, and their shareholding percentages)

March 28, 2022

Name of major shareholder \ Shares	Number of shares held	Shareholding
Tainan Spinning Co., Ltd.	105,549,052	21.43%
Nanfang Construction Co., Ltd.	27,362,884	5.56%
Jiu Fu Investment Co., Ltd.	23,960,668	4.87%
Ta Chen Construction & Engineering Corp.	13,327,483	2.71%
Rui Xing International Investment Co., Ltd.	12,496,717	2.54%
Hon Han Enterprise Corporation	10,734,869	2.18%
Shin Ho Sing Investment Co., Ltd.	10,129,684	2.06%
T.H. Wu Foundation	8,864,302	1.80%
Prince Housing and Development Corp.	7,564,988	1.54%
Li-Ling Cheng	7,403,782	1.50%

(V) Information of the market price, net value, earnings and dividend per share in the most recent two years

Item \ Year			2021	2020
Market price per share (Note 1)	Highest		176.0	79.50
	Lowest		56.8	22.40
	Average		101.87	42.16
Net value per share (Note 2)	Before distribution		32.91	22.07
	After distribution		25.91	18.07
Earnings per share	Weighted average number of shares		492,416,659	492,416,659
	Earnings per share (Note 3)		14.92	7.21
Dividend per share	Cash dividend		7.00	4.00
	Bonus shares	Distributed from retained earnings	0.00	0.00

		Distributed from capital reserves	–	–
	Accumulated unpaid dividends (Note 4)		–	–
Analysis of return on investment (ROI)	Price-to-earnings ratio (Note 5)		6.83	5.84
	Price-to-dividend ratio (Note 6)		14.55	10.54
	Cash dividend yield (Note 7)		6.87%	9.48%

* If shares are distributed in connection with a capital increase from earnings or capital reserves, the information of the market price and cash dividends adjusted retroactively based on the number of shares distributed must be disclosed.

Note 1: Indicate the highest and lowest market prices of common shares in each year, and calculate the average market price in each year based on the closing value and trading volume of each year.

Note 2: Please use the number of outstanding shares as of the end of each year based on the distribution approved by the board of directors or the next annual shareholders' meeting.

Note 3: Where a retroactive adjustment is required due to any distribution of bonus shares, the earnings per share before and after such adjustment must be indicated.

Note 4: If the terms of issuance of equity securities state that dividends undistributed in the current year may be accumulated for distribution in a year with earnings, the unpaid dividends accumulated as of the current year must be disclosed separately.

Note 5: Price-to-earnings ratio = Average closing price per share of the current year / Earnings per share.

Note 6: Price-to-dividend ratio = Average closing price per share of the current year / Cash dividend per share.

Note 7: Cash dividend yield = Cash dividend per share / Average closing price per share of the current year.

(VI) The dividend policy of your company and its implementation

1. Dividend policy of Nantex:

Nantex is in an industrial environment closely related to the overall domestic and foreign economic situations, and the industrial growth cycle is currently at a stage of growth to maturity. Therefore, in preparing a proposal for distribution of earnings, the Board of Directors must consider the future capital expense budget and funding needs of Nantex and evaluate the necessity of meeting funding needs with earnings in order to determine the amount of earnings retainable or distributable and the amount of shareholder dividends or bonuses distributable in cash.

Where Nantex has earnings in the final accounts of a fiscal year, except for the amount thereof appropriated for paying legally required profit-seeking enterprise income tax and offsetting losses from the previous years, Nantex shall set aside 10% thereof as legal reserves and set aside or reverse a further amount thereof for special reserves as legally required. The remaining amount thereof shall be the amount distributable for the current year, which plus the annually accumulated undistributed earnings shall be the accumulated distributable earnings.

Shareholder bonuses shall account for no less than 20% of the amount distributable for the current year, and cash dividends shall account for no less than 30% of the total dividends distributed in the current year. The Board of Directors shall, based on future business, reinvestment needs or other relevant factors, prepare a proposal for distribution of earnings and submit it to a shareholders' meeting for a resolution, after which earnings will be distributed.

The requirement for a resolution of a shareholders' meeting under the preceding paragraph does not apply to the case where Nantex has, in accordance with the law, authorized the Board of Directors to adopt a special resolution for distribution of all or part of the distributable dividends and bonuses and to submit a report thereof to a shareholders' meeting.

2. Implementation:

   The proposal at the current shareholders' meeting of Nantex for distribution of the earnings for 2021: Distribution of bonus cash dividends at NT$7.0 per share.

(VII) Effects of the proposed distribution of bonus shares at the current shareholders' meeting on the business performance and earnings per share of your company: In accordance with Letter (2000) Tai-Tsai-Zhen (1)-Zi No. 00371 dated February 1, 2000 from the Securities and Futures Bureau, Nantex is not required to disclose such information since it originally has not prepared and published the 2021 financial forecast.

(VIII) Remuneration for employees, directors and supervisors

1. The percentage or range of the remuneration for employees and directors as specified in the Articles of Incorporation:

   Article 32 of the Articles of Incorporation stipulates that:
   Where Nantex has a profit in the current year, it shall allocate 2% thereof as remuneration for employees and no more than 3% thereof as remuneration for directors, provided that an amount thereof shall be reserved to offset the accumulated losses of Nantex, if any.
   A "profit in the current year" referred to above shall mean the pre-tax profit of the current year before subtracting the remuneration for employees and directors.

2. The basis of estimate of the remuneration for employees, directors and supervisors, the basis of calculation of the number of shares for distribution of share bonuses, and the accounting treatment in case of any difference between the actual amount of distribution and the estimate:

   Any subsequent difference between the actual amount of distribution approved by the shareholders' meeting and the estimated amount will be recognized in the profit or loss of the next year.

3. Distribution of remuneration approved by the board of directors:

   A. Amount of distribution of the remuneration for employees and directors: Distribution of NT$182,460,665 as the remuneration for employees and NT$273,690,997 as the remuneration for directors.

   B. Number of shares proposed for distribution of share bonuses to employees, and the percentage of such shares in capital increase from earnings: None

4. Actual distribution of the remuneration for employees, directors and supervisors in the previous year:

Amount

Remuneration for employees – cash	$	86,784,942
Remuneration for directors and supervisors		130,177,412
	$	216,962,354

The total difference between the actual amount distributed from earnings in 2020, namely NT$86,784,942 as the remuneration for employees and NT$130,177,412 as the remuneration for directors and supervisors, and the amount recognized in the 2020 financial report, namely NT$86,936,500 as the remuneration for employees and NT$130,404,750 as the remuneration for directors and supervisors, is NT$378,896. It is a difference in the estimate of pre-tax earnings and will be adjusted and recognized in the profit or loss of 2021 after the proposal for distribution of earnings is approved by the shareholders' meeting.

Note: The proposed amount of distribution originally approved by the Board of Directors was the same as the actual amount of distribution.

(IX) Repurchase by your company of its own shares: None

II. Issuance of Corporate Bonds:

None.

III. Issuance of Preferred Shares:

None.

IV. Issuance of Global Depositary Receipts:

None.

V. Issuance of Employees' Stock Warrants and Restricted Stock Awards for Employees:

None.

VI. Issuance of New Shares with Shares Acquired or Assigned from Other Companies:

None.

VII. Implementation of the Fund Usage Plan:

(I) Contents of plan: None

(II) Implementation: None

Chapter 5. Overview of Operations

I. Information of Business Activities:

(I) Scope of business (the following is the scope of business activities set out in the Articles of Incorporation)

1. C303010 Manufacture of Non-woven Fabrics
2. C601020 Paper Manufacturing
3. C601030 Paper Containers Manufacturing
4. C601040 Processed Paper Manufacturing
5. C801020 Petrochemical Materials Manufacturing
6. C801060 Synthetic Rubber Manufacturing
7. C801100 Synthetic Resin and Plastic Manufacturing
8. C804020 Industrial Rubber Products Manufacturing
9. C804990 Other Rubber Products Manufacturing
10. C805050 Industrial Plastic Products Manufacturing
11. CK01010 Footwear Manufacturing
12. F401010 International Trade
13. ZZ99999 Business activities not prohibited or restricted by law, other than those permitted

Main products and their respective percentage in operations:

Main products	Percentage in operations
SBR synthetic latex (latex)	90.80%
NBR synthetic latex (latex)	
NBR synthetic rubber (oil-resistant rubber)	7.16%
Carbon Master Batch (CMB)	0.85%
Thermoplastic rubber	1.19%
Total	100.0%

(II) Overview of industry

1. Current status and development of industry:

(1) Latex

The COVID-19 pandemic had continued into the first half of 2021. During the second half of the year, our sales in this period were significantly affected by pandemic control measures in Western countries, limited resumption of operations of glove manufacturers due to the worsening pandemic in Malaysia, the main producer of NBR gloves, as well as sales and supply problems encountered by NBR gloves manufacturers as a result of global transportation difficulties. The large inventories built by many importers, wholesalers and users during the pandemic will take some time to be consumed, posing the greatest challenge to the sales of glove manufacturers directly affected.

(2) Oil-resistant rubber

While market supplies and demands are losing balance, we have opted for stable supplies and pricing strategies to demonstrate our local reliability and strengthen the idea of sustainable management.

(3) Thermoplastic rubber

Our TPV is primarily for supplying the automotive industry, whose performance has been good since the resumption of economic activities in many countries. What's currently beyond control is that a shortage of chips has affected the demand for cars, causing significant impact on the primary business of Dynaprene TPV.

2. Relationship among the upstream, midstream and downstream in the industry:
   (1) Latex: In the latex industry, the upstream is part of the petrochemical industry, and the downstream mainly includes glove manufacturers and industries related to coated paper. The finished latex products are supplied to the downstream, where they are turned into end products for sale in the market.
   (2) Oil-resistant rubber: In the oil-resistant rubber industry, the upstream is part of the petrochemical industry, and the downstream mainly includes industries related to automotive parts, industrial parts, sports equipment and shoe soles. The finished products of oil-resistant rubber are supplied to the downstream, where they are further manufactured for sale.
   (3) Thermoplastic rubber: In the thermoplastic rubber industry, the upstream is part of the petrochemical industry, and the downstream mainly includes industries related to automotive parts, industrial parts, sports equipment and shoe soles. The finished products of thermoplastic rubber are supplied to the downstream, where they are further manufactured for sale.

3. Overall economic and product development trend and competition status:

   The NBR latex market continues to be full of opportunities. First, we have noticed that most of our current competitors have plans for expansion of their plants and that some of those plans have been completed. Furthermore, there are new competitors entering the market. It's worth noting that these newly established NBR latex manufacturers are located in Southeast Asia, the area with the largest production of NBR gloves worldwide, and where new global leaders of glove and NBR glove manufacturing are emerging. We also need to watch whether Malaysia is able to remain as the largest glove supplier worldwide. For NBR rubber, the coming electrification of the automotive industry should be taken seriously. How oil-resistant rubber can create other applications is a challenge every NBR manufacturer must face.

(III) Overview of technology, research and development

1. R&D expenses in the most recent two years: NT$112,892,000 in 2020, and NT$112,713,000 in 2021.

2. Derivatives and innovations of existing core technology platforms:

In recent years, demands for energy conservation and carbon reduction have become more urgent internationally. As the pandemic of COVID-19 variants continues unabatedly, we have adhered to our solid foundation in technology and R&D and committed to the improvement of manufacturing processes for energy efficiency, waste reduction and carbon reduction. We have also continued to cooperate with our customers in developing new products and new applications that meet market demands.

3. Research and Development Overview:

(1) NBR latex for disposable gloves: We have cooperated with our customers in developing latex for gloves with special specifications and customer-friendly manufacturing processes to make more competitive products. The optimization of the existing manufacturing processes has also gradually improved the environmental requirements for energy efficiency and lower consumption.

(2) NBR latex for industrial gloves: To expand the applications of latex for gloves, we have engaged in the research and development of latex for gloves that can be applied in the semiconductor industry.

(3) NBR latex for adhesive use: To meet customer demands, we have developed rubber used in adhesives. Its samples have been sent to our customers, and we have continued to improve problems indicated in customer feedback.

(4) NBR carboxylated rubber: We have developed high value-added rubber with special use in the electronics industry. During its trial production, we have continued to improve the manufacturing processes and fulfill customer demands.

(5) NBR rubber with special specifications: We have developed highly fluid rubber with good fluidity and processability, and high or ultra-high acrylonitrile rubber that enhances resistance to lubricating oil and fuel oil. Our customers have continued their trial of the products, and we have continued to optimize the manufacturing processes.

(6) Plan for improvement of NBR manufacturing processes: (a) Analysis of energy efficiency and waste reduction in the NBR synthetic/gel manufacturing processes.

(b) Effective solutions for enhancing productivity.

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

Goals and positioning: Nancar® NBR has become one of the main NBR rubber suppliers and brands in the Asia. Nantex® latex is the worldwide leading brand of NBR latex for gloves. Thermoplastic rubber TPV Dynaprene® and Nancar® Carbon Master Batch are the top brands of advanced materials in Taiwan.

1. Long-term and short-term plans for development of latex

Short-term development plan

(1) Designing the most effective method of cooperation with the key glove manufacturers in Southeast Asia.

(2) Formulating a more aggressive pricing strategy.

(3) Continuing to develop glove manufacturers that can cooperate with us.

Long-term development plan

Continuing to realize our market position as a leading brand, in terms of product characteristics, quality, sales services and pricing strategies.

2. Long-term and short-term plans for development of oil-resistant rubber

Short-term development plan

As market supplies have been hit by consecutive waves of impact, we will continue stable supplies.

Long-term development plan

Stabilizing our long-term cooperating partners, whether they are customers or agents. Discovering non-automotive applications at the customer end in the market.

3. Long-term and short-term plans for development of thermoplastic rubber

Short-term development plan

(1) Planning to improve product profitability through pricing.

(2) Continuing to increase sales volume.

Long-term development plan

Developing other applications.

II. Overview of Market and Production/Sales

(I) Market analysis

Latex: Our latex is faced with great challenges on how to balance ->continue to increase glove demands vs. increase of synthetic latex production capacity vs. price competition encountered vs. we lack support from upstream companies.

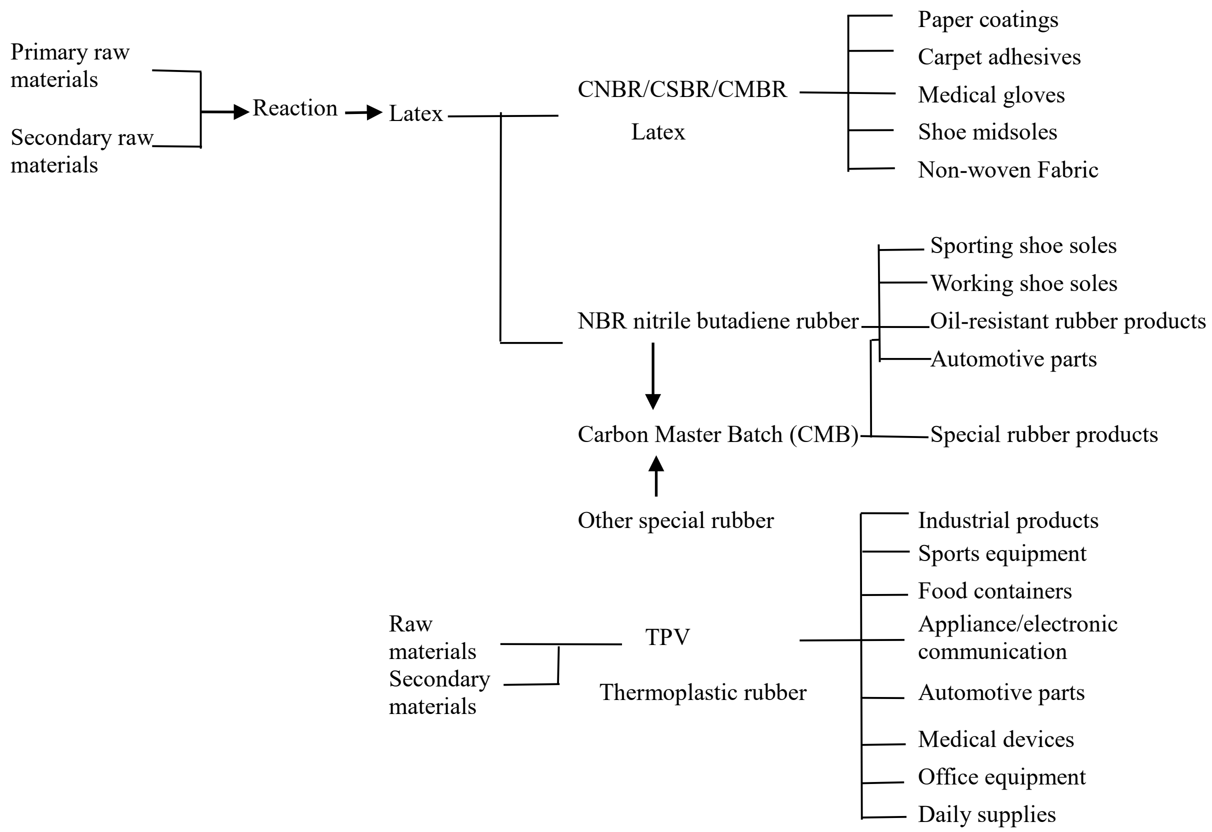
Oil-resistant rubber/Polymer blend: For products of oil-resistant rubber, faced with the emergence of electric cars, it will be important to identify new applications for oil-resistant rubber or figure out how to make use of existing production capacity.

Thermoplastic rubber TPV: Seeking new applications for our Dynaprene TPV.

(II) Important applications and manufacturing processes of key products

Main products	Product application
SBR synthetic latex (latex)	Coated paper, whiteboard coating, carpet adhesive, shoe midsoles, non-woven fabric soaking, bonding agent, plastic modifier, building materials
NBR synthetic latex (latex)	Lining fabric, non-woven fabric base soaking for faux leather, medical materials
NBR synthetic rubber (oil-resistant rubber)	Oil seal, gasket, oil-resistant rubber hoses, shoe soles, auto parts, insulation equipment, Sports equipment, rollers, electronic components
Carbon Master Batch (CMB)	Oil seal, gasket, oil-resistant rubber hoses, shoe soles, auto parts
Thermoplastic rubber	Auto parts, building curtain wall construction, food industry, sports equipment, living supplies, industrial products, office equipment, electronics industry, medical devices, plastic modifier

Manufacturing processes:



(III) Supply of primary raw materials:

The primary raw materials of Nantex include butadiene, styrene and propenenitrile. Among the primary raw materials, butadiene is dependent on importation, while styrene and propenenitrile are all purchased domestically.

(IV) Names of customers accounting for no less than 10% of the total purchase (sales) of your company during any of the most recent two years, and their respective amount and percentage of purchase (sales):

1. Information of the main suppliers of Nantex in the most recent two years:

Unit: NT$ thousand

Year / Category / Name	2021			2020		
	Amount	%	Relationship	Amount	%	Relationship
D00001	899,435	14.69	None	978,717	22.56	None
D00002	1,168,121	19.08	None	727,520	16.77	None
D00619	1,254,287	20.48	None	709,895	16.37	None
D00620	1,127,398	18.41	None	481,667	11.10	None
Others	1,674,367	27.34	—	1,440,053	33.20	—
Net purchase	6,123,608	100.00	—	4,337,504	100.00	—

2. Information of the main sales customers of Nantex in the most recent two years:

Unit: NT$ thousand

Year / Category / Name	2021			2020		
	Amount	%	Relationship	Amount	%	Relationship
Customer A	3,180,243	22.63	None	2,100,965	25.35	None
Customer B	3,257,111	23.17	None	2,025,719	24.45	None
Customer C	1,372,796	9.77	None	344,078	4.15	None
Others	6,245,451	43.43	—	2,935,906	35.44	—
Net sales	14,055,601	100.00	—	8,286,235	100.00	—

(V) Consolidated table of production volumes and values in the most recent two years:

Unit: Tons, NT$ thousand

Production volume and value / Year / Key products	2021			2020		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Latex	299,000	281,508	6,563,617	280,000	272,192	6,213,370
Oil-resistant rubber	83,400	60,560	3,454,627	61,000	54,150	3,132,404
Carbon Master Batch (CMB)	2,000	1,235	118,355	900	699	66,043
Thermoplastic rubber	7,000	1,896	186,409	2,364	1,439	156,421
Organic/inorganic materials	2,700	836	689,135	2,250	671	421,304
Screw machining	11,100	7,676	76,370	9,200	6,922	71,528
Total	405,200	353,711	11,088,513	355,714	336,073	10,061,071

(VI) Consolidated table of sales volumes and values in the most recent two years:

Unit: Tons, NT$ thousand

Sales volume and value / Year / Key products	2021				2020			
	Domestic Sales		Foreign Sales		Domestic Sales		Foreign Sales	
Product	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Latex	53,166	3,298,699	228,430	13,125,280	45,401	1,978,262	227,087	7,717,248
Oil-resistant rubber	52,473	4,687,862	8,161	626,515	46,524	3,034,065	6,398	450,983
Carbon Master Batch (CMB)	188	24,093	979	97,118	204	23,595	595	53,335
Thermoplastic rubber	251	36,334	1,526	132,279	235	31,400	1,257	107,228
Organic/inorganic materials	552	1,005,865	305	269,580	454	780,223	185	101,653
Screw machining	9,032	151,810	0	0	6,899	115,732	0	0
Others	1,617	55,135	118	7,170	0	0	0	9,001
Total	117,279	9,259,798	239,519	14,257,942	99,717	5,963,277	235,522	8,439,448

III. The Number, Average Length of Service, Average Age and Distribution of Educational Level of Employees in Service during the Most Recent Two Years and as of the Date of Publication of the Annual Report:

Year		2021	2020
Number of employees		317	312
Average age		46.27	46.01
Average length of service		19.58	19.35
Distribution of educational level (%)	Doctor	0 %	0 %
	Master	13.2 %	13.1 %
	College	48.3 %	46.9 %
	Senior high school	37.2 %	38.8 %
	Below senior high school	1.3 %	1.2 %

IV. Information of Environmental Protection Expenses:

Losses incurred due to environmental pollution during the most recent year and as of the date of publication of the annual report:

(I) Losses and responses:

Year	2020	2021	2022, as of date of publication
Status of pollution (type and level)	1. For wastes, during the period of February 26, 2020 and April 22, 2020, a total of five times of waste disposal were handled by entrusted waste treatment vendor in trial operation, and the waste treatment vendor failed to report Nantex's information in its trial operation plan, causing the Environmental Protection Bureau determined that Nantex had violated the Waste Disposal Act. 2. On October 23, 2020, the Southern Branch of the Bureau of Environmental Inspection sent inspectors to Nantex to conduct an unscheduled random inspection on the components of equipment in the plant. The result of the random inspection was over 2,000 ppm, exceeding the Kaohsiung City standards for control and emission of	The disposed containers which used a low amount of toxic chemicals and flammable waste fluid in the laboratory was omitted from the industrial waste disposal plan, and their production and storage conditions were not reported. They also had no labels for identification of hazardous industrial waste.	No violations

	volatile organic matter in the components of equipment.		
Compensation recipient or agency imposing penalties	Environmental Protection Bureau, Kaohsiung City	Environmental Protection Bureau, Kaohsiung City	None
Amount of compensation or penalty	1. NT$12,000 2. NT$675,000	NT$180,000	No fines for violation
Other losses	None	None	None
Response	3. For any treatment vendor contracted for a trial operation, a complete trial operation plan must be obtained, and the vendor must be confirmed to be included in the list of trial operations. 4. The flange packing must be repaired.	The waste disposal plan must be re-submitted, and such plan must be regularly submitted after approval of the change. The storage area must be marked as required.	None

(II) Expected material environmental protection capital expenses in the next two years:

Year	Pollution control equipment to be purchased or expense information	Expected improvement	Amount (NT$ thousand)
2021	Replacement of 12 pumps of the recycle system, changing their single axle seals to dual axle ones.	Prevention of dissipation of VOC.	820
2021	Improvement of the oil discharge operation of the waste gas buffer tank	Prevention of dissipation of VOC.	200
2021	Renewal of the sludge conveyor belt of the sludge dehydrator.	Preventing sludge from falling onto the ground and causing environmental pollution	550
2021	Addition of a nitrogen pressure testing feature to where the BD oil loading arm connects with the tank	Prevention of dissipation of VOC.	20
2021	Addition of pipes for hot-water cleaning before opening the reactor tank	Prevention of dissipation of VOC.	10
2022	Installation of THC continuous monitoring devices at the front and rear ends of RTO	Real-time monitoring of RTO processing VOCs.	1,970
2022	Changing the axle seals of six BD recycling compressors to self-cooling ones.	Prevention of dissipation of VOC.	800
2022	Installation of a plate partitioned sludge dehydrator	Lowering the production of waste sludge.	7,000
2022	Renewal of closed gas collectors in the wastewater facility	Prevention of dissipation of VOC.	1,170

(III) Nantex has established the “Regulations Governing Customer Requirements for Health, Safety and Environment (HSE)” based on the spirit of ISO14001 (version 2015), and all relevant customer requirements for environmental protection in association with the products of Nantex are subject to the regulations. Currently, shipping is only made after such requirements of products sold to Europe or from other countries have been met.

(IV) For the promotion of energy conservation and carbon reduction to address climate change, Nantex has carried out greenhouse gas inventories on an annual basis and engaged the third-party Bureau Veritas (BV) Taiwan to conduct verification. The following are the results of verification in the previous two years:

According to the 2019 Declaration on Levels of Reasonable Assurance of Greenhouse Gas (No. TWN4346978GT Rev.1), the total greenhouse gas emission was 35,598.155 tons CO_2e, including a direct greenhouse gas emission (Scope 1) of 1,129.5383 tons CO2e and an indirect greenhouse gas emission from energy sources (Scope 2) of 34,468.6171 tons CO2e. Indirect emission from non-energy sources (Scope 3) was not calculated. According to the 2020 Declaration on Levels of Reasonable Assurance of Greenhouse Gas (No. TWN3985218(A)GT Rev.1), the total greenhouse gas emission was 36,375.363 tons CO2e, including a direct greenhouse gas emission (Scope 1) of 1,369.8967 tons CO2e and an indirect greenhouse gas emission from energy sources (Scope 2) of 35,005.4664 tons CO2e. Indirect emission from non-energy sources (Scope 3) was not calculated.

