

# **Oriental Union Chemical Corporation**

**Financial Statements for the  
Years Ended December 31, 2023 and 2022 and  
Independent Auditors' Report**

## 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)

	2023		2022	
ASSETS	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
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
<b>NON-CURRENT ASSETS</b>				
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
<b>TOTAL</b>	<u>\$ 22,755,080</u>	<u>100</u>	<u>\$ 22,918,839</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
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
<b>NON-CURRENT LIABILITIES</b>				
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
<b>EQUITY (Note 21)</b>				
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
<b>TOTAL</b>	<u>\$ 22,755,080</u>	<u>100</u>	<u>\$ 22,918,839</u>	<u>100</u>

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>\$ (32,822)</u>	<u>-</u>	<u>\$ (305,003)</u>	<u>(2)</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		Treasury Shares	Total Equity
		Paid-in Capital in Excess of Par Value	Treasury Shares	Other	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Loss on Financial Assets at Fair Value Through Other Comprehensive Income		
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)	(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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
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
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
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>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
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>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>(372)</u>	<u>10,732</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	11,597	(386,048)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>344,876</u>	<u>730,924</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<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)

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### 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

<b><u>New, Amended and Revised Standards and Interpretations</u></b>	<b><u>Effective Date Announced by IASB (Note 1)</u></b>
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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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's 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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
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:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<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

	<b>0 to 60 Days</b>	<b>61 to 90 Days</b>	<b>91 to 120 Days</b>	<b>Over 120 Days</b>	<b>Total</b>
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

	<b>0 to 60 Days</b>	<b>61 to 90 Days</b>	<b>91 to 120 Days</b>	<b>Over 120 Days</b>	<b>Total</b>
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:

	<b>2023</b>	<b>2022</b>
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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
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:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
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

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

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Cost</u>		
Balance at January 1	\$ 1,713,377	\$ 2,023,323
Reclassified to for sale	-	(309,946)
Balance at December 31	\$ 1,713,377	\$ 1,713,377

	<b>Accumulated Depreciation</b>	<b>Accumulated Impairment</b>	<b>Total</b>
<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	(1,324)	-	(1,324)
Balance at December 31, 2022	\$ 24,122	\$ 6,513	\$ 30,635
Balance at December 31, 2023 (no movements in the current year)	\$ 24,122	\$ 6,513	\$ 30,635

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
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:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
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:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
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)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
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:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
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:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
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.

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
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)

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
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:

	<b>For the Year Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
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:

	<b>For the Year Ended December 31, 2023</b>
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:

<b>Name of Subsidiary</b>	<b>Number of Shares Held (In Thousands of Shares)</b>	<b>Carrying Amount</b>	<b>Market Price</b>
<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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
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:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Capitalized interest	<u>\$ 11,411</u>	<u>\$ 20,811</u>
Capitalization rate	1.22%-2.17%	0.83%-2.16%

### b. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
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

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

Amount

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
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:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
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:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<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

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
<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

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
<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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
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):

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<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:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
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

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>More than 5 Years</b>
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

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>More than 5 Years</b>
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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
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)

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
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.

<b>Related Party Name</b>	<b>Related Party Category</b>
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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Subsidiaries	\$ 118	\$ -
Investors with Significant Influence	-	304
Others	<u>466</u>	<u>358</u>
	<u>\$ 584</u>	<u>\$ 662</u>

d. Operating expenses

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Subsidiaries	<u>\$ 2,582</u>	<u>\$ 2,425</u>

f. Rental income

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

g. Cash and cash equivalents

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Others		
FEIB	<u>\$ 66,512</u>	<u>\$ 25,943</u>

h. Receivables from related parties

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
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

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

j. Accounting payables

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Subsidiaries	\$ 78	\$ -
Others	<u>-</u>	<u>80</u>
	\$ <u>78</u>	\$ <u>80</u>

k. Other payables

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Others		
Fu-Ming Transport Corp.	\$ 25,458	\$ 30,276
Others	<u>2,132</u>	<u>159</u>
	\$ <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:

	<b>2022</b>
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

	<b>Line Item</b>	<b>Number of Shares</b>	<b>Purchase Price</b>
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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
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:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
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	<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 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

