



東聯化學

Oriental Union Chemical Corp.

112 / 年報

Annual Report

... 敏捷韌性

打造永續競爭力 ...

Spokesperson

Name: Daniel Yu

Title: Assistant Vice President

Tel: 02-27193333

Email: danielyu@oucc.com.tw

Acting Spokesperson

Name: David Chiang

Title: Assistant Vice President

Tel: 02-27193333

Email: davidchiang@oucc.com.tw

Headquarters & Plants**Headquarters**

Address: 13F, 101, Fu-Hsing North Road, Songshan Dist., Taipei City 10595, Taiwan

Tel: 02-27193333

Plants

Address: 3 Industrial 3rd Road, Linyuan Dist., Kaohsiung City 83245, Taiwan

Tel: 07-6413101

Common Share Transfer Agent and Registrar

Oriental Securities Corporation

Address: 13F, No. 16, Xinzhan Road, Banqiao Dist., New Taipei City 22041, Taiwan

Tel: 02-77531699

<https://www.osc.com.tw>

Auditors

Name: Hsin-Wei Tai, CPA

Li-Wen Kuo, CPA

Firm: Deloitte & Touche

Address: 20F, No. 100, Songren Rd., Xinyi Dist., Taipei City 11073, Taiwan

Tel: 02-27259988

<https://www.deloitte.com.tw>

Overseas Securities Exchange and Relevant Info: N/A**Corporate Website**

<https://www.oucc.com.tw>

The English version is the translation of the Chinese text and if there is any discrepancy between the English version and the Chinese text of this document, the Chinese text shall prevail.

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I. Letter to Shareholders

I. Foreword

In view of 2023, the impact from high interest rate, intensified inflation, and China's unexpected post-pandemic economic performance set back the global economy, weakened the end-product demands, and stagnated the manufacturing industry activities. Same as to the domestic economy, the hugely cut import & export orders enabled Taiwan's economic growth rate spiral down to 1.4%.

In despite of the impact aforementioned, the 2023 petrochemical industry in general dimmed as enormous additional capacity hit the market. Taking the upstream ethylene glycol (EG) as an example, the 2023 EG global capacity reached 58 million MT, yet the demand totaled only 34 million MT. The overall EG operating rate of the year was 60%, and the market remained oversupplied. Same as to the domestic petrochemical industry, the total 2023 production valued NT\$1.6 trillion, a 14% decline from the previous year.

Though the Company's EG product line encountered the succession of global new capacity and low market demand, the management team sustained persistent and perceptive to cope with the world development trend, obtained control of its overall cost and customer relationships; and, developed niche products of green, electronic, and new materials, based on the core vantage of ethylene oxide (EO), to maintain stable and advanced operation.

In 2023, the consolidated revenue of the Company reached NT\$20.8 billion, a decrease of 6% from the previous year, and the operating net profit totaled NT\$0.27 billion, of earnings per share (EPS) NT\$0.30.

II. Operating Performance Review

1. Safety, Health, and Environment

Aiming at the green and sustainable development, the Company practices circular economy and attaches great importance to issues such as industrial safety, health and environmental protection, as well as improves persistently the process design and equipment investment, and recycles homogeneous waste to reduce the impact on environment.

Not only has the Company developed, at its early stage, the carbon capture and utilization (CCU) technology by way of recycling CO₂ from production to produce the high purity CO₂ for industrial, food and electronic businesses, then further process to produce ethylene carbonate (EC) for manufactures of polycarbonate (PC), composite materials, and electrolyte of lithium battery. The Company also supplies and benefits its downstream customers with its outstanding carbon-captured solvents ethanolamine (EA) and ethylenediamine (EDA) series, and strives to develop the CO₂ chemicals, technologies and products of plastic recycling and biodegradability to counteract the global issue of CO₂ emission.



In addition, to conform with the large power user terms, the Company has procured the 10% contractual capacity of green power, readjusted the ratio of heat to electricity to meet the energy demand of its new specialty chemical plants, and planned the installment of the cogeneration device to achieve its goal in optimal emission, power saving and carbon reduction.

2. EG Business

The Company's EG product line was affected by the unbalanced supply and demand and unsustainable prices on account of China's newly launched capacity in 2023. The EG total output across the strait was 460,000 MT in 2023, a decrease of 2% over 2022, while sales of 480,000 MT, of 3% decrease; the ethylene oxide (EO) total output 330,000 MT, an increase of 18% over 2022, sales of 210,000 tons, of 27% increase.

3. Gas Business

To counteract the change in applications of downstream industries, the company secured its gas vantage in autonomous pipeline supply to the Linyuan Industrial Park, and jointly implemented its liquefied gas business expansion to multiple industries, which resulted in an equal or partly less sales volume in 2023 than that of 2022. The sales volume of LCO₂, on the other hand, though diminished remarkably by virtue of the CPC scheduled overhaul and the ensued insufficient supply of ethylene, the LCO₂ prices were provided a steady boost as the supply of LCO₂ the by-product was short from the low operating rates of domestic chemicals.

In 2023, the oxygen sold on both sides, apart from its own use, totaled 84,000 MT, an increase of 6% over 2022; the total nitrogen sold was 336,000 MT, a decrease of 7%; while sales of CO₂ 33,000 MT, of 19% decrease.

4. Specialty Chemicals Business

The slowdown effect of global economy resulted in the decrease demands on volume and price of the specialty chemicals in 2023. Given that EO derivatives, with high correlation to the overall economy growth, were supplied to the downstream industries such as daily chemicals, electronics, resin synthesis, textile auxiliary and concrete.

As to solvent and amine chemicals, the product series of EA, the additional capacity launched in China reduced its domestic reliance on import; so were the capacity of ethylene glycol butyl ether (EB) and ethylene carbonate (EC) product series enlarged, which of the latter encountered a competitive supply & demand, as the market demand on the lithium battery electrolyte increased. To enhance the hedge against risks, the Company optimized its product channels, sustained its technical edge, and increased high purity product applications, securing its domestic sales and product differentiation strategy, resulting in a better performance in both sales volume and prices in comparison with the associates worldwide.

In sum, the Specialty Chemicals business in 2023 across the strait totaled 200,000 MT, an increase of 5% over 2022; sales of 190,000 MT, of 3% increase. The overall prices, revenue and profit, however, lessened due to the unpromising global market.

III. 2024 Business Goals and Future Outlook

(1) Overview of 2024 Business Plan

1. EG Business

Looking into 2024, with the expected oversupply of EG, the Company aims to fulfill the needs of its domestic clients, optimize the product portfolios of EG and EO derivatives as prioritized. As the EG plants from the both sides employ high-efficiency catalysts for operation, implement thermal integration system to reduce process energy consumption; and, further joined by its coastal ethylene storage tank for operative flexibility, the operation of EG plant in Linyuan shall maintain optimal, with manufacturing costs reduced, and product competitiveness enhanced.

2. Gas Business

Based on the existing pipeline and the liquefied gas customers, the gas business formulates its sales strategy according to the prosperity change of the industries, to promote the niche products to develop new customers; and, provides its end customers directly with extra high purity CO₂ credited to its vantages in CCU and purification technologies, and adjusts strategic product portfolios to increase the supply volume of electronic- and semiconductor-grade customers for profit improvement, showcasing its strength in low carbon process.

3. Specialty Chemicals Business

To maintain its domestic leading position, the Company continues developing electronic chemicals of the EA and EB product lines, to expand semiconductor-grade customers. The EC product line, based on the polycarbonate market, shall undertake the development in high value-added applications of high purity ethylene carbonate (HPEC) and polycarbonatediol (PCDL), with the market vantage of the lithium battery electrolyte.

In respect to the daily chemicals, the Company continues promoting its biomass products, and collaborating with customers on the low carbon chemicals from recycled plastics (rPET), CCU, as well as the formulated functional products, in the hope of strengthening the concept of green products and striving for eco-friendly and sustainable operation in line with customers.

As construction related businesses start to emphasize on the development of carbon reduction products, in view of the increasing awareness of eco-friendliness and the arousing issues of carbon emission reduction. The company's development in the series of carbon reduction and extra high functional concrete admixtures well aligns with its global pre-positioning.

With the technical vantage and broad product applications, the fine chemicals of ethylenediamines (EDAs) and polyetheramine (PEA), coupled with the excellent carbon capture solvents of EA series, provide the markets with solutions to the carbon reducing technology and formulated chemicals, which are widely applied to the downstream of chelating agent, agricultural additive, papermaking additive, textile additive, and electronics cleansing

agent. The Company stipulates its sales strategies according to the business cycle of industries, to develop electronics customers with its high-spec amine series or formulations. In accordance with the worldwide market stimulation strategies and downstream destocking in H2/2024, the demand of amine series may slowly head upward.

In general, the company shall take advantage of its edge in the high value development of ethylene and propylene oxides for the new specialty chemicals, to ensure a promising start for the high-valued and new functional products in 2024.

(2) Prospects for Future Operations

With regard to the overall challenges, the Company shall adhere to its continuous development in technology and new products; and, render its operation further flexibility and adaptation by means of advanced digital management; and, as business-oriented, to provide customers with one stop services in conformity with its targets in green, electronic, and new materials.

At last, the Company shall implement circular economy, energy transformation, and low-carbon production, to become a world-class diversified business enterprise, to achieve the sustainable goal of 35% carbon emission deduction by 2035 and carbon neutral by 2050; and, to keep pace with the global technology trend, strive for robust operation, pursuing profit, growth and green technology for advanced chemical materials, constantly creating sustainable advantages for shareholders, customers and employees.

Chairman of the Board

徐旭東 

II. Company Profile

1. Date of incorporation: December 22, 1975

2. Company history

- In 1975
 - Registration and incorporation of the Company was approved, with the shareholders including Central Investment Holding Co, Executive Yuan Development Fund, the Far Eastern Textile Corporation (now known as Far Eastern New Century), Union Carbide Corporation, USA, and the China Development Corporation; the capital was NTD\$569,250,000.
- In 1978
 - Construction of the EG plant was completed.
- In 1982
 - The Union Carbide Corporation, USA withdrew from the Company, and the Union Industrial GAS Company co-invested together with Central Investment Holding Co and CPC was consolidated into the Company; capital increased to NTD\$1,493,658,000.
- In 1986
 - Office premises at Fu-Hsing N Road, Taipei City were purchased and Head Office was relocated to the premises.
- In 1987
 - The Company was publicly listed on the Taiwan Stock Exchange on October 21.
- In 1988
 - Land was purchased in the Chienchen District, Kaohsiung City occupying an area of about 5.704 acres at the price of about NT\$1 billion.
- In 1992
 - An EG waste water treatment plant that meets the national standards for discharge of waste water was completed.
- In 1993
 - Addition of the 2nd gas plant increased the output of gas products.
- In 1995
 - About 9% of the equity of ICI Far Eastern Co Ltd (now OPTC) was acquired.
- In 1997
 - The second LPG plant was added to increase the output of liquid nitrogen and liquid oxygen by a total of 73,000 tons each year.
- In 1998
 - May: Reinvestment was made to establish the Tong Fu Investment Corporation, a subsidiary wholly owned by OUCC.
 - The Company's Linyuan Plant was certified under ISO-14001 (environmental protection management), and hit the unprecedented record for zero labor safety incidents for 2 million man-hours consecutively.
 - December: Issue of the first secured common corporate bonds in the amount of NT\$800 million, valid for 5 years.
- In 1999
 - January: A branch office was established in the Kaohsiung Nantz Export Zone, and an on-site gas factory was built to expand the gas operation.
 - February: Completed the debottlenecking of EO/EG to increase the output of EO and EG by about 70,000 tons and 40,000 tons per year.
- In 2000
 - September: Implemented the SAP Enterprise Resource Planning (ERP) System.
 - December: Treasury stock, totaling 5,213 thousand shares was repurchased for the first time to maintain goodwill and shareholder equity.
- In 2001
 - April: Completed cancellation of the treasury stock repurchased for the first time.
 - April: Repurchased treasury stock, totaling 9,995 thousand shares, for the second time, and completed the cancellation in September.
 - September: Repurchased treasury stock, totaling 7,349 thousand shares, for the third time to transfer shares to the employees.



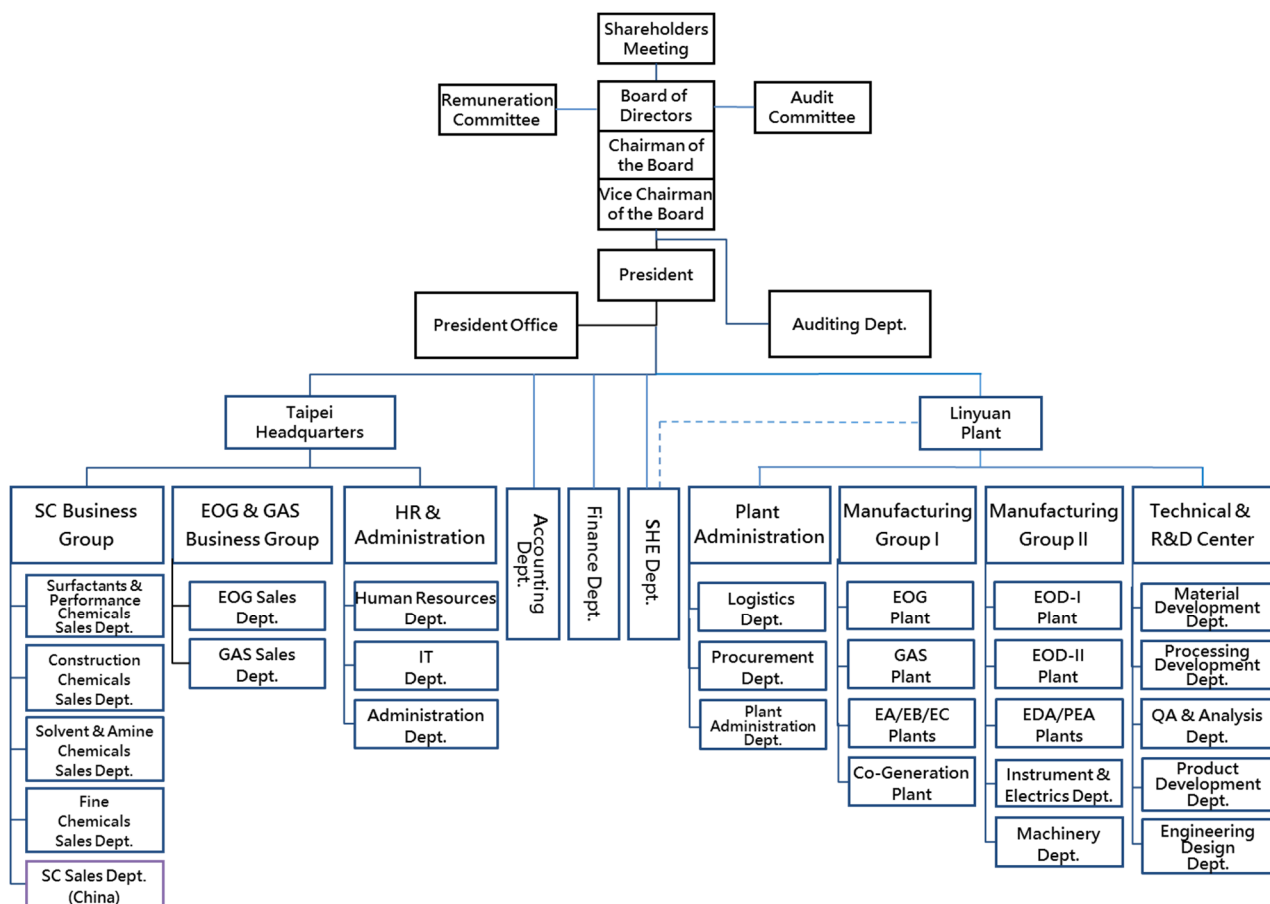
- In 2002
- July: Completed the EA factory dedicated to producing MEA, DEA and TEA, with an annual output of 40,000 tons, to become the factory with the largest output in Asia.
 - July: The Company's Linyuan factory was certified under ISO-9001 (quality management).
 - September: The Company's Linyuan factory was certified under OHSAS-18001 (occupational safety & health management).
 - November: Completed the EC factory dedicated to the production of EC with an annual output of 40,000 tons. It became the EC factory with the largest output in the world and supplies raw materials to the Chi Mei ASAHI CORPORATION, a joint venture of Chi Mei Corporation and the Asahi Kasei Corporation (consolidated to form the Chi Mei Corporation on April 1, 2009) dedicated to producing PC.
- In 2003
- February and December: With approval of the Investment Commission, MOEA, Bermuda-based PET Far Eastern (Holding) Ltd. (PETH) and Virgin Islands-based Pacific Petrochemical (Holding) Ltd. (PPL) reinvested in the Oriental Petrochemical (Shanghai) Corporation. The company was engaged in the production and marketing of PTA. The Company acquired about 39% of the equity.
- In 2004
- August: Completed the transfer of Company shares, repurchased for the third time, to employees.
 - November: The Company won the most honorable award for the industry in Taiwan, the "Sustainable Industry Excellence Award", as a symbol of sustainable development by the enterprise.
- In 2005
- February: Issue of common stock totaling 60,000,000 shares at NT\$28 per share by a capital increase in cash, which raised the fund to a total of NT\$1,680,000,000.
 - August: Completed the multi-functional pilot plant designed and configured independently by the Company as a base for the development of new technology for OUCC products. As well as for the basic design of production processes and test runs of new products.
- In 2006
- January: Acquired 20% of the equity of the Kuokuang Petrochemical Technology Company. The company schedules production of various gasoline and chemical products made from crude oil or natural gas.
- In 2008
- January: Completed the second EA factory with an annual output of 40,000 tons, dedicated to the production of MEA, DEA and TEA.
 - January: Completed debottlenecking EC to increase output by about 20,000 tons per year.
 - October: With the approval of the Investment Commission, MOEA, OUCC (Bermuda) Holding Ltd reinvested in the incorporation of Oriental Petrochemical (Yangzhou) Corporation. The company was primarily engaged in the production and marketing of ethanolamine, EC, AEO, PEG and MPEG.
- In 2009
- December: Received the "National Industrial Park Safe Partner Excellence Award – Excellent Business Unit 2009" by the Council of Labor Affairs, Executive Yuan.
- In 2010
- February: Subscribed for PPL shares from Yuan Ding Investment Co and Core Pacific Capital Ltd, and sold PETH shares to Far Eastern New Century Corp, and held 100% of the shares of PPL, and 39% of Oriental Petrochemical (Shanghai) Corporation indirectly.

- | | |
|---------|--|
| In 2011 | <ul style="list-style-type: none"> ● April: Completed the Oriental Petrochemical (Yangzhou) Corporation EA factory which has an annual output of 40,000 tons. ● December: Completed the EOD factory, at the Linyuan Factory premises, which has an annual output of 40,000 tons. |
| In 2012 | <ul style="list-style-type: none"> ● July: Completed the Oriental Petrochemical (Yangzhou) Corporation EOD factory which has an annual output of 60,000 tons. ● September and December: With the approval of the Investment Commission, MOEA, Pacific Petrochemical (Holding) Ltd (PPL) reinvested in the Far Eastern Union Petrochemical (Yangzhou) Corporation. The company was primarily engaged in production and marketing of EO/EG. The Company held 50% of its shares indirectly. |
| In 2013 | <ul style="list-style-type: none"> ● December: Revoked company registration of the Nantz branch office. |
| In 2014 | <ul style="list-style-type: none"> ● February: With the approval of the Investment Commission, MOEA, Pacific Petrochemical (Holding) Ltd. (PPL) reinvested in the Tong Da Gas Industries (Yangzhou) Ltd. The company was primarily engaged in the construction of a cryogenic ethylene tank and an Air Separation Unit (ASU).The Company held 50% of its shares indirectly. |
| In 2015 | <ul style="list-style-type: none"> ● February: Completed re-debottlenecking projects of EO & EG, with respective output of 360,000 tons and 300,000 tons. ● December: Completed gas plant of Tong Da Gas Industries (Yangzhou) Ltd, with annual output of 800,000 tons. |
| In 2016 | <ul style="list-style-type: none"> ● June: Completed the gas plant at Linyuan, with annual output of 340,000 tons. ● June: Commercial launch of the EO and EG plants of the Far Eastern Union Petrochemical (Yangzhou) Corporation, with respective annual output of 400,000 tons and 500,000 tons. ● December: Completed the 3rd CO₂ plant at Linyuan, with annual output of 40,000 tons. |
| In 2017 | <ul style="list-style-type: none"> ● December: Completed the renovation of the 1st EA plant into EB plant at Linyuan, with annual output of 20,000 tons. |
| In 2018 | <ul style="list-style-type: none"> ● February: Completed the technical renovation of the EOD plant of Oriental Petrochemical (Yangzhou) Corporation, expanding EOD annual output to 66,000 tons. |
| In 2019 | <ul style="list-style-type: none"> ● March: Far Eastern Union Petrochemical (Yangzhou) Corporation received the 2nd Jiangsu Province Zifeng Award ● November: OUCC was rewarded 2019 the 12th Taiwan Corporate Sustainability Award |
| In 2020 | <ul style="list-style-type: none"> ● September: OUCC was rewarded 2020 SGS CSR Award ● December: FUPY became the sustaining corporate body upon the consolidation completion of FUPY, TDIY and OPYC in Yangzhou, China. |
| In 2021 | <ul style="list-style-type: none"> ● November: OUCC Linyuan plant was awarded 2021 Excellent Manufacturer in GHG Reduction by the Industrial Development Bureau of Department of Economic Affairs. |
| In 2022 | <ul style="list-style-type: none"> ● November: OUCC was rewarded the 2022 ESG Award of TCSA |
| In 2023 | <ul style="list-style-type: none"> ● November: OUCC was rewarded the 2023 ESG Award of TCSA ● November: OUCC was rewarded the 2023 ESG Award of Carbon Management by SGS |

III. Corporate Governance Report

1. Organization

1.1 Organizational Chart



1.2 Functions & Operations

Department	Functions & Operations
President Office	The President's staff unit.
HR & Administration	1. Management of human resources related affairs. 2. Management of IT system related affairs. 3. Management of general related affairs.
EOG & GAS Business Group	1. Sale of EO and EG products and procurement of major raw materials. 2. Sale of gas and LCO ₂ products
SC Business Group	1. Sale of EOD products for applications in daily chemical industry 2. Sale of EOD products for applications in construction material industry 3. Sale of EOD/POD, PEA and EDAs chemicals 4. Sale of EA, EC and EB chemicals 5. Sale promotion of specialty chemicals in China
Plant Administration	1. Plant HR and administration related affairs 2. Plant logistics and transportation related affairs 3. Procurement of raw materials and supplies, awarding of contracts, and the related
Manufacturing Group I	1. Production of MEG, DEG, EO, etc. 2. Production of Gas products (oxygen, nitrogen, argon, etc.) 3. Production of the EA, EB, EC, LCO ₂ , etc. 4. Assessment and planning of the cogeneration system
Manufacturing Group II	1. Production of the specialty chemicals of EOD 2. Production of specialty chemicals of concrete water reducer, esterification, etc. 3. Production of the specialty chemicals of ethylenediamine series and polyetheramine 4. Maintenance and engineering of instruments, electrics & mechanics, etc. 5. Maintenance and engineering of machinery, facility, internal and external pipelines, etc.
S.H.E. Dept.	Environmental protection, labor safety and other safety-related matters
Technical and R&D Center	1. Project execution, production process improvement & evaluation, and engineering related matters 2. R&D of EOD materials and new products, etc. 3. Development of production process and catalysts, etc. 4. Analysis, testing and quality assurance, etc. 5. Mass production tests and the related
Finance Dept.	Insurance, shareholders' service, credit investigation and financial management and the related
Accounting Dept.	Taxation, budgeting, accounting management and the related
Auditing Dept.	Internal audit

2. Information on the Company's Directors, President, Vice Presidents, Assistant Vice Presidents, and heads of all company divisions and branch units:

2.1 Directors

2.1.1 Directors Information

April 14, 2024

Job title	Nationality or residence registered	Name	Gender / Age	Date on which current position was assumed	Term of office	Commencement date of the first term	Shares held when appointed		Shares held currently		Shares held by spouse and minor children		Shares held in another person's name		Work experience (academic degree)	Position(s) held concurrently in the Company and/or in any other company	Other heads, directors, or supervisors as spouse or kinship of second degree		
							Quantity of shares	Shares held Proportion	Quantity of shares	Shares held Proportion	Quantity of shares	Shares held Proportion	Quantity of shares	Shares held Proportion			Job title	Name	Relationship
Chairman of the Board	R.O.C.	Douglas T. Hsu	M / Age over 70	2021.7.15	3 years	1979.2.10	1,664,781	0.19%	1,664,781	0.19%	0	0.00%	0	0.00%	Honorable PhD in Management, NCTU; Master of Arts in Univ. of Notre Dame, and post graduate of Economics in Columbia Univ., USA	Chairman of Far Eastern New Century Corp., Asia Cement Corp., U-Ming Marine Transport Corp, Far Eastern Department Stores, and Fetnet, and Vice Chairman of Far Eastern International Bank	Vice Chairman of Board	Johnny Shih	A relative by marriage within second degree
Vice Chairman of the Board	R.O.C.	Representative of Far Eastern New Century Corp: Johnny Shih	M / Age over 70	2021.7.15	3 years	1988.5.18	81,217,005	9.16%	81,217,005	9.16%	0	0.00%	0	0.00%	Master in Computer Science, Columbia University, USA	Vice Chairman of Far Eastern New Century, Chairman of Everest Textile Co. Ltd., Director of Asia Cement Corp., and CTIC Corp.	Chairman of Board	Douglas T Hsu	A relative by marriage within second degree
							560,871	0.06%	560,871	0.06%	0	0.00%	0	0.00%					
Director	R.O.C.	Representative of Far Eastern New Century Corp: Humphrey Cheng	M / Age 60-69	2021.7.15	3 years	1991.5.30	81,217,005	9.16%	81,217,005	9.16%	0	0.00%	0	0.00%	Master in International Business, National Taiwan University	President of Administration HQ of Far Eastern New Century Corp., Director of Far Eastern International Bank, and Chairman of Tong Fu Investment Corporation	N/A	N/A	N/A
Director	R.O.C.	Representative of Far Eastern New Century Corp: Kao-Shan Wu	M / Age over 70	2021.7.15	3 years	2009.6.3	81,217,005	9.16%	81,217,005	9.16%	0	0.00%	0	0.00%	Bachelor in Chemistry, Chinese Culture University	President of Petrochemical HQ of Far Eastern New Century Corp., Director of Everest Textile Co. Ltd. and Oriental Petrochemical Corporation	N/A	N/A	N/A
Director	R.O.C.	Representative of Yue Ming Trading Co Ltd: Justin Tsai	M / Age over 70	2021.7.15	3 years	2014.7.1	440,000	0.05%	440,000	0.05%	0	0.00%	0	0.00%	EMBA, National Chengchi University, Bachelor in Chemical Engineering, Tunghai University	Director and President of Tong Fu Investment Corporation, Director of Far Eastern Union Petrochemical (Yangzhou) Ltd., Oriental Petrochemical Corporation, and Feng Tay Enterprises Co. Ltd.	N/A	N/A	N/A

Job title	Nationality or residence registered	Name	Gender / Age	Date on which current position was assumed	Term of office	Commencement date of the first term	Shares held when appointed		Shares held currently		Shares held by spouse and minor children		Shares held in another person's name		Work experience (academic degree)	Position(s) held concurrently in the Company and/or in any other company	Other heads, directors, or supervisors as spouse or kinship of second degree		
							Quantity of shares	Shares held Proportion	Quantity of shares	Shares held Proportion	Quantity of shares	Shares held Proportion	Quantity of shares	Shares held Proportion			Job title	Name	Relationship
Director	R.O.C.	Representative of Fu Da Transport Corporation: Eric Chueh	M / Age over 70	2021.7.15	3 years	2012.6.5	3,254,125 0	0.36% 0.00%	3,254,125 0	0.36% 0.00%	0 0	0.00% 0.00%	0 0	0.00% 0.00%	EMBA, National Chengchi University	Director and President of Oriental Petrochemical Corporation, COO of Petrochemical Business Unit of Far Eastern New Century Petrochemical HQ	N/A	N/A	N/A
Director	R.O.C.	Representative of Da Chu Chemical Fiber Co. Ltd.: James Chou	M / Age 60-69	2021.7.15	3 years	2021.7.15	1,000,000 0	0.11% 0.00%	1,000,000 0	0.11% 0.00%	0 17,000	0.00% 0.00%	0 0	0.00% 0.00%	Bachelor in Chemical Engineering, National Taiwan University	Chairman of Oriental Petrochemical (Shanghai) Corp., Far Eastern Industries (Shanghai) Ltd., Director of Oriental Petrochemical (Taiwan) Co. Ltd., Director & President of Far Eastern Union Petrochemical (Yangzhou) Ltd.	N/A	N/A	N/A
Director	R.O.C.	Representative of Yu Li Investment Corporation: Bing Shen	M / Age over 70	2021.7.15	3 years	2021.7.15	4,861,781 0	0.55% 0.00%	4,861,781 0	0.55% 0.00%	0 0	0.00% 0.00%	0 0	0.00% 0.00%	Bachelor in Public & Int'l Affairs, Princeton Univ., Master of Harvard Business School, USA	Director of Elite Material Co. Ltd.	N/A	N/A	N/A
Independent Director	R.O.C.	Walt Cheng	M / Age 60-69	2021.7.15	3 years	2015.6.9	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Bachelor in Chemical Engineering, National Cheng Kung University	Independent Director of TSEC Corporation	N/A	N/A	N/A
Independent Director	R.O.C.	C. T. Chan	M / Age over 70	2021.7.15	3 years	2015.6.9	0	0.00%	0	0.00%	0	0.00%	0	0.00%	High school graduated	Chairman of Yi Jinn Industrial Co. Ltd., Yi Tong Fiber Co. Ltd., Kwang Ming Silk Mill Co. Ltd., Hong Chou Fiber Industrial Co. Ltd.	N/A	N/A	N/A
Independent Director	R.O.C.	Ping Lih	F / Age over 70	2021.7.15	3 years	2018.6.8	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master in Accounting, Texas University, USA	Director of T N Soong Foundation	N/A	N/A	N/A

2.1.2 Major shareholders of corporate shareholders

April 14, 2024

Name of corporate shareholders	Major corporate shareholders (shareholding %)
Far Eastern New Century Corporation	Asia Cement Corp (24%), Oriental Institute of Technology (5%), Far Eastern Medical Foundation (4%), Far Eastern Y Z Hsu Science and Technology Memorial Foundation (3%), Cathay MSCI Taiwan ESG Sustainability High Yield ETF Account (3%), Yuan Ze University (3%), Yuanta Taiwan High Yield ETF Account (2%), Douglas Tong Hsu (2%), Chunghwa Post Co Ltd (2%), Der Ching Investment Corp (2%)
Yue Ming Trading Co Ltd	Yuan Ding Investment Co Ltd (45.5%), Da Chu Chemical Fiber Co Ltd (38.2%), Pai Ding Investment Co Ltd (15.5%), Ding Ding Business Consultation Co Ltd (0.3%), Yuan Ding Co Ltd (0.3%)
Yu Li Investment Co Ltd	U-Ming Marine Transport Corp (68%), U-Ming Marine Transport (Singapore) Pte Ltd (32%)
Fu Da Transport Corporation	Fu Ming Transport Corp (99.97%), Asia Investment Corp (0.03%)
Da Chu Chemical Fiber Co Ltd	Yuan Ding Investment Co Ltd (42%), Yue Ding Industries Co Ltd (30%), Yi Li Investment Co Ltd (19%), Yue Ming Trading Co Ltd (9%)

2.1.3 Major shareholders who are corporations

April 14, 2024

Name of corporation	Major corporate shareholders (shareholding %)
Asia Cement Corporation	Far Eastern New Century Corp (21%), Far Eastern Medical Foundation (5%), Yuanta/P Taiwan High Dividend Fund Account (3%), China Life Insurance Co Ltd (2%), Mega Bank Finance Dept. (2%), Labor Pension Committee of Far Eastern New Century Corp (2%), Yuan Ding Investment Co Ltd (2%), Far Eastern Department Stores (1%), Yuan Ze University (1%), Far Eastern Y Z Hsu Science and Technology Memorial Foundation (1%)
Chunghwa Post Co Ltd	Ministry of Transportation and Communications (100%)
Der Ching Investment Corporation	Asia Cement Corporation (99.99%), Asia Investment Corp (0.01%)
Yuan Ding Investment Co Ltd	Far Eastern New Century Corp (99.4%), An He Apparel Co Ltd (0.3%), Da Chu Chemical Fiber Co Ltd (0.3%)
Pai Ding Investment Co Ltd	Far Eastern Department Stores (67%), Pai Yang Investment Co Ltd (33%)
Ding Ding Business Consultation Co Ltd	Yue Tung Investment Co Ltd (40%), Da Chu Chemical Fiber Co Ltd (34%), Fu Da Transport Corp (16%), Asia Engineering Enterprise Co Ltd (5%), Pai Ding Investment Co Ltd (5%)
Yuan Ding Co Ltd	Far Eastern New Century Corp (37.1%), Asia Cement Corp (35.5%), Der Ching Investment Corp (14.5%), Yuan Ding Investment Co Ltd (12.9%), Yue Ming Trading Co Ltd (0.002%), Far Eastern Department Store (0.001%)

Name of corporation	Major corporate shareholders (shareholding %)
U-Ming Marine Transport Corporation	Asia Cement Corp (39%), Taiwan Cooperative Bank (1%), Yuan Ding Investment Co Ltd (1%), Yue Yuan Investment Co Ltd (1%), Asia Investment Corp (1%), HSBC entrusted with Mitsubishi UFJ Morgan Stanley Securities Exchange Account (1%), Cathay Life Insurance (1%), JPMorgan Chase Bank Taipei Branch entrusted with Japan Securities Finance Account (1%), DBS entrusted with JPMorgan Chase Account under the custody of Standard Chartered Bank (1%), Ya Li Transportation Corp (1%)
U-Ming Marine Transport (Singapore) Pte Ltd	U-Ming Marine Transport Corp (100%)
Fu Ming Transport Corporation	Asia Cement Corp (99.95%), Asia Investment Corp (0.02%)
Asia Investment Corporation	Asia Cement Corporation (100%)
Yue Ding Industries Co Ltd	Fu Da Transport Corp (26.95%), Yue Tung Investment Co Ltd (25%), An He Apparel Co Ltd (15.66%), Ding Yuan International Co Ltd (13.20%), Tong Fu Investment Corporation (5%), Ya Li Precast Pre-stressed Concrete Industries Corp (3.89%), Da Chu Chemical Fiber Co Ltd (3.89%), Yuan Ding Investment Co Ltd (2.59%), Pai Ding Investment Co Ltd (2%), Yue Ming Trading Co Ltd (1%)

2.1.4 Information of the Directors

(1) Disclosure of Directors' professional qualifications and Independent Directors' independence

Requirement Name	Professional qualifications & experiences	Independence	Concurrently serving as an Independent Director of another listed company
Douglas T. Hsu Chairman of the Board	Please refer to p10-p11 "Directors Information" for professional qualifications and experiences of Directors. No Director is under any of the categories stated in Article 30 of the Company Act.	Not applicable	0
Johnny Shih Vice Chairman of the Board			0
Humphrey Cheng Director			0
Kao-Shan Wu Director			0
Justin Tsai Director			0
Eric Chueh Director			0
James Chou Director			0
Bing Shen Director			1
Walt Cheng Independent Director		All the Independent Directors are fully complied with the following: (1) All the relevant stipulations pursuant to Article 14-2 of Securities & Exchange Act and Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies of Financial Supervisory Commission. (2) Not an Independent Director, spouse or kinship within 2 nd tier hold a position as Director, Supervisor, or employee at the Company or its affiliate. (3) Not an Independent Director (or in others name), spouse or underage child hold stock of the company. (4) Provided no business, legal, financial and accounting services to the company or its affiliates and/or rewarded with remuneration in the last two years.	1
C. T. Chan Independent Director			0
Ping Lih Independent Director			0

(2) Board of Directors' diversity and independence:

① Board diversification

Diversification policy:

The Board evaluation criteria is composed of gender, age, as well as petrochemical experience, legal, finance, accounting professional knowledge and skills.

Status and goal of Board diversification:

The current Board of Directors of the Company consists of 11 Directors, including 3 Independent Directors, one of which is a female; 9 of the Board members have experiences in the petrochemical industry, and 2 have experiences in other industries, all with seasoned experiences and professional background in chemical engineering operation, law, accounting, finance, economics, marketing and other fields to achieve the diversification goals stipulated in the Corporate Governance Principles. Each Board member understands and agrees with the Company's business philosophy, grasps the industry situation in which the Company operates, and has rich experience in international political and economic situations, legal compliance, international business management and manufacturing management. In response to the ever-changing international competitive management environment and the continuous updating of laws and regulations (such as corporate governance), the Company's goals include adopting a nomination system for the nomination and selection of Board members, evaluating the academic and career experiences of each member, and complying with the "Procedures for Board of Director Election" and the "Corporate Governance Principles" to ensure diversity, independence and the integrity of stakeholders opinions are taken into account, and exclusive courses are planned for Board members to have the ability to keep pace with the times.

② Board independence

The ratio of Independent Directors (3 persons) to the total Board of Directors (11 persons) is over one fourth of the Board.

2.2 Information on the Company President, Vice Presidents, Assistant Vice Presidents, and heads of all the Company divisions and branch units:

April 14, 2024

Job title	Nation-ality	Name	Gender	Date on which current position was assumed	Shares held when appointed		Shares held by spouse and minor children		Shares held in another person's name		Work experience (academic degree)	Position(s) held concurrently in the Company and/or in any other company	Managers as spouse or kinship of second degree		
					Quantity of shares	Shares held Proportion	Quantity of shares	Shares held Proportion	Quantity of shares	Shares held Proportion			Job title	Name	Relation-ship
President	R.O.C.	Justin Tsai	M	2013.1.1	0	0.00%	0	0.00%	0	0.00%	President of Some Petrochemical Corporation EMBA, National Cheng Chi University Bachelor in Chemical Engineering, Tunghai University	Director and President of Tong Fu Investment Corp., Director of Far Eastern Union Petrochemical (Yangzhou) Ltd, Oriental Petrochemical Corp., and Feng Tay Enterprises Co. Ltd.	N/A	N/A	N/A
Plant Chief Officer Technical & R&D Center Material Development Dept. Processing Development Dept. Quality Assurance & Analysis Dept. Product Development Dept. Engineering Design Dept. Vice President	R.O.C.	Y. S. Chang	M	2016.11.5	0	0.00%	0	0.00%	0	0.00%	Assistant Vice President of Technical & RD Center of OUCC Master in Chemical Engineering, National Cheng Kung University	N/A	N/A	N/A	N/A
SC Business Group Surfactants & Performance Chemicals Construction Chemicals Solvent & Amine Chemicals Fine Chemicals SC China Assistant Vice President	R.O.C.	Wilson Lee	M	2023.8.14	50,000	0.00%	0	0.00%	0	0.00%	Sales Manager of some electronic chemical company Master in Chemical Engineering, National Taiwan University	N/A	N/A	N/A	N/A

Job title	Nation-ality	Name	Gender	Date on which current position was assumed	Shares held when appointed		Shares held by spouse and minor children		Shares held in another person's name		Work experience (academic degree)	Position(s) held concurrently in the Company and/or in any other company	Managers as spouse or kinship of second degree		
					Quantity of shares	Shares held Proportion	Quantity of shares	Shares held Proportion	Quantity of shares	Shares held Proportion			Job title	Name	Relationship
Manufacturing Group I EOG Plant GAS Plant EA/EB/EC Plants Cogeneration Plant Assistant Vice President	R.O.C.	Martin Kuo	M	2018.3.20	1,073	0.00%	0	0.00%	0	0.00%	Assistant VP of Manufacturing Group EMBA, National Cheng Kung University Bachelor in Chemical Engineering, Feng Chia University	N/A	N/A	N/A	N/A
Manufacturing Group II EOD Plants EDA/PEA Plants Instrument & Electrics Dept. Machinery Dept. Assistant Vice President	R.O.C.	Y.T. Ko	M	2021.12.1	0	0.00%	0	0.00%	0	0.00%	Sr. Manager of Engineering Design Dept. Master in Mechanical and Electro-Mechanical Engineering, National Sun Yat-sen University	N/A	N/A	N/A	N/A
HR & Administration HR Dept. IT Dept. Administration Dept. Assistant Vice President	R.O.C.	Daniel Yu	M	2021.12.1	45	0.00%	0	0.00%	0	0.00%	Deputy Chief Auditor of some transport company MBA of Cleveland State University, USA	Supervisor of Far Eastern Union Petrochemical (Yangzhou) Ltd, Director of Fu-Da Transport Corp. and Tong Fu Investment Corp.	N/A	N/A	N/A
Plant Administration Administration Dept. Procurement Dept. Logistics Dept. Assistant Vice President	R.O.C.	William Chen	M	2021.12.1	0	0.00%	0	0.00%	0	0.00%	Sr. Manager of Plant Administration Dept. Master in Science & Technology, National Kaohsiung University of Applied Sciences	N/A	N/A	N/A	N/A

Job title	Nationality	Name	Gender	Date on which current position was assumed	Shares held when appointed		Shares held by spouse and minor children		Shares held in another person's name		Work experience (academic degree)	Position(s) held concurrently in the Company and/or in any other company	Managers as spouse or kinship of second degree		
					Quantity of shares	Shares held Proportion	Quantity of shares	Shares held Proportion	Quantity of shares	Shares held Proportion			Job title	Name	Relationship
Finance Dept. Assistant Vice President	R.O.C.	David Chiang	M	2021.12.1	0	0.00%	0	0.00%	0	0.00%	Financial Officer of some textile company Master in Accounting, National Taipei University	Supervisor of Tong Fu Investment Corporation	N/A	N/A	N/A
Accounting Dept. Assistant Vice President	R.O.C.	Allen Yu	M	2019.4.1	0	0.00%	0	0.00%	0	0.00%	Assistant VP of Admin. Dept. of Far Eastern Apparel Co. Ltd. EMBA, National Cheng Chi University	N/A	N/A	N/A	N/A
S.H.E. Dept. Sr. Manager	R.O.C.	Simon Chen	M	2022.8.16	0	0.00%	0	0.00%	0	0.00%	Manager of S.H.E. Dept. Master in Naval Architecture, NTU	N/A	N/A	N/A	N/A
Audit Dept. Manager	R.O.C.	Vince Chou	M	2024.3.1	0	0.00%	0	0.00%	0	0.00%	Sr. Executive Specialist of Audit Dept. Master in Finance, Chang Jung Christian University	N/A	N/A	N/A	N/A

Note 1: Mrs. Victoria Peng, originally positioned as VP of President Office retired effective 1 July 2023.

2. Mr. Keith Wu, originally positioned as VP of EOG & GAS and SC Business Groups resigned effective 1 July 2023.

3. Mr. James Lee, originally positioned as Assistant VP of SC Business Group, resigned effective 1 February 2023.

4. Mrs. Amy Cheng, originally positioned as Assistant VP of Audit Dept. retired effective 1 March 2024.

3. Remuneration paid to Directors, Presidents, and Vice Presidents in the most recent year

3.1 Remuneration of Directors (Independent Directors included)

Currency unit: NTD thousand

Job title	Name	Remuneration of Director								The sum of A, B, C and D in proportion to Earnings	Remuneration in the capacity as employee								The sum of A, B, C, D, E, F and G to Earnings		Whether remuneration from any reinvestees other than subsidiaries is received?		
		Remuneration (A)		Pension (B)		Retained Earnings Distribution (C)		Professional practice (D)			Salaries, bonus and special subsidies (E)		Pension (F)		Employee bonus from earnings (G)								
		the Company	Companies included in the financial statement	the Company	Companies included in the financial statement	the Company	Companies included in the financial statement	the Company	Companies included in the financial statement		the Company	Companies included in the financial statement	the Company	Companies included in the financial statement	the Company	Companies included in the financial statement	the Company		Companies included in the financial statement			the Company	Companies included in the financial statement
																	Cash dividend	Stock dividend	Cash dividend	Stock dividend			
Director	Douglas T. Hsu	0	0	0	0	3,047	3,047	1,024	1,024	4,071 1.53%	4,071 1.53%	19,997	20,117	0	0	282	0	282	0	24,350 9.16%	24,470 9.21%	115,122	
	Representatives of Far Eastern New Century: Johnny Shih, Humphrey Cheng, Kao-Shan Wu																						
	Representatives of Yue Ming Trading Co Ltd: Justin Tsai																						
	Representative of Fu Da Transport Corporation: Eric Chueh																						
	Representative of Da Chu Chemical Fiber Co., Ltd.: James Chou																						
	Representative of Yu Li Investment Corporation: Bing Shen																						
Independent Director	Walt Cheng	2,760	2,760	0	0	0	0	448	448	3,208 1.21%	3,208 1.21%	0	0	0	0	0	0	0	0	3,208 1.21%	3,208 1.21%	0	
	C.T. Chan																						
	Ping Lih																						
Remarks: 1. The remuneration paid by the Company to the Directors is in accordance with the provisions of the Company's Articles of Incorporation, and after the resolutions have been approved at the Remuneration Committee and the Board of Directors, it will be reported of the annual shareholders meeting accordingly. The remuneration of Independent Directors shall be fixed according to their responsibilities. If they are concurrently the convener of the functional committee or a member of the Remuneration Committee, another fixed amount will be added. Directors' professional practice fees listed refer to fixed travel expenses. 2. Except as disclosed in the above table, the remuneration received by the Directors of the Company in the most recent year for providing services (such as serving as a consultant to non-employees of the parent company /all companies listed in the financial report /re-investment enterprises, etc.): None. 3. The professional practice fees listed above refer to the actual amount paid in 2023; the remuneration of Directors and employees is the amount allocated according to 2023 profit status, which has been approved by the resolution of the Board of Directors on 1 March 2024, and will be submitted to the annual shareholders meeting. 4. The Company and all companies in the consolidated financial statement neither issue shares nor issue warrants and options for purchasing common shares to employees as bonus.																							

Breakdown of remuneration

Breakdown of remuneration of Directors	Name of Director			
	Total (A+B+C+D)		Total (A+B+C+D+E+F+G)	
	the Company	Companies included in the financial statement (H)	the Company	All investees (I)
Less than NT\$1,000,000	Douglas T. Hsu Representatives of Far Eastern New Century Corp: Johnny Shih, Humphrey Cheng, Kao-Shan Wu Representative of Yue Ming Trading Co Ltd: Justin Tsai Representative of Fu Da Transport Corporation: Eric Chueh Representative of Da Chu Chemical Fiber Co Ltd: James Chou Representative of Yu Li Investment Corporation: Bing Shen	Douglas T. Hsu Representatives of Far Eastern New Century Corp: Johnny Shih, Humphrey Cheng, Kao-Shan Wu Representative of Yue Ming Trading Co Ltd: Justin Tsai Representative of Fu Da Transport Corporation: Eric Chueh Representative of Da Chu Chemical Fiber Co Ltd: James Chou Representative of Yu Li Investment Corporation: Bing Shen	Representative of Fu Da Transport Corporation: Eric Chueh Representative of Yu Li Investment Corporation: Bing Shen Representative of Da Chu Chemical Fiber Co Ltd: James Chou	Representative of Yu Li Investment Corporation: Bing Shen Representative of Da Chu Chemical Fiber Co Ltd: James Chou
NT\$1,000,000 (inclusive)~NT\$2,000,000	Walt Cheng, C.T. Chan, Ping Lih	Walt Cheng, C.T. Chan, Ping Lih	Walt Cheng, C.T. Chan, Ping Lih	Walt Cheng, C.T. Chan, Ping Lih
NT\$2,000,000 (inclusive)~NT\$3,500,000			Representatives of Far Eastern New Century Corp: Johnny Shih, Humphrey Cheng, Kao-Shan Wu	
NT\$3,500,000 (inclusive)~NT\$5,000,000				
NT\$5,000,000 (inclusive)~NT\$10,000,000			Douglas T. Hsu Representatives of Yue Ming Trading Co Ltd: Justin Tsai	Representative of Yue Ming Trading Co Ltd: Justin Tsai Representative of Fu Da Transport Corporation: Eric Chueh
NT\$10,000,000 (inclusive)~NT\$15,000,000				
NT\$15,000,000 (inclusive)~NT\$30,000,000				Representatives of Far Eastern New Century Corp: Johnny Shih, Humphrey Cheng, Kao-Shan Wu
NT\$30,000,000 (inclusive)~NT\$50,000,000				
NT\$50,000,000 (inclusive)~NT\$100,000,000				Douglas T. Hsu
NT\$100,000,000 above				
Total	11 persons	11 persons	11 persons	11 persons

3.2 Remuneration of President and Vice Presidents

Currency unit: NTD thousand

Job title	Name	Salary (A)		Pension (B)		Salaries, bonus and special subsidies (C)		Employee bonus allocated from earnings (D)				The sum of A, B, C and D in proportion to Earnings (%)		Whether remuneration from any reinvestees other than subsidiaries is received?
		the Company	Companies included in the financial statement	the Company	Companies included in the financial statement	the Company	Companies included in the financial statement	the Company		Companies included in the financial statement		the Company	Companies included in the financial statement	
								Cash dividend	Stock dividend	Cash dividend	Stock dividend			
President	Justin Tsai	10,492	10,612	0	0	5,254	5,254	150	0	150	0	15,896 5.98	16,016 6.03%	15
Vice President	Victoria Peng (Note2)													
	Y.S. Chang													
	Keith Wu (Note3)													

Note 1: The Company and all companies in the consolidated financial statement neither issue shares nor issue warrants and options for purchasing common shares to employees as bonus.