V. Labor–Management Relations

(I) Welfare measures, continuing education, training, retirement system and their implementation

1. Employee welfare measures:

   Since its establishment, Nantex has upheld the business philosophy of sustainable management and fulfillment of its social responsibility, and considered the well-being of its employees and its own development as the aims. The employees are dedicated to working hard because Nantex values their rights and welfare with the implementation of various measures, including:

   (1) A well-established system: Salaries, promotions, welfare, rewards and penalties, leave, retirement and consolation are all based on the fundamental spirit of the Labor Standards Act with more favorable considerations in order to achieve the objective of employee care.

   (2) Comprehensive welfare measures:

   ① Nantex appropriates 0.15% of the revenue as employee welfare funds as required by law in order to allow the Employee Welfare Committee to provide compensation to employees for birthdays, childbirth, condolences to injuries, traveling, club activities as well as the bonuses for employee marriage/funeral events, three major holidays, retirement gifts, child scholarships, emergency expenses, etc.

   ② On holidays such as the Dragon Boat Festival, Moon Festival and Chinese New Year, Nantex gives holiday bonuses according to the "Regulations for Awarding of Holiday and Year-End Bonuses."

   ③ Since 1996, Nantex has purchased group insurance for its employees: NT$1 million of life insurance and NT$1 million of accident insurance for ordinary employees; NT$1 million of life insurance and NT$10 million of accident insurance for sales representatives; NT$5 million of life insurance and NT$10 million of accident insurance for overseas personnel, in order to provide greater protection and welfare to employees.

   (3) Nantex has participated in the survey of remuneration of peer companies on an annual basis. To maintain its overall competitiveness in remuneration, Nantex has made appropriate adjustments to the salaries for its employees based on the salary level of peer companies, economic trends and its operating performance and results. In 2020, the salary adjustment was 3.0%. In 2021, the salary adjustment was 3.0%.

2. Nantex's educational training plan and its implementation

   (1) Idea of educational training of employees

   In accordance with Nantex's development and annual plans and government laws and regulations, Nantex has organized plans and courses for departmental and personal training. The knowledge, skills, competence and attitude of all employees are increased for the three aspects of professional training, education and development, in order to improve individual and team performance, thereby achieving the goal of corporate sustainable management.

   (2) Nantex considers training to be the basis of safety. Operators are able to understand safety-related knowledge and awareness to prevent the

occurrence of accidents due to lack of knowledge. The following is the statistical data of the types of educational training in 2020:

Internal training	Course hours (Hr)	Number of trainees	External training	Course hours (Hr)	Number of trainees	Training expense (NT$ thousand)
	3,707	1,078		2,049	193	559

3. Nantex's employee safety, health and environmental protection plan and its implementation
   (1) Nantex has established an industrial safety department in charge of the planning, supervision and management of industrial safety, health and environmental protection. The Occupational Safety and Health Committee and the HSE Committee hold regular meetings to discuss and review the implementation and effective performance of the work for safety, health and environmental protection.
   (2) Nantex has established an emergency response plan. At least five emergency response exercises and regular fire safety training sessions for all employees are organized annually, and Nantex has actively selected a number of employees to participate in the TRCA training for emergency response specialists. Through regular exercises, employees are able to become familiar with the response procedures and their response skills, so that in the event of an emergency, they are able to react swiftly to perform rescue actions to contain the accident and lower its damage. In addition, there are a variety of protective gears, gas detectors, fire safety equipment, leakage repairing equipment and AEDs in the plant for emergency use.
   (3) Nantex has formed organizations for regional joint prevention and joint prevention of toxic accidents with neighboring companies and petrochemical manufacturers in the industry and has signed support agreements with them. In the event of an emergency, they can support each other in order to achieve the maximum capacity for response.
   (4) Nantex has established management and inspection plans and procedures (including hazard identification and environmental considerations) in relation to contractor management, hazardous operations, machinery and equipment, waste gas, wastewater, wastes and toxic chemicals. All relevant operators have obtained professional licenses and received on-the-job training regularly. They have taken protective measures based on the characteristics of operations to meet legal requirements and ensure operational safety.
   (5) For the management of operations concerning waste gas, wastewater, wastes and toxic chemicals generated from manufacturing processes, Nantex has actively conducted reduction analysis and installed control facilities for treatment (waste gas incineration equipment and wastewater treatment plant) in order to ensure proper treatment and compliance with legal requirements.
   (6) Industrial safety personnel, environmental safety officers and field officers perform irregular audit and safety observation on the industrial safety, environment and health, and all departments are notified to enhance the management improvement at all times to prevent accidents.
   (7) Through the promotion of "5S," false alarm incident reporting, improvement proposal, safety observation and monthly topic early warning,

Nantex has continued to maintain a safe operating environment and increase employee awareness of hazards.

(8) Nantex organizes general health examination for employees and health examination for special operating personnel on an annual basis.

(9) Nantex has appointed full-time medical personnel and regularly contracted professional physicians who visit the plant to carry out consultations for health promotion on a monthly basis.

(10) A variety of safety and environment incentive systems are established, and quarterly unit environmental safety performance evaluation is conducted in order to encourage employees to participate and perform environmental safety work properly.

(11) To enhance the capability for manufacturing process safety management, Nantex has outsourced the guidance on the enhancement of manufacturing process safety management system since 2020, which is expected to be implemented for two years (until July 2022).

(12) Nantex has received the certifications of ISO 14001 (version 2015), ISO 45001 (version 2018) and TOSHMS (CNS45001).

4. Retirement system:

(1) In accordance with the "Labor Standards Act," Nantex has established regulations for defined benefit pensions, which apply to the years of service of all full-time employees before the "Labor Pension Act" came into force on July 1, 2005, and to the subsequent years of service of employees who have opted to continue to apply the Labor Standards Act after the "Labor Pension Act." For any employee who has met the criteria for retirement, the payment of his/her pension is based on the length of his/her service and the average salary over the 6 months prior to his/her retirement. Where the length of service is no more than 15 years, two base points will be given for each year of service; where the length of service is more than 15 years, one base point will be given for each additional year of service, and the maximum number of base points is 45. An additional 20% payment is made to any employee who has retired mandatorily due to work-related injuries.

(2) Since July 1, 2005, Nantex has established regulations for defined benefit pensions in accordance with the "Labor Pension Act," which apply to all employees with R.O.C. nationality. For an employee who has opted to apply the labor pension system under the "Labor Pension Act," Nantex will allocate a monthly amount of labor pension no less than 6% of the employee's salary to his/her personal account at the Bureau of Labor Insurance. The pension for the employee will be paid on a monthly or lump-sum basis based in the amount of his/her personal pension account and the income accrued.

(3) Nantex has also established the "Regulations Governing Labor Retirement," which not only incorporates the retirement criteria under the Labor Standards Act, but also provides that any employee at the age of 55 or older who has served for no less than 15 years with the length of his/her service plus his/her age equaling 60 or more or any employee who has served at Nantex for no less than 15 consecutive years may voluntarily apply for early retirement.

(4) Nantex allocates a monthly amount equaling 15% of an employee's salary as pension funds and deposits it into a special account at the Bank of

Taiwan in the name of the Labor Pension Fund Supervisory Committee. In 2021, a total of 3 employees were eligible to apply for retirement, and the amount was NT$7.78 million.

5. Communication channel:

Employees of Nantex can provide feedback and communication of opinions at any time through colleague conferences, the Employee Welfare Committee, the Labor Pension Fund Supervisory Committee, the Occupational Safety and Health Committee, labor–management meetings and other regularly held meetings, and through the labor union, administrative system, employee complaint system and other channels. In April 1995, Nantex signed a collective agreement with the labor union. The agreement was submitted to the competent authority for record and has served as the basis for interaction between both sides.

Harmonious labor–management relations serve as the cornerstone of a company and the source of employee happiness. As the saying goes, "Cooperation benefits both sides, while confrontation harms both sides." The employees and management of Nantex are committed to working together to achieve a better future.

(II) Losses incurred due to labor–management disputes during the most recent year and as of the date of publication of the annual report, and the estimated amount and responses for such disputes that may occur in the future: Nantex has always managed the labor–management relations based on the principles of respect, communication and harmony, and no significant labor–management dispute has occurred so far.

VI. Management of Information and Communication Security

Nantex plans to establish a "Corporate Information Security Organization" in 2023. The organization will include an Information Security Department and an Information Protection Department and will be responsible for the establishment and implementation of information security and protection policies, risk management, and compliance audit. Nantex also plans to appoint a chief information security officer (CISO), who will be responsible for supervising the implementation of company-wide information security activities and the effectiveness of the information security risk management mechanism, and will submit regular reports to the Board of Directors regarding the performance in the implementation of information security management activities and system relating to the overall information security management organization. Discussions have been held regarding the establishment of an "information security policy," which will require approval to be given at the level of the Board of Directors and will ensure the confidentiality, completeness, usability and legality of information assets through annual reviews. Nantex has sought to receive the certification of the international standards under "ISO 27001:2013 information security management system." The purpose of introducing the ISO 27001 information security management system is to enhance the capability for emergency responses to information security incidents to safeguard the assets of Nantex and its customers.

Nantex's vision of information security is to build a strict and effective information security protection network. It plans to purchase information security insurance on an annual basis to reduce losses and liabilities arising from the risks caused by business interruption, and hopes to become a company with outstanding performance in the maturity of information security governance. To enhance the capability for information security protection, Nantex will engage vendors to perform white-hat hacker penetration tests on an annual basis by using all kinds of hacking techniques to analyze the potential vulnerabilities and circumstances for hacker attacks, including the management of connection statuses, the testing of access privileges and the escalation and elevation of privileges. Improvement will be made to the high-risk items in a testing result, and the quality of information security protection will continue to be raised through enhancement measures, with the aim to achieve the goal of 100% improvement of the items with material and high risks in the testing result. Additionally, Nantex will regularly collect information of external threats from sources including TWCERT, and will conduct a risk assessment according to the contents of the information. Information security officers will check and follow up on the results of information processing to enhance protection against external threats to information security. Moreover, Nantex plans to engage external professional vendors to conduct information security assessments on computer systems, including a review of the information framework, the testing of online activities, a vulnerability scan, a penetration test, a review of the security settings and compliance review, based on which the status of system security will be tracked and improvement measures will be taken. The aim is to achieve the goal of 100% improvement of the items with material and high risks in the results to ensure complete information security. Starting in 2023, Nantex will organize a three-hour "information security training" session for all employees, and the staff of the information security department will be required to receive at least 15 hours of professional training on information security.

VII.Important Contracts:

Contract type	Contracting parties	Start and expiry dates of contract	Main subject	Restrictions
Purchase agreement	CPC Corporation Taiwan	January 1 to December 31, 2022	Purchase of butadiene	No resale to others
Purchase agreement	Formosa Petrochemical Corporation	January 1 to December 31, 2022	Purchase of butadiene	For own use only and no resale
Purchase agreement	Taiwan Styrene Monomer Corporation	January 1 to December 31, 2022	Purchase of styrene	–
Purchase agreement	China Petrochemical Development Corporation	January 1 to December 31, 2022	Purchase of acrylonitrile	For own use only and no resale
Sales agreement	Sohryu	January 1, 2007 to the date of notice of termination (a 90-day prior notice of termination is required)	NBR agency	Japan
Sales agreement	E. Chang Trading Co., Ltd. Kuo Chi Trading Co., Ltd.	January 1 to December 31, 2022 (a 90-day prior notice of termination is required)	Sales of oil-resistant rubber by agency	Domestic sales by agency

Chapter 6. Financial Overview

I. Condensed Balance Sheet and Statement of Comprehensive Income and the Audit Opinions of CPAs for the Most Recent Five Years

Parent-only condensed balance sheet (Unit: NT$ thousand)

Item \ Year		Financial information for the most recent 5 years (Note)				
		2021	2020	2019	2018	2017
Current assets		8,737,248	4,907,421	3,425,892	3,255,678	2,432,885
Property, plant and equipment		1,581,315	1,431,104	1,219,773	1,291,606	1,396,585
Right-of-use asset		60,042	51,693	66,034	–	–
Intangible assets		708	524	1,062	2,083	2,962
Other assets		8,724,227	6,523,046	5,016,522	4,705,423	4,123,085
Total assets		19,103,540	12,913,788	9,729,283	9,254,790	7,955,517
Current liabilities	Before distribution	2,528,495	1,643,838	928,052	896,236	646,641
	After distribution	5,975,412	3,613,505	1,962,127	1,782,586	1,115,609
Non-current liabilities		367,846	401,131	423,928	399,418	392,607
Total liabilities	Before distribution	2,896,341	2,044,969	1,351,980	1,295,654	1,039,248
	After distribution	6,343,258	4,014,636	2,386,055	2,182,004	1,508,216
Equity attributable to owners of the parent company		16,207,199	10,868,819	8,377,303	7,959,136	6,916,269
Share capital		4,924,167	4,924,167	4,924,167	4,924,167	4,689,683
Capital reserves		608	–	–	–	–
Retained earnings	Before distribution	11,681,620	6,279,677	3,765,367	3,219,932	2,372,663
	After distribution	8,234,703	4,319,010	2,731,292	2,333,582	1,669,211
Other equity		(399,196)	(335,025)	(312,231)	(184,963)	(146,077)
Treasury stocks		–	–	–	–	–
Non-controlling interest		–	–	–	–	–
Total equity	Before distribution	16,207,199	10,868,819	8,377,303	7,959,136	6,916,269
	After distribution	1276072829	8,899,152	7,343,228	7,072,786	6,447,301

Parent-only condensed statement of comprehensive income (Unit: NT$ thousand)

Item \ Year	Financial information for the most recent 5 years (Note)				
	2021	2020	2019	2018	2017
Operating revenue	14,055,601	8,286,235	6,957,021	7,757,462	6,849,350
Gross operating profit	7,873,476	3,892,226	1,935,906	1,772,643	1,271,890
Operating profit/loss	6,429,726	2,887,584	1,259,620	1,060,686	661,822
Non-operating revenue and expenses	2,237,469	1,234,322	449,181	743,119	252,933
Pre-tax net profit	8,667,195	4,121,906	1,708,801	1,803,805	914,755
Net profit of continuing operations for the current period	7,346,499	3,548,909	1,426,780	1,534,951	813,950
Loss of discontinued operations	–	–	–	–	–
Net profit (loss) for the current period	7,346,499	3,548,909	1,426,780	1,534,951	813,950
Other comprehensive income for the current period (net, after tax)	(39,060)	(23,318)	(122,263)	(25,604)	(60,523)

Total comprehensive income for the current period	7,307,439	3,525,591	1,304,517	1,509,347	753,427
Net profit attributable to owners of the parent company	7,346,499	3,548,909	1,426,780	1,534,951	813,950
Net profit attributable to non-controlling interests	–	–	–	–	–
Total comprehensive income attributable to owners of the parent company	7,307,439	3,525,591	1,304,517	1,509,347	753,427
Total comprehensive income attributable to non-controlling Interests	–	–	–	–	–
Earnings per share (NT$)	14.92	7.21	2.90	3.12	1.65

Note: The financial information for the most recent five years has been audited and certified by the CPAs.

Consolidated condensed balance sheet (Unit: NT$ thousand)

Item \ Year		Financial information for the most recent 5 years (Note)				
		2021	2020	2019	2018	2017
Current assets		16,812,183	10,549,135	7,321,001	6,988,650	5,585,964
Property, plant and equipment		2,854,958	2,587,108	2,313,901	2,483,167	2,582,021
Right-of-use asset		105,702	101,775	121,852	–	–
Intangible assets		14,945	11,694	11,499	12,876	14,008
Other assets		963,782	1,160,142	902,877	672,086	640,313
Total assets		20,751,570	14,409,854	10,671,130	10,156,779	8,822,306
Current liabilities	Before distribution	3,591,082	2,683,177	1,474,767	1,448,377	1,220,276
	After distribution	7,037,999	4,652,844	2,508,842	2,334,727	1,689,244
Non-current liabilities		407,755	439,267	450,704	415,423	407,888
Total liabilities	Before distribution	3,998,837	3,122,444	1,925,471	1,863,800	1,628,164
	After distribution	7,445,754	5,092,111	2,959,546	2,750,150	2,097,132
Equity attributable to owners of the parent company		16,207,199	10,868,819	8,377,303	7,959,136	6,916,269
Share capital		4,924,167	4,924,167	4,924,167	4,924,167	4,689,683
Capital reserves		608	–	–	–	–
Retained earnings	Before distribution	11,681,620	6,279,677	3,765,367	3,219,932	2,372,663
	After distribution	8,234,703	4,310,010	2,731,292	2,333,582	1,669,211
Other equity		(399,196)	(335,025)	(312,231)	(184,963)	(146,077)
Treasury stocks		–	–	–	–	–
Non-controlling interest		545,534	418,591	368,356	333,843	277,873
Total equity	Before distribution	16,752,733	11,287,410	8,745,659	8,292,979	7,194,142
	After distribution	13,305,816	9,317,743	7,711,584	7,406,629	6,725,174

Consolidated condensed statement of comprehensive income (Unit: NT$ thousand)

Item \ Year	Financial information for the most recent 5 years (Note)				
	2021	2020	2019	2018	2017
Operating revenue	23,517,740	14,402,725	12,391,836	13,809,832	11,647,603
Gross operating profit	12,240,516	6,478,459	3,220,716	3,254,607	2,225,388
Operating profit/loss	9,911,649	4,821,037	1,979,134	1,939,898	1,145,309
Non-operating revenue and expenses	(115,374)	(114,742)	50,892	190,162	(53,581)
Pre-tax net profit	9,796,275	4,706,295	2,030,026	2,130,060	1,091,728
Net profit of continuing operations for the current period	7,494,807	3,620,225	1,481,452	1,591,730	877,901
Loss of discontinued operations	—	—	—	—	—
Net profit (loss) for the current period	7,494,807	3,620,225	1,481,452	1,591,730	877,901
Other comprehensive income for the current period (net, after tax)	(40,925)	(24,132)	(122,155)	(26,413)	(61,501)
Total comprehensive income for the current period	7,453,882	3,596,093	1,359,297	1,565,317	816,400
Net profit attributable to owners of the parent company	7,346,499	3,548,909	1,426,780	1,534,951	813,950
Net profit attributable to non-controlling interests	148,308	71,316	54,672	56,779	63,951
Total comprehensive income attributable to owners of the parent company	7,307,439	3,525,591	1,304,517	1,509,347	753,427
Total comprehensive income attributable to non-controlling Interests	146,443	70,502	54,780	55,970	62,973
Earnings per share (NT$)	14.92	7.21	2.90	3.12	1.65

Note: The financial information for the most recent five years has been audited and certified by the CPAs.

(I) Names of CPAs and their audit opinions for the most recent five years

Year	Name of CPA	Audit opinion
2021	Tzu-Yu Lin, Yung-Chih Lin	Unqualified opinion.
2020	Tzu-Yu Lin, Yung-Chih Lin	Unqualified opinion.
2019	Tzu-Yu Lin, Tzu-Meng Liu	Unqualified opinion.
2018	Tzu-Yu Lin, Tzu-Meng Liu	Unqualified opinion.
2017	Tzu-Meng Liu, Tzu-Yu Lin	Unqualified opinion.

II. Financial analysis for the most recent five years

Parent-only financial analysis

Item analyzed (Note 2) / Year (Note 1)		Financial analysis for the most recent five years				
		2021	2020	2019	2018	2017
Financial structure (%)	Liabilities to assets ratio	15.16	15.84	13.90	14.00	13.06
	Long-term funds to property, plant and equipment ratio	1,048.18	760.05	684.49	647.14	523.34
Solvency (%)	Current ratio	345.55	298.53	369.15	363.26	376.23
	Quick ratio	322.21	256.02	308.08	283.79	265.83
	Times interest earned	6,683.49	1,571.85	1,283.88	-	35,183.00
Operating ability	Receivables turnover (times)	8.87	5.73	6.70	7.37	8.08
	Average receivable days	41.15	63.70	54.48	49.53	45.17
	Inventory turnover (times)	14.55	10.60	10.89	12.68	10.84
	Payables turnover (times)	22.47	16.04	17.69	18.61	17.53
	Average sales days	25.09	34.43	33.52	28.79	33.67
	Property, plant and equipment turnover (times)	9.33	5.99	5.40	5.77	4.89
	Total assets turnover (times)	0.88	0.73	0.73	0.90	0.88
Profitability	Return on assets (%)	45.90	31.37	15.04	17.84	10.45
	Return on equity (%)	54.27	36.88	17.47	20.64	12.04
	Pre-tax net profit to paid-in capital ratio (%) (Note 3)	176.01	83.71	34.70	36.63	19.51
	Net profit margin (%)	52.27	42.83	20.51	19.79	11.88
	Earnings per share (NT$)	14.92	7.21	2.90	3.12	1.65
Cash flow	Cash flow ratio (%)	269.70	121.34	143.78	128.14	100.06
	Cash flow adequacy ratio (%)	207.79	117.54	141.79	149.68	124.28
	Cash reinvestment ratio (%)	24.68	6.74	3.84	6.08	2.03
Leverage	Operating leverage	1.02	1.05	1.12	1.14	1.22
	Financial leverage	1.00	1.00	1.00	1.00	1.00

Please describe the reasons for changes in the financial ratios in the most recent two years. (No analysis is required if the change of increase/decrease is less than 20%)

1. Financial structure: Increase in long-term funds to property, plant and equipment ratio: Mainly due to a higher profit resulting in an increase in long-term funds.
2. Solvency: Increase in times interest earned: Mainly due to an increase in net pre-tax profit for the current year.
   Increase in interest coverage ratio: mainly due to the increase in net profit before tax this year.
3. Operating ability: Increase in receivables turnover: Mainly due to an increase in sales for the current year.
   Decrease in average receivable days: Same as the reason above for receivables turnover.
   Increase in inventory turnover: Mainly due to a booming latex market and higher demands in the first half of the year, resulting in more inventories drawn by the customers.
   Decrease in average sales days: Same as the reason above for inventory turnover.
   Increase in payables turnover: Mainly due to good sales resulting in higher sales costs.
   Increase in property, plant and equipment turnover: Mainly due to growth in operating revenue.
4. Profitability: Increase in return on assets: Mainly due to an increase in profit for the current year.
   Increase in return on equity: Same as the reason above for return on assets.
   Increase in pre-tax net profit to paid-in capital ratio: Mainly due to growth in pre-tax net profit for the current year.
   Net Profit Ratio and EPS Increase: Mainly due to an increase in after-tax net profit for the current year.
5. Cash flow: Increase in cash flow ratio: Mainly due to higher profit resulting in an increase in cash inflow from operating activities.
   Cash flow allowance ratio and cash reinvestment ratio increased: Mainly due to an increase in cash inflow from operating activities.

Consolidated financial analysis

Item analyzed (Note 2)	Year (Note 1)	Financial analysis for the most recent five years				
		2021	2020	2019	2018	2017
Financial structure (%)	Liabilities to assets ratio	19.27	21.67	18.04	18.35	18.46
	Long-term funds to property, plant and equipment ratio	601.08	436.12	377.56	350.70	294.42
Solvency (%)	Current ratio	468.16	393.16	496.42	482.52	457.76
	Quick ratio	426.94	339.45	412.25	387.85	344.44
	Times interest earned	2,550.03	1,104.18	774.92	1,813.71	716.26
Operating ability	Receivables turnover (times)	11.10	7.40	7.87	8.82	8.55
	Average receivable days	32.88	49.32	46.38	41.38	42.69
	Inventory turnover (times)	10.18	8.11	9.08	10.34	9.25
	Payables turnover (times)	27.95	21.64	26.42	28.08	29.00
	Average sales days	35.85	45.01	40.20	35.30	39.46
	Property, plant and equipment turnover (times)	8.64	5.62	5.04	5.45	4.39
	Total assets turnover (times)	1.34	1.15	1.19	1.46	1.36
Profitability	Return on assets (%)	42.65	28.89	14.25	16.78	10.26
	Return on equity (%)	53.46	36.14	17.39	20.56	12.52
	Pre-tax net profit to paid-in capital ratio (%) (Note 3)	198.94	95.58	41.23	43.26	23.28
	Net profit margin (%)	31.87	24.64	11.96	11.11	6.99
	Earnings per share (NT$)	14.92	7.21	2.90	3.12	1.65
Cash flow	Cash flow ratio (%)	254.96	146.45	134.37	128.68	102.34
	Cash flow adequacy ratio (%)	265.44	180.28	196.90	215.49	205.62
	Cash reinvestment ratio (%)	30.88	16.43	7.39	9.81	6.25
Leverage	Operating leverage	1.03	1.06	1.16	1.16	1.28
	Financial leverage	1.00	1.00	1.00	1.00	1.00

Please describe the reasons for changes in the financial ratios in the most recent two years. (No analysis is required if the change of increase/decrease is less than 20%)

1. Financial structure: Increase in long-term funds to property, plant and equipment ratio: Mainly due to a higher profit resulting in an increase in long-term funds.
2. Solvency: Quick ratio: mainly due to the increase in cash and cash equivalents in the current year.
   Increase in times interest earned: Mainly due to an increase in net pre-tax profit for the current year.
3. Operating ability: Increase in receivables turnover: Mainly due to an increase in sales for the current year.
   Decrease in average receivable days: Same as the reason above for receivables turnover.
   Increase in inventory turnover: Mainly due to a booming latex market and higher demands in the first half of the year, resulting in more inventories drawn by the customers.
   Decrease in average sales days: Same as the reason above for inventory turnover.
   Increase in payables turnover: Mainly due to good sales resulting in higher sales costs.
   Increase in property, plant and equipment turnover: Mainly due to growth in operating revenue.
4. Profitability: Increase in return on assets: Mainly due to an increase in profit for the current year.
   Increase in return on equity: Same as the reason above for return on assets.
   Increase in pre-tax net profit to paid-in capital ratio: Mainly due to growth in pre-tax net profit for the current year.
   Net Profit Ratio and EPS Increase: Mainly due to an increase in after-tax net profit for the current year.
5. Cash flow: Increase in cash flow ratio: Mainly due to higher profit resulting in an increase in cash inflow from operating activities.
   Cash flow allowance ratio and cash reinvestment ratio increased: Mainly due to an increase in cash inflow from operating activities.

Note 1: The above financial information of each year has been audited and certified by the CPAs.

