Stock Code: 1308

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ASIA POLYMER CORPORATION

Financial Statements and Independent Auditors' Report For the Years Ended December 31, 2022 and 2021

Address: No. 3, Gongye 1st Rd., Linyuan Dist., Kaohsiung City

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders Asia Polymer Corporation

Opinion

We have audited the accompanying financial statements of Asia Polymer Corporation (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, 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 audit of the financial statements in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards in 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 Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. 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.

Key audit matters related to the Company's financial statements for the year ended December 31, 2022 are stated as follows:

Recognition of Sales Revenue from Specific Customers

The amount of sales revenue for the year ended December 31, 2022 was NT$9,614,583 thousand, which was approximately 3.47% higher than the sales revenue for the year ended December 31, 2021 of NT$9,291,720 thousand. Nevertheless, the sales revenue from specific customers has grown significantly compared to the average growth of total sales revenue. Therefore, recognition of revenue from these specific customers has been identified as a key audit matter.
The audit procedures that we performed in response to the risk were as follows:

1. We obtained an understanding of the design and implementation of internal controls about these specific customers and tested if these controls were performed effectively. Such controls include credit assessments of customers, revenue recognition and receivables collection.

2. We sampled and inspected purchase orders from these specific customers, shipping confirmations and receivables collection receipts in order to verify the accuracy of sales revenue.

3. We reviewed sales returns and discounts recognized and the amounts received in subsequent periods to assess for any abnormalities.

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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the audit committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the 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 auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards in the Republic of China, we exercise professional judgment and 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

We also provide those charged with governance with statements 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, 2022 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 audit resulting in this independent auditors' report are

Chiu, Cheng-Chun (Financial Supervisory Commission, Jin Guan Zheng Liu Zi No. 0930160267)

and Chuang, Pi-Yu (Financial Supervisory Commission, Jin Guan Zheng Shen Zi No. 1070323246)

Deloitte & Touche

Taipei, Taiwan
Republic of China

March 10, 2023

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ASIA POLYMER CORPORATION

BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021	
Code	ASSETS	Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Notes 4 and 6)	$ 1,056,954	7	$ 393,497	2
1110	Financial assets at fair value through profit and loss - current (Notes 4 and 7)	457,732	3	1,039,864	6
1120	Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	21,162	-	44,346	-
1170	Accounts Receivable (Notes 4, 10 and 22)	868,078	5	990,912	5
1180	Accounts receivable from related parties (Notes 4, 10, 22 and 28)	235,587	1	441,506	2
1200	Other receivables (Note 4)	494	-	10,430	-
1210	Other receivables from related parties (Notes 4 and 28)	3,336	-	1,472	-
130X	Inventories (Notes 4 and 11)	517,666	3	569,188	3
1410	Prepayments	164,319	1	145,168	1
1470	Other current assets	110	-	110	-
11XX	Total current assets	3,325,438	20	3,636,493	19
	NON-CURRENT ASSETS				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	3,095,256	19	4,120,424	22
1535	Financial assets at amortized cost - non-current (Notes 4 and 9)	8,350	-	21,786	-
1550	Investments accounted for using the equity method (Notes 4, 5, 12 and 29)	5,735,988	35	7,187,819	38
1600	Property, plant and equipment (Notes 4 and 13)	3,363,200	21	3,376,208	18
1755	Right-of-use assets (Notes 4 and 14)	10,451	-	8,143	-
1760	Investment properties (Notes 4 and 15)	436,208	3	442,976	2
1840	Deferred income tax assets (Notes 4 and 24)	356,127	2	104,798	1
1990	Other non-current assets (Note 4)	7,448	-	15,508	-
15XX	Total non-current assets	13,013,028	80	15,277,662	81
1XXX	TOTAL ASSETS	$ 16,338,466	100	$ 18,914,155	100
Code	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term borrowings (Note 16)	$ 120,000	1	$ 500,000	3
2120	Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	3,012	-	860	-
2170	Accounts payable to unrelated parties (Note 17)	256,872	2	218,005	1
2180	Accounts payable to related parties (Notes 17 and 28)	23,023	-	32,904	-
2219	Other payables to unrelated parties (Note 18)	219,449	1	230,301	1
2220	Other payables to related parties (Note 28)	178,997	1	207,274	1
2230	Current tax liabilities (Notes 4 and 24)	652,253	4	663,564	4
2280	Lease liabilities - current (Notes 4 and 14)	6,524	-	5,765	-
2365	Refund liabilities - current (Note 19)	5,899	-	5,899	-
2399	Other current liabilities (Note 22)	34,609	-	14,207	-
21XX	Total current liabilities	1,500,638	9	1,878,779	10
	NON-CURRENT LIABILITIES				
2540	Long-term borrowings (Note 16)	450,636	3	1,369,746	7
2570	Deferred income tax liabilities (Notes 4 and 24)	29,667	-	30,601	-
2580	Lease liabilities - non-current (Notes 4 and 14)	17,709	-	21,530	-
2640	Net defined benefit liabilities - non-current (Notes 4 and 20)	112,106	1	135,005	1
2670	Other non-current liabilities	10,752	-	16,445	-
25XX	Total non-current liabilities	620,870	4	1,573,327	8
2XXX	Total liabilities	2,121,508	13	3,452,106	18
	EQUITY (Notes 4, 8, 21 and 24)				
	Share Capital				
3110	Ordinary shares	5,937,438	36	5,937,438	32
3200	Capital Surplus	37,142	-	35,319	-
	Retained Earnings				
3310	Legal Reserve	2,223,200	14	1,906,008	10
3320	Special Reserve	565,379	3	565,379	3
3350	Unappropriated Earnings	4,511,018	28	5,139,359	27
3300	Total retained earnings	7,299,597	45	7,610,746	40
3400	Other equity	942,781	6	1,878,546	10
3XXX	Total equity	14,216,958	87	15,462,049	82
	TOTAL LIABILITIES AND EQUITY	$ 16,338,466	100	$ 18,914,155	100