Note 2: Mrs. Victoria Peng, originally positioned as VP of President Office, retired effective 1 July 2023.

Note 3: Mr. Keith, originally positioned as VP of EOG & GAS and SC Business Groups, resigned effective 1 July 2023.

3.3 Remuneration Allocation of the Managerial Officers

Currency unit: NTD thousand

	Job title	Name	Stock dividend	Cash dividend	Total	Proportion to earnings after tax (%)
Managerial Officer	President	Justin Tsai	0	517	517	0.19%
	Chief Director of LY plant and Vice President of Technical & RD Group	Y.S. Chang				
	Assistant VP of Manufacturing Group I	Martin Kao				
	Assistant VP of Manufacturing Group II	Y.T. Ko				
	Assistant VP of HR & Administration	Daniel Yu				
	Assistant VP of Plant Administration	William Chen				
	Assistant VP of SC Business Group	Wilson Lee				
	Assistant VP of President Office	David Huang				
	Assistant VP of Accounting Dept.	Allen Yu				
	Assistant VP of Audit Dept. (Note)	Amy Cheng				
	Manager of Audit Dept.	Vince Chou				
	Assistant VP of Finance Dept.	David Chiang				

Note : Mrs. Amy Cheng, originally positioned as Assistant VP of Audit Department, retired effective 1 March 2024.

3.4 Specify and compare the remuneration of Directors, President and Vice Presidents of the Company in proportion to the earnings after tax from the Company and companies included in the consolidated financial statements over the last two years, and specify the policies, standards, combinations, and procedures of decision-making for remuneration and their correlation with business performance and future risk:

3.4.1 Specify and compare the remuneration of Directors, President and Vice Presidents of the Company in proportion to the earnings after tax in the entity or individual financial statement of the Company and companies included in the consolidated financial statements over the last two years:

Item	Total remuneration of Directors, President, and Vice Presidents in proportion to the earnings after tax:	
Year	the Company	Consolidated financial statements
2023	13.32%	13.37%
2022	94.56%	98.36%

3.4.2 The policies, standards, combinations, procedures of decision-making of remunerations and their correlation with business performance and future risk:

Pursuant to the Company Law and the Article 33 of Articles of Incorporation, when there is profit at the end of the year, the Company shall distribute 1%-2% of the profit as remuneration for employees and no more than 1% as remuneration for Directors. However, should there be any accumulated loss, the loss should be offset in advance. The remuneration for employee can be of stock or cash. Its actual proportion, amount, form or number of stock shall be resolved at the Board of Directors' Meeting, with consent of over half of the least two third of total Directors attendant, prior to the Shareholders' Meeting. Same shall be applied to the Directors remuneration. The remuneration of Directors, President, Vice Presidents and managerial officers shall be distributed in accordance with the actual operation status of the Company as well as with references from the associates and past experiences. The remuneration distributed will be subject to the changes in allocation measure, structure and system in view of actual operation status, and to the adjustment conforming to reenactment of relevant statute mainly according to factors such as job accountability, overall environment, operating risk and market standard.

The remuneration for the Directors will be set pursuant to the "Procedures for the Board Performance Evaluation," in view of the overall operation performance, future management risks and development of the Company, as well as individual performance achievement and contribution to the Company, considering his/her fulfillment of the task and target, accountability awareness, participation in the operation, internal relations management and communication, expertise and continued education, as well as the internal control, prior to submitting to the Remuneration Committee for the relevant performance assessment and justness evaluation prior to the Board Meeting for approval. To keep balance of the sustainability and risk management of the Company, the remuneration system shall be reviewed at any time in accordance with the status quo of operation and the relevant statute.

4. Implementation of Corporate Governance

4.1 Operations of Board of Directors

The Board held four meetings during the recent year. The attendance record of Directors is listed below:

Job title	Name	Actual attendance (participation)	Attendance by proxy	Actual attendance (participation) (%)	Remark
Chairman of the Board	Douglas T. Hsu	4	0	100%	Reelected. Date of reelection: 2021/7/15
Vice Chairman of the Board	Representative of Far Eastern New Century: Johnny Shih	4	0	100%	Reelected. Date of reelection: 2021/7/15
Director	Representative of Far Eastern New Century: Humphrey Cheng	4	0	100%	Reelected. Date of reelection: 2021/7/15
Director	Representative of Far Eastern New Century: Kao-Shan Wu	4	0	100%	Reelected. Date of reelection: 2021/7/15
Director	Representative of Yue Ming Trading Co Ltd: Justin Tsai	4	0	100%	Discharged. Date of reelection: 2021/7/15
Director	Representative of Fu Da Transportation Corporation: Eric Chueh	4	0	100%	Reelected. Date of reelection: 2021/7/15
Director	Representative of Da Chu Chemical Fiber Co Ltd: James Chou	4	0	100%	Discharged. Date of election: 2021/7/15
Director	Representative of Yu Li Investment Co Ltd : Bing Shen	4	0	100%	Reelected. Date of election: 2021/7/15
Independent Director	Walt Cheng	4	0	100%	Reelected. Date of reelection: 2021/7/15
Independent Director	C.T. Chan	3	1	75%	Reelected. Date of reelection: 2021/7/15
Independent Director	Ping Lih	4	0	100%	Reelected. Date of election: 2021/7/15

Other items to be specified:

- (1) Should one of the following occur, the meeting date, period, content of the resolution, opinions of all Independent Directors, and the Company's handling of the opinions of the Independent Directors shall be clearly stated:
 - i. All the listed items in Article 14-3 of the Securities and Exchange Act: please refer to the Board resolution on p54-p55.
 - ii. In addition to the aforementioned, the items in board resolutions regarding which Independent Directors have voiced opposing or qualified opinions on the record or in writing: The Independent Directors voiced no opposing or qualified opinions on any of the Board's resolutions.
- (2) In instances where a Director's circumvention due to the conflict of interest, the minutes shall clearly state the Director's name, contents of the motion and resolution thereof, reason for such circumvention and the voting status: During the 8th Board Meeting of the 16th term held at 7th March 2023, the Vice Chairman, Johnny Shih, and the Director, Humphrey Cheng, concurrent Chairman and Supervisor of Fu-Ming Transport Corp., took circumvention due to the conflict of interest in terms of the proposal for the asset disposal of land at Xiaogang district Kaohsiung city, pursuant to the Article 11 of Meeting Rules of Board of Directors.
- (3) The assessment cycle, period, scope, measure and contents of Directors' self-appraisal are stated per below:

Assessment Circle	Assessment Period	Assessment Scope	Assessment Measure	Assessment Content
Yearly	Jan. 2023 to Dec. 2023	1. Board	Board internal assessment (Board Performance Appraisal Questionnaire)	Assessment aspects for the Board shall include the following: 1. Involvement in the Company's operation 2. Quality improvement of the functional committee's decision-making 3. Board composition and structure 4. Board election and continual education 5. Internal control
		2. Individual Director	Director's self-appraisal (Board of Director's Self-Appraisal Questionnaire)	Assessment measures for the individual Director shall include the following: 1. Control of the corporate goal and mission 2. Cognition of Director's duty 3. Involvement in the Company's operation 4. Internal relation management and communication 5. The expertise and continual education of Directors 6. Internal control
		3. Functional Committees (incl. Audit Committee and Remuneration Committee)	Functional Committee internal assessment (Functional Committee internal assessment questionnaire)	Assessment measures for the functional committees shall include the following: 1. Involvement in the Company's operation 2. Cognition of functional committee's duty 3. Quality improvement of the functional committee's decision-making 4. The composition and assignment of the functional committee 5. Internal control

Measures undertaken during the current year and past year (including the establishment of the Audit Committee, improvement of info transparency, etc.) in order to strengthen the functions of the Board of Directors and assessment of such implementation: The important Board resolutions were notified at the Company's website, and Directors liability insurance were implemented, to improve the information transparency and secure shareholders' equity, as well as have the Audit Committee established for the supervision of Board's execution.

(4) The attendance record of the Independent Directors in 2023 and till the printing date of this annual report:

Date	2023/3/7	2023/4/26	2023/8/10	2023/11/9	2024/3/1	2024/4/30
Walt Cheng	V	V	V	V	V	V
C.T. Chan	V	*	V	V	*	V
Ping Lih	V	V	V	V	V	V

Note: ' V ' represents attendance, '*' attendance via proxy

4.2 Operations of the Audit Committee

The Audit Committee held six meetings during the recent year. The attendance record of Independent Directors is listed below:

Job title	Name (Note 1)	Actual attendance (participation)	Attendance by proxy	Actual attendance (participation) (%) (Note 2)	Remark
Convener	C.T. Chan	6	0	100%	The Audit Committee of the company has been established since 8 June 2018.
Independent Director	Walt Cheng	4	2	67%	
Independent Director	Ping Lih	6	0	100%	
The Audit Committee of the Company, which was consisted of all the Independent Directors, was established at 8 June 2018. The major issues in regard to the Audit Committee meetings summoned quarterly at least included as follows:					
<div><div>(1) The formulation or amendment of the Company’s internal control system pursuant to Article 14-1 of the Securities and Exchange Act.</div><div>(2) The efficiency evaluation of the Company’s internal control system.</div><div>(3) The formulation or amendment of the Company’s major financial disposition procedures in regard to the acquisition or disposal of assets, engagement in the derivatives transactions, loans of funds, and endorsements and guarantees pursuant to Article 36-1 of the Securities and Exchange Act.</div><div>(4) The interest inflicted issues concerning Directors of the Company.</div><div>(5) The Company’s proposal on major assets or derivatives transactions.</div><div>(6) The Company’s proposal on major loans of funds, endorsements and guarantees.</div><div>(7) The Company’s proposal on offering issuance or private placement of equity-type securities.</div><div>(8) The Company’s appointment, discharge or remuneration of the CPAs.</div><div>(9) The Company’s appointment or discharge of financial, accounting or internal auditing officers.</div><div>(10) The Company’s annual financial report.</div><div>(11) The major issues of other company or stipulation of the competent authority.</div></div>					
<div><div>➤ Financial statements review</div><div>The Board of Directors submitted the 2023 Business Report, Financial Statements, and the Resolution for the profit allocation, which were reviewed by the Audit Committee following the audition of CPAs, Mr. Hsin-Wei Tai and Mrs. Li-Wen Kuo of Deloitte & Touche. All were found in order.</div><div>➤ Appointment of CPAs</div><div>The independence and competence of the CPAs were evaluated by both the Audit Committee’s meeting and Board of Directors’ meeting held respectively on 25th and 26th April 2023. The CPAs have no interest or kinship of any kind with the Company, and provide professional services with fair and objective attitude. A Declaration of Independent in Fact of the CPAs as regulated was also provided by Deloitte & Touche.</div></div>					
Term of the Audit Committee Meeting	Major resolution & follow-up action			Items regarding Article 14-5 of Securities & Exchange Act	Audit Committee’s resolution results and the Company’s opinion on the follow-up
7 th meeting of 2 nd term 2023.3.6	1. Approval of the acquisition and disposal of the Company’s assets			V	
	2. Approval of the Company’s proposal on credit line agreements with the financial institutes			V	

Term of the Audit Committee Meeting	Major resolution & follow-up action	Items regarding Article 14-5 of Securities & Exchange Act	Audit Committee's resolution results and the Company's opinion on the follow-up
	3. Approval of the Company's 2022 financial report (including individual report) 4. Approval of the Company's 2022 profit allocation 5. Approval of the Company's 2022 business report 6. Approval of the Company's Q4/2022 auditing report 7. Approval of the Company's 2022 Internal Control System Declaration 8. Approval of the Company's "Pre-authorization Policy for the Provision of CPAs' Non-assurance Services" 9. Approval of the Company's land disposal located at Xiaogang Dist., Kaohsiung City 10. Approval of the Company's acquisition of common shares of Far Eastern Union Petrochemical (Yangzhou) Ltd. through subsidiary PPL	V V V V V V V V	The proposals were passed unanimously by the Audit Committee, and reported to the Board of Directors and approved unanimously.
8 th meeting of 2 nd term 2023.4.25	1. Approval of the acquisition and disposal of the Company's assets 2. Approval of the Company's proposal on credit line agreements with the financial institutes 3. Approval of the Company's guarantee proposal on the reinvestee's credit line with the financial institutes 4. Approval of the Company's periodical assessment on the CPAs' independence and competence 5. Approval of the Company's consolidated financial report Q1/2023 6. Approval of the Company's Q1/2023 auditing report	V V V V V V	
9 th meeting of 2 nd term 2023.8.9	1. Approval of the acquisition and disposal of the Company's assets 2. Approval of the Company's proposal on credit line agreements with the financial institutes 3. Approval of the Company's guarantee proposal on the reinvestee's credit line with the financial institutes 4. Approval of the Company's proposal on customers' credit line control 5. Approval of the Company's consolidated financial report Q2/2023 6. Approval of the Company's Q2/2023 auditing report 7. Approval of the amendment to the Company's "Audit Committee Charter" 8. Approval of the Company's investment on the construction of a HPEC plant of 20,000 MT per annum in Linyuan	V V V V V V V V	
10 th meeting of 2 nd term 2023.11.8	1. Approval of the acquisition and disposal of the Company's assets 2. Approval of the Company's proposal on credit line agreements with the financial institutes	V V	

Term of the Audit Committee Meeting	Major resolution & follow-up action	Items regarding Article 14-5 of Securities & Exchange Act	Audit Committee's resolution results and the Company's opinion on the follow-up
	3. Approval of the Company's consolidated financial report Q3/2023 Major resolution & follow-up action 4. Approval of the Company's Q3/2023 auditing report 5. Approval of the Company's 2024 auditing plan 6. Approval of the Company's stipulation of the "Rules Governing Financial and Business Matters between the Company and its Related Parties"	V V V	The proposals were passed unanimously by the Audit Committee, and reported to the Board of Directors and approved unanimously.
11 th meeting of 2 nd term 2024.2.29	1. Approval of the acquisition and disposal of the Company's assets 2. Approval of the Company's proposal on credit line agreements with the financial institutes 3. Approval of the Company's 2023 financial report (including individual report) 4. Approval of the Company's 2023 profit allocation 5. Approval of the Company's 2023 business report 6. Approval of the Company's Q4/2023 auditing report 7. Approval of the Company's 2023 Internal Control System Declaration 8. Approval of the Company's amendment to the "Meeting Rules of Board of Directors" 9. Approval of the Company's amendment to the "Audit Committee Charter" 10. Approval of the Company's change of Audit officer	V V V V V V V V V	
12 th meeting of 2 nd term 2024.4.29	1. Approval of the acquisition and disposal of the Company's assets 2. Approval of the Company's proposal on credit line agreements with the financial institutes 3. Approval of the Company's guarantee proposal on the reinvestee's credit line with the financial institutes 4. Approval of the Company's periodical assessment on the CPAs' independence and competence 5. Approval of the Company's consolidated financial report Q1/2024 6. Approval of the Company's Q1/2024 auditing report	V V V V V V	

Other items to be specified:

1. If the operation of the Audit Committee falls under any of the following circumstances, the date, session, motion of the Audit Committee meeting, the Independent Directors' objections, qualified opinions or major recommendations, resolutions of the Audit Committee, and the Company's response to the opinions of the Audit Committee shall be stated and dealt with.

(1) All the listed items mentioned above are pursuant to the Article 14-5 of the Securities & Exchange Act.

(2) Any other item which was not approved by the Audit Committee, yet resolved by two thirds of the Board of Directors, it is necessary for the date, session, motion of the Board meeting, and the resolution of the Audit Committee as well as the Company's response to the opinion of the Audit Committee to be specifically stated:

N/A

2. In instances where an Independent Director's circumvention due to the conflict of interest, the minutes shall clearly state the Independent Director's name, contents of the motion and resolution thereof, reason for such circumvention and the voting status: N/A
3. Communication between Independent Directors and internal audit officer and CPAs: (e.g. the material items, methods and results of the discussion regarding the Company's financial and business status)
- (1) In addition to each audit report submitted to the Independent Directors the following month upon completion, the audit officer reported on the auditing execution, the important internal audit issues at each quarterly held Audit Committee meeting. A meeting minutes would be composed and forwarded to the Audit Committee before reporting to the Board. The Independent Directors and audit officer kept in good communication.
- (2) The CPAs of the Company presented at the Audit Committee meeting the audit results of the quarterly financial report, and delivered the relevant requests commanded by law. In 2023, The Audit Committee and the CPAs were kept in good communications, with none of the unusual occurred.

Term of the Audit Committee Meeting	Communication status with the auditing officer	Communication status with the CPAs
7 th meeting of 2 nd term 2023.3.6	The Company's Q4/2022 audit report The Company's 2022 Internal Control System Declaration	The audit report of the Company's 2022 financial report
8 th meeting of 2 nd term 2023.4.25	The Company's Q1/2023 audit report	The audit report of the Company's Q1/2023 consolidated financial report The Company's periodical assessment on the CPAs' independence and competence
9 th meeting of 2 nd term 2023.8.9	The Company's Q2/2023 audit report	The audit report of the Company's Q2/2023 consolidated financial report
10 th meeting of 2 nd term 2023.11.8	The Company's Q3/2023 audit report The Company's 2024 internal audit plan	The audit report of the Company's Q3/2023 consolidated financial report Communication and statement on the key auditing issues of the 2023 audit report

4.3 Corporate Governance Execution Results and Deviations from “Corporate Governance Best-Practice Principles for TWSE / GTSM Listed Companies”

Item	Implementation Status			Deviations from “Corporate Governance Best-Practice Principle for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary	
1. Has the Company formulated and disclosed its own corporate governance best-practice principles in accordance with “Corporate Governance Best-Practice Principles for TWSE-GTSM Listed Companies”?	V		The Company has formulated “Corporate Governance Principles”, and reviewed regularly to strengthen its system and structure. The same has also been disclosed through the Company’s website accordingly.	None
2. Shareholding Structure & Shareholders’ Equity				
(1) Has the Company established internal operating procedures to handle shareholder proposals, doubts, disputes, and litigation-related issues, and practically implemented such procedures?	V		(1) The Company has had a specific section of the Corporate Governance Principles in regard to the implementation of securing shareholders’ equity, and established communication channels with the investors through its website, and with dedicated spokesman and IR representative to respond to shareholders’ proposals and questions. Shareholders and investors opinion or business enquiry can also be raised via Investment section of the website (https://www.oucc.com.tw) at all time.	None
(2) Has the Company kept the lists of its major shareholders and the ultimate owners of such major shareholders?	V		(2) The Company’s Financial Dept. holds, at all time, the lists of its major shareholders and such ultimate owners, and reports for the info update pursuant to regulation of the listed companies.	
(3) Has the Company established risks control and firewall mechanism with its affiliates?	V		(3) The operating management and financial operation between the Company and its affiliates run independently, and are carried out in accordance with "Regulations Governing Transactions with Related Parties," "Procedures for Acquisition or Disposal of Assets," "Procedures for Capital Lending to Others" and "Procedures for Endorsements/Guarantees." Adequate risks control and firewall mechanism have been established.	
(4) Has the Company established the internal rules to prohibit its insiders from trading securities by using info not yet disclosed to the market?	V		(4) The Company has formulated and posted on its website the “Procedures for Handling Material Inside Information,” prohibiting its insiders from trading securities by using undisclosed info, as well as “Codes of Ethics” and “Best Practice Principles”	

Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principle for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
			established to guide and constrain the conducts of its employees, and advocates and applies such concepts to its day-to-day operation. New recruit needs to sign a NDA when reports to work.	
3. Composition and Responsibilities of the Board of Directors				
(1) Have the Board members formulated diverse policies and operative goals for implementation accordingly?	V		(1) The Company has established the candidate nomination system according to its Corporate Governance Principles to assess the candidate's academic and professional experiences in terms of the Board member nomination and selection, and follows the "Procedures for the Board Election" and "Corporate Governance Principles" to ensure the diversity, independence of the Board member and the opinions of the stakeholders will be taken into account. The Company's Board members of the 16 th term have been seasoned in business management, strategic leadership and industry related know-how. Some of the members are experienced in chemical industry management, law and accounting, etc. Please refer to Note 1 for detailed diverse policies implementation.	None
(2) In addition to Remuneration Committee and Audit Committee, has the Company established any other types of functional committee?	V		(2) The Company has established Remuneration Committee and Audit Committee as stipulated.	Other functional committees will be established accordingly.
(3) Has the Company established Board performance assessment method and has the performance evaluated annually, and reported to the Board, which will be referenced as base for remuneration and nomination of each Director?	V		(3) According to the Corporate Governance Best Practice Principles of the Listed Companies, the Company has formulated the Assessment Method for the Board Performance and had it approved at the 6 March 2017 Board meeting. Periodical evaluation meeting conducted by Board members and the Board meeting organizing unit will be held annually by way of self-appraisal, following the five aspects: involvement in the Company's business operation, enhancement of the Board's decision-making, Board's	None

Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principle for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
(4) Has the Company evaluated the independence of CPAs on a regular basis?	V		<p>composition and structure, Directors' appointment and continued training, and internal control, etc. So has the functional committees' performance assessment method been established after approved by the Board meeting held at 7 November 2019.</p> <p>The performance assessment result of the Board and functional committees in 2023 were rated as "All Good," as the Board, functional committees and Board members were all fully aware of their accountabilities, the corporate operation and environment, and enhanced the overall quality in decision-making. The assessed result has also been reported to the Remuneration Committee held on 29 February 2024.</p> <p>Additionally, the Board held on 7 Nov 2019 approved the Assessment Method for the Board Performance to be assessed by professional, independent institute or scholars externally at least every 3 years, and with the results aforementioned as reference for remuneration and nomination.</p> <p>(4) The Company evaluates the independence and competence of the CPAs once a year and reports to the Board of the result prior to the discussion and approval of the Audit Committee. In addition to the CPA's requested "Declaration of Independence in Fact", an assessment referring to Audit Quality Indicators, stating that the CPA has no interest or kinships with the Company, and provides professional services in fair and objective manner, in line with independence and competence as stipulated, and further approved by the Board meeting held on 30 April 2024. Please refer to Note 2 for details.</p>	None
4. Has the Company established a fully dedicated or concurrent unit or personnel in charge of the corporate governance related	V		The Company's Board has approved of the establishment of Corporate Governance Officer, and its candidate, top officer of HR & Administration, to be in charge of the corporate	None

Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principle for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
business, which includes but not limited to the provision of Directors and Supervisors' execution info, the proceeding of Board and Shareholders' meetings and the related pursuant to the regulation, as well as the producing of the Board and Shareholders' meetings minutes, and so on?			governance related affairs at the meeting held at 18 March 2021. The Officer is responsible for the convening of Board and Shareholders' meetings, production of the Board and Shareholders' meeting minutes, assisting in terms of assignment and continued training program of Directors, and provision of required information for business operation, as well as compliance of laws and regulations for the Board. The corporate governance implementation in 2023 included: (1) The Board meeting and the related: 4 times (2) The Audit Committee meeting and the related: 4 times (3) The Remuneration Committee meeting and the related: 2 times (4) Arrangement for Directors continued training program: 11 persons & 69 hours in total (5) Submission of CSR report. The mandatory education for the Corporate Governance Officer within a year since appointed is 18 hours at least the first year, and followed by a minimum of 12 hours annually afterwards. More, the Company's Board meeting held on 7 March 2023 approved the change of the Officer from Victoria Peng to Daniel Yu.	None
5. Has the Company established a communication channel for the stakeholders (including but not limited to the shareholders, employees, clients and suppliers, etc.), a company website dedicated to stakeholders, and responded appropriately to the social responsibility issues which are critical to stakeholders?	V		The Company has delegated a spokesman, acting spokesman, investor relations, and a company stock service agent, and also assigned a CSR section on the company website (https://www.oucc.com.tw/en/csr-99-page470) with a questionnaire and a contact email address to be responded by the designated personnel of the IR.	None
6. Has the Company commissioned a professional stock agent to handle shareholders affair?	V		The Company has commissioned a professional stock agent Oriental Securities Corporation to handle shareholders affairs.	None
7. Information Disclosure (1) Has the Company established a website for info disclosure on	V		(1) The Company has established a website in both Chinese and English	None

Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principle for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
financial, business and corporate governance?			(https://www.oucc.com.tw) for info disclosure on financial, business, corporate governance, and other important info.	None
(2) Has the Company also adopted other disclosure measures such as English website, dedicated personnel for collecting & disclosing of company info, implemented spokesman system, and uploaded the institutional investor conference presentations on the Company's website?	V		(2) The Company has established an English website, and dedicated personnel in charge of collecting and disclosing info regarding finance, business, institutional investor conference and the related, as well as implemented spokesman system by delegating spokesman, acting spokesman, and investor relations.	
(3) Has the Company announced and declared the annual financial report within two months after end of the fiscal year, and announced Q1, Q2, Q3 financial report and monthly operating performance within prescribed time limit?	V		(3) The Company announced and declared its annual financial report in advance, and announced the quarterly financial report and monthly operating performance pursuant to the law and regulation.	
8. Does the Company have other critical information which can help others to understand the implementation of corporate governance (including but not limited to, employee welfare, staff care, investor relations, supplier relations, stakeholder rights, Director training status, risk management policies, implementation statuses of risk measurement standard and customer policy, as well as the Company's purchase of liability insurance for Directors)?	V		For further details of the corporate governance operation of the Company and its subsidiaries, please refer to <i>4.8 Other information enabling a better understanding of Company corporate governance</i> on p47-p51.	None
9. Please state the improvement status quo of the latest Corporate Governance Evaluation results announced by the Corporate Governance Center of TWSE, and the prioritized items and measures to be adopted: <ol style="list-style-type: none"> In 2023, the Company held a hybrid shareholders meeting, supported by video conference. The Company's Board Meeting held on 9 November 2023 approved the enactment of the Rules Governing Finance and Business Matters between OUCC and its Related Parties. 				

Note 1:

According to the Chapter III of the Company's Corporate Governance Principles, the composition of the Board members should be diversified, and shall possess the necessary knowledge, skill, and experience to perform their duties. To achieve the ideal goal, the Board of Directors shall have the abilities to make operational judgment, perform accounting and financial analysis, and conduct management in operation, crisis, and leadership in decision making, industrial know-how and international market perspective.

The Company's Board is composed of 11 Directors, including 3 Independent Directors, one of which is female. All the Board members are diversified and experienced in the operation of petrochemical industry, chemical engineering & chemistry, legal, accounting, economy, marketing, and the like as listed below. Each Director is well aware of and identified with the company's overall management concept and business status, by way of his/her seasoned experiences in global political & economic status, law compliance, and international operation & manufacturing management. To adapt to the changing of globally competitive management environment and law & regulations, such as to the corporate governance, the Board members, selected via candidate nomination after academic and vocational experiences assessment, in compliance with the Board Election Procedures and Corporate Governance Principles of the company, securing the diversification, independence and stakeholders opinion to be heard, are equipped with necessary and timely managerial capability through aide of advanced programs.

The implementation of the Board's diversification policy:

Name	Gender	Independent Directors Length of Tenure		Professional Knowledge & Skill			Diversified Core Strength								
		Under 3 years	3 to 6 years	Professional Background	Professional Qualification	Petrochemical Industry Experience	Operation Judgement	Management	Finance & Accounting	Commerce & Economy	Crisis Management	Industrial Knowledge	International Perspective	Decision-making Leadership	Chemical Engineering Chemistry
Douglas T Hsu	Male			Operation		V	V	V	V	V	V	V	V	V	
Johnny Shih	Male			Operation		V	V	V	V	V	V	V	V	V	
Humphrey Cheng	Male			Operation	Law	V	V	V	V	V	V	V	V	V	
Kao-Shan Wu	Male			Operation		V	V	V	V	V	V	V	V	V	V
Justin Tsai	Male			Operation		V	V	V	V	V	V	V	V	V	V
Eric Chueh	Male			Operation		V	V	V	V	V	V	V	V	V	V
James Chou	Male			Operation		V	V	V	V	V	V	V	V	V	V
Bing Shen	Male			Finance		*	V	V	V	V	V	V	V	V	
Walt Cheng	Male		V	Operation		V	V	V	V	V	V	V	V	V	V
C. T. Chan	Male		V	Operation		V	V	V	V	V	V	V	V	V	
Ping Lih	Female		V	Accounting	Accountant	*	V	V	V	V	V	V	V	V	

‘*’ represents experience in other industry

Note 2: Evaluation standards for CPAs independence (in accordance with the Norm of CPAs Professional Ethics)

Evaluation Items	Evaluation Result	Whether to meet w / independence (yes or no)
1. Whether or not the CPAs have direct or indirect critical financial interest related to the Company.	No	Yes
2. Whether or not the CPAs involve in any financing or guarantees with the Company of its Directors.	No	Yes
3. Whether or not the CPAs are related to the Company in regard to business or potential employment .	No	Yes
4. Whether or not the CPAs or his/her auditing team have been appointed as Director, managerial officer or other post which has material influence on the auditing of the Company in the last two years.	No	Yes
5. Whether or not the CPAs provide non-auditing services which may have direct impact on the auditing conducted to the Company.	No	Yes
6. Have the CPAs been the agency of the Company's stocks or other securities?	No	Yes
7. Have the CPAs defended or represented the Company in coordinating the conflicts with the third party?	No	Yes
8. Whether or not the CPAs are relatives to the Director, managerial officer or other post which has material influence on the auditing of the Company.	No	Yes

Evaluation standards for CPAs competence (in accordance with the AQIs assessment report)

Evaluation Items	Evaluation Results	Whether to meet w / competence (yes or no)
1. Professionalization: audit experiences, training hours, turnover rate, professional support	The team's experiences and training are superior to that of the associates.	Yes
2. Quality control: CPA work load, audit dedication, project quality control rectification and approval, and quality control support capability	Dedicated time for auditing and supervision provided are superior to that of the associates.	Yes
3. Independence: non-audit services, client familiarity	With high familiarity of customers, and low ratio in non-auditing services.	Yes
4. Supervision: external audit deficiency and disciples, notification for improvement from competent authority	No occurrence of deficiency in recent year.	Yes
5. Innovation: innovative planning or advocacy	Introduced cloud auditing platform and tools to enhance efficiency.	Yes

4.4 Establishment, functions, and operations of the Remuneration Committee:

4.4.1 Members of the Remuneration Committee

ID	Requirements	Professional qualifications & experiences	Independence criteria	Number of other public companies where the person holds the title as Remuneration Committee member
	Name			
Convener & Independent Director	C. T. Chan	Please refer to table 1 of Directors Information on page 11 for relevant information.	Complied with independence qualification, for relevant information please refer to page 14.	0
Independent Director	Walt Cheng			0
Others	J. W. Huang	Ex-AVP of HR Department of Far Eastern Department Stores		1

4.4.2 Operations of the Remuneration Committee

- (1) The Company's Remuneration Committee consists of 3 members.
- (2) Current term of office: July 27, 2021~July 14, 2024. The Committee held 2 meetings (A) in the recent year and the attendance of the Committee members is summarized as follows:

Job title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remark
Convener	C. T. Chan	1	1	50%	
Member	Walt Cheng	2	0	100%	
Member	J. W. Huang	2	0	100%	
Other notes: 1. Should the Board of Directors adopt or rectify no suggestions of the Remuneration Committee, the meeting date, term, contents of motion, resolution of the Board of Directors, and the Company's handling of the Remuneration Committee's opinions shall be specified (If the remuneration ratified by the Board of Directors is superior than that suggested by the Remuneration Committee, the deviation and reasons thereof should be stated): N/A 2. For resolution(s) made by the Remuneration Committee with the Committee members voicing opposing or qualified opinions on the record or in writing, the meeting date, term, contents of motion, opinions of all members and the Company's handling of the said opinions should be stated: N/A					

- (3) The proposals and resolutions of the Remuneration Committee meetings in 2023

Term of the Remuneration Committee Meeting	Major resolution & follow-up action	Remuneration Committee's resolution results and the Company's opinion on the follow-up
4 th meeting of 5 th term 2023.3.6	1. The implementation report of the 2022 Board performance evaluation of the Company 2. The Company's proposal on the 2022 Board of Directors remuneration and employees compensation	The proposals were passed unanimously by the Remuneration Committee, and reported to the Board of Directors and approved unanimously.
5 th meeting of 5 th term 2023.11.8	1. The 2022 remuneration of the Company in comparison with petrochemical industry associates	

4.5 Implementation of Sustainable Development and Deviations from Sustainable Development Best Practice Principles for Listed Companies and reasons thereof

Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary	
1. Has the Company established the sustainable development governance unit as full-time (part-time), of which in-charge top management is authorized and supervised by the Board?	V		The Company has set up an ESG Committee, which is responsible for formulating corporate sustainability policies, coordinating and promoting corporate sustainability action plans. The Board of Directors, as ESG top guiding unit to which the ESG Committee reports regularly of the ESG implementation and future plan, supervises the promotion of the Company’s sustainable development strategies. In 2023, the ESG Committee held 3 meetings and reported twice to the Board on 10 August and 9 November respectively, on sustainable environment (water resource management and carbon footprint certification), product responsibility (green procurement), social inclusion (friendly workplace), corporate governance (IT security), as well as the ESG report implementation, to facilitate the Board’s supervision and control of the relevant ESG issues.	None
2. Has the Company conducted risk assessments on environmental, social and corporate governance issues according to the principle of materiality, and formulate relevant risk management policies or strategies?	V		To strengthen corporate governance and enable robust risk management, the Company formulated the Risk Management Policies. The risk assessment and analysis conducted on environmental, social and corporate governance issues are based on the principle of materiality, and a countermeasure proposal will be formulated in line with the sustainable development goals in short-, mid-, and long-term. (please refer to the Company’s ESG report for details)	None
3. Environmental issues (1) Has the Company established an environmental management system appropriate to the characteristics of its industry?	V		(1) According to its industry characteristics, the Company has formulated the complete SHE implementation measures, and fulfilled the "ISO-45001 Occupational Health & Safety Management System" and "ISO-14001 Environmental Protection Management System" with continuous certification from the third-party unit.	None

Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
(2) Has the Company been striving to reinforce its resource usage efficiency, improve its use of recyclable materials to reduce the impact on environmental?	V		(2) The Company has been dedicating to the recycle of resources, which include the implementation of ethylene recycling system, which raises the production efficiency and reduces raw material consumption rate, and the investment in waste water & exhaust gas recycling, targeting at the recycle of 70% waste water and 90% CO2 generated during production.	None
(3) Has the Company assessed the current and potential impact of climate change on its operations, and adopted countermeasures on such regard?	V		(3) The Company actively counteracts to the risks resulted from climate change, adopts the "Task Force on Climate-related Financial Disclosure" framework (TCFD) to inventory, evaluate and disclose the impact of climate change, and formulate energy conservation and carbon reduction utilization strategies, reduce the impact of natural disasters on the factory caused by extreme climate or related external forces, and continue investment on the improvement of process energy consumption, as the action plan of the Company in response to the climate change, so as to reduce the possible impact of climate change risks on the operation.	
(4) Has the Company analyzed its GHG emission, water consumption volume, and total waste weights in the last two years, and developed management policies in such regard?	V		(4) The analyzed figures in such regard for past 2 years are disclosed in the annual ESG report. The relevant policies for energy saving, GHG and water usage reduction, as well as waste management have also been formulated.	
4. Social issues				
(1) Has the Company formulated management policies and procedures according to the related laws and int'l covenants on human rights?	V		(1) The Company safeguards the basic human rights of its employees pursuant to the labor laws and regulations, supports and complies with the int'l conventions on human rights, including the Universal Declaration of Human Rights (UDHR), the United Nations Global Compact (UNGC), the United Nations Guiding Principles on Business and Human Rights, and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, in the hope of eliminating any acts that may infringe or violate the human rights and enhancing the human rights awareness of both its personnel and the stakeholders.	

Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
(2) Has the Company formulated and applied reasonable welfare measures, such as salary, vacation leaves and other benefits, and had the Company's operating performance or result incorporated appropriately in the salary of employees?	V		<p>(2) Employee welfare measures:</p> <p>The Company's employee welfare committee handles various welfare activities, including organization of employee tours, establishment of badminton club, softball club, etc., in addition to the allocation of proportioned welfare fund for the subsidies of birthday, marriage, funeral, childbirth, festivals and the like.</p> <p>The operation performance reflected in employee remuneration:</p> <p>Pursuant to the Company Law and the Article 33 of Articles of Incorporation, when there is profit at the end of the year, the Company shall distribute 1%-2% of the profit as remuneration for employees and no more than 1% as remuneration for Directors. However, should there be any accumulated loss, the loss should be offset in advance.</p> <p>With the established remuneration-related management measures and policy regularly reviewed, the Company has both its operating results and the employee performance properly linked.</p>	None
(3) Has the Company provided its employees with a safe and healthy work environment, and regularly implemented employee safety and health education?	V		<p>(3) In order to ensure employee safety and health effectively, implement relevant education and promulgation, the Company has set up fire protection measures, as well as a clinic on plant site with contracted physician, professional nursing staff and equipment, with employee health examination conducted each year.</p> <p>a) Promote incentive system for proposals of false alarm and safety recommendation, to eliminate the potential jeopardy of workplace and enhance safety.</p> <p>b) Establish vocational care program to conduct employee health check, health management & improvement, and have doctor stationed at plant site once per month to provide health consultation.</p> <p>c) Conduct SHE trainings such as instances of occupational incidents, comprehension improvement for chemical damages and precautionary measures.</p> <p>d) Total vocational accident in 2023: 1</p> <p>e) Total fire accident in 2023: 0</p>	

Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
(4) Has the Company developed an effective career planning and training program for its employees?	V		<p>The number of casualties and their ratio to the total headcount: 0 Fire accident countermeasure: N/A</p> <p>(4) The Company values its human resource development, and has complete training programs of short, mid and long term planned for its employees according to the demand of each position, to improve employee's professional skill. The program includes new employee training, position required training, professional training, and mandatory training. The total internal and external training in 2023 is 11,836 hours.</p>	None
(5) Has the Company provided health and safety to customers in terms of products and services, customer privacy, marketing and labeling in accordance with relevant regulations and international standards, and formulated policy and grievance procedure for the protection of consumer or customer rights and interests?	V		(5) The Company attaches great value to its product quality and customer rights and interests, obtains ISO-9001 Quality Management certification, and formulates the management policy and grievance procedure in conformity with the relevant regulations and international standards to protect consumer rights and interests.	
(6) Has the Company formulated the supplier management policy to request for the compliance of supplier in relevant regulations in terms of issues in environmental-friendliness, vocational safety & health, and labor rights, and the implementation status?			(6) The Company has formulated the supplier management policy in request of the suppliers' compliance in relevant regulations in terms of issues in environmental-friendliness, vocational safety & health, and labor rights, and disclosed the implementation and results in its annual ESG report and at the company website.	
5. Has the Company taken reference of international principles or guideline for ESG compilation to disclose non-financial information in its ESG report? Whether or not such report was verified or reassured by the third-party unit?	V		The published ESG reports of the Company were compiled in accordance with the Global Reporting Initiative (GRI) Standards Guideline, and AA1000 (2008) standards, and verified by SGS-Taiwan and Champion Accounting Firm in conformity with the GRI Standards (Core Option) and AA1000 AS Type I intermediate assurance level.	
6. If the Company has established its best-practice principles in accordance with the ESG Best-Practice Principles for TWSE/GTSM Listed Companies, please clearly describe the functioning of such principles and any discrepancies: Pursuant to the aforementioned Principles, the Company has its "Corporate Sustainability Development Policy" enacted and approved by the Board in 2014, to fulfill its corporate social responsibility to advance the development in economy, society, environmental balance and sustainability through its efforts in the green products development, obtaining eco-friendly certifications for environmental protection, as well as participating in the social public welfare activities. All the relevant info is publicized at the Company's website and the MOPS.				

7. Other important information to facilitate a better understanding of the Company's sustainability development practices:

- (1) The working environment and employee's personal safety protection measures:
 - a) To prevent occupational disasters and ensure employee safety, the Company has established "contingency plans", performs practice drills, so to take rapid and systematic measures against fire, leakage, typhoon, earthquake, war, traffic accidents, reporting, as well as for evacuation and recovery, to mitigate injury and loss as much as possible.
 - b) All the substance safety data sheets for raw materials, supplies and products are available throughout the premises, and accessible on intranet to help personnel take any necessary corrective action and ensure the safety of the personnel as well as the factory.
 - c) The production process zones are equipped with fire protection equipment such as automatic sprinkler systems which may be automatic, manual or remote controlled, to ensure the safety of the personnel as well as the factory.
 - d) Monitoring stations for combustible gas, EO, NH₃, H₂, and waste water (COD, pH) are installed within the production areas, so that any leakage or abnormal situation may be detected and remedied/eliminated immediately.
 - e) Established procedures for hot/hazardous work, and confined space entrance to ensure the safety of personnel and equipment.
 - f) Implement contractor's safety training and requirements according to employee safety criteria to ensure the safety of personnel accessing the factory.
 - g) Organize health examination for employees to detect health problems as early as possible and take prompt action to protect employee health.
- (2) Safety, Health, and Environmental (SHE) Policy
 - a) To Commit to SHE and Comply with Laws and Regulations
To ensure commitment in conformity with laws and regulations, or other requirements in regard with SHE.
 - b) To Commit to Continuous Improvement of the SHE Management System
To establish the SHE performance evaluation index for the company, and to continue enhancing the SHE management performance through monitoring, review and improvement.
 - c) To Implement Full Participation and Continuous Improvement
To attend to the SHE requirements and improve SHE performance through the consultation and participation mechanism for the workers or their representatives, and by means of regular monitoring, review and management.
 - d) To Eliminate Hazards to Reduce SHE Risks
To implement hazard identification and risk assessment, strengthen sources management, and eliminate hazards to reduce risks by means of engineering control or management measures.
 - e) To Conform to Environmental Protection and Implement Pollution Prevention
To ensure commitment to continuous improvement in pollution prevention, creating a higher quality and environmentally-friendly work environment.
 - f) To Provide Safe Environment and Healthy Workplace
To establish an intrinsically safe work environment, and develop friendly and healthy workplace as a cultivation of SHE.
 - g) To Disclose to Stakeholders
To value bilateral communications, and divulge proactively the company's SHE policy and related information to employees, contractors, customers, suppliers, and other stakeholders to impel positive changes of SHE.
- (3) Verification of SHE management system
The Company obtained certification of ISO-14001 in 1999, and regained in 2020, whereas OHSAS-18001 obtained certification in 2002, regained in 2020 after its transformation to ISO-45001, as well as in 2023. Far Eastern Union Petrochemical (Yangzhou) Ltd. (FUPY) completed the certificate renewal audit of ISO-9001, ISO-14001 and ISO45001 in 2023. Two intercity cross-check for critical hazard sources were conducted in June and October 2023 respectively, with no hidden dangers found.
- (4) Community participation, social service and social public welfare
The total amount of donation to the public welfare group in 2023 exceeding NTD4.01 MM, including a subtotal of NTD3.94 MM sponsored for the community activities.
 - a) The Company takes its responsibility and obligations as a member of the Taiwan Responsible Care Association seriously and participates in regular training and other activities.
 - b) As a member of the Industrial Safety and Health Association of the ROC and TIGA, the Company shares ideas and experiences in the promotion of SHE with other members from time to time.
 - c) The Company subscribes to the good-neighbor fund operated jointly by Linyuan Factories each year to sponsor local celebrations over the Lunar New Year holidays, Dragon Boat and Moon Festivals, and other social activities (including environmental protection, economic construction and cultural observation).

4.6 Implementation of Business Conduct Policy

Item	Implementation Status			Deviations from “Corporate Governance Best- Practice Principle for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Summary	
1. Establishment of business conduct policy and plan				
(1) Has the Company adhered to the business conduct policy explicitly set out in its regulations and external documents, supported by the active commitment of the Board of Directors and Management to its implementation?	V		(1) The Company has the amendment to the “Best Practice Principles” and “Codes of Ethics” approved at the Board meeting. For implementation, the Company has both publicized at the company website, and promoted thru internal meetings and daily operation.	None
(2) Has the Company established risk assessment mechanism for regular analysis and evaluation, as precautionary measures against the high-risk unethical business activities according to Article 7-2 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” ?	V		(2) The Company’s precautionary measures against unethical business include: a) The standards for offer or acceptance of unjust interests. b) The procedure for offering legitimate political donations. c) The procedure for offer of righteous charity donations or sponsorship. d) The stipulation for the avoidance of conflicts of post related interests. e) The non-disclosure stipulation on procured business confidentiality or sensitive commercial information. f) The norm and procedures for suppliers, clients and business counterparties involving in unethical business conduct. g) The procedure for the infringement of the business best practice principles. h) The discipline disposal for infringement. The Company has relevant management procedures stipulated according to the above-mentioned measures, as risk prevention.	
(3) Has the Company taken and carried out any precautionary measures, conduct guidelines, disciplines or grievance to prevent the unethical business?	V		(3) The Company has established the business culture in the best practice and precaution against unethical business by promoting periodical employee training, and requiring the compliance and respect of stakeholders on the ethics and best practice principles. Relevant stipulations are disclosed at the company website. (https://www.oucc.com.tw)	

Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principle for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
2. Implementation of the Codes of Business Conduct				
(1) Does the Company get the access to the ethical conduct records of its counterparts and specify "ethical clauses" in business contracts?	V		(1) The Company, on the premise of Codes of Business Conduct, complies with the relevant laws & regulations governing listed companies to fulfill ethical business. The legitimacy of the Company's agents, vendors, clients or business counterparties are taken into consideration before trading to avoid the occurrence of unethical business in advance. If ever the clients, agents, contractors, vendors, public officials or other stakeholders violate the codes, all the rights and cooperation within shall be terminated.	None
(2) Has the Company established dedicated unit under supervision of the Board to promote corporate ethical management and to report, once a year at least, accordingly to the Board of the implementation status?	V		(2) Pursuant to The Company's Best Practice Principles, the corporate governance officer, which is assigned by the Board, and the HR department are in charge of the formulation and supervision of the best practice policy and precautionary measures to prevent any unethical manners and risks. In accordance with the Best Practice Principles approved by the Board, the Company organizes its internal structure and accountability to reduce the risk of unethical conduct, implement the best practice policy promulgation and training, and the whistle-blowing mechanism to help with the evaluation for the Board and the management, prior to reporting to the Board on 9 November 2023.	
(3) Does the Company promulgate policies to prevent conflicts of interests and offer channels for reporting such conflicts?	V		(3) The Company has stipulated the "Discipline and Remedy for Violation of Codes of Ethics and Best Practice Principles," as a guideline. The Company tolerates no violation. Any employee obtains, or intends to obtain, improper benefit for oneself and others at the cost of the Company by using one's position or authority shall be dismissed, and shall unconditionally indemnify the Company for all losses occurred. An appeal system is established in the Company. Any of the employees being accused of violating the Guidelines may appeal for remedy via the system.	

Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principle for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
(4) Has the Company established an effective operation of the accounting and internal control system, and periodically conducted internal audits by internal auditors, or audited by CPA?	V		(4) The Company has set up a strict accounting system and dedicated accounting unit, and has its financial report reviewed or audited by CPAs to ensure the info validity and transparency. Pursuant to "Regulation Regarding Establishment of Internal Control Systems by Listed Companies" and the "Best Practice Principles," the internal auditing dept. has set up the internal control system and report periodically the compliance results based on the annual audit plan and risks assessment examination and have it submitted to the Audit Committee and Board of Directors.	None
(5) Does the Company periodically conduct the internal and external training on ethical management?	V		(5) The Company conducts periodically the training and promulgation for the sales units and the business engaged personnel, to manifest its implementation in ethical management to the stakeholders. The "Best Practice Principles", "Codes of Ethics" and relevant rules are publicized at the Company's website.	
3. Establishment of Reporting Channels for Violations of the Codes of Business Conduct				
(1) Has the Company established a specific reporting and reward system through convenient channels for lodging complaints? And, does the Company assign the dedicated personnel to attend to the matter?	V		(1) The Company has established multi communication channels for reporting of the unethical business conduct, following the guideline of the stipulated Discipline and Remedy for Violation of Codes of Ethics and Best Practice Principles. The personnel who discover the violation of such may report to the department manager, internal auditing officer, HR department or other appropriate manager of the Company.	None
(2) Has the Company established the standard operation procedure for investigating and proceeding of the report in a confidential manner?	V		(2) The Company's whistle-blowing methods are abided by the Discipline and Remedy for Violation of Codes of Ethics and Best Practice Principles. The whistle-blowing issue may be reported to the email box designated for the Audit Committee on the website for the Independent Directors	

Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principle for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
(3) Does the Company adopt measures to protect whistle blowers from reprisals for having filed the complaint report?	V		supervision of the investigation, which is conducted through independent channel to assure the confidentiality of the report. (3) The Company preserves the ID of the whistle blower and the content of the report in confidential to keep the whistle blower from improper disposal. All the reported issues will be verified through the independent channel to secure to protection of the whistle blower.	None
4. Enforcement of Information Disclosure Has the Company disclosed its "Best Practice Principles" and the implementation through its official website or the Market Observation Post System?	V		The "Best Practice Principles" and "Codes of Ethics" of the Company are fully disclosed on its official website (https://www.oucc.com.tw/en/governance-73-page85) and the Market Observation Post System.	None
5. If the Company has established its ethical business best practice principles in accordance with the "Ethical Business Best-Practice Principles for TWSE/GTSM Listed Companies," clearly describe the function of such principles and any discrepancies in ethical business best-practice principles: None				
6. Other important information regarding the Company's operation in ethical business best-practice, such as the reviewing and amending of the Company's business best-practice principles and so on: The Company adheres to its management philosophy for integrity, transparency and responsibility, to formulate the policy based on ethical business, and establish fair corporate governance and risks control mechanisms to create and sustain the business environment. Before engaging in any business transactions, the Company will consider the validity of agents, vendors, customers or other trading counterparties and whether they hold an ethical business record or not. The Company will avoid engaging in transactions with any party that has an unethical business record.				