Note 2: Calculation formulas for the items analyzed are as follows:

1. Financial structure
    (1) Liabilities to assets ratio = Total liabilities / Total assets.
    (2) Long-term funds to property, plant and equipment ratio = (Totalequity + non-current liabilities) / Net property, plant and equipment.
2. Solvency
    (1) Current ratio = Current assets / Current liabilities.
    (2) Quick ratio = (Current assets - Inventory - Prepayment) / Current liabilities.
    (3) Times interest earned = Profit before income tax and interest expense / Interest expense for the current period.
3. Operating ability
    (1) Receivables (including accounts receivable and notes receivable from operations) turnover = Net sales / Balance of average receivables in each period (including accounts receivable and notes receivable from operations).
    (2) Average receivable days = 365 / Receivables turnover.
    (3) Inventory turnover = Sales cost / Average inventory.
    (4) Payables (including accounts payable and notes payable from operations) turnover = Sales cost / Balance of average payables in each period (including accounts payable and notes payable from operations).
    (5) Average sales days = 365 / Inventory turnover.
    (6) Property, plant and equipment turnover = Net sales / Average net property, plant and equipment.
    (7) Total assets turnover = Net sales / Average total assets.
4. Profitability
    (1) Return on assets = [After-tax profit/loss + Interest expense × (1 - Tax rate)] / Average total assets.
    (2) Return on equity = After-tax profit/loss / Average total equity.
    (3) Net profit margin = After-tax profit/loss / Net sales.
    (4) Earnings per share = (Profit/Loss attributable to owners of the parent company - Dividends of preferred shares) / Weighted average number of shares outstanding.
5. Cash flow
    (1) Cash flow ratio = Net cash flow from operating activities / Current liabilities.
    (2) Net cash flow adequacy ratio = Net cash flows from operating activities in the most recent five years / (Capital expense + Inventory increase + Cash dividends) in the most recent five years.
    (3) Cash reinvestment ratio = (Cash flow from operating activities – Cash dividends) / (Gross property, plant and equipment + Long-term investments + Other non-current assets + Working capital).
6. Leverage:
    (1) Operating leverage = (Net operating revenue – Variable operating cost and expense) / Operating profit.
    (2) Financial leverage = Operating profit / (Operating profit – Interest expense).

Note 3: For shares with no par value or whose par value is not NT$10, the above “to paid-in capital” ratio must be calculated with the ratio of equity attributable to owners of the parent company in the balance sheet.

III. Audit Committee's Review Report for the Financial Report of the Most Recent Year

Nantex Industry Co., Ltd.
Audit Committee's Review Report

The Board of Directors has prepared and submitted the 2021 business report, parent-only and consolidated financial statements and table of earnings distribution. The parent-only and consolidated financial statements have been audited by PricewaterhouseCoopers Taiwan, with an unqualified audit report issued thereafter. An audit by the Audit Committee of the above-mentioned business report, parent-only and consolidated financial statements and table of earnings distribution has found no discrepancies. Therefore, in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, this report is hereby submitted for review.

Nantex Industry Co., Ltd.
Convener of the Audit Committee

March 8, 2022

IV. Financial Report for the Most Recent Year

See p. 88.

V. Parent-only Financial Report Audited and Certified by CPAs in the Most Recent Year

See p. 155.

VI. Financial Difficulties Incurred by Your Company and Its Affiliates during the Most Recent Year and as of the Date of Publication of the Annual Report, and Their Effects on the Financial Conditions of Your Company

None.

Chapter 7. Review and Analysis of Financial Conditions and Financial Performance and Risk Events

I. Financial Conditions:

Table of comparison and analysis of financial conditions

(Unit: NT$ thousand)

Item \ Year	2021	2020	Difference Amount	Difference %
Current assets	$ 16,812,183	$ 10,549,135	6,263,048	59.37
Non-current assets	3,939,387	3,860,719	78,668	2.04
Total assets	20,751,570	14,409,854	6,341,716	44.01
Current liabilities	3,591,082	2,683,177	907,905	33.84
Non-current liabilities	407,755	439,267	(31,512)	(7.17)
Total liabilities	3,998,837	3,122,444	876,393	28.07
Share capital	4,924,167	4,924,167	-	-
Retained earnings	11,681,620	6,279,677	5,401,943	86.02
Other equity	(399,196)	(335,025)	(64,171)	19.15
Non-controlling interest	545,534	418,591	126,943	30.33
Total equity	16,752,733	11,287,410	5,465,323	48.42

Analysis and description of changes in the percentage of increase/decrease:

(1) Increase in current assets: Mainly due to an increase in cash and cash equivalents.

(2) Increase in current liabilities: Mainly due to an increase in other payables and income tax liabilities for the current period.

(3) Increase in retained earnings: Mainly due to an increase in profit for the current year.

II. Financial Performance:

Table of comparison and analysis of financial performance

(Unit: NT$ thousand)

Item \ Year	2021	2020	Amount of increase (decrease)	Percentage of change (%)
Operating revenue	$ 23,517,740	$ 14,402,725	9,115,015	63.29
Operating cost	(11,277,224)	(7,924,266)	3,352,958	42.31
Gross operating profit	12,240,516	6,478,459	5,762,057	88.94
Operating expense	(2,328,867)	(1,657,422)	671,445	40.51
Operating profit	9,911,649	4,821,037	5,090,612	105.59
Non-operating revenue and expenses	(115,374)	(114,742)	632	0.55
Pre-tax net profit	9,796,275	4,706,295	5,089,980	108.15
Income tax expense	(2,301,468)	(1,086,070)	1,215,398	111.91
Net profit for the current period	$ 7,494,807	$ 3,620,225	3,874,582	107.03
Other comprehensive profit	(40,925)	(24,132)	16,793	69.59
Other comprehensive losses the current period	$ 7,453,882	$ 3,596,093	3,857,789	107.28

Analysis and description of changes in the percentage of increase/decrease:

(1) Increase in operating revenue: Mainly due to an increase in the volume and price of latex products.

(2) Increase in gross operating profit: Mainly due to an increase in the sales price of latex.

(3) Increase in operating profit: Mainly due to an increase in gross operating profit.

(4) No significant difference in non-operating expenses: Mainly due to the continued appreciation of NTD, resulting in losses on foreign exchange.

(5) Increase in income tax expense: Mainly due to a higher profit resulting in an increase in income tax.

(6) Increase in other comprehensive profit: Mainly due to the effect of translation at the exchange rates in the financial statements of foreign subsidiaries.

III. Cash Flows:

(I) Analysis of liquidity in the most recent 2 years:

Year / Item	2021	2020	Percentage of increase (decrease) (%)
Cash flow ratio (%)	254.96	146.45	74.09
Cash flow adequacy ratio (%)	265.44	180.28	47.24
Cash reinvestment ratio (%)	30.88	16.43	87.95
Description of changes in the percentage of increase/decrease: See the description of changes in the analysis of each financial ratio.			

(II) Analysis of cash liquidity for the next year:

(Unit: NT$ thousand)

Starting cash balance	Annual net cash inflow from operating activities	Annual cash in(out)flow	Cash surplus (deficit) amount	Remedy for cash shortage	
				Investment plan	Financial management plan
$ 10,997,019	$ 3,780,036	($ 2,813,176)	$ 11,963,879	—	—

1. Analysis of changes in cash flows of the current year (2022):
   (1) Operating activities: Operating revenue and relevant adjustments will generate a net cash inflow.
   (2) Investment activities: Purchase of property, plant and equipment will generate a net cash outflow.
   (3) Financing activities: Payment of cash dividends will generate a net cash outflow.
2. Analysis of the remedy for estimated cash shortage and liquidity: Not applicable.

IV. Effect of Material Capital Expenditure in the Most Recent Year on Financial Business

No material capital expenditures in the current year.

V. Reinvestment Policy for the Most Recent Year, the Main Reasons for Profits or Losses, the Improvement Plan and the Investment Plan for the Next Year:

(Unit: NT$ thousand)

Item	Carrying value (NT$ thousand)	Policy	Reason for profit or loss
Intermedium International Ltd. (B.V.I.)	7,817,645	Reinvestment in Zhenjiang Nantex	Zhenjiang Nantex continued to record profit in 2021.
Micro Sova Co., Ltd.	351	Investment in high technology	Loss was recorded in 2021.
Nanmat Technology Co., Ltd.	432,125	Investment in high technology	Continued to record profit in 2021.
President International Co, Ltd.	84,497	Cooperation with affiliates in material investments	Continued to record profit in 2021.
Grand Bills Finance Corp.	8,518	Financial business	Continued to record profit in 2021.
Lushun Warehouse Co., Ltd.	145,377	For the operational needs of Nantex	Continued to record profit in 2021.

VI. Analysis and Assessment of Risk Events:

(I) Effects of interest rate, exchange rate change and inflation on the profit/loss of your company, and future measures in response:

1. Nantex engages in debt-free operations, so changes in interest rate have no significant effect on the profit/loss of Nantex.
2. Nantex is constantly informed of the trends of the relevant exchange rates, and has adopted average exchange rates to fulfill the demands for NTD.
3. The quotations provided by Nantex to its customers are appropriately adjusted based on market fluctuations. Therefore, the effect of inflation is controllable.

(II) Policies on high-risk and high-leverage investments, loaning of funds to others, endorsements/guarantees and transactions of derivatives, the main reasons for profits or losses, and future measures in response:

Nantex has not engaged in any high-risk and high-leverage investment, loaning of funds to others, endorsement/guarantee or transaction of derivatives.

(III) Future research and development plan and the expected research and development expense to be invested:

1. Future R&D plan:
   (1) As the pandemic continues to develop, substantial demands for latex for medical gloves will remain. Since market competition has become more intense, Nantex will cooperate closely with its customers regarding their demands, optimize existing and customer-friendly manufacturing processes, and keep developing new products and broadening the scope of their applications in the future to improve its competitiveness.
   (2) Energy conservation will remain the most important issue in the future. Facing increasingly severe environmental problems, Nantex will invest material resources and efforts to find more effective solutions, including strengthening the complementarity and use of R&D resources in Mainland China and Taiwan, joint development, or addressing problems in manufacturing processes or products.
2. Expected R&D expense to be invested: An estimated amount of NT$105 million. (The following amounts are in NTD)

(1) Development of NBR latex for disposable gloves: Cooperation with the customers in trial production and development will continue, with an amount of NT$20 million expected to be invested.
(2) NBR latex for gloves for the electronics industry: An amount of NT$20 million is expected to be invested in R&D.
(3) NBR latex for adhesive use: An amount of NT$15 million is expected to be invested.
(4) NBR carboxylated rubber: An amount of NT$10 million is expected to be invested.
(5) NBR rubber with special specifications: An amount of NT$10 million is expected to be invested.
(6) Plan for improvement of NBR manufacturing processes: An amount of NT$20 million is expected to be invested.
(7) Purchase of new instruments and equipment: An amount of NT$10 million is expected to be invested.

(IV) Effects of important changes in domestic or foreign policies and laws on the financial business of your company, and measures in response:

No effect on the financial business of Nantex.

(V) Effects of changes in technology (including risks of information and communication security) and industry on the financial business of your company, and measures in response:

No effect on the financial business of Nantex.

(VI) Effects of changes in corporate image on the crisis management of your company, and measures in response:

Nantex has upheld the business philosophy of “Keep Improving and Excelling Ourselves” with systematic operations and continuous innovations to achieve sustainable management and seek maximum benefits for its customers, shareholders and employees. Nantex has also maintained a good corporate image by fulfilling its social responsibility to expand business, and there has been no media report about any bad corporate image of Nantex.

(VII) Expected benefits and possible risks of merger, and measures in response: None.

(VIII) Expected benefits and possible risks of expansion of premises, and measures in response: None.

(IX) Risks faced during the concentration of purchases or sales, and measures in response: None.

(X) Effects and risks of substantial transfers or changes of shares held by directors, supervisors or shareholders with a shareholding of more than 10% to your company, and measures in response: None.

(XI) Effects and risks of changes in management to your company, and measures in response: None.

(XII) Litigious or non-litigious events: None.

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

VII. Other Important Matters, and Measures in Response:

None.

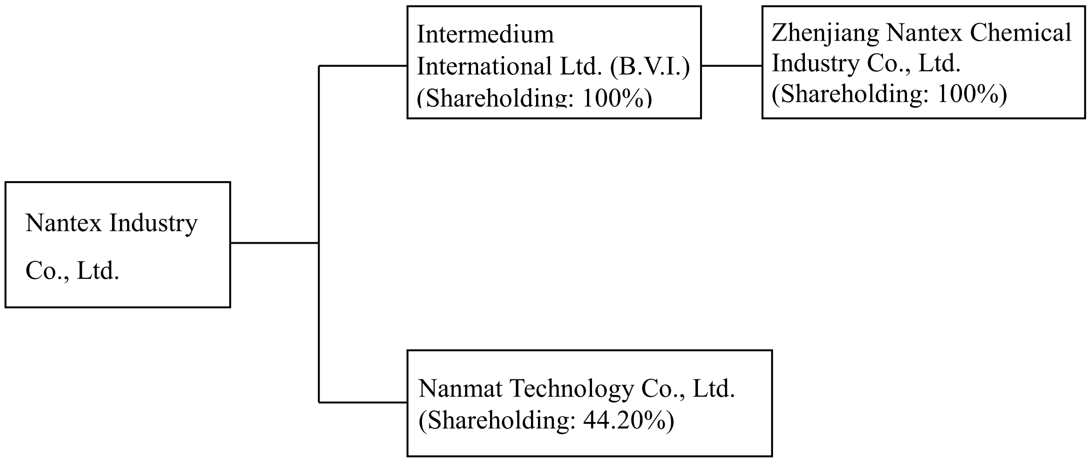
Chapter 8. Special Information

I. Information of Affiliates

(I) Consolidated business report of affiliates

1. Overview of affiliates

A. Organization of affiliates



B. Basic information of affiliates

December 31, 2021

Company name	Date of incorporation	Address	Paid-in capital	Scope of primary business or production
Intermedium International Ltd. (B.V.I.)	April 22, 1997	Offshore Incorporation Limited P.O.Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands	US$ 55,503,757	General investments
Zhenjiang Nantex Chemical Industry Co., Ltd.	October 29, 2001	No. 99, Linjiang West Rd., Zhenjiang New Dist., Zhenjiang City, Jiangsu Province	US$ 67,600,000	Production and sales of rubber and latex
Nanmat Technology Co., Ltd.	July 7, 1997	No. 36, Central Rd., Nanzi Export Processing Zone, Kaohsiung City	NT$ 385,002,920	CVD material metal surface treatment solution

C. Companies presumed to be controlled by or subordinate to your company in accordance with Article 369-3 of the Company Act: Intermedium International Ltd. (B.V.I.), Zhenjiang Nantex Chemical Industry Co., Ltd., and Nanmat Technology Co., Ltd.

D. Industries within the scope of the business of all affiliates: See (B).

E. Where the scope of the business between all affiliates is related, the status of their dealings and division of work must be described: To meet the increased demands in the market of Mainland China, Nantex has made investments to build plants in Mainland China through Intermedium International Limited (B.V.I.), and has also established Zhenjiang Nantex Chemical Industry Co., Ltd. to expand the sales in the market of Mainland China and provide services to local customers.

F. Information of directors, supervisors and managers of affiliates

December 31, 2021

Company name	Title	Name or representative	Shareholding	
			Number of shares	Shareholding (%)
Zhenjiang Nantex Chemical Industry Co., Ltd.	 Chairman Director Director Director Director Director Director Supervisor	Representatives of Nantex Industry Co., Ltd.: Chien-Chu Hsu Po-Ming Hou Tung-Yuan Yang Li-Ling Cheng Li-Fan Wang Yao-Te Huang Sheng-Chung Huang Meng-Sheng Liao	–	100%
Intermedium International Ltd. (B.V.I.)	 Chairman Director Director Director Director Director Director Director	Representatives of Nantex Industry Co., Ltd.: Tung-Yuan Yang Li-Ling Cheng Po-Ming Hou Chien-Chu Hsu Li-Fan Wang Yao-Te Huang Meng-Sheng Liao Sheng-Chung Huang	–	100%
Nanmat Technology Co., Ltd.	Chairman	Shun-Hsing Li	122,624	0.32%
	Director	Representatives of Nantex Industry Co., Ltd.: Tung-Yuan Yang, Chien-Chu Hsu, Wen-Hsin Huang, Sheng-Chung Huang, Chih-Ho Shih, Jung-Yi Yeh	17,017,492	44.20%
	Director	Representative of Prince Housing and Development Corp.: Ming-Fan Hsieh	1,747,476	4.54%
	Director	Representative of Jiu Fu Investment Co., Ltd.: Li-Ling Cheng	478,325	1.24%
	Director	Representative of Hua Chun Venture Investment Co., Ltd.: Yin-Chuan Ho	356,888	0.93%
	Director	Meng-Sheng Liao	337,218	0.88%
	Supervisor	Representative of San Shing Spinning Co., Ltd.: Chung-Ho Wu	264,303	0.68%
	Supervisor	Yuan-Hung Peng	0	0

2. Overview of operations of affiliates

December 31, 2021

Company name	Registered capital	Total assets	Total liabilities	Net value	Operating revenue	Operating profit	Profit/loss for the current period	Earnings per share (after tax)
Intermedium International Ltd. (B.V.I.)	US 56,500,000	US 285,734,346	US 3,304,991	US 282,429,355	US 0	US (3,603,314)	US 79,069,517	US 14.2
Zhenjiang Nantex	US 67,600,000	RMB 1,294,180,728	RMB 132,124,521	RMB 1,162,056,207	RMB 1,884,924,763	RMB 736,154,299	RMB 558,593,166	—
Nanmat Technology Co., Ltd.	NTD 385,002,920	NTD 1,474,147,487	NTD 496,488,631	NTD 977,658,856	NTD 1,428,255,609	NTD 326,454,148	NTD 265,785,344	NTD 6.90

(II) Consolidated financial statements of affiliates

Nantex Industry Co., Ltd.
Declaration on Consolidated Financial Statement of Affiliates

For the year of 2021 (from January 1 to December 31, 2021), the companies which shall be included in the consolidated financial statements of affiliates prepared in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those which shall be included in the consolidated financial statements of the parent company and subsidiaries pursuant to IFRS 10 approved by the Financial Supervisory Commission, and the relevant information which shall be disclosed in the consolidated financial statements of affiliates has been disclosed in the foregoing consolidated financial statements of the parent company and subsidiaries. Therefore, no separate consolidated financial statements of affiliates have been prepared.

Declarant:

Company name: Nantex Industry Co., Ltd.

Owner: Tung-Yuan Yang

March 8, 2022

(III) Affiliation report: None.

II. Private Placement of Securities during the Most Recent Year and as of the Date of Publication of the Annual Report

None.

III. Shares of Your Company Held or Disposed of by Subsidiaries during the Most Recent Year and as of the Date of Publication of the Annual Report

None

IV. Other Additional Information Required

None.

V. Whether any Event with a Material Effect on Shareholders' Equity or Securities Price, as Defined under Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act, has Occurred during the Most Recent Year and as of the Date of Publication of the Annual Report

None.

Financial Report for the Most Recent Year

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of NANTEX INDUSTRY CO., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of NANTEX INDUSTRY CO., LTD. and subsidiaries (the "Group") as at December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

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

Key audit matters for the Group's 2021 consolidated statements are stated as follows:

Evaluation of inventories

Description

Refer to Note 4(10) for description of accounting policies on inventories, Note 5 for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(5) for description of inventory.

As at December 31, 2021, the balances of inventories and allowance for inventory valuation losses were NT$1,203,722 thousand and NT$51,691 thousand, respectively.

The Group is primarily engaged in the manufacturing, processing and sales of various types of latex, rubber and related products. As the Group's inventories are mostly chemicals, they are subject to deterioration and fluctuations in global commodity prices. Since measurement of net realisable value for inventories involves subjective judgment resulting in a high degree of estimation uncertainty, we considered the evaluation of inventories a key audit matter.

<u>How our audit addressed the matter</u>

We performed the following audit procedures on the above key audit matter:

A. Examined whether the evaluation of inventories was implemented based on the Group's accounting policies, and assessed the reasonableness of policies and procedures related to the provision for inventory valuation losses.

B. Assessed the adequacy of provision for inventory valuation loss based on our evaluation and sampling on related documents related to the net realisable value of inventories.

Cut off of operating revenue recognition from export sales in Taiwan region

<u>Description</u>

Refer to Note 4(25) for accounting policies on revenue recognition.

The Group is engaged in domestic and international sales. Since there are numerous daily revenues from Taiwan region and transaction terms made with foreign customers are different, which involve significant risk in relation to inappropriate revenue recognition timing, we identified the cut off of operating revenue recognition from export sales in Taiwan region a key audit matter.

<u>How our audit addressed the matter</u>

We performed the following audit procedures on the above key audit matter:

A. Inspected sales contracts and orders to ascertain whether sales revenue was recognised in the appropriate period based on transaction terms.

B. Obtained details of operating revenue from export sales, and sampled and verified supporting documents (such as customer orders, delivery orders and export declarations) in order to verify whether operating revenue from export sales was recognised in the appropriate period.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of NANTEX INDUSTRY CO., LTD. as at and for the years ended December 31, 2021 and 2020.

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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's 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 generally accepted auditing standards 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 generally accepted auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

A. 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.

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

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

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

E. 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.

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

We communicate with those charged with governance (including the audit committee) 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 (including the audit committee) 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 of the current period 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.

Lin, Tzu-Shu

Independent Accountants

Lin, Yung-Chih

PricewaterhouseCoopers, Taiwan

Republic of China

March 8, 2022

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2021 AMOUNT	%	December 31, 2020 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 10,997,019	53	$ 4,841,191	34
1110	Current financial assets at fair value through profit or loss	6(2)	31,080	-	-	-
1136	Current financial assets at amortised cost	6(1)(3) and 8	2,377,272	11	1,777,310	12
1150	Notes receivable, net	6(4)	235,769	1	170,601	1
1170	Accounts receivable, net	6(4)	1,586,109	8	2,244,529	16
1200	Other receivables		104,447	-	74,500	-
130X	Inventories	5 and 6(5)	1,152,031	6	953,581	7
1410	Prepayments		328,456	2	487,423	3
11XX	**Total current assets**		16,812,183	81	10,549,135	73
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	6(6)	478,240	2	448,598	3
1535	Non-current financial assets at amortised cost	6(1)(3)	-	-	218,441	1
1600	Property, plant and equipment	6(7) and 8	2,854,958	14	2,587,108	18
1755	Right-of-use assets	6(8) and 7	105,702	1	101,775	1
1780	Intangible assets	6(9)	14,945	-	11,694	-
1840	Deferred income tax assets	6(24)	65,920	-	75,874	1
1915	Prepayments for equipment	6(7)	33,228	-	121,106	1
1920	Guarantee deposits paid	8	1,100	-	582	-
1975	Net defined benefit assets	6(14)	20,917	-	-	-
1990	Other non-current assets		364,377	2	295,541	2
15XX	**Total non-current assets**		3,939,387	19	3,860,719	27
1XXX	**Total assets**		$ 20,751,570	100	$ 14,409,854	100

(Continued)

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2021 AMOUNT	%	December 31, 2020 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(10) and 8	$ 170,000	1	$ 190,000	1
2110	Short-term notes and bills payable	6(11)	9,999	-	9,988	-
2130	Current contract liabilities	6(17)	96,793	-	161,355	1
2170	Accounts payable		414,794	2	392,168	3
2200	Other payables	6(12)	1,674,668	8	1,217,669	9
2230	Current income tax liabilities	6(24)	1,162,401	6	692,584	5
2280	Current lease liabilities	6(8) and 7	22,009	-	9,413	-
2320	Long-term liabilities, current portion	6(13) and 8	20,000	-	10,000	-
2365	Current refund liabilities		20,418	-	-	-
21XX	**Total current liabilities**		3,591,082	17	2,683,177	19
	Non-current liabilities					
2540	Long-term borrowings	6(13) and 8	21,667	-	17,500	-
2570	Deferred income tax liabilities	6(24)	320,475	2	314,701	2
2580	Non-current lease liabilities	6(8) and 7	51,721	-	58,245	1
2640	Net defined benefit liabilities	6(14)	13,892	-	48,821	-
25XX	**Total non-current liabilities**		407,755	2	439,267	3
2XXX	**Total liabilities**		3,998,837	19	3,122,444	22
	Equity					
	Equity attributable to owners of parent					
	Share capital					
3110	Common stock	6(15)	4,924,167	24	4,924,167	34
	Capital surplus					
3200	Capital surplus		608	-	-	-
	Retained earnings	6(16)				
3310	Legal reserve		1,683,582	8	1,328,744	9
3320	Special reserve		433,442	2	433,442	3
3350	Unappropriated retained earnings		9,564,596	46	4,517,491	31
	Other equity interest					
3400	Other equity interest	6(6)	(399,196)	(2)	(335,025)	(2)
31XX	**Total equity attributable to owners of the parent**		16,207,199	78	10,868,819	75
36XX	Non-controlling interest		545,534	3	418,591	3
3XXX	**Total equity**		16,752,733	81	11,287,410	78
	Significant Contingent Liabilities and Unrecognised Contract Commitments	7 and 9				
3X2X	**Total liabilities and equity**		$ 20,751,570	100	$ 14,409,854	100

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

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

	Items	Notes	2021 AMOUNT	2021 %	2020 AMOUNT	2020 %
4000	Operating revenue	6(17)	$ 23,517,740	100	$ 14,402,725	100
5000	Operating costs	6(5)(9)(14)(22)(23)	(11,277,224)	(48)	(7,924,266)	(55)
5900	Net operating margin		12,240,516	52	6,478,459	45
	Operating expenses	6(9)(14)(22)(23) and 12				
6100	Selling expenses		(766,438)	(3)	(568,614)	(4)
6200	General and administrative expenses		(1,449,886)	(6)	(974,041)	(6)
6300	Research and development expenses		(112,713)	(1)	(112,892)	(1)
6450	Expected credit impairment gain (loss)		170	-	(1,875)	-
6000	Total operating expenses		(2,328,867)	(10)	(1,657,422)	(11)
6900	Operating profit		9,911,649	42	4,821,037	34
	Non-operating income and expenses					
7100	Interest income	6(3)(6)(18)	69,606	1	79,902	1
7010	Other income	6(6)(8)(19)	26,479	-	27,000	-
7020	Other gains and losses	6(2)(20) and 12	(207,982)	(1)	(217,511)	(2)
7050	Finance costs	6(7)(8)(21) and 7	(3,477)	-	(4,133)	-
7000	Total non-operating income and expenses		(115,374)	-	(114,742)	(1)
7900	**Profit before income tax**		9,796,275	42	4,706,295	33
7950	Income tax expense	6(24)	(2,301,468)	(10)	(1,086,070)	(8)
8200	**Profit for the year**		$ 7,494,807	32	$ 3,620,225	25