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

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ASIA POLYMER CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

		2022		2021	
Code		Amount	%	Amount	%
4100	NET REVENUE (Notes 4, 22 and 28)	$ 9,614,583	100	$ 9,291,720	100
5110	OPERATING COSTS (Notes 4, 11, 20, 23 and 28)	6,400,965	66	5,720,361	62
5900	GROSS PROFIT	3,213,618	34	3,571,359	38
	OPERATING EXPENSES (Notes 20, 23 and 28)				
6100	Selling and marketing expenses	148,553	2	148,809	2
6200	General and administrative expenses	122,774	1	116,177	1
6300	Research and development expenses	6,467	-	6,154	-
6000	Total operating expenses	277,794	3	271,140	3
6900	PROFIT FROM OPERATIONS	2,935,824	31	3,300,219	35
	NON-OPERATING INCOME AND EXPENSES (Notes 4, 12, 23 and 28)				
7100	Interest income	6,637	-	1,799	-
7010	Other income	351,788	3	260,074	3
7020	Other gains and losses	(7,856)	-	74,079	1
7510	Interest expense	(10,311)	-	(22,743)	-
7060	Share of profit or loss of associates	(1,463,444)	(15)	118,745	1
7000	Total non-operating income and expenses	(1,123,186)	(12)	431,954	5
7900	PROFIT BEFORE INCOME TAX	1,812,638	19	3,732,173	40
7950	INCOME TAX EXPENSE (Notes 4 and 24)	365,269	4	631,046	6
8200	NET PROFIT FOR THE YEAR	1,447,369	15	3,101,127	34
	OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 12, 20, 21 and 24)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans	$ 11,338	-	($ 1,434)	-
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(1,028,899)	(11)	945,328	10

(Continued)

(Continued)

Code		2022 Amount	2022 %	2021 Amount	2021 %
8330	Share of the other comprehensive income (loss) of associates accounted for using the equity method	(24,183)	-	52,062	1
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	(1,864)	-	(2,572)	-
		(1,043,608)	(11)	993,384	11
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange Differences on Translating the Financial Statements of Foreign Operations	150,506	2	(49,087)	(1)
8380	Share of the other comprehensive income (loss) of associates accounted for using the equity method	10,152	-	(6,262)	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	(30,101)	-	9,817	-
		130,557	2	(45,532)	(1)
8300	Other comprehensive loss for the year, net of income tax	(913,051)	(9)	947,852	10
8500	TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	$ 534,318	6	$ 4,048,979	44
	EARNINGS PER SHARE (Note 25)				
9710	Basic	$ 2.44		$ 5.22	
9810	Diluted	$ 2.43		$ 5.21	