4.7 Disclosure of access to Company Corporate Governance Best Practice Principles and related rules and regulations:

- 4.7.1 Information on the Company website <https://www.oucc.com.tw/en/governance-71-page88> is periodically updated.
- 4.7.2 The information posted on the website is collected and maintained by the dedicated personnel. The disclosed information about finance and minutes of the meetings with institutional investors will be posted on the website and be accessible to the public.

4.8 Other information enabling a better understanding of Company corporate governance:

- 4.8.1 Employee rights and interests: The Company not only secures employees legal rights and interests pursuant to the law, but also provides all sorts of welfare, on-job trainings, and pension & retirement plan.
- 4.8.2 Staff care: The Company provides employees with an annual health examination, employee group insurance, safety & health training, and encourages various club activities, offers urgent relief measures, attends to colleagues' physical and mental health as well as life balance through a Vocational Labor Welfare Commission.
- 4.8.3 Investor relations: The Company has delegated spokesman, acting spokesman, and stock service agent Oriental Securities Corporation to handle suggestions or questions from shareholders. An investor relation section has also been established at the Company's website for the delegated IR to respond to investors enquiries.
- 4.8.4 Vendor relations: Apart from the formulated supplier management procedures requiring vendors' compliance to the issues of environment protection, safety and health, etc., suppliers are also requested to sign the Statement of Suppliers Collaborative Dedication to the Enhancement of Corporate Social Responsibility.
- 4.8.5 The rights of stakeholders: The dedicated investor relation section on the website provides questionnaire and email contact for IR representative to compile and respond to the critical issues from the stakeholders at all time. To ensure the communication channel unobstructed, all stakeholders may contact with the IR of the Company at any time.
- 4.8.6 The status of advance education of Directors:
(1) The continued advanced program of Directors is as follows:

Job title	Name	Date of continued education		Organizer	Course name	Hours
		from	to			
Chairman of the Board	Douglas T. Hsu	2023.7.11	2023.7.11	Taiwan Academy of Banking and Finance (TABF)	The AI of Today & Tomorrow – Chat GPT Impact & Corporate Adaption	3hrs
		2023.12.15	2023.12.15	Taiwan Academy of Banking and Finance (TABF)	Corporate Governance Forum – Challenges & Chances from Global Net Zero	3hrs
Vice Chairman of the Board	Johnny Shih	2023.8.2	2023.8.2	Taiwan Corporate Governance Association (TCGA)	Trend and Risk Management of Digital Technology & AI	3hrs
		2023.12.15	2023.12.15	Taiwan Academy of Banking and Finance (TABF)	Corporate Governance Forum – Challenges & Chances from Global Net Zero	3hrs
Directors	Humphrey Cheng	2023.4.13	2023.4.13	Taiwan Institute of Directors (TID)	2023 KPMG Leadership Academy Forum -- Challenges & Chances of Net Zero	3hrs
		2023.7.11	2023.7.11	Taiwan Academy of Banking and Finance (TABF)	The AI of Today & Tomorrow – Chat GPT Impact & Corporate Adaption	3hrs
		2023.12.15	2023.12.15	Taiwan Academy of Banking and Finance (TABF)	Corporate Governance Forum – Challenges & Chances from Global Net Zero	3hrs
	Kao-Shan Wu	2023.7.11	2023.7.11	Taiwan Academy of Banking and Finance (TABF)	The AI of Today & Tomorrow – Chat GPT Impact & Corporate Adaption	3hrs

Job title	Name	Date of continued education		Organizer	Course name	Hours
		from	to			
Directors	Kao-Shan Wu	2023.12.15	2023.12.15	Taiwan Academy of Banking and Finance (TABF)	Corporate Governance Forum – Challenges & Chances from Global Net Zero	3hrs
	Justin Tsai	2023.5.9	2023.5.9	Taiwan Corporate Governance Association (TCGA)	The Climate Change Impact on the Financial Report	3hrs
		2023.7.11	2023.7.11	Taiwan Academy of Banking and Finance (TABF)	The AI of Today & Tomorrow – Chat GPT Impact & Corporate Adaption	3hrs
	Eric Chueh	2023.7.11	2023.7.11	Taiwan Academy of Banking and Finance (TABF)	The AI of Today & Tomorrow – Chat GPT Impact & Corporate Adaption	3hrs
		2023.12.15	2023.12.15	Taiwan Academy of Banking and Finance (TABF)	Corporate Governance Forum – Challenges & Chances from Global Net Zero	3hrs
	James Chou	2023.7.11	2023.7.11	Taiwan Academy of Banking and Finance (TABF)	The AI of Today & Tomorrow – Chat GPT Impact & Corporate Adaption	3hrs
		2023.12.15	2023.12.15	Securities and Futures Institute (SFI)	2024 Economic Perspectives and Industrial Trends	3hrs
	Bing Shen	2023.7.26	2023.7.26	Taiwan Corporate Governance Association (TCGA)	Multi Management from External Impact Creating Positive Values for Corporates	3hrs
		2023.8.2	2023.8.2	Taiwan Corporate Governance Association (TCGA)	Investigation Bureau – The Mindset of Corruption, Investigatory Experiences and Case Study	3hrs
Independent Directors	Walt Cheng	2023.7.11	2023.7.11	Taiwan Academy of Banking and Finance (TABF)	The AI of Today & Tomorrow – Chat GPT Impact & Corporate Adaption	3hrs
		2023.12.15	2023.12.15	Taiwan Academy of Banking and Finance (TABF)	Corporate Governance Forum – Challenges & Chances from Global Net Zero	3hrs
	C.T. Chan	2023.7.26	2023.7.26	Corporate Operating & Sustainable Development Association (COSDA)	Due Diligence and Financial Evaluation of M&A Transactions	3hrs
		2023.8.16	2023.8.16	Corporate Operating & Sustainable Development Association (COSDA)	Identifying Company Shortcomings or Operating Crises from Financial Statements	3hrs
	Ping Lih	2023.7.11	2023.7.11	Taiwan Academy of Banking and Finance (TABF)	The AI of Today & Tomorrow – Chat GPT Impact & Corporate Adaption	3hrs
		2023.12.15	2023.12.15	Taiwan Academy of Banking and Finance (TABF)	Corporate Governance Forum – Challenges & Chances from Global Net Zero	3hrs

(2) The advanced program of Corporate Governance Officer is as follows:

Job title	Name	Date of continued education		Organizer	Course name	Hours
		from	to			
Assistant VP of HR & Admin. (Corporate Governance Officer)	Daniel Yu	2023.5.26	2023.5.26	Ministry of Environment, Executive Yuan	The Relevant Legal Obligation and Case Study of Corporate Management Right Contest	3hrs
		2023.7.11	2023.7.11	Taiwan Academy of Banking and Finance (TABF)	The AI of Today & Tomorrow – Chat GPT Impact & Corporate Adaption	3hrs
		2023.9.4	2023.9.4	Financial Supervisory Commission R.O.C.	The 14 th Taipei Corporate Governance Forum	6hrs
		2023.12.15	2023.12.15	Taiwan Academy of Banking and Finance (TABF)	Corporate Governance Forum – Challenges & Chances from Global Net Zero	3hrs
		2024.1.17	2024.1.17	Securities and Futures Institute (SFI)	2024 Economic Perspectives and Industrial Trends	3hrs

Remark: Pursuant to the regulation, the Company's Corporate Governance Officer shall take at least 18 hours of advanced training within the first year and followed by minimum 12 hours per year.

4.8.7 The implementation in risks management policy and measuring standard

The Company's implementation in risks management and each accountable unit:

- (1) Audit: Set up risks-oriented annual auditing plan, accountable for revision of the internal control system and the proceeding of auditing.
- (2) Financial affairs: Established electronic financial platform to provide clear financial info, operation analyses and credit management review.
- (3) The Company has established "Credit Commission," which is chaired by President the Chief Commissioner and composed of the management of Auditing Dept., Finance Dept., Accounting Dept., and Sales Dept., to review customers' status before deciding the credit ratings and allowances on regular basis. The commission is also in charge of the continual monitor and control of each credit account and account receivables, in order to achieve the target of "zero bad debt".
- (4) IT security: please refer to p87-p88 Information and Telecommunication Security Management for detail.

4.8.8 The implementation status of customer policy: The Company adheres to a management philosophy that highlights "Sincerity, Diligence, Thrift, Prudence and Innovation," and follows up products and service satisfaction as a reference for the continuous improvement of business strategies, and also maintains a fair and stable cooperative relationships with customers.

4.8.9 The Company's purchase of liability insurance for Directors: The Company's Directors have been conducting according to law. The Company has amended its Articles of Incorporation and Corporate Governance Principles, and purchased the liability insurance for Directors as well as the Management.

4.8.10 Employees codes of conduct and ethics

“Sincerity, Diligence, Thrift, Prudence and Innovation” not only as the management philosophy of the Company, but the conduct principle to the employees. The Company has its codes of conduct and ethics, which is followed by the Company and its employees, notified publicly after resolved by the Board, and submitted to the Shareholders’ Meeting for approval.

- (1) All employees joining the company shall sign the “Letter of Undertaking” which shall be included in the employees’ personnel file. The Undertaking primarily declares the employees' consent to comply with Company regulations, personnel management rules and non-disclosure with respect to Company business confidentiality. The contents of public information are accessible to all employees at all times.
- (2) The employees codes of conduct and ethics are summarized as below:
The work rules include: (a) general provisions (b) employment (c) service, vacation leave, breaks, special leave (d) application for leave (e) salary and wages (f) year-end bonus (g) safety, health, welfare, pension, occupational disaster compensation (h) discipline (i) performance and reward & punishment (j) resignation, termination of employment, lay-offs (k) retirement (l) supplementary provisions.
- (3) The non-disclosure agreement consists of: (a) definitions of confidential information (b) non-disclosure obligation (c) legal consequence and liability of default (d) effect of termination of employment (e) concession of rights (f) applicable laws and jurisdiction.
- (4) Upon resigning, employees are required to sign a "Resignation Clarification", stating that they are obliged to keep confidential the business secrets or business data they acquire during their employment, and the consequences when they fail the obligations and cause losses to the Company, which shall preserve the right to claim for compensation according to relevant laws and regulations.

4.8.11 Succession plan for Board of Directors and important management level of the Company:

(1) Succession plan for Board of Directors

The company's current Board of Directors is composed of 11 Directors (including 3 Independent Directors), all of whom have chemical or accounting-related majors and experience, as well as outstanding capabilities in operational judgment, management, international market perspective, and crisis management. Additional social performance index for Directors self-appraisal is included as the extension of Directors integrity and ethics values through enhanced instruction, action and conduct for the support of Internal Control System operation issues, for instance, the specific measure adopted by the Board, responsible action key tones on ethics, society, environment or other form, covering GHG emission, sustainable production process, community disaster relief, and the like.

To ensure that diversity, independence, and the opinions of stakeholders are taken into consideration, the Company includes a female Director and adopts a candidate nomination system for its Board election, by evaluating the academic & vocational experiences of each member, pursuant to the "Election Procedures of the Board" and "Corporate Governance Principles". The applied Director’s succession plan is focused on the outstanding abilities in expertise and diversity. With respect to the diversified talent policy, the Company also schedules the exclusive courses in corporate governance and the like, for Directors to cope with the volatile international management environment and laws accordingly.

(2) Succession plan for important management level

To achieve the goal for sustainability, the Company's current major management officers including President, Vice Presidents and Managers evaluate discreetly the managerial succession plan in accordance with the annual overall business objectives and the medium and long-term development needs of the Company.

The Company continues to integrate its manpower to implement the development of succession echelon, strengthen the smooth operation of each department, adjust the organizational structure in a timely and appropriate manner, and mobilize potential talents, so as to cultivate successor talents' understanding of the expanded depth and breadth of their positions. The successor candidates possess outstanding professional strength, potential for multi-faceted development and the ability for decision-making and judgments. Their values must also conform to the Company's corporate spirit of "Sincerity, Diligence, Thrift, Prudence and Innovation". As to cultivation, a strategic workshop and a joint meeting of the Group's affiliate members were held for the top management (incl. President), organized with diversified professional and business management courses and practices to facilitate the establishment of a robust inheritance for a promising future.

4.8.12 The Company passed the "Procedures for Handling Material Inside Information" at the 2nd meeting of the Board of Directors of the 15th term on August 7, 2018. The Company has also propagated the following:

- (1) The "Procedures for Handling Material Inside Information" shall be provided to new Managers upon signing the "Letter of Undertaking".
- (2) When reporting any changes in equity the Company should provide the Managers with the "Procedures for Handling Material Inside Information" and the relevant laws and regulations governing insider trading.
- (3) The Company's Managers and employees shall also sign the non-disclosure agreement when report to work, and be provided with the "Procedures for Handling Material Inside Information".

4.8.13 Relevant licenses issued by the competent authority to the personnel related to transparency of the financial information of the Company and its subsidiary:

Category	Licenses	Number of Person
Accounting / Taxation	The R.O.C. CPA	1
	The P.R.C. CPA	1
	International internal auditor	5
	International internal control self-assessment specialist	1
	The R.O.C. bookkeeper	5
Finance	Securities investment analyzer	3
	Senior securities specialist	3
	Securities specialist	4
	Futures specialist	1
	Trust personnel	3

4.9 Status of internal control system

4.9.1 Internal Control Declaration

Oriental Union Chemical Corporation Ltd. Declaration of the International Control System

Date: Mar 1, 2024

The Company inspected the 2023 internal control system autonomously with the following results:

1. The Company is fully aware that the Board of Directors and the management are responsible for the establishment, implementation, and maintenance of the internal control system and it has been established accordingly. The purpose of its establishment was to reasonably ensure the fulfillment of effective operation and efficiency (including profit, performance, and protection of assets safety), and the reliability, timeliness, transparency and regulatory compliance of financial reports.
2. The internal control system design has inherent limitations. No matter how perfect such control is, it can only provide reasonable assurance of the fulfillment of the three objectives referred to above. The effectiveness of such an internal control system could be influenced by changes of the environment and other circumstances. Therefore, the Company internal control system has been designed with a self-monitoring mechanism so that corrective action will be activated immediately upon the identification of any nonconformity.
3. The Company has assessed the effectiveness of the design and implementation of the internal control system in accordance with criteria provided in the “Regulations Governing the Establishment of Internal Control Systems by Public Companies” (hereinafter referred to as “the Regulations”). The criteria defined in “the Regulations” include five elements that depend on the management control process: (1) environment controls, (2) risk assessment, (3) control processes, (4) information and communications, and (5) supervision. Each of the five elements is then divided into sub-categories. Please refer to “the Regulations” for details.
4. The Company has implemented criteria for inspection of the internal control system referred to above to ascertain its effectiveness, design and implementation.
5. The Company, based on the inspection results referred to above, declared (on December 31, 2023) that the internal control system, including the supervision and management of subsidiaries, is reasonably effective and achieves the objectives of operation and efficiency, the financial report is of reliability, timeliness, transparency and regulatory compliance.
6. The Declaration of Internal Control System is the main content of the Company’s annual report and published prospectus. Any false statement and concealment of the published content referred to above involves liability set out in Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.
7. The Declaration of the Internal Control System was resolved at the meeting of the Board of Directors on March 1, 2024 with no objections by any of the eleven attending Directors. The contents of the declaration have been accepted without objection.

Oriental Union
Chemical Corporation Ltd.



Chairman: Douglas T. Hsu

徐旭東



President: Justin Tsai

蔡錫津



4.9.2 The internal control audit report issued by the CPA commissioned to conduct an internal control audit, if any: N/A

4.10 Punishment of the Company or its internal personnel in accordance with the law, punishment of internal personnel by the Company for violating internal control system regulations, main deficiencies, and improvements during the recent year and up to the date of publication of this annual report: N/A

4.11 Resolutions reached at a meeting of shareholders or by the Board of Directors during the recent year and up to the date of publication of this annual report:

4.11.1 Shareholders Meeting

Meeting time	Major resolution	Status
2023.6.6	<u>Report</u> (1) Business Report 2022 (2) Financial Statements 2022 (3) The Audit Committee's review report on 2022 Business Report and Financial Statements (4) The 2022 Directors bonus and employees compensation <u>Recognition</u> (1) Approval of the Company's business report and financial statements 2022 (2) Approval of the Company's 2022 profit allocation	Approved and proceeded accordingly. Approved NT\$0.2 per share as cash dividend for allocation, with ex-dividend date scheduled at 10 July 2023. Cash dividend allocation was completed at 28 July 2023 and proceeded accordingly.

4.11.2 Board of Directors Meeting

Term of the Board/ Meeting Date	Major resolution	Items regarding Article 14-3 of Securities & Exchange Act	The objected or qualified opinion of the Independent Director
8 th meeting of 16 th term 2023.3.7	1. Approval of 2022 Directors' remuneration and employees' compensation 2. Approval of the Company's 2022 consolidated financial report 3. Approval of the Company's 2022 profit allocation 4. Approval of the Company's 2022 business report 5. Approval of the Company's 2022 Internal Control System Declaration 6. Approval of the date, place and method for the convening of the Company's 2023 annual shareholders meeting 7. Approval of the Company's 2023 operative and capital budget 8. Approval of the Company's land disposal at Xiaogang district Kaohsiung city 9. Approval of the Company's acquisition of common shares of Far Eastern Union Petrochemical (Yangzhou) Ltd. through subsidiary PPL 10. Approval of the change of the Company's Corporate Governance Officer 11. Approval of the change of the Company's personnel	V V V V V V	Approved unanimously by the attended Directors
9 th meeting of 16 th term 2023.4.26	1. Approval of the change of CPA and the Company's periodical assessment on the CPAs' independence and competence 2. Approval of the Company's consolidated financial report Q1/2023 3. Approval of the Company's revamp for PEA and EDAs plants in Linyuan	V V	
10 th meeting of 16 th term 2023.8.10	1. Approval of the Company's consolidated financial report Q2/2023 2. Approval of the amendment to the Company's "Audit Committee Charter" 3. Approval of the amendment to the Company's "Meeting Rules of the Board" 4. Approval of the amendment to the Company's "Corporate Governance Principles" 5. Approval of the Company's investment on the construction of a HPEC plant of 20,000 MT per annum in Linyuan 6. Approval of the Company's employment of the chief officer of Specialty Chemicals Division 7. Approval of the change of the Company's personnel	V	
11 th meeting of 16 th term 2023.11.9	1. Approval of the Company's consolidated financial report Q3/2023 2. Approval of the Company's 2024 internal auditing plan 3. Approval of the proposal for the 2024 expenditure capital budget 4. Approval of the Company's stipulation of the "Rules Governing Financial and Business Matters between the Company and its Related Parties"	V V V	

Term of the Board/ Meeting Date	Major resolution	Items regarding Article 14-3 of Securities & Exchange Act	The objected or qualified opinion of the Independent Director
12 th meeting of 16 th term 2024.3.1	1. Approval of 2023 Directors' remuneration and employees' compensation 2. Approval of the Company's 2023 consolidated financial report 3. Approval of the Company's 2023 profit allocation 4. Approval of the Company's 2023 business report 5. Approval of the Company's 2023 Internal Control System Declaration 6. Approval of the amendment to the Company's "Meeting Rules of the Board" 7. Approval of the amendment to the Company's "Audit Committee Charter" 8. Approval of the Company's Board election upon term expiration 9. Approval of the date, place and method for the convening of the Company's 2023 annual shareholders meeting 10. Approval of the Company's 2023 operative and capital budget 11. Approval of the change of the Company's chief Audit Officer	V V V V V V V	Approved unanimously by the attended Directors
13 th meeting of 16 th term 2024.4.30	1. Approval of the Board candidates' qualification review 2. Approval of the release of relevant Directors of the Company from non-competition restrictions 3. Approval of the change of CPA and Company's periodical assessment on the CPAs' independence and competence 4. Approval of the Company's consolidated financial report Q1/2024	V	

4.12 Recorded or written statements of dissent made by any Director or Supervisor to important resolutions passed by the Board of Directors during the recent year and up to the date of publication of this annual report: N/A

4.13 Summary of discharge and resignation of parties relating to the annual report (Chairman, President, Accounting Officer, Financial Officer, Internal Auditing Officer, Corporate Governance Officer and R&D Officer) in the recent year and up to the date of publication of this annual report:

Job title	Name	Date of appointment	Date of discharge	Reason for resignation or discharge
Chief Audit Officer	Amy Cheng	2001/09/01	2024/03/01	Retirement

5. CPA professional fee

5.1 Breakdown of CPA professional fee

Currency unit: NTD thousand

Firm Name	CPA Name		Duration of Audit	Audit Fee	Non-Audit Fee	Total	Remark
Deloitte & Touche Taiwan	Hsin-Wei Tai, CPA	Li-Wen Kuo, CPA	2023.01.01 ~ 2023.12.31	3,370	760	4,130	Tax compliance audit, tax consultation service, financial status statement audit for the invested China project

5.2 In the case of a change of CPA firm and the audit fees for the year of the change are less than those of the previous year, please specify the audit fees before and after the change, and the reasons for the change: Nil

5.3 In the case of the audit fees being 10% less than that of the previous year, please specify the audit fees before and after the change, and the reasons for the change: N/A

6. CPA replacement:

6.1 Former CPA

2022-2023: Nil

2024:

Date of change	March 2024		
Reasons for the change and descriptions	To secure the independence of CPA, Deloitte & Touche Taiwan implement its practice in internal rotate mechanism		
Termination by the appointer or CPA or rejection of the appointment	Client Status	CPA	Appointer
	Voluntary termination of the appointment	√	
	Rejection (renewal) of appointment		
Audit report with opinion other than those audited reports with an unqualified opinion issued in the recent two years, and reasons for issue of the report.	No		
issidence with the issuer?	Yes		Accounting principles or practices
			Disclosure of financial statement
			Scope or step of audit
			Others
	No	√	
	Notes		
Other notes to be disclosed (those to be disclosed referred to article 10-6-1-4 ~ 7of the standards)	No		

6.2 Successive CPA

2022-2023: Nil

2024:

Firm Name	Deloitte Taiwan
CPA Name	Peide P. Chen
Date of appointment	Approved at the Directors' meeting on March 2024
The accounting treatment of or application of accounting principles to a specified transaction, or the type of audit opinion that might be rendered on the company's financial report, prior to the formal engagement of the successive certified public accountant	N/A
The successive CPA's written opinion regarding the matters on which the Company did not agree with the former CPA	N/A

6.3 The former CPA's response to the Article 10-6-1 and 10-6-2-3 of the Standards: N/A

7. Information regarding the Chairman, President, and Financial or Accounting Manager of the company who has worked with the CPA firm which conducts the Audit of the Company or an affiliate of said firm in the recent year: Nil

8. Any transfer of equity interests and pledge of, or change in equity interest, by a Director, managerial officer, or shareholder with a stake of more than 10 percent.

8.1 Shareholding variation of Directors, managerial officers and major shareholders

Unit: share

Job title	Name	2021		Ending April 11	
		Shares increase (decrease)	Pledge shares increase (decrease)	Shares increase (decrease)	Pledge shares increase (decrease)
Chairman	Douglas T. Hsu	0	0	0	0
Director	Far Eastern New Century Corporation	0	0	0	0
Director	Yue Ming Trading Company	0	0	0	0
Director	Yu Li Investment Corporation	0	0	0	0
Director	Fu Da Transport Corporation	0	0	0	0
Director	Da Chu Chemical Fiber Co Ltd	0	0	0	0
Independent Director	C. T. Chan	0	0	0	0
Independent Director	Walt Cheng	0	0	0	0
Independent Director	Ping Lih	0	0	0	0
Managerial Officer	Justin Tsai	0	0	0	0
Managerial Officer	Victoria Peng (Note1)	0	0	0	0
Managerial Officer	Y. S. Chang	0	0	0	0
Managerial Officer	Keith Wu (Note2)	0	0	0	0
Managerial Officer	Martin Kuo	0	0	0	0
Managerial Officer	Allen Yu	0	0	0	0
Managerial Officer	Amy Cheng (Note3)	0	0	0	0
Managerial Officer	Daniel Yu	0	0	0	0
Managerial Officer	William Chen	0	0	0	0
Managerial Officer	Y. T. Ko	0	0	0	0
Managerial Officer	David Huang	0	0	0	0
Managerial Officer	David Chiang	0	0	0	0
Managerial Officer	Wilson Lee	0	0	0	0
Managerial Officer	James Lee (Note4)	0	0	0	0
Managerial Officer	Vince Chou	0	0	0	0

Note 1: Victoria Peng of managerial officer retired effective 1 July 2023

Note 2: Keith Wu of managerial officer resigned effective 1 July 2023

Note 3: Amy Cheng of managerial officer retired effective 1 March 2024

Note 4: James Lee of managerial officer resigned effective 1 February 2023

8.2 Shareholding transferred (while the counterparty is a related party): N/A

8.3 Shareholding pledged: N/A

9. Top 10 shareholders and their relationships:

14 April 2024 unit: share

Name	Current shareholding		Spouse and minor children's shareholding		Shareholding in name of others		Name, relationship of top 10 shareholders being the related party as spouse or kin within the second tier under the Civil Code		Remark
	Quantity of shares	Share holding	Quantity of shares	Share holding	Quantity of shares	Share holding	Name	Relationship	
Far Eastern New Century Corp	81,217,005	9.16%	0	0%	0	0%	Yuan Ding Investment Co Ltd Asia Cement Corp Yuan Tung Investment Co Ltd Kai Yuan International Investment Co Ltd Ding Yuan Investment Co Ltd An He Apparel Co Ltd	Note 1, Note 3 Note 1, Note 2, Note3 Note 1 Note 1, Note 3 Note 1 Note 1	
Representative: Douglas T. Hsu	1,664,781	0.19%	0	0%	0	0%	N/A	N/A	
Asia Cement Corp	63,766,522	7.19%	0	0%	0	0%	Far Eastern New Century Corp Yu Yuan Investment Co Ltd	Note 1, Note 2, Note 3 Note 1	
Representative: Douglas T. Hsu	1,664,781	0.19%	0	0%	0	0%	N/A	N/A	
Yuan Ding Investment Co Ltd	56,254,684	6.35%	0	0%	0	0%	Far Eastern New Century Corp	Note 2, Note 3	
Representative: Douglas T. Hsu	1,664,781	0.19%	0	0%	0	0%	N/A	N/A	
Yuan Tung Investment Co Ltd	49,942,396	5.63%	0	0%	0	0%	Far Eastern New Century Corp	Note 2	
Representative: C. C. Wang	0	0%	0	0%	0	0%	N/A	N/A	
Yu Yuan Investment Corp	33,224,017	3.75%	0	0%	0	0%	Asia Cement Corp	Note 2	
Representative: Peter Hsu	0	0%	0	0%	0	0%	N/A	N/A	
Kai Yuan International Investment Co Ltd	32,473,173	3.67%	0	0%	0	0%	Far Eastern New Century Corp	Note 2, Note 3	
Representative: Humphrey Cheng	941	0%	0	0%	0	0%	N/A	N/A	
Ding Yuan International Co Ltd	27,365,495	3.09%	0	0%	0	0%	Far Eastern New Century Corp An He Apparel Co Ltd	Note 2 Note 3	
Representative: Alan Tsai	0	0%	0	0%	0	0%	N/A	N/A	
Ding Shen Investment Co Ltd	19,623,000	2.21%	0	0%	0	0%	N/A	N/A	
Representative : Z. Y. Tang	0	0%	0	0%	0	0%	N/A	NA	

Name	Current shareholding		Spouse and minor children's shareholding		Shareholding in name of others		Name, relationship of top 10 shareholders being the related party as spouse or kin within the second tier under the Civil Code		Remark
	Quantity of shares	Share holding	Quantity of shares	Share holding	Quantity of shares	Share holding	Name	Relationship	
Labor Pension Committee of Far Eastern New Century Corp	12,271,816	1.39%	0	0%	0	0%	N/A	N/A	
An He Apparel Co Ltd	11,204,000	1.26%	0	0%	0	0%	Far Eastern New Century Corp Ding Yuan Int'l Co Ltd	Note 1 Note 3	
Representative: Alan Tsai	0	0%	0	0%	0	0%	N/A	N/A	

Note 1: The investees who are evaluated under the equity method

Note 2: The investors whose investment in the Company is evaluated under the equity method.

Note 3: The Company for which the chairman or president is the chairman or president of another company, where a spouse or kin within the second tier is employed.

10. The number of shares held by the Company and Company Directors, managerial officers and the entities directly or indirectly controlled by the Company in a single company, and calculating the consolidated shareholding percentage of the above categories.

14 April 2024 unit: 1000 shares

Investee	Invested by the Company		Invested by Directors, management, and enterprises controlled by the Company directly or indirectly		Combined Investment	
	Quantity of shares	Shareholding	Quantity of shares	Shareholding	Quantity of shares	Shareholding
Tong Fu Investment Corporation	161,863	100%	0	0%	161,863	100%
Pacific Petrochemical (Holding) Ltd	149	100%	0	0%	149	100%
OUCC (Bermuda) Holding Ltd	104	100%	0	0%	104	100%

IV. Capital Overview

1. Capital and shares

1.1 Source of Capital

Unit: NTD thousand, 1000 shares

Year/ Month	Issuing Price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital	Capital increased by assets other than cash	Others
2012/08	10	1,000,000	10,000,000	885,703	8,857,031	Recapitalization of capital surplus: 805,185		Note

Note : Ching-Kuan-Fa-Tze No. 1010027826 dated June 22, 2012

Unit: share

Type of share	Authorized Capital Stock			Remark
	Outstanding Shares (listed)	Unissued Shares	Total	
Common stock	885,703,029	114,296,971	1,000,000,000	—

1.2 Self - Registration System: Nil

1.3 Composition of Shareholders

April 14, 2024

Composition of Shareholders Quantity	Government apparatus	Financial organization	Other juridical persons	Individuals	Foreign institution or foreigner	Total
Number of persons	10	6	122	67,313	152	67,603
Shares held when appointed	264,478	12,464,202	437,297,835	364,565,661	71,110,853	885,703,029
Shareholding	0.03%	1.41%	49.37%	41.16%	8.03%	100%

1.4 Distribution Profile of Share Ownership

April 14, 2024

Shareholders Ownership	Number of Shareholders	Number of Shares Owned	Shareholding
1 ~ 999	29,922	6,879,860	0.78%
1,000 ~ 5,000	26,244	59,132,376	6.67%
5,001 ~ 10,000	5,517	43,490,939	4.91%
10,001 ~ 15,000	1,779	22,368,590	2.53%
15,001 ~ 20,000	1,189	22,078,151	2.49%
20,001 ~ 30,000	994	25,452,969	2.87%
30,001 ~ 40,000	528	18,926,930	2.14%
40,001 ~ 50,000	349	16,233,658	1.83%
50,001 ~ 100,000	590	43,157,553	4.87%
100,001 ~ 200,000	253	35,953,115	4.06%
200,001 ~ 400,000	119	32,544,238	3.67%
400,001 ~ 600,000	37	18,077,432	2.04%
600,001 ~ 800,000	22	15,466,131	1.75%
800,001 ~ 1,000,000	12	11,296,982	1.28%
1,000,001 and above	48	514,644,105	58.11%
Total	67,603	885,703,029	100.00%

1.5 Major Shareholders

14 April 2024 unit: share

Major Shareholders	Quantity of shares	Total shares owned	Shareholding ownership %
Far Eastern New Century Corp		81,217,005	9.16%
Asia Cement Corp		63,766,522	7.19%
Yuan Ding Investment Co Ltd		56,254,684	6.35%
Yuan Tung Investment Co Ltd		49,942,396	5.64%
Yu Yuan Investment Co Ltd		33,224,017	3.75%
Kai Yuan Int'l Investment Co Ltd		32,474,173	3.67%
Ding Yuan International Co Ltd		27,365,495	3.09%
Ding Shen Investment Co Ltd		19,623,000	2.21%
Labor Pension Committee of Far Eastern New Century Corp		12,271,816	1.39%
An He Apparel Co Ltd		11,204,000	1.26%

Note: 1. Top 10 shareholders

2. A total of 885,703,029 shares

1.6 Market Price, Net Value, Earnings and Dividends per Common Share Latest two years

Item \ Year		2022	2023	From 1 Jan 2024 to 31 Mar 2024
Market price per share	Highest	24.20	23.85	20.25
	Lowest	16.50	18.00	17.80
	Average	19.32	20.15	18.78
Net value per share	Before distribution	13.68	13.44	13.79
	After distribution	13.48	Note 1	—
Earnings per share	Weighted average shares	876,594 thousand shares	876,594 thousand shares	876,980 thousand shares
	Earnings per share	0.04	0.30	0.30
Dividends per share	Cash dividend (Note 1)		0.20	0.20
	Stock dividend	From retained earnings (NT\$)	—	—
		From capital surplus (NT\$)	—	—
	Accumulated undistributed dividends		—	—
Analysis on investment return	Price/Earnings Ratio (Note 2)		483.00	67.17
	Price/Dividend Ratio (Note 3)		96.60	100.75
	Cash dividend yield (Note 4)		1.04%	0.99%

Note 1: The profit allocation will be confirmed after approved by shareholders meeting resolution.

Note 2: Price/Earnings Ratio=Average Closing Price Per Share in current year/Earnings Per Share

Note 3: Price/Dividend Ratio=Average Closing Price Per Share in current year/Cash Dividend Per Share.

Note 4: Cash Dividend Yields=Cash Dividend Per Share/Average Closing Price Per Share in current year.

1.7 Dividend Policy and Implementation Status

1.7.1 Pursuant to the Article 34 of the Company's Articles of Incorporation, the Company's stock dividend allocation shall take into consideration of the changes in the outlook of Company business, and the life cycles of the various products or services, which have an impact on the future capital needs and taxation. Unless the need should arise for improvement of the financial structure and reinvestment, and production expansion or other major capital expenditure, the stock dividend shall be no less than 50% of the total net profit after tax and deduction of deficit compensation, legal reserve and special reserve, whereas the cash dividend shall be no less than 10% of the total of the shareholder bonuses distributed in the same year.

As of the example of the last three years, the cash dividend allocated have been in conformity with the Company's Articles of Incorporation, i.e. no less than 10% of the total shareholder bonuses distributed, such is as follows:

Unit: NTD per share

Year	Net earnings per share (A)	Cash dividend from retained earnings (B)	Cash dividend from capital surplus (C)	Total cash dividend (D)=(B)+(C)	Cash dividend distribution rate (B+C)/D
2021	1.03	0.70	0	0.70	100%
2022	0.04	0.20	0	0.20	100%
2023	0.30	0.20	0	0.20	100%

1.7.2 Dividend allocation proposal to be approved at the shareholders meeting 2024

The dividend allocation proposal resolved at the Board of Directors meeting on March 1, 2024 was to distribute NTD 0.2 per share out of the undistributed earnings NTD177,140,606 after approval by the shareholders meeting.

1.8 Effect on Business Performance and EPS resulting from Stock Dividend distribution proposed by the 2024 Shareholders' meeting: N/A

1.9 Remunerations for Employees and Directors:

1.9.1 The numeral and range of the Board's remuneration according to the Articles of Incorporation of the Company

When there is profit at the end of the year, the Company shall distribute 1%-2% of the profit as remuneration for employees and no more than 1% as remuneration for Directors. However, should there be accumulated losses, the losses should be offset in advance. The remuneration for employee can be in stock or in cash. Its actual proportion, amount, form or number of stocks shall be resolved at the Board of Directors' meeting, with consent of over half of the least two thirds of total Directors attendant, and be approved at the Shareholders' meeting. Same shall be applied to the remuneration for Directors.

1.9.2 The accounting transaction to be followed when the current basis for estimating the amount of compensation for employees and Directors, and the basis for calculating the number of shares for employee compensation and the actual amount to be distributed be different from the estimation: The adjustment will be booked into account the following year pursuant to the accounting estimation changes management.

1.9.3 The proposed 2023 remuneration allocation

The remuneration allocation approved by the Board meeting held on 1 March 2024 prior to submission to the shareholders' meeting for approval is as below:

(a) The cash dividend/stock dividend to be allocated to employees and Directors are:

A. Employees remuneration: NT\$6,094,182 allocated as cash dividend

B. Directors remuneration: NT\$3,047,091 allocated as cash dividend

(b) The discrepancy, cause and treatment thereof, between estimation and actual allocation of bonuses to employees and Directors resolved at a meeting of the Directors: N/A

(c) Proposed percentage of employee stock dividend over the aggregate of earnings after tax and total employee remuneration: N/A

1.9.4 2022 remunerations to employees and Directors:

(a) Employees remuneration: Proposed allocation amount NT\$1,154,937, actual amount NT\$1,154,937

(b) Directors remuneration: Proposed allocation amount NT\$577,468, actual amount NT\$577,468

1.10 Repurchase of Company Stock

None in the recent year and up to the date of publication of the annual report.

2. Issue of Corporate Bonds: Nil

3. Preferred Stock: Nil

4. Issuance of Overseas Depository Receipts: Nil

5. Employee Stock Options: Nil

6. Employee Restricted Stock Awards: Nil

7. Stock Issued for Mergers and Acquisitions: Nil

8. Implementation of Capital Utilization Plan

The issue or private placement of securities not yet completed in the quarter before the date of publication of the annual report, or plans completed in the recent three years with no return on investment: Nil

V. Operation Overview

1. Business Activities

1.1 Business scopes

1.1.1 The Company's business lines are stated as following:

C801010	Basic chemical industry
C801020	Petrochemical engineering raw material manufacture
C801060	Synthetic rubber manufacture
C801100	Synthetic resin and plastics manufacture
C802060	Animal medication manufacture
CB01010	Machinery & equipment manufacture
F107070	Animal medication wholesale
F107200	Chemical raw material wholesale
F113010	Machinery wholesale
F401010	International trading
I103060	Management consultation
I501010	Product design
IC01010	Drug inspection
JE01010	Leasing
C802041	Western medicine manufacturing
C114010	Food additives manufacturing
ZZ99999	Any business unprohibited or restricted by laws or regulations, except for those that require special permission

1.1.2 Weight of consolidated company operations

Currency unit: NTD thousand

	2022		2023	
	Turnover	Operation ratio (%)	Turnover	Operation ratio (%)
EG	13,538,489	61	13,154,280	63
Gas	1,687,269	8	1,643,500	8
SC	6,810,631	31	5,995,147	29
Investment & others	44,710	—	24,004	—

1.1.3 Major business operations consolidated

- (1) Manufacture and sale of MEG, EO, DEG, etc.
- (2) Manufacture and sale of oxygen, nitrogen, argon, CO₂ and liquid gas products
- (3) Manufacture and sale of specialty chemicals such as EA, EC, EB, AEO, PEG, MPEG, TA, TM, etc.
- (4) Manufacture and sale of Ethylenediamine series and Polyetheramine.

1.1.4 New products under development

To meet with customers' requirements, the Company is developing the high value-added EO derivatives to be applied to functional textiles, UV curing monomers, PU, daily chemicals and industrial auxiliaries, etc.

With requirement in terms of environmental-friendliness and carbon reduction, the Company is actively developing surfactants containing recycled PET, and various CO₂ contained chemical raw materials.

1.2 Industrial overview

1.2.1. EG

(1) Industrial overview and development

The MEG global capacity in 2023 totaled 58 million MT, of an increase of 5.5 million MT, while the total MEG demand was 36 million MT, an increase of 2.5 million MT. With China's MEG capacity expansion reached its peak in 2023, and 5 million MT additional capacity proportioned 91% of the increased global capacity, and an overall operating rate kept at 60%, aligned with the capacity expansion of its downstream polyester, the MEG market in China remained still oversupplied, which incurred the severe loss of MEG, and an industrial structural adjustment for the unbalance of supply and demand, as no remarkable order requirements emerged to sustain the global economy.

(2) Correlation between up-, mid- and down-stream

The total global demand for ethylene was approx. 180 million MT in 2023, of which 14% was used for the production of EO and EG, which of the latter is used up to 90% by polyester products primarily, with main usage for chemical fiber, polyester for bottles and film slitter and so on.

(3) Overall economy, product development trend and competition

The 2023 global GDP was 3.1%, slightly lower than the GDP 3.5% in 2022. Though the pandemic impact mitigated, the market demand remained dwindled on account of the negative factors such as the failed expectation of overall economy recovery, the worsened inflation problem, and the intensified international geopolitical conflicts. At the same time, large additional capacity of petrochemical launched in China resulted in oversupply of the downstream products and slashed prices. The Company advances persistently on the high-valued EO derivatives to secure profits.

1.2.2 Gas

(1) Industrial overview and development

As the global pandemic impact from 2022 carried on, the severe inflation, disrupted supply chain of most countries, as well as the hindered economy recovery remained in 2023. The electronic supply chain in Taiwan was spared intact, however, benefited by its proper prevention and control of the epidemic, coupled with the continued global demand for electronic products and the orders pouring in, the gas requirement for electronics increased as the electronics capacity expansion accelerated. China, on the other hand, affected by the domestic epidemic and the Sino-US trade policy conflict, went through a market downturn, encountering the strict effect on gas business demand in China.

In 2024, with the gradual booming of semiconductor industry and the emerging of AI, the industrial supply chain in Taiwan reconnects timely to ensure of a successive economic growth, and a growing gas demand. As the capacity of industrial grade CO₂ launching the market, the supply and demand of domestic CO₂ tend to be balanced as the market is becoming saturated. The dual control of energy consumption and the real estate storm in China have inflicted a downward pressure on its economy, restraining inevitably the growth of its gas market.

(2) Correlation between up-, mid- and downstream

In addition to the company's gas output, which fully supplies internal ethylene glycol (EG) and specialty chemicals (SC) plants, oxygen and nitrogen were also supplied to customers in Linyuan, Dalin and Dafa Industrial Zones, with the remaining liquid products supplied mainly to domestic electronics, petrochemical, medical, food, steel and metal processing markets. To provide customers with instant and efficient services, the remote liquid level/pressure transmission systems were fully installed at the customers' storage tanks.

The oxygen of Far Eastern Union Petrochemical (Yangzhou) Ltd. provided its internal usage, while the nitrogen provides via pipelines to customers in Yizheng Chemical Park. The liquefied oxygen, nitrogen, argon and other products are sold to customers in Eastern China.

(3) Overall economy, product development trend and competition

As H2/2022 extended to H1/2023, the downstream electronics industry business maintained booming, favored by the semiconductor industry, whereas the demands of domestic traditional manufacturing industries such as steel, petrochemical influenced by the shrink of the public construction declined. As domestic chemical operating rates kept low, the supply of LCO₂, the by-product of chemicals was short, providing a steady boost to its prices. The gas demand in H2 reduced on account of the lessened production of all industries, resulting from multiple interest raise of most countries, and the ensued hike in global material prices, in line with the weak livelihood demands.

The gas market in H1/2024 shall still be price competitive as the supply over demand relaying from H2/2023; while gas demand is expected to increase in H2/2024 with the input of semiconductor business and the application of AI.

1.2.3 SC

(1) Industrial overview and development

EA :

The combined ethanolamine (EA) production capacity totaled 100,000 MT, including 40,000 MT of FUPY (currently suspended). In addition to supplying downstream electronic solvents, detergents, resins, inks, textiles, cement and other industrial applications, the company's EA in Linyuan is also exported to Asia-Pacific, Europe, America, and Africa. Among which, the monoethanolamine (MEA) provides flexible and instant supply services to domestic electronic lotion manufacturers, and users of triethanolamine (TEA) can no longer be subject to the cumbersome import procedures of the United Nations Chemical Weapons Control (CWC) and obtain the stable supply of raw materials. The EA used for the

detergents, cosmetics, concrete additives remained competitive in the international market. In terms of market demand and application, the construction industry turned weak as demand of cement industry declined, including China area, on account of the effect of global economy, while domestic demand of electronic lotion arose against all the odds. With additional capacity launched in succession in 2023, mostly in China, the supply enlarged. It is estimated that the overall demand in H1/2024 shall remain at a low level until H2 due to the post epidemic, unstable geopolitics and uncovered global economy. On such account, the company's sales volume in 2023 declined 9% comparing to the previous year. In 2024, the Company shall continue optimizing its channel for stable product promotion, relieve the export from reliance on single area marketing, launching ultra-clean and high-purity ethanolamine products to provide customers of the semiconductor with process cleaning solvents in Taiwan and Asia, to create best profit.

EB:

EB (Ethylene Glycol Butyl Ether) is applicable mainly to solvents for painting, printing ink, stamping ink, oil, resin, as well as metal detergent, paint remover, lubricant remover, automobile engine detergent, dry-clean solvent, and epoxy resin solvent, etc. Market requirement remains stable. The Company is the sole producer of EB in Taiwan, with production capacity of 30,000 MT per annum. As the global economy stagnated in 2023, the total global demand for ethylene glycol butyl ether was approx. 950,000 to 970,000 MT, of 4% growth rate. Among which, the demand in China was 220,000 MT (including self-use), an increase of 10%. It is expected that the overall demand shall be higher than the previous year as the economy slowly rebound in H2/2024. The total sales volume in 2023 increased 8% comparing to the previous year. The Company shall continue optimizing its sales channels, develop and enrich the application of high-purity products, and further increase sales to strive for the best profit.

EC:

The Company's Ethylene Carbonate (EC), used mainly by polycarbonate (PC) producers as a raw material for composite plastics, and other high-end applications, has a stable market demand. With CO₂ recycled from its own EO process as feedstock, the company showcases its efforts in the development of sustainability by reducing the GHG emission.

EOD:

The Company's two EOD plants, of total consolidated output capacity 146,000 MT, locate in Linyuan and FUPY Yangzhou. EOD products of the Company consist of AEO, which may be applied to synthetic detergent formulas and textile auxiliaries; PEG to detergents of daily chemicals, textile auxiliaries and electronic chemicals; MPEG and HPEG used in concrete water reducers and paper pulp auxiliaries; TA as auxiliaries in pesticides and textiles; TM used in UV curing resin; and other EOD used in textile & dye process development and construction chemicals according to the strategic development of vertical integration of the Far Eastern Group, as well as new series of raw material and formulation required to be used in rubber latex, textile protection, agriculture, polyurethane, lubricant and the like. The EOD of the Company are primarily supplied to the down-stream industries such as daily chemicals, electronic chemicals, synthetic resins, textile and construction chemicals, which are highly

correlative to the overall economy growth. In recent years, the demand of EOD has continued to boost in Asia, especially the markets in China and South East Asia, following the escalating of the general consumption level. In order to strengthen its competitiveness and stay close to market demand, the Company has been developing in recent years the high-end materials and formulation technologies, new products of the special alcohol ether and polyol series, and provided functional products of safe antibacterial, functional cleaning, environmental protection, waste reduction, and recycling to meet customers diversified demands, conducting to the increase of revenue and profit, with more completed product lines.

The EOD plant of the FUPY in Yangzhou is to mainly supply the China domestic market. Following the China economic development in the recent years, with its market demand focused on the expansion for domestic requirement and the industrial upgrade, FUPY has been proceeding with the expansion of new product lines to further develop other EOD products of high value and functionality, besides its original AEO/PEG/XPEG, to enhance the product competitiveness. The future of FUPY is well expected.

Construction Chemical Additives:

The launched product line of the Company's construction chemical additives in Linyuan, of capacity 12,000 MT per annum, using its own EOD as feedstock, traverses the construction chemical industry chain, with customers all over Taiwan, Southeast Asia, Middle East, and Europe. Current market development extends to North America and India.

(2) Correlation between up-, mid- and downstream

EA:

With EO as its major feedstock, the cost of EA has become tightly linked to the ethylene market, the up-stream of EO. EA has a variety of applications, primarily as surfactants in household detergents, electronics solvents, wood preservatives, taurine, herbicides, textiles and cement auxiliaries. In particular, the market demands of electronics solvents, and daily chemical auxiliaries, fluorescent whitening agents, and cement auxiliaries have been stable. Besides the Taiwan and China markets, the EA products are sold to Asia Pacific, the Middle East, Africa and Europe.

EB:

The costs of EO and n-butanol, raw materials of EB, are of fair correlation with the market status of the up-stream ethylene and propylene. The main applications of EB include solvents, paint remover agent, lubricant remover agent, automobile engine detergent, dry-clean solvent, epoxy resin solvent and so on. The market demand is stable. The Company is the sole producer of EB in Taiwan.

EC:

The Company's EC plant adopts safe, eco-friendly and competitive production process using its own production of EO and recycled CO₂, and mainly produced to satisfy the stable demand of the down-stream polycarbonate (PC) supplier, Chi Mei.

EOD:

With EO as a main feedstock self-supplied, coupled with other outsourced feedstock such as fatty amine and methanol for production. EOD can be widely used by mid- and downstream markets of daily chemicals, textile and industrial auxiliaries, medicine, construction, resin paint and electronics.