(Continued)

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

	Items	Notes	Year ended December 31 2021 AMOUNT	2021 %	2020 AMOUNT	2020 %
	Other comprehensive income (loss)					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Actuarial gains (losses) on defined benefit plans	6(14)	$ 24,221	-	($ 1,673)	-
8316	Unrealised gains on financial assets measured at fair value through other comprehensive income	6(6)	17,259	-	9,199	-
8349	Income tax related to components of other comprehensive (loss) income that will not be reclassified to profit or loss	6(24)	(4,844)	-	335	-
	Components of other comprehensive loss that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		(76,199)	-	(30,685)	-
8367	Unrealised losses on valuation of investments in debt instruments measured at fair value through other comprehensive income, net	6(6)	(1,362)	-	(1,308)	-
8300	**Other comprehensive loss for the year**		($ 40,925)	-	($ 24,132)	-
8500	**Total comprehensive income for the year**		$ 7,453,882	32	$ 3,596,093	25
	Profit attributable to:					
8610	Owners of the parent		$ 7,346,499	31	$ 3,548,909	25
8620	Non-controlling interest		148,308	1	71,316	-
	Profit for the year		$ 7,494,807	32	$ 3,620,225	25
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 7,307,439	31	$ 3,525,591	25
8720	Non-controlling interest		146,443	1	70,502	-
	Total comprehensive income for the year		$ 7,453,882	32	$ 3,596,093	25
	Earnings per share (in dollars)	6(25)				
9750	Basic		$ 14.92		$ 7.21	
9850	Diluted		$ 14.85		$ 7.18	

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

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent									
		Share Capital	Capital Surplus	Retained Earnings			Other Equity Interest				
	Notes	Common stock	Changes in equity of associates and joint ventures accounted for using equity method	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains from financial assets measured at fair value through other comprehensive income	Total	Non-controlling interest	Total equity
Year ended December 31, 2020											
Balance at January 1, 2020		4,924,167	-	1,185,566	433,442	2,146,359	346,729	34,498	8,377,303	368,356	8,745,659
Profit for the year						,548,909			,548,909	1,316	,620,225
Other comprehensive income (loss) for the year						24	0,685	,891	3,318	14	4,132
Total comprehensive income (loss)						,548,385	0,685	,891	,525,591	0,502	,596,093
Distribution of 2019 net income:											
Legal reserve				43,178		43,178					
Cash dividends	6(16)					,034,075			,034,075		,034,075
Changes in non-controlling interests										0,267	0,267
Balance at December 31, 2020		4,924,167	-	1,328,744	433,442	4,517,491	377,414	42,389	10,868,819	418,591	11,287,410
Year ended December 31, 2021											
Balance at January 1, 2021		4,924,167	-	1,328,744	433,442	4,517,491	377,414	42,389	10,868,819	418,591	11,287,410
Profit for the year						,346,499			,346,499	48,308	,494,807
Other comprehensive income (loss) for the year						1,242	6,199	5,897	9,060	,865	0,925
Total comprehensive income (loss)						,367,741	6,199	5,897	,307,439	46,443	,453,882
Distribution of 2020 net income:											
Legal reserve				54,838		54,838					
Cash dividends	6(16)					,969,667			,969,667		,969,667

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

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent									
		Share Capital	Capital Surplus	Retained Earnings			Other Equity Interest				
	Notes	Common stock	Changes in equity of associates and joint ventures accounted for using equity method	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains from financial assets measured at fair value through other comprehensive income	Total	Non-controlling interest	Total equity
Changes in equity of associates and joint ventures accounted for using equity method			08						08	67	,375
Disposal of financial assets at fair value through other comprehensive income	6(6)					,869		,869			
Changes in non-controlling interests										0,267	0,267
Balance at December 31, 2021		4,924,167	608	1,683,582	433,442	9,564,596	453,613	54,417	16,207,199	545,534	16,752,733

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

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 9,796,275	$ 4,706,295
Adjustments			
Adjustments to reconcile profit (loss)			
Gains on valuation of financial assets at fair value through profit or loss	6(2)(20)	(1,080)	-
Expected credit impairment (gain) loss	12	(170)	1,875
Reversal of inventory market price decline	6(5)	(6,308)	(1,183)
Depreciation	6(7)(8)(22)	311,544	298,385
Losses on disposals of property, plant and equipment	6(20)	3,994	2,648
Property, plant and equipment transferred to expenses	6(7)	5,900	231
Amortisation	6(9)(22)	2,103	2,734
Interest income	6(18)	(69,606)	(79,902)
Dividend income	6(6)(19)	(8,794)	(10,951)
Rent concession	6(8)(19)	(995)	(497)
Interest expense	6(21)	3,477	4,133
Changes in operating assets and liabilities			
Changes in operating assets			
Current financial assets at fair value through profit or loss		(30,000)	-
Notes receivable		(65,168)	(1,093)
Accounts receivable		658,597	(940,623)
Other receivables		(21,319)	37,199
Inventories		(192,142)	(68,838)
Prepayments		158,967	(129,767)
Net defined benefit assets		(20,917)	-
Other non-current assets		(68,836)	(18,389)
Changes in operating liabilities			
Current contract liabilities		(64,562)	80,336
Accounts payable		22,626	51,847
Other payables		486,997	556,258
Current refund liabilities		20,418	-
Net defined benefit liabilities		(10,708)	(29,224)
Cash inflow generated from operations		10,910,293	4,461,474
Interest received		60,978	57,997
Dividends received		8,794	10,951
Interest paid		(3,453)	(4,142)
Income tax paid		(1,820,767)	(596,716)
Net cash flows from operating activities		9,155,845	3,929,564

(Continued)

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2021	Year ended December 31 2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash paid for acquisition of current financial assets at amortised cost		($ 5,127,464)	($ 3,567,732)
Proceeds from disposal of current financial assets at amortised cost		4,731,309	3,191,826
Acquisition of financial assets at fair value through other comprehensive income		(88,359)	(119,593)
Proceeds from disposal of financial assets at fair value through other comprehensive income		71,907	-
Cash paid for acquisition of property, plant and equipment	6(26)	(447,354)	(491,103)
Interest paid for acquisition of property, plant and equipment	6(7)(21)(26)	(366)	(133)
Proceeds from disposal of property, plant and equipment		2,730	755
Increase in intangible assets	6(9)	(5,405)	(2,780)
Increase in prepayments for equipment		(66,801)	(118,307)
Increase in guarantee deposits paid		(518)	(35)
Net cash flows used in investing activities		(930,321)	(1,107,102)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term borrowings	6(27)	(20,000)	-
Payment of lease liabilities	6(27)	(20,905)	(21,212)
Increase in long-term borrowings	6(27)	30,000	30,000
Repayments of long-term borrowings	6(27)	(15,833)	(2,500)
Payment of cash dividends	6(16)	(1,969,667)	(1,034,075)
Decrease in non-controlling interest		(20,267)	(20,267)
Net cash flows used in financing activities		(2,016,672)	(1,048,054)
Effect of foreign exchange rate changes		(53,024)	(42,979)
Net increase in cash and cash equivalents		6,155,828	1,731,429
Cash and cash equivalents at beginning of year	6(1)	4,841,191	3,109,762
Cash and cash equivalents at end of year	6(1)	$ 10,997,019	$ 4,841,191

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

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

(1) NANTEX INDUSTRY CO., LTD. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on January 10, 1979. The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in the manufacture, processing and sales of various types of latex, rubbers and related products.

(2) The common shares of the Company have been listed on the Taiwan Stock Exchange since October 27, 1992.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised for issuance by the Board of Directors on March 8, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(一)Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standard Board ("IASB")
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform - Phase 2'	January 1, 2021
Amendment to IFRS 16, 'Covid-19-related rent concessions beyond 30 June 2021'	April 1, 2021 (Note)

Note: Earlier application from January 1, 2021 is allowed by the FSC.

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(二)Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts－cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018－2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(三)IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
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, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(一)Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(二)Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit assets or liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5, 'Critical accounting judgements, estimates and key sources of assumption uncertainty'.

(三)Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of the subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)		
Name of investor	Name of subsidiary	Business activities	December 31, 2021	December 31, 2020	Note
NANTEX INDUSTRY CO., LTD.	INTERMEDIUM INTERNATIONAL LIMITED	General investments	100.00%	100.00%	—
	Nanmat Technology Co., Ltd.	CVD materials and metal surface treatment chemicals	44.20%	44.20%	(Note)
INTERMEDIUM INTERNATIONAL LIMITED	Zhenjiang Nantex Chemical Industry., Ltd.	Manufacture and sales of rubber and latex	100.00%	100.00%	—

(四)(Note) The Group has control over Nanmat Technology Co., Ltd. as the Group holds more than half of the voting rights of the Board of Directors.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: The Group's non-controlling interest is immaterial, therefore, it is not applicable.

(五)Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

(a) The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities presented in each balance sheet are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(六)Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(七)Cash equivalents

A. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

B. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitment in operations are classified as cash equivalents.

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(九)Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(十)Notes and accounts receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(十一)Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses. When the cost of inventory is higher than net realisable value, a write-down is provided and recognised in operating costs. If the circumstances that caused the write-down cease to exist, such that all or part of the write-down is no longer needed, it should be reversed to that extent and recognised as deduction of operating costs.

(十二)Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

   (a) The objective of the Group’s business model is achieved both by collecting contractual cash flows and selling financial assets; and

   (b) The assets’ contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

   (a) The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

   (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(十三)Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses ("ECLs") if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(十四)Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has no retained control of the financial asset.

(十五)Property, plant and equipment

A. Aside from those assets which had been revaluated, property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Assets	Useful lives
Land improvements	20 ～ 40 years
Buildings and structures	3 ～ 65 years
Machinery and equipment	3 ～ 33 years
Leasehold improvements	5 ～ 10 years
Other equipment	3 ～ 20 years

(十六)Leasing arrangements (lessee)－right-of-use assets/lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date;

(c) Any initial direct costs incurred by the lessee; and

(d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset’s useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(十七)Intangible assets

Trademarks, patent, computer software and royalty are stated initially at cost and amortised on a straight-line basis over its estimated economic life and term of operating agreements of 5 to 20 years.

(十八)Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(十九)Borrowings

A. Borrowings comprise long-term and short-term banks loans and other short-term loans. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

(二十)Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(二十一)Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(二十二)Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

For defined contribution plan, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurements arising on defined benefit plan are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(二十三)Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(二十四)Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(二十五)Dividends

Prior to 2019, dividends are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

From 2019, cash dividends are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Board of Directors. Stock dividends are recorded as stock dividends to be distributed in which they are resolved by the Company's shareholders, and are reclassified to ordinary shares on the effective date of new shares issuance.

(二十六)Revenue recognition

A. Sales of goods

(a) Sales are recognised when control of the products has transferred, being when the products are delivered to the external customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) Revenue is recognised based on the price specified in the contract, net of the estimated sales return and volume discounts. The products are often sold with volume discounts based on estimated sales of each year. Accumulated experience is used to estimate and provide for the sales discounts and volume discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. The terms of receipt of sales transactions are consistent with market practice, the Group does not adjusted the transation price to reflect the time value of money.

(c) A receivable is recognised when the products are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Group recognises the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(二十七)Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

Evaluation of inventories

A. As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. As the inventories are mostly chemicals, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specific period in the future. Therefore, there might be material changes to the evaluation.

B. As of December 31, 2021, the carrying amount of inventories was $1,152,031.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(一)Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash:		
Cash on hand	$ 352	$ 346
Checking accounts and demand deposits	3,038,667	2,106,765
	3,039,019	2,107,111
Cash equivalents:		
Time deposits	7,958,000	2,734,080
	$ 10,997,019	$ 4,841,191

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. As of December 31, 2021 and 2020, the Group's time deposits maturing in excess of three months and within one year were classified as current financial assets at amortised cost in the amount of $2,373,272 and $1,775,310, respectively. Additionally, the time deposits maturing in excess of one year were classified as non-current financial assets at amortised cost in the amount of $－ and $218,441, respectively.

C. Detail of the Group's cash and cash equivalents pledged to others are provided in Note 8.

(二)Current financial assets at fair value through profit or loss

	December 31, 2021	December 31, 2020
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$ 30,000	$ -
Valuation adjustment	1,080	-
	$ 31,080	$ -

A. The Group recognised net gain in the amount of $1,080 and $54 (listed as 'Other gains and losses') for the years ended December 31, 2021 and 2020, respectively.

B. The Group has no financial assets at fair value through profit or loss pledged to others as of December 31, 2021.

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2), 'Financial instruments'.

(三)Current financial assets at amortised cost

	December 31, 2021		Dedcember 31, 2020	
Current items:				
Time deposits maturing over three months	$	2,373,272	$	1,775,310
Time deposits pledged		4,000		2,000
	$	2,377,272	$	1,777,310
Non-current items:				
Time deposits maturing in excess of one year	$	-	$	218,441

A. The Group recognised interest income in profit or loss in relation to financial assets at amortised cost in the amount of $48,506 and $40,376 for the years ended December 31, 2021 and 2020, respectively.

B. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was the carrying amount.

C. As of December 31, 2021 and 2020, the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2), 'Financial instruments'.

(四)Notes and accounts receivable, net

	December 31, 2021		Dedcember 31, 2020	
Notes receivable	$	235,769	$	170,601
Accounts receivable	$	1,587,051	$	2,245,648
Less: Loss allowance	(	942)	(	1,119)
	$	1,586,109	$	2,244,529

A. The ageing analysis of notes receivable and accounts receivable is as follows:

	December 31, 2021				December 31, 2020			
	Accounts receivable		Notes receivable		Accounts receivable		Notes receivable	
Not past due	$	1,202,609	$	235,769	$	2,057,434	$	170,601
Less than 90 days		384,399		-		187,227		-
Over 90 days		43		-		987		-
	$	1,587,051	$	235,769	$	2,245,648	$	170,601

The above ageing analysis was based on past due date.

B. As of December 31, 2021 and 2020, the balance of notes receivable and accounts receivable were all from contracts with customers. As of January 1, 2020, the balance of receivables from contracts with customers amounted to $1,476,585.

C. As of December 31, 2021 and 2020, the Group holds building and structures as security for notes and accounts receivable.

D. Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk was the carrying amount.

E. Information relating to credit risk of notes and accounts receivable is provided in Note 12(2), 'Financial instruments'.

(五)Inventories

	December 31, 2021		
	Cost	Allowance for market price decline	Book value
Merchandise	$ 989	($ 543)	$ 446
Raw materials	622,246	(15,090)	607,156
Supplies	55,866	(71)	55,795
Work in progress	159,237	(9,647)	149,590
Finished goods	365,384	(26,340)	339,044
	$ 1,203,722	($ 51,691)	$ 1,152,031

	December 31, 2020		
	Cost	Allowance for market price decline	Book value
Merchandise	$ 1,273	($ 633)	$ 640
Raw materials	450,023	(17,579)	432,444
Supplies	40,058	(71)	39,987
Work in progress	151,371	(10,990)	140,381
Finished goods	368,855	(28,726)	340,129
	$ 1,011,580	($ 57,999)	$ 953,581

The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2021	2020
Cost of goods sold	$ 11,190,072	$ 7,855,270
Loss on physical inventory	16,147	467
Revenue from sale of scraps	(19,785)	(12,687)
Reversal of inventory market price decline (Note)	(6,308)	(1,183)
Unalllocated overhead expense	6,785	9,798
Loss on discarding inventory	1,273	147
Total cost of goods sold	$ 11,188,184	$ 7,851,812

(Note) For the years ended December 31, 2021 and 2020, the Group reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold because the inventories which were previously provided with allowance were used and sold.

(六)Non-current financial assets at fair value through other comprehensive income

	December 31, 2021	December 31, 2020
Equity instruments		
Listed stocks	$ 109,052	$ 88,689
Unlisted stocks	257,863	260,612
	366,915	349,301
Valuation adjustment	83,091	69,701
	450,006	419,002
Debt instruments		
Corporate bonds	30,904	30,904
Valuation adjustment	(2,670)	(1,308)
	28,234	29,596
	$ 478,240	$ 448,598

A. The Group has elected to classify equity investments that are considered to be strategic investments and steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $478,240 and $448,598 as at December 31, 2021 and 2020, respectively.

B. Due to the investment strategy, the Group sold $71,907 of equity investments at fair value resulting to a cumulative gain on disposal of $3,869, which was transferred to retained earnings during the year ended December 31, 2021. There was no such transaction for the year ended December 31, 2020.

C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Years ended December 31,	
	2021	2020
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	$ 17,259	$ 9,199
Dividend income recognised in profit or loss		
Held at end of year	$ 8,794	$ 10,951
Debt instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	($ 1,362)	($ 1,308)
Interest income recognised in profit or loss	$ 663	$ 118

D. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was the carrying amount.

E. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

F. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2), ‘Financial instruments’.

(七)Property, plant and equipment

	Land	Land improvements	Buildings and structures	Machinery and equipment	Leashelod improvements	Other equipment	Unfinished construction and equipment under acceptance	Total
At January 1, 2021								
Cost	$ 461,888	$ 14,580	$ 1,659,015	$ 5,223,214	$ 7,960	$ 688,973	$ 505,879	$ 8,561,509
Accumulated depreciation	-	(13,783)	(1,096,240)	(4,370,590)	(3,695)	(490,093)	-	(5,974,401)
	$ 461,888	$ 797	$ 562,775	$ 852,624	$ 4,265	$ 198,880	$ 505,879	$ 2,587,108
2021								
At January 1	$ 461,888	$ 797	$ 562,775	$ 852,624	$ 4,265	$ 198,880	$ 505,879	$ 2,587,108
Additions - cost	-	3,484	1,066	42,662	-	42,599	329,273	419,084
Transferred from prepayments for equipment	-	-	-	-	-	-	154,679	154,679
Transferred after acceptance inspection	-	-	50,728	574,290	-	32,156	(657,174)	-
Disposals - cost	-	-	-	(30,070)	-	(27,500)	-	(57,570)
- accumulated depreciation	-	-	-	28,199	-	22,647	-	50,846
Depreciation	-	(392)	(49,993)	(194,508)	(731)	(42,086)	-	(287,710)
Reclassified as expense	-	-	-	-	-	(4,439)	(1,461)	(5,900)
Net exchange differences	-	-	(1,597)	(2,956)	-	(287)	(739)	(5,579)
At December 31	$ 461,888	$ 3,889	$ 562,979	$ 1,270,241	$ 3,534	$ 221,970	$ 330,457	$ 2,854,958
At December 31, 2021								
Cost	$ 461,888	$ 18,064	$ 1,707,576	$ 5,795,517	$ 7,960	$ 730,743	$ 330,457	$ 9,052,205
Accumulated depreciation	-	(14,175)	(1,144,597)	(4,525,276)	(4,426)	(508,773)	-	(6,197,247)
	$ 461,888	$ 3,889	$ 562,979	$ 1,270,241	$ 3,534	$ 221,970	$ 330,457	$ 2,854,958

	Land	Land improvements	Buildings and structures	Machinery and equipment	Leashelod improvements	Other equipment	Unfinished construction and equipment under acceptance	Total
At January 1, 2020								
Cost	$ 461,888	$ 14,580	$ 1,649,124	$ 5,125,236	$ 7,960	$ 637,032	$ 110,921	$ 8,006,741
Accumulated depreciation	-	(13,530)	(1,038,113)	(4,171,863)	(2,964)	(466,370)	-	(5,692,840)
	$ 461,888	$ 1,050	$ 611,011	$ 953,373	$ 4,996	$ 170,662	$ 110,921	$ 2,313,901
2020								
At January 1	$ 461,888	$ 1,050	$ 611,011	$ 953,373	$ 4,996	$ 170,662	$ 110,921	$ 2,313,901
Additions - cost	-	-	935	56,827	-	51,307	410,993	520,062
Transferred from prepayments for equipment	-	-	-	30	-	15,009	-	15,039
Transferred after acceptance inspection	-	-	-	18,191	-	186	(18,377)	-
Disposals - cost	-	-	-	(22,221)	-	(15,539)	-	(37,760)
- accumulated depreciation	-	-	-	21,235	-	13,122	-	34,357
Depreciation	-	(253)	(53,558)	(185,538)	(731)	(34,611)	-	(274,691)
Reclassification (Note)	-	-	(231)	2,123	-	(2,123)	-	(231)
Net exchange differences	-	-	4,618	8,604	-	867	2,342	16,431
At December 31	$ 461,888	$ 797	$ 562,775	$ 852,624	$ 4,265	$ 198,880	$ 505,879	$ 2,587,108
At December 31, 2020								
Cost	$ 461,888	$ 14,580	$ 1,659,015	$ 5,223,214	$ 7,960	$ 688,973	$ 505,879	$ 8,561,509
Accumulated depreciation	-	(13,783)	(1,096,240)	(4,370,590)	(3,695)	(490,093)	-	(5,974,401)
	$ 461,888	$ 797	$ 562,775	$ 852,624	$ 4,265	$ 198,880	$ 505,879	$ 2,587,108

(Note) Reclassified $231 as expenses; buildings and structures and other equipment of $231 and $1,892, respectively, were reclassified as machinery and equipment.

A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	Years ended December 31,	
	2021	2020
Interest capitalisation	$ 366	$ 133
Interest rates for capitalisation	0.72%～2.16%	0.72%～1.56%

B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8, 'Pledged assets'.

(八)Leasing arrangements－lessee

A. The Group leases various assets including land, buildings, machinery and equipment and business vehicles. Rental contracts are typically made for periods of 1 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2021	December 31, 2020
	Carrying Amount	Carrying Amount
Land	$ 41,947	$ 47,274
Buildings	47,179	51,276
Machinery and equipment	13,706	803
Transportation equipment (Business vehicles)	2,870	2,422
	$ 105,702	$ 101,775

	Years ended December 31,	
	2021	2020
	Depreciation charge	Depreciation charge
Land	$ 6,321	$ 6,229
Buildings	4,098	3,970
Machinery and equipment	12,316	11,706
Transportation equipment (Business vehicles)	1,099	1,789
	$ 23,834	$ 23,694

C. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were $27,997 and $3,376, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	Years ended December 31,	
	2021	2020
Items affecting profit or loss		
Interest expense on lease liabilities	$ 1,475	$ 1,527
Expense on short-term lease or leases of low-value assets	602	382
Rent concession	995	497

E. For the years ended December 31, 2021 and 2020, the Group's total cash outflow for leases were $22,982 and $23,121, respectively.

F. The Group has applied the practical expedient to "Covid-19-related rent concessions", and recognised the gain from changes in lease payments arising from the rent concessions amounting to $995 and $497 by increasing other income for the years ended December 31, 2021 and 2020, respectively.

(九)Intangible assets

	2021				
	Trademarks	Patents	Computer Software	Royalty Income	Total
At January 1, 2021					
Cost	$ 2,036	$ 1,268	$ 25,514	$ 1,000	$ 29,818
Accumulated amortisation	(1,005)	(623)	(15,137)	(994)	(17,759)
Net exchange differences	-	-	(365)	-	(365)
Net value	$ 1,031	$ 645	$ 10,012	$ 6	$ 11,694
2021					
At January	$ 1,031	$ 645	$ 10,012	$ 6	$ 11,694
Additions - acquired separately	337	-	5,068	-	5,405
Disposals - cost	(181)	-	(10,838)	(1,000)	(12,019)
- accumulated amortisation	181	-	10,838	1,000	12,019
Amortisation	(286)	(75)	(1,736)	(6)	(2,103)
Net exchange differences	-	-	(51)	-	(51)
At December 31	$ 1,082	$ 570	$ 13,293	$ -	$ 14,945
At December 31, 2021					
Cost	$ 2,192	$ 1,268	$ 19,744	$ -	$ 23,204
Accumulated amortisation	(1,110)	(698)	(6,035)	-	(7,843)
Net exchange differences	-	-	(416)	-	(416)
Net value	$ 1,082	$ 570	$ 13,293	$ -	$ 14,945

	2020				
	Trademarks	Patents	Computer Software	Royalty Income	Total
At January 1, 2020					
Cost	$ 1,956	$ 1,268	$ 23,441	$ 1,217	$ 27,882
Accumulated amortisation	(990)	(548)	(13,203)	(1,128)	(15,869)
Net exchange differences	-	-	(514)	-	(514)
Net value	$ 966	$ 720	$ 9,724	$ 89	$ 11,499
2020					
At January	$ 966	$ 720	$ 9,724	$ 89	$ 11,499
Additions - acquired separately	307	-	2,473	-	2,780
Disposals - cost	(227)	-	(400)	(217)	(844)
- accumulated amortisation	227	-	400	217	844
Amortisation	(242)	(75)	(2,334)	(83)	(2,734)
Net exchange differences	-	-	149	-	149
At December 31	$ 1,031	$ 645	$ 10,012	$ 6	$ 11,694
At December 31, 2020					
Cost	$ 2,036	$ 1,268	$ 25,514	$ 1,000	$ 29,818
Accumulated amortisation	(1,005)	(623)	(15,137)	(994)	(17,759)
Net exchange differences	-	-	(365)	-	(365)
Net value	$ 1,031	$ 645	$ 10,012	$ 6	$ 11,694

Details of amortisation on intangible assets are as follows:

	Years ended December 31,	
	2021	2020
Operating costs	$ 284	$ 274
Selling expenses	345	975
General and administrative expenses	1,387	1,318
Research and development expenses	87	167
	$ 2,103	$ 2,734

(十)Short-term borrowings

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 170,000	0.85%～0.98%	None

Type of borrowings	December 31, 2020	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 190,000	0.87%～1.05%	None

For the years ended December 31, 2021 and 2020, the Group recognised interest expense in profit or loss. Please refer to Note 6(21) for details.

(十一)Short-term notes and bills payable

Type of borrowings	December 31, 2021	Interest rate	Collateral
Commercial papers payable	$ 10,000	0.95%	None
Less: Unamortised discount	(1)		
	$ 9,999		

Type of borrowings	December 30, 2020	Interest rate	Collateral
Commercial papers payable	$ 10,000	0.95%	None
Less: Unamortised discount	(12)		
	$ 9,988		

A. The above commercial papers were issued and secured by Ta Ching Bills Finance Corp. for short-term financing.

B. For the years ended December 31, 2021 and 2020, the Group recognised interest expenses in profit or loss. Please refer to Note 6(21) for details.