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<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	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: 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	Note 1
	Far Eastern New Century Corp.	Same chairman	Same as above	6,888,446	214,919	-	214,919	Note 1
	Asia Cement Corp.	Same chairman	Same as above	8,486,315	351,758	-	351,758	Note 1
	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	Note 1
	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	Note 2
	Grand Cathay Venture Capital Co., Ltd.	The Corporation is one of its director	Same as above	26,666,667	547,467	17	547,467	Note 2
	Eminent Venture Capital Corp.	The Corporation is one of its director	Same as above	675,000	6,568	10	6,568	Note 2
	Eminent II Venture Capital Corp.	The Corporation is one of its director	Same as above	2,340,000	15,655	6	15,655	Note 2
	Tai An Technologies Corp.	-	Same as above	499,998	6,880	5	6,880	Note 2
TFIC	Teco Electric & Machinery Co., Ltd.	-	Financial assets at FVTPL - current	72,000	3,370	-	3,370	Note 1
	Chung-Hsin Electric & Machinery Manufacturing Corp.	-	Same as above	33,000	3,845	-	3,845	Note 1
	Ta Chen Stainless Pipe Co., Ltd.	-	Same as above	90,000	3,564	-	3,564	Note 1
	Taiwan Semiconductor Manufacturing Company Ltd.	-	Same as above	6,000	3,558	-	3,558	Note 1
	Winbond Electronics Corp.	-	Same as above	132,000	4,019	-	4,019	Note 1
	Inventec Corp.	-	Same as above	78,000	4,118	-	4,118	Note 1
	Giga-byte Technology Co., Ltd.	-	Same as above	15,000	3,990	-	3,990	Note 1
	Quanta Computer Inc.	-	Same as above	18,000	4,041	-	4,041	Note 1
	Nanya Technology Corp.	-	Same as above	51,000	3,978	-	3,978	Note 1
	Yang-ming Marine Transport Corp.	-	Same as above	60,000	3,078	-	3,078	Note 1
	Wan Hai Lines Ltd.	-	Same as above	66,000	3,630	-	3,630	Note 1
	Unimicron Technology Corp.	-	Same as above	18,000	3,168	-	3,168	Note 1
	Wistron Corp.	-	Same as above	36,000	3,550	-	3,550	Note 1
	Adata Technology Co., Ltd.	-	Same as above	36,000	3,708	-	3,708	Note 1
	Zyxel Group Corp.	-	Same as above	69,000	3,505	-	3,505	Note 1
	ASE Technology Holding Co., Ltd.	-	Same as above	27,000	3,645	-	3,645	Note 1
	Phison Electronics Corp.	-	Same as above	7,000	3,640	-	3,640	Note 1
	Century Iron and Steel Industrial Co., Ltd.	-	Same as above	24,000	4,188	-	4,188	Note 1
	The Corporation	Treasury share	Financial assets at FVTOCI - non-current	9,108,554	124,373	1	183,537	Note 1
	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	Note 1
	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	Note 1
	Yue Ding Enterprise Corp.	Related party in substance	Same as above	6,260,174	96,657	5	96,657	Note 2
	Ding Shen Investment Co., Ltd.	Related party in substance	Same as above	40,328,640	434,339	18	434,339	Note 2
	Oriental Petrochemical (Taiwan) Co., Ltd.	The Corporation is one of its directors	Same as above	111,834,375	864,479	4	864,479	Note 2
PPL	Far Eastern Industries (Shanghai) Ltd.	Related party in substance	Same as above		833,229	10	833,229	Note 2

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	Payment Terms	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	British Virgin Islands	Investment	US\$ 216,452	US\$ 192,972	149,000	100	\$ 3,682,430	\$ (512,618)	\$ (512,618)	Note
	TFIC	Taipei City, ROC	Enterprise and financial institution investments	1,110,000	1,110,000	161,863,198	100	1,394,938	11,673	9,851	
	OUCG (Bermuda)	British Bermuda Islands	Investment	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	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
US\$295,866	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)**

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<b>Name</b>	<b>Amount</b>
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)**

<b>Client Name</b>	<b>Notes Receivable</b>	<b>Trade Receivables</b>	<b>Total</b>
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 Equity Method Amount	Ending Balance			Net Assets Value
	Thousands Shares	Amount	Thousands Shares	Amount	Thousands Shares	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	(Note 2) 1,578,475
OUCC (Bermuda)	104	<u>655,714</u>	-	<u>-</u>	-	<u>-</u>	<u>(35,656)</u>	104	100	<u>620,058</u>	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 (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	6,568	NA	None
Eminent II Venture Capital Corp.	3,600	33,768	-	-	1,260	12,600	(5,513)	2,340	15,655	NA	None
Tai An Technologies Corp.	500	<u>7,080</u>	-	<u>-</u>	-	<u>-</u>	<u>(200)</u>	500	<u>6,880</u>	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)**

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<b>Vendor Name</b>	<b>Amount</b>
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	
Yuanta 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	<u>500,000</u>	
			<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)**

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<b>Item</b>	<b>Quantity (Ton)</b>	<b>Amount</b>
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)**

---

<b>Item</b>	<b>Amount</b>
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)**


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	<b>Selling and Marketing Expenses</b>	<b>General and Administrative Expenses</b>	<b>Research and Development Expenses</b>	<b>Expected Credit Loss</b>	<b>Total</b>
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.