(3) Overall economy, product development trend and competition

EA:

For the time being, the company is the only domestic EA producer, with competitive vantage using self-produced EO as feedstock. The company owns 60% domestic market share, as EA demand from the electronics industry remains stable in Taiwan. The Company's future marketing strategy is to enhance domestic market share as well as exports to Asia, Europe and America. The Company's primary rivals include Nippon Shokubai (Japan), Optimal-Petronas (Malaysia), Thai Ethanolamines (Thailand), Sabic and Sadara (Saudi Arabia), and some other manufacturers in China, Europe and America. EA sales objective in 2023, besides enhancing marketing through domestic and overseas channels to maintain stable demand and supply, aims at upgrading EA product to semi-conductor grade with high value for differentiated market sale, to survive the extreme competitiveness, and create better profit.

EB:

With EO and n-butanol as feedstock, EB is widely used as solvents with mid to high boiling point, which covers paint, printing ink, stamping ink, oil, resin solvent, metal detergent, paint remover, lubricant remover agent, automobile engine detergent, dry-clean solvent, and epoxy resin solvent, etc.

EC:

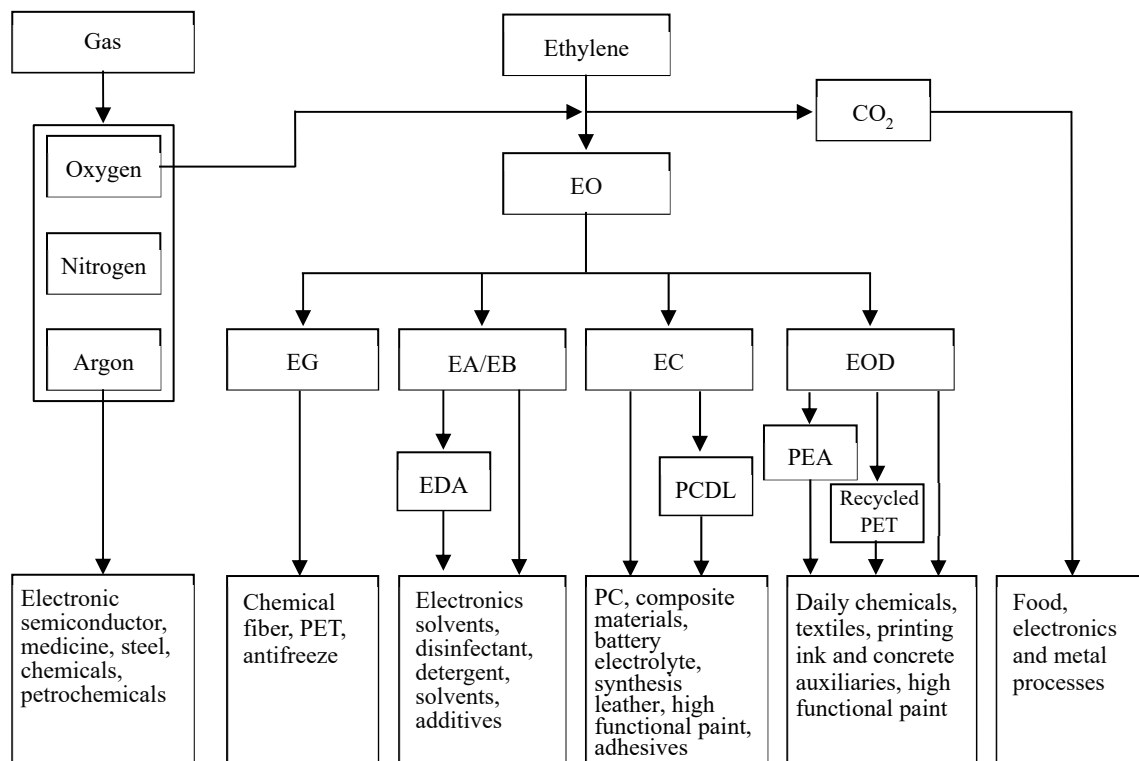
Due to the stable market demand for PC, EC is in steady development. Despite of PC, EC can also be applied to electrolyte of lithium battery, diesel additive, polyether polyols for polyurethane (PU), and so on. With its strengths in safe production and eco-friendliness, EC development obtains good potential.

EOD:

With self-owned EO as feedstock, the Company's EOD, produced with advanced processing equipment, coupled with stable quality and strong technical service capability, has established its market share. Given that the domestic market scale is small and restricted, current EOD is prioritized to steadily supply domestic downstream customers, then to export to South East Asia, New Zealand and Australia, Middle East and Latin America, etc. On account of the rapid growth of China economy, EOD product demand in daily chemicals remains growing followed by the booming of consumption capability. However, as new capacity continues to launch the market becomes over-supplied. With more imported products of lower costs joining in, EOD margin isn't easy to maintain.

EOD plant of FUPY shall adjust product portfolio to remain high operation rate in view of competition, and endeavor in marketing, development of new products and new customers, as well as business territory expansion to enhance overall advantages in China.

(4) Industry overview



1.3 Technology and R&D overview

The Company has always highly valued R&D, and allots a substantial yearly budget for the purpose. The R&D expenditure in 2023 was NT\$ 209,604 thousand, NT\$ 193,876 thousand in 2022, and NT\$ 51,831 thousand in Q1/2024.

With EG as the Company's prime product and EO as its precursor, the Company has since been concentrating on the development and production of EO derivatives, in view of the difficulty in EO storage and transportation. Given the risk of the economic circulation of raw material to the bulk such as EG, the development of EOD has been prioritized in line with the transformation of OUCC into a Specialty Chemical company, based on the premise of the diversification and risk management. In recent years, the R&D has continued to develop high-quality EOD/POD customized products. The main new products in 2023 included: Refined-grade trihydroxypolyoxypropylene ether GLX10R used in PU coatings/foaming; reactive-grade monomers (TM3.8/4.0/4.5, GLX3.5) used in PU/UVcuring resins; tallow amine polyoxyethylene ether TA7, stilbene phenol polyoxyethylene ether DSP6 and polyethylene glycol monomethyl ether MPEG3000 used in textiles/pesticides/construction materials as emulsification/dispersion aids, which have been well reviewed and recommended by downstream customers for their quality. The Company will continue launching more tailored products to meet the customers' needs.

In view of the Company's mission in environmental protection, concern over the decrease of terminal products energy consumption, as well as the increase in the Company's revenue and profit through the high value-added products, the new technologies in synthesis such as radical polymerization, esterification and transesterification, and the formulated modulation have been undertaken the further processing of EOD/POD downstream. In recent years, the Company has successfully developed high-efficiency series of water-reducing agent WR, slump agent SR, and the functional admixture formulation JSP of slow coagulation and high pour point traits for concrete, which process and formulation of the former two have been further optimized and developed into WR04/SR04, and actively promoted and verified by a number of domestic and foreign customers, signifying the increase of both sales volume and market share. Moreover, the powder-type water reducer PWR01 and highly efficient 6-carbon type HWR01, replacement of WR04, as well as EPEG3000, feedstock of HWR01, have been newly developed in H2/2023, and scheduled to launch market in 2024. In addition, in 2023, the development of a number of air-entrained foam stabilizers JFA03 for lightweight concrete, foam-suppressing defoamer JDF05, and sorbitol monofatty acid ester SPAN series (SPAN20/80) which are key raw materials for emulsifiers, and the formulated white oil emulsifier EMWO01 have also been successfully implemented.

To achieve the 2050 net zero carbon emission target, the R&D has been planning a series of environmentally friendly products and technologies of the CO₂-contained, recycled PET(rPET), carbon captured solvents and biodegradable materials since E/2021. The rPHB04, rPET-based EOD eco-friendly detergent, with features like 20% recycled PET contained, low foam, high biodegradability, and a cleansing efficiency equally compared with AEO, has been developed in 2022, and passed the downstream customers laundry capsule application test. In 2023, the recycled polyester polyol RPN02, which contains more than 30% recycled PET and applicable to PU infusion glue, has been successfully developed. Furthermore, PEGXC/UC of different molecular weights containing 10~30% CO₂ synthesized by EC derivation have also been developed, as well as XC/L7XC series that can be used as environmentally friendly solvents/non-ionic surfactants, currently being tested and promoted for downstream applications. Additionally, as to the improvement of CO₂ capture technology, the basic technology development of carbon dioxide capture agent N-methylethylene glycolamine (MDEA) has been completed in 2023, which not only can be used mainly as the gasification agent that absorbs/removes H₂S and CO₂, but also as polyurethane catalyst, fabric softener, pH adjuster, epoxy resin hardener. A proceeding feasibility assessment for the plant establishment will be conducted based on the market benefits resulted from such technology.

With its continuous efforts in transformation, the Company is on its way to be known as a major producer, combining both upstream petrochemical raw materials and downstream high-valued fine chemicals. To fulfil the goal, the R&D has developed (1) the special catalytic and ring-opening polymerization technologies required for the production of special polyether polyols; (2) the required reductive amination catalyst and process technology for the production of both polyetheramine (PEA), ethylene diamine (EDA) and diethylene glycolamine (DGA) series, was awarded the Far Eastern prize for Proactive Innovation in 2023, with the delivered report themed "Independent Development from Commercial Catalyst to Commercial Production"; (3) the transesterification polymerization technology required for the production of polycarbonate diol (PCDL) series, used as soft segment modifiers to adjust the physical properties of polyurethane (PU); (4) the alkylation technology required for the production of N-methylethylene glycolamine (MDEA); (5) selective hydrogenation related technologies.

Special-spec. polyether polyols contain mainly PO or EO-PO, EO/PO-THF copolymer series of mono-, di-, tri-, tetra-, and hexa-functional groups. The molecular weights of each series of polyether polyols range 230-20000, and the physical properties of each series of polyether polyols can be adjusted according to specific needs of the downstream customers. Various series of polyether polyols can be applied to various polyurethane (PU) resins as waterproof and moisture-permeable membranes, adhesives and sealants, elastomers, rigid foams and soft foams to improve their quality grades and physical properties, which have been verified by customers and already in sale.

The polyetheramine series are mainly mono-, di-, and tri-functional PO or EO-PO copolymer. The molecular weights of each polyetheramine series range 200-2000, which can mainly adjust and optimize the physical properties of the epoxy resin, polyurethane (PU), and polyamide fiber, suitable for wind blades, waterproof and anti-corrosion coatings, and high-strength structures with wear/weather resistance.

Ethylenediamine (EDA) series mainly include ethyleneamine (EDA), amineethylethanolamine (AEEA), diethylenetriamine (DETA), triethylenetetramine (TETA), piperazine (PIP), N-aminoethylpiperazine (AEP), N-hydroxyethylpiperazine (HEP), and the like, which can be used mainly in bleach activators, chelating agents, corrosion inhibitors, elastic fibers, disinfectants, lubricating oil and fuel additives, minerals processing aids, pharmaceuticals, plastic lubricants, polyamide resins, rubber processing aids, textile additives, polyurethane chemicals.

Diethylene glycol amine (DGA) series mainly include diethylene glycol amine (DGA), morpholine and bisamine ethyl ether (BAEE), which can be mainly used for the adsorption/removal of H₂S, COS and CO₂ solvents, selective solvents for refinery aromatics, foam stabilizers, humectants, emulsifiers, polycondensates, photoresist stripper formulations, metal processing solvents, personal care products, corrosion inhibitors, cosmetics, smoothing waxes and polishing emulsifiers, solvents for volatile amines, intermediates of fluorescent whitening agents, textile lubricants, softeners, additives, brighteners, sizing emulsifiers, rubber vulcanization accelerators, antioxidants, surfactants, plasticizers, tackifiers, pesticides, aerosols, herbicides, dyes and intermediates of catalysts.

Polycarbonatediol (PCDL) series mainly compose of respective C₆, C₄&C₆, C₅&C₆ with carbonate. The molecular weights range 1000-2000. Compared with the diols of general polyester and polyether series, PCDL has excellent mechanical properties, hydrolysis resistance, thermal stability, weather resistance and solvent resistance, mostly used to improve the PU physical properties for durability, such as automotive water-based adhesives, sealants, high-grade synthetic leather, leather treatment agents, instrument panels, high-grade wood paints, surface treatment agents and thermal plastic resin. As PCDL trial production completed in 2023, the process parameters are persistently optimized. The currently available products include PCH101(molecular weight 1,000, C₆), PCH201(molecular weight 2,000, C₆), and PCBH101(molecular weight 1,000, C₄&C₆).

The core technologies related to selective hydrogenation cover olefin-to-alkane, nitro-transamination, cyano-transamination, imine-transamination, ester-to-alcoholization, and ether-to-alcoholization, among which the basic reaction systems of the first four items have been established and applied to relevant corresponding items, while the latter two are under continuous development.

1.4 Long- and short-term business development plans

1.4.1 EG operations

Short term: Optimize current equipment capacity to satisfy domestic market demand.

Long term: To evaluate and plan for the security of energy resources in the territory where the energy is competitive, with the aim of expanding the core business base.

1.4.2 GAS operations

Short term: Elevate efficiency of production and sale to create profit.

Long term: Develop new product applications and products of high value.

1.4.3 SC operations

Short term: The Company will enhance business operations with end users, infuse new products into the market, and strengthen technical service ability to increase the market share; and reinforce cooperative relation with international leading manufacturer to enhance brand exposure, maintain strategic collaborative partnership in developing other customized EO derivatives to compete mutually through collaborative supply chain.

Long term: To proceed with plans for the diversified development of new specialty chemicals, fine chemicals and the related to enlarge the proportions of sales and profit of SC.

2. Market, Sale & Production Overview

2.1 Market Analysis

2.1.1 Major products vs sales territories vs competitors and market share

(1) EG :

The MEG, DEG and EO from the EG plant were primarily produced for the domestic market. Current EG domestic market share is 25%.

(2) GAS :

The sale of industrial gas is also mainly for the domestic market. Domestic market share is 8%.

(3) EA :

The main sales territories for EA include Taiwan, Asia Pacific, Middle East, Africa, Europe and America, etc.

(4) EB :

The current sales territories of the Company's EB cover Taiwan, China, Asia Pacific, and Africa, etc.

(5) EC :

The EC supplied to Chi Mei for the production of PC is primarily used as advanced plastic materials. As the two PC production lines of Chi Mei under good operation, the development continues, and the consumption of EC may remain growing.

(6) EOD :

The AEO, PEG, MPEG, HPEG, TA, and TM from the EOD plant have extensive applications and accounted for the 40% of domestic market share. Apart from the domestic market, the EOD products exported to South East Asia, New Zealand, Australia, Middle East and Latin America accounted for approx. 34% of total sales volume.

The AEO, PEG and HPEG from the FUPY EOD plant are sold mostly to Eastern China, while the rest to Northern and Southern China. Overall EOD market share is 5%.

2.1.2 Future market overview

(1) EG :

The total domestic output was approx. 670,000 MT, imports 80,000 MT, exports 30,000 MT, and domestic demand 720,000 MT.

(2) EO :

The demand for EOD grows by 3% or more each year. The Company's EO fulfills internal demand for EA, EC, and EOD.

(3) DEG :

The domestic demand is approx. 60,000 MT, while the supply is approx. 70,000 MT. Export is necessary for the balance of DEG domestic market.

(4) GAS :

The Company competes with Air Products San Fu, Linde LienHwa, Air Liquide Far Eastern and Taipei Oxygen and Gas. The Company will continue extending pipeline business ratio and area, and increase sales of high-valued CO₂.

(5) EA :

As the sole domestic manufacturer of EA, 50% of production volume goes to the domestic market, which used to rely totally on imports. The remaining 50% will be exported to China, Asia Pacific, Africa, Europe and America, etc.

(6) EB :

As the sole domestic manufacturer of EB, 20% of production volume goes to the domestic market, which used to rely totally on imports; while the remaining 80% is exported to China, Asia Pacific, and Africa, etc.

(7) EC :

As the sole domestic manufacturer of EC, which demand used to depend totally on the export, 90% of the Company's output will fulfill the domestic demand, while the rest 10% be exported to China, Pacific Asia, Europe and America, etc.

(8) EOD :

With diversified downstream applications to household industry such as detergent, textile auxiliary, coating resins, concrete water reducers, and so on, the Company shall increase gradually its technical services to customers, in hope that future EOD may grow along with economic development, and seek long-term cooperation with leading SC manufacturers to further expand its domestic market share and increase export volume, aiming 50% of production at domestic market supply and 50% for export to South East Asia and the Middle East, Europe and America, etc.

2.1.3 Advantages/Disadvantages and Countermeasure in Competitiveness and Future Development

(1) Advantages :

- (a) With the highly efficient catalyst now in use, the efficiency of the EG plant has been improving remarkably each year resulting in the saving of feedstock ethylene and oxygen as well as energy consumption. In addition, the produced high-purity EO is used not only to produce EA and EC, but also for the high value-added EOD.
- (b) With the steady internal oxygen demand and pipeline supply to Linyuan and Dafa Industrial zones, the gas production costs maintain stable; while the CO₂, by-product of EG process retain competitive with high purity and low cost.
- (c) To effectively reduce energy consumption, improve the quality and competitiveness of the product, EA plant No. 2 has adopted newly developed low water revamp process.
- (d) Given that TEA is under the control of CWC of the United Nations and domestic production has released local TEA users from the almost inextricable and complicated import application procedures, the domestic demand and supply continue to grow.
- (e) In addition to its use as feedstock for electrolyte of lithium battery and composite material, the production of EC under the environmentally protective non-phosgene process and the use of GHG CO₂ as feedstock, have earned the recognition of society and environmental conservation institutions, and supplied under contract to satisfy the downstream Chi Mei's requirement for PC marketing.
- (f) With self-owned feedstock EO, the EOD plant obtains its cost advantage and secures its high quality products with far lower than average impurity content, which is highly regarded by the customers, due to its advanced equipment thereof. Additionally, with high capabilities in product development and technical service, the Company enables to meet with customers' requirements for new product development

(2) Disadvantages and countermeasures :

- (a) With CPC as major supplier of ethylene, import is necessary when there is a shortage.
- (b) To deal with the disadvantages of the costly transportation, the Company is working on the installation of an optimizing transportation dispatch system to ensure stable and secure supply of gas products.

2.2 Applications and production processes of the major products

2.2.1 Applications of major products

- (1) MEG: is the raw material for polyester fiber, antifreeze, dehumidifiers, engineering plastics, PET bottles and brake fluid, etc.
- (2) DEG: is the raw material for dehumidifiers, lubricants, dye leveler, polyethyl urethane and unsaturated polyester resins as well as a solvent and grinding aid.
- (3) EO: is the major feedstock for EG, EB, EA and non-ionic surfactants and disinfectants.
- (4) Oxygen: is used in the aerospace industry, metal processing, the papermaking and glass industries, chemistry and pharmaceuticals, industrial welding and cutting, waste water treatment, incineration, hospitals and fisheries, etc.

- (5) Nitrogen: is mainly used in refineries, the glass, electronics and semi-conductor, plastics industries, food preservation and packaging, low-temperature cutting, the chemical industry, metal heat treatment, pharmaceuticals, low-temperature surgery, printing, metal, rubber and livestock industries as well as in medical research, etc.
- (6) Argon: is used in welding, the aerospace industry, lighting, window heat insulation, the electronics and semi-conductor industries, the metal and alloy manufacturing industry and in laser production and the processing industry.
- (7) CO₂: is used in welding, fire extinguisher, electronics and semi-conductor industries, frozen foods and dry ice cleaning, etc.
- (8) MEA: is used in disinfection, anti-diarrheic, fluorescent whitening agents, surfactant, anti-corrosive agent, detergents, paints, and in acid gas absorbent and electronics solvent.
- (9) DEA: is used in herbicides, corrosion inhibitors, crosslink agent, engine antirust agent, detergents, surfactant, and in acid gas absorbent.
- (10) TEA: is used for cutting, cooling and anti-corrosion agents in metal processing; emulsion and neutralization in the cosmetics industry; as a grinding aid in cement processing, early strengthening and water reducing agents for concrete, and as a surfactant and electroplate bonder.
- (11) EC: is used in the production of PC, which is then used for the production of compact discs and engineering plastics, as well as lithium battery electrolyte.
- (12) EB: is used in paints, printing ink, stamping ink, oil, resin solvents, metal detergent, paint remover, lubricant remover agents, automobile engine detergent, dry-clean solvent, and epoxy resin solvent, etc.
- (13) PEG: is used as a fluorescent brightener in electroplating; in moistening and concentration for cosmetics; as a soldering flux, and as a mold release agent in rubber processing.
- (14) AEO: is a shampoo ingredient, a lubricant and anti-corrosion additive; is used as biodegradable material for textile auxiliary; is a moisturizer or dispersant used in the preparation of colored dyes and pesticides; also used as a stabilizer in synthetic latex processing.
- (15) MPEG: is extensively used in construction, as a raw material for poly-carboxylate cement water reducers, as a thickening agent and lubricant in textiles and daily chemical processes. It is also used as a pharmaceutical substrate for ointment, emulsifying gel, as a rinsing agent and in suppositories.
- (16) TA: is non-ionic in an alkali or neutral mediator, and cationic in an acid mediator. It has excellent emulsification and dye leveler properties. Extensively used in pesticides, the leather and textile industries, metal processing and plastics industries, such as textile auxiliary, pesticides emulsifiers and metal anti-corrosion agents.
- (17) TM: ethoxylated trimethylolpropane is a tri-functional alcohol with quaternary structure and is a colorless transparent liquid at normal temperatures. TM is frequently used as a cross linker in polyurethanes, a precursor for UV curing coating reactive monomers and a composition of aqueous polymer.

2.2.2 Production processes

- (1) EG plant: After preheating, ethylene goes through the sulfur and acetylene removal units and is injected into the cycle gas loop with oxygen before catalyzed with silver and reacted to form ethylene oxide (EO), carbon dioxide (CO₂) and water. The EO is then absorbed by circulated water in the main absorbing column and pumped to the gas stripping column and EO recovery system to produce crude EO. Part of this is purified to high purity EO in the HPEO column by removal of aldehydes while the rest of the crude EO is mixed with process water and reacts to glycols in the glycol reactor. The glycol water mixture passes through multiple effect evaporators to remove water. The concentration and purification columns remove impurities to produce high quality mono-, di-, and tri-ethylene glycol (MEG, DEG, TEG) products. The CO₂ from reaction will be then forwarded to EC plant for purification, as well as used as feedstock and for sale afterwards.
- (2) Air separation plant: Air is filtered to remove particulates and dust, compressed by the main air compressor passed through molecular sieves to remove water, CO₂, and light hydrocarbons by adsorption. The purified dry air passes through primary heat exchangers to reach liquefying temperature and enters the fractionation column where it is split into high purity oxygen (O₂), nitrogen (N₂) and argon (Ar). Liquid products (LOX, LIN, LAr) are produced by compression-expansion of the gaseous O₂/N₂/Ar in the liquefiers.
To secure the quality control of medical GOX and LOX, the medical oxygen has been produced through dedicated singular-use pipeline.
- (3) EA plant: EO reacts with ammonia solution to produce ethanolamine solution. The solution goes through ammonia, water removal and vacuum distillation processes to produce mono-, di-, tri- ethanol amines (MEA, DEA, TEA) and heavy TEA (TEAH) products.
- (4) EC plant: EO and purified CO₂ react in the high pressure reactor to produce ethylene carbonate (EC), during which reaction the liquid EC is catalyzed and proceeds with vacuum distillation. The purified CO₂ going through different equipment/product line/production zone may produce products of industrial-, food-, electronic- and semiconductor-grade, to meet requirements of respective customers.
- (5) EOD plant: EO reacts with various initiators such as PO, methanol, natural fatty alcohol, synthetic alcohols, DEG, methallyl alcohols, polyols, glycerin, fatty amine, trimethylpropanol, benzene rings, phenols and so on in the high pressure autoclaves to produce different ethoxylates (AEOs, TDK/TDE, MPEG, PEG, HPEG, TA, TM, PH1, TSP, PET, BPA, GLX, and DH series). The batch reaction process undergoes catalyst addition, moisture removal, reaction, aging and neutralization steps in the facility which includes pre-treatment, reaction and post treatment vessels. The agricultural and textile emulsifiers, water treatment and contracture additives are formulated at the EOD plant with the base materials from the self-developed EOD series of the Company prior to packing. The concrete additive polycarboxylate (PCE) is transesterified and synthesized employing self-produced monomers of MPEG and 4-6 carbon alcohol as base materials, which are developed and formulated through self-owned technology.

- (6) To produce the ethylene glycol butyl ether, the butanol is to react with EO to produce glycol ether solution. Then, through the processes of butanol removal and the vacuum distillation there come the ethylene glycol butyl ether (EB), diethylene glycol butyl ether (DB), and triethylene glycol butyl ether (TB), etc. Starting 2018, the developed products of the de-salt series, the polyethylene glycol butyl ether (HB) and the like provide outstanding functions to EB series in applications of solvents and non-ionic surfactants.

2.3 Supply of major feedstock

2.3.1 Major feedstock of the EG Plant:

- (1) Ethylene: is primarily supplied by CPC in Taiwan. Any shortages are covered by imports mainly from North East Asia, the Middle East and America.
- (2) Oxygen: supplied by the Company gas plant.

2.3.2 Gas feedstock is atmospheric air.

2.3.3 Feedstock of the EA plant:

- (1) EO: Supplied by the OUCC EG plant.
- (2) Liquefied ammonia: OUCC is supplied by the Taiwan Fertilizer Co.

2.3.4 Feedstock of the EC Plant: EO and CO₂ are both provided by the Company EG plant.

2.3.5 Feedstock of EB Plant: EO is provided by the Company EG plant, while n-butanol is provided mainly by Formosa Plastics Corporation, shortage by importers.

2.3.6 Major feedstock of the EOD plant:

- (1) EO: Supplied by OUCC EG plant. FUPY is supplied mainly by its own EG plant, while the rest is by local suppliers.
- (2) Fatty alcohols: Supplied by the Kao Group or other importers. FUPY is provided by Eastern China supplier.
- (3) DEG: Supplied by OUCC EG plant. FUPY is provided by its own EG plant.
- (4) PO: Supply is procured from abroad.
- (5) Other initiators: Procured from domestic and overseas suppliers, while FUPY from domestic suppliers.

2.4 The major suppliers and customers accounting for 10% or more of the Company's total acquisition and sales over the last two years

2.4.1 The major suppliers accounting for 10% or more of the Company's total acquisition:

Currency unit: NTD thousand

Item	2022				2023				Ending Q1 of 2024			
	Name	Amount	Percentage of total net purchase (%)	Affiliation with the issuer	Name	Amount	Percentage of total net purchase (%)	Affiliation with the issuer	Name	Amount	Percentage of total net purchase up to Q1 of the current year (%)	Affiliation with the issuer
1	CPC	4,863,600	22	None	CPC	4,253,879	21	None	Nanking Chengzhi Yongchin Energy Technology Co. Ltd.	1,144,727	23	None
2	Nanking Chengzhi Yongchin Energy Technology Co.	2,845,573	13	None	Nanking Chengzhi Yongchin Energy Technology Co.	3,931,694	19	None	Lianyungang Petrochemical Co. Ltd.	651,908	13	None
3	Others	14,426,941	65	None	Others	12,294,432	60	None	CPC	619,982	13	None
4									Others	2,512,126	51	None
	Net purchase	22,136,114	100		Net purchase	20,480,005	100		Net purchase	4,928,743	100	

2.4.2 The major customers accounting for 10% or more of the Company's total sales amount:

Item	2022				2023				Ending Q1 of 2024			
	Name	Amount	Percentage of total net purchase (%)	Affiliation with the issuer	Name	Amount	Percentage of total net purchase (%)	Affiliation with the issuer	Name	Amount	Percentage of total net purchase up to Q1 of the current year (%)	Affiliation with the issuer
1	-	-	-	-	Sinopec Chemical East China Branch	2,985,397	14	-	Sinopec Chemical East China Branch	948,109	18	None
2	Others	22,081,099	100	None	Others	17,831,534	86	None	Others	4,206,932	82	None
	Net sales	22,081,099	100		Net sales	20,816,931	100		Net sales	5,155,041	100	

2.5 Output volume and value over the last two years

Unit: quantity: ton
Value: NTD thousand

Major products	2022			2023		
	Productivity	Output	Output value	Productivity	Output	Output value
EG series	1,374,000	746,850	17,060,097	1,374,000	787,580	16,213,102
Gas series	1,797,950	989,921	1,511,979	1,947,950	966,286	1,677,793
SC series	331,000	186,420	5,904,231	356,000	196,648	5,791,972

Note: Output volume and value of consolidated companies

2.6 Sales volume and value over the last two years

Unit: quantity: ton
Value: NTD thousand

Year	2022				2023			
	Domestic sales		Export sales		Domestic sales		Export sales	
Major products	Q'ty	Amount	Q'ty	Amount	Q'ty	Amount	Q'ty	Amount
EG series	276,700	5,484,759	378,373	8,053,730	208,607	4,010,871	474,310	9,143,409
Gas series	418,510	1,482,776	81,412	204,493	367,135	1,386,125	104,525	257,375
SC series	87,459	3,342,488	95,559	3,468,143	89,413	2,813,527	98,932	3,181,620

Note: Sales volume and value of consolidated companies

3. Employees

April 30, 2024

Year		2022	2023	2024(Note)
Number of employees		629	665	644
Average age		39.94	39.64	40.29
Average seniority		8.48	8.33	8.67
Education Background %	Doctor	0.95%	1.20%	1.24%
	Master	20.83%	20.90%	21.43%
	Bachelor	65.98%	66.62%	66.31%
	High school and below	12.24%	11.28%	11.02%

Note: The information of consolidated companies is valid up to the date of publication of the annual report.

4. Environmental Protection Expenditure

4.1 Incurred loss and punishment due to contamination of environment in recent year

4.1.1 Linyuan premises

Item \ Year	2022	2023	Ending 30 April, 2024
Contamination classified	Air Pollution Prevention Rule Waste Disposition Rule	Waste Disposition Rule	Air Pollution Prevention Rule Waste Disposition Rule
Authorized Unit	Kaohsiung City Government	Kaohsiung City Government	Kaohsiung City Government
Compensatory amount or discipline	NTD775,000	NTD6,000	NTD225,000
Other losses	N/A	N/A	N/A

4.1.2 Yangzhou premises

Item \ Year	2022	2023	Ending 30 April, 2024
Contamination classified	N/A	N/A	N/A
Authorized Unit	N/A	N/A	N/A
Compensatory amount or discipline	N/A	N/A	N/A
Other losses	N/A	N/A	N/A

4.2 Future countermeasures and expenditure

4.2.1 To be adopted plan and countermeasures:

- (1) To strengthen the operation management of the anti-pollution facility, to ensure the compliance of pollutant emission pursuant to the regulation.
- (2) To enhance the operative capability of the anti-pollution facility by monitoring the management of operation and maintenance, to eliminate the occurrence of accident.
- (3) To promote the industrial waste reduction plan, to diminish the generation of waste water/gas/good, through process development and improvement technology.
- (4) Review and advance all the measurements for water and energy saving, and CO₂ reduction.

4.2.2 Future and on-going expenditures in environmental protection and the improvement anticipated

- (1) The Company is investing NTD24 million in the improvement of waste water plant to increase waste water treatment volume and reduce effectively the high density COD.
- (2) The Company is investing NTD17.55 million in the improvement of specialty chemical waste water by installing the on-line analyzers to enhance the monitored quality of waste water disposition.
- (3) The Company is investing NTD6.12 million in the renewal of the waste water level 3 flotation unit of the EG plant to improve the flotation function.
- (4) The Company is investing NTD1.8 million in the improvement of P2-115A/B membrane of EB plant to avoid abnormal odor and waste water contamination resulted from ammonia leakage upon malfunction.

4.3 Implementation of GHG reduction

4.3.1 Implementation

- (1) The renewed project of the circulating water pumps PP-201N of EOG plant is estimated to save power 1.06 million kWh and reduce 540t-CO₂e a year.
- (2) The efficiency enhancing project of the prime air compressor of the 2nd GAS plant is estimated to save power 837,000 kWh and reduce 426t-CO₂e annually.
- (3) The revamp project of the 2nd GAS plant ice water system is estimated to save power 728,700 kWh annually and reduce 371t-CO₂e a year.
- (4) The renew project of the methane compressor of EOG plant is estimated to save power 199,000 kWh annually and reduce 101t-CO₂e a year.
- (5) The rooftop solar energy of semiconductor CO₂ plant and the program-controlled power distribution projects, by way of the installment of a solar photovoltaic system with device capacity of 108.78 kWh, is estimated to decrease the power procurement of 152,800 kWh, reducing 78t-CO₂e annually.
- (6) The project of demand-driven loading management method and power trading platform is estimated to save power 27,500 kWh and reduce 14t-CO₂e a year.

4.3.2 Proceeded measures

- (1) The renewed project of the circulating air compressor of the 2nd GAS plant is estimated to save power 1.28 million kWh and reduce 652t-CO₂e annually.
- (2) The energy saving project of the RTO of EOG plant is estimated to save power 611,000 kWh and reduce 311t-CO₂e annually.
- (3) The renewed project of the high pressure demineralized water pump PP-1301 is estimated to save power 293,000 kWh and reduce 149t-CO₂e annually.
- (4) The renewal of LED for the high pressure sodium lamp at repair & maintenance building of Linyuan premises is estimated to save power 75,000 kWh and reduce 38t-CO₂e a year.

4.4 The implementation of RoHS and its effect on investors' interests and rights:

The Company has confirmed that no lead or cadmium ever used as ingredient, or in formulation or processing pursuant to RoHS.

5. Labor-Management Relations

5.1 Employee welfare measures, labor-management agreements and employee rights and interests protection measures:

5.1.1 The Company has established the Worker's Welfare Commission and contributes to welfare benefits in accordance with the Law, calls meetings periodically, attends to worker welfare affairs and organizes various welfare activities. Badminton, softball and fishing clubs have been founded, academic subsidy and travel allowance are provided, and annual health examination for all employees is provided as well as an employee group insurance.

5.1.2 Continuing education and training

The Company values the training and development of human resources, and supports and invests in employee education and training, which improves expertise and skill and upgrades the Company's overall competitiveness. The Company plans and provides employees with the chance to continue their education and training each year by attending competency and executive management talent development programs, including finance & accounting, marketing and computer courses planned by the HR Development Center of Far Eastern New Century Corp, a Group member. The various departments may also recommend that colleagues attend on-job training, labor safety training and training for licenses organized by the governmental apparatus and social organizations. These internal education and training seminars will be continued to enrich employee expertise and achieve the substantial goal for "to learn in order to practice". In 2023, the total number of internal and external education training hours reached 11,836. For the ESG talents cultivation, a total of 12 on-line classes regarding trend development, strategy planning, risk management, and low carbon transition are programed in 2024.

5.1.3 Retirement system

The Company has established a Labor Pension Supervisory Committee to review and monitor the utilization of pensions. The Committee will contribute 10% of the pension reserve into a special and exclusive account maintained at the Trust Dept. of the Bank of Taiwan on a monthly basis and pay employee pensions as required to ensure the interests and rights of retired employees.

Starting July 1, 2005, employees who have chosen the pension system under the "Labor Pension Act" shall pay a deposit of 6% of the insured value to the personal pension account at the Labor Insurance Bureau on a monthly basis. The ratio of the pension system to the official employees is 100%.

5.1.4 Insurance system

The company handles employees' labor insurance, national health insurance, and appropriation of the new retirement pensions system in accordance with the law. In addition, the group insurance and a self-financed plan are provided to insure lives of employees, employee welfare and promote harmonious labor-management relations.

5.1.5 Labor-management agreements and employee interests and rights protection measures

The labor-management policies are made in accordance with the relevant laws and regulations, and implemented fairly. Additions or amendments to the labor terms and conditions are implemented after labor-management negotiations to protect the interests and rights of the employees.

Through the labor-management meetings held regularly, the employees may voice opinions, communicate to solve problems, and achieve a well reactive and harmonious relationships.

5.1.6 The work environment and employee personal safety protection measures

- (1) To prevent occupational accidents and disasters and protect the safety of employees, the Company has defined various "urgent contingency plans," carries out regular drills and has countermeasures in place to handle fire, leakage, typhoon, earthquake, war, traffic accidents, reporting, evacuation and recovery, to limit and mitigate injury and loss caused by an accident or disaster as far, as fast, and as systematically as possible
- (2) The substance safety data sheets for raw materials, supplies and products throughout the factory are accessible to personnel at all times, as well as being posted on-line, to ensure that all personnel have the knowledge, references and the relevant information necessary to take the proper corrective action to ensure the safety of employees and the factory.
- (3) The production process zones are all equipped with fire protection equipment and sprinkler systems which may be automatic, manual or remote controlled to ensure the safety of employees and the factory. Auto fire extinguishing systems (FM-200) are installed at the 15 sets of MCC to secure the safety of the electronics facility.
- (4) Monitoring stations for combustible gases, EO, NH₃, H₂, and waste water (COD, pH) are installed within the production areas, so that any leakage or abnormal situation may be detected and remedied or eliminated immediately.
- (5) A hot/hazardous work permit procedure has been established and a permit system and procedure for entry into confined spaces has also been introduced to ensure the safety of personnel and equipment.
- (6) The implementation of safety training and requirement for contractors in accordance with the safety standards of the employees is to ensure the safety of all personnel accessing or passing through the factory area.
- (7) Health examinations for employees have been set up for the early detection of any health problems so that any necessary treatment may be advised as soon as possible.

5.2 Any loss incurred from the labor-management dispute of the Company or its subsidiary in the recent year and up to the date of publication of this annual report, and the disclosure of current and future estimation of possible loss amount and countermeasures: Nil

6. IT Security Management

6.1 IT security risk management structure, IT security policy, solutions and resources

6.1.1 IT security structure and accountability

- (1) The Company's IT Security Committee was established in 2021 and composed of IT security audit team, Chief Information Security Officer (CISO), IT manager and a protection team. The CISO summons meetings at regular basis or when necessary to resolve IT security system related issues annually.

(2) Job accountability

Unit	Job Accountability
IT Security Committee	<ol style="list-style-type: none"> 1. Hold a meeting every year on a regular basis or as needed to review matters related to the IT safety management. 2. Hold a cross-unit meeting as needed to coordinate the relevant resources allocation required for the implementation of the IT security management system.
IT Security Audit Team	<ol style="list-style-type: none"> 1. Formulate an internal audit plan for IT security. 2. Conduct an internal audit on IT security 3. Produce an internal audit report on IT security 4. Track the improvement implementation of the nonconformity.
Chief Information Security Officer	<ol style="list-style-type: none"> 1. Responsible for the strategic planning and relevant implementation. 2. Responsible for pre-warning and monitoring of information security status, and handling the status and incidents thereof. 3. Provide suggestions for improvement of IT security management, and assist the implementation of self-inspection of IT security management. 4. Regularly check the event records for access control management, as well as management procedures.
IT Security Manager	<ol style="list-style-type: none"> 1. Formulate relevant guidelines for information security management. 2. Promote information security related activities. 3. Conduct education and training related to information security. 4. Establish a risk management system to conduct the risk management. 5. Establish emergency drill and recovery measures for security incidents. 6. Implement the improvement recommended by the audit team. 7. Implement improvement of preventive measures. 8. Study and discuss new information security products or technologies. 9. Execute the resolutions of the IT Security Committee. 10. Identify the laws and regulations related to IT security.
Information Security Protection Team	<ol style="list-style-type: none"> 1. Cooperate with the rescue unit upon occurrence of a disaster, and responsible for the relief of personnel, materials and equipment, as well as on-site instruction. 2. Responsible for post-disaster coordination and clean up instruction of the disaster site. 3. Responsible for the operative site restoration planning.

6.1.2 IT security policy: The "Information Security Committee" is set to ensure the security of information assets of the company, and is responsible for the approval and supervision of policies, information security prevention and crisis management. To avoid misuse, leakage, tampering, and destruction of information due to human negligence, intentional or natural disasters, which may incur various possible risks and hazards to the Company, IT department undertakes the Company's network information security and internal information protection, sets up remote backup, self-built cloud database and other related measures to ensure the effective operation of the information system under no exposure of risks. The relevant principles of information security management are listed per below:

- (1) Important information assets shall be regularly examined, classified, graded, and risk assessed, with appropriate protective measures implemented accordingly.
- (2) Establish a complete notification and contingency measures for information security incidents to ensure the continuous operation of information systems and businesses.
- (3) An operation continuity plan shall be formulated and drilled regularly to ensure that important systems and businesses can resume operations within a predetermined time when an information security incident occurs.
- (4) Relevant personnel shall receive relevant education and training pursuant to regulations to enhance information security awareness.
- (5) Regularly perform information security audits to review access authorization and the implementation of information security management systems.
- (6) Multi-Factor Authentication system (MFA) is introduced to enhance the information safety of employees upon login to avoid the possible theft of login data.

6.1.3 IT security resources: The Company adheres to the great importance of information security risk control and protection, and has deployed multi-levelled defense network for strict implementation. In 2023, the Company adopts AWS cloud solution by relocating its IT hub at AWS in view of the near 100% SLA safety mechanism of AWS, to safeguard the IT security at AWS cloud hub, a green IT approach of the Company in terms of its energy saving and carbon reducing efforts. The relocation is scheduled to complete by Q1/2024. A total of NT\$ 15 million was invested in 2023 for the enhancement of information security.

6.2 IT security risks and countermeasures: (please refer to p125 of this report)

6.3 Major IT cases (with losses and possible impact due to material IT safety incidents in the most recent year till the date as of the publication of this report) : Nil

7. Major contracts

Nature	Client	Duration	Summary Content	Restricted clause
(I) Oriental Union Chemical Corporation				
Supply Contract	Far Eastern New Century Corporation	2022.3-2025.2	EG purchase and sales agreement	Renewed automatically within six months prior to expiration if neither raises an objection.
	Shinkong Synthetic Fibers Corporation	2022-2024		Renewed automatically within six months prior to expiration if neither raises an objection.
	Tainan Spinning Co Ltd	2023, 2024		Renewed automatically within three months prior to expiration if neither raises an objection.
	Sino-Japan Chemical Co Ltd	2022.6-2025.6	EO purchase and sales agreement	Renewed automatically for three years within six months prior to expiration if neither raises an objection.
	Chi Mei Corporation	2023-2024	EC purchase and sales agreement	Both parties are engaged in the exclusive purchase and sale of EC.
	CPC	2022, 2023	Ethylene supply contract	Nil
Lease Contract	CPC	2022, 2023	Storage tank lease contract	Nil
	Lushun Warehouse Co Ltd	2023-2028		Renewed automatically for one year within 3 months prior to expiration if neither raises an objection.
Long-term Loan	Bank of America	2023-2025	Bank loan	Nil
	Far Eastern International Bank	2022-2025		
	Mega Bank	2023-2025		
	Land Bank of Taiwan	2023-2025		
	KGI Bank	2022-2025		
	Shanghai Commercial & Savings Bank	2023-2025		
	Bank of China	2023-2025		
	Taishin Bank	2023-2025		
	Yuanta Bank	2022-2025		
	Bank of SinoPac	2023-2025		
	First Bank	2023-2025		
	Export-Import Bank of ROC	2023-2026		
(II) Far Eastern Union Petrochemical (Yangzhou) Ltd				
Supply Contract	Nanking Chengzhi Yongchin Energy Techology Co Ltd	2023, 2024	C ₂ supply contract	Nil
	Sinopec Chemical Commercial Holding Co Ltd, Eastern China Branch	2023, 2024	EG & EO purchase and sales agreement	Nil

VI. Financial Information

1. Condensed balance sheet, income statement, and external auditor's opinion for the last five years

Condensed balance sheet and comprehensive income statement – IFRSs

1.1 Condensed balance sheet – IFRSs

1.1.1 Consolidated balance sheet

Currency unit: NTD thousand

Year Item		Financial information for the last five years					Financial information available up to March 31, 2024 (Note 1)
		2019	2020	2021	2022	2023	
Current assets		7,603,164	6,286,281	6,293,412	6,487,507	5,655,988	5,270,824
Property, plant and equipment		14,939,620	14,572,234	14,641,722	14,736,488	14,491,814	14,755,704
Intangible assets		20,235	31,431	46,382	40,815	48,857	61,191
Other assets		14,300,097	13,213,681	12,794,655	13,642,994	12,817,672	12,528,716
Total assets		36,863,116	34,103,627	33,776,171	34,907,804	33,014,331	32,616,435
Current liabilities	Before distribution	10,706,121	8,911,854	8,678,751	9,981,120	8,624,010	8,197,585
	After distribution	10,971,832	8,911,854	9,298,743	10,158,261	(Note 2)	(Note 2)
Non-current liabilities		9,433,400	10,279,967	9,176,818	10,631,949	9,999,563	9,685,556
Total liabilities	Before distribution	20,139,521	19,191,821	17,855,569	20,613,069	18,623,573	17,883,141
	After distribution	20,405,232	19,191,821	18,475,561	20,790,210	(Note 2)	(Note 2)
Capital stock		8,857,031	8,857,031	8,857,031	8,857,031	8,857,031	8,857,031
Capital surplus	Before distribution	825,222	956,286	1,006,828	1,085,930	1,087,752	1,090,207
	After distribution						
Retained earnings	Before distribution	4,778,341	3,437,942	4,320,179	3,740,624	3,832,147	3,985,568
	After distribution	4,512,630	3,437,942	3,700,187	3,563,483	(Note 2)	(Note 2)
Other equities		(748,791)	(959,492)	(1,222,885)	(1,568,325)	(1,869,811)	(1,719,228)
Treasury stock		(187,798)	(187,798)	(124,373)	(124,373)	(124,373)	(118,460)
Equity attributable to the parent company	Before distribution	13,524,005	12,103,969	12,836,780	11,990,887	11,782,746	12,095,118
	After distribution	13,258,294	12,103,969	12,216,788	11,813,746	(Note 2)	(Note 2)
Non-controlling interest		3,199,590	2,807,837	3,083,822	2,303,848	2,608,012	2,638,176
Total equities	Before distribution	16,723,595	14,911,806	15,920,602	14,294,735	14,390,758	14,733,294
	After distribution	16,457,884	14,911,806	15,300,610	14,117,594	(Note 2)	(Note 2)

Note 1: The financial statement for Q1 of 2024 was reviewed by the CPAs.

Note 2: The 2023 profit allocation proposal is yet to be resolved by shareholders' meeting 2024.

1.1.2 Individual balance sheet

Currency unit: NTD thousand

Year		Financial information for the last five years				
		2019	2020	2021	2022	2023
Item						
Current assets		2,915,731	2,111,032	2,574,322	2,290,105	2,197,884
Property, plant and equipment		6,278,302	6,203,703	6,797,655	7,180,960	7,318,912
Intangible assets		8,663	11,060	7,356	6,941	5,311
Other assets		15,344,746	14,386,880	13,853,197	13,440,833	13,232,973
Total assets		24,547,442	22,712,675	23,232,530	22,918,839	22,755,080
Current liabilities	Before distribution	1,723,213	952,703	1,777,259	922,940	1,315,127
	After distribution	1,988,924	952,703	2,392,251	1,100,081	(Note)
Non-current liabilities		9,300,224	9,656,003	8,618,491	10,005,012	9,657,207
Total liabilities	Before distribution	11,023,437	10,608,706	10,395,750	10,927,952	10,972,334
	After distribution	11,289,148	10,608,706	11,015,742	11,105,093	(Note)
Capital stock		8,857,031	8,857,031	8,857,031	8,857,031	8,857,031
Capital surplus	Before distribution	825,222	956,286	1,006,828	1,085,930	1,087,752
	After distribution					
Retained earnings	Before distribution	4,778,341	3,437,942	4,320,179	3,740,624	3,832,147
	After distribution	4,512,630	3,437,942	3,700,187	3,563,483	(Note)
Other equities		(748,791)	(959,492)	(1,222,885)	(1,568,325)	(1,869,811)
Treasury stock		(187,798)	(187,798)	(124,373)	(124,373)	(124,373)
Total equities	Before distribution	13,524,005	12,103,969	12,836,780	11,990,887	11,782,746
	After distribution	13,258,294	12,103,969	12,216,788	11,813,746	(Note)

Note: The 2023 profit allocation proposal is yet to be resolved by shareholders' meeting 2024.

1.2 Condensed comprehensive income statement – IFRSs

1.2.1 Consolidated comprehensive income statement

Currency unit: NT\$ thousand, other than EPS, which shall be stated at NT\$

Item \ Year	Financial information for the last five years					Financial information available up to March 31, 2024 (Note 1)
	2019	2020	2021	2022	2023	
Operating revenue	22,341,227	18,763,159	27,481,719	22,081,099	20,816,931	5,155,041
Gross profit	(22,287)	517,834	2,552,045	(55,015)	336,926	226,298
Operating income	(1,010,603)	(455,992)	1,421,992	(1,157,729)	(680,478)	(23,984)
Non-operating revenue and expense	342,704	(851,297)	(46,917)	382,711	484,103	(70,831)
Profit before income tax	(667,899)	(1,307,289)	1,375,075	(775,018)	(196,375)	(94,815)
Net income	(255,352)	(1,471,647)	1,186,755	(790,025)	(224,298)	(50,406)
Other comprehensive income (net after tax)	(118,650)	(178,552)	(291,926)	(294,952)	(323,696)	384,574
Total comprehensive income	(374,002)	(1,650,199)	894,829	(1,084,977)	(547,994)	334,168
Net income attributable to parent company	33,618	(1,064,698)	899,758	38,873	265,724	23,335
Net income attributable to non-controlling interest	(288,970)	(406,949)	286,997	(828,898)	(490,022)	(73,741)
Total comprehensive income attributable to parent company	46,941	(1,285,389)	618,844	(305,003)	(32,822)	304,004
Total comprehensive income attributable to non-controlling interest	(420,943)	(364,810)	275,985	(779,974)	(515,172)	30,164
EPS (Note 2)	0.04	(1.22)	1.03	0.04	0.30	0.03

Note 1: The financial statement for Q1 of 2024 was reviewed by the CPAs.