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ASIA POLYMER CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

		Equity Attributable to Owners of the Company (Notes 4, 8, 21 and 24)								
		Share Capital			Retained Earnings			Other equity		
Code		Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
A1	BALANCE AT JANUARY 1, 2021	582,101	$ 5,821,018	$ 33,272	$ 1,798,210	$ 565,379	$ 2,890,180	($ 194,428)	$ 1,195,914	$ 12,109,545
	Appropriation of the 2020 earnings									
B1	Legal reserve	-	-	-	107,798	-	(107,798)	-	-	-
B5	Cash dividends distributed	-	-	-	-	-	(698,522)	-	-	(698,522)
B9	Share dividends distributed	11,642	116,420	-	-	-	(116,420)	-	-	-
C3	Reclassification of past dividends to capital surplus	-	-	1,913	-	-	-	-	-	1,913
C7	Changes in capital surplus from investments in associates accounted for using the equity method	-	-	134	-	-	-	-	-	134
D1	Net profit for the year ended December 31, 2021	-	-	-	-	-	3,101,127	-	-	3,101,127
D3	Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	(1,390)	(45,532)	994,774	947,852
D5	Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	3,099,737	(45,532)	994,774	4,048,979
Q1	Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	72,182	-	(72,182)	-
Z1	BALANCE AT DECEMBER 31, 2021	593,743	5,937,438	35,319	1,906,008	565,379	5,139,359	(239,960)	2,118,506	15,462,049
	Appropriation of the 2021 earnings									
B1	Legal reserve	-	-	-	317,192	-	(317,192)	-	-	-
B5	Cash dividends distributed	-	-	-	-	-	(1,781,232)	-	-	(1,781,232)
C3	Reclassification of past dividends to capital surplus	-	-	1,494	-	-	-	-	-	1,494
C7	Changes in capital surplus from investments in associates accounted for using the equity method	-	-	329	-	-	111	-	(111)	329
D1	Net profit for the year ended December 31, 2022	-	-	-	-	-	1,447,369	-	-	1,447,369
D3	Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	22,413	130,557	(1,066,021)	(913,051)
D5	Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	1,469,782	130,557	(1,066,021)	534,318
Q1	Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	190	-	(190)	-
Z1	BALANCE AT DECEMBER 31, 2022	593,743	$ 5,937,438	$ 37,142	$ 2,223,200	$ 565,379	$ 4,511,018	($ 109,403)	$ 1,052,184	$ 14,216,958

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ASIA POLYMER CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

Code		2022	2021
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax	$ 1,812,638	$ 3,732,173
A20010	Adjustments for:		
A20100	Depreciation expenses	302,505	310,134
A20200	Amortization expenses	35	18
A20400	Net loss (gain) on fair value change of financial assets at fair value through profit or loss	71,433	(1,012)
A20900	Interest expense	10,311	22,743
A21200	Interest income	(6,637)	(1,799)
A21300	Dividend income	(288,990)	(201,073)
A22400	Share of profit or loss of associates	1,463,444	(118,745)
A23800	Loss on write-down of inventories	267	757
A24100	Net (gain) loss on foreign currency exchange	(111)	4,641
A30000	Changes in operating assets and liabilities		
A31115	Financial assets mandatorily classified as at fair value through profit or loss	512,851	(34,604)
A31150	Accounts Receivable	120,851	(444,789)
A31160	Accounts receivable from related parties	206,127	(231,685)
A31180	Other receivables	10,406	(8,014)
A31190	Other receivables from related parties	(1,858)	493
A31200	Inventories	51,255	(275,099)
A31230	Prepayments	(19,151)	(20,940)
A32150	Accounts payable from unrelated parties	40,747	(20,358)
A32160	Accounts payable from related parties	(9,886)	17,410
A32180	Other payables from unrelated parties	(13,359)	38,101
A32190	Other payables from related parties	(28,734)	156,496
A32230	Other current liabilities	18,467	(16,776)
A32240	Net defined benefit liabilities - non-current	(11,561)	(21,486)
A33000	Cash generated from operations	4,241,050	2,886,586
A33100	Interest received	6,167	1,898
A33300	Interest paid	(10,774)	(23,850)
A33500	Income tax paid	(660,808)	(180,387)
AAAA	Net cash generated from operating activities	3,575,635	2,684,247