(十二)Other payables

	December 31, 2021	December 31, 2020
Wages and salaries payable	$ 841,670	$ 732,478
Employees' compensation and directors' remuneration payable	487,852	217,341
Payables on equipment	5,977	34,613
Others	339,169	233,237
	$ 1,674,668	$ 1,217,669

(十三)Long-term borrowings

Type of borrowings	Borrowing period and repayment term	December 31, 2021	Interest rate	Collateral
Installment-repayment borrowings				
Secured borrowings	Borrowing period is from May 19, 2021 to May 19, 2024; interest is payable monthly; principal is payable quarterly from June 19, 2021	$ 24,167	1.00%	Buildings and structures
Unsecured borrowings	Borrowing period is from July 3, 2020 to July 3, 2023; interest is payable monthly; principal is payable quarterly from October 3, 2020	17,500	1.35%	None
		41,667		
Less: Current portion		(20,000)		
		$ 21,667		

Type of borrowings	Borrowing period and repayment term	December 31, 2020	Interest rate	Collateral
Installment-repayment borrowings				
Unsecured borrowings	Borrowing period is from July 3, 2020 to July 3, 2023; interest is payable monthly; principal is payable quarterly from October 3, 2020	$ 27,500	1.35%	None
Less: Current portion		(10,000)		
		$ 17,500		

For the years ended December 31, 2021 and 2020, the Group recognised interest expenses in profit or loss. Please refer to Note 6 (21) for details.

(十四)Pensions

A. The Company and its domestic subsidiary have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. However, those who were mandatorily retired because injury at work will receive 20% in addition. The Company and its domestic subsidiary contribute monthly an amount equal to 2%～15% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiary would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiary will make contributions for the deficit by next March. The relevant information is as follows:

(a)The amounts recognised in the balance sheet are as follows:

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	($ 632,229)	($ 647,527)
Fair value of plan assets	639,254	598,706
Net defined benefit asset (liability)	$ 7,025	($ 48,821)
Net defined benefit asset	$ 20,917	$ -
Net defined benefit liability	(13,892)	(48,821)
	$ 7,025	($ 48,821)

(b) Movements in net defined benefit liabilities are as follows:

2021	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit asset (liability)
At January 1	($ 647,527)	$ 598,706	($ 48,821)
Current service cost	(6,548)	-	(6,548)
Interest (expense) income	(1,910)	1,819	(91)
	(655,985)	600,525	(55,460)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	8,808	8,808
Change in demographic assumptions	(1,256)	-	(1,256)
Change in financial assumptions	17,307	-	17,307
Experience adjustments	(638)	-	(638)
	15,413	8,808	24,221
Pension fund contribution	-	38,264	38,264
Paid pension	8,343	(8,343)	-
At December 31	($ 632,229)	$ 639,254	$ 7,025

2020	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	($ 646,543)	$ 570,171	($ 76,372)
Current service cost	(7,285)	-	(7,285)
Interest (expense) income	(4,406)	3,991	(415)
	(658,234)	574,162	(84,072)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	18,689	18,689
Change in financial assumptions	(21,272)	-	(21,272)
Experience adjustments	910	-	910
	(20,362)	18,689	(1,673)
Pension fund contribution	-	36,924	36,924
Paid pension	31,069	(31,069)	-
At December 31	($ 647,527)	$ 598,706	($ 48,821)

(c) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiary's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company and domestic subsidiary have no right to participate in managing and operating that fund and hence the Company and domestic subsidiary are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(d) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2021	2020
Discount rate	0.65%～0.70%	0.30%
Future salary increases	2.00%～3.00%	2.00%～3.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience according to Taiwan Life Insurance Industry 6th and 5th Mortality Table for the years ended December 31, 2021 and 2020.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2021				
Effect on present value of defined benefit obligation	($ 11,986)	$ 12,335	$ 12,029	($ 11,752)
December 31, 2020				
Effect on present value of defined benefit obligation	($ 13,321)	$ 13,731	$ 13,341	($ 13,016)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(e) Expected contributions to the defined benefit pension plan of the Group for the next year amount to $25,414.

(f) As of December 31, 2021, the weighted average duration of the retirement plan is 7～9 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$	37,625
1-2 years		40,102
2-5 years		120,329
Over 5 years		466,611
	$	664,667

B. Effective July 1, 2005, the Company and its domestic subsidiary have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiary contribute monthly an amount of no less than 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Group for the years ended December 31, 2021 and 2020 were $13,990 and $13,165, respectively.

C. The Company's mainland China subsidiary, Zhenjiang Nantex Chemical Industry., Ltd., has a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (P.R.C.) are based on 20% of employees' monthly salaries and wages. In addition, the government of the People's Republic of China (P.R.C.) enacted policies for enterprises to temporarily suspend or defer the contributions from February 2020 to December 2020 due to the impact of the COVID-19 pandemic. Other than the monthly contributions, this subsidiary has no further obligations. The pension costs under the defined contribution pension plan of this subsidiary for the years ended December 31, 2021 and 2020 were $17,637 and $1,324, respectively.

(十五)Share capital

A. Movements in the number of the Company’s ordinary shares outstanding are as follows (in thousands of shares):

	Years ended December 31,	
	2021	2020
At beginning and end of year	492,417	492,417

B. The shareholder of the Company resolved to increase authorised capital by $1,075,833 at their annual meeting on July 26, 2021. After the amendment, the authorised capital was $6,000,000.

C. As of December 31, 2021, the Company’s authorised capital was $6,000,000, and the paid-in-capital was $4,924,167, consisting of 492,417 thousand shares, with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

(十六)Retained earnings

A. Pursuant to the amended R.O.C. Company Act, the current year’s after-tax earnings should be used initially to cover any accumulated deficit; thereafter 10% of the remaining earnings should be set aside as legal reserve until the balance of legal reserve is equal to that of paid-in capital. The legal reserve shall be exclusively used to cover accumulated deficit, to issue new stocks, or to distribute cash to shareholders in proportion to their share ownership. The use of legal reserve for the issuance of stocks or cash dividends to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company’s paid-in capital.

B. Since the Company is in a changeable industry environment tied with international macroeconomics and the Company is in the mature stage, the appropriation of earnings should consider fund requirements and capital budget to decide how much earnings will be kept or distributed and how much cash dividends will be distributed. According to the Company’s original Articles of Incorporation, 10% of the annual net income, after offsetting any loss of prior years and paying all taxes and dues, shall be set aside as legal reserve. The remaining net income and the unappropriated retained earnings from prior years can be distributed in accordance with a resolution passed during a meeting of the Board of Directors and approved at the stockholders’ meeting. Of the amount to be distributed by the Company, stockholders’ dividends shall comprise 50% to 100% of the unappropriated retained earnings, and the percentage of cash dividends shall not be less than 30% of dividends distributed. On June 16, 2020, the stockholders at their meeting approved to amend the original Articles of Incorporation of the Company as follows: 10% of the annual net income, after offsetting any loss of prior years and paying all taxes and dues, shall be set aside as legal reserve. The remaining net income and the unappropriated retained earnings from prior years can be distributed in accordance with a resolution passed during a meeting of the Board of Directors and approved at the stockholders' meeting. Of the amount to be distributed by the Company, stockholders’ dividends shall comprise at least 20% of the unappropriated retained earnings, and the percentage of cash dividends shall not be less than 30% of dividends distributed. Based on the regulation, the Board of Directors of the Company shall adopt a special resolution to distribute whole or a part of the dividends in the form of cash and report to the stockholders, which is not applicable to the aforementioned provisions that are subject to stockholders' resolutions.

C. Special reserve

(a) In accordance with the regulations, the Company shall set aside special reserve for the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amount previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012 was $430,099, which shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

D. The Company recognised cash dividends distributed to owners amounting to $1,969,667 ($4.0 (in dollars) per share) and $1,034,075 ($2.1 (in dollars) per share) for the years ended December 31, 2021 and 2020, respectively. On March 8, 2022, the Board of Directors proposed for the distribution of cash dividends of $3,446,917 ($7.0 (in dollars) per share) from the 2021 earnings.

(十七)Operating revenue

A. Disaggregation of revenue from contracts with customers

Details of the Group's revenue from the transfer of goods at a point in time are as follows:

	Year ended December 31, 2021			
	NANTEX	INTERMEDIUM	NANMAT	Total
Revenue from latex products	$12,533,801	$ 3,890,178	$ -	$ 16,423,979
Revenue from rubber products	1,305,938	4,298,263	-	5,604,201
Organic-inorganic materials	-	-	1,275,445	1,275,445
Others	62,304	-	151,811	214,115
	$13,902,043	$ 8,188,441	$ 1,427,256	$ 23,517,740

	Year ended December 31, 2020			
	NANTEX	INTERMEDIUM	NANMAT	Total
Revenue from latex products	$ 7,380,303	$ 2,315,207	$ -	$ 9,695,510
Revenue from rubber products	865,509	2,835,097	-	3,700,606
Organic-inorganic materials	-	-	881,876	881,876
Others	9,001	-	115,732	124,733
	$ 8,254,813	$ 5,150,304	$ 997,608	$ 14,402,725

B. Contract liabilities

(a) On December 31, 2021 and 2020, the Group has recognised the revenue-related contract liabilities amounting to $96,793 and $161,355, respectively.

(b) On January 1, 2021 and 2020, the contract liabilities were $161,355 and $81,019, respectively, and the contract liabilities at the beginning of 2021 and 2020 of $153,740 and $78,381 were recognised as revenue for the years ended December 31, 2021 and 2020, respectively.

(十八)Interest income

	Years ended December 31, 2021	Years ended December 31, 2020
Interest income from bank deposits	$ 20,437	$ 39,408
Interest income from financial assets at amortised cost	48,506	40,376
Interest income from financial assets at fair value through other comprehensive income	663	118
	$ 69,606	$ 79,902

(十九)Other income

	Years ended December 31, 2021	Years ended December 31, 2020
Dividend income	$ 8,794	$ 10,951
Rent concession	995	497
Other income	16,690	15,552
	$ 26,479	$ 27,000

(二十)Other gains and losses

	Years ended December 31, 2021	Years ended December 31, 2020
Net currency exchange losses	($ 199,017)	($ 209,546)
Gains on financial assets at fair value through profit or loss	1,080	54
Losses on disposal of property, plant and equipment	(3,994)	(2,648)
Other losses	(6,051)	(5,371)
	($ 207,982)	($ 217,511)

(二十一)Finance costs

	Years ended December 31, 2021	Years ended December 31, 2020
Interest expense		
Bank loans	$ 2,368	$ 2,739
Lease liabilities	1,475	1,527
	3,843	4,266
Less: Capitalisation of qualifying assets	(366)	(133)
	$ 3,477	$ 4,133

(二十二)Expenses by nature

	Year ended December 31, 2021		
	Operating cost	Operating expense	Total
Employee benefits expense	$ 525,484	$ 1,385,806	$ 1,911,290
Depreciation	232,554	78,990	311,544
Amortisation	284	1,819	2,103
	$ 758,322	$ 1,466,615	$ 2,224,937

	Year ended December 31, 2020		
	Operating cost	Operating expense	Total
Employee benefits expense	$ 516,802	$ 944,455	$ 1,461,257
Depreciation	226,875	71,510	298,385
Amortisation	274	2,460	2,734
	$ 743,951	$ 1,018,425	$ 1,762,376

(二十三)Employee benefit expense

	Year ended December 31, 2021		
	Operating cost	Operating expense	Total
Salaries and wages	$ 456,565	$ 898,823	$ 1,355,388
Labour and health insurance expenses	28,043	31,833	59,876
Pension costs	21,251	17,015	38,266
Other personnel expenses	19,625	438,135	457,760
	$ 525,484	$ 1,385,806	$ 1,911,290

	Year ended December 31, 2020		
	Operating cost	Operating expense	Total
Salaries and wages	$ 461,382	$ 730,717	$ 1,192,099
Labour and health insurance expenses	23,866	23,961	47,827
Pension costs	11,602	10,587	22,189
Other personnel expenses	19,952	179,190	199,142
	$ 516,802	$ 944,455	$ 1,461,257

A. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 2% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.

B. For the years ended December 31, 2021 and 2020, the Company's employees' compensation was accrued at $182,335 and $86,936, respectively; while directors' and supervisors' remuneration was accrued at $273,503 and $130,405, respectively. The aforementioned amounts were recognised in salary expenses and other expenses. The expenses recognised for the years ended December 31, 2021 and 2020 were accrued based on the earnings of current year and the percentage specified in the Articles of Incorporation of the Company. The employees' compensation and directors' and supervisors' remuneration for 2021 as resolved by the Board of Directors were $182,461 and $273,691, respectively. The employees' compensation will be distributed in the form of cash. The employees' compensation and directors' and supervisors' remuneration for 2020 as resolved by the Board of Directors amounted to $216,962. The difference of ($379) between the amounts resolved at the Board meeting and the amounts recognised in the 2020 financial statements of $217,341 had been adjusted in the profit or loss for 2021.

Information about the appropriation of employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(二十四)Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31, 2021	Years ended December 31, 2020
Current tax:		
Current tax on profits for the year	$ 2,252,647	$ 1,079,868
Tax on undistributed surplus earnings	49,742	15,328
Prior year income tax over estimation	(11,805)	(5,319)
Total current tax	2,290,584	1,089,877
Deferred tax:		
Origination and reversal of temporary differences	10,884	(3,807)
Income tax expense	$ 2,301,468	$ 1,086,070

(b) The income tax relating to components of other comprehensive income is as follows:

	Years ended December 31, 2021	Years ended December 31, 2020
Remeasurement of defined benefit plan	$ 4,844	($ 335)

B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31, 2021	Years ended December 31, 2020
Tax calculated based on profit before tax and statutory tax rate	$ 2,723,290	$ 1,339,897
Effect from adjustment by tax regulation	(459,759)	(263,836)
Tax on undistributed surplus earnings	49,742	15,328
Prior year income tax over estimation	(11,805)	(5,319)
Income tax expense	$ 2,301,468	$ 1,086,070

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

2021	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets				
Temporary differences:				
Allowance for doubtful accounts	$ 4,073	$ -	$ -	$ 4,073
Unrealised sales discounts and allowances	-	4,084	-	4,084
Unrealised loss on inventory market value decline	11,600	(1,262)	-	10,338
Unused compensated absences	1,968	145	-	2,113
Pension cost	39,902	(551)	(4,844)	34,507
Unrealised expenses	452	(203)	-	249
Unrealised exchange loss	17,879	(7,323)	-	10,556
	$ 75,874	($ 5,110)	($ 4,844)	$ 65,920
Deferred tax liabilities				
Temporary differences:				
Pension cost	($ 32,637)	($ 5,774)	$ -	($ 38,411)
Investment gain	(189,597)	-	-	(189,597)
Provision for land increment tax	(92,467)	-	-	(92,467)
	($ 314,701)	($ 5,774)	$ -	($ 320,475)
	($ 238,827)	($ 10,884)	($ 4,844)	($ 254,555)

	2020			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets				
Temporary differences:				
Allowance for doubtful accounts	$ 4,183	($ 110)	$ -	$ 4,073
Unrealised loss on inventory market value decline	11,836	(236)	-	11,600
Unused compensated absences	1,908	60	-	1,968
Pension cost	40,095	(528)	335	39,902
Unrealised expenses	352	100	-	452
Unrealised exchange loss	7,866	10,013	-	17,879
Difference from adopting IFRS 16	175	(175)	-	-
	$ 66,415	$ 9,124	$ 335	$ 75,874
Deferred tax liabilities				
Temporary differences:				
Pension cost	($ 27,320)	($ 5,317)	$ -	($ 32,637)
Investment gain	(189,597)	-	-	(189,597)
Provision for land increment tax	(92,467)	-	-	(92,467)
	($ 309,384)	($ 5,317)	$ -	($ 314,701)
	($ 242,969)	$ 3,807	$ 335	($ 238,827)

D. The Company’s income tax returns through 2019 have been assessed and approved by the Tax Authority. The Company does not have any administrative remedy as of March 8, 2022.

(二十五)Earnings per share

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 7,346,499	492,417	$ 14.92
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 7,346,499		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	2,376	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 7,346,499	494,793	$ 14.85

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 3,548,909	492,417	$ 7.21
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 3,548,909		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,720	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 3,548,909	494,137	$ 7.18

(二十六)Supplemental cash flow information

A. Investing activities with partial cash payments:

	Years ended December 31, 2021	Years ended December 31, 2020
Purchase of property, plant and equipment	$ 419,084	$ 520,062
Add: Beginning balance of payable on equipment (listed as 'other payables')	34,613	5,787
Less: Ending balance of payable on equipment (listed as 'other payables')	(5,977)	(34,613)
Interest capitalisation	(366)	(133)
Cash paid for purchase of property, plant and equipment	$ 447,354	$ 491,103

B. Operating and investing activities with no cash flow effects:

	Years ended December 31, 2021	Years ended December 31, 2020
(a)Write-offs of loss allowance for accounts receivable	$ -	$ 2,052
(b) Non-current financial assets at amortised cost transferred to current	$ 218,441	$ -
(c) Prepayments for business facilities transferred to property, plant and equipment	$ 154,679	$ 15,039

(二十七)Changes in liabilities from financing activities

Year ended December 31, 2021	Short-term borrowings	Short-term notes and bills payable	Lease liability	Long-term borrowings	Liabilities from financing activities-gross
At January 1	$ 190,000	$ 9,988	$ 67,658	$ 27,500	$ 295,146
Changes in cash flow from financing activities	(20,000)	-	(20,905)	14,167	(26,738)
Changes in other non-cash items	-	-	26,977	-	26,977
Changes in unamortised discount or premium	-	11	-	-	11
At December 31	$ 170,000	$ 9,999	$ 73,730	$ 41,667	$ 295,396

Year ended December 31, 2020	Short-term borrowings	Short-term notes and bills payable	Lease liability	Long-term borrowings	Liabilities from financing activities-gross
At January 1	$ 190,000	$ 9,997	$ 86,370	$ -	$ 286,367
Changes in cash flow from financing activities	-	-	(21,212)	27,500	6,288
Changes in other non-cash items	-	-	2,500	-	2,500
Changes in unamortised discount or premium	-	(9)	-	-	(9)
At December 31	$ 190,000	$ 9,988	$ 67,658	$ 27,500	$ 295,146

7. RELATED PARTY TRANSACTIONS

(一)Names of related parties and relationship

Names of related parties	Relationship with the Company
Tainan Spinning Co., Ltd. (Tainan Spinning)	The entity with significant influence to the Group
Lushun Warehouse Co., Ltd. (Lushun Warehouse)	The Company is the key management of this entity
Bao Minh Textile & Garment (Bao Minh)	The Company is the key management of this entity

(二)Significant related party transactions

A. Lease transactions－lessee

(a) The Group leases raw material tanks and office space from Lushun Warehouse and Tainan Spinning. Rental contracts are typically made for periods of 2～3 years and 20 years, respectively. Rents are paid monthly.

(b) Acquisition of right-of-use assets

	Years ended December 31, 2021	Years ended December 31, 2020
Lushun Warehouse	$ 22,832	$ -

(c) Lease liabilities

(i) Outstanding balance

	December 31, 2021	December 31, 2020
Tainan Spinning	$ 48,594	$ 51,377
Lushun Warehouse	11,466	-
	$ 60,060	$ 51,377

(ii) Interest expense

	Years ended December 31, 2021	Years ended December 31, 2020
Tainan Spinning	$ 1,099	$ 1,156
Lushun Warehouse	153	100
	$ 1,252	$ 1,256

B. Endorsements and guarantees

Details of provision of endorsements and guarantees to related parties are provided in Note 9.

(三)Key management compensation

	Years ended December 31, 2021	Years ended December 31, 2020
Salaries and other short-term employee benefits	$ 702,218	$ 325,415

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

Pledged asset	December 31, 2021	December 31, 2020	Purpose
Pledged time deposits (Note 1)	$ 4,000	$ 2,000	Customs guarantee
Land (Note 2)	448,185	448,185	Collateral for borrowing facilities
Buildings and structures, net (Note 2)	41,276	13,200	Collateral for borrowing facilities
Guarantee deposits paid	413	413	Performance guarantee
	$ 493,874	$ 463,798	

Note 1: Listed as 'Current financial assets at amortised cost'.

Note 2: Listed as 'Property, plant and equipment'.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(一)As of December 31, 2021 and 2020, the Group's remaining balance due for construction in progress and prepayment for equipment were $16,237 and $31,129, respectively.

(二)As of December 31, 2021 and 2020, the Group's unused letters of credit amounted to $13,782 and $59,109, respectively.

(三)The significant purchase contracts entered into by the Group are as follows:

			Quantity of purchase (in tonnes)	
Suppliers	Items	Price	December 31, 2021	December 31, 2020
CPC Corporation, Taiwan	Butadiene (BD)	Floating	20,646	19,098
Formosa Petrochemical Corp.	Butadiene (BD)	Floating	46,800	20,400
BASF-YPC Company Limited	Butadiene (BD)	Floating	28,000	33,000
NanJing GongXi Chemical Limited Company	Butadiene (BD)	Floating	13,200	15,600
China Petrochemical Development Corp.	Acrylonitrile (AN)	Floating	18,000	12,000
Formosa Plastics Corp.	Acrylonitrile (AN)	Floating	4,800	4,800
YUGE (SHANGHAI) CHEMICAL CO., LTD.	Acrylonitrile (AN)	Floating	10,800	10,800
Shanghai Legend Petrochemical Co.,Ltd.	Acrylonitrile (AN)	Floating	5,100	5,100
WeiQiang International Trade (SHANGHAI) Co., Ltd.	Acrylonitrile (AN)	Floating	2,760	3,360
Taiwan Styrene Monomer Corp.	Styrene (SM)	Floating	1,800	1,800

As of December 31, 2021, 117,998 tonnes of BD, 54,896 tonnes of AN and 1,681 tonnes of SM were purchased.

(四)Details of the Group's endorsements and guarantees are as follows:

Endorser/guarantor	Party being endorsed/ guaranteed	Purpose	December 31, 2021	December 31, 2020
INTERMEDIUM INTERNATIONAL LIMITED	Bao Minh Textile & Garment	Guarantee for borrowings	$ 88,511	$ 91,069

As of December 31, 2021 and 2020, Bao Minh Textile & Garment has drawn from the endorsements and guarantees in the amount of $64,702 and $66,572, respectively.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(一)Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(二)Financial instruments

A. Financial instruments by category

	December 31, 2021	December 31, 2020
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 31,080	$ -
Financial assets at fair value through other comprehensive income		
Designation of equity instruments	$ 450,006	$ 419,002
Qualifying debt instruments	28,234	29,596
	$ 478,240	$ 448,598
Financial assets at amortised cost/Loans and receivables		
Cash and cash equivalents	$ 10,997,019	$ 4,841,191
Financial assets at amortised cost	2,377,272	1,995,751
Notes receivable	235,769	170,601
Accounts receivable	1,586,109	2,244,529
Other receivables	104,447	74,500
Guarantee deposits paid	1,100	582
	$ 15,301,716	$ 9,327,154

	December 31, 2021	December 31, 2020
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 170,000	$ 190,000
Short-term notes and bills payable	9,999	9,988
Accounts payable	414,794	392,168
Other payables	1,674,668	1,217,669
Current refund liabilities	20,418	-
Long-term borrowings (including current portion)	41,667	27,500
	$ 2,331,546	$ 1,837,325
Lease liabilities	$ 73,730	$ 67,658

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on unpredictable events in the financial market and seeks to reduce potential adverse effects on the Group's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

I. Foreign exchange risk

(i) The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD, JPY and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

(ii) Management has set up a policy to require the group companies to manage its foreign exchange risk against the functional currency. The group companies are required to hedge the entire foreign exchange risk exposure with the Group treasury. Foreign exchange rate risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

(iii) The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through liabilities denominated in the relevant foreign currencies.

(iv) The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2021		December 31, 2020	
	Foreign currency amount (in thousands)	Exchange rate	Foreign currency amount (in thousands)	Exchange rate
Financial assets				
Monetary items				
USD : NTD	$ 275,882	27.68	$ 113,863	28.48
USD : RMB	52,932	6.38	26,156	6.52
JPY : NTD	25,048	0.2405	40,000	0.2763
Financial liabilities				
Monetary items				
USD : NTD	3,284	27.68	2,223	28.48
USD : RMB	765	6.38	306	6.52
JPY : NTD	-	0.2405	18,100	0.2763

Sensitivity analysis of foreign exchange risk is primarily for foreign currency monetary items at financial reporting date. If NTD had appreciated/depreciated by 1% against USD, RMB and JPY, the Group's net profit after tax for the years ended Deacmber 31, 2021 and 2020 would have increased/decreased by $71,965 and $31,374, respectively.

(v) The total exchange loss, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2021 and 2020 amounted to $199,017 and $209,546, respectively.

II. Price risk

(i) The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

(ii) The Group's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant , post-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by $311 and $－, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $4,500 and $4,190, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

III. Cash flow and fair value interest rate risk

(i) The Group’s main interest rate risk arises from bank borrowings with floating rates, which expose the Group to cash flow interest rate risk. During the years ended December 31, 2021 and 2020, the Group’s borrowings at floating rate were mainly denominated in New Taiwan dollars.

(ii) The Group’s borrowings are long-term and short-term borrowings with floating interest rates. Therefore, changes in market interest rates will change the effective interest rates of the borrowings and cause fluctuations in their future cash flows. However, there is no significant effect on profit after tax.

(b) Credit risk

Ⅰ. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost and at fair value through other comprehensive income.

Ⅱ. The Group manages its credit risk taking into consideration the entire Group’s concern. According to the Group’s credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of its new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by management. The utilisation of credit limits is regularly monitored.

Ⅲ. The Group adopts the assumption under IFRS 9, that is, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

Ⅳ. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

Ⅴ. The Group classifies customer’s accounts receivable in accordance with credit rating of customer and customer types. The Group applies the modified approach using loss rate methodology to estimate expected credit loss under the provision matrix basis.

Ⅵ. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable as the Group’s counterparties are all with high credit quality and have no default record after assessment.