Note 2: The EPS is calculated on the basis of the weighted average number of shares outstanding minus the number of shares in circulation held by subsidiaries that are deemed to be treasury shares.

1.2.2 Individual comprehensive income statement

Currency unit: NT\$ thousand, other than EPS, which shall be stated at NT\$

Item \ Year	Financial information for the last five years				
	2019	2020	2021	2022	2023
Operating revenue	11,762,636	9,798,912	14,673,731	12,770,275	10,347,248
Gross profit	810,856	783,602	2,053,640	1,344,006	1,002,137
Operating income	53,101	7,112	1,148,243	465,322	199,755
Non-operating revenue and expense	(30,927)	(1,087,128)	(58,711)	(409,307)	95,813
Profit before income tax	22,174	(1,080,016)	1,089,532	56,015	295,568
Net income	33,618	(1,064,698)	899,758	38,873	265,724
Other comprehensive income (net after tax)	13,323	(220,691)	(280,914)	(343,876)	(298,546)
Total comprehensive income	46,941	(1,285,389)	618,844	(305,003)	(32,822)
EPS (Note)	0.04	(1.22)	1.03	0.04	0.30

Note: The EPS is calculated on the basis of the weighted average number of shares outstanding minus the number of shares in circulation held by subsidiaries that are deemed to be treasury shares.

1.3 CPA Name and audit opinion

Year	CPA Name	Audit opinion
2019	Hsin-Wei Tai & Yu-Wei Fan	Unqualified opinion
2020	Hsin-Wei Tai & Yu-Wei Fan	Unqualified opinion
2021	Hsin-Wei Tai & Yu-Wei Fan	Unqualified opinion
2022	Hsin-Wei Tai & Li-Wen Kuo	Unqualified opinion
2023	Hsin-Wei Tai & Li-Wen Kuo	Unqualified opinion

2. Financial analysis for the last five years

Financial analysis – IFRSs

2.1 Consolidated financial analysis

Item		Year	Financial analysis for the last five years					March 31, 2024 (Note 1)
			2019	2020	2021	2022	2023	
Financial structure (%)	Liabilities to assets		54.63	56.28	52.86	59.05	56.41	54.83
	Long-term fund for property, plant and equipment		175.08	172.88	171.41	169.15	168.30	165.49
Liquidity analysis (%)	Current ratio		71.02	70.54	72.52	65.00	65.58	64.30
	Quick ratio		47.27	51.16	51.24	45.64	42.33	40.09
	Interest coverage ratio		(0.92)	(2.55)	6.15	(1.43)	0.46	(0.12)
Operation performance analysis	Receivables turnover (times)		14.81	16.96	21.53	17.92	18.68	19.83
	Average collection days		24.64	21.52	16.95	20.36	19.53	18.40
	Inventory turnover (times)		15.37	16.08	20.85	16.61	15.39	13.90
	Payables turnover (times)		10.58	14.51	18.10	15.28	14.49	16.26
	Average inventory turnover days		23.74	22.69	17.50	21.97	23.71	26.25
	Property, plant and equipment turnover (times)		1.44	1.27	1.88	1.50	1.42	1.41
	Total assets turnover (times)		0.61	0.53	0.81	0.64	0.61	0.63
Profitability	ROA (%)		0.06	(3.32)	4.11	(1.59)	0.22	0.05
	ROE (%)		(1.45)	(9.30)	7.70	(5.23)	(1.56)	(0.35)
	Ratio to paid-in capital (%)	Operating profit	(11.41)	(5.15)	16.05	(13.07)	(7.68)	(0.27)
		Net profit before	(7.54)	(14.76)	15.53	(8.75)	(2.22)	(1.07)
	Net income margin (%)		(1.14)	(7.84)	4.32	(3.58)	(1.08)	(0.98)
	EPS (NT\$) (Note 2)		0.04	(1.22)	1.03	0.04	0.30	0.03
Cash flow (%)	Cash flow ratio (%)		(6.98)	8.43	42.53	(10.48)	0.41	(0.26)
	Cash flow adequacy ratio (%)		68.62	113.50	158.05	86.31	37.67	62.00
	Cash flow reinvestment ratio (%)		(6.02)	1.29	9.46	(4.20)	(0.35)	(0.05)
Leverage	Operating leverage		(2.93)	(23.27)	2.67	(1.53)	(2.40)	(30.73)
	Financial leverage		0.74	0.55	1.22	0.79	0.64	0.22
<p>The cause of changes of more than 20% in financial rates over the last two years:</p> <ol style="list-style-type: none"> 1. The overall increase in profitability was due to (a) the price decrease of ethylene raw materials resulting in cost decrease; (b) the property profit increase from asset disposal. 2. The increase in cash flow and cash flow investment ratio were due to the increase of net cash inflow from business activities in 2023. 3. The decrease in cash flow adequacy ratio was due to the decrease of net cash flow from business activities for the past 5 years. 4. The decrease in operating leverage was due to the loss of operating income in 2023. 								

Note 1: The financial statement for Q1 of 2024 was reviewed by the CPAs.

Note 2: The EPS is calculated on the basis of the weighted average number of shares outstanding minus the number of shares in circulation held by subsidiaries that are deemed to be treasury shares.

2.2 Individual financial analysis

Item			Year	Financial analysis for the last five years				
			2019	2020	2021	2022	2023	
Financial structure (%)	Liabilities to assets		44.91	46.71	44.75	47.68	48.22	
	Long-term fund for property, plant and equipment		363.54	350.76	315.63	306.31	292.94	
Liquidity analysis (%)	Current ratio		169.20	221.58	144.85	248.13	167.12	
	Quick ratio		127.92	155.57	98.48	154.10	90.74	
	Interest coverage ratio		1.30	(12.58)	17.53	1.35	2.79	
Operation performance analysis	Receivables turnover (times)		13.61	12.71	15.92	14.29	12.91	
	Average collection days		26.81	28.71	22.92	25.54	28.27	
	Inventory turnover (times)		14.92	18.21	25.74	17.81	12.97	
	Payables turnover (times)		15.00	14.96	15.18	14.18	14.64	
	Average inventory turnover days		24.46	20.04	14.18	20.49	28.14	
	Property, plant and equipment turnover (times)		1.83	1.57	2.26	1.83	1.43	
	Total assets turnover (times)		0.48	0.41	0.64	0.55	0.45	
Profitability	ROA (%)		0.37	(4.24)	4.12	0.44	1.68	
	ROE (%)		0.24	(8.31)	7.22	0.31	2.24	
	Ratio to paid-in capital (%)	Operating profit	0.60	0.08	12.96	5.25	2.26	
		Net profit before tax	0.25	(12.19)	12.30	0.63	3.34	
	Net income margin (%)		0.29	(10.87)	6.13	0.30	2.57	
	EPS (NT\$) (Note)		0.04	(1.22)	1.03	0.04	0.30	
Cash flow (%)	Cash flow ratio (%)		65.42	39.73	112.49	46.32	56.52	
	Cash flow adequacy ratio (%)		78.27	79.92	101.42	78.93	72.74	
	Cash flow reinvestment ratio (%)		(1.28)	0.35	6.10	(0.58)	1.70	
Leverage	Operating leverage		31.17	231.33	2.34	4.21	7.19	
	Financial leverage		(3.28)	(0.10)	1.05	1.20	3.82	
The cause of changes of more than 20% in financial rates over the last two years:								
1. The decrease in current ratio and quick ratio resulted from the increase of payables in 2023.								
2. The increase in interest coverage ratio was due to the increase of net profit before tax in 2023.								
3. The decrease in turnover of inventory, and increase in average inventory turnover days were due to the increase of inventory in 2023.								
4. The decrease in property, plant and equipment turnover was due to the decrease in operating revenue in 2023.								
5. The decrease in the ratio of operating profit to paid-in capital was due to the decrease in operating income in 2023.								
6. The overall increase in profitability was due to the increase of profit from the invested asset disposal in 2023.								
7. The increase in cash flow and cash flow investment ratio were due to the increase of net cash inflow from business activities in 2023.								
8. The increase in operating leverage was due to the decrease of operating income in 2023.								

Note: The EPS is calculated on the basis of the weighted average number of shares outstanding minus the number of shares in circulation held by subsidiaries that are deemed to be treasury shares.

The financial analysis formula:

1. Financial structure

- (1) Liabilities to assets = Total liabilities / total assets
- (2) Long-term fund for property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment

2. Liquidity analysis

- (1) Current ratio = current assets / current liabilities
- (2) Quick ratio = (current assets – inventory – prepaid expense) / current liabilities
- (3) Interest coverage ratio = earnings before interest and tax / interest expenses

3. Operation performance analysis

- (1) Receivables (including accounts receivable and notes receivable resulting from operation) turnover = net sales / average accounts receivable (including accounts receivable and notes receivable resulting from operation)
- (2) Average collection days = 365 / accounts receivable turnover
- (3) Inventory turnover = cost of sales / average inventory
- (4) Payables (including accounts payable and notes payable resulting from operation) turnover = cost of sales / average accounts payable (including accounts payable and notes payable resulting from operation)
- (5) Average inventory turnover days = 365 / inventory turnover
- (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment
- (7) Total assets turnover rate = net sales / average total assets

4. Profitability

- (1) ROA = [net income + interest expense × (1 – tax rate)] / average total assets.
- (2) ROE = net income / average total equity
- (3) Net income margin = net income / net sales
- (4) Earnings Per Share = (income attributable to parent company – preferred stock dividend) / weighed average number of shares outstanding

5. Cash flow

- (1) Cash flow ratio = Net cash flow from operating activities / current liabilities
- (2) Cash flow adequacy ratio = Net cash flow from operating activities over the last five years / (capital expenditures + increase in inventory + cash dividends) over the last five years
- (3) Cash flow reinvestment ratio = (Net cash flow from operating activities-cash dividends) / (gross property, plant and equipment + long-term investment + other non-current assets + working capital)

6. Leverage:

- (1) Operating leverage = (Net sales-variable operating costs and expenses) / operating income
- (2) Financial leverage = Operating income / (operating income-interest expenses)

3. The Audit Committee's Review Report

To the 2024 Annual Shareholders' Meeting of Oriental Union Chemical Union Corporation,

In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we have examined the Business Report, Financial Statements, and the Resolution for Allocation of Surplus Profit submitted by Board of Directors for the year ending 2023, which have been audited by the CPAs, Hsin-Wei Tai and Li-Wen Kuo of Deloitte & Touche, and found them in order.

The Convener of the Audit Committee : Walt Cheng



March 1, 2024

4. In the case of insolvency of the Company and its affiliates: Nil

5. Consolidated financial statements and external auditor's audit report for the recent year

(For the complete financial statements, please see the attachment to the annual report or view the MOPS on <https://mops.twse.com.tw/>)

2023 Independent Auditors' Report

(English Translation of a Report Originally Issued in Chinese)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Oriental Union Chemical Corporation

Opinion

We have audited the accompanying consolidated financial statements of Oriental Union Chemical Corporation and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of material accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), IFRIC Interpretations ("IFRIC"), and SIC Interpretations ("SIC") endorsed and issued into effect by the Financial Supervisory Commission ("FSC") of the Republic of China ("ROC").

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of 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 ROC, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the consolidated financial statements for the year ended December 31, 2023 are as follow:

The Impairment Loss of Property, Plant and Equipment

The consolidated balances of property, plant and equipment amounted to \$11,378,230 thousand as of December 31, 2023. On each balance sheet date, the Group reviews its tangible assets for indications of impairment. If any indication thereof exists, the Group then estimates the recoverable amount of the assets. If it is not possible to determine the recoverable amount (fair value less cost to sell and value in use) for the individual asset, then the Group will determine the recoverable amount for the asset's cash-generating unit. Because the aforementioned tangible assets represent 35% of total consolidated assets and the calculation for recoverable amount involves several assumptions and estimations, which directly impact the amount recognized as impairment losses, we deem the review of impairment of assets a key audit matter.

Corresponding audit procedures:

1. We obtained an understanding of management's estimation of asset impairment and of the design and execution for relevant controls.
2. We evaluated the rationality of management's identification of impairment indicators and the appropriateness of the assumptions. Given that there are impairment indications, we performed:
 - a. Obtained the asset impairment valuation form produced by the management for each cash-generating unit.
 - b. Consulted Deloitte firm internal experts regarding the appropriateness of the assumptions, including the classification of cash-generating units, forecast of cash flows, and discount rate.

Other Matter

We have also audited the parent company only financial statements of Oriental Union Chemical Corporation as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified report.

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 IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the FSC of the ROC, 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 Standards on Auditing of 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 Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Hsin-Wei Tai and Li-Wen Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 1, 2024

Notice to Readers

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

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



ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 6 and 29)	\$ 1,917,016	6	\$ 2,145,428	6
Financial assets at fair value through profit or loss (Note 7)	66,595	-	48,707	-
Financial assets at amortized cost (Note 9)	-	-	352,755	1
Notes receivable, net (Note 10)	110,852	-	147,865	-
Trade receivables, net (Note 10)	911,145	3	910,342	3
Trade receivables from related parties (Notes 10 and 29)	80,746	-	68,344	-
Other receivables (Note 29)	563,784	2	572,852	2
Inventories (Note 11)	1,397,180	4	1,264,508	4
Prepayments for purchases	364,188	1	275,762	1
Other prepayments	66,911	-	59,321	-
Non-current assets held for sale (Notes 12 and 29)	-	-	308,622	1
Other current assets (Note 18)	177,571	1	333,001	1
Total current assets	5,655,988	17	6,487,507	19
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 8 and 29)	7,103,068	22	7,384,643	21
Financial assets at amortized cost (Notes 9, 29 and 30)	64,942	-	64,523	-
Investments accounted for using the equity method (Note 14)	138,109	-	187,675	-
Property, plant and equipment (Notes 15 and 29)	11,378,230	35	12,389,916	35
Construction in progress (Note 15)	3,113,584	9	2,346,572	7
Right-of-use assets (Note 16)	376,973	1	385,495	1
Investment properties (Notes 17 and 30)	1,682,742	5	1,682,742	5
Intangible assets	48,857	-	40,815	-
Deferred tax assets (Note 25)	525,309	2	548,518	2
Other non-current assets (Note 18)	2,926,529	9	3,389,398	10
Total non-current assets	27,358,343	83	28,420,297	81
TOTAL	\$ 33,014,331	100	\$ 34,907,804	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 19 and 29)	\$ 6,126,925	19	\$ 7,727,567	22
Short-term bills payable (Note 19)	199,936	1	-	-
Notes payable	151,733	-	145,512	-
Trade payables (Note 29)	1,333,301	4	1,195,524	4
Other payables (Note 20)	453,256	1	618,928	2
Other payables to related parties (Note 29)	89,875	-	77,092	-
Lease liabilities (Note 16)	6,629	-	4,233	-
Other current liabilities (Note 21)	262,355	1	212,264	1
Total current liabilities	8,624,010	26	9,981,120	29
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 19 and 30)	9,014,232	27	9,598,259	28
Deferred tax liabilities (Note 25)	718,463	2	730,928	2
Lease liabilities (Note 16)	14,998	-	9,765	-
Net defined benefit liabilities (Note 22)	158,090	1	168,584	-
Guarantee deposits	40,530	-	54,375	-
Other non-current liabilities (Note 21)	53,250	-	70,038	-
Total non-current liabilities	9,999,563	30	10,631,949	30
Total liabilities	18,623,573	56	20,613,069	59
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 23)				
Ordinary shares	8,857,031	27	8,857,031	25
Capital surplus	1,087,752	3	1,085,930	3
Retained earnings				
Legal reserve	1,619,080	5	1,615,037	5
Special reserve	1,911,129	6	1,911,129	5
Unappropriated earnings	301,938	1	214,458	1
Total retained earnings	3,832,147	12	3,740,624	11
Other equity				
Exchange differences on translating foreign operations	(545,606)	(2)	(477,924)	(2)
Unrealized loss on financial assets at fair value through other comprehensive income	(1,324,205)	(4)	(1,090,401)	(3)
Total other equity	(1,869,811)	(6)	(1,568,325)	(5)
Treasury shares	(124,373)	-	(124,373)	-
NON-CONTROLLING INTERESTS	2,608,012	8	2,303,848	7
Total equity	14,390,758	44	14,294,735	41
TOTAL	\$ 33,014,331	100	\$ 34,907,804	100

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

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022****(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales revenue (Note 29)	\$ 20,792,927	100	\$ 22,036,389	100
Other operating revenue	<u>24,004</u>	<u>-</u>	<u>44,710</u>	<u>-</u>
Total operating revenue	<u>20,816,931</u>	<u>100</u>	<u>22,081,099</u>	<u>100</u>
OPERATING COST				
Cost of goods sold (Notes 11, 24 and 29)	<u>20,480,005</u>	<u>98</u>	<u>22,136,114</u>	<u>100</u>
GROSS PROFIT (LOSS)	<u>336,926</u>	<u>2</u>	<u>(55,015)</u>	<u>-</u>
OPERATING EXPENSES (Notes 24 and 29)				
Selling and marketing expenses	530,363	3	646,613	3
General and administrative expenses	277,035	1	263,738	1
Research and development expenses	209,604	1	193,876	1
Expected credit loss (gain) (Note 10)	<u>402</u>	<u>-</u>	<u>(1,513)</u>	<u>-</u>
Total operating expenses	<u>1,017,404</u>	<u>5</u>	<u>1,102,714</u>	<u>5</u>
LOSS FROM OPERATIONS	<u>(680,478)</u>	<u>(3)</u>	<u>(1,157,729)</u>	<u>(5)</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 29)	40,222	-	40,732	-
Rental income (Note 29)	33,631	-	39,554	-
Dividend income	67,886	-	83,019	-
Other income	50,015	-	49,600	-
Gain (loss) on disposal of property, plant and equipment	4,352	-	(2,362)	-
Gain on disposal of investments (Note 14)	-	-	1,093,973	5
Gain on disposal of non-current asset held for sale (Note 12)	743,178	4	-	-
Foreign currency exchange gain	16,629	-	16,318	-
Gain (loss) on financial assets at fair value through profit or loss	3,254	-	(1,753)	-
Interest expense (Notes 24 and 29)	(375,387)	(2)	(306,808)	(1)
Other expenses	(52,320)	-	(55,342)	-
Share of loss of associates accounted for using the equity method (Note 14)	<u>(47,357)</u>	<u>-</u>	<u>(574,220)</u>	<u>(3)</u>
Total non-operating income and expenses	<u>484,103</u>	<u>2</u>	<u>382,711</u>	<u>1</u>

(Continued)

**ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022****(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2023		2022	
	Amount	%	Amount	%
LOSS BEFORE INCOME TAX	\$ (196,375)	(1)	\$ (775,018)	(4)
INCOME TAX EXPENSE (Note 25)	<u>27,923</u>	-	<u>15,007</u>	-
NET LOSS FOR THE YEAR	<u>(224,298)</u>	<u>(1)</u>	<u>(790,025)</u>	<u>(4)</u>
OTHER COMPREHENSIVE LOSS				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 22)	3,675	-	1,955	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(233,804)	(1)	(363,519)	(1)
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 25)	(735)	-	(391)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statement of foreign operations	<u>(92,832)</u>	<u>(1)</u>	<u>67,003</u>	-
Other comprehensive loss for the year, net of income tax	<u>(323,696)</u>	<u>(2)</u>	<u>(294,952)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>\$ (547,994)</u>	<u>(3)</u>	<u>\$ (1,084,977)</u>	<u>(5)</u>
NET PROFIT (LOSS) ATTRIBUTED TO:				
Owners of the Corporation	\$ 265,724	1	\$ 38,873	-
Non-controlling interests	<u>(490,022)</u>	<u>(2)</u>	<u>(828,898)</u>	<u>(4)</u>
	<u>\$ (224,298)</u>	<u>(1)</u>	<u>\$ (790,025)</u>	<u>(4)</u>
TOTAL COMPREHENSIVE LOSS ATTRIBUTED TO:				
Owners of the Corporation	\$ (32,822)	-	\$ (305,003)	(1)
Non-controlling interests	<u>(515,172)</u>	<u>(3)</u>	<u>(779,974)</u>	<u>(4)</u>
	<u>\$ (547,994)</u>	<u>(3)</u>	<u>\$ (1,084,977)</u>	<u>(5)</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 0.30</u>		<u>\$ 0.04</u>	
Diluted	<u>\$ 0.30</u>		<u>\$ 0.04</u>	

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

(Concluded)

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Corporation										Other Equity		Total Equity
	Ordinary Shares	Capital Surplus			Retained Earnings			Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Loss on Financial Assets Through Other Comprehensive Income	Treasury Shares	Non-controlling Interests	
		Paid-in Capital in Excess of Par Value	Treasury Shares	Other	Legal Reserve	Special Reserve							
BALANCE AT JANUARY 1, 2022	\$ 8,857,031	\$ 470,767	\$ 373,329	\$ 162,732	\$ 1,526,813	\$ 1,911,129	\$ 882,237	\$ (496,003)	\$ (726,882)	\$ (124,373)	\$ 3,083,822	\$ 15,920,602	
Legal reserve	-	-	-	-	88,224	-	(88,224)	-	-	-	-	-	
Cash dividends distributed by the Corporation	-	-	-	-	-	-	(619,992)	-	-	-	-	(619,992)	
Net profit (loss) for the year ended December 31, 2022	-	-	-	-	-	-	38,873	-	-	-	(828,898)	(790,025)	
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	1,564	18,079	(363,519)	-	48,924	(294,952)	
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	40,437	18,079	(363,519)	-	(779,974)	(1,084,977)	
Change in capital surplus from dividends distributed to subsidiary	-	-	6,376	-	-	-	-	-	-	-	-	6,376	
Changes in capital surplus from investments accounted for using the equity method	-	-	-	72,726	-	-	-	-	-	-	-	72,726	
BALANCE AT DECEMBER 31, 2022	8,857,031	470,767	379,705	235,458	1,615,037	1,911,129	214,458	(477,924)	(1,090,401)	(124,373)	2,303,848	14,294,735	
Legal reserve	-	-	-	-	4,043	-	(4,043)	-	-	-	-	-	
Cash dividends distributed by the Corporation	-	-	-	-	-	-	(177,141)	-	-	-	-	(177,141)	
Net profit (loss) for the year ended December 31, 2023	-	-	-	-	-	-	265,724	-	-	-	(490,022)	(224,298)	
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	2,940	(67,682)	(233,804)	-	(25,150)	(323,696)	
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	268,664	(67,682)	(233,804)	-	(515,172)	(547,994)	
Change in capital surplus from dividends distributed to subsidiary	-	-	1,822	-	-	-	-	-	-	-	-	1,822	
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	819,336	819,336	
BALANCE AT DECEMBER 31, 2023	\$ 8,857,031	\$ 470,767	\$ 381,527	\$ 235,458	\$ 1,619,080	\$ 1,911,129	\$ 301,938	\$ (545,606)	\$ (1,324,205)	\$ (124,373)	\$ 2,608,012	\$ 14,390,758	

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

**ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022****(In Thousands of New Taiwan Dollars)**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	\$ (196,375)	\$ (775,018)
Adjustments:		
Depreciation expenses	1,064,480	1,082,425
Amortization expenses	14,454	13,674
Expected credit loss (gain)	402	(1,513)
(Gain) loss on financial assets at fair value through profit or loss, net	(3,254)	1,753
Interest expense	375,387	306,808
Interest income	(40,222)	(40,732)
Dividend income	(67,886)	(83,019)
Share of loss of associates accounted for using the equity method	47,357	574,220
(Gain) loss on disposal of property, plant and equipment	(4,352)	2,362
Gain on disposal of non-current assets held for sale	(743,178)	-
Gain on disposal of inventories	-	(1,093,973)
Write-downs of inventories	9,271	8,156
Unrealized loss (gain) on foreign currency exchange	19,258	(11,854)
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	(14,634)	10,983
Notes receivable	36,880	75,090
Trade receivables	(1,072)	93,073
Trade receivables from related parties	(12,402)	44,238
Other receivables	(1,705)	(6,939)
Inventories	(152,482)	140,994
Prepayments	(96,292)	(81,408)
Other current assets	155,430	(141,216)
Notes payable	6,221	145,512
Trade payables	137,777	(361,077)
Other payables	(118,337)	(589,575)
Other current liabilities	50,091	(75,458)
Net defined benefit liabilities	(6,819)	(59,943)
Other non-current liabilities	(16,788)	16,041
Cash generated from (used in) operations	441,210	(806,396)
Interest received	42,678	41,137
Interest paid	(425,636)	(280,424)
Income tax (paid) received	(23,249)	83
Net cash generated from (used in) operating activities	35,003	(1,045,600)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	-	(573,959)
Proceeds from the capital reduction of financial assets at fair value through other comprehensive income	19,350	13,500
Decrease in financial assets at amortized cost	353,499	61,276
Proceeds from disposal of non-current assets held for sale	1,051,800	-

(Continued)

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

	2023	2022
Payments for property, plant and equipment	\$ (26,737)	\$ (19,519)
Proceeds from disposal of property, plant and equipment	5,553	720
Payments for intangible assets	(17,415)	-
Proceeds from disposal of intangible assets	-	21
Decrease (increase) in other non-current assets	430,770	(422,808)
Increase in construction in progress	(886,920)	(1,119,339)
Other dividends received	<u>67,886</u>	<u>83,019</u>
Net cash generated from (used in) investing activities	<u>997,786</u>	<u>(1,977,089)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayments of) proceeds from short-term borrowings	(1,503,384)	2,190,084
Proceeds from short-term bills payable	199,936	-
Proceeds from long-term borrowings	23,254,523	15,960,000
Repayments of long-term borrowings	(23,838,259)	(14,491,139)
(Decrease) increase in guarantee deposits	(13,845)	14,944
Repayment of the principal portion of lease liabilities	(5,340)	(10,284)
Dividends paid to owners of the Corporation	(175,319)	(613,616)
Changes in non-controlling interests	<u>819,336</u>	<u>-</u>
Net cash (used in) generated from financing activities	<u>(1,262,352)</u>	<u>3,049,989</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>1,151</u>	<u>14,561</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(228,412)	41,861
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,145,428</u>	<u>2,103,567</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u><u>\$ 1,917,016</u></u>	<u><u>\$ 2,145,428</u></u>

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

(Concluded)

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

1. GENERAL INFORMATION

Oriental Union Chemical Corporation (the “Corporation”) was incorporated in December 1975. It manufactures and markets ethylene glycols, ethylene oxide, gas oxygen, gas nitrogen, liquid nitrogen, liquid argon, monoethanolamine, ethylene carbonate, polyethylene glycol, polyoxyethylene lauryl ether and methoxy polyethylene glycols. Its shares were listed on the Taiwan Stock Exchange (“TWSE”) on October 21, 1987.

The consolidated financial statements of the Corporation and its subsidiaries, collectively the “Group”, are presented in the Corporation’s functional currency, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors on March 1, 2024.

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

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

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of above standards and interpretations will not have a material impact on the Group's financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

- a. Statement of compliance

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

- b. Basis of preparation

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

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

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

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

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Basis of consolidation

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

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

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Corporation.

See Note 13, Table 7 and Table 8 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

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

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

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

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the financial statements of the Corporation and its foreign operations (including subsidiaries and associates in other countries) that are prepared using functional currencies which are different from the currency of the Corporation are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Corporation and non-controlling interests as appropriate).

f. Inventories

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

g. Investments in associates

An associate is an entity over which the Group has significant influence and which is not a subsidiary. The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates attributable to the Group.

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

When the Group's share of losses of an associate equals or exceeds its interest in that associate, the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

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

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent that interests in the associate are not related to the Group.

h. Property, plant and equipment

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

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

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

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

i. Investment properties

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

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

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

j. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

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

k. Impairment of property, plant and equipment, right-of-use asset, investment properties and intangible assets

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

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

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

l. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

m. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

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

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI. Fair value is determined in the manner described in Note 28.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset.

ii. Financial assets at amortized cost

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

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable, trade receivables, and other receivables, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including notes receivable and trade receivables).

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

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

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

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is overdue unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

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

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

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

n. Revenue recognition

Revenue from the sale of goods and rendering of services

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For contracts where the period between the date on which the Group transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

When another party is involved in providing goods or services to a customer, the Group recognizes revenue in the gross amount if it controls each specified good or service before that good or service is transferred to the customer (the Group is a principal); otherwise, the Group recognizes revenue in the net amount (the Group is an agent).

A specified good or service is a distinct good or service, the Group determines whether it is a principal or an agent for each specified good or service.

The Group is a principal if it meets any one of the following conditions:

- 1) The Group obtains control of a good or service from the other party before the Group transfers the good or service to a customer.

- 2) The Group has a right to a service to be performed by the other party, which gives the entity the ability to direct that party to provide the service to the customer on the entity's behalf.
- 3) The Group obtains control of a good or service from the other party that it then combines with other goods or services in providing the specified good or service to the customer.

Indicators that are used to determine whether the Group controls the specified good or service before it is transferred to the customer include, but are not limited to, the following:

- 1) The Group is primarily responsible for fulfilling the promise to provide the specified good or service.
- 2) The Group has inventory risk before and after the specified good or service has been transferred to a customer or after transfer of control to the customer.
- 3) The Group has discretion in establishing the price for the specified good or service.

o. Leases

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

1) The Group as lessor

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

p. Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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

q. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

r. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

Net defined benefit liabilities represent the actual deficit in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

s. Taxation

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

1) Current tax

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

According to the Income Tax Law in the ROC, an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

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

2) Deferred tax

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

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

3) Current and deferred taxes for the year

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Key Sources of Estimation Uncertainty

Impairment assessment of property, plant and equipment

In the process of assessing impairment, the Group relies on subjective judgment to determine whether the specific group of assets have indications of impairment, according to the usage of the assets and the business' characteristics. Alteration of estimates from any change in economic conditions or business strategy may lead to significant future impairment loss.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 110	\$ 110
Checking accounts and demand deposits	1,737,428	1,993,192
Cash equivalents		
Time deposits with original maturities of less than 3 months	<u>179,478</u>	<u>152,126</u>
	<u>\$ 1,917,016</u>	<u>\$ 2,145,428</u>

The market rate intervals of cash in the bank at the end of the reporting period were as follows:

	December 31	
	2023	2022
Bank balance	0.04%-1.90%	0.04%-1.85%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
Financial assets mandatorily classified as at FVTPL		
Domestic listed shares	<u>\$ 66,595</u>	<u>\$ 48,707</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	December 31	
	2023	2022
<u>Non-current</u>		
Domestic listed shares	\$ 1,590,083	\$ 1,476,284
Domestic and foreign unlisted shares	<u>5,512,985</u>	<u>5,908,359</u>
	<u>\$ 7,103,068</u>	<u>\$ 7,384,643</u>

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
<u>Current</u>		
Time deposits with original maturities of more than 3 months (a)	\$ -	\$ 352,755
<u>Non-current</u>		
Pledged certificates of deposits (b)	\$ 64,942	\$ 64,523

- a. The ranges of interest rates for time deposits with original maturities of more than 3 months were 2.24% per annum as of December 31, 2022.
- b. The ranges of interest rates for the pledged certificates of deposits were 0.90%-1.575% and 0.75%-1.20% per annum as of December 31, 2023 and 2022, respectively. The Group assesses there has not been a significant expected credit losses and an increase in credit risk since the original recognize.

Refer to Note 30 for information relating to financial assets at amortized cost as security.

10. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2023	2022
<u>Notes receivable</u>		
Notes receivable	\$ 111,321	\$ 148,201
Less: Allowance for impairment loss	(469)	(336)
	<u>\$ 110,852</u>	<u>\$ 147,865</u>
<u>Trade receivables</u>		
Trade receivables	\$ 996,462	\$ 982,988
Less: Allowance for impairment loss	(4,571)	(4,302)
	<u>\$ 991,891</u>	<u>\$ 978,686</u>

The Group applies for expected credit losses, which permits the use of lifetime expected loss provision for all notes receivable and trade receivables. The expected credit losses on notes receivable and trade receivables are estimated using a past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date.

The following table details the loss allowance of notes receivable and trade receivables.

December 31, 2023

	0 to 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Carrying amount	\$ 1,075,751	\$ 19,698	\$ 12,278	\$ 56	\$ 1,107,783
Loss allowance (Lifetime ECLs)	<u>(469)</u>	<u>-</u>	<u>(4,515)</u>	<u>(56)</u>	<u>(5,040)</u>
Amortized cost	<u>\$ 1,075,282</u>	<u>\$ 19,698</u>	<u>\$ 7,763</u>	<u>\$ -</u>	<u>\$ 1,102,743</u>

December 31, 2022

	0 to 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Carrying amount	\$ 1,108,685	\$ 20,245	\$ 2,259	\$ -	\$ 1,131,189
Loss allowance (Lifetime ECLs)	<u>(336)</u>	<u>(2,043)</u>	<u>(2,259)</u>	<u>-</u>	<u>(4,638)</u>
Amortized cost	<u>\$ 1,108,349</u>	<u>\$ 18,202</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,126,551</u>

The above aging schedule was based on the number of days past due from the invoice date.

The movements of the loss allowance of notes receivable and trade receivables were as follows:

	December 31	
	2023	2022
Balance at January 1	\$ 4,638	\$ 6,151
Net remeasurement of loss allowance	<u>402</u>	<u>(1,513)</u>
Balance at December 31	<u>\$ 5,040</u>	<u>\$ 4,638</u>

11. INVENTORIES

	December 31	
	2023	2022
Finished goods	\$ 1,006,098	\$ 812,928
Work in progress	43,368	30,964
Raw materials	<u>347,714</u>	<u>420,616</u>
	<u>\$ 1,397,180</u>	<u>\$ 1,264,508</u>

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2023	2022
Cost of inventories sold	\$ 20,470,734	\$ 22,127,958
Inventory write-downs	<u>9,271</u>	<u>8,156</u>
	<u>\$ 20,480,005</u>	<u>\$ 22,136,114</u>

12. NON-CURRENT ASSETS HELD FOR SALE

	December 31	
	2023	2022
Land for sale and land improvements	\$ <u>-</u>	\$ <u>308,622</u>

In order to revitalize assets and realize value-added benefits, on March 7, 2023, the Company's board of directors resolved to dispose of the land located in No.1099-6 and No.1099-7, Zhonglinzi Section, Xiaogang District, Kaohsiung to Fu-Ming Transport Corporation at the amount of \$1,052,000 thousand. The transfer was completed on March 22, 2023, and the gain on the disposal was \$743,178 thousand.

13. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership		Remarks
			December 31		
			2023	2022	
The Corporation	Ton Fu Investment Corp. (“TFIC”)	Investment	100.00%	100.00%	-
	Pacific Petrochemical (Holding) Ltd. (“PPL”)	Investment	100.00%	100.00%	-
	OUCC (Bermuda) Holding Ltd. (“OUCC (Bermuda)”)	Investment	100.00%	100.00%	-
OUCC (Bermuda)	Far Eastern Union Petrochemical (Yangzhou) Ltd. (“FUPY”)	Manufacturing and selling chemical products (ethylene glycol, diethylene glycol, triethylene glycol and ethylene oxide) and other specific chemical products.	9.65%	11.60%	(1)(2)
PPL	FUPY	Manufacturing and selling chemical products (ethylene glycol, diethylene glycol, triethylene glycol and ethylene oxide) and other specific chemical products.	46.15%	44.20%	(1)(2)

Remark:

- 1) Subsidiary with material non-controlling interests.
- 2) The Company's subsidiary, FUPY, plans to increase capital in cash by US\$60,000 thousand in response to capital expenditures such as future capacity expansion plans, environmental protection and carbon reduction projects, and also enrich the working capital, which was approved by the Company's board of directors on March 7, 2023. In June 2023, the Corporation increased the capital of PPL through a subsidiary in the third region, by US\$23,480 thousand, after which PPL will increase the capital of FUPY by US\$33,480 thousand the shareholding ratio of the Group in FUPY remained at 55.8%.

b. Subsidiaries excluded from the consolidated financial statements: None.

c. Details of subsidiaries that have material non-controlling interests

		Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
		December 31	
Name of Subsidiary	Principal Place of Business	2023	2022
FUPY	Yang Zhou, China	44.2%	44.2%

		Profit (Loss) Allocated to Non-controlling Interests		Accumulated Non-controlling Interests	
		For the Year Ended December 31		December 31	
Name of Subsidiary		2023	2022	2023	2022
FUPY		\$ (490,022)	\$ (828,898)	\$ 2,608,012	\$ 2,303,848

The summarized financial information below represents amounts before intragroup eliminations.

FUPY

	December 31	
	2023	2022
Current assets	\$ 3,172,901	\$ 3,586,152
Non-current assets	9,721,662	10,647,925
Current liabilities	(6,951,727)	(8,993,816)
Non-current liabilities	<u>(42,356)</u>	<u>(27,935)</u>
Equity	<u>\$ 5,900,480</u>	<u>\$ 5,212,326</u>
Equity attributable to:		
Owners of the Corporation	\$ 3,292,468	\$ 2,908,478
Non-controlling interests of FUPY	<u>2,608,012</u>	<u>2,303,848</u>
	<u>\$ 5,900,480</u>	<u>\$ 5,212,326</u>
	For the Year Ended December 31	
	2023	2022
Revenue	<u>\$ 10,445,797</u>	<u>\$ 9,266,114</u>
Net loss and comprehensive loss for the year	<u>\$ (1,108,647)</u>	<u>\$ (1,875,335)</u>
Net loss attributable to:		
Owners of the Corporation	<u>\$ (618,625)</u>	<u>\$ (1,046,437)</u>
Non-controlling interests of FUPY	<u>\$ (490,022)</u>	<u>\$ (828,898)</u>
Net cash (outflow) inflow from:		
Operating activities	\$ (724,797)	\$ (1,519,864)
Investing activities	159,618	(242,675)
Financing activities	<u>316,575</u>	<u>2,145,084</u>
Net cash (outflow) inflow	<u>\$ (248,604)</u>	<u>\$ 382,545</u>

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

	December 31	
	2023	2022
Associates that are not individually material		
Hwa Xu Heat Supply Co. ("HXYZ")	<u>\$ 138,109</u>	<u>\$ 187,675</u>

a. Material associates

The share of profit or loss and other comprehensive income recognized from the investment accounted for using the equity method were calculated based on the associates' financial statements which have been audited for the same years.

The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRS Accounting Standards adjusted by the Group for equity accounting purposes.

On October 14, 2022, The board of directors of the PPL, a subsidiary of the Corporation, resolved to participate in the consolidation against the related party, Far Eastern Industries (Shanghai) Ltd. with the investment accounted for using the equity method, Oriental Petrochemical (Shanghai) Corp. The transaction was settled on December 31, 2022. After the consolidation, the Oriental Petrochemical (Shanghai) Corp. is the dissolved company and the Far Eastern Industries (Shanghai) Ltd. is the surviving company. The Group's percentage of ownership in the surviving company is 9.97% and is reclassified to financial assets at fair value through other comprehensive income. For the year ended December 31, 2022, it recognized gain on disposal of investment \$1,093,973 thousand.

OPSC

	For the Year Ended December 31, 2022
Operating revenue	<u>\$ 14,250,781</u>
Total comprehensive loss for the year	<u>\$ (1,361,395)</u>

b. Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2023	2022
The Group's share of:		
Total comprehensive loss for the year	<u>\$ (47,357)</u>	<u>\$ (48,047)</u>

The investments accounted for using equity method and the share of profit or loss and other comprehensive loss of those investments for the years ended December 31, 2023 and 2022 were based on the associates' financial statements which have been audited for the same years.

15. PROPERTY, PLANT AND EQUIPMENT AND CONSTRUCTION IN PROGRESS

	Land	Land Improvements	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress and Equipment to Be Inspected	Total
<u>Cost</u>							
Balance at January 1, 2022	\$ 1,591,461	\$ 413,350	\$ 1,813,280	\$ 25,373,692	\$ 780,120	\$ 1,650,287	\$ 31,622,190
Additions	-	-	-	7,503	12,017	1,029,298	1,048,818
Disposals	-	-	(777)	(809,010)	(18,318)	-	(828,105)
Effect of foreign currency exchange differences	-	-	17,183	139,337	1,319	860	158,699
Reclassification	-	-	-	310,234	20,138	(333,873)	(3,501)
Balance at December 31, 2022	<u>\$ 1,591,461</u>	<u>\$ 413,350</u>	<u>\$ 1,829,686</u>	<u>\$ 25,021,756</u>	<u>\$ 795,276</u>	<u>\$ 2,346,572</u>	<u>\$ 31,998,101</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2022	\$ -	\$ 321,781	\$ 724,986	\$ 15,273,425	\$ 660,276	\$ -	\$ 16,980,468
Disposals	-	-	(777)	(806,625)	(17,621)	-	(825,023)
Depreciation expenses	-	5,211	57,135	965,271	34,568	-	1,062,185
Effect of foreign currency exchange differences	-	-	3,829	39,045	1,109	-	43,983
Reclassification	-	-	-	-	-	-	-
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 326,992</u>	<u>\$ 785,173</u>	<u>\$ 15,471,116</u>	<u>\$ 678,332</u>	<u>\$ -</u>	<u>\$ 17,261,613</u>
Carrying amounts at December 31, 2022	<u>\$ 1,591,461</u>	<u>\$ 86,358</u>	<u>\$ 1,044,513</u>	<u>\$ 9,550,640</u>	<u>\$ 116,944</u>	<u>\$ 2,346,572</u>	<u>\$ 14,736,488</u>
<u>Cost</u>							
Balance at January 1, 2023	\$ 1,591,461	\$ 413,350	\$ 1,829,686	\$ 25,021,756	\$ 795,276	\$ 2,346,572	\$ 31,998,101
Additions	-	-	626	22,829	3,281	902,618	929,354
Disposals	-	-	-	(96,071)	(19,477)	-	(115,548)
Effect of foreign currency exchange differences	-	-	(20,483)	(169,085)	(1,507)	(5,926)	(197,001)
Reclassification	-	-	4,098	122,356	1,406	(129,680)	(1,820)
Balance at December 31, 2023	<u>\$ 1,591,461</u>	<u>\$ 413,350</u>	<u>\$ 1,813,927</u>	<u>\$ 24,901,785</u>	<u>\$ 778,979</u>	<u>\$ 3,113,584</u>	<u>\$ 32,613,086</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2023	\$ -	\$ 326,992	\$ 785,173	\$ 15,471,116	\$ 678,332	\$ -	\$ 17,261,613
Disposals	-	-	-	(95,062)	(19,285)	-	(114,317)
Depreciation expenses	-	5,211	56,747	955,573	31,514	-	1,049,045
Effect of foreign currency exchange differences	-	-	(6,234)	(67,617)	(1,188)	-	(75,039)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 332,203</u>	<u>\$ 835,686</u>	<u>\$ 16,264,010</u>	<u>\$ 689,373</u>	<u>\$ -</u>	<u>\$ 18,121,272</u>
Carrying amounts at December 31, 2023	<u>\$ 1,591,461</u>	<u>\$ 81,147</u>	<u>\$ 978,241</u>	<u>\$ 8,637,775</u>	<u>\$ 89,606</u>	<u>\$ 3,113,584</u>	<u>\$ 14,491,814</u>

The above items of property, plant and equipment were depreciated on a straight-line basis over the estimated useful lives as follows:

Land improvements	15-25 years
Buildings	7-60 years
Machinery and equipment	2-20 years
Other equipment	3-20 years

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
<u>Carrying amounts</u>		
Land	\$ 356,774	\$ 371,922
Buildings	-	165
Transportation equipment	<u>20,199</u>	<u>13,408</u>
	<u>\$ 376,973</u>	<u>\$ 385,495</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 12,969</u>	<u>\$ 14,101</u>
Depreciation charge for right-of-use assets		
Land	\$ 9,934	\$ 9,977
Buildings	165	219
Machinery and equipment	-	5,918
Transportation equipment	<u>5,336</u>	<u>4,084</u>
	<u>\$ 15,435</u>	<u>\$ 20,198</u>

Except for depreciation and addition of transportation equipment, the Group had no significant disposal and impairment of right-of-use assets for the years ended December 31, 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amounts</u>		
Current	<u>\$ 6,629</u>	<u>\$ 4,233</u>
Non-current	<u>\$ 14,998</u>	<u>\$ 9,765</u>

Ranges of discount rates for lease liabilities were 0.82%-1.92% and 0.82%-1.80% per annum as of December 31, 2023 and 2022, respectively.

c. Material lease-in activities and terms

Prepayments for leases include land use rights located in People's Republic of China; the Group has obtained the land use right certificates with lease terms of 45 to 50 years.

d. Other lease information

The Group leases certain assets which qualify as short-term or low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

The Group as lessor

Operating leases relate to leasing the investment properties owned by the Corporation with lease terms of 2 years. According to the agreement, the lease can be terminated by either party by giving 2 months formal notice in writing to the other party.

17. INVESTMENT PROPERTIES

	December 31		
	2023	2022	
<u>Cost</u>			
Balance at December 31, 2023 and 2022	\$ 1,713,377	\$ 2,023,323	
Reclassified to for sale	<u>-</u>	<u>(309,946)</u>	
Balance at December 31, 2023 and 2022	<u>\$ 1,713,377</u>	<u>\$ 1,713,377</u>	
	Accumulated Depreciation	Accumulated Impairment	Total
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2022	\$ 25,404	\$ 6,513	\$ 31,917
Depreciation expenses	42	-	42
Reclassified to assets held for sale	<u>(1,324)</u>	<u>-</u>	<u>(1,324)</u>
Balance at December 31, 2022	<u>\$ 24,122</u>	<u>\$ 6,513</u>	<u>\$ 30,635</u>
Balance at December 31, 2023 (no movements in the current year)	<u>\$ 24,122</u>	<u>\$ 6,513</u>	<u>\$ 30,635</u>

The investment properties of land improvements held by the Group which are depreciated over their estimated useful lives of 16 years using the straight-line method.

The fair values of investment properties were \$3,279,381 thousand and \$2,822,930 thousand as of December 31, 2023 and 2022, respectively. The fair values were arrived at on the basis of a valuation carried out by independent qualified professional valuer, Mr. Chia-ho Tsai from Debenham Tie Leung Real Estate Appraiser Office.

The information of investment properties pledged, please refer to Note 30.

18. OTHER ASSETS

	December 31	
	2023	2022
<u>Other assets</u>		
Silver and catalysts	\$ 2,263,826	\$ 2,745,913
Materials	574,082	546,910
Input tax	106,538	216,394
Others	<u>159,654</u>	<u>213,182</u>
	<u>\$ 3,104,000</u>	<u>\$ 3,722,399</u>
Current	\$ 177,571	\$ 333,001
Non-current	<u>2,926,529</u>	<u>3,389,398</u>
	<u>\$ 3,104,100</u>	<u>\$ 3,722,399</u>

Other assets include silver and catalysts used in the production, parts and components for the maintenance of equipment and input tax.

19. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
<u>Unsecured borrowings</u>		
Line of credit borrowings	\$ 3,915,968	\$ 4,596,865
Loans from related parties (Note 29)	<u>2,210,957</u>	<u>3,130,702</u>
	<u>\$ 6,126,925</u>	<u>\$ 7,727,567</u>
Interest rate	1.95%-3.55%	1.90%-3.65%

b. Short-term bills payable

	December 31	
	2023	2022
Commercial paper	\$ 200,000	\$ -
Less: Unamortized discounts on bills payable	<u>(64)</u>	<u>-</u>
	<u>\$ 199,936</u>	<u>\$ -</u>

c. Long-term borrowings

	December 31	
	2023	2022
<u>Secured borrowings (Note 30)</u>		
Bank loans	\$ 2,200,000	\$ -
<u>Unsecured borrowings</u>		
Bank loans	6,814,232	8,400,000
Long-term commercial paper payables	-	1,198,259
	<u>6,814,232</u>	<u>9,598,259</u>
Long-term borrowing	<u>\$ 9,014,232</u>	<u>\$ 9,598,259</u>
Interest rate	1.84%-3.50%	1.22%-2.16%
Maturity date	December 2026	November 2024

20. OTHER PAYABLES

	December 31	
	2023	2022
Payables for purchase of equipment	\$ 170,918	\$ 155,660
Payables for salaries	55,457	43,774
Payables for annual leave	19,584	9,000
Payables for export sales expenses	17,948	20,040
Interest payables	16,520	66,769
Pension payables	13,404	13,200
Freight payables	9,880	13,033
Payables for employees' compensation and remuneration of directors	9,943	4,607
Payables for taxes	8,991	9,163
Payables for dividends	5,174	5,550
Payables for royalties	4,108	9,704
Payables for silver and catalysts	-	152,201
Others	<u>121,329</u>	<u>116,227</u>
	<u>\$ 453,256</u>	<u>\$ 618,928</u>

21. OTHER LIABILITIES

	December 31	
	2023	2022
Contract liabilities	\$ 231,278	\$ 185,730
Provisions for repairs and maintenance	53,250	70,038
Others	<u>31,077</u>	<u>26,534</u>
	<u>\$ 315,605</u>	<u>\$ 282,302</u>
Current	\$ 262,355	\$ 212,264
Non-current	<u>53,250</u>	<u>70,038</u>
	<u>\$ 315,605</u>	<u>\$ 282,302</u>

Contract liabilities were receipts in advance.