(Continued)

(Continued)

Code		2022	2021
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00010	Purchase of financial assets at fair value through other comprehensive income - current	$ -	($ 1,234)
B00020	Proceeds from sale of financial assets at fair value through other comprehensive income	216	100,201
B00030	Capital reduction of financial assets at fair value through other comprehensive income	19,237	20,897
B02700	Payments for property, plant and equipment	(259,323)	(403,612)
B04500	Payments for intangible assets	(321)	-
B05400	Acquisition of investment properties	(884)	-
B09900	Decrease in other non-current assets	8,346	6,657
B07600	Dividends received	414,180	291,263
BBBB	Net cash generated from investing activities	181,451	14,172
	NET CASH FLOWS FROM FINANCING ACTIVITIES		
C00200	Repayments of short-term borrowings	(380,000)	(200,000)
C01600	Proceeds from long-term borrowings	3,128,884	9,475,000
C01700	Repayments of long-term borrowings	(4,050,000)	(11,150,000)
C03100	Decrease in refundable deposits	1,935	1,109
C04020	Repayment of the principal portion of lease liabilities	(6,096)	(6,263)
C04400	Decrease in other non-current liabilities	(5,693)	(313)
C04500	Payment of dividends	(1,782,659)	(698,597)
CCCC	Net cash used in financing activities	(3,093,629)	(2,579,064)
EEEE	NET INCREASE IN CASH AND CASH EQUIVALENTS	663,457	119,355
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	393,497	274,142
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,056,954	$ 393,497

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ASIA POLYMER CORPORATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Asia Polymer Corporation (the "Company") was established in January 1977. The Company designs, develops, manufactures and sells low-density polyethylene (LDPE), medium-density polyethylene (MDPE), and ethylene vinyl acetate copolymer (EVA).

The ordinary shares of the Company have been listed on the Taiwan Stock Exchange. As of December 31, 2022, the ultimate parent company, USI Corporation, held 36.08% of ordinary shares of the Company.

The functional currency of the Company is the New Taiwan dollar, and the financial statements of the Company are presented in the Company's functional currency.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements issued after it had approved by the Company's board of directors on March 3, 2023.

3. APPLICATION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

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

   The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies:

b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1. The Company shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2. This amendment applies to changes in accounting estimates and changes in accounting policies that occur during the annual reporting period commencing on January 1, 2023.

Note 3. The amendment applies to the transactions taking place after January 1, 2022, except for the recognition of deferred income taxes on temporary differences in leases and decommissioning obligations as at January 1, 2022.

As of the date the financial statements were authorized for issue, according to the Company's assessment, the amendments to the above standards and interpretations will have no significant impact on the Company's financial position and financial performance.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Lease Liabilities in Leaseback after Sales"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Contractual Terms"	January 1, 2024

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

Note 2. Sellers and lessees should apply the amendments to IFRS 16 retroactively to sale-and-leaseback transactions entered into after the date of initial application of IFRS 16.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The 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 that are measured at fair value and net defined benefit liabilities which are measured at present value of the defined benefit obligation less the fair value of plan assets.

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

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

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for 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 company only financial statements, the Company 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 company only financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company 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 company only financial statements.

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

Current assets include:

1) Assets held primarily for the purpose of trading;
2) Assets expected to be realized within 12 months after the 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 Company 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 Currency

In preparing the financial statements of the Company, transactions in currencies other than the Company'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 in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was 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 case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction (ie., not retranslated).