Ⅶ. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable are as follows:

	Years ended December 31,	
	2021	2020
At January 1	$ 1,119	$ 1,276
(Reversal of) provision for impairment loss	(170)	1,875
Write-offs	-	(2,052)
Effect of foreign exchange	(7)	20
At December 31	$ 942	$ 1,119

Ⅷ. The Group's investments in debt instruments at fair value through other comprehensive income are all rated as investment grade by any external credit rating agency at the balance sheet date, therefore its loss allowance is financial instruments measured at 12 months expected credit losses.

(c) Liquidity risk

I. Cash flow forecasting is performed in the operating entities of the Group and aggregated by the Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

II. Surplus cash held by the operating entities over and above the balance required for working capital management are invested in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts, that are expected to readily generate cash inflows for managing liquidity risk.

III. The Group has the following undrawn borrowing facilities:

	December 31, 2021	December 31, 2020
Floating rate:		
Expiring within one year	$ 3,889,460	$ 3,572,843

IV. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities				
Short-term borrowings	$ 170,157	$ -	$ -	$ -
Short-term notes and bills payable	10,000	-	-	-
Accounts payable	414,794	-	-	-
Other payables	1,674,668	-	-	-
Lease liability	23,262	7,177	14,779	36,750
Current refund liabilities	20,418	-	-	-
Long-term borrowings (including current portion)	20,316	17,646	4,177	-

December 31, 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities				
Short-term borrowings	$ 190,077	$ -	$ -	$ -
Short-term notes and bills payable	10,000	-	-	-
Accounts payable	392,168	-	-	-
Other payables	1,217,669	-	-	-
Lease liability	10,702	9,993	15,069	41,315
Long-term borrowings (including current portion)	10,230	10,186	7,551	-

V. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(三)Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group’s investment in listed stocks, beneficiary certificates and corporate bonds is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. The carrying amounts of financial instruments not measured at fair value including cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable, other receivables, guarantee deposits paid, short-term borrowings, short-term notes and bills payable, accounts payable, other payables, current refund liabilities and long-term borrowings (including current portion) are approximate to their fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 31,080	$ -	$ -	$ 31,080
Financial assets at fair value through other comprehensive income				
Equity securities	116,140	-	333,866	450,006
Debt securities	28,234	-	-	28,234
	$ 175,454	$ -	$ 333,866	$ 509,320

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$ 101,100	$ -	$ 317,902	$ 419,002
Debt securities	29,596	-	-	29,596
	$ 130,696	$ -	$ 317,902	$ 448,598

D. The methods and assumptions the Group used to measure fair value are as follows:

(a) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Closed-end fund	Corporate bonds
Market quoted price	Closing price	Closing price	Weighted average quoted price

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

E. For the years ended December 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2021 and 2020:

		Equity securities
At January 1, 2021	$	317,902
Gains recognised in other comprehensive income		18,713
Net exchange differences	(	2,749)
At December 31, 2021	$	333,866

		Equity securities
At January 1, 2020	$	326,268
Losses recognised in other comprehensive income	(	3,212)
Net exchange differences	(	5,154)
At December 31, 2020	$	317,902

G. For the years ended December 31, 2021 and 2020, there was no transfer into or out from Level 3.

H. Finance segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 333,866	Discounted cash flow	Weighted average cost of capital	7.92%～9.89%	The higher the weighted average cost of capital, the lower the fair value
			Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 317,902	Discounted cash flow	Weighted average cost of capital	5.98%～10.24%	The higher the weighted average cost of capital, the lower the fair value
			Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value

J. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			Year ended December 31, 2021			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Weighted average cost of capital	±10%	$ -	$ -	$ 20,317	($ 15,558)
	Discount for lack of marketability	±10%	-	-	3,847	(3,847)
			$ -	$ -	$ 24,164	($ 19,405)

			Year ended December 31, 2020			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Weighted average cost of capital	±10%	$ -	$ -	$ 11,755	($ 9,691)
	Discount for lack of marketability	±10%	-	-	3,488	(3,488)
			$ -	$ -	$ 15,243	($ 13,179)

13. SUPPLEMENTARY DISCLOSURES

According to the current regulatory requirements, the Group is only required to disclose the information for the year ended December 31, 2021.

(一) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: Please refer to table 1.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 3.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative financial instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(二)Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 5.

(三)Information on investments in Mainland China

A. Basic information: Please refer to table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 7.

(四)Major shareholders information

Major shareholders information: Please refer to table 8.

14. SEGMENT INFORMATION

(一)General information

Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. There is no material change in the basis for formation of entities and division of segments in the Group or in the measurement basis for segment information during this period.

(二) Measurement of segment information

The chief operating decision-maker evaluates the performance of operating segments based on pretax income excluding non-recurring income. For details of operating segments' accounting policies, please refer to Note 4.

(三)Segment information

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	Year ended December 31, 2021			
	NANTEX	INTERMEDIUM	Nanmat	Total
Segment revenue	$ 14,055,601	$ 8,188,453	$ 1,427,256	$ 23,671,310
Inter-segment revenue	153,558	12	-	153,570
Revenue from external customers	13,902,043	8,188,441	1,427,256	23,517,740
Interest income	7,509	61,876	221	69,606
Depreciation and amortisation	142,938	121,839	48,870	313,647
Finance cost	1,297	-	2,180	3,477
Segment income before tax	8,667,195	3,133,582	327,626	12,128,403
Capital expenditure for non-current assets	231,921	217,536	70,469	519,926

	Year ended December 31, 2020			
	NANTEX	INTERMEDIUM	Nanmat	Total
Segment revenue	$ 8,286,235	$ 5,150,304	$ 997,608	$ 14,434,147
Inter-segment revenue	31,422	-	-	31,422
Revenue from external customers	8,254,813	5,150,304	997,608	14,402,725
Interest income	23,355	56,009	538	79,902
Depreciation and amortisation	152,792	102,084	46,243	301,119
Finance cost	2,624	58	1,451	4,133
Segment income before tax	4,121,906	1,756,453	161,203	6,039,562
Capital expenditure for non-current assets	400,224	163,188	48,911	612,323

(四)Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations for the years ended December 31, 2021 and 2020 is provided as follows:

	Years ended December 31,	
	2021	2020
Reportable operating segments income before income tax	$ 12,128,403	$ 6,039,562
Segment loss	(2,332,128)	(1,333,267)
Profit before income tax	$ 9,796,275	$ 4,706,295

(五)Information on products and services

Revenue from external customers is mainly from manufacture, processing and sales of latex, rubber, chemical materials and related products. Details of revenue are as follows:

	Years ended December 31, 2021	Years ended December 31, 2020
Revenue from latex products	$ 16,423,979	$ 9,695,510
Revenue from rubber products	5,604,201	3,700,606
Revenue from chemical vapor deposition	1,275,445	881,876
Others	214,115	124,733
Total operating revenue	$ 23,517,740	$ 14,402,725

(六) Geographical information

Geographical information for the years ended December 31, 2021 and 2020 is as follows:

	Year ended December 31, 2021		Year ended December 31, 2020	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 1,868,452	$ 2,184,649	$ 1,315,590	$ 2,035,808
China	7,773,373	1,188,561	4,958,642	1,081,416
Malaysia	7,300,806	-	4,224,889	-
Thailand	5,117,345	-	3,081,653	-
Others	1,457,764	-	821,951	-
	$ 23,517,740	$ 3,373,210	$ 14,402,725	$ 3,117,224

(七)Major customer information

Major customer (revenue from the customer constituting more than 10% of consolidated operating revenue) information of the Group for the years ended December 31, 2021 and 2020 is as follows:

	Year ended December 31, 2021		Year ended December 31, 2020	
	Revenue	Segment	Revenue	Segment
A	$ 3,257,111	NANTEX	$ 2,025,720	NANTEX
B	3,180,243	NANTEX	2,100,966	NANTEX
〃	432,799	INTERMEDIUM	239,539	INTERMEDIUM
	$ 6,870,153		$ 4,366,225	

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Year ended December 31, 2021

Table 1

Expressed in thousands of NTD

Number	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor	Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount during the year	Outstanding endorsement/ guarantee amount at December 31, 2021	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 2)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
1	INTERMEDIUM INTERNATIONAL LIMITED	Bao Minh Textile & Garment	(Note 1)	$ 1,563,529	$ 88,511	$ 88,511	$ 64,702	$ -	1%	$ 3,908,822	N	N	N	-

(Note 1) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(Note 2) Ceiling on total amount of endorsements/ guarantees provided by INTERMEDIUM INTERNATIONAL LIMITED to others is 50% of the company’s net worth, and limit on endorsements/guarantees provided for a single party is 20% of the company’s net worth. The relevant endorsements/guarantees have been reported to the shareholders.

(Note 3) The accounts denominated in foreign currencies in the table are translated into New Taiwan dollars at spot exchange rates (USD 1 : NTD 27.68) prevailing at the financial reporting date.

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2021

Table 2

Expressed in thousands of NTD

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2021 Number of shares (shares or units in thousands)	Book value	Ownership (%)	Fair value	Footnote
NANTEX INDUSTRY CO., LTD.	Beneficiary certificates:							
	MiLLERFUL NO.1 REIT	—	Current financial assets at fair value through profit or loss	3,000	$ 31,080	-	$ 31,080	—
	Stocks:							
	Lushun Warehouse Co., Ltd.	—	Non-current financial assets at fair value through other comprehensive income	2,700	145,377	15.00%	145,377	—
	President International Development Corp.	—	〃	8,820	84,497	0.67%	84,497	—
	Micro Sava Co., Ltd.	—	〃	1,021	351	0.52%	351	—
	Grand Bills Finance Corp.	—	〃	720	8,518	0.13%	8,518	—
	Formosa Chemicals & Fibre Corp.	—	〃	1,200	96,960	0.02%	96,960	—
	Formosa Petrochemical Corp.	—	〃	200	19,180	-	19,180	—
	Bonds:							
	NATWEST MARKETS PLC.	—	〃	-	28,234	-	28,234	—
INTERMEDIUM INTERNATIONAL LIMITED	Bao Minh Textile & Garment	—	〃	-	95,123	8.50%	95,123	—

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES

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

Year ended December 31, 2021

Table 3

Expressed in thousands of NTD

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
NANTEX INDUSTRY CO., LTD.	Zhenjiang Nantex Chemical Industry.,Ltd.	Subsidiary	(Sales)	($ 153,558)	(1%)	Cash payment within 3 months	$ -	-	$ 516	—	—

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES

Significant inter-company transactions during the reporting period

Year ended December 31, 2021

Table 4

Expressed in thousands of NTD

				Transaction				
Number (Note 2)	Company name	Counterparty	Relationship (Note 3)	General ledger account		Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 4)
0	NANTEX INDUSTRY CO., LTD.	Zhenjiang Nantex Chemical Industry., Ltd.	1	Sales revenue	$	153,558	Cash payment within 3 months	1%
				Royalty income		58,543	Cash payment within 1 year	—
				Accounts receivable		516	—	—
				Other receivables		49,276	—	—
				Contract liabilities		9,390	—	—

(Note 1) If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, one side of then are disclosed.

(Note 2) The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

1. Parent company is ‘0’.
2. The subsidiaries are numbered in order starting from ‘1’.

(Note 3) Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

(Note 4) Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES

Information on investees (not including investees in China)

Year ended December 31, 2021

Table 5

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2021	Initial investment amount: Balance as at December 31, 2020	Shares held as at December 31, 2021: Number of shares	Shares held as at December 31, 2021: (%)	Shares held as at December 31, 2021: Book value	Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
NANTEX INDUSTRY CO., LTD.	INTERMEDIUM INTERNATIONAL LIMITED	British Virgin Islands	General investments	$ 1,799,716	$ 1,799,716	55,503,757	100.00%	$ 7,817,645	$ 2,214,650	$ 2,214,650	Subsidiary
	Nanmat Technology Co., Ltd.	Taiwan	CVD materials and metal surface treatment chemicals	172,400	172,400	17,017,492	44.20%	432,125	265,785	117,478	Subsidiary

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China

Year ended December 31, 2021

Table 6

Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital (Note 1)	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee for the year ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021 (Note 3)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Footnote
Zhenjiang Nantex Chemical Industry., Ltd.	Manufacture and sales of rubber and latex	$ 1,871,168	Note 2	$ 1,530,704	$ -	$ -	$ 1,530,704	$ 2,397,999	100.00	$ 2,397,999	$ 5,046,801	$ -	—

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note4)
NANTEX INDUSTRY CO., LTD.	$ 1,530,704	$ 1,871,168	$ 10,051,640

(Note 1) Including capital increase out of earnings amounting to $340,464.
(Note 2) Through investing in an existing company in the third area INTERMEDIUM INTERNATIONAL LIMITED, which then invested in the investee in Mainland China.
(Note 3) It was recognised based on the financial statements audited and attested by R.O.C. parent company's CPA.
(Note 4) It was calculated based 60% of net worth or consolidated net worth (whichever is higher).
(Note 5) The accounts denominated in foreign currencies in the table are translated into New Taiwan dollars at spot exchange rates (USD 1 : NTD 27.68) prevailing at the financial reporting date.

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

Year ended December 31, 2021

Table 7

Expressed in thousands of NTD

	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
Investee in Mainland China	Amount	%	Amount	%	Balance at December 31, 2021	%	Balance at December 31, 2021	Purpose	Maximum balance during the year ended December 31, 2021	Balance at December 31, 2021	Interest rate	Interest during the the year ended December31, 2021	(Note)
Zhenjiang Nantex Chemical Industry., Ltd.	$ 153,558	1%	$ -	-	$ 516	-	$ -	-	$ -	$ -	-	$ -	(Note)

(Note) It refers to royalty revenue amounting to $58,543. As of December 31, 2021, the outstanding amount was $49,276 after deducting the relevant tax payable of $9,267; the remaining $9,390 was contract liabilities.

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES

Major shareholders information

December 31, 2021

Table 8

Name of major shareholders	Number of shares held: Common share	Number of shares held: Preferred share	Ownership (%)	Footnote
Tainan Spinning Co., Ltd.	105,549,052	-	21.43%	—
Nan Fan Housing Development Co., Ltd.	27,362,884	-	5.56%	—

(Note) The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preferred shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference in the calculation basis.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of NANTEX INDUSTRY CO., LTD.

Opinion

We have audited the accompanying parent company only balance sheets of NANTEX INDUSTRY CO., LTD. (the "Company") as at December 31, 2021 and 2020, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its 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 generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matters for the Company's 2021 parent company only financial statements are stated as follows:

Evaluation of inventories

Description

Refer to Note 4(9) for description of accounting policies on inventory, Note 5 for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(4) for description of inventory. As at December 31, 2021, the balances of inventories and allowance for inventory valuation losses were NT$436,931 thousand and NT$28,137 thousand, respectively.

The Company is primarily engaged in manufacturing, processing and sales of various types of latex, rubber and related products. As the Company's inventories are mostly chemicals, they are subject to deterioration and fluctuations in global commodity prices. Since measurement of net realisable value for inventories involves subjective judgment resulting in a high degree of estimation uncertainty, we considered the evaluation of inventories a key audit matter.

<u>How our audit addressed the matter</u>

We performed the following audit procedures on the above key audit matter:

A. Examined whether the evaluation of inventories was implemented based on the Company's accounting policies, and assessed the reasonableness of policies and procedures related to the provision for inventory valuation losses.

B. Assessed the adequacy of provision for inventory valuation loss based on our evaluation and sampling on supporting documents related to the net realisable value of inventories.

Cut off of operating revenue recognition from export sales

<u>Description</u>

Refer to Note 4(25) for the accounting policies on revenue recognition.

The Company is engaged in domestic and international sales. Since there are numerous daily revenues and transaction terms made with foreign customers are different, which involve significant risk in relation to inappropriate revenue recognition timing, we identified the cut off of operating revenue recognition from export sales a key audit matter.

<u>How our audit addressed the matter</u>

We performed the following audit procedures on the above key audit matter:

A. Inspected sales contracts and orders to ascertain whether sales revenue was recognised in the appropriate period based on transaction terms.

B. Obtained details of operating revenue from export sales, and sampled and verified supporting documents (such as customer orders, delivery orders and export declarations) in order to verify whether operating revenue from export sales was recognised in the appropriate period.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

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

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

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards 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 financial statements.

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period 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.

Lin, Tzu-Shu

Independent Accountants

Lin, Yung-Chih

PricewaterhouseCoopers, Taiwan

Republic of China

March 8, 2022

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

NANTEX INDUSTRY CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2021 AMOUNT	%	December 31, 2020 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 6,750,267	35	$ 2,214,123	17
1110	Current financial assets at fair value through profit or loss	6(2)	31,080	-	-	-
1150	Notes receivable, net	6(3)	85,475	1	45,851	-
1170	Accounts receivable, net	6(3) and 7	1,163,675	6	1,873,649	15
1200	Other receivables		67,327	1	46,644	-
1210	Other receivables - related parties	7	49,276	-	28,246	-
130X	Inventories	5 and 6(4)	408,794	2	381,437	3
1410	Prepayments		181,354	1	317,471	3
11XX	**Total current assets**		8,737,248	46	4,907,421	38
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	6(5)	383,117	2	350,726	3
1550	Investments accounted for under equity method	6(6)	8,249,770	43	6,008,169	47
1600	Property, plant and equipment	6(7) and 8	1,581,315	8	1,431,104	11
1755	Right-of-use assets	6(8) and 7	60,042	1	51,693	-
1780	Intangible assets	6(9)	708	-	524	-
1840	Deferred income tax assets	6(22)	56,057	-	65,634	-
1915	Prepayments for equipments	6(7)	-	-	84,727	1
1920	Guarantee deposits paid	8	413	-	413	-
1975	Net defined benefit assets	6(12)	20,917	-	-	-
1990	Other non-current assets		13,953	-	13,377	-
15XX	**Total non-current assets**		10,366,292	54	8,006,367	62
1XXX	**Total assets**		$ 19,103,540	100	$ 12,913,788	100

(Continued)

NANTEX INDUSTRY CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2021 AMOUNT	%	December 31, 2020 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(10)	$ 50,000	-	$ 100,000	1
2130	Current contract liabilities	6(15) and 7	50,900	-	38,314	-
2170	Accounts payable		273,097	2	277,211	2
2200	Other payables	6(11)	1,096,154	6	782,985	6
2230	Current income tax liabilities	6(22)	1,022,811	5	442,057	4
2280	Current lease liabilities	6(8) and 7	15,115	-	3,271	-
2365	Current refund liabilities		20,418	-	-	-
21XX	**Total current liabilities**		2,528,495	13	1,643,838	13
	Non-current liabilities					
2570	Deferred income tax liabilities	6(22)	320,475	2	314,701	3
2580	Non-current lease liabilities	6(8) and 7	47,371	-	50,079	-
2640	Net defined benefit liabilities	6(12)	-	-	36,351	-
25XX	**Total non-current liabilities**		367,846	2	401,131	3
2XXX	**Total liabilities**		2,896,341	15	2,044,969	16
	Equity					
	Share capital					
3110	Common stock	6(13)	4,924,167	26	4,924,167	38
	Capital surplus					
3200	Capital surplus		608	-	-	-
	Retained earnings	6(14)				
3310	Legal reserve		1,683,582	9	1,328,744	10
3320	Special reserve		433,442	2	433,442	4
3350	Unappropriated retained earnings		9,564,596	50	4,517,491	35
	Other equity interest					
3400	Other equity interest	6(5)(6)	(399,196)	(2)	(335,025)	(3)
3XXX	**Total equity**		16,207,199	85	10,868,819	84
	Significant Contingent Liabilities and Unrecognised Contract Commitments	9				
3X2X	**Total liabilities and equity**		$ 19,103,540	100	$ 12,913,788	100

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

NANTEX INDUSTRY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

	Items	Notes	Year ended December 31 2021 AMOUNT	%	2020 AMOUNT	%
4000	Operating revenue	6(15) and 7	$ 14,055,601	100	$ 8,286,235	100
5000	Operating costs	6(4)(12)(20)(21)	(6,182,125)	(44)	(4,394,009)	(53)
5900	Net operating margin		7,873,476	56	3,892,226	47
	Operating expenses	6(9)(12)(20)(21)				
6100	Selling expenses		(501,878)	(3)	(345,063)	(4)
6200	General and administrative expenses		(855,915)	(6)	(572,151)	(7)
6300	Research and development expenses		(85,957)	(1)	(87,428)	(1)
6000	Total operating expenses		(1,443,750)	(10)	(1,004,642)	(12)
6900	Operating profit		6,429,726	46	2,887,584	35
	Non-operating income and expenses					
7100	Interest income	6(5)(16)	7,509	-	23,355	-
7010	Other income	6(5)(17) and 7	71,031	-	49,437	1
7020	Other gains and losses	6(2)(18) and 12	(171,902)	(1)	(169,113)	(2)
7050	Finance costs	6(8)(19) and 7	(1,297)	-	(2,624)	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(6)	2,332,128	17	1,333,267	16
7000	Total non-operating income and expenses		2,237,469	16	1,234,322	15
7900	**Profit before income tax**		8,667,195	62	4,121,906	50
7950	Income tax expense	6(22)	(1,320,696)	(10)	(572,997)	(7)
8200	**Profit for the year**		$ 7,346,499	52	$ 3,548,909	43
	Other comprehensive income (loss)					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Actuarial gains on defined benefit plans	6(12)	$ 28,400	-	$ 151	-
8316	Unrealised gains on financial assets measured at fair value through other comprehensive income	6(5)	14,662	-	9,199	-
8330	Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method	6(6)	1,119	-	(645)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(22)	(5,680)	-	(30)	-
	Components of other comprehensive loss that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(6)	(76,199)	-	(30,685)	-
8367	Unrealised losses on valuation of investments in debt instruments measured at fair value through other comprehensive income, net	6(5)	(1,362)	-	(1,308)	-
8300	**Other comprehensive loss for the year**		($ 39,060)	-	($ 23,318)	-
8500	**Total comprehensive income for the year**		$ 7,307,439	52	$ 3,525,591	43
	Earnings per share (in dollars)	6(23)				
9750	Basic		$	14.92	$	7.21
9850	Diluted		$	14.85	$	7.18

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

NANTEX INDUSTRY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

		Share Capital	Capital Surplus	Retained Earnings			Other Equity Interest		
	Notes	Common stock	Changes in equity of associates and joint ventures accounted for using equity method	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains from financial assets measured at fair value through other comprehensive income	Total
Year ended December 31, 2020									
Balance at January 1, 2020		$ 4,924,167	$ -	$ 1,185,566	$ 433,442	$ 2,146,359	($ 346,729)	$ 34,498	$ 8,377,303
Profit for the year		-	-	-	-	3,548,909	-	-	3,548,909
Other comprehensive income (loss) for the year	6(5)(6)	-	-	-	-	(524)	(30,685)	7,891	(23,318)
Total comprehensive income (loss)		-	-	-	-	3,548,385	(30,685)	7,891	3,525,591
Distribution of 2019 net income:									
Legal reserve		-	-	143,178	-	(143,178)	-	-	-
Cash dividends	6(14)	-	-	-	-	(1,034,075)	-	-	(1,034,075)
Balance at December 31, 2020		$ 4,924,167	$ -	$ 1,328,744	$ 433,442	$ 4,517,491	($ 377,414)	$ 42,389	$ 10,868,819
Year ended December 31, 2021									
Balance at January 1, 2021		$ 4,924,167	$ -	$ 1,328,744	$ 433,442	$ 4,517,491	($ 377,414)	$ 42,389	$ 10,868,819
Profit for the year		-	-	-	-	7,346,499	-	-	7,346,499
Other comprehensive income (loss) for the year		-	-	-	-	21,242	(76,199)	15,897	(39,060)
Total comprehensive income (loss)		-	-	-	-	7,367,741	(76,199)	15,897	7,307,439
Distribution of 2020 net income:									
Legal reserve		-	-	354,838	-	(354,838)	-	-	-
Cash dividends	6(14)	-	-	-	-	(1,969,667)	-	-	(1,969,667)
Changes in equity of associates and joint ventures accounted for using equity method		-	608	-	-	-	-	-	608
Disposal of financial assets at fair value through other comprehensive income	6(5)	-	-	-	-	3,869	-	(3,869)	-
Balance at December 31, 2021		$ 4,924,167	$ 608	$ 1,683,582	$ 433,442	$ 9,564,596	($ 453,613)	$ 54,417	$ 16,207,199

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

NANTEX INDUSTRY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 8,667,195	$ 4,121,906
Adjustments			
Adjustments to reconcile profit (loss)			
Gains on valuation of financial assets at fair value through profit or loss	6(2)	(1,080)	-
(Reversal of) provision for inventory market price decline	6(4)	(3,331)	3,196
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(6)	(2,332,128)	(1,333,267)
Depreciation	6(7)(8)(20)	142,709	151,947
Losses on disposal of property, plant and equipment	6(18)	1,332	1,582
Property, plant and equipment transferred to expense	6(7)	5,900	231
Amortisation	6(9)(20)	229	845
Interest income	6(16)	(7,509)	(23,355)
Dividend income	6(5)(17)	(8,794)	(10,951)
Interest expense	6(19)	1,297	2,624
Changes in operating assets and liabilities			
Changes in operating assets			
Current financial assets at fair value through profit or loss		(30,000)	-
Notes receivable		(39,624)	(8,182)
Accounts receivable		709,974	(940,273)
Other receivables		(20,683)	32,691
Other receivables - related parties		(21,030)	(7,706)
Inventories		(24,026)	3,041
Prepayments		136,117	(138,379)
Net defined benefit assets		(20,917)	-
Other non-current assets		(576)	2,017
Changes in operating liabilities			
Current contract liabilities		12,586	27,164
Accounts payable		(4,114)	6,490
Other payables		342,561	383,368
Current refund liabilities		20,418	-
Net defined benefit liabilities		(7,951)	(26,588)
Cash inflow generated from operations		7,518,555	2,248,401
Interest received		7,509	23,355
Dividends received		24,849	27,005
Interest paid		(1,297)	(2,624)
Income tax paid		(730,271)	(301,424)
Net cash flows from operating activities		6,819,345	1,994,713

(Continued)

NANTEX INDUSTRY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash paid for acquisition of current financial asstes at amortised cost		$ -	($ 598,550)
Proceeds from disposal of current financial assets at amortised cost		-	898,350
Acquisition of financial assets at fair value through other comprehensive income		(36,030)	(119,593)
Proceeds from disposal of financial assets at fair value through other comprehensive income		16,939	-
Cash paid for acquisition of property, plant and equipment	6(24)	(231,508)	(315,190)
Proceeds from disposal of property, plant and equipment		2,381	754
Increase in intangible assets	6(9)	(413)	(307)
Increase in prepayments for equipment		-	(84,727)
Net cash flows used in investing activities		(248,631)	(219,263)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term borrowings	6(25)	(50,000)	-
Payment of lease liabilities	6(25)	(14,903)	(15,658)
Payment of cash dividends	6(14)	(1,969,667)	(1,034,075)
Net cash flows used in financing activities		(2,034,570)	(1,049,733)
Net increase in cash and cash equivalents		4,536,144	725,717
Cash and cash equivalents at beginning of year	6(1)	2,214,123	1,488,406
Cash and cash equivalents at end of year	6(1)	$ 6,750,267	$ 2,214,123

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

NANTEX INDUSTRY CO., LTD
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

一、HISTORY AND ORGANISATION

(一) NANTEX INDUSTRY CO., LTD. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on January 10, 1979. The Company is primarily engaged in the manufacture, processing and sales of various types of latex, rubbers and related products.