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation of the Group adopted a pension plan under the Labor Pension Act (the “LPA”), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group’s subsidiary in China are members of a state-managed retirement benefit plan operated by the government of China. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

The subsidiary, TFIC, has not set up a retirement benefit plan because it is served concurrently by the employees of the Corporation.

b. Defined benefit plan

The defined benefit plan adopted by the Corporation of the Group in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Corporation contribute amounts equal to 10% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee’s name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (“the Bureau”); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 331,576	\$ 331,137
Fair value of plan assets	<u>(173,486)</u>	<u>(162,553)</u>
Net defined benefit liabilities	<u>\$ 158,090</u>	<u>\$ 168,584</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	<u>\$ 338,204</u>	<u>\$ (107,722)</u>	<u>\$ 230,482</u>
Service cost			
Current service cost	8,165	-	8,165
Net interest expense (income)	<u>1,691</u>	<u>(566)</u>	<u>1,125</u>
Recognized in profit or loss	<u>9,856</u>	<u>(566)</u>	<u>9,290</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(8,108)	(8,108)
Actuarial gain - changes in demographic assumptions	(4,877)	-	(4,877)
Actuarial loss - experience adjustments	<u>11,040</u>	<u>-</u>	<u>11,040</u>
Recognized in other comprehensive income (loss)	<u>6,153</u>	<u>(8,108)</u>	<u>(1,955)</u>
Contributions from the employer	-	(69,233)	(69,233)
Benefits paid	<u>(23,076)</u>	<u>23,076</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 331,137</u>	<u>\$ (162,553)</u>	<u>\$ 168,584</u>
Balance at January 1, 2023	<u>\$ 331,137</u>	<u>\$ (162,553)</u>	<u>\$ 168,584</u>
Service cost			
Current service cost	7,957	-	7,957
Net interest expense (income)	<u>4,553</u>	<u>(2,306)</u>	<u>2,247</u>
Recognized in profit or loss	<u>12,510</u>	<u>(2,306)</u>	<u>10,204</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,122)	(1,122)
Actuarial gain - changes in demographic assumptions	3,860	-	3,860
Actuarial loss - experience adjustments	<u>(6,413)</u>	<u>-</u>	<u>(6,413)</u>
Recognized in other comprehensive income (loss)	<u>(2,553)</u>	<u>(1,122)</u>	<u>(3,675)</u>
Contributions from the employer	-	(17,023)	(17,023)
Benefits paid	<u>(9,518)</u>	<u>9,518</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 331,576</u>	<u>\$ (173,486)</u>	<u>\$ 158,090</u>

Through the defined benefit plans under the Labor Standards Law, the Corporation is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	2022
Discount rate(s)	1.25%	1.375%
Expected rate(s) of long-term salary increase	2.75%	2.75%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2023	2022
Discount rate(s)		
0.25% increase	\$ (7,656)	\$ (8,054)
0.25% decrease	\$ 7,916	\$ 8,340
Expected rate(s) of long-term salary increase		
0.25% increase	\$ 7,657	\$ 8,077
0.25% decrease	\$ (7,444)	\$ (7,842)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	2022
The expected contributions to the plan for the next year	\$ 10,640	\$ 10,267
The average duration of the defined benefit obligation	9.9 years	10.5 years

23. EQUITY

a. Ordinary shares

	December 31	
	2023	2022
Number of shares authorized (in thousands)	<u>1,000,000</u>	<u>1,000,000</u>
Shares authorized	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>885,703</u>	<u>885,703</u>
Shares issued	<u>\$ 8,857,031</u>	<u>\$ 8,857,031</u>

A total of 10,000 thousand shares of the Corporation's shares were authorized to be reserved for the issuance of employee share options.

b. Capital surplus

	December 31	
	2023	2022
May be used to offset a deficit, distributed as cash dividends, or transferred to capital share (Note)		
Issuance of ordinary shares	\$ 470,767	\$ 470,767
Changes in percentage of ownership interests in subsidiaries	16,367	16,367
Treasury shares transactions	381,527	379,705
Only be used to offset a deficit		
Dividends unclaimed by shareholders	35,794	35,794
Changes in capital surplus from investments in associates accounted for using the equity method	<u>183,297</u>	<u>183,297</u>
	<u>\$ 1,087,752</u>	<u>\$ 1,085,930</u>

Note: Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital shares (limited to a certain percentage of the Corporation's capital surplus and once a year).

c. Retained earnings and dividends policy

Under the dividend policy as set forth in the Corporation's Articles of Incorporation ("Articles"), apart from paying all its income taxes in the case where there are profits at the end of the year, the Corporation shall make up for accumulated deficits in past years. Where there is still balance, 10% of the unappropriated earnings from the yearly net income coupled with other items that recognized in retained earning directly thereof shall be set aside by the Corporation as legal reserve. Subject to certain business conditions under which the Corporation may retain a portion, and distribute to the shareholders the remainder after deducting special reserve as required by law together with undistributed profits from previous years in proportion to the number of the shares held by each shareholders as shareholders' dividend. When there is a share capital increase, the distributed dividends of the year for the new shares shall be dealt with according to the resolution of the shareholders' meeting. For the policies on the distribution of employees' compensation and remuneration of directors before and after amendment, refer to Note 24 (c) "Employee benefits expense".

In accordance with the Articles, the dividend distribution takes into consideration the characteristics of industry that the Group operates in and the forthcoming capital requirement and tax policy that is influenced by the Group's products or services, and it should be settled for the purpose of maintaining stable dividends. For the purposes of improving the financial structure effectively, coping with reinvestment, expanding capacity or other significant capital expenditures in which capital is required, when distributing shareholders' dividend, the dividend payout ratio each fiscal year shall be no less than 50% of the final surplus which is the sum of after-tax profit of the fiscal year to offset previous loss, if any, and to appropriate legal reserve and special reserve as required by law; the amount of cash dividends shall not be less than 10% of the total dividends and bonuses to be distributed to shareholders in the fiscal year.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital. The legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriation of earnings for 2022 and 2021 were approved in the shareholder's meetings on June 6, 2023, and June 9, 2022, respectively. The appropriation and dividends per share were as follows:

	For the Year Ended December 31	
	2022	2021
Legal reserve	\$ 4,034	\$ 88,224
Cash dividends	177,141	619,992
Cash dividends per share (NT\$)	0.20	0.70

The appropriation of earnings for 2023 was proposed by the Corporation's board of directors on March 1, 2024. The appropriation and dividends per share were as follows:

	For the Year Ended December 31, 2023
Legal reserve	\$ 26,866
Cash dividends	177,141
Cash dividends per share (NT\$)	0.20

The appropriation of earnings for 2023 will be resolved by the shareholders' in their meeting on June 12, 2024.

d. Special reserves

On the first-time adoption of IFRSs, the Corporation appropriated to special reserve, the amounts that were the same as the unrealized revaluation increment, the fair value of investment properties at the date of transition as the deemed cost and the cumulative translation differences transferred to retained earnings, which were \$985,545 thousand, \$787,176 thousand and \$138,408 thousand, respectively.

e. Treasury shares

The Corporation's shares held by its subsidiaries at the end of the reporting periods were as follows:

Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Carrying Amount	Market Price
<u>December 31, 2023</u>			
TFIC	9,109	<u>\$ 124,373</u>	<u>\$ 183,537</u>
<u>December 31, 2022</u>			
TFIC	9,109	<u>\$ 124,373</u>	<u>\$ 169,419</u>

Under the Securities and Exchange Act, the Corporation shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote. The subsidiaries holding treasury shares, however, retain shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

24. NET LOSS

a. Interest expense

	<u>For the Year Ended December 31</u>	
	2023	2022
Interest on bank loans	\$ 298,097	\$ 241,191
Interest on loans from related parties (Note 29)	77,046	65,422
Interest on lease liabilities	213	172
Other interest expense	<u>31</u>	<u>23</u>
	<u>\$ 375,387</u>	<u>\$ 306,808</u>

Information about capitalized interest was as follows:

	<u>For the Year Ended December 31</u>	
	2023	2022
Capitalized interest	<u>\$ 11,494</u>	<u>\$ 20,811</u>
Capitalization rate	1.22%-3.50%	0.83%-2.16%

b. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	\$ 1,049,045	\$ 1,062,185
Right-of-use assets	15,435	20,198
Intangible assets and other assets	14,454	13,674
Investment properties	<u>-</u>	<u>42</u>
	<u>\$ 1,078,934</u>	<u>\$ 1,096,099</u>
An analysis of depreciation by function		
Operating costs	\$ 1,003,210	\$ 1,018,344
Operating expenses	61,270	64,039
Non-operating expenses and losses	<u>-</u>	<u>42</u>
	<u>\$ 1,064,480</u>	<u>\$ 1,082,425</u>
An analysis of amortization by function		
Operating costs	\$ 10,715	\$ 9,842
Operating expenses	<u>3,739</u>	<u>3,832</u>
	<u>\$ 14,454</u>	<u>\$ 13,674</u>

c. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Salary expense	\$ 565,725	\$ 524,621
Insurance expense	63,360	57,771
Post-employment benefits (Note 22)		
Defined contribution plans	37,602	32,114
Defined benefit plans	10,204	9,290
Other employee benefits	<u>114,390</u>	<u>126,516</u>
Total employee benefits expense	<u>\$ 791,281</u>	<u>\$ 750,312</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 441,656	\$ 427,595
Operating expenses	<u>349,625</u>	<u>322,717</u>
	<u>\$ 791,281</u>	<u>\$ 750,312</u>

In compliance with the Articles, the Corporation accrued employees' compensation and remuneration of directors at the rates from 1% to 2% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. However, if the Corporation has accumulated any deficit, the profit should be set aside for offsetting the losses. The compensation of employees and the remuneration of directors for the years ended 2023 and 2022, which were approved by the Company's board of directors on March 1, 2024 and March 7, 2023, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2023	2022
Compensation of employees	2.00%	2.00%
Remuneration of directors	1.00%	1.00%

Amount

	For the Year Ended December 31	
	2023	2022
Compensation of employees	\$ 6,094	\$ 1,155
Remuneration of directors	\$ 3,047	\$ 577

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2022 and 2021.

Information on the employees' compensation and remuneration of directors resolved by the Corporation's board of directors is available on the Market Observation Post System website of the TWSE.

25. INCOME TAXES

- a. Major components of income tax expense recognized in profit or loss are as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
Land revaluation increment tax	\$ 22,459	\$ -
Adjustments for prior years	-	(7,020)
Deferred tax		
In respect of the current year	<u>5,464</u>	<u>22,027</u>
Income tax expense recognized in profit or loss	<u>\$ 27,923</u>	<u>\$ 15,007</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2023	2022
Loss before tax	\$ (196,375)	\$ (775,018)
Income tax benefit calculated at the statutory rate	\$ (39,275)	\$ (155,003)
Nondeductible expenses in determining taxable income	342	434
Tax-exempt income	(157,203)	(200,667)
Unrecognized deductible temporary differences	204,849	380,562
Effect of different tax rate of group entities operating in other jurisdictions	(3,249)	(3,299)
Land revaluation increment tax	22,459	-
Adjustments for prior years	-	(7,020)
Income tax expense recognized in profit or loss	\$ 27,923	\$ 15,007

As the status of the 2023 appropriation of earnings will be resolved by shareholders in their meeting is uncertain, the potential income tax consequence of the 2022 unappropriated earnings is not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement on defined benefit plans	\$ (735)	\$ (391)

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Recognition of loss on foreign investments using equity method	\$ 224,412	\$ (16,222)	\$ -	\$ -	\$ 208,190
Defined benefit obligation	33,717	(1,364)	(735)	-	31,618
Allowance for inventories	9,976	-	-	(168)	9,808
Loss carryforwards	280,413	-	-	(4,720)	275,693
	\$ 548,518	\$ (17,586)	\$ (735)	\$ (4,888)	\$ 525,309

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Exchange Differences	Closing Balance
<u>Deferred tax liabilities</u>					
Land revaluation increment tax	\$ 341,231	\$ -	\$ -	\$ -	\$ 341,231
Property, plant and equipment	366,934	(9,617)	-	(343)	356,974
Investment properties	14,814	(2,505)	-	-	12,309
Others	<u>7,949</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,949</u>
	<u>\$ 730,928</u>	<u>\$ (12,222)</u>	<u>\$ -</u>	<u>\$ (343)</u>	<u>\$ 718,463</u>
(Concluded)					

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Recognition of loss on foreign investments using equity method	\$ 199,054	\$ 25,358	\$ -	\$ -	\$ 224,412
Defined benefit obligation	46,096	(11,988)	(391)	-	33,717
Allowance for inventories	9,835	-	-	141	9,976
Loss carryforwards	<u>301,914</u>	<u>(25,462)</u>	<u>-</u>	<u>3,961</u>	<u>280,413</u>
	<u>\$ 556,899</u>	<u>\$ (12,092)</u>	<u>\$ (391)</u>	<u>\$ 4,102</u>	<u>\$ 548,518</u>
<u>Deferred tax liabilities</u>					
Land revaluation increment tax	\$ 341,231	\$ -	\$ -	\$ -	\$ 341,231
Property, plant and equipment	356,635	9,935	-	364	366,934
Investment properties	14,814	-	-	-	14,814
Others	<u>7,949</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,949</u>
	<u>\$ 720,629</u>	<u>\$ 9,935</u>	<u>\$ -</u>	<u>\$ 364</u>	<u>\$ 730,928</u>

d. Income tax assessments

The Corporation's income tax returns through 2020 have been assessed by the tax authorities.

The income tax returns of TFIC through 2021 have been assessed by the tax authorities.

26. EARNINGS PER SHARE

The net profit and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2023	2022
Net profit used in the computation of basic earnings per share	<u>\$ 265,724</u>	<u>\$ 38,873</u>

Weighted average number of ordinary shares outstanding (in thousand shares):

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares	885,703	885,703
Less: Reclassification of the Corporation's shares held by subsidiaries	<u>(9,109)</u>	<u>(9,109)</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share	876,594	876,594
Effect of potentially dilutive ordinary shares:		
Employees' compensation or bonuses issued to employees	<u>293</u>	<u>196</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>876,887</u>	<u>876,790</u>

If the Corporation offered to settle compensation or bonuses paid to employees in cash or shares, the Corporation assumed the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

27. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The capital structure of the Group consists of bank loans and equity of the Group.

Financial management department of the Group reviews the capital structure on a monthly basis. As part of this review, the financial management department considers whether there were exceptions between the current ratio, the debt ratio and the target ratio set by the financial management department.

28. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

Management believes the carrying amounts of non-financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values or the fair values cannot be reliably measured.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 66,595	\$ -	\$ -	\$ 66,595
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 1,590,083	\$ -	\$ -	\$ 1,590,083
Domestic and foreign unlisted shares	-	-	5,512,985	5,512,985
	\$ 1,590,083	\$ -	\$ 5,512,985	\$ 7,103,068

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 48,707	\$ -	\$ -	\$ 48,707
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 1,476,284	\$ -	\$ -	\$ 1,476,284
Domestic unlisted shares	-	-	5,908,359	5,908,359
	\$ 1,476,284	\$ -	\$ 5,908,359	\$ 7,384,643

There were no transfers between Levels 1 and 2 in 2023 and 2022.

2) Reconciliation of Level 3 fair value measurements of financial instruments

Financial assets at FVTOCI

	<u>For the Year Ended December 31</u>	
	2023	2022
Balance at January 1	\$ 5,908,359	\$ 3,987,569
Purchase (Note 14)	-	2,228,534
Recognized in other comprehensive income	(347,603)	(294,244)
Reduction in capital	(19,350)	(13,500)
Changes in currency	(28,421)	-
Balance at December 31	\$ 5,512,985	\$ 5,908,359

3) Valuation techniques and assumptions applied for the purpose of measuring fair value

- a) The fair value of financial instruments traded in active markets is based on quoted market prices.
- b) Valuation techniques and inputs applied for Level 3 fair value measurement: The significant and unobservable input parameter for unlisted investments use market-based approach mainly relates to liquidity discount rate. Market-based approach adopts the equity basis multiplier (P/B) of comparable listed companies, the fair price of the Company's share is calculated after considering the liquidity discount parameter.

c. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
Fair value through profit or loss (FVTPL)		
Mandatorily classified as at FVTPL	\$ 66,595	\$ 48,707
Financial assets at amortized cost (Note 1)	3,648,485	4,262,109
Financial assets at FVTOCI		
Equity instruments	7,103,068	7,384,643
<u>Financial liabilities</u>		
Amortized cost (Note 2)	17,409,788	19,417,257

Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables (including related parties), other receivables (including related parties) and debt investments.

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term and long-term loans, notes payable, trade payables (including related parties), other payables (including related parties) and guarantee deposits.

d. Financial risk management objectives and policies

The Group's major financial instruments included equity and debt investments, trade receivables, trade payables and borrowings. The Group's Corporate Treasury function provides services to the business, monitors and manages the financial risks relating to the operations of the Group through internal risk evaluation. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. To protect against reductions foreign assets in value and the volatility of future cash flows caused by changes in foreign exchange rates, the Group managed the risk by balancing positions of assets and liabilities denominated in foreign currencies.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 32.

Sensitivity analysis

The Group was mainly exposed to the USD and RMB.

The following details the effects of a 5% increase in NTD (the functional currency) against the relevant foreign currencies. For a 5% weakening of relevant currency against the NTD, the net loss would increase by \$6,544 thousand and \$10,359 thousand for the years ended December 31, 2023 and 2022, respectively. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rate is 5%.

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings, ensuring the most cost-effective hedging strategies are applied.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 244,420	\$ 569,404
Financial liabilities	9,462,720	13,446,569
Cash flow interest rate risk		
Financial assets	1,595,611	1,837,096
Financial liabilities	5,900,000	3,895,000

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates at the end of the reporting period. A 50 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's pre-tax loss for the years ended December 31, 2023 and 2022 would have increased/decreased by \$21,522 thousand and \$10,290 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its cash flow by variable-rate bank loans.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities and beneficiary certificates of open-end funds.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, pre-tax loss for the years ended December 31, 2023 and 2022 would have decreased/increased by \$3,330 thousand and \$2,435 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive loss for the years ended December 31, 2023 and 2022 would have decreased/increased by \$79,504 thousand and \$73,814 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from:

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- b) The amount of contingent liabilities in relation to financial guarantee issued by the Group.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated good. The Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the credit organization.

Trade receivables consisted of a large number of unrelated customers. Ongoing credit evaluation is performed on the financial condition of trade receivables.

Credit risk represents the potential impact to financial asset that the Group might encounter if counterparties or third parties breach the contracts. The Group evaluated credit risk exposure for contracts with positive carrying value. The Group evaluated the credit risk exposure as immaterial because all counterparties are reputable financial institutions and companies with credit ratings.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Group had available unutilized bank loan facilities set out in (b) below.

a) Liquidity and interest risk rate tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay.

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years
Non-interest bearing liabilities	\$ -	\$ 1,485,034	\$ -	\$ -	\$ -
Lease liabilities	797	1,110	4,996	15,022	335
Variable interest rate liabilities	-	-	-	6,050,700	-
Fixed interest rate liabilities	<u>2,086,686</u>	<u>1,434,831</u>	<u>2,862,703</u>	<u>3,122,224</u>	<u>-</u>
	<u>\$ 2,087,483</u>	<u>\$ 2,920,975</u>	<u>\$ 2,867,699</u>	<u>\$ 9,187,946</u>	<u>\$ 335</u>

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years
Non-interest bearing liabilities	\$ -	\$ 1,341,036	\$ -	\$ -	\$ -
Lease liabilities	568	735	3,046	9,703	204
Variable interest rate liabilities	70	45,124	-	3,897,750	-
Fixed interest rate liabilities	<u>1,026,921</u>	<u>3,206,395</u>	<u>3,525,521</u>	<u>5,765,657</u>	<u>-</u>
	<u>\$ 1,027,559</u>	<u>\$ 4,593,290</u>	<u>\$ 3,528,567</u>	<u>\$ 9,673,110</u>	<u>\$ 204</u>

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities were subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

b) Financing facilities

	December 31	
	2023	2022
Unsecured bank borrowing limit		
Amount used	\$ 13,971,000	\$ 17,233,000
Amount unused	<u>13,241,000</u>	<u>12,149,000</u>
	<u>\$ 27,212,000</u>	<u>\$ 29,382,000</u>
Secured bank borrowing limit		
Amount used	\$ 2,200,000	\$ -
Amount unused	<u>250,000</u>	<u>-</u>
	<u>\$ 2,450,000</u>	<u>\$ -</u>

29. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note. The prices and payment terms of these transactions were similar to those for third parties. Details of transactions between the Group and other related parties are disclosed below.

Related Party Name	Related Party Category
Far Eastern New Century Corp.	Investors with significant influence over the Group
Hwa Xu Heat Supply Co. (HXYZ)	Associates
Oriental Petrochemical (Shanghai) Corp. (OPSC)	Associates (Note)
Asia Cement Corp.	Others
Oriental Petrochemical (Taiwan) Co., Ltd. (OPTC)	Others
Air Liquide Far Eastern Ltd.	Others
Oriental Green Materials Ltd.	Others
Ya Tung Ready Mixed Concrete Co., Ltd.	Others
Everest Textile Co., Ltd.	Others
Far Eastern Polytex (Vietnam) Ltd.	Others
Asia Cement (Singapore) Pte. Ltd.	Others
Fu-Ming Transport Corp.	Others
Fu-Da Transport Corp.	Others
Far Eastern International Bank (FEIB)	Others
PET Far Eastern (Holding) Ltd. (PETH)	Others
Hubei Yadong Cement Co., Ltd.	Others
Far Eastern Industries (Shanghai) Ltd.	Others
Far Eastern Industries (Yangzhou) Ltd.	Others
Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Others
Oriental Industries (Suzhou) Ltd.	Others
Shanghai Yuanhua Logistics Co., Ltd.	Others
Shanghai Yuanzi Information Technology Ltd.	Others
Speedy (Shanghai) Digital Technology Co., Ltd.	Others
Far Eastern Apparel (Suzhou) Ltd.	Others

Note: OPSC is eliminated after merger with Far Eastern Industries (Shanghai) Ltd. in the year ended December 31, 2022.

a. Sale of goods

	For the Year Ended December 31	
	2023	2022
Investors with significant influence over the Group	\$ 719,468	\$ 984,165
Others	<u>206,763</u>	<u>201,526</u>
	<u>\$ 926,231</u>	<u>\$ 1,185,691</u>

b. Purchase of goods

	For the Year Ended December 31	
	2023	2022
Investors with significant influence over the Group	\$ -	\$ 304
Others	<u>466</u>	<u>358</u>
	<u>\$ 466</u>	<u>\$ 662</u>

c. Operating expenses

	For the Year Ended December 31	
	2023	2022
Associates	\$ -	\$ 9,490
Others		
Fu-Ming Transport Corp.	163,765	185,324
Others	<u>46,414</u>	<u>44,202</u>
	<u>210,179</u>	<u>229,526</u>
	<u>\$ 210,179</u>	<u>\$ 239,016</u>

d. Interest expense

	For the Year Ended December 31	
	2023	2022
Others		
Far Eastern Industries (Shanghai) Ltd.	\$ 20,764	\$ 33,770
Others	<u>56,282</u>	<u>31,652</u>
	<u>\$ 77,046</u>	<u>\$ 65,422</u>

e. Interest income

	For the Year Ended December 31	
	2023	2022
Associates		
HXYZ	\$ 6,638	\$ 6,890
Others	<u>991</u>	<u>7,319</u>
	<u>\$ 7,629</u>	<u>\$ 14,209</u>

f. Rental income

	For the Year Ended December 31	
	2023	2022
Others		
Fu-Da Transport Corp.	<u>\$ 4,039</u>	<u>\$ 9,694</u>

g. Cash and cash equivalents

	December 31	
	2023	2022
Others		
FEIB	<u>\$ 75,317</u>	<u>\$ 34,185</u>

h. Receivables from related parties

	December 31	
	2023	2022
Investors with significant influence over the Group	\$ 46,253	\$ 55,242
Others	<u>34,493</u>	<u>13,102</u>
	<u>\$ 80,746</u>	<u>\$ 68,344</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2023 and 2022, no impairment loss was recognized for trade receivables from related parties.

i. Other receivables

	December 31	
	2023	2022
Associates		
HXYZ	\$ 529,659	\$ 529,854
Others	<u>1,728</u>	<u>699</u>
	<u>\$ 531,387</u>	<u>\$ 530,553</u>

The Group provided secured short-term loans to HXYZ amounted to \$528,896 thousand. Refer to Table 1 for detailed information.

j. Financial assets at amortized cost - non-current

	December 31	
	2023	2022
Others		
FEIB	<u>\$ 64,942</u>	<u>\$ 64,523</u>

k. Acquisition of real estate, plant and equipment

For the 12 months ended December 31, 2023: None

For the 12 months ended December 31, 2022:

	2022
Investors with significant influence over the Group	
Far Eastern New Century Corp.	<u>\$ 1,815</u>

l. Accounts payable

	December 31	
	2023	2022
Others	\$ <u>-</u>	\$ <u>80</u>

m. Acquisition of additional share interests from related parties

For the 12 months ended December 31, 2023: None

For the 12 months ended December 31, 2022:

Line Item		Number of Shares	Purchase Price
Others			
OPTC	Financial assets at FVTOCI - non-current	54,026,152	\$ <u>540,262</u>
FEIB	Financial assets at FVTOCI - non-current	3,502,844	\$ <u>33,697</u>

n. Loans from related parties (accounted for as short-term borrowings)

	December 31	
	2023	2022
Others		
Oriental Industries (Suzhou) Ltd.	\$ 1,473,971	\$ 1,278,737
Far Eastern Industries (Yangzhou) Co., Ltd.	520,225	529,133
Far Eastern Dyeing & Finishing (Suzhou) Ltd.	216,761	-
Far Eastern Industries (Shanghai) Co., Ltd.	<u>-</u>	<u>1,322,832</u>
	\$ <u>2,210,957</u>	\$ <u>3,130,702</u>

The Group obtained loans at rates comparable to market interest rates for the loans from related parties.

o. Other payables

	December 31	
	2023	2022
Others	\$ 89,875	\$ 38,297
Associates	<u>-</u>	<u>38,795</u>
	\$ <u>89,875</u>	\$ <u>77,092</u>

p. Disposal of non-current assets held for sale

The Group disposed of non-current assets held for sale to Fu-Ming Transportation, please refer to Note 12 and Table 4.

q. Remuneration of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 35,876	\$ 38,675
Post-employment benefits	<u>324</u>	<u>449</u>
	<u>\$ 36,200</u>	<u>\$ 39,124</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been pledged by bank, as guarantees for suppliers and customers:

	December 31	
	2023	2022
Pledged deposits (financial assets at amortized cost - non-current)	\$ 64,942	\$ 64,523
Investment properties	<u>1,682,742</u>	<u>-</u>
	<u>\$ 1,747,684</u>	<u>\$ 64,523</u>

As of December 31, 2023, the Corporation pledged 28,599 thousand shares of the subsidiary TFIC as security.

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2023 were as follows:

- a. As of December 31, 2023, unused letters of credit for purchases of raw materials amounted to \$1,229,363 thousand, purchase guarantees from banking institution and performance guarantees from Taiwan small and medium enterprise counseling foundation subsidy amounted to \$449,000 thousand, refundable deposit with the Harbor Bureau amounted to \$101,704 thousand, and leased silver for catalysts from financial institution amounted to \$1,061,539 thousand, respectively.
- b. Endorsements/guarantees provided to subsidiaries and associates

The Corporation

TFIC	<u>\$ 1,600,000</u>
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- c. The Corporation has a long-term ethylene purchase agreement with Chinese Petroleum Corporation, Taiwan under which the Corporation is committed to purchase ethylene until December 31, 2023. The purchase price under the agreement is in U.S. dollars.

- d. The Corporation has a three-year agreement beginning from 2004, to sell ethylene glycols to major customers, namely, Far Eastern New Century Corporation, Tainan Spinning Co., Ltd., and Shinkong Synthetic Fibers Corporation. The agreement is automatically renewed for successive periods of three years unless otherwise terminated by either party with prior notice. The determined price under the agreement is in U.S. dollars.
- e. In 2021, the Corporation signed a two-year ethylene carbonate designated production/sales agreement with Chi Mei Corporation (“CMC”). Also, the Corporation agreed to purchase from CMC any qualified ethylene glycol by-products which are produced during the manufacturing process. And the purchase price is determined by agreed upon bases. Both sides agreed that the Corporation could sell part of the output to a specific-purpose market. The agreement is automatically renewed for another two years, as specified in the contract.
- f. The Corporation’s Board of Directors resolved to construct ethylene storage tanks at the Kaohsiung Intercontinental Container Terminal in 2019. The total contract amount is \$765,893 thousand. As of December 31, 2023, the Corporation has paid \$580,375 thousand, which is accounted for as construction in progress and equipment to be inspected.

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies in the group and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2023

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 8,010	30.71 (USD:NTD)	\$ 245,947
USD	229	7.08 (USD:RMB)	<u>7,031</u>
			<u>\$ 252,978</u>
Non-monetary items			
Investments accounted for using the equity method			
RMB	31,858	4.34 (RMB:NTD)	<u>\$ 138,109</u>
<u>Financial liabilities</u>			
Monetary items			
USD	2,028	7.08 (USD:RMB)	\$ 62,270
USD	1,942	30.71 (USD:NTD)	59,629
RMB	47	4.34 (RMB:NTD)	<u>204</u>
			<u>\$ 122,103</u>

December 31, 2022

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 7,303	30.71 (USD:RMB)	\$ 224,275
USD	3,652	6.96 (USD:NTD)	<u>112,153</u>
			<u>\$ 336,428</u>
Non-monetary items			
Investments accounted for using the equity method			
RMB	42,562	4.41 (RMB:NTD)	<u>\$ 187,675</u>
<u>Financial liabilities</u>			
Monetary items			
USD	3,408	6.96 (USD:RMB)	\$ 104,660
USD	798	30.71 (USD:NTD)	24,507
RMB	20	4.41 (RMB:NTD)	<u>88</u>
			<u>\$ 129,255</u>

The significant realized and unrealized foreign exchange gains (losses) were as follows:

For the Year Ended December 31				
Foreign Currencies	2023		2022	
	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
NTD	1 (NTD:NTD)	\$ 5,876	1 (NTD:NTD)	\$ 7,334
RMB	4.42 (RMB:NTD)	<u>10,753</u>	4.43 (RMB:NTD)	<u>8,984</u>
		<u>\$ 16,629</u>		<u>\$ 16,318</u>

35. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Marketable securities held. (Table 3)

- 4) Marketable securities acquired or disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital. (None)
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (Table 4)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 5)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 6)
 - 9) Trading in derivative instruments. (None)
 - 10) Intercompany relationships and significant intercompany transactions. (None)
- b. Information on investees. (Table 7)
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 8)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses. (None)
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholders, the number of shares owned, and percentage of ownership of each shareholders. (Table 9)

36. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

- Ethylene glycols business
- Special chemicals business
- Gas business
- Investment and others

a. Segment revenues and results

The following was an analysis of the Group's revenue and results by reportable segments.

	Segment Revenues		Segment Profit (Loss)	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2023	2022	2023	2022
Ethylene glycols business	\$ 13,154,280	\$ 13,538,489	\$ (1,164,211)	\$ (2,211,193)
Special chemicals business	5,995,147	6,810,631	(67,742)	377,594
Gas business	1,643,618	1,687,269	547,195	660,371
Investment and others	24,044	44,710	4,172	15,491
Other eliminations and adjustments	(118)	-	108	108
Total operating segments	<u>\$ 20,816,931</u>	<u>\$ 22,081,099</u>	<u>(680,478)</u>	<u>(1,157,729)</u>
Non-operating income and expense			<u>484,103</u>	<u>382,711</u>
Loss before income tax			<u>\$ (196,375)</u>	<u>\$ (775,018)</u>

Segment profit represents the profit earned by each segment. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

b. Segment total assets

	December 31	
	2023	2022
<u>Segment assets</u>		
Ethylene glycols business	\$ 9,999,102	\$ 11,524,958
Special chemicals business	4,853,227	4,537,069
Gas business	2,068,279	2,169,726
Investment and others	25,267,231	26,074,149
Other eliminations and adjustments	<u>(9,173,508)</u>	<u>(9,398,098)</u>
Total segment assets	<u>\$ 33,014,331</u>	<u>\$ 34,907,804</u>

c. Geographical information

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are mainly in Asia.

d. Information on major customers

In the year of 2023, Ethylene glycol business - the amount of direct sales revenue was \$13,154,280 thousand and has included \$2,985,397 thousand which came from East China Branch of China Petroleum & Chemical Corporation, the largest customer of the Group. In the year of 2023, there was no single customer that accounted for 10% of the Group's total revenue.

TABLE 1

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

FINANCINGS PROVIDED TO OTHERS

FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Amount Limits	Note
													Item	Value			
1	FUPY	HXYZ	Other receivables - related parties loans	Yes	\$ 528,896	\$ 528,896	\$ 528,896	1.3%	Necessary for short-term financing	\$ -	Operating capital	\$ -	Promissory notes	\$ -	40% of net worth of FUPY \$2,360,192	40% of net worth of FUPY \$2,360,192	-

Note: It was calculated based on 40% of audited net worth of the lender on December 31, 2023.

TABLE 2

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

No.	Endorser/ Guarantor	Endorsee/Guaranteed		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note)											
0	The Corporation	TFIC	2	50% of net worth of the Corporation \$5,891,373	\$ 1,600,000	\$ 1,600,000	\$ 640,000	\$ -	13.37	100% of net worth of the Corporation \$11,782,746	Y	N	N	

Note: The relationships between the endorser/guarantor and the endorsee/guaranteed are listed below.

2. Represents the entity whose voting shares are exceed fifty percent (50%) owned directly or indirectly by the Corporation.

TABLE 3

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023			Note
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value
The Corporation	Far Eastern Department Stores Ltd.	Same chairman	Financial assets at FVTOCI - non-current	14,378,228	\$ 355,861	1	\$ 355,861
	Far Eastern New Century Corp.	Same chairman	Same as above	6,888,446	214,919	-	214,919
	Asia Cement Corp.	Same chairman	Same as above	8,486,315	351,758	-	351,758
	Everest Textile Co., Ltd.	The chairman of Everest Textile Co., Ltd. is a director of the Corporation	Same as above	16,040,145	119,339	2	119,339
	Oriental Petrochemical (Taiwan) Co., Ltd.	The Corporation is one of its director	Same as above	350,286,055	2,707,711	14	2,707,711
	Grand Cathay Venture Capital Co., Ltd.	The Corporation is one of its director	Same as above	26,666,667	547,467	17	547,467
	Eminent Venture Capital Corp.	The Corporation is one of its director	Same as above	675,000	6,568	10	6,568
	Eminent II Venture Capital Corp.	The Corporation is one of its director	Same as above	2,340,000	15,655	6	15,655
	Tai An Technologies Corp.	-	Same as above	499,998	6,880	5	6,880
	TFIC	-	Financial assets at FVTPL - current	72,000	3,370	-	3,370
	Teo Electric & Machinery Co., Ltd.	-	Same as above	33,000	3,845	-	3,845
	Chung-Hsin Electric & Machinery Manufacturing Corp.	-	Same as above	90,000	3,564	-	3,564
	Ta Chen Stainless Pipe Co., Ltd.	-	Same as above	6,000	3,558	-	3,558
	Taiwan Semiconductor Manufacturing Company Ltd.	-	Same as above	132,000	4,019	-	4,019
PPL	Winbond Electronics Corp.	-	Same as above	78,000	4,118	-	4,118
	Inveniece Corp.	-	Same as above	15,000	3,990	-	3,990
	Giga-byte Technology Co., Ltd.	-	Same as above	18,000	4,041	-	4,041
	Quanta Computer Inc.	-	Same as above	51,000	3,978	-	3,978
	Nanya Technology Corp.	-	Same as above	60,000	3,078	-	3,078
	Yang-ming Marine Transport Corp.	-	Same as above	66,000	3,630	-	3,630
	Wan Hai Lines Ltd.	-	Same as above	18,000	3,168	-	3,168
	Unimicron Technology Corp.	-	Same as above	36,000	3,550	-	3,550
	Wistron Corp.	-	Same as above	36,000	3,708	-	3,708
	Adaaa Technology Co., Ltd.	-	Same as above	69,000	3,505	-	3,505
	Zyxel Group Corp.	-	Same as above	27,000	3,645	-	3,645
	ASE Technology Holding Co., Ltd.	-	Same as above	7,000	3,640	-	3,640
	Phison Electronics Corp.	-	Same as above	24,000	4,188	-	4,188
	Century Iron and Steel Industrial Co., Ltd.	-	Same as above	9,108,554	124,373	1	183,537
PPL	The Corporation	Treasury share	Financial assets at FVTOCI - non-current	34,761,214	439,729	1	439,729
	Far Eastern International Commercial Bank ("FEIC")	The chairman of the Corporation is FEIC's director	Same as above	14,580,194	108,477	2	108,477
	Everest Textile Co., Ltd.	The chairman of Everest Textile Co., Ltd. is the Corporation's parent corporation's director	Same as above	6,260,174	96,657	5	96,657
	Yue Ding Enterprise Corp.	Related party in substance	Same as above	40,328,640	434,339	18	434,339
	Ding Shen Investment Co., Ltd.	Related party in substance	Same as above	111,834,375	864,479	4	864,479
	Oriental Petrochemical (Taiwan) Co., Ltd.	The Corporation is one of its directors	Same as above	-	833,229	10	833,229
	Far Eastern Industries (Shanghai) Ltd.	Related party in substance	Same as above	-	833,229	10	833,229

Note 1: The market value was calculated based on the closing price on December 31, 2023.

Note 2: The net asset value was calculated based on the latest assessments.

TABLE 4

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
The Corporation	Non-current assets held for sale - land and land improvements	2023.03	2004.11	\$ 308,622	\$ 1,052,000	\$ 1,052,000	\$ 743,178	Fu-Ming Transport Corp.	Others	Revitalize assets and realize asset appreciation benefits	Refer to professional appraisal reports and bargaining decisions	-

TABLE 5

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Transaction Details			Abnormal Transaction		Notes/Accounts Receivable (Payable) Ending Balance	Note
			Purchase/ Sale	Amount	% to Total	Unit Price	Payment Terms		
The Corporation	Far Eastern New Century Corp.	Same chairman	Sale	\$ (719,468)	(3)	-	-	\$ 46,253	4
									-

TABLE 6

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
FUPY	HXYZ	Investee by using equity method	Other receivables \$ 529,659	-	\$ -	-	\$ -	-

TABLE 7

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars or Foreign Currency)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2023	December 31, 2022	Shares	%	Carrying Amount			
The Corporation	PPL IFIC OUCC (Bermuda)	British Virgin Islands Taipei City, ROC British Bermuda Islands	Investment Enterprise and financial institution investments Investment	US\$ 216,452	US\$ 192,972	149,000	100	\$ 3,682,430	\$ (512,618)	\$ (512,618)	Note
				1,110,000	1,110,000	161,863,198	100	1,394,938	\$ 11,673	9,851	
				US\$ 90,000	US\$ 90,000	103,580	100	620,058	(116,382)	(116,382)	

Note: The ending balance includes 28,599,328 shares pledged to financial institutions.

TABLE 8

ORIENTAL UNION CHEMICAL CORPORATION AND SUBSIDIARIES

INFORMATION OF INVESTMENTS IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outflow	Inflow							
FUPY	Manufacturing and selling chemical products (ethylene glycol, diethylene glycol, triethylene glycol and ethylene oxide) and other specific chemical products.	US\$ 357,500	Indirect	US\$ 179,500	US\$ 23,480	US\$ -	US\$ 202,980	RMB (250,600)	56	\$ (618,625) (Note 2)	\$ 3,292,468	\$ -	Note 3
HXYZ	The production and sales of hot water (non-potable water) and steam; the erection and maintenance of heat-supply pipelines; the consultancy service in heat-supply technologies.	RMB 160,000	Indirect	-	-	-	-	RMB (21,452)	28	(47,357) (Note 2)	138,109	-	
Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023		US\$295,866	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA									
			US\$315,116		(Note 1)								

Note 1: The Corporation obtained certificate No. 11020408220 from Industrial Development Bureau, Ministry of Economic Affairs according to the "Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China", the accumulation of fund is not limited.

Note 2: Based on audited financial statements.

Note 3: Significant non-controlling interests.

TABLE 9**ORIENTAL UNION CHEMICAL CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Far Eastern New Century Corp.	81,217,005	9.16
Asia Cement Corp.	63,766,522	7.19
Yuan Ding Investment Co., Ltd.	56,254,684	6.35
Yuan Tong Investment Co., Ltd.	49,942,396	5.63

Note: The table discloses shareholding information of shareholders whose shareholding percentages are more than 5%. The Taiwan Depository & Clearing Corporation calculates the total number of common shares (including treasury shares) that have completed the dematerialized registration and delivery on the last business day of the quarter. The shares reported in the financial statements and the actual number of shares that have completed the dematerialized registration and delivery may be different due to the basis of calculation.

6. Stand-alone financial statements and external auditor's audit report for the recent year

(For the complete financial statements, please see the attachment to the annual report or view the MOPS on <https://mops.twse.com.tw/>)

2023 Independent Auditors' Report

(English Translation of a Report Originally Issued in Chinese)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Oriental Union Chemical Corporation

Opinion

We have audited the accompanying financial statements of Oriental Union Chemical Corporation (the "Corporation"), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with The Norm of Professional Ethics for Certified Public Accountant of the ROC, 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 Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the financial statements for the year ended December 31, 2023 are as follow:

The Impairment Loss of Property, Plant and Equipment

The balances of property, plant and equipment amounted to \$4,513,098 thousand as of December 31, 2023. On each balance sheet date, the Corporation reviews its tangible assets for indications of impairment. If any indication thereof exists, the Corporation then estimates the recoverable amount of the assets. If it is not possible to determine the recoverable amount (fair value less cost to sell and value in use) for the individual asset, then the Corporation will determine the recoverable amount for the asset's cash-generating unit. Because the aforementioned tangible assets represent 20% of total assets and the calculation for recoverable amount involves several assumptions and estimations, which directly impact the amount recognized as impairment losses, we deem the review of impairment of assets a key audit matter.

Corresponding audit procedures:

1. We obtained an understanding of management's estimation of asset impairment and of the design and execution for relevant controls.
2. We evaluated the rationality of management's identification of impairment indicators and the appropriateness of the assumptions. Given that there are impairment indications, we performed:
 - a. Obtained the asset impairment valuation form produced by the management for each cash-generating unit.
 - b. Consulted Deloitte firm internal experts regarding the appropriateness of the assumptions, including the classification of cash-generating units, forecast of cash flows, and discount rate.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 Standards on Auditing of 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 Standards on Auditing of the Republic of China we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the Corporation audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Hsin-Wei Tai and Li-Wen Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 1, 2024

Notice to Readers

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

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



ORIENTAL UNION CHEMICAL CORPORATION

BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 6 and 27)	\$ 356,473	2	\$ 344,876	2
Notes receivable, net (Note 9)	77,743	-	55,704	-
Trade receivables, net (Note 9)	704,106	3	646,029	3
Trade receivables from related parties (Notes 9 and 27)	53,192	-	66,724	-
Other receivables	1,842	-	331	-
Inventories (Note 10)	784,494	4	656,156	3
Prepayments for purchases	99,593	1	9,011	-
Other prepayments	21,680	-	17,377	-
Non-current assets held for sale (Notes 11 and 27)	-	-	308,622	1
Other current assets (Note 16)	98,761	-	185,275	1
Total current assets	2,197,884	10	2,290,105	10
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 7 and 27)	4,326,158	19	3,920,805	17
Financial assets at amortized cost (Notes 8, 27 and 28)	64,942	-	64,523	-
Investments accounted for using the equity method (Note 12)	5,697,426	25	6,320,201	28
Property, plant and equipment (Notes 13 and 27)	4,513,098	20	4,948,718	22
Construction in progress (Note 13)	2,805,814	12	2,232,242	10
Right-of-use assets (Note 14)	21,350	-	14,046	-
Investment properties (Notes 15 and 28)	1,682,742	8	1,682,742	7
Intangible assets	5,311	-	6,941	-
Deferred tax assets (Note 23)	239,808	1	258,129	1
Other non-current assets (Note 16)	1,200,547	5	1,180,387	5
Total non-current assets	20,557,196	90	20,628,734	90
TOTAL	\$ 22,755,080	100	\$ 22,918,839	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade payables (Note 27)	\$ 782,049	3	\$ 494,261	2
Other payables (Notes 18 and 27)	350,860	2	301,589	1
Lease liabilities (Note 14)	6,629	-	4,233	-
Other current liabilities (Note 19)	175,589	1	122,857	1
Total current liabilities	1,315,127	6	922,940	4
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 17 and 28)	8,700,000	38	8,999,258	39
Deferred tax liabilities (Note 23)	698,046	3	708,247	3
Lease liabilities (Note 14)	14,998	-	9,765	-
Net defined benefit liabilities (Note 20)	158,090	1	168,584	1
Guarantee deposits	32,823	-	49,120	-
Other non-current liabilities (Note 19)	53,250	-	70,038	1
Total non-current liabilities	9,657,207	42	10,005,012	44
Total liabilities	10,972,334	48	10,927,952	48
EQUITY (Note 21)				
Ordinary shares	8,857,031	39	8,857,031	39
Capital surplus	1,087,752	5	1,085,930	5
Retained earnings				
Legal reserve	1,619,080	7	1,615,037	7
Special reserve	1,911,129	9	1,911,129	8
Unappropriated earnings	301,938	1	214,458	1
Total retained earnings	3,832,147	17	3,740,624	16
Other equity				
Exchange differences on translating foreign operations	(545,606)	(2)	(477,924)	(2)
Unrealized loss on financial assets at fair value through other comprehensive income	(1,324,205)	(6)	(1,090,401)	(5)
Total other equity	(1,869,811)	(8)	(1,568,325)	(7)
Treasury shares	(124,373)	(1)	(124,373)	(1)
Total equity	11,782,746	52	11,990,887	52
TOTAL	\$ 22,755,080	100	\$ 22,918,839	100

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

ORIENTAL UNION CHEMICAL CORPORATION**STATEMENTS OF COMPREHENSIVE INCOME****FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022****(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales revenue (Note 27)	\$ 10,347,248	100	\$ 12,770,275	100
OPERATING COSTS				
Cost of goods sold (Notes 10, 22 and 27)	<u>9,345,111</u>	<u>90</u>	<u>11,426,269</u>	<u>90</u>
GROSS PROFIT	<u>1,002,137</u>	<u>10</u>	<u>1,344,006</u>	<u>10</u>
OPERATING EXPENSES (Notes 22 and 27)				
Selling and marketing expenses	494,204	5	617,342	5
General and administrative expenses	139,349	1	106,355	1
Research and development expenses	168,427	2	156,500	1
Expected credit loss (gain) (Note 9)	<u>402</u>	<u>-</u>	<u>(1,513)</u>	<u>-</u>
Total operating expenses	<u>802,382</u>	<u>8</u>	<u>878,684</u>	<u>7</u>
PROFIT FROM OPERATIONS	<u>199,755</u>	<u>2</u>	<u>465,322</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	8,978	-	2,899	-
Rental income (Note 27)	33,739	-	39,662	-
Dividend income	67,886	1	83,019	1
Other income (Note 27)	27,687	-	34,605	-
Gain (loss) on disposal of property, plant and equipment	5,553	-	(1,314)	-
Gain on disposal of non-current assets held for sale (Note 11)	743,178	7	-	-
Foreign currency exchange gain	5,876	-	7,334	-
Interest expense (Note 22)	(147,455)	(1)	(78,666)	-
Other expenses (Note 22)	(30,480)	-	(33,256)	-
Share of loss of subsidiaries accounted for using equity method (Note 12)	<u>(619,149)</u>	<u>(6)</u>	<u>(463,590)</u>	<u>(4)</u>
Total non-operating income and expenses	<u>95,813</u>	<u>1</u>	<u>(409,307)</u>	<u>(3)</u>
PROFIT BEFORE INCOME TAX	295,568	3	56,015	-
INCOME TAX EXPENSE (Note 23)	<u>29,844</u>	<u>-</u>	<u>17,142</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>265,724</u>	<u>3</u>	<u>38,873</u>	<u>-</u>

(Continued)

**ORIENTAL UNION CHEMICAL CORPORATION****STATEMENTS OF COMPREHENSIVE INCOME****FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022****(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE LOSS				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 20)	\$ 3,675	-	\$ 1,955	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	424,703	4	(248,734)	(2)
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 23)	(735)	-	(391)	-
Share of the other comprehensive loss of subsidiaries accounted for using equity method	(658,507)	(6)	(114,785)	-
Items that may be reclassified subsequently to profit or loss:				
Share of the other comprehensive income (loss) of subsidiaries accounted for using equity method	<u>(67,682)</u>	<u>(1)</u>	<u>18,079</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(298,546)</u>	<u>(3)</u>	<u>(343,876)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u><u>\$ (32,822)</u></u>	<u><u>-</u></u>	<u><u>\$ (305,003)</u></u>	<u><u>(2)</u></u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 0.30</u>		<u>\$ 0.04</u>	
Diluted	<u>\$ 0.30</u>		<u>\$ 0.04</u>	

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

(Concluded)

ORIENTAL UNION CHEMICAL CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Ordinary Shares	Capital Surplus				Retained Earnings				Other Equity			
		Paid-in Capital in Excess of Par Value	Treasury Shares		Other	Legal Reserve	Special Reserve	Unappropriated Earnings	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Loss on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares	Total Equity
BALANCE AT JANUARY 1, 2022	\$ 8,857,031	\$ 470,767	\$ 373,329	\$ -	\$ 162,732	\$ 1,526,813	\$ 1,911,129	\$ 882,237	\$ -	\$ (496,003)	\$ (726,882)	\$ (124,373)	\$ 12,836,780
Legal reserve	-	-	-	-	-	88,224	-	(88,224)	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	-	-	(619,992)	-	-	-	-	(619,992)
Net profit for the year ended December 31, 2022	-	-	-	-	-	-	-	38,873	-	-	-	-	38,873
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	-	1,564	18,079	-	(363,519)	-	(343,876)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	-	40,437	18,079	-	(363,519)	-	(305,003)
Change in capital surplus from dividends distributed to subsidiary	-	-	-	6,376	-	-	-	-	-	-	-	-	6,376
Changes in capital surplus from investments accounted for using the equity method	-	-	-	-	72,726	-	-	-	-	-	-	-	72,726
BALANCE AT DECEMBER 31, 2022	8,857,031	470,767	379,705	-	235,458	1,615,037	1,911,129	214,458	(477,924)	(1,090,401)	(233,804)	(124,373)	11,990,887
Legal Reserve	-	-	-	-	-	4,043	-	(4,043)	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	-	-	(177,141)	-	-	-	-	(177,141)
Net profit for the year ended December 31, 2023	-	-	-	-	-	-	-	265,724	-	-	-	-	265,724
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	-	2,940	(67,682)	(233,804)	-	-	(298,546)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	-	268,664	(67,682)	(233,804)	-	-	(32,822)
Change in capital surplus from dividends distributed to subsidiary	-	-	-	1,822	-	-	-	-	-	-	-	-	1,822
BALANCE AT DECEMBER 31, 2023	\$ 8,857,031	\$ 470,767	\$ 381,527	\$ -	\$ 235,458	\$ 1,619,080	\$ 1,911,129	\$ 301,938	\$ (545,606)	\$ (1,324,205)	\$ (124,373)	\$ -	\$ 11,782,746

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

**ORIENTAL UNION CHEMICAL CORPORATION****STATEMENTS OF CASH FLOWS****FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022****(In Thousands of New Taiwan Dollars)**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 295,568	\$ 56,015
Adjustments:		
Depreciation expenses	530,787	538,401
Amortization expenses	7,491	7,950
Expected credit loss (gain)	402	(1,513)
Interest expense	147,455	78,666
Interest income	(8,978)	(2,899)
Dividend income	(67,886)	(83,019)
Share of loss of subsidiaries accounted for using equity method	619,149	463,590
(Gain) loss on disposal of property, plant and equipment	(5,553)	1,314
Gain on disposal of non-current assets held for sale	(743,178)	-
Write-downs of inventories	27,023	18,337
Unrealized loss (gain) on foreign currency exchange	372	(10,732)
Changes in operating assets and liabilities		
Notes receivable	(22,172)	21,640
Trade receivables	(44,814)	230,433
Other receivables	(362)	85
Inventories	(155,361)	(47,831)
Prepayments	(95,161)	2,307
Other current assets	86,514	(16,226)
Trade payables	287,788	(622,849)
Other payables	21,745	(65,005)
Other current liabilities	52,732	(30,526)
Net defined benefit liabilities	(6,819)	(59,943)
Other non-current liabilities	(16,788)	16,041
Cash generated from operations	909,954	494,236
Interest received	8,892	2,829
Interest paid	(152,256)	(69,677)
Income tax (paid) received	(23,246)	83
Net cash generated from operating activities	743,344	427,471
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	-	(409,517)
Proceeds from the capital reduction of financial assets at fair value through other comprehensive income	19,350	13,500
(Increase) decrease in financial assets at amortized cost	(419)	22,694
Acquisition of subsidiaries	(720,741)	-
Proceeds from disposal of non-current assets held for sale	1,051,800	-
Proceeds from disposal of property, plant and equipment	5,553	720
Increase in other non-current assets	(24,201)	(265,733)

(Continued)

ORIENTAL UNION CHEMICAL CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
Increase in construction in progress	\$ (632,567)	\$ (1,052,082)
Dividends received	<u>67,886</u>	<u>83,019</u>
Net cash used in investing activities	<u>(233,339)</u>	<u>(1,607,399)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	21,490,000	13,100,000
Repayments of long-term borrowings	(21,789,258)	(11,700,313)
(Decrease) increase in guarantee deposits	(16,297)	13,737
Repayment of the principal portion of lease liabilities	(5,340)	(10,284)
Dividends paid to owners of the Corporation	<u>(177,141)</u>	<u>(619,992)</u>
Net cash (used in) generated from financing activities	<u>(498,036)</u>	<u>783,148</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(372)</u>	<u>10,732</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	11,597	(386,048)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>344,876</u>	<u>730,924</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 356,473</u>	<u>\$ 344,876</u>

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

(Concluded)

ORIENTAL UNION CHEMICAL CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

1. GENERAL INFORMATION

Oriental Union Chemical Corporation (the “Corporation”) was incorporated in December 1975. It manufactures and markets ethylene glycols, ethylene oxide, gas oxygen, gas nitrogen, liquid nitrogen, liquid argon, monoethanolamine, ethylene carbonate, polyethylene glycol, polyoxyethylene lauryl ether and methoxy polyethylene glycols. Its shares were listed on the Taiwan Stock Exchange (“TWSE”) on October 21, 1987.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Corporation’s board of directors on March 1, 2024.