For the purposes of presenting financial statements, the assets and liabilities of the Company's foreign operations (including of the associates in other countries or currencies which are different from the currency of the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is included in the calculation of equity transactions but is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Inventories

Inventories consist of raw materials, production supplies, finished goods and work in progress 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 accounted for using the equity method

The Company uses the equity method to account for its investments in subsidiaries and associates.

1) Investments in subsidiaries

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company 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 Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that forms part of the 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 Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

The Company 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 Company recognizes the reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company 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 Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company's financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company's financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

2) Investments in associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture.

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

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate 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 Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company 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 Company's proportionate interest in the associate. The Company 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 Company'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 had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

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

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is 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 Company 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 Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

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

g. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are initially measured at cost and subsequently 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. Samples of these assets are measured at the lower of cost or net realizable value when the assets are tested for proper functioning before realizing their intended use, and the sales price and cost are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each 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 rental and/or for capital appreciation (including right-of-use assets if the definition of investment properties is met). 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.

Investment properties acquired through leases were initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made on or before the commencement date, plus initial direct costs incurred and an estimate of costs needed to restore the underlying assets, less any lease incentives received. These investment properties are subsequently measured at cost less accumulated depreciation and accumulated impairment loss and adjusted for any remeasurement of the lease liabilities.

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

1) Acquired separately

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 year, with the effects of any changes in the estimates accounted for on a prospective basis.

2) Derecognition

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 assets, investment property and intangible assets

At each balance sheet date, the Company assesses whether there is any indication that property, plant and equipment, right-of-use assets, investment property and intangible assets may have been impaired. 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 Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

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

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

k. Financial instruments

Financial assets and financial liabilities are recognized when the Company 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 an acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) 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 fair value through profit or loss 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 equity instruments at FVTOCI.

i. Financial assets mandatorily classified as at FVTPL

Financial asset is classified as at FVTPL when such a financial asset is mandatorily classified. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and liability instrument investments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 27.

ii. Financial assets at amortized cost

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

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

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

Subsequent to initial recognition, financial assets measured at amortized cost, including cash and cash equivalents, accounts receivable, other receivables and refundable deposits, 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.

A financial asset is credit impaired when one or more of the following events have occurred: Significant financial difficulty of the issuer or the borrower; Breach of contract, such as a default; It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or The disappearance of an active market for that financial asset because of financial difficulties.

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

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Company 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 Company'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 Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Company 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 Company 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 Company determines that the following situations indicate that a financial asset is in default:

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

ii. When a financial asset is past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of 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 Company 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 assets

Debt and equity instruments issued by the Company are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received after deducting direct issue costs.

Repurchase of the Company’s own equity instruments is recognized in and deducted directly from equity. The carrying amount is calculated as the weighted average amount by type of stock. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company’s own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situation, all the financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities held for trading

Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading.

Financial liabilities held for trading are stated at fair value, and any gains or losses on such financial liabilities are recognized in other gains or losses.

Fair value is determined in the manner described in Note 27.

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.

4) Derivative instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

l. Revenue recognition

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

Revenue from sale of goods

Revenue from the sale of goods comes from sale of LDPE, MDPE and EVA. Sales are recognized as revenue when the goods are delivered to the customer's specific location or the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Accounts receivable are recognized concurrently.

m. Leases

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

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Company subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Company, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Company as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and 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 , except for those that meet the definition of investment properties. With respect to the recognition and measurement of right-of-use assets that meet the definition of investment properties, refer to Note h. for the accounting policies for investment properties.

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 Company uses the lessee’s incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. Lease liabilities are presented separately on individual balance sheets.

n. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the costs of those assets, until such time as the assets are substantially ready for their intended use or sale. Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

o. Government grant

A government grant is recognized only when it can be reasonably assured that the Group will comply with the conditions imposed by the government grant and that such grant will be received.

Government grants relating to income are recognized in other income on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate. Government grants whose condition is that the Company should purchase, construct or otherwise acquire the non-current assets are recognized as deferred income, which should be transferred to profit or loss over the useful lives of the related assets on a reasonable and systematic basis.

If the government grant is used to compensate expenses or losses already incurred or is given to the Company for the purpose of immediate financial support without related costs in the future, it can be recognized in profit or loss within the collectible period.