(二) The common shares of the Company have been listed on the Taiwan Stock Exchange since October 27, 1992.

二、THE DATE OF AUTHORISATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on March 8, 2022.

三、APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(一)Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standard Board (“IASB”)
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform - Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’	April 1, 2021 (Note)

Note: Earlier application from January 1, 2021 is allowed by the FSC.

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(二)Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts－cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018－2020	January 1, 2022

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(三)IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
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, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 - comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(四)SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(一)Compliance statement

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

(二)Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

(a)Financial assets at fair value through profit or loss.

(b)Financial assets at fair value through other comprehensive income.

©Defined benefit assets or liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of parent company only financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5, 'Critical accounting judgements, estimates and key sources of assumption uncertainty'.

(三)Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional and presentation currency.

A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

B. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

C. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

D. All foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'Other gains and losses'.

(四)lassification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(五)Cash equivalents

A. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

B. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitment in operations are classified as cash equivalents.

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(七)Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Company’s business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(八)Notes and accounts receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(九)Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses. When the cost of inventory is higher than net realisable value, a write-down is provided and recognised in operating costs. If the circumstances that caused the write-down cease to exist, such that all or part of the write-down is no longer needed, it should be reversed to that extent and recognised as deduction of operating costs.

(十)Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

(a) The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(十一)Impairment of financial assets

For financial assets at amortised cost and debt instruments measured at fair value through other comprehensive income, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (“ECLs”) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(十二)Derecognition of financial assets

The Company derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has no retained control of the financial asset.

(十三)Investments accounted for using equity method / subsidiaries

A. A subsidiary is an entity where the Company has the right to dominate its finance and operating policies (including special purpose entities), normally the Company owns more than 50% of the voting rights directly or indirectly in that entity. Subsidiaries are accounted for under the equity method in the Company’s parent company only financial statements.

B. Unrealised gains or losses resulting from inter-company transactions with subsidiaries are eliminated. Necessary adjustments are made to the accounting policies of subsidiaries, to be consistent with the accounting policies of the Company.

C. After acquisition of subsidiaries, the Company recognises proportionately the share of profit and loss and other comprehensive income in the income statement as part of the Company's profit and loss and other comprehensive income, respectively. When the share of loss from a subsidiary exceeds the carrying amount of Company's interest in that subsidiary, the Company continues to recognise its share in the subsidiary's loss proportionately.

D. According to Regulations Governing the Preparation of Financial Statements by Securities Issuers, 'Profit for the year' and 'Other comprehensive income for the year' reported in an entity's parent company only statement of comprehensive income, shall equal to 'profit for the year" and "Other comprehensive income' attributable to owners of the parent reported in that entity's consolidated statement of comprehensive income. Total equity reported in an entity's parent company only financial statements, shall equal to equity attributable to owners of parent reported in that entity's consolidated financial statements.

(十四)Property, plant and equipment

A. Aside from those assets which had been revaluated, property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Assets	Useful lives
Land improvements	20 ～ 40 years
Buildings and structures	3 ～ 65 years
Machinery and equipment	3 ～ 33 years
Leasehold improvements	10 years
Other equipment	3 ～ 20 years

(十五)Leasing arrangements (lessee)－right-of-use assets/lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;
(b) Any lease payments made at or before the commencement date;
(c) Any initial direct costs incurred by the lessee; and
(d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset’s useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(十六)Intangible assets

Trademarks and computer software are stated initially at cost and amortised on a straight-line basis over its estimated economic life and term of operating agreements of 5 to 6 years.

(十七)Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(十八)Borrowings

A. Borrowings comprise long-term and short-term banks loans and other short-term loans. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

(十九)Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(二十)Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(二十一)Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

For defined contribution plan, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurements arising on defined benefit plan are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(二十二)Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(二十三)Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(二十四)Dividends

Prior to 2019, dividends are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

From 2019, cash dividends are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Board of Directors. Stock dividends are recorded as stock dividends to be distributed in which they are resolved by the Company's shareholders, and are reclassified to ordinary shares on the effective date of new shares issuance.

(二十五)Revenue recognition

A. Sales of goods

(a) Sales are recognised when control of the products has transferred, being when the products are delivered to the external customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(b) Revenue is recognised based on the price specified in the contract, net of the estimated sales return and volume discounts. The products are often sold with volume discounts based on estimated sales of each year. Accumulated experience is used to estimate and provide for the sales discounts and volume discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. The terms of receipt of sales transactions are consistent with market practice, the Company does not adjusted the transation price to reflect the time value of money.

(c) A receivable is recognised when the products are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Company recognises the incremental costs of obtaining a contract as an expense when incurred although the Company expects to recover those costs.

五、CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

Evaluation of inventories

A. As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. As the inventories are mostly chemicals, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specific period in the future. Therefore, there might be material changes to the evaluation.

B. As of December 31, 2021, the carrying amount of inventories was $408,794.

六、DETAILS OF SIGNIFICANT ACCOUNTS

(一)Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash:		
Cash on hand	$ 275	$ 275
Checking accounts and demand deposits	1,213,992	989,208
	1,214,267	989,483
Cash equivalents:		
Time deposits	5,536,000	1,224,640
	$ 6,750,267	$ 2,214,123

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company has no cash and cash equivalents pledged to others as of December 31, 2021 and 2020.

(二)Current financial assets at fair value through profit or loss

	December 31, 2021	December 31, 2020
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$ 30,000	$ -
Valuation adjustment	1,080	-
	$ 31,080	$ -

A. The Company recognised net gain in the amount of $1,080 and $54 (listed as 'Other gains and losses') for the years ended December 31, 2021 and 2020, respectively.

B. The Company has no financial assets at fair value through profit or loss pledged to others as of December 31, 2021.

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2), 'Financial instruments'.

(三)Notes and accounts receivable, net

	December 31, 2021	December 31, 2020
Notes receivable	$ 85,475	$ 45,851
Accounts receivable	$ 1,163,675	$ 1,873,649

A. The ageing analysis of notes receivable and accounts receivable is as follows:

	December 31, 2021				December 31, 2020			
	Accounts receivable		Notes receivable		Accounts receivable		Notes receivable	
Not past due	$	793,797	$	85,475	$	1,697,527	$	45,851
Less than 90 days		369,878		-		175,135		-
Over 90 days		-		-		987		-
	$	1,163,675	$	85,475	$	1,873,649	$	45,851

The above ageing analysis was based on past due date.

B. As of December 31, 2021 and 2020, the balance of notes receivable and accounts receivable were all from contracts with customers. As of January 1, 2020, the balance of receivables from contracts with customers amounted to $971,045.

C. As of December 31, 2021 and 2020, the Company does not hold any collateral as security for notes and accounts receivable.

D. Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk was the carrying amount.

E. Information relating to credit risk of notes and accounts receivable is provided in Note 12(2), 'Financial instruments'.

(四)Inventories

	December 31, 2021					
	Cost		Allowance for market price decline		Book value	
Raw materials	$	203,768	($	1,282)	$	202,486
Supplies		23,222	(	71)		23,151
Work in progress		50,176	(	1,108)		49,068
Finished goods		159,765	(	25,676)		134,089
	$	436,931	($	28,137)	$	408,794

	December 31, 2020					
	Cost		Allowance for market price decline		Book value	
Raw materials	$	159,320	($	2,649)	$	156,671
Supplies		13,387	(	71)		13,316
Work in progress		61,370	(	1,108)		60,262
Finished goods		178,828	(	27,640)		151,188
	$	412,905	($	31,468)	$	381,437

The cost of inventories recognised as expense for the year:

	Years ended December 31, 2021	Years ended December 31, 2020
Cost of goods sold	$ 6,171,189	$ 4,392,461
(Reversal of) provision for inventory market price decline (Note)	(3,331)	3,196
Loss on physical inventory	16,147	467
Loss on discarding inventory	499	-
Revenue from sale of scraps	(2,379)	(2,115)
	$ 6,182,125	$ 4,394,009

(Note) For the year ended December 31, 2021, the Company reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold because the inventories which were previously provided with allowance were used and sold.

(五)Non-current financial assets at fair value through other comprehensive income

	December 31, 2021	December 31, 2020
Equity instruments		
Listed stocks	$ 109,052	$ 88,689
Unlisted stocks	162,740	162,740
	271,792	251,429
Valuation adjustment	83,091	69,701
	354,883	321,130
Debt instruments		
Corporate bonds	30,904	30,904
Valuation adjustment	(2,670)	(1,308)
	28,234	29,596
	$ 383,117	$ 350,726

A. The Company has elected to classify equity investments that are considered to be strategic investments and steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $354,883 and $321,130 as at December 31, 2021 and 2020, respectively.

B. Due to the investment strategy, the Company sold $16,939 of equity investments at fair value resulting to a cumulative gain on disposal of $1,272. The cumulative gain on disposal of $3,869, including those resulting from equity investments sold by subsidiaries accounted for under equity method of $2,597, was transferred to retained earnings during the year ended December 31, 2021. There was no such transaction for the year ended December 31, 2020.

C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Years ended December 31, 2021	Years ended December 31, 2020
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	$ 14,662	$ 9,199
Dividend income recognised in profit or loss		
Held at end of year	$ 8,794	$ 10,951

	Years ended December 31, 2021	Years ended December 31, 2020
Debt instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	($ 1,362)	($ 1,308)
Interest income recognised in profit or loss	$ 663	$ 118

D. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Company was the carrying amount.

E. The Company has no financial assets at fair value through other comprehensive income pledged to others as collateral.

F. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2), 'Financial instruments'

(六)Investments accounted for under equity method

	2021	2020
At January 1	$ 6,008,169	$ 4,722,286
Share of profit of investments accounted for under equity method	2,332,128	1,333,267
Share of other comprehensive income of investments accounted for under equity method	1,119	(645)
Earnings distribution of investments accounted for under equity method	(16,055)	(16,054)
Changes in other equity items	(75,591)	(30,685)
At December 31	$ 8,249,770	$ 6,008,169

	December 31, 2021	December 31, 2020
Subsidiaries:		
INTERMEDIUM INTERNATIONAL LIMITED	$ 7,817,645	$ 5,676,597
Nanmat Technology Co., Ltd.	432,125	331,572
	$ 8,249,770	$ 6,008,169

A. For more information regarding the subsidiaries of the Company, please refer to Note 4(3), 'Basis of consolidation' of the 2021 consolidated financial statements.

B. As of December 31, 2021 and 2020, no investments accounted for under equity method held by the Company were pledged to others.

(七)Property, plant and equipment

	Land	Land improvements	Buildings and structures	Machinery and equipment	Leashelod improvements	Other equipment	Unfinished construction and equipment under acceptance	Total
At January 1, 2021								
Cost	$448,185	$ 14,580	$ 886,672	$ 2,492,198	$ 7,960	$ 243,375	$ 384,322	$ 4,477,292
Accumulated depreciation	-	(13,783)	(674,801)	(2,188,531)	(3,695)	(165,378)	-	(3,046,188)
	$448,185	$ 797	$ 211,871	$ 303,667	$ 4,265	$ 77,997	$ 384,322	$ 1,431,104
2021								
At January 1	$448,185	$ 797	$ 211,871	$ 303,667	$ 4,265	$ 77,997	$ 384,322	$ 1,431,104
Additions - Cost	-	3,484	-	13,254	-	22,780	162,598	202,116
Transferred from prepayments for equipment	-	-	-	-	-	-	84,727	84,727
Transferred after acceptance inspection	-	-	21,129	470,662	-	5,355	(497,146)	-
Disposals - Cost	-	-	-	(7,607)	-	(15,891)	-	(23,498)
- Accumulated depreciation	-	-	-	7,607	-	12,178	-	19,785
Depreciation	-	(392)	(16,604)	(95,588)	(731)	(13,704)	-	(127,019)
Reclassified as expenses	-	-	-	-	-	(4,439)	(1,461)	(5,900)
At December 31	$448,185	$ 3,889	$ 216,396	$ 691,995	$ 3,534	$ 84,276	$ 133,040	$ 1,581,315
At December 31, 2021								
Cost	$448,185	$ 18,064	$ 907,801	$ 2,968,507	$ 7,960	$ 251,180	$ 133,040	$ 4,734,737
Accumulated depreciation	-	(14,175)	(691,405)	(2,276,512)	(4,426)	(166,904)	-	(3,153,422)
	$448,185	$ 3,889	$ 216,396	$ 691,995	$ 3,534	$ 84,276	$ 133,040	$ 1,581,315

	Land	Land improvements	Buildings and structures	Machinery and equipment	Leashelod improvements	Other equipment	Unfinished construction and equipment under acceptance	Total
At January 1, 2020								
Cost	$448,185	$ 14,580	$ 887,172	$ 2,483,672	$ 7,960	$ 232,137	$ 79,505	$ 4,153,211
Accumulated depreciation	-	(13,530)	(657,952)	(2,095,608)	(2,964)	(163,384)	-	(2,933,438)
	$448,185	$ 1,050	$ 229,220	$ 388,064	$ 4,996	$ 68,753	$ 79,505	$ 1,219,773
2020								
At January 1	$448,185	$ 1,050	$ 229,220	$ 388,064	$ 4,996	$ 68,753	$ 79,505	$ 1,219,773
Additions - Cost	-	-	-	1,150	-	25,060	323,194	349,404
Transferred after acceptance inspection	-	-	-	18,191	-	186	(18,377)	-
Disposals - Cost	-	-	-	(13,207)	-	(11,885)	-	(25,092)
- Accumulated depreciation	-	-	-	12,986	-	9,770	-	22,756
Depreciation	-	(253)	(17,118)	(105,640)	(731)	(11,764)	-	(135,506)
Reclassification (Note)	-	-	(231)	2,123	-	(2,123)	-	(231)
At December 31	$448,185	$ 797	$ 211,871	$ 303,667	$ 4,265	$ 77,997	$ 384,322	$ 1,431,104
At December 31, 2020								
Cost	$448,185	$ 14,580	$ 886,672	$ 2,492,198	$ 7,960	$ 243,375	$ 384,322	$ 4,477,292
Accumulated depreciation	-	(13,783)	(674,801)	(2,188,531)	(3,695)	(165,378)	-	(3,046,188)
	$448,185	$ 797	$ 211,871	$ 303,667	$ 4,265	$ 77,997	$ 384,322	$ 1,431,104

(Note) Reclassified $231 as expenses; buildings and structures and other equipment of $231 and $1,892, respectively, were reclassified as machinery and equipment.

A. The Company did not capitalise the borrowing costs as part of property, plant and equipment for the years ended December 31, 2021 and 2020.

B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8, ‘Pledged assets’.

(八)Leasing arrangements－lessee

A. The Company leases various assets including land, buildings, machinery and business vehicles. Rental contracts are typically made for periods of 1 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2021		December 31, 2020	
	Carrying Amount		Carrying Amount	
Land	$	938	$	76
Buildings		46,218		49,728
Machinery and equipment		11,416		-
Transportation equipment (Business vehicles)		1,470		1,889
	$	60,042	$	51,693

	Years ended December 31,			
	2021		2020	
	Depreciation charge		Depreciation charge	
Land	$	344	$	259
Buildings		3,510		3,510
Machinery and equipment		11,416		11,328
Transportation equipment (Business vehicles)		420		1,344
	$	15,690	$	16,441

C. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were $24,039 and $2,100, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	Years ended December 31,			
	2021		2020	
Items affecting profit or loss				
Interest expense on lease liabilities	$	1,283	$	1,281
Expense on short-term lease or leases of low-value assets		3		41

E. For the years ended December 31, 2021 and 2020, the Company's total cash outflow for leases were $16,189 and $16,980, respectively.

(九)Intangible assets

	2021		
	Trademarks	Computer software	Total
At January 1, 2021			
Cost	$ 832	$ 10,787	$ 11,619
Accumulated amortisation	(371)	(10,724)	(11,095)
Net value	$ 461	$ 63	$ 524
2021			
At January 1	$ 461	$ 63	$ 524
Additions - acquired separately	337	76	413
Disposals - cost	(161)	(10,714)	(10,875)
- accumulated amortisation	161	10,714	10,875
Amortisation	(173)	(56)	(229)
At December 31	$ 625	$ 83	$ 708
At December 31, 2021			
Cost	$ 1,008	$ 149	$ 1,157
Accumulated amortisation	(383)	(66)	(449)
Net value	$ 625	$ 83	$ 708

	2020		
	Trademarks	Computer software	Total
At January 1, 2020			
Cost	$ 669	$ 10,787	$ 11,456
Accumulated amortisation	(393)	(10,001)	(10,394)
Net value	$ 276	$ 786	$ 1,062
2020			
At January 1	$ 276	$ 786	$ 1,062
Additions - acquired separately	307	-	307
Disposals - cost	(144)	-	(144)
- accumulated amortisation	144	-	144
Amortisation	(122)	(723)	(845)
At December 31	$ 461	$ 63	$ 524
At December 31, 2020			
Cost	$ 832	$ 10,787	$ 11,619
Accumulated amortisation	(371)	(10,724)	(11,095)
Net value	$ 461	$ 63	$ 524

The Company recognised amortisation in the amount of $229 and $845 (listed as ‘Operating expenses’) for the years ended December 31, 2021 and 2020, respectively.

(十)Short-term borrowings

Type of borrowings	December 31, 2021	Interest rate	Collateral
Bank borrowings			
Unsecured borrowings	$ 50,000	0.87%	None

Type of borrowings	December 31, 2020	Interest rate	Collateral
Bank borrowings			
Unsecured borrowings	$ 100,000	0.87%	None

For the years ended December 31, 2021 and 2020, the Company recognised interest expense in profit or loss. Please refer to Note 6(19) for details.

(十一)Other payables

	December 31, 2021	December 31, 2020
Wages and salaries payable	$ 539,340	$ 454,716
Employees' compensation and directors' remuneration payable	455,838	217,341
Payables on equipment	4,822	34,214
Others	96,154	76,714
	$ 1,096,154	$ 782,985

(十二)Pensions

A. The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. However, those who were mandatorily retired because of injury at work will receive 20% in addition. The Company contributes monthly an amount equal to 15% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March. The relevant information is as follows:

(a) The amounts recognised in the balance sheet are as follows:

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	($ 595,213)	($ 614,953)
Fair value of plan assets	616,130	578,602
Net defined benefit asset (liability)	$ 20,917	($ 36,351)

(b) Movements in net defined benefit assets (liabilities) are as follows:

2021	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit asset (liability)
At January 1	($ 614,953)	$ 578,602	($ 36,351)
Current service cost	(6,103)	-	(6,103)
Interest (expense) income	(1,814)	1,755	(59)
	(622,870)	580,357	(42,513)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	8,526	8,526
Change in demographic assumptions	(1,208)	-	(1,208)
Change in financial assumptions	15,941	-	15,941
Experience adjustments	5,141	-	5,141
	19,874	8,526	28,400
Pension fund contribution	-	35,030	35,030
Paid pension	7,783	(7,783)	-
At December 31	($ 595,213)	$ 616,130	$ 20,917

2020	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	($ 616,518)	$ 553,428	($ 63,090)
Current service cost	(6,872)	-	(6,872)
Interest (expense) income	(4,185)	3,858	(327)
	(627,575)	557,286	(70,289)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	18,190	18,190
Change in financial assumptions	(19,897)	-	(19,897)
Experience adjustments	1,858	-	1,858
	(18,039)	18,190	151
Pension fund contribution	-	33,787	33,787
Paid pension	30,661	(30,661)	-
At December 31	($ 614,953)	$ 578,602	($ 36,351)

(c) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(d) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2021	2020
Discount rate	0.65%	0.30%
Future salary increases	3.00%	3.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience according to Taiwan Life Insurance Industry 6th and 5th Mortality Table for the years ended December 31, 2021 and 2020.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2021				
Effect on present value of defined benefit obligation	($ 11,157)	$ 11,479	$ 11,186	($ 10,932)

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2020				
Effect on present value of defined benefit obligation	($ 12,547)	$ 12,930	$ 12,555	($ 12,252)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(e) Expected contributions to the defined benefit pension plan of the Company for the next year amount to $22,174.

(f) As of December 31, 2021, the weighted average duration of the retirement plan is 7 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$	36,492
1-2 years		38,962
2-5 years		116,941
Over 5 years		432,819
	$	625,214

B. Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount of no less than 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2021 and 2020 were $6,646 and $6,597, respectively.

(十三)Share capital

A. Movements in the number of the Company's ordinary shares outstanding are as follows (in thousands of shares):

	Years ended December 31,	
	2021	2020
At beginning and end of year	492,417	492,417

B. The shareholders of the Company resolved to increase authorised capital by $1,075,833 at their annual meeting on July 26, 2021. After the amendment, the authorised capital was $6,000,000.

C. As of December 31, 2021, the Company's authorised capital was $6,000,000, and the paid-in-capital was $4,924,167, consisting of 492,417 thousand shares, with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

(十四)Retained earnings

E. Pursuant to the amended R.O.C. Company Act, the current year's after-tax earnings should be used initially to cover any accumulated deficit; thereafter 10% of the remaining earnings should be set aside as legal reserve until the balance of legal reserve is equal to that of paid-in capital. The legal reserve shall be exclusively used to cover accumulated deficit, to issue new stocks, or to distribute cash to shareholders in proportion to their share ownership. The use of legal reserve for the issuance of stocks or cash dividends to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

F. Since the Company is in a changeable industry environment tied with international macroeconomics and the Company is in the mature stage, the appropriation of earnings should consider fund requirements and capital budget to decide how much earnings will be kept or distributed and how much cash dividends will be distributed. According to the Company's original Articles of Incorporation, 10% of the annual net income, after offsetting any loss of prior years and paying all taxes and dues, shall be set aside as legal reserve. The remaining net income and the unappropriated retained earnings from prior years can be distributed in accordance with a resolution passed during a meeting of the Board of Directors and approved at the stockholders' meeting. Of the amount to be distributed by the Company, stockholders' dividends shall comprise 50% to 100% of the unappropriated retained earnings, and the percentage of cash dividends shall not be less than 30% of dividends distributed. On June 16, 2020, the stockholders at their meeting approved to amend the original Articles of Incorporation of the Company as follows: 10% of the annual net income, after offsetting any loss of prior years and paying all taxes and dues, shall be set aside as legal reserve. The remaining net income and the unappropriated retained earnings from prior years can be distributed in accordance with a resolution passed during a meeting of the Board of Directors and approved at the stockholders' meeting. Of the amount to be distributed by the Company, stockholders' dividends shall comprise at least 20% of the unappropriated retained earnings, and the percentage of cash dividends shall not be less than 30% of dividends distributed. Based on the regulation, the Board of Directors of the Company shall adopt a special resolution to distribute whole or a part of the dividends in the form of cash and report to the stockholders, which is not applicable to the aforementioned provisions that are subject to stockholders' resolutions.

G. Special reserve

(c) In accordance with the regulations, the Company shall set aside special reserve for the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(d) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012 was $430,099, which shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

H. The Company recognised cash dividends distributed to owners amounting to $1,969,667 ($4.0 (in dollars) per share) and $1,034,075 ($2.1 (in dollars) per share) for the years ended December 31, 2021 and 2020, respectively. On March 8, 2022, the Board of Directors proposed for the distribution of cash dividends of $3,446,917 ($7.0 (in dollars) per share) from the 2021 earnings.

(十五)Operating revenue

A. Disaggregation of revenue from contracts with customers

Details of the Company's revenue from the transfer of goods at a point in time are as follows:

	Years ended December 31, 2021	Years ended December 31, 2020
Revenue from latex products	$ 12,687,359	$ 7,411,725
Revenue from rubber products	1,305,938	865,509
Others	62,304	9,001
	$ 14,055,601	$ 8,286,235

B. Contract liabilities

(a) On December 31, 2021 and 2020, the Company has recognised the revenue-related contract liabilities amounting to $50,900 and $38,314, respectively.

(b) On January 1, 2021 and 2020, the contract liabilities were $38,314 and $11,150, respectively, and the contract liabilities at the beginning of 2021 and 2020 of $38,314 and $11,150 were recognised as revenue for the years ended December 31, 2021 and 2020, respectively.