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

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

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Corporation’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

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

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

- a. Statement of compliance

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

- b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing these parent Corporation only financial statements, the Corporation used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent Corporation only financial statements to be the same with the amounts attributable to the owners of the Corporation in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent Corporation only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in these parent Corporation only financial statements.

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and
- 3) Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Foreign currencies

In preparing the Corporation's financial statements, transactions in currencies other than the Corporation's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

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

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

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting financial statements, the financial statements of the Corporation and its foreign operations (including subsidiaries and associates in other countries) that are prepared using functional currencies which are different from the currency of the Corporation are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

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

f. Investments in subsidiaries and associates

1) Investments in subsidiaries

The Corporation uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity controlled by the Corporation.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the subsidiary. The Corporation also recognizes the changes in the Corporation's share of equity of subsidiaries.

Changes in the Corporation's ownership interest in a subsidiary that do not result in the Corporation losing control of the subsidiary are equity transactions. The Corporation recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Corporation's share of losses of a subsidiary exceeds its interest in that subsidiary, the Corporation continues recognizing its share of further losses.

Any excess of the cost of acquisition over the Corporation's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Corporation's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Corporation assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Corporation recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Corporation loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Corporation accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Corporation had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent Corporation's financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent Corporation's financial statements only to the extent of interests in the subsidiaries that are not related to the Corporation.

2) Investments in associates

An associate is an entity over which the Corporation has significant influence and which is not a subsidiary. The Corporation uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate is initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the associate. The Corporation also recognizes the changes in the Corporation's share of the equity of associates.

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

When the Corporation's share of losses of an associate equals or exceeds its interest in that associate, the Corporation discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Corporation has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

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

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Corporation' financial statements only to the extent that interests in the associate are not related to the Corporation.

g. Property, plant and equipment

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

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

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

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

h. Investment properties

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

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

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

i. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

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

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

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

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

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

k. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI. Fair value is determined in the manner described in Note 26.

i. Financial assets at amortized cost

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

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable, trade receivables and other receivables, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

ii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Corporation recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including notes receivable and trade receivables).

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

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

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

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is overdue unless the Corporation has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

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

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

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

m. Revenue recognition

Revenue from the sale of goods and rendering of services

The Corporation identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For contracts where the period between the date on which the Corporation transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Corporation does not adjust the promised amount of consideration for the effects of a significant financing component.

When another party is involved in providing goods or services to a customer, the Corporation recognizes revenue in the gross amount if it controls each specified good or service before that good or service is transferred to the customer (the Corporation is a principal); otherwise, the Corporation recognizes revenue in the net amount (the Corporation is an agent).

A specified good or service is a distinct good or service, the Corporation determines whether it is a principal or an agent for each specified good or service.

The Corporation is a principal if it meets any one of the following conditions:

- 1) The Corporation obtains control of a good or service from the other party before the Corporation transfers the good or service to a customer.
- 2) The Corporation has a right to a service to be performed by the other party, which gives the entity the ability to direct that party to provide the service to the customer on the entity's behalf.
- 3) The Corporation obtains control of a good or service from the other party that it then combines with other goods or services in providing the specified good or service to the customer.

Indicators that are used to determine whether the Corporation controls the specified good or service before it is transferred to the customer include, but are not limited to, the following:

- 1) The Corporation is primarily responsible for fulfilling the promise to provide the specified good or service.
- 2) The Corporation has inventory risk before and after the specified good or service has been transferred to a customer or after transfer of control to the customer.
- 3) The Corporation has discretion in establishing the price for the specified good or service.

n. Leases

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

- 1) The Corporation as lessor

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Corporation as lessee

The Corporation recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments, the Corporation remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

o. Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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

p. Government grants

Government grants are not recognized until there is reasonable assurance that the Corporation will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Corporation recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Corporation should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Corporation with no future related costs are recognized in profit or loss in the period in which they are received.

q. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

Net defined benefit liabilities represent the actual deficit in the Corporation's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

r. Taxation

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

1) Current tax

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

According to the Income Tax Law in the ROC, an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

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

2) Deferred tax

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

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Corporation is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

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

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

3) Current and deferred taxes for the year

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Key Sources of Estimation Uncertainty

Impairment assessment of property, plant and equipment

In the process of assessing impairment, the Corporation relies on subjective judgment to determine whether the specific group of assets have indications of impairment, according to the usage of the assets and the business' characteristics. Alteration of estimates from any change in economic conditions or business strategy may lead to significant future impairment loss.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 110	\$ 110
Checking accounts and demand deposits	<u>356,363</u>	<u>344,766</u>
	<u>\$ 356,473</u>	<u>\$ 344,876</u>

The market rate intervals of cash in the bank at the end of the reporting period were as follows:

	December 31	
	2023	2022
Bank balance	0.04%-1.45%	0.04%-1.05%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	December 31	
	2023	2022
<u>Non-current</u>		
Domestic investments		
Listed shares	\$ 1,041,877	\$ 990,537
Unlisted shares	<u>3,284,281</u>	<u>2,930,268</u>
	<u>\$ 4,326,158</u>	<u>\$ 3,920,805</u>

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Corporation's strategy of holding these investments for long-term purposes.

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
<u>Non-current</u>		
Pledged certificates of deposits	<u>\$ 64,942</u>	<u>\$ 64,523</u>

The ranges of interest rates for the pledged certificates of deposits were 0.9%-1.575% and 0.75%-1.2% per annum as of December 31, 2023 and 2022, respectively. The Corporation assesses there has not been a significant expected credit losses and an increase in credit risk since the original recognize.

Refer to Note 28 for information relating to financial assets at amortized cost as security.

9. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2023	2022
<u>Notes receivable</u>		
Notes receivable	\$ 78,212	\$ 56,040
Less: Allowance for impairment loss	<u>(469)</u>	<u>(336)</u>
	<u>\$ 77,743</u>	<u>\$ 55,704</u>
<u>Trade receivables</u>		
Trade receivables	\$ 761,869	\$ 717,055
Less: Allowance for impairment loss	<u>(4,571)</u>	<u>(4,302)</u>
	<u>\$ 757,298</u>	<u>\$ 712,753</u>

The Corporation applies for expected credit losses, which permits the use of lifetime expected loss provision for all notes receivable and trade receivables. The expected credit losses on notes receivable and trade receivables are estimated using a past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date.

The following table details the loss allowance of notes receivable and trade receivables.

December 31, 2023

	0 to 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Carrying amount	\$ 808,049	\$ 19,698	\$ 12,278	\$ 56	\$ 840,081
Loss allowance (Lifetime ECLs)	<u>(469)</u>	<u>-</u>	<u>(4,515)</u>	<u>(56)</u>	<u>(5,040)</u>
Amortized cost	<u>\$ 807,580</u>	<u>\$ 19,698</u>	<u>\$ 7,763</u>	<u>\$ -</u>	<u>\$ 835,041</u>

December 31, 2022

	0 to 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Carrying amount	\$ 750,591	\$ 20,245	\$ 2,259	\$ -	\$ 773,095
Loss allowance (Lifetime ECLs)	<u>(336)</u>	<u>(2,043)</u>	<u>(2,259)</u>	<u>-</u>	<u>(4,638)</u>
Amortized cost	<u>\$ 750,255</u>	<u>\$ 18,202</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 768,457</u>

The above aging schedule was based on the number of days past due from the invoice date.

The movements of the loss allowance of notes receivable and trade receivables were as follows:

	2023	2022
Balance at January 1	\$ 4,638	\$ 6,151
Net remeasurement of loss allowance	<u>402</u>	<u>(1,513)</u>
Balance at December 31	<u>\$ 5,040</u>	<u>\$ 4,638</u>

10. INVENTORIES

	December 31	
	2023	2022
Finished goods	\$ 658,733	\$ 456,875
Work in progress	43,368	30,964
Raw materials	<u>82,393</u>	<u>168,317</u>
	<u>\$ 784,494</u>	<u>\$ 656,156</u>

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2023	2022
Cost of inventories sold	\$ 9,318,088	\$ 11,407,932
Inventory write-downs	<u>27,023</u>	<u>18,337</u>
	<u>\$ 9,345,111</u>	<u>\$ 11,426,269</u>

11. NON-CURRENT ASSETS HELD FOR SALE

	December 31	
	2023	2022
Land for sale and land improvements	<u>\$ -</u>	<u>\$ 308,622</u>

In order to revitalize assets and realize value-added benefits, on March 7, 2023, the Company's board of directors resolved to dispose of the land located in No. 1099-6 and No. 1099-7, Zhonglinzi Section, Xiaogang District, Kaohsiung to Fu-Ming Transport Corporation at the amount of \$1,052,000 thousand. The transfer was completed on March 22, 2023, and the gain on the disposal was \$743,178 thousand.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

a. Investments in subsidiaries

	December 31	
	2023	2022
Pacific Petrochemical (Holding) Ltd. (PPL)	\$ 3,682,430	\$ 4,449,338
Tong Fu Investment Co., Ltd. (TFIC)	1,394,938	1,215,149
OUCB (Bermuda) Holding Ltd. (OUCB (Bermuda))	<u>620,058</u>	<u>655,714</u>
	<u>\$ 5,697,426</u>	<u>\$ 6,320,201</u>

Proportion of ownership and voting rights held by the Corporation were as follows:

	December 31	
	2023	2022
PPL	100%	100%
TFIC	100%	100%
OUCB (Bermuda)	100%	100%

Investments of subsidiaries were accounted for using the equity method; the share of profit or loss and other comprehensive income of those investments were calculated based on subsidiaries' financial statements which have been audited.

The Company's subsidiary, FUPY, plans to increase capital in cash by US\$60,000 thousand in response to capital expenditures such as future capacity expansion plans, environmental protection and carbon reduction projects, and also enrich the working capital, which was approved by the Company's board of directors on March 7, 2023. In June 2023, the Corporation increased the capital of PPL through a subsidiary in the third region, by US\$23,480 thousand, after which PPL increased the capital of FUPY by US\$33,480 thousand.

Refer to Note 28 for information relating to investment of TFIC pledged as loans security.

Refer to Tables 7 and 8 for information relating to the detailed information of subsidiaries, including percentage of ownership and main businesses.

13. PROPERTY, PLANT AND EQUIPMENT AND CONSTRUCTION IN PROGRESS

	Land	Land Improvements	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress and Equipment to Be Inspected	Total
<u>Cost</u>							
Balance at January 1, 2022	\$ 1,591,461	\$ 413,350	\$ 614,355	\$ 15,619,390	\$ 688,893	\$ 1,575,030	\$ 20,502,479
Additions	-	-	-	-	-	916,787	916,787
Disposals	-	-	(777)	(806,878)	(4,192)	-	(811,847)
Reclassification	-	-	-	235,943	20,138	(259,575)	(3,494)
Balance at December 31, 2022	<u>\$ 1,591,461</u>	<u>\$ 413,350</u>	<u>\$ 613,578</u>	<u>\$ 15,048,455</u>	<u>\$ 704,839</u>	<u>\$ 2,232,242</u>	<u>\$ 20,603,925</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2022	\$ -	\$ 321,781	\$ 442,481	\$ 12,354,406	\$ 586,156	\$ -	\$ 13,704,824
Disposals	-	-	(777)	(804,844)	(4,192)	-	(809,813)
Depreciation expenses	-	5,211	18,691	474,835	29,217	-	527,954
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 326,992</u>	<u>\$ 460,395</u>	<u>\$ 12,024,397</u>	<u>\$ 611,181</u>	<u>\$ -</u>	<u>\$ 13,422,965</u>
Carrying amounts at December 31, 2022	<u>\$ 1,591,461</u>	<u>\$ 86,358</u>	<u>\$ 153,183</u>	<u>\$ 3,024,058</u>	<u>\$ 93,658</u>	<u>\$ 2,232,242</u>	<u>\$ 7,180,960</u>
<u>Cost</u>							
Balance at January 1, 2023	\$ 1,591,461	\$ 413,350	\$ 613,578	\$ 15,048,455	\$ 704,839	\$ 2,232,242	\$ 20,603,925
Additions	-	-	-	-	-	664,894	664,894
Disposals	-	-	-	(94,272)	(15,405)	-	(109,677)
Reclassification	-	-	4,098	83,998	1,406	(91,322)	(1,820)
Balance at December 31, 2023	<u>\$ 1,591,461</u>	<u>\$ 413,350</u>	<u>\$ 617,676</u>	<u>\$ 15,038,181</u>	<u>\$ 690,840</u>	<u>\$ 2,805,814</u>	<u>\$ 21,157,322</u>

(Continued)

	Land	Land Improvements	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress and Equipment to Be Inspected	Total
<u>Accumulated depreciation</u>							
Balance at January 1, 2023	\$ -	\$ 326,992	\$ 460,395	\$ 12,024,397	\$ 611,181	\$ -	\$ 13,422,965
Disposals	-	-	-	(94,272)	(15,405)	-	(109,677)
Depreciation expenses	-	5,211	18,390	476,723	24,798	-	525,122
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 332,203</u>	<u>\$ 478,785</u>	<u>\$ 12,406,848</u>	<u>\$ 620,574</u>	<u>\$ -</u>	<u>\$ 13,838,410</u>
Carrying amounts at December 31, 2023	<u>\$ 1,591,461</u>	<u>\$ 81,147</u>	<u>\$ 138,891</u>	<u>\$ 2,631,333</u>	<u>\$ 70,266</u>	<u>\$ 2,805,814</u>	<u>\$ 7,318,912</u>

(Concluded)

The above items of property, plant and equipment were depreciated on a straight-line basis over the estimated useful lives as follows:

Land improvements	15-25 years
Buildings	7-60 years
Machinery and equipment	2-20 years
Other equipment	3-20 years

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Carrying amounts</u>		
Land	\$ 1,151	\$ 473
Buildings	-	165
Transportation equipment	<u>20,199</u>	<u>13,408</u>
	<u>\$ 21,350</u>	<u>\$ 14,046</u>
<u>For the Year Ended December 31</u>		
	<u>2023</u>	<u>2022</u>
Additions to right-of-use assets	<u>\$ 12,969</u>	<u>\$ 14,101</u>
Depreciation charge for right-of-use assets		
Land	\$ 164	\$ 184
Buildings	165	219
Machinery and equipment	-	5,918
Transportation equipment	<u>5,336</u>	<u>4,084</u>
	<u>\$ 5,665</u>	<u>\$ 10,405</u>

Except for depreciation recognized, the Corporation had no significant disposal and impairment of right-of-use assets for the years ended December 31, 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amounts</u>		
Current	<u>\$ 6,629</u>	<u>\$ 4,233</u>
Non-current	<u>\$ 14,998</u>	<u>\$ 9,765</u>

Ranges of discount rates for lease liabilities were 0.82%-1.92% and 0.82%-1.80% per annum as of December 31, 2023 and 2022, respectively.

c. Other lease information

The Corporation leases certain assets which qualify as short-term or low-value asset leases. The Corporation has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

The Corporation as lessor

Operating leases relate to leasing the investment properties owned by the Corporation with lease terms of 2 years. According to the agreement, the lease can be terminated by either party by giving 2 months formal notice in writing to the other party.

15. INVESTMENT PROPERTIES

	December 31		
	2023	2022	
<u>Cost</u>			
Balance at January 1	\$ 1,713,377	\$ 2,023,323	
Reclassified to for sale	<u>-</u>	<u>(309,946)</u>	
Balance at December 31	<u>\$ 1,713,377</u>	<u>\$ 1,713,377</u>	
	Accumulated Depreciation	Accumulated Impairment	Total
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2022	\$ 25,404	\$ 6,513	\$ 31,917
Depreciation expenses	42	-	42
Reclassified to for sale	<u>(1,324)</u>	<u>-</u>	<u>(1,324)</u>
Balance at December 31, 2022	<u>\$ 24,122</u>	<u>\$ 6,513</u>	<u>\$ 30,635</u>
Balance at December 31, 2023 (no movements in the current year)	<u>\$ 24,122</u>	<u>\$ 6,513</u>	<u>\$ 30,635</u>

The investment properties of land improvements held by the Corporation which are depreciated over their estimated useful lives of 16 years using the straight-line method.

The fair values of investment properties were \$3,279,381 thousand and \$2,822,930 thousand as of December 31, 2023 and 2022, respectively. The fair values were arrived at on the basis of a valuation carried out by independent qualified professional valuer, Mr. Chia-ho Tsai from Debenham Tie Leung Real Estate Appraiser Office.

The information of investment properties pledged, please refer to Note 28.

16. OTHER ASSETS

	December 31	
	2023	2022
<u>Other assets</u>		
Silver and catalysts	\$ 957,245	\$ 995,580
Materials	257,814	234,052
Input tax	27,728	68,667
Others	<u>56,521</u>	<u>67,363</u>
	<u>\$ 1,299,308</u>	<u>\$ 1,365,662</u>
Current	\$ 98,761	\$ 185,275
Non-current	<u>1,200,547</u>	<u>1,180,387</u>
	<u>\$ 1,299,308</u>	<u>\$ 1,365,662</u>

Other assets include silver and catalysts used in the production, parts and components for the maintenance of equipment and input tax.

17. BORROWINGS

Long-term Borrowings

	December 31	
	2023	2022
<u>Secured borrowings (Note 28)</u>		
Bank loans	\$ 2,200,000	\$ -
<u>Unsecured borrowings</u>		
Bank loans	6,500,000	8,100,000
Long-term commercial paper payables	<u>-</u>	<u>899,258</u>
	<u>6,500,000</u>	<u>8,999,258</u>
Long-term borrowing	<u>\$ 8,700,000</u>	<u>\$ 8,999,258</u>
Interest rate	1.84%-1.91%	1.22%-2.16%
Maturity date	December 2026	November 2024

18. OTHER PAYABLES

	December 31	
	2023	2022
Payables for purchase of equipment	\$ 109,544	\$ 77,217
Payables for salaries	38,033	26,166
Freight payables	37,470	43,467
Payables for annual leave	19,584	9,000
Payables for export sales expenses	17,948	20,040
Pension payables	13,404	13,200
Payables for employees' compensation and remuneration of directors	9,625	4,289
Interest payables	6,545	11,345
Payables for taxes	6,186	6,309
Payables for dividends	5,174	5,550
Payables for royalties	4,108	9,705
Others	<u>83,239</u>	<u>75,301</u>
	<u>\$ 350,860</u>	<u>\$ 301,589</u>

19. OTHER LIABILITIES

	December 31	
	2023	2022
Contract liabilities	\$ 144,890	\$ 96,791
Provisions for repairs and maintenance	53,250	70,038
Others	<u>30,699</u>	<u>26,066</u>
	<u>\$ 228,839</u>	<u>\$ 192,895</u>
Current	\$ 175,589	\$ 122,857
Non-current	<u>53,250</u>	<u>70,038</u>
	<u>\$ 228,839</u>	<u>\$ 192,895</u>

Contract liabilities were receipts in advance.

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plan

The defined benefit plan adopted by the Corporation in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Corporation contribute amounts equal to 10% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Corporation has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Corporation's defined benefit plans were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 331,576	\$ 331,137
Fair value of plan assets	<u>(173,486)</u>	<u>(162,553)</u>
Net defined benefit liabilities	<u>\$ 158,090</u>	<u>\$ 168,584</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	<u>\$ 338,204</u>	<u>\$ (107,722)</u>	<u>\$ 230,482</u>
Service cost			
Current service cost	8,165	-	8,165
Net interest expense (income)	<u>1,691</u>	<u>(566)</u>	<u>1,125</u>
Recognized in profit or loss	<u>9,856</u>	<u>(566)</u>	<u>9,290</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(8,108)	(8,108)
Actuarial gain - changes in demographic assumptions	(4,887)	-	(4,887)
Actuarial loss - experience adjustments	<u>11,040</u>	<u>-</u>	<u>11,040</u>
Recognized in other comprehensive income (loss)	<u>6,153</u>	<u>(8,108)</u>	<u>(1,955)</u>
Contributions from the employer	-	(69,233)	(69,233)
Benefits paid	<u>(23,076)</u>	<u>23,076</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 331,137</u>	<u>\$ (162,553)</u>	<u>\$ 168,584</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2023	<u>\$ 331,137</u>	<u>\$ (162,553)</u>	<u>\$ 168,584</u>
Service cost			
Current service cost	7,957	-	7,957
Net interest expense (income)	<u>4,553</u>	<u>(2,306)</u>	<u>2,247</u>
Recognized in profit or loss	<u>12,510</u>	<u>(2,306)</u>	<u>10,204</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,122)	(1,122)
Actuarial gain - changes in demographic assumptions	3,860	-	3,860
Actuarial loss - experience adjustments	<u>(6,413)</u>	<u>-</u>	<u>(6,413)</u>
Recognized in other comprehensive income (loss)	<u>(2,553)</u>	<u>(1,122)</u>	<u>(3,675)</u>
Contributions from the employer	-	(17,023)	(17,023)
Benefits paid	<u>(9,518)</u>	<u>9,518</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 331,576</u>	<u>\$ (173,486)</u>	<u>\$ 158,090</u> (Concluded)

Through the defined benefit plans under the Labor Standards Law, the Corporation is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	2022
Discount rate(s)	1.25%	1.375%
Expected rate(s) of long-term salary increase	2.75%	2.75%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2023	2022
Discount rate(s)		
0.25% increase	<u>\$ (7,656)</u>	<u>\$ (8,054)</u>
0.25% decrease	<u>\$ 7,916</u>	<u>\$ 8,340</u>
Expected rate(s) of long-term salary increase		
0.25% increase	<u>\$ 7,657</u>	<u>\$ 8,077</u>
0.25% decrease	<u>\$ (7,444)</u>	<u>\$ (7,842)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	2022
The expected contributions to the plan for the next year	<u>\$ 10,640</u>	<u>\$ 10,267</u>
The average duration of the defined benefit obligation	9.9 years	10.5 years

21. EQUITY

a. Ordinary shares

	December 31	
	2023	2022
Number of shares authorized (in thousands)	<u>1,000,000</u>	<u>1,000,000</u>
Shares authorized	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>885,703</u>	<u>885,703</u>
Shares issued	<u>\$ 8,857,031</u>	<u>\$ 8,857,031</u>

A total of 10,000 thousand shares of the Corporation's share were authorized to be reserved for the issuance of employee share options.

b. Capital surplus

	December 31	
	2023	2022
May be used to offset a deficit, distributed as cash dividends, or transferred to capital share (Note)		
Issuance of ordinary share	\$ 470,767	\$ 470,767
Changes in percentage of ownership interests in subsidiaries	16,367	16,367
Treasury share transactions	381,527	379,705

(Continued)

	December 31	
	2023	2022
Only be used to offset a deficit		
Dividends unclaimed by shareholders	\$ 35,794	\$ 35,794
Changes in capital surplus from investments in associates accounted for using the equity method	<u>183,297</u>	<u>183,297</u>
	<u>\$ 1,087,752</u>	<u>\$ 1,085,930</u>
		(Concluded)

Note: Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital share (limited to a certain percentage of the Corporation's capital surplus and once a year)

c. Retained earnings and dividends policy

Under the dividend policy as set forth in the Corporation's Articles of Incorporation ("Articles"), apart from paying all its income taxes in the case where there are profits at the end of the year, the Corporation shall make up for accumulated deficits in past years. Where there is still balance, 10% of the unappropriated earnings from the yearly net income coupled with other items that recognized in retained earning directly thereof shall be set aside by the Corporation as legal reserve. Subject to certain business conditions under which the Corporation may retain a portion, and distribute to the shareholders the remainder after deducting special reserve as required by law together with undistributed profits from previous years in proportion to the number of the shares held by each shareholders as shareholders' dividend. When there is a share capital increase, the distributed dividends of the year for the new shares shall be dealt with according to the resolution of the shareholders' meeting. For the policies on the distribution of employees' compensation and remuneration of directors before and after amendment, refer to Note 22 (c) "Employee benefits expense".

In accordance with the Articles, the dividend distribution takes into consideration the characteristics of industry that the Corporation operates in and the forthcoming capital requirement and tax policy that is influenced by the Corporation's products or services, and it should be settled for the purpose of maintaining stable dividends. For the purposes of improving the financial structure effectively, coping with reinvestment, expanding capacity or other significant capital expenditures in which capital is required, when distributing shareholders' dividend, the dividend payout ratio each fiscal year shall be no less than 50% of the final surplus which is the sum of after-tax profit of the fiscal year to offset previous loss, if any, and to appropriate legal reserve and special reserve as required by law; the amount of cash dividends shall not be less than 10% of the total dividends and bonuses to be distributed to shareholders in the fiscal year.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital. The legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriation of earnings for 2022 and 2021 that were resolved by the shareholder's in their meeting on June 6, 2023 and June 9, 2022, respectively, were as follows:

	For the Year Ended December 31,	
	2022	2021
Legal reserve	\$ 4,043	\$ 88,224
Cash dividends	177,141	619,992
Cash dividends per share (NT\$)	0.20	0.70

The appropriation of earnings for 2023 was proposed by the Corporation's board of directors on March 1, 2024. The appropriation and dividends per share were as follows:

	For the Year Ended December 31, 2023
Legal reserve	\$ 26,866
Cash dividends	177,141
Cash dividends per share (NT\$)	0.20

The appropriation of earnings for 2023 will be resolved by the shareholders' in their meeting on June 12, 2024.

d. Special reserves

On the first-time adoption of IFRSs, the Corporation appropriated to special reserve, the amounts that were the same as the unrealized revaluation increment, the fair value of investment properties at the date of transition as the deemed cost and the cumulative translation differences transferred to retained earnings, which were \$985,545 thousand, \$787,176 thousand and \$138,408 thousand, respectively.

e. Treasury shares

The Corporation's shares held by its subsidiaries at the end of the reporting periods were as follows:

Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Carrying Amount	Market Price
<u>December 31, 2023</u>			
TFIC	9,109	<u>\$ 124,373</u>	<u>\$ 183,537</u>
<u>December 31, 2022</u>			
TFIC	9,109	<u>\$ 124,373</u>	<u>\$ 169,419</u>

Under the Securities and Exchange Act, the Corporation shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote. The subsidiaries holding treasury share, however, retain shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

22. NET PROFIT (LOSS)

a. Interest expense

	For the Year Ended December 31	
	2023	2022
Interest on bank loans	\$ 147,211	\$ 78,471
Interest on lease liabilities	213	172
Other interest expense	<u>31</u>	<u>23</u>
	<u>\$ 147,455</u>	<u>\$ 78,666</u>

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2023	2022
Capitalized interest	<u>\$ 11,411</u>	<u>\$ 20,811</u>
Capitalization rate	1.22%-2.17%	0.83%-2.16%

b. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	\$ 525,122	\$ 527,954
Right-of-use assets	5,665	10,405
Intangible assets and other assets	7,491	7,950
Investment properties	<u>-</u>	<u>42</u>
	<u>\$ 538,278</u>	<u>\$ 546,351</u>
An analysis of depreciation by function		
Operating costs	\$ 482,215	\$ 485,830
Operating expenses	48,572	52,529
Non-operating expenses and losses	<u>-</u>	<u>42</u>
	<u>\$ 530,787</u>	<u>\$ 538,401</u>
An analysis of amortization by function		
Operating costs	\$ 5,668	\$ 6,223
Operating expenses	<u>1,823</u>	<u>1,727</u>
	<u>\$ 7,491</u>	<u>\$ 7,950</u>

c. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Salary expense	\$ 390,071	\$ 337,140
Insurance expense	34,637	32,341
Post-employment benefits (Note 20)		
Defined contribution plans	12,182	11,032
Defined benefit plans	10,204	9,290
Other employee benefits	<u>58,190</u>	<u>59,007</u>
Total employee benefits expense	<u>\$ 505,284</u>	<u>\$ 448,810</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 269,818	\$ 253,579
Operating expenses	<u>235,466</u>	<u>195,231</u>
	<u>\$ 505,284</u>	<u>\$ 448,810</u>

In compliance with the Articles, the Corporation accrued employees' compensation and remuneration of directors at the rates from 1% to 2% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. However, if the Corporation has accumulated any deficit, the profit should be set aside for offsetting the losses. The compensation of employees and the remuneration of directors for the year ended 2023 and 2022, which were approved by the Company's board of directors on March 1, 2024 and March 7, 2023, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2023	2022
Compensation of employees	2.00%	2.00%
Remuneration of directors	1.00%	1.00%

Amount

	For the Year Ended December 31	
	2023	2022
Compensation of employees	\$ <u>6,094</u>	\$ <u>1,155</u>
Remuneration of directors	\$ <u>3,047</u>	\$ <u>577</u>

If there is a change in the amounts after the annual financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the year ended December 31, 2022 and December 31, 2021.

Information on the employees' compensation and remuneration of directors resolved by the Corporation's board of directors is available on the Market Observation Post System website of the TWSE.

23. INCOME TAXES

- a. Major components of income tax expense recognized in profit or loss are as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
Land revaluation increment tax	\$ 22,459	\$ -
Adjustments for prior years	-	(7,020)
Deferred tax		
In respect of the current year	<u>7,385</u>	<u>24,162</u>
Income tax expense recognized in profit or loss	<u>\$ 29,844</u>	<u>\$ 17,142</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2023	2022
Profit before tax	<u>\$ 295,568</u>	<u>\$ 56,015</u>
Income tax expense calculated at the statutory rate	\$ 59,114	\$ 11,203
Nondeductible expenses in determining taxable income	4	155
Tax-exempt income	(164,183)	(202,602)
Unrecognized deductible temporary differences	112,450	215,406
Land revaluation increment tax	22,459	-
Adjustments for prior years	<u>-</u>	<u>(7,020)</u>
Income tax expense recognized in profit or loss	<u>\$ 29,844</u>	<u>\$ 17,142</u>

As the status of the 2023 appropriation of earnings will be resolved by shareholders in their meeting is uncertain, the potential income tax consequence of the 2022 unappropriated earnings could not be reliably determinable.

- b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement on defined benefit plans	<u>\$ (735)</u>	<u>\$ (391)</u>

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Recognition of loss on foreign investments using equity method	\$ 224,412	\$ (16,222)	\$ -	\$ 208,190
Defined benefit obligation	<u>33,717</u>	<u>(1,364)</u>	<u>(735)</u>	<u>31,618</u>
	<u>\$ 258,129</u>	<u>\$ (17,586)</u>	<u>\$ (735)</u>	<u>\$ 239,808</u>
<u>Deferred tax liabilities</u>				
Land revaluation increment tax	\$ 341,231	\$ -	\$ -	\$ 341,231
Property, plant and equipment	344,253	(7,696)	-	336,557
Investment properties	14,814	(2,505)	-	12,309
Others	<u>7,949</u>	<u>-</u>	<u>-</u>	<u>7,949</u>
	<u>\$ 708,247</u>	<u>\$ (10,201)</u>	<u>\$ -</u>	<u>\$ 698,046</u>

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Recognition of loss on foreign investments using equity method	\$ 199,054	\$ 25,358	\$ -	\$ 224,412
Defined benefit obligation	46,096	(11,988)	(391)	33,717
Loss carryforwards	<u>25,462</u>	<u>(25,462)</u>	<u>-</u>	<u>-</u>
	<u>\$ 270,612</u>	<u>\$ (12,092)</u>	<u>\$ (391)</u>	<u>\$ 258,129</u>
<u>Deferred tax liabilities</u>				
Land revaluation increment tax	\$ 341,231	\$ -	\$ -	\$ 341,231
Property, plant and equipment	332,183	12,070	-	344,253
Investment properties	14,814	-	-	14,814
Others	<u>7,949</u>	<u>-</u>	<u>-</u>	<u>7,949</u>
	<u>\$ 696,177</u>	<u>\$ 12,070</u>	<u>\$ -</u>	<u>\$ 708,247</u>

d. Income tax assessments

The Corporation's income tax returns through 2020 have been assessed by the tax authorities.

24. EARNINGS PER SHARE

The net profit and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2023	2022
Net profit used in the computation of basic earnings per share	<u>\$ 265,724</u>	<u>\$ 38,873</u>

Weighted average number of ordinary shares outstanding (in thousand shares):

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares	885,703	885,703
Less: Reclassification of the Corporation's shares held by subsidiaries	<u>(9,109)</u>	<u>(9,109)</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share	876,594	876,594
Effect of potentially dilutive ordinary shares:		
Employees' compensation or bonuses issued to employees	<u>293</u>	<u>196</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>876,887</u>	<u>876,790</u>

If the Corporation offered to settle compensation or bonuses paid to employees in cash or shares, the Corporation assumed the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

25. CAPITAL MANAGEMENT

The Corporation manages its capital to ensure that entities in the Corporation will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The capital structure of the Corporation consists of bank loans and equity of the Corporation.

Financial management department of the Corporation reviews the capital structure on a monthly basis. As part of this review, the financial management department considers whether there were exceptions between the current ratio, the debt ratio and the target ratio set by the financial management department.

26. FINANCIAL INSTRUMENTS

- a. Fair value of financial instruments that are not measured at fair value

Management believes the carrying amounts of non-financial assets and financial liabilities recognized in the financial statements approximate their fair values or the fair values cannot be reliably measured.

- b. Fair value of financial instruments that are measured at fair value on a recurring basis

- 1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 1,041,877	\$ -	\$ -	\$ 1,041,877
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>3,284,281</u>	<u>3,284,281</u>
	<u>\$ 1,041,877</u>	<u>\$ -</u>	<u>\$ 3,284,281</u>	<u>\$ 4,326,158</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic listed shares	\$ 990,537	\$ -	\$ -	\$ 990,537
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>2,930,268</u>	<u>2,930,268</u>
	<u>\$ 990,537</u>	<u>\$ -</u>	<u>\$ 2,930,268</u>	<u>\$ 3,920,805</u>

There were no transfers between Levels 1 and 2 in 2023 and 2022.

- 2) Reconciliation of Financial Instruments Measured at Level 3 Fair Value

Financial assets at fair value through other comprehensive income

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ 2,930,268	\$ 2,732,867
Purchases	-	409,517
Recognized in other comprehensive income	(373,363)	(198,616)
Reduction in capital	<u>(19,350)</u>	<u>(13,500)</u>
Balance at December 31	<u>\$ 3,284,281</u>	<u>\$ 2,930,268</u>

3) Valuation techniques and assumptions applied for the purpose of measuring fair value

- a) The fair value of financial instruments traded in active markets is based on quoted market prices (including beneficiary certificates that went public).
- b) Valuation techniques and inputs applied for Level 3 fair value measurement: The significant and unobservable input parameter for unlisted investments use market-based approach mainly relates to liquidity discount rate. Market-based approach adopts the equity basis multiplier (P/B) of comparable listed companies, the fair price of the Company's share is calculated after considering the liquidity discount parameter.

c. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
Financial assets at amortized cost (Note 1)	\$ 1,258,298	\$ 1,178,187
Financial assets at FVTOCI		
Equity instruments	4,326,158	3,920,805
<u>Financial liabilities</u>		
Amortized cost (Note 2)	9,865,732	9,844,228

Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, debt investments, notes receivable, trade receivables and other receivables.

Note 2: The balances include financial liabilities at amortized cost, which comprise trade payables, other payables, long-term loans and guarantee deposits.

d. Financial risk management objectives and policies

The Corporation's major financial instruments included equity and debt investments, trade receivables, trade payables and borrowings. The Corporation's Corporate Treasury function provides services to the business, monitors and manages the financial risks relating to the operations of the Corporation through internal risk evaluation. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Corporation's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

a) Foreign currency risk

The Corporation had foreign currency sales and purchases, which exposed the Corporation to foreign currency risk. To protect against reductions foreign assets in value and the volatility of future cash flows caused by changes in foreign exchange rates, the Corporation managed the risk by balancing positions of assets and liabilities denominated in foreign currencies.

The carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 30.

Sensitivity analysis

The Corporation was mainly exposed to the USD and RMB.

The following details the effects of a 5% increase or decrease in NTD (the functional currency) against the relevant foreign currencies. For a 5% weakening of the relevant currency against NTD, the net profit would decrease by \$9,306 thousand and \$9,984 thousand for the years ended December 31, 2023 and 2022, respectively. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rate is 5%.

b) Interest rate risk

The Corporation was exposed to interest rate risk because of borrowing funds at both fixed and floating interest rates. The risk is managed by the Corporation by maintaining an appropriate mix of fixed and floating rate borrowings, ensuring the most cost-effective hedging strategies are applied.

The carrying amount of the Corporation's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 64,692	\$ 64,523
Financial liabilities	3,121,627	5,463,998
Cash flow interest rate risk		
Financial assets	217,851	193,594
Financial liabilities	5,600,000	3,550,000

Sensitivity analysis

The sensitivity analyses below were determined based on the Corporation's exposure to interest rates at the end of the reporting period. A 50 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Corporation's pre-tax profit for the years ended December 31, 2023 and 2022 would have decreased/increased by \$26,911 thousand and \$16,782 thousand, respectively, which was mainly attributable to the Corporation's exposure to interest rates on its cash flow by variable-rate bank loans.

c) Other price risk

The Corporation was exposed to equity price risk through its investments in listed equity securities and beneficiary certificates of open-end funds.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, post-tax other comprehensive income (loss) for the years ended December 31, 2023 and 2022 would have increased/decreased by \$52,094 thousand and \$49,527 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Corporation. As at the end of the reporting period, the Corporation's maximum exposure to credit risk which will cause a financial loss to the Corporation due to failure of counterparties to discharge an obligation and financial guarantees provided by the Corporation could arise from:

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- b) The amount of contingent liabilities in relation to financial guarantee issued by the Corporation.

The Corporation adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Corporation only transacts with entities that are rated good. The Corporation uses other publicly available financial information and its own trading records to rate its major customers. The Corporation's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the credit organization.

Trade receivables consisted of a large number of unrelated customers. Ongoing credit evaluation is performed on the financial condition of trade receivables.

Credit risk represents the potential impact to financial asset that the Corporation might encounter if counterparties or third parties breach the contracts. The Corporation evaluated credit risk exposure for contracts with positive carrying value. The Corporation evaluated the credit risk exposure as immaterial because all counterparties are reputable financial institutions and companies with credit ratings.

3) Liquidity risk

The Corporation manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Corporation's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Corporation relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Corporation had available unutilized bank loan facilities set out in (b) below.

a) Liquidity and interest risk rate tables

The following table details the Corporation's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Corporation can be required to pay.

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years
Non-interest bearing liabilities	\$ -	\$ 782,049	\$ -	\$ -	\$ -
Lease liabilities	797	1,110	4,996	15,022	335
Variable interest rate liabilities	-	-	-	5,742,509	-
Fixed interest rate liabilities	-	-	-	3,106,630	-
	<u>\$ 797</u>	<u>\$ 783,159</u>	<u>\$ 4,996</u>	<u>\$ 8,864,161</u>	<u>\$ 335</u>

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years
Non-interest bearing liabilities	\$ -	\$ 494,261	\$ -	\$ -	\$ -
Lease liabilities	568	735	3,046	9,703	204
Variable interest rate liabilities	-	-	-	3,596,333	-
Fixed interest rate liabilities	-	-	-	5,464,647	-
	<u>\$ 568</u>	<u>\$ 494,996</u>	<u>\$ 3,046</u>	<u>\$ 9,070,683</u>	<u>\$ 204</u>

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities were subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

b) Financing facilities

	December 31	
	2023	2022
Unsecured bank borrowing limit		
Amount used	\$ 9,255,000	\$ 11,389,000
Amount unused	<u>5,845,000</u>	<u>5,161,000</u>
	<u>\$ 15,100,000</u>	<u>\$ 16,550,000</u>

(Continued)

	December 31	
	2023	2022
Secured bank borrowing limit		
Amount used	\$ 2,200,000	\$ -
Amount unused	<u>-</u>	<u>-</u>
	<u>\$ 2,200,000</u>	<u>\$ -</u>
		(Concluded)

27. TRANSACTIONS WITH RELATED PARTIES

The prices and payment terms of these transactions were similar to those for third parties. Details of transactions between the Corporation and other related parties are disclosed below.

a.

Related Party Name	Related Party Category
Far Eastern New Century Corp.	Investors with significant influence over the Corporation
Ton Fu Investment Corp.(TFIC)	Subsidiaries
Far Eastern Union Petrochemical (Yangzhou) Ltd. (FUPY)	Subsidiaries
Oriental Petrochemical (Shanghai) Corp. (OPSC)	Associates (Note)
Asia Cement Corp.	Others
Oriental Petrochemical (Taiwan) Co., Ltd. (OPTC)	Others
Air Liquide Far Eastern Ltd.	Others
Oriental Green Materials Ltd.	Others
Ya Tung Ready Mixed Concrete Co., Ltd.	Others
Everest Textile Co., Ltd.	Others
Far Eastern Polytex (Vietnam) Ltd.	Others
Asia Cement (Singapore) Pte. Ltd.	Others
Fu-Ming Transport Corp.	Others
Fu-Da Transport Corp.	Others
Far Eastern International Bank (FEIB)	Others

Note: OPSC is eliminated after merger with Far Eastern Industries (Shanghai) Ltd. in the year ended December 31, 2022.

b. Sale of goods

	For the Year Ended December 31	
	2023	2022
Investors with significant influence over the Corporation	\$ 719,468	\$ 984,165
Others	<u>73,777</u>	<u>99,086</u>
	<u>\$ 793,245</u>	<u>\$ 1,083,251</u>

c. Purchase of goods

	For the Year Ended December 31	
	2023	2022
Subsidiaries	\$ 118	\$ -
Investors with Significant Influence	-	304
Others	<u>466</u>	<u>358</u>
	<u>\$ 584</u>	<u>\$ 662</u>

d. Operating expenses

	For the Year Ended December 31	
	2023	2022
Others		
Fu-Ming Transport Corp.	\$ 163,765	\$ 185,324
Others	<u>8,768</u>	<u>145</u>
	<u>\$ 172,533</u>	<u>\$ 185,469</u>

e. Other income

	For the Year Ended December 31	
	2023	2022
Subsidiaries	<u>\$ 2,582</u>	<u>\$ 2,425</u>

f. Rental income

	For the Year Ended December 31	
	2023	2022
Others		
Fu-Da Transport Corp.	<u>\$ 4,039</u>	<u>\$ 9,694</u>

g. Cash and cash equivalents

	December 31	
	2023	2022
Others		
FEIB	<u>\$ 66,512</u>	<u>\$ 25,943</u>

h. Receivables from related parties

	December 31	
	2023	2022
Investors with significant influence over the Corporation		
Far Eastern New Century Corp.	\$ 46,253	\$ 55,242
Others	<u>6,939</u>	<u>11,482</u>
	<u>\$ 53,192</u>	<u>\$ 66,724</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2023 and 2022, no impairment loss was recognized for trade receivables from related parties.

i. Financial assets at amortized cost

	December 31	
	2023	2022
Others		
FEIB	\$ 64,942	\$ 64,523

j. Accounting payables

	December 31	
	2023	2022
Subsidiaries	\$ 78	\$ -
Others	-	80
	<u>\$ 78</u>	<u>\$ 80</u>

k. Other payables

	December 31	
	2023	2022
Others		
Fu-Ming Transport Corp.	\$ 25,458	\$ 30,276
Others	2,132	159
	<u>\$ 27,590</u>	<u>\$ 30,435</u>

l. Acquisition of real estate, plant and equipment

For the 12 months ended December 31, 2023: None

For the 12 months ended December 31, 2022:

	2022
Investors with significant influence over the Group	
Far Eastern New Century Corp.	<u>\$ 1,815</u>

m. Acquisition of additional share interests from related parties

For the year ended December 31, 2023: None

For the year ended December 31, 2022

	Line Item	Number of Shares	Purchase Price
Others			
OPTC	Financial assets at FVTOCI - non-current	40,951,679	<u>\$ 409,517</u>

The company had subscribed for OPTC 's capital increase in 2022.

n. Disposal of non-current assets held for sale

The Company disposed of non-current assets held for sale to Fu-Ming Transportation, please refer to Note 11 and Table 4.

o. Remuneration of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 35,876	\$ 38,675
Post-employment benefits	<u>324</u>	<u>449</u>
	<u>\$ 36,200</u>	<u>\$ 39,124</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been pledged by bank, as guarantees for Suppliers and Customers:

	December 31	
	2023	2022
Pledged deposits (financial assets at amortized cost - non-current)	\$ 64,942	\$ 64,523
Investment properties	<u>1,682,742</u>	<u>-</u>
	<u>\$ 1,747,684</u>	<u>\$ 64,523</u>

As of December 31, 2023, the Corporation pledged 28,599 thousand shares of the subsidiary TFIC as security.

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Corporation as of December 31, 2023 were as follows:

- a. As of December 31, 2023, unused letters of credit for purchases of raw materials amounted to \$1,229,363 thousand, purchase guarantees from banking institution and performance guarantees from Taiwan small and medium enterprise counseling foundation subsidy amounted to \$449,000 thousand, refundable deposit with the Harbor Bureau amounted to \$15,000 thousand, and leased silver for catalysts from financial institution amounted to \$1,061,539 thousand, respectively.
- b. Endorsements/guarantees provided to subsidiaries and associates

The Corporation

TFIC

\$ 1,600,000

- c. The Corporation has a long-term ethylene purchase agreement with Chinese Petroleum Corporation, Taiwan under which the Corporation is committed to purchase ethylene until December 31, 2023. The purchase price under the agreement is in U.S. dollars.
- d. The Corporation has a three-year agreement beginning from 2004, to sell ethylene glycols to major customers, namely, Far Eastern New Century Corporation, Tainan Spinning Co., Ltd., and Shinkong Synthetic Fibers Corporation. The agreement is automatically renewed for successive periods of three years unless otherwise terminated by either party with prior notice. The determined price under the agreement is in U.S. dollars.
- e. In 2021, the Corporation signed a two-year ethylene carbonate designated production/sales agreement with Chi Mei Corporation (“CMC”). Also, the Corporation agreed to purchase from CMC any qualified ethylene glycol by-products which are produced during the manufacturing process. And the purchase price is determined by agreed upon bases. Both sides agreed that the Corporation could sell part of the output to a specific-purpose market. The agreement is automatically renewed for another two years, as specified in the contract.
- f. The Corporation’s Board of Directors resolved to construct ethylene storage tanks at the Kaohsiung Intercontinental Container Terminal in 2019. The contract amount was \$765,893 thousand. As of December 31, 2023, the Corporation had paid \$580,375 thousand, which accounted for as construction in progress and equipment to be inspected.

30 SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Corporation entities’ significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2023

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 8,010	30.71 (USD:NTD)	<u>\$ 245,947</u>
Non-monetary items			
Investments accounted for using the equity method			
RMB	992,452	4.34 (RMB:NTD)	<u>\$ 4,302,488</u>
<u>Financial liabilities</u>			
Monetary items			
USD	1,942	30.71 (USD:NTD)	\$ 59,629
RMB	47	4.34 (RMB:NTD)	<u>204</u>
			<u>\$ 59,833</u>

December 31, 2022

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 7,303	30.71 (USD:NTD)	<u>\$ 224,275</u>
Non-monetary items			
Investments accounted for using the equity method			
RMB	1,157,755	4.41 (RMB:NTD)	<u>\$ 5,105,052</u>
<u>Financial liabilities</u>			
Monetary items			
USD	798	30.71 (USD:NTD)	\$ 24,507
RMB	20	4.41 (RMB:NTD)	<u>88</u>
			<u>\$ 24,595</u>

31. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Marketable securities held. (Table 3)
- 4) Marketable securities acquired or disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital. (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (Table 4)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 5)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 6)
- 9) Trading in derivative instruments. (None)

b. Information on investees. (Table 7)

- c. Information on investments in mainland China
- 1) Information on any investee Corporation in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 8)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses. (None)
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholders, the number of shares owned, and percentage of ownership of each shareholders. (Table 9)

32. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. Specifically, the Corporation's reportable segments under IFRS 8 "Operating Segments" were as follows:

- Ethylene glycols business
- Special chemicals business
- Gas business
- Investment and others

The revenue and operation results and departmental assets have been disclosed in the consolidated financial statements by the reportable segments, please refer to the consolidated financial statements for details.

TABLE 1

ORIENTAL UNION CHEMICAL CORPORATION

**FINANCINGS PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Amount Limits	Note
													Item	Value			
1	FUPY	HXYZ	Other receivables - related parties loans	Yes	\$ 528,896	\$ 528,896	\$ 528,896	1.3%	Necessary for short-term financing	\$ -	Operating capital	\$ -	Promissory notes	\$ -	40% of net worth of FUPY \$2,360,192	40% of net worth of FUPY \$2,360,192	-

Note: It was calculated based on 40% of audited net worth of the lender on December 31, 2023.

TABLE 2

ORIENTAL UNION CHEMICAL CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

No.	Endorser/ Guarantor	Endorsee/Guaranteed		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note)											
0	The Corporation	TFC	2	50% of net worth of the Corporation \$5,891,373	\$ 1,600,000	\$ 1,600,000	\$ 640,000	\$ -	13.37	100% of net worth of the Corporation \$11,782,746	Y	N	N	

Note: 1. The relationships between the endorser/guarantor and the endorsee/guaranteed are listed below:

2. Represents the entity whose voting shares are exceed fifty percent (50%) owned directly or indirectly by the Corporation.

TABLE 3

ORIENTAL UNION CHEMICAL CORPORATION

MARKETABLE SECURITIES HELD

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023			Note
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value
The Corporation	Far Eastern Department Stores Ltd.	Same chairman	Financial assets at FVTOCI - non-current	14,378,228	\$ 355,861	1	\$ 355,861
	Far Eastern New Century Corp.	Same chairman	Same as above	6,888,446	214,919	-	214,919
	Asia Cement Corp.	Same chairman	Same as above	8,486,315	351,758	-	351,758
	Everest Textile Co., Ltd.	The chairman of Everest Textile Co., Ltd. is a director of the Corporation	Same as above	16,040,145	119,339	2	119,339
	Oriental Petrochemical (Taiwan) Co., Ltd.	The Corporation is one of its director	Same as above	350,286,055	2,707,711	14	2,707,711
	Grand Cathay Venture Capital Co., Ltd.	The Corporation is one of its director	Same as above	26,666,667	547,467	17	547,467
	Eminent Venture Capital Corp.	The Corporation is one of its director	Same as above	675,000	6,568	10	6,568
	Eminent II Venture Capital Corp.	The Corporation is one of its director	Same as above	2,340,000	15,655	6	15,655
	Tai An Technologies Corp.	-	Same as above	499,998	6,880	5	6,880
	TFIC	-	Financial assets at FVTPL - current	72,000	3,370	-	3,370
PPL	Chung-Hsin Electric & Machinery Manufacturing Corp.	-	Same as above	33,000	3,845	-	3,845
	Ta Chen Stainless Pipe Co., Ltd.	-	Same as above	90,000	3,564	-	3,564
	Taiwan Semiconductor Manufacturing Company Ltd.	-	Same as above	6,000	3,558	-	3,558
	Winbond Electronics Corp.	-	Same as above	132,000	4,019	-	4,019
	Inventec Corp.	-	Same as above	78,000	4,118	-	4,118
	Giga-byte Technology Co., Ltd.	-	Same as above	15,000	3,990	-	3,990
	Quanta Computer Inc.	-	Same as above	18,000	4,041	-	4,041
	Nanya Technology Corp.	-	Same as above	51,000	3,978	-	3,978
	Yang-ming Marine Transport Corp.	-	Same as above	60,000	3,078	-	3,078
	Wan Hai Lines Ltd.	-	Same as above	66,000	3,630	-	3,630
	Unimicron Technology Corp.	-	Same as above	18,000	3,168	-	3,168
	Wistron Corp.	-	Same as above	36,000	3,550	-	3,550
	Adara Technology Co., Ltd.	-	Same as above	36,000	3,708	-	3,708
	Zycel Group Corp.	-	Same as above	69,000	3,505	-	3,505
	ASE Technology Holding Co., Ltd.	-	Same as above	27,000	3,645	-	3,645
	Phison Electronics Corp.	-	Same as above	7,000	3,640	-	3,640
	Century Iron and Steel Industrial Co., Ltd.	-	Same as above	24,000	4,188	-	4,188
	The Corporation	Treasury share	Financial assets at FVTOCI - non-current	9,108,554	124,373	1	183,537
	Far Eastern International Commercial Bank ("FEIC")	The chairman of the Corporation is FEIC's director	Same as above	34,761,214	439,729	1	439,729
	Everest Textile Co., Ltd.	The chairman of Everest Textile Co., Ltd. is the Corporation's parent corporation's director	Same as above	14,580,194	108,477	2	108,477
PPL	Yue Ding Enterprise Corp.	Related party in substance	Same as above	6,260,174	96,657	5	96,657
	Ding Shen Investment Co., Ltd.	Related party in substance	Same as above	40,328,640	434,339	18	434,339
	Oriental Petrochemical (Taiwan) Co., Ltd.	The Corporation is one of its directors	Same as above	111,834,375	864,479	4	864,479
	Far Eastern Industries (Shanghai) Ltd.	Related party in substance	Same as above	-	833,229	10	833,229

Note 1: The market value was calculated based on the closing price on December 31, 2023.

Note 2: The net asset value was calculated based on the latest assessments.

TABLE 4

ORIENTAL UNION CHEMICAL CORPORATION

DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
The Corporation	Non-current assets held for sale - land and land improvements	2023.03	2004.11	\$ 308,622	\$ 1,052,000	1,052,000	\$ 743,178	Fu-Ming Transport Corp.	Others	Revitalize assets and realize asset appreciation benefits	Refer to professional appraisal reports and bargaining decisions	-

TABLE 5

ORIENTAL UNION CHEMICAL CORPORATION

TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Transaction Details			Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Ending Balance	% to Total	
The Corporation	Far Eastern New Century Corp.	Same chairman	Sale	\$ (719,468)	(3)	Same as those to unrelated parties	-	\$ 46,253	4	-

TABLE 6

ORIENTAL UNION CHEMICAL CORPORATION

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
FUPY	HXYZ	Investee by using equity method	Other receivables \$ 529,659	-	\$ -	-	\$ -	-

TABLE 7

ORIENTAL UNION CHEMICAL CORPORATION

**INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars or Foreign Currency)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2023	December 31, 2022	Shares	%	Carrying Amount			
The Corporation	PPL IFIC OUCC (Bermuda)	British Virgin Islands Taipei City, ROC British Bermuda Islands	Investment Enterprise and financial institution investments Investment	US\$ 216,452	US\$ 192,972	149,000	100	\$ 3,682,430	\$ (512,618)	\$ (512,618)	Note
				1,110,000	1,110,000	161,863,198	100	1,394,938	\$ 11,673	9,851	
				US\$ 90,000	US\$ 90,000	103,580	100	620,058	(116,382)	(116,382)	

Note: The ending balance includes 28,599,328 shares pledged to financial institutions.

TABLE 8

ORIENTAL UNION CHEMICAL CORPORATION

INFORMATION OF INVESTMENTS IN MAINLAND CHINA

FOR THE YEAR ENDED DECEMBER 31, 2023

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

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outflow	Inflow							
FUPY	Manufacturing and selling chemical products (ethylene glycol, diethylene glycol, triethylene glycol and ethylene oxide) and other specific chemical products.	US\$ 357,500	Indirect	US\$ 179,500	US\$ 23,480	US\$ -	US\$ 202,980	RMB (250,600)	56	\$ (618,625) (Note 2)	\$ 3,292,468	\$ -	Note 3
HXYZ	The production and sales of hot water (non-potable water) and steam; the erection and maintenance of heat-supply pipelines; the consultancy service in heat-supply technologies.	RMB 160,000	Indirect	-	-	-	-	RMB (21,452)	28	(47,357) (Note 2)	138,109	-	
Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023		US\$295,866	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA									
			US\$315,116				(Note 1)						

Note 1: The Corporation obtained certificate No. 11020408220 from Industrial Development Bureau, Ministry of Economic Affairs according to the "Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China", the accumulation of fund is not limited.

Note 2: Based on audited financial statements.

Note 3: Significant non-controlling interests.

TABLE 9**ORIENTAL UNION CHEMICAL CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Far Eastern New Century Corp.	81,217,005	9.16
Asia Cement Corp.	63,766,522	7.19
Yuan Ding Investment Co., Ltd.	56,254,684	6.35
Yuan Tong Investment Co., Ltd.	49,942,396	5.63

Note: The table discloses shareholding information of shareholders whose shareholding percentages are more than 5%. The Taiwan Depository & Clearing Corporation calculates the total number of ordinary shares (including treasury shares) that have completed the dematerialized registration and delivery on the last business day of the quarter. The shares reported in the financial statements and the actual number of shares that have completed the dematerialized registration and delivery may be different due to the basis of calculation.

ORIENTAL UNION CHEMICAL CORPORATION

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ORIENTAL UNION CHEMICAL CORPORATION

STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2023

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

Name	Amount
Bank balance	
Demand deposits (Note)	\$ 217,851
Checking accounts	138,512
Petty cash	<u>110</u>
	<u>\$ 356,473</u>

Note: Including demand deposits of US\$6,296 thousand and the exchange rate was US\$1=NT\$30.71.

ORIENTAL UNION CHEMICAL CORPORATION**STATEMENT OF NOTES AND TRADE ACCOUNTS RECEIVABLE****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Client Name	Notes Receivable	Trade Receivables	Total
Related parties			
Far Eastern New Century Corp.	\$ -	\$ 46,253	\$ 46,253
Others (Note)	-	6,939	6,939
	-	53,192	53,192
Unrelated parties			
Sino-Japan Chemical Co., Ltd.	69,956	2,101	72,057
Chimei Corp.	-	118,749	118,749
Shinkong Synthetic Fibers Corp.	-	110,628	110,628
Tainan Spinning Co., Ltd.	-	73,436	73,436
CPC Corporation, Taiwan	-	47,015	47,015
Lealea Enterprise Co., Ltd.	-	41,717	41,717
Others (Note)	8,256	315,031	323,287
	78,212	708,677	786,889
Less: Allowance for impairment loss	469	4,571	5,040
	<u>\$ 77,743</u>	<u>\$ 757,298</u>	<u>\$ 835,041</u>

Note: The amount of each client in others does not exceed 5% of the account balance.

ORIENTAL UNION CHEMICAL CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

	Beginning Balance		Increase		Decrease		Adjustments on		Ending Balance		Net Assets Value
	Thousands Shares	Amount	Thousands Shares	Amount	Thousands Shares	Amount	Equity Method Amount	Thousands Shares	Percentage of Ownership (%)	Amount	
PPL	148	\$ 4,449,338	1	\$ 720,741	-	\$ -	\$ (1,487,649)	149	100	\$ 3,682,430	\$ 3,682,430
TFIC	158,592	1,215,149	3,271	-	-	-	179,789	161,863	100	1,394,938	1,578,475
OUC (Bermuda)	104	655,714	-	-	-	-	(35,656)	104	100	620,058	620,058
		<u>\$ 6,320,201</u>		<u>\$ 720,741</u>		<u>\$ -</u>	<u>\$ (1,343,516)</u>			<u>\$ 5,697,426</u>	
Note 1: Adjustments on equity method amount include:											
a) Share of loss of subsidiaries accounted for using equity method							\$ (619,149)				
b) Exchange differences on translating the financial statements of foreign operations							(67,682)				
c) Changes in the Corporation's share of the equity of associates and subsidiaries							<u>(656,685)</u>				
							<u>\$ (1,343,516)</u>				

Note 2: The ending balance includes 28,599 thousand shares pledged to financial institutions.

ORIENTAL UNION CHEMICAL CORPORATION

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Financial Instruments Name	Balance, January 1, 2023		Additions in Investment		Decrease in Investment		Adjustments on Financial Instruments		Balance, December 31, 2023		Accumulated Impairment	Provide a Guarantee or Pledge
	Shares (In Thousands)	Fair Value	Shares	Amount	Shares	Amount	Shares	Amount	Shares (In Thousands)	Fair Value		
Asia Cement Corp.	8,486	\$ 347,939	-	\$ -	-	\$ -	-	\$ 3,819	8,486	\$ 351,758	NA	None
Far Eastern Department Stores Ltd.	14,378	309,132	-	-	-	-	-	46,729	14,378	355,861	NA	None
Everest Textile Co., Ltd.	16,041	113,725	-	-	-	-	-	5,614	16,041	119,339	NA	None
Far Eastern New Century Corp.	6,888	219,741	-	-	-	-	-	(4,822)	6,888	214,919	NA	None
Oriental Petrochemical (Taiwan) Co., Ltd.	350,286	2,546,580	-	-	-	-	-	161,131	350,286	2,707,711	NA	None
Grand Cathay Venture Capital Co., Ltd.	26,667	328,800	-	-	-	-	-	218,667	26,667	547,467	NA	None
Eminent Venture Capital Corp.	1,350	14,040	-	-	675	6,750	(722)	675	675	6,568	NA	None
Eminent II Venture Capital Corp.	3,600	33,768	-	-	1,260	12,600	(5,513)	(5,513)	2,340	15,655	NA	None
Tai An Technologies Corp.	500	7,080	-	-	-	-	(200)	(200)	500	6,880	NA	None
		<u>\$ 3,920,805</u>		<u>\$ -</u>		<u>\$ 19,350</u>		<u>\$ 424,703</u>		<u>\$ 4,326,158</u>		

ORIENTAL UNION CHEMICAL CORPORATION**STATEMENT OF TRADE PAYABLES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Vendor Name	Amount
CPC Corp., Taiwan	\$ 446,745
Taiwan Power Company	104,724
Mitsubishi Corp.	53,981
Others (Note)	<u>176,599</u>
	<u>\$ 782,049</u>

Note: Each of the suppliers was less than 5% of the total account balance.

ORIENTAL UNION CHEMICAL CORPORATION

STATEMENT OF LONG-TERM BORROWINGS
FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Lender	Repayment Terms (Note 1)	Interest rate	Amount	Collateral
Taishin International Bank	2023.12.15-2025.07.31, principal due upon maturity, interest payable monthly.	Note 2	\$ 600,000	
Bank of China	2023.12.15-2025.11.18, principal due upon maturity, interest payable monthly.	Note 2	450,000	
Shanghai Commercial and Savings Bank	2023.12.27-2025.04.18, principal due upon maturity, interest payable monthly.	Note 2	600,000	
First Commercial Bank	2023.11.15-2025.05.15, principal due upon maturity, interest payable monthly.	Note 2	200,000	
The Export-Import Bank of ROC	2023.12.15-2026.12.15, principal due upon maturity, interest payable monthly.	Note 2	500,000	
Bank Sinopac	2023.12.15-2026.04.30, principal due upon maturity, interest payable monthly.	Note 2	300,000	
CTBC Bank	2023.12.27-2025.03.31, principal due upon maturity, interest payable monthly.	Note 2	550,000	
Hua Nan Commercial Bank	2023.08.15-2025.08.15, principal due upon maturity, interest payable monthly.	Note 2	1,000,000	
KGI Bank	2023.11.15-2025.05.10, principal due upon maturity, interest payable monthly.	Note 2	1,200,000	
Yuantai Commercial Bank	2023.12.15-2025.10.06, principal due upon maturity, interest payable monthly.	Note 2	600,000	
Chang Hwa Bank	2023.05.15-2025.05.15, principal due upon maturity, interest payable monthly.	Note 2	2,200,000	Land as collateral
	2023.12.29-2025.12.29, principal due upon maturity, interest payable monthly.	Note 2	500,000	
			<u>\$ 8,700,000</u>	

Note 1: The maturity date refers to the repayment date or the contracted date.

Note 2: Interest rate for long-term borrowings range from 1.84%-1.91%.

ORIENTAL UNION CHEMICAL CORPORATION

**STATEMENT OF OPERATING REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Quantity (Ton)	Amount
Special chemicals products	146,424	\$ 4,896,931
Ethylene oxide and ethylene glycol products	210,726	4,064,192
Gas products	367,135	<u>1,386,125</u>
		<u>\$ 10,347,248</u>

ORIENTAL UNION CHEMICAL CORPORATION**STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Amount
Raw materials, beginning of year	\$ 168,317
Add: Raw material purchased	8,138,327
Catalysts roll-in	79,392
Less: Raw materials, end of year	82,393
Others	<u>121,874</u>
Direct raw material used	8,181,769
Direct labor	63,202
Manufacturing expenses	<u>1,183,211</u>
Manufacturing cost	9,428,182
Work in process, beginning of year	30,964
Add: Work in process purchased	9,394
Less: Work in process, end of year	<u>43,368</u>
Cost of finished goods	9,425,172
Finished goods, beginning of year	456,875
Add: Finished goods purchased	377,463
Others	2,802
Less: Finished goods, end of year	658,733
Others	<u>258,468</u>
Operating costs	<u>\$ 9,345,111</u>

ORIENTAL UNION CHEMICAL CORPORATION**STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Expected Credit Loss	Total
Salaries	\$ 37,758	\$ 83,829	\$ 75,505	\$ -	\$ 197,092
Freight	227,659	-	-	-	227,659
Export sales expenses	117,145	-	-	-	117,145
Repair and maintenance expense	34,253	5,804	14,114	-	54,171
Depreciation expenses	17,084	2,237	29,251	-	48,572
Others (Note)	<u>60,305</u>	<u>47,479</u>	<u>49,557</u>	<u>402</u>	<u>157,743</u>
	<u>\$ 494,204</u>	<u>\$ 139,349</u>	<u>\$ 168,427</u>	<u>\$ 402</u>	<u>\$ 802,382</u>

Note: Total amount of each item in others does not exceed 5% of the account balance.

ORIENTAL UNION CHEMICAL CORPORATION

STATEMENT OF EMPLOYEE BENEFIT, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023				2022			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Expenses	Total
Labor cost								
Salary expenses	\$ 192,979	\$ 189,813	\$ -	\$ 382,792	\$ 177,915	\$ 157,215	\$ -	\$ 335,130
Insurance expenses	20,665	13,972	-	34,637	19,854	12,487	-	32,341
Pension	12,072	10,314	-	22,386	10,882	9,440	-	20,322
Board compensation	-	7,279	-	7,279	-	2,010	-	2,010
Others	44,102	14,088	-	58,190	44,928	14,079	-	59,007
	<u>\$ 269,818</u>	<u>\$ 235,466</u>	<u>\$ -</u>	<u>\$ 505,284</u>	<u>\$ 253,579</u>	<u>\$ 195,231</u>	<u>\$ -</u>	<u>\$ 448,810</u>
Depreciation expenses	<u>\$ 482,215</u>	<u>\$ 48,572</u>	<u>\$ -</u>	<u>\$ 530,787</u>	<u>\$ 485,830</u>	<u>\$ 52,529</u>	<u>\$ 42</u>	<u>\$ 538,401</u>
Amortization expenses	<u>\$ 5,668</u>	<u>\$ 1,823</u>	<u>\$ -</u>	<u>\$ 7,491</u>	<u>\$ 6,223</u>	<u>\$ 1,727</u>	<u>\$ -</u>	<u>\$ 7,950</u>

Note 1: For the years ended December 31, 2023 and 2022, the average numbers of the Corporation's employees were 389 and 365, respectively, and the numbers of directors who were not employees were both 8.

Note 2: For the years ended December 31, 2023 and 2022, the average labor cost were \$1,307 thousand and \$1,252 thousands.

Note 3: For the years ended December 31, 2023 and 2022, the average salary expenses were \$1,005 thousand and \$939 thousands.

Note 4: Average Adjustment of salary expenses were 7%.

Note 5: Pursuant to Rule No. 10200531121 issued by the FSC, the Corporation established the Audit Committee to replace Supervisors.

Note 6: Pursuant to the Corporation Law and the Article 33 of Articles of Incorporation, 1% to 2% of profit of the current year should be distributed as employees' compensation and not more than 1% of profit of the current year should be distributed as directors' remuneration in the case where there are profits for the current year. However, the Corporation's accumulated losses shall have been covered. The Corporation may, by a resolution adopted by the board of directors with consent of over half of the least two third of total Directors attendant, determine the actual ratio, amount, form (in the form of shares or in cash) and the number of shares distributable as employees' compensation; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. The remuneration paid to independent directors is a fixed amount. The actual ratio and amount of the profit distributable as directors' remuneration shall also be determined by the board of directors in accordance with the "Board Performance Evaluation Rule", and a report of such distribution shall be submitted to the shareholders' meeting. The remuneration of directors, presidents, executive vice presidents, and managers was paid according to not only the peer standards but also the correlations with the personnel assessment, operational performance, and future risks. The remaining compensation is determined based on the business results of the whole Corporation and each department; meanwhile, results of market survey on the general salary level of TWSE-listed companies and reports by professional consulting companies will also be used as references. In addition, the remuneration committee of the Corporation regularly (at least once a year) reviews and evaluates the remuneration policies, systems, standards and structures of directors and managers, and presents its recommendations to the board of directors for discussion in order to balance the Corporation's sustainability and risk control.

The salary of employees includes monthly salary and remuneration paid by the Corporation based on annual profitability. The Corporation determines the total amount of performance bonuses and remunerations based on the Corporation's operating results and with reference to the level of domestic industry distribution. The amount each employee receives depends on their position, contribution, and performance.

VII. Review and Analysis of the Financial Position and Performance and Risk Management

1. Financial Position Review

Review and analysis of consolidated financial position

Currency unit: NTD thousand

Item \ Year	2023	2022	Variance	
			Amount	%
Current assets	\$ 5,655,988	\$ 6,487,507	(\$ 831,519)	(13)
Property, plant and equipment	14,491,814	14,736,488	(244,674)	(2)
Intangible assets	48,857	40,815	8,042	20
Other assets	12,817,672	13,642,994	(825,322)	(6)
Total assets	33,014,331	34,907,804	(1,893,473)	(5)
Current liabilities	8,624,010	9,981,120	(1,357,110)	(14)
Non-current liabilities	9,999,563	10,631,949	(632,386)	(6)
Total liabilities	18,623,573	20,613,069	(1,989,496)	(10)
Capital stock	8,857,031	8,857,031	0	0
Capital surplus	1,087,752	1,085,930	1,822	0
Retained earnings	3,832,147	3,740,624	91,523	2
Other equities	(1,869,811)	(1,568,325)	(301,486)	19
Treasury stock	(124,373)	(124,373)	0	0
Interest attributable to parent company	11,782,746	11,990,887	(208,141)	(2)
Non-controlling interest	2,608,012	2,303,848	304,164	13
Total equities	14,390,758	14,294,735	96,023	1
Note: The causes of changes in analysis of more than 20%:				
1. The increase in intangible assets resulted from the new addition of PC software of FUPY.				

2. Financial Performance Analysis

Analysis on consolidated financial performance

Currency unit: NTD thousand

Item \ Year	2023	2022	Increase (decrease)	Ratio (%)
Operating revenue	\$ 20,816,931	\$ 22,081,099	(\$ 1,264,168)	(6)
Operating cost	20,480,005	22,136,114	(1,656,109)	(7)
Gross profit (loss)	336,926	(55,015)	391,941	(712)
Operating expenses	1,017,404	1,102,714	(85,310)	(8)
Operating loss	(680,478)	(1,157,729)	477,251	(41)
Non-operating revenue and expense	484,103	382,711	101,392	26
Loss before income tax	(196,375)	(775,018)	578,643	(75)
Income tax benefit	27,923	15,007	12,916	86
Net loss	(224,298)	(790,025)	565,727	(72)
Other comprehensive income (loss)	(323,696)	(294,952)	(28,744)	10
Total comprehensive income (loss)	(547,994)	(1,084,977)	536,983	(49)
<p>1. Notes to increase/decrease:</p> <p>(1) The decreases in gross loss, operating loss, loss before income tax, net loss, and total comprehensive loss were mainly due to the drop of ethylene cost, which resulted in the cost reduction and gross profit increase.</p> <p>(2) The increase in non-operating revenue and expense was mainly due to the profit from disposal of property.</p> <p>2. The crucial factors of 2024 sales volume forecast, and the continuous growth or decline reflected from such forecast are based on the follows: The optimal production allocation of EG, GAS and Specialty Chemicals to create the best profits in line with the overall operation strategy of the Company. (Please refer to "Letter to Shareholders" for detail).</p>				

3. Cash Flow Review and Analysis

3.1 Analysis of change in cash flow of last year

Currency unit: NTD thousand

Year	Balance of cash-beginning	Net cash flow from operating activities over the year	Cash outflow over the year	Surplus (deficit)	Remedy for deficit in cash	
					Investment plan	Financing plan
2023	2,145,428	35,003	(263,415)	1,917,016	—	—

1. Analysis of changes in cash flow

- (1) Operating activities: primarily operating capital inflow.
- (2) Investment activities: primarily capital expenditure.
- (3) Financing activities: primarily for the loan repayment and dividend distribution.

2. Remedy for cash deficit and liquidity analysis: N/A

3.2 Analysis of change in cash flow of next year

Currency unit: NTD thousand

Year	Balance of cash-beginning	Net cash flow from operating activities over the year	Cash outflow over the year	Surplus (deficit)	Remedy for deficit in cash	
					Investment plan	Financing plan
2024	1,917,016	1,271,000	(465,000)	2,723,016	—	—

1. Analysis of changes in cash flow

- (1) Cash flow from operating activities: It is expected that the cash inflow from operating activities will be NTD 1,271,000 thousand this year.
- (2) Projected cash outflow: primarily from the capital expenditure and dividend distribution; it is expected that the cash outflow from investment and financing activities will be NTD 465,000 thousand in 2024.

2. Cash deficiency countermeasure and flow analysis: N/A

4. The effect of major capital expenditure on the financial position and operation of the Company

4.1 Status of utilization of major capital expenditure and source of capital

Currency unit: NTD thousand

Item	Project	Actual source of capital	Est. date of completion	Total capital expenditure	Status of capital utilization			
					Up till 2021	2023	2024 (Est.)	2025 (Est.)
(1)	Collaborative construction of ethylene storage tank at the Intercontinental Port of Kaohsiung Harbor	Own capital and financing	2025/09	1,180,000	595,664	76,243	443,290	64,803
(2)	Establishment of HPEC plant	Own capital and financing	2025/06	294,000	-	2,728	270,000	21,272
(3)	The pilot plant revamp	Own capital and financing	2024/12	50,000	155	1,315	48,530	-
(4)	Change of the Linyuan plant storage tanks	Own capital and financing	2025/06	27,000	-	-	18,800	8,200

4.2 Projected potential effects

4.2.1 Analysis of effects of the capital expenditures:

- (1) Collaborative construction of ethylene storage tank at Intercontinental Port of Kaohsiung Harbor

To enhance the flexibility of major raw material procurement for production, and reduce the risks of raw material supply and import costs, via cross-industry collaboration.

- (2) Establishment of the HPEC plant

For the further process of EC, to produce a higher valued product for new market and application domain.

- (3) Pilot plant revamp

By way of additional equipment and site reallocation to recreate a multi-functional, flexible, reliable and safe pilot plant to suffice the new product requirements.

- (4) Change of Linyuan plant storage tanks

In line with the market changes and various product demands, the Company rearranges the product storage tanks according to applications and upgrades surrounding facilities in compliance with regulations to enhance dispatch capability of the inventory and shipment.

- 4.2.2 The proposed capital expenditures would help to enhance the new products' competitiveness, the reliability and efficiency of the production capability, as well as the company's identity, no related adverse effect on the financial position and operation of the Company thereof.

5. Direct investment policy, the main reasons for profit or loss as well as the corrective action plan over past year, and an investment plan for next year

5.1 Reinvestment policy

The Company's indirectly invested business of EO, EG, GAS in China, via its holding company, has enhanced its competitiveness and expanded its market share in China.

5.2 The main reasons for profit or loss and the corrective action plan over past year (2023)

The Company's 2023 share of loss of subsidiaries and associates accounted for using equity method totaled NTD 619,149 thousand. To cope with challenges of the overall environment, the Company strives for continuous improvement in production processes, cost-down, competitiveness, and active transformation for the development of high value-added, high tech and green products.

5.3 Substantial investment plans for next year: (please refer to p.75)

6. Analysis of risk factors

6.1 Impact of interest and exchange rate changes and inflation for last year, and the future

6.1.1 Looking back on 2023, though with the pandemic eased, the global economy was still affected by the trade war and geopolitical risk, which attributed to the fluctuation of the foreign exchange market. The inflicted factors of the market in 2024 include the global economy, geopolitics, central bank strategy, trading policy, emerging technologies, and so on, which of the changes and potential impacts will be monitored closely for the Company to adapt its own appropriate investment strategy accordingly.

In despite of the volatile political and economic status globally, the trend of interest rate in 2023 was relatively stable as the Central Bank raised the interest rate by 0.5% once in comparison to the Fed with interest rate raised twice, 1% each time. The Company appropriately matches different date structures in short-term operations, locks in medium and long-term interest rates, and plans for fixed-rate financing tools as the continual hedging control to reduce the increasing financing costs imposed due to interest rate fluctuations. Also, the Company shall ceaselessly observe the interest rates market trend and cooperate with various long- and short-term financing tools to reduce its overall capital cost.

6.1.2 The Company and its joint-venture company adopt natural hedging for spot, foreign currency assets and liabilities due to the import & export operation, based on the exchange rate at the moment and the considered accounting cost. Same strategy will be adhered in the future to retain the evaluation of exchange gain and loss resulted from the incurred exchange rate changes within reasonable level to eliminate possible impact on the income of the Company and its joint-venture.

6.2 Policy on high-risk, high-leverage investments, loans, endorsements and guarantees, financial derivative transactions, and other major causes of profit or loss, and future countermeasures:

6.2.1 The Company and its joint-venture have never engaged in any high-risk, high-leverage investments over past year.

6.2.2 In accordance with the "Regulations Governing the Loan of Funds and Making of Endorsements/ Guarantees by Public Companies" promulgated and enforced by the competent authority, the Company and its subsidiaries defined its "Procedures for Capital Lending to Others", which was submitted to the Company Board of Directors and the shareholders' meeting. To comply with risk control and protect the Company from any adverse results, "Procedures for Capital Lending to Others" ratified by the Board of Directors and shareholders meeting will be proceeded accordingly.

6.3 Future R&D plans and expected R&D expenditure:

In 2024, the Company will strive to develop new EOD/POD product lines and direct R&D towards the following areas:

6.3.1 R&D major capital expenditure projects as follows:

Currency unit: NTD thousand

Name of Project	Expected Result	Projected completion date	Budget (NT\$)
Technology development of the special-specs raw materials for EOPO polyether polyol	To continue developing the high-valued polyether polyol items, which can be applied to the high-specs resin products.	2024/12	300

Name of Project	Expected Result	Projected completion date	Budget (NT\$)
New development of polyetheramine	To synthesize a variety of polyetheramine products for the domains of wind blades, water-resistant & anti-corrosion coatings, high-strength structures of wear- and weather-resistant, etc.	2024/12	300
Ethanolamine alkylation technology development	To establish N-methyldiethanolamine for applications in petrochemical, textile, pharmaceutical, ink or coating industries.	2024/12	500
New development of polycarbonatediol	To continue developing the various items of polycarbonatediol (PCDL) series, to be applied to the domains of polyurethane (PU) or advanced plastic materials.	2024/12	200
Technology development of selective hydrogenation	To establish the reaction system and self-owned technology.	2024/12	500
Technology development of 1,6-HDO process	To establish relevant technology for production of 1,6-hexanediol from hexanedioic acid, which of the former can be used as feedstock of PCDL, and stiffener for the production of polyurethane, unsaturated polymer, plasticizer, gelling agent, as well as modifier for lubricant heat stabilizer.	2024/12	500
Benzalkonium chloride electronic chemicals	To establish benzalkonium chloride solvent of low toxicity as replacement for tetramethyl ammonium hydroxide (TMAH) for semiconductor industry.	2024/12	200
Synthesis and process development of special spec. functional additives for cement & concrete.	To develop high-performance & solidified water reducer/slump retention agents, hydration heat inhibitor for massive concrete, foaming agent for lightweight concrete, and grinding aid for cement/hearth stone.	2024/12	1,000
Synthesis and formulation development for functional daily chemicals/industrial surfactants	To develop special surfactant formulations such as cleaning / defoaming / emulsification / dispersion / film formation / water repellent / oil repellent / pour point reduction / antibacterial required by daily chemicals and various manufacturing fields.	2024/12	500

Name of Project	Expected Result	Projected completion date	Budget (NT\$)
Environmentally-friendly product development	To develop biodegradable polyester materials for paper laminating/foaming, CO2 contained surfactant/polyol, and surfactant/polyol/polyester materials containing recycled PET.	2024/12	1,500
Continued development of customized high value-added EOD/POD products	To synthesize various alcohol/phenol/tallow amine for polyether, UV curing resin, EO/PO copolymer for low foam surfactant.	2024/12	1,000

6.3.2 Major factors critical to successful R&D:

- (1) The equipment operation test for the automation of high-pressured successive reaction and catalyst lifetime test.
- (2) The acquirement of applicable commercial catalyst for each new technology or the development capability for self-owned catalytic technology.
- (3) Establish the high-value special-spec polyether polyol and the application status of downstream customers.
- (4) The applications of amine derivatives to downstream customers.
- (5) Establish technology and equipment of purification separation.
- (6) Establish full comprehension of concrete raw materials and performance requirements, to provide down-stream customers with total solutions.
- (7) Establish the control over free radical polymerization conditions to secure the stability of production process and product quality.
- (8) Establish catalyst selection and process condition optimization for ethylene carbonate ring-opening/PET alcoholysis reaction.
- (9) Establish the control over esterification/transesterification reaction conditions to secure the stability of production process and product quality.

6.4 Changes in important policies and the legal environment at home and abroad, and the effect on Company financial status and operation, and countermeasures:

- 6.4.1 Company management will closely monitor the changes in important policies and the legal environment at home and abroad, and have the professional entity provide suggestions and countermeasures.
- 6.4.2 In addition to the insurance for assets risk transfer, the Company conducts regular reviews on customers' status prior to the decisions for the credit ratings and allowances in the Credit Committee, to lower the risky exposure of finance.

6.5 The technological (incl. IT security risks) and industrial changes, and their effect on the financial status and operation of the Company, and countermeasures:

Following the advent of global internet and big data, the Company adopts the intelligent network and the Industry 4.0 to its business development and manufacturing process, as the products of EO derivatives are inclined to refinement and customization.

The Company's endeavors in transformation into a SC company has successfully dispersed its business risks, especially in light of the continuing economic growth in China. With the China's increasing average per capita income, the demands for personal care products, detergents, medical care, civil engineering and textile have become substantial. Therefore, the Company has established EOD plants in Taiwan and Yangzhou, China, planning to introduce new PO manufacturing process and develop high profit POD products. With ethylene and propylene as feedstock, the Company enables to further process to establish the related product chains of ethylene and propylene derivatives based on its developed technologies in epoxidation, special ring-opening polymerization, high-pressure amination technology, formulation, polymerization preparation, special dispersion, end-capping, and structural design. The Company's subsidiary, Far Eastern Union Petrochemical (Yangzhou) Ltd. is engaged primarily in the production of general EO derivatives, while Taiwan plant in functional chemicals and EO derivatives development domestically, which strategies ensure the technology upgrades and market share ratios in Taiwan and China keep in line with the diversification operation of the Company.

The impairment impact and countermeasures of the Company's information system to its financial operation: According to the risk levels of the information system structure to establish a highly applicable remote backup mechanism to ensure an uninterrupted connection and service, having the backup info forwarded to different location for preservation. In 2023, the Company adopts AWS cloud solution by relocating its IT hub at AWS in view of the near 100% SLA safety mechanism of AWS, to lower the unexpected natural disasters, man-made errors, of hackers, which may result in the risks in system interruption, and further assure of the system recovery in compliance with the schedule targeted. In addition, the Company has stipulated the information management regulation to set up and maintain a secure environment for its information and computing system. Nonetheless, even with the aforementioned policy, procedures, and information protection measures implemented, there is no guarantee that the Company's computing systems for vital corporate functions as manufacturing and operation can be totally safeguarded from the sabotage via cyberattack of the third party. In despite of the importance of relevant safety training, promulgation as well full awareness, a multi-factor authentication system (MFA) is introduced to enhance the information safety of employees upon login to avoid the possible theft of login data.

6.6 The Impact of changes in corporate identity on Company crisis management, and countermeasures:

The Company steadfastly adheres to an enterprise spirit that highlights "Sincerity, Diligence, Thrift, Prudence and Innovation," and fulfills all their corporate social responsibilities including environmental protection, responsible care and good neighborliness. There has been no business crisis resulted in the change of corporate identity.

6.7 The expected benefits and possible risks of merger or acquisition, and countermeasures:

The Company has had no plans for merger or acquisition in recent years.

6.8 Expected benefits and possible risks of facility expansion, and countermeasures:

Please refer to the statement regarding the effects of major capital expenditure on the financial position and operation of the Company over the last year on Pages 120~121 of the annual report.

6.9 The risks from centralized purchasing or selling, and countermeasures

The primary supply of ethylene, the main raw material of the Company products (EO/EG) comes from CPC in Taiwan. To ensure a stable source of material, the Company maintains a long-term stable cooperative relationship with CPC, and is seeking proactively other foreign source supply to reduce the risks of centralized purchase, to maintain normal production and sale.

Most of the Company's products are sold on the Taiwan market, and the surplus is exported to other territories. These territories and industries have been adequately dispersed and there is no likelihood of centralization.

6.10 The impact and risk associated with large share transfers or changes in shareholdings of Directors, Supervisors, or shareholders who hold more than 10% of the Company's shares, and countermeasures: Nil**6.11 The impact and risk associated with changes in management rights, and countermeasures: Nil****6.12 Litigation and non-litigation matters which might materially affect shareholder equity or the price of securities: Nil****6.13 Other substantial risks: Nil****7. Other important notes: Nil**

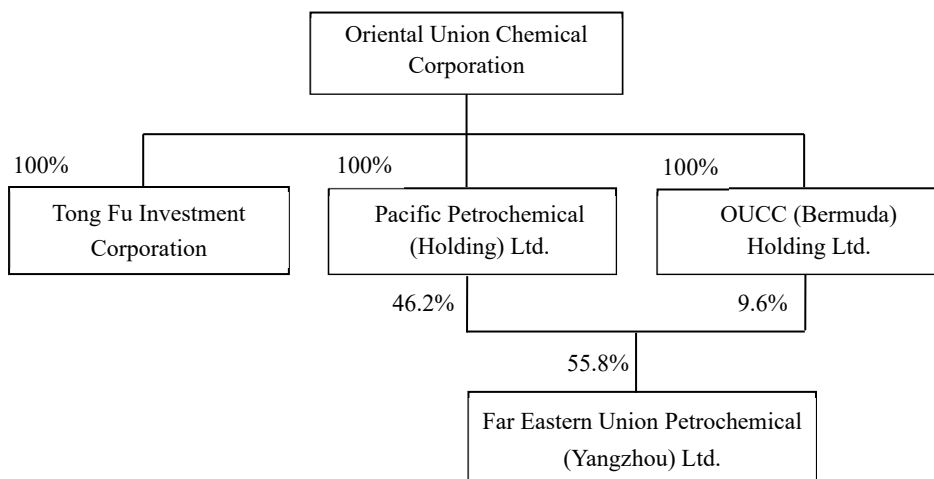
VIII. Special Disclosure

1. Information of affiliates

1.1 Consolidated financial report on affiliates

1.1.1 Organizational chart of affiliations:

Record date: April 14, 2024



1.1.2 Profiles of affiliates

Currency unit: NT\$ thousand, unless otherwise noted

Name	Date of incorporation	Address	Paid-in capital	Principal business or product lines
Tong Fu Investment Corporation	May 1998	13F, No. 101, Fu-Hsing N Road, Taipei City	NTD1,618,632	Investment
Pacific Petrochemical (Holding) Ltd.	October 2002	P O Box 3140, Road Town British Virgin Islands Tortola	US\$ 149	Investment
OUCC (Bermuda) Holding Ltd.	September 2007	Veritas Place, 6 th Floor, 65 Court Street, Hamilton HM 12, Bermuda	US\$ 104	Investment
Far Eastern Union Petrochemical (Yangzhou) Ltd.	May 2012	No. 8, Ya Tung Road, Yi Cheng City, Yangzhou	US\$357,500	Production of petrochemical intermediate materials

1.1.3 Business lines covered by the industries engaged in by affiliates: Please see the profile of affiliates.



1.1.4 The profiles of Directors, Supervisors and Presidents of affiliates.

Unit: share; %
Record date: April 14, 2024

Name	Job title	Name or representative	Shares held when appointed	
			Quantity of shares (share)	Shareholding (%)
Tong Fu Investment Corporation	Director	Oriental Union Chemical Corporation Humphrey Cheng (Chairman), Justin Tsai, Daniel Yu David Chiang Justin Tsai	161,863,198	100
	Supervisor President			
Pacific Petrochemical (Holding) Ltd	Director	Oriental Union Chemical Corporation Justin Tsai, K.S. Wu, Humphrey Cheng	149,000	100
OUCC (Bermuda) Holding Ltd	Director	Oriental Union Chemical Corporation Justin Tsai, K.S. Wu, Humphrey Cheng	103,580	100
Far Eastern Union Petrochemical (Yangzhou) Ltd	Director	Pacific Petrochemical (Holding) Ltd. K.S. Wu (Chairman), Justin Tsai, Chien-Hung Ting, Eric Chueh Far Eastern Petrochemical (Holding) Ltd. Alan Tsai, Allen Sha Daniel Yu, Mike Wu Jack Wu	—	55.8
	Supervisor President			

1.1.5 Overview of affiliates operation:

Currency unit: NT\$ thousand, unless otherwise noted
Record date: December 31, 2023

Name	Paid-in capital	Total assets	Total liabilities	Net value	Operating revenue	Operating income	Net Income	EPS (NT\$)
Tong Fu Investment Corporation	1,618,632	2,222,673	644,198	1,578,475	25,826	23,865	11,673	0.07
Pacific Petrochemical (H) Ltd.	4,628 RMB1,034	3,695,364 894,519	12,934 2,984	3,682,430 891,535	0	(17,242) (3,897)	(512,618) (115,873)	(3,455) (781)
OUCC Bermuda (H) Ltd.	3,214 RMB728	620,058 143,028	100 23	620,058 143,028	0	(629) (142)	(116,382) (26,307)	(1,124) (254)
Far Eastern Union Petrochemical (Yangzhou) Ltd.	10,760,996 RMB2,320,938	12,894,563 2,974,380	6,994,083 1,613,320	5,900,480 1,361,060	10,445,797 2,361,176	(884,513) (199,936)	(1,108,648) (250,600)	N/A

1.2 Consolidated financial statement of affiliates

Declaration of consolidated financial statement of affiliates

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standards No. 10, “Consolidated Financial Statements.” Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Hereby declare

Company Name: Oriental Union Chemical Corporation

Person in charge: Douglas T. Hsu



March 1, 2024

1.3 Affiliate report: N/A

2. Private placement of securities: Nil

3. Status of company stock held or disposed of by subsidiaries over past year and up to the date of publication of the annual report:

Date: April 30, 2024

Unit: NTD thousand; thousand shares; %

Name of subsidiary	Paid-in capital	Source of capital	the Company's shareholding	Date of acquisition or disposal	Quantity of shares and amount	Quantity of shares from disposal and amount	Investment income	Quantity of shares held up to the date of publication of the annual report and amount	Status of pledge	Amount of endorsement/guarantee made by the Company for a subsidiary	Amount loaned by the Company to a subsidiary
Tong Fu Investment Corporation	1,629,138	—	100%	(Note)				Quantity of shares 8,676 thousand shares Amount 118,460 thousand	—	1,600,000	—

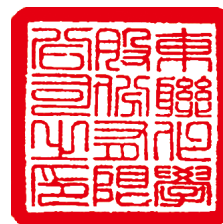
Note: Quantity of disposal of shares held up to the date of publication of the annual report and amount

Date of acquisition or disposal	Quantity of shares disposed (thousand shares)	Amount of disposal (NTD thousand)	Investment Income (NTD thousand)
Jan. 2024	433	8,367	2,455

4. Other supplementary notes: Nil

5. Any matters of material significance that could have affected shareholder equity or securities price last year and up to the date of publication of the annual report, pursuant to the regulation of Article 36-3-2 of Securities and Exchange Act: Nil

Oriental Union Chemical Corporation



Chairman of the Board

徐旭東





... 敏捷韌性
打造永續競爭力 ...



東聯化學股份有限公司
Oriental Union Chemical Corp.

105 臺北市松山區復興北路 101 號 13 樓
13th Fl., 101, Fu-Hsing N. Rd., Taipei 105, Taiwan R.O.C.
Tel: 886-2-2719-3333 Fax: 886-2-2719-1858