(十六)Interest income

	Years ended December 31, 2021	Years ended December 31, 2020
Interest income from bank deposits	$ 6,846	$ 14,200
Interest income from financial assets at amortised cost	-	9,037
Interest income from financial assets at fair value through other comprehensive income	663	118
	$ 7,509	$ 23,355

(十七)Other income

	Years ended December 31, 2021	Years ended December 31, 2020
Dividend income	$ 8,794	$ 10,951
Other income	62,237	38,486
	$ 71,031	$ 49,437

(十八)Other gains and losses

	Years ended December 31, 2021	Years ended December 31, 2020
Net currency exchange losses	($ 167,455)	($ 164,590)
Gains on financial assets at fair value through profit or loss	1,080	54
Losses on disposal of property, plant and equipment	(1,332)	(1,582)
Other losses	(4,195)	(2,995)
	($ 171,902)	($ 169,113)

(十九)Finance costs

	Years ended December 31, 2021	Years ended December 31, 2020
Interest expense		
Bank loans	$ 14	$ 1,343
Lease liabilities	1,283	1,281
	$ 1,297	$ 2,624

(二十)Expenses by nature

	Year ended December 31, 2021		
	Operating cost	Operating expense	Total
Employee benefits expense	$ 336,543	$ 838,203	$ 1,174,746
Depreciation	107,439	35,270	142,709
Amortisation	-	229	229
	$ 443,982	$ 873,702	$ 1,317,684

	Year ended December 31, 2020		
	Operating cost	Operating expense	Total
Employee benefits expense	$ 363,378	$ 580,714	$ 944,092
Depreciation	116,653	35,294	151,947
Amortisation	-	845	845
	$ 480,031	$ 616,853	$ 1,096,884

(二十一)Employee benefit expense

	Year ended December 31, 2021		
	Operating cost	Operating expense	Total
Salaries and wages	$ 309,576	$ 506,703	$ 816,279
Labour and health insurance expenses	14,207	19,252	33,459
Pension costs	7,261	5,547	12,808
Directors' remuneration	-	280,883	280,883
Other personnel expenses	5,499	25,818	31,317
	$ 336,543	$ 838,203	$ 1,174,746

	Year ended December 31, 2020		
	Operating cost	Operating expense	Total
Salaries and wages	$ 337,144	$ 364,021	$ 701,165
Labour and health insurance expenses	13,240	14,001	27,241
Pension costs	7,665	6,131	13,796
Directors' remuneration	-	179,756	179,756
Other personnel expenses	5,329	16,805	22,134
	$ 363,378	$ 580,714	$ 944,092

A. For the years ended December 31, 2021 and 2020, the average number of employees of the Company were 335 and 328, including 18 and 19 non-employee directors, respectively.

B. Average employee benefit expense in 2021 and 2020 was $2,820 and $2,474, respectively and average wages and salaries in 2021 and 2020 was $2,575 and $2,269, respectively. Two-year difference increased by 13.49 %.

C. Directors' remuneration of the Company is determined based on their job responsibility, taking into consideration the directors' extent of participation in the Company's operations, contributions and a pay level which is widely accepted within the same industry. Management's remuneration is determined based on the personal capabilities, the contribution to the Company, standard salary range for the position and the Company's future operational risk. Directors' and management's remunerations are reviewed by the remuneration committee and approved by the Board of Directors. Employees' remuneration is determined based on the employees' capabilities, performance and the Company's operating conditions and profitability, and will be adjusted once every year. The policy of employees' remuneration will be set by the HR department, which will be reported to the general manager and approved by the Board of Directors.

D. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 2% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.

E. For the years ended December 31, 2021 and 2020, the Company's employees' compensation was accrued at $182,335 and $86,936, respectively; while directors' and supervisors' remuneration was accrued at $273,503 and $130,405, respectively. The aforementioned amounts were recognised in salary expenses and other expenses. The expenses recognised for the years ended December31, 2021 and 2020 were accrued based on the earnings of current year and the percentage specified in the Articles of Incorporation of the Company. The employees' compensation and directors' and supervisors' remuneration for 2021 as resolved by the Board of Directors was $182,461 and $273,691, respectively. The employees' compensation will be distributed in the form of cash. The employees' compensation and directors' and supervisors' remuneration for 2020 as resolved by the Board of Directors amounted to $216,962. The difference of ($379) between the amount resolved at the Board meeting and the amount recognised in the 2020 financial statements of $217,341 had been adjusted in the profit or loss for 2021.

Information about the appropriation of employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(二十二)Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31, 2021	Years ended December 31, 2020
Current tax:		
Current tax on profits for the year	$ 1,262,065	$ 565,596
Tax on undistributed surplus earnings	49,742	12,726
Prior year income tax over estimation	(782)	(165)
Total current tax	1,311,025	578,157
Deferred tax:		
Origination and reversal of temporary differences	9,671	(5,160)
Income tax expense	$ 1,320,696	$ 572,997

(b) The income tax relating to components of other comprehensive income is as follows:

	Years ended December 31, 2021	Years ended December 31, 2020
Remeasurement of defined benefit plan	$ 5,680	$ 30

B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31, 2021	2020
Tax calculated based on profit before tax and statutory tax rate	$ 1,733,439	$ 824,381
Effect from adjustment by tax regulation	(461,703)	(263,945)
Tax on undistributed surplus earnings	49,742	12,726
Prior year income tax over estimation	(782)	(165)
Income tax expense	$ 1,320,696	$ 572,997

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets				
Temporary differences:				
Allowance for doubtful accounts	$ 3,068	$ -	$ -	$ 3,068
Unrealised sales discounts and allowances	-	4,084	-	4,084
Unrealised loss on inventory market value decline	6,294	(667)	-	5,627
Unused compensated absences	884	9	-	893
Pension cost	37,509	-	(5,680)	31,829
Unrealised exchange loss	17,879	(7,323)	-	10,556
	$ 65,634	($ 3,897)	($ 5,680)	$ 56,057
Deferred tax liabilities				
Temporary differences:				
Pension cost	($ 32,637)	($ 5,774)	$ -	($ 38,411)
Investment gain	(189,597)	-	-	(189,597)
Provision for land increment tax	(92,467)	-	-	(92,467)
	($ 314,701)	($ 5,774)	$ -	($ 320,475)
	($ 249,067)	($ 9,671)	($ 5,680)	($ 264,418)

	2020			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets				
Temporary differences:				
Allowance for doubtful accounts	$ 3,068	$ -	$ -	$ 3,068
Unrealised loss on inventory market value decline	5,655	639	-	6,294
Unused compensated absences	884	-	-	884
Pension cost	37,539	-	(30)	37,509
Unrealised exchange loss	7,866	10,013	-	17,879
Difference from adopting IFRS 16	175	(175)	-	-
	$ 55,187	$ 10,477	($ 30)	$ 65,634
Deferred tax liabilities				
Temporary differences:				
Pension cost	($ 27,320)	($ 5,317)	$ -	($ 32,637)
Investment gain	(189,597)	-	-	(189,597)
Provision for land increment tax	(92,467)	-	-	(92,467)
	($ 309,384)	($ 5,317)	$ -	($ 314,701)
	($ 254,197)	$ 5,160	($ 30)	($ 249,067)

D. The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority. The Company does not have any administrative remedy as of March 8, 2022.

(二十三)Earnings per share

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	EPS (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 7,346,499	492,417	$ 14.92
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 7,346,499		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	2,376	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 7,346,499	494,793	$ 14.85

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	EPS (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 3,548,909	492,417	$ 7.21
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 3,548,909		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,720	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 3,548,909	494,137	$ 7.18

(二十四)Supplemental cash flow information

A. Investing activities with partial cash payments:

	Years ended December 31, 2021	Years ended December 31, 2020
Purchase of property, plant and equipment	$ 202,116	$ 349,404
Add: Beginning balance of payable on equipment (listed as 'other payables')	34,214	-
Less: Ending balance of payable on equipment (listed as 'other payables')	(4,822)	(34,214)
Cash paid for purchase of property, plant and equipment	$ 231,508	$ 315,190

B. Investing activities with no cash flow effects:

	Years ended December 31, 2021	Years ended December 31, 2020
Prepayments for business facilities transferred to property, plant and equipment	$ 84,727	$ -

(二十五)Changes in liabilities from financing activities

2021	Short-term borrowings	Lease liability	Liabilities from financing activities-gross
At January 1	$ 100,000	$ 53,350	$ 153,350
Changes in cash flow from financing activities	(50,000)	(14,903)	(64,903)
			-
Changes in other non-cash activities	-	24,039	24,039
At December 31	$ 50,000	$ 62,486	$ 112,486

2020	Short-term borrowings	Lease liability	Liabilities from financing activities-gross
At January 1	$ 100,000	$ 66,908	$ 166,908
Changes in cash flow from financing activities	-	(15,658)	(15,658)
Changes in other non-cash activities	-	2,100	2,100
At December 31	$ 100,000	$ 53,350	$ 153,350

七、RELATED PARTY TRANSACTIONS

(一)Names of related parties and relationship

Names of related parties	Relationship with the Company
Zhenjiang Nantex Chemical Industry, Ltd. (Zhenjiang Nantex)	Subsidary
Tainan Spinning Co., Ltd. (Tainan Spinning)	The entity with significant influence over the Company
Lushun Warehouse Co., Ltd. (Lushun Warehouse)	The Company is the key management of this entity

(二)Significant transactions and balances with related parties

A. Sales of goods

	Years ended December 31,	
	2021	2020
Subsidiary	$ 153,558	$ 31,422

The collection period for subsidiary and third parties was within 3 months after sales of goods. Selling prices were the same with third parties.

B. Lease transactions－lessee

(a) The Company leases raw material tanks and office from Lushun Warehouse and Tainan Spinning. Rental contracts are typically made for periods of 2～3 years and 20 years, respectively. Rents are paid monthly.

(b) Acquisition of right-of-use asset

	Years ended December 31,	
	2021	2020
Lushun Warehouse	$ 22,832	$ -

(c) Lease liabilities

(i) Outstanding balance

	December 31, 2021	December 31, 2020
Tainan Spinning	$ 48,594	$ 51,377
Lushun Warehouse	11,466	-
	$ 60,060	$ 51,377

(ii) Interest expense

	Years ended December 31,	
	2021	2020
Tainan Spinning	$ 1,099	$ 1,156
Lushun Warehouse	153	100
	$ 1,252	$ 1,256

C. Royalty income (listed as 'Other income')

	Years ended December 31, 2021	Years ended December 31, 2020
Zhenjiang Nantex	$ 58,543	$ 33,559

D. Other receivables from related parties

	December 31, 2021	December 31, 2020
Accounts receivable:		
Subsidiary	$ 516	$ 8,875
Other receivables：		
Zhenjiang Nantex	49,276	28,246
	$ 49,792	$ 37,121

Receivables from related parties are mainly derived from the sales of commodities and royalties, and the sales transactions are due 3 months after the sales date. The receivables are unsecured and interest-bearing. Amounts due from related parties did not include allowance losses.

E. Contract liabilities

	December 31, 2021	December 31, 2020
Zhenjiang Nantex	$ 9,390	$ -

(三)Key management compensation

	Years ended December 31, 2021	Years ended December 31, 2020
Salaries and other short-term employee benefits	$ 532,253	$ 226,992

八、PLEDGED ASSETS

The Company's assets pledged as collateral are as follows:

Pledged asset	Book value December 31, 2021	Book value December 31, 2020	Purpose
Land (Listed as 'property, plant and equipment')	$ 448,185	$ 448,185	Collateral for borrowing facilities
Buildings and structrues, net (Listed as 'property, plant and equipment')	16,896	13,200	Collateral for borrowing facilities
Guarantee deposits paid	413	413	Performance guarantee
	$ 465,494	$ 461,798	

九、SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(二十六)As of December 31, 2021 and 2020, the Company’s remaining balance due for construction in progress and prepayment for equipment were $7,965 and $22,848, respectively.

(二十七)As of December 31, 2021 and 2020, the Company’s unused letters of credit amounted to $882 and $54,329, respectively.

(二十八)The significant purchase contracts entered into by the Company are as follows:

			Quantity of purchase (in tonnes)	
Suppliers Name	Item	Price	December 31, 2021	December 31, 2020
CPC Corporation, Taiwan	Butadiene (BD)	Floating	20,646	19,098
Formosa Petrochemical Corp.	Butadiene (BD)	Floating	46,800	20,400
China Petrochemical Development Corp.	Acrylonitrile (AN)	Floating	18,000	12,000
Formosa Plastics Corp.	Acrylonitrile (AN)	Floating	4,800	4,800
Taiwan Styrene Monomer Corp.	Styrene (SM)	Floating	1,800	1,800

As of December 31, 2021, 69,608 tonnes of BD, 31,427 tonnes of AN and 1,681 tonnes of SM were purchased.

十、SIGNIFICANT DISASTER LOSS

None.

十一、SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

十二、OTHERS

(八)Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(九)Financial instruments

A. Financial instruments by category

	December 31, 2021	December 31, 2020
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 31,080	$ -
Financial assets at fair value through other comprehensive income		
Designation of equity instruments	$ 354,883	$ 321,130
Qualifying debt instruments	28,234	29,596
	$ 383,117	$ 350,726

	December 31, 2021	December 31, 2020
Financial assets at amortised cost/Loans and receivables		
Cash and cash equivalents	$ 6,750,267	$ 2,214,123
Notes receivable	85,475	45,851
Accounts receivable	1,163,675	1,873,649
Other receivables (including related parties)	116,603	74,890
Guarantee deposits paid	413	413
	$ 8,116,433	$ 4,208,926
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 50,000	$ 100,000
Accounts payable	273,097	277,211
Other payables	1,096,154	782,985
Current refund liabilities	20,418	-
	$ 1,439,669	$ 1,160,196
Lease liability	$ 62,486	$ 53,350

B. Financial risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on unpredictable events in the financial market and seeks to reduce potential adverse effects on the Company's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Company Finance Department) under policies approved by the board of directors. Company Finance Department identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

I. Foreign exchange risk

(i) The Company operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities and net investment in foreign operations.

(ii) Management has set up a policy to require the Company to manage its foreign exchange risk against the functional currency. The Company is required to hedge the entire foreign exchange risk exposure with the Company treasury. Foreign exchange rate risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency other than the entity's functional currency.

(iii) The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Company's foreign operations is managed primarily through liabilities denominated in the relevant foreign currencies.

(iv) The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2021		December 31, 2020	
	Foreign currency amount (In thousands)	Exchange rate	Foreign currency amount (In thousands)	Exchange rate
Financial assets				
Monetary items				
USD:NTD	$ 266,598	27.68	$ 109,619	28.48
Non-monetary items				
USD:NTD	282,429	27.68	199,319	28.48

Sensitivity analysis of foreign exchange risk is primarily for foreign currency monetary items at financial reporting date. If NTD had appreciated/depreciated by 1% against USD, the Company's net profit after tax for the years ended December 31, 2021 and 2020 would have increased/decreased by $59,035 and $24,976, respectively.

(v) The total exchange loss, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2021 and 2020 amounted to $167,455 and $164,590, respectively.

II. Price risk

(i) The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

(ii)The Company's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by $311 and $－, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $3,549 and $3,211, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

III. Cash flow and fair value interest rate risk

The Company's borrowings are short-term borrowings with floating interest rates. Therefore, changes in market interest rates will change the effective interest rates of the borrowings and cause fluctuations in their future cash flows. However, there is no significant effect on profit after tax for the years ended December 31, 2021 and 2020.

(b) Credit risk

I. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost and at fair value through other comprehensive income.

II. The Company manages its credit risk taking into consideration the entire Company's concern. According to the Company's credit policy, the Company is responsible for managing and analysing the credit risk for each of its new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by management. The utilisation of credit limits is regularly monitored.

III. The Company adopts the assumption under IFRS 9, that is, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

IV. The Company adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days..

V. The Company classifies customer's accounts receivable in accordance with credit rating of customer and customer types. The Company applies the modified approach using the loss rate methodology to estimate expected credit loss under the provision matrix basis.

VI. The Company used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable as the Company's counterparties are all with high credit quality and have no default record after assessment.

VII. The Company's investments in debt instruments at fair value through other comprehensive income are all rated as investment grade by any external credit rating agency at the balance sheet date, therefore its loss allowance is financial instruments measured at 12 months expected credit losses.

(c) Liquidity risk

I. Cash flow forecasting is performed in the operating entities of the Company and aggregated by the Company Finance Department. Company Finance Department monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

II. Surplus cash held by the operating entities over and above the balance required for working capital management are invested in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts, that are expected to readily generate cash inflows for managing liquidity risk.

III. The Company has the following undrawn borrowing facilities:

	December 31, 2021	December 31, 2020
Floating rate:		
Expiring within one year	$ 2,430,200	$ 2,402,200

IV. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2021		Less than 1 year		Between 1 and 2 years		Between 2 and 5 years		Over 5 years
Non-derivative financial liabilities								
Short-term borrowings	$	50,006	$	-	$	-	$	-
Accounts payable		273,097		-		-		-
Other payables		1,096,154		-		-		-
Lease liabilities		16,263		4,841		13,063		36,359
Current refund liabilities		20,418		-		-		-

December 31, 2020		Less than 1 year		Between 1 and 2 years		Between 2 and 5 years		Over 5 years
Non-derivative financial liabilities								
Short-term borrowings	$	100,010	$	-	$	-	$	-
Accounts payable		277,211		-		-		-
Other payables		782,985		-		-		-
Lease liabilities		4,394		4,335		13,221		40,498

V. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(十)Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company’s investment in listed stocks, beneficiary certificates and corporate bonds is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company’s investment in equity investment without active market is included in Level 3.

B. The carrying amounts of financial instruments not measured at fair value including cash and cash equivalents, notes receivable, accounts receivable, other receivables (including related parties), guarantee deposits paid, short-term borrowings, accounts payable, other payables and current refund liabilities are approximate to their fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 31,080	$ -	$ -	$ 31,080
Financial assets at fair value through other comprehensive income				
Equity securities	116,140	-	238,743	354,883
Debt securities	28,234	-	-	28,234
	$ 175,454	$ -	$ 238,743	$ 414,197

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$ 101,100	$ -	$ 220,030	$ 321,130
Debt securities	29,596	-	-	29,596
	$ 130,696	$ -	$ 220,030	$ 350,726

D. The methods and assumptions the Company used to measure fair value are as follows:

(a) The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Closed-end funds	Corporate bonds
Market quoted price	Closing price	Closing price	Weighted average quoted price

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

E. For the years ended December 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2021 and 2020:

	Equity securities
At January 1, 2021	$ 220,030
Gains recognised in other comprehensive income	18,713
At December 31, 2021	$ 238,743

	Equity securities
At January 1, 2020	$ 223,242
Losses recognised in other comprehensive income	(3,212)
At December 31, 2020	$ 220,030

G. For the years ended December 31, 2021 and 2020, there was no transfer into or out from Level 3.

H. Finance segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 238,743	Discounted cash flow	Weighted average cost of capital	7.92%～9.89%	The higher the weighted average cost of capital, the lower the fair value
			Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 220,030	Discounted cash flow	Weighted average cost of capital	5.98%～10.24%	The higher the weighted average cost of capital, the lower the fair value
			Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value

J. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

	Input	Change	Year ended December 31, 2021 — Recognised in profit or loss: Favourable change	Recognised in profit or loss: Unfavourable change	Recognised in other comprehensive income: Favourable change	Recognised in other comprehensive income: Unfavourable change
Financial assets						
Equity instrument	Weighted average cost of capital	±10%	$ -	$ -	$ 20,317	($ 15,558)
	Discount for lack of marketability	±10%	-	-	3,847	(3,847)
			$ -	$ -	$ 24,164	($ 19,405)

	Input	Change	Year ended December 31, 2020 — Recognised in profit or loss: Favourable change	Recognised in profit or loss: Unfavourable change	Recognised in other comprehensive income: Favourable change	Recognised in other comprehensive income: Unfavourable change
Financial assets						
Equity instrument	Weighted average cost of capital	±10%	$ -	$ -	$ 11,755	($ 9,691)
	Discount for lack of marketability	±10%	-	-	3,488	(3,488)
			$ -	$ -	$ 15,243	($ 13,179)

十三、SUPPLEMENTARY DISCLOSURES

According to the current regulatory requirements, the Company is only required to disclose the information for the year ended December 31, 2021.

(一)Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: Please refer to table 1.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 3.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative financial instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(二)<u>Information on investees</u>

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 5.

(三)<u>Information on investments in Mainland China</u>

A. Basic information: Please refer to table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 7.

(十一)<u>Major shareholders information</u>

Major shareholders information: Please refer to table 8.

十四、<u>SEGMENT INFORMATION</u>

Not applicable.

NANTEX INDUSTRY CO., LTD.

Provision of endorsements and guarantees to others

Year ended December 31, 2021

Table 1

Expressed in thousands of NTD

		Party being endorsed/guaranteed												
Number	Endorser/ guarantor	Company name	Relationship with the endorser/ guarantor	Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount during the year	Outstanding endorsement/ guarantee amount at December 31, 2021	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided （Note 2）	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
1	INTERMEDIUM INTERNATIONAL LIMITED	Bao Minh Textile & Garment	(Note 1)	$ 1,563,529	$ 88,511	$ 88,511	$ 64,702	$ -	1%	$ 3,908,822	N	N	N	-

(Note 1) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
(Note 2) Ceiling on total amount of endorsements/ guarantees provided by INTERMEDIUM INTERNATIONAL LIMITED to others is 50% of the company’s net worth, and limit on endorsements/guarantees provided for a single party is 20% of the company’s net worth. The relevant endorsements/guarantees have been reported to the shareholders.
(Note 3) The accounts denominated in foreign currencies in the table are translated into New Taiwan dollars at spot exchange rates (USD 1 : NTD 27.68) prevailing at the financial reporting date.

NANTEX INDUSTRY CO., LTD.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2021

Table 2

Expressed in thousands of NTD

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2021 Number of shares (shares or units in thousands)	Book value	Ownership (%)	Fair value	Footnote
NANTEX INDUSTRY CO., LTD.	Beneficiary certificates:							
	MiLLERFUL NO.1 REIT	—	Current financial assets at fair value through profit or loss	3,000	$ 31,080	-	$ 31,080	—
	Stocks:							
	Lushun Warehouse Co., Ltd.	—	Non-current financial assets at fair value through other comprehensive income	2,700	145,377	15.00%	145,377	—
	President International Development Corp.	—	〃	8,820	84,497	0.67%	84,497	—
	Micro Sava Co., Ltd.	—	〃	1,021	351	0.52%	351	—
	Grand Bills Finance Corp.	—	〃	720	8,518	0.13%	8,518	—
	Formosa Chemicals & Fibre Corp.	—	〃	1,200	96,960	0.02%	96,960	—
	Formosa Petrochemical Corp.	—	〃	200	19,180	-	19,180	—
	Bonds:							
	NATWEST MARKETS PLC.	—	〃	-	28,234	-	28,234	—
INTERMEDIUM INTERNATIONAL LIMITED	Bao Minh Textile & Garment	—	〃	-	95,123	8.50%	95,123	—

NANTEX INDUSTRY CO., LTD.

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

Year ended December 31, 2021

Table 3

Expressed in thousands of NTD

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
NANTEX INDUSTRY CO., LTD.	Zhenjiang Nantex Chemical Industry.,Ltd.	Subsidiary	(Sales)	($ 153,558)	(1%)	Cash payment within 3 months	$ -	-	$ 516	—	—

Table 3, Page 1

NANTEX INDUSTRY CO., LTD.

Significant inter-company transactions during the reporting period

Year ended December 31, 2021

Table 4 Expressed in thousands of NTD

Number (Note 2)	Company name	Counterparty	Relationship (Note 3)	Transaction				
				General ledger account		Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 4)
0	NANTEX INDUSTRY CO., LTD.	Zhenjiang Nantex Chemical Industry., Ltd.	1	Sales revenue	$	153,558	Cash payment within 3 months	1%
				Royalty income		58,543	Cash payment within 1 year	—
				Accounts receivable		516	—	—
				Other receivables		49,276	—	—
				Contract liabilities		9,390	—	—

(Note 1) If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, one side of then are disclosed.

(Note 2) The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

1. Parent company is ‘0’.
2. The subsidiaries are numbered in order starting from ‘1’.

(Note 3) Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

(Note 4) Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

NANTEX INDUSTRY CO., LTD.

Information on investees (not including investees in China)

Year ended December 31, 2021

Table 5

Expressed in thousands of NTD

				Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended	Investment income (loss) recognised by the Company for the year ended	
Investor	Investee	Location	Main business activities	Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	(%)	Book value	December 31, 2021	December 31, 2021	Footnote
NANTEX INDUSTRY CO., LTD.	INTERMEDIUM INTERNATIONAL LIMITED	British Virgin Islands	General investments	$ 1,799,716	$ 1,799,716	55,503,757	100.00%	$ 7,817,645	$ 2,214,650	$ 2,214,650	Subsidiary
	Nanmat Technology Co., Ltd.	Taiwan	CVD materials and metal surface treatment chemicals	172,400	172,400	17,017,492	44.20%	432,125	265,785	117,478	Subsidiary

NANTEX INDUSTRY CO., LTD.

Information on investments in Mainland China

Year ended December 31, 2021

Table 6

Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital (Note 1)	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee for the year ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021 （Note 3）	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Footnote
Zhenjiang Nantex Chemical Industry., Ltd.	Manufacture and sales of rubber and latex	$ 1,871,168	Note 2	$ 1,530,704	$ -	$ -	$ 1,530,704	$ 2,397,999	100.00	$ 2,397,999	$ 5,046,801	$ -	—

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note4)
NANTEX INDUSTRY CO., LTD.	$ 1,530,704	$ 1,871,168	$ 10,051,640

(Note 1) Including capital increase out of earnings amounting to $340,464.
(Note 2) Through investing in an existing company in the third area INTERMEDIUM INTERNATIONAL LIMITED, which then invested in the investee in Mainland China.
(Note 3) It was recognised based on the financial statements audited and attested by R.O.C. parent company’s CPA.
(Note 4) It was calculated based 60% of net worth or consolidated net worth (whichever is higher).
(Note 5) The accounts denominated in foreign currencies in the table are translated into New Taiwan dollars at spot exchange rates (USD 1 : NTD 27.68) prevailing at the financial reporting date.

NANTEX INDUSTRY CO., LTD.

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

Year ended December 31, 2021

Table 7

Expressed in thousands of NTD

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
	Amount	%	Amount	%	Balance at December 31, 2021	%	Balance at December 31, 2021	Purpose	Maximum balance during the year ended December 31, 2021	Balance at December 31, 2021	Interest rate	Interest during the the year ended December31, 2021	(Note)
Zhenjiang Nantex Chemical Industry., Ltd.	$ 153,558	1%	$ -	-	$ 516	-	$ -	-	$ -	$ -	-	$ -	(Note)

(Note) It refers to royalty revenue amounting to $58,543. As of December 31, 2021, the outstanding amount was $49,276 after deducting the relevant tax payable of $9,267; the remaining $9,390 was contract liabilities.

Table 8

NANTEX INDUSTRY CO., LTD.

Major shareholders information December 31, 2021

Name of major shareholders	Number of shares held		Ownership (%)	Footnote
	Common share	Preferred share		
Tainan Spinning Co., Ltd.	105,549,052	-	21.43%	—
Nan Fan Housing Development Co., Ltd.	27,362,884	-	5.56%	—

(Note) The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preferred shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference in the calculation basis.

南帝化學工業股份有限公司
NANTEX INDUSTRY CO., LTD.

Chairman: Tung-Yuan Yang