For government subsidy loan with lower than market interest rates obtained by the Company, the difference between the loan amount received and the fair value of the loan based on the prevailing market interest rate is recognized as a government grant.

p. 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) Post-employment benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling 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 (assets) represent the actual deficit (surplus) in the Company'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.

q. Income tax

Income tax expense represents the sum of the tax currently payables and deferred income tax.

1) Current tax

The Company determines the income (loss) of the current year in accordance with the laws and regulations in the Republic of China, and calculates the income tax payable accordingly.

According to the Income Tax Law, an additional tax of unappropriated earnings is provided for 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 income tax

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

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company 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 income tax asset arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profit against which to utilize the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred income 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 profit will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred income 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 income 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 income tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred income taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Company takes into account recent development of COVID-19 pandemic in Taiwan and its potential impacts on the economy in Group's critical accounting estimates and the management will continue to review the estimates and underlying assumptions. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

Estimation of damage compensation for associate's gas explosion incidents

The Company's associate, China General Terminal & Distribution Corporation (hereinafter "CGTD"), recognized a provision for civil damages due to gas explosion. The management considered the progress of the relevant civil and criminal procedures, settlements achieved, and legal advice to estimate the amount of the provision. However, the actual amount might differ from the current estimation.

6. CASH AND CASH EQUIVALENTS

	December 31, 2022	December 31, 2021
Cash on hand and petty cash	$ 79	$ 113
Checking accounts and demand deposits	38,641	80,328
Cash equivalents		
Time deposits	443,952	173,077
Reverse repurchase agreements collateralized by bonds	574,282	139,979
	$ 1,056,954	$ 393,497

At the end of the reporting period, the market rate intervals for bank deposits and reverse repurchase agreements collateralized by bonds were as follows:

	December 31, 2022	December 31, 2021
Time deposits	1.20%～4.18%	0.09%～1.80%
Reverse repurchase agreements collateralized by bonds	1.15%～1.40%	0.37%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

	December 31, 2022	December 31, 2021
Financial assets - current		
Mandatorily classified as at FVTPL		
Derivative instruments (not under hedge accounting)		
- Foreign exchange forward contracts	$ 425	$ 393
Non-derivative financial assets		
- Listed shares	61,402	165,462
- Mutual funds	335,952	813,890
- Beneficiary securities	59,953	60,119
Subtotal	457,307	1,039,471
	$ 457,732	$ 1,039,864
Financial liabilities - current		
Held for trading		
Derivative instruments (not under hedge accounting)		
- Foreign exchange forward contracts	$ 3,012	$ 860

The net gain and loss on operations of financial assets and liabilities at FVTPL in 2022 and 2021 were loss of $24,440 thousand and gain of $100,147 thousand, respectively.

At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

December 31, 2022

	Currency	Maturity Date	Notional Amount (thousand)
Sell	RMB/NTD	2023.01.19-2023.03.30	RMB 101,500/NTD 444,614

December 31, 2021

	Currency	Maturity Date	Notional Amount (thousand)
Sell	RMB/NTD	2022.01.3-2022.03.24	RMB 138,200/NTD 597,950

The Company entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and, therefore, were not accounted for using hedge accounting.

8. Financial Assets at FVTOCI

Equity instruments

	December 31, 2022	December 31, 2021
Current		
Domestic investments		
Listed shares	$ 21,162	$ 44,346
Non-current		
Domestic investments		
Listed shares	$ 2,959,952	$ 3,955,431
Unlisted shares	135,304	164,993
	$ 3,095,256	$ 4,120,424

These investments in equity instruments 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 Company's strategy of holding these investments for long-term purposes.

In June 2022, the Company adjusted the investment position to diversify risks and sold common shares of Riselink Venture Capital at fair value. The related unrealized gains of $190 thousand booked in other equity - financial assets at fair value through other comprehensive income were transferred to retained earnings.

The investee, AU Optronic Corporation, reduced its capital and returned cash to its shareholders in October 2022. The Company received $19,237 thousand back in total, according to its shareholding ratio.

The investee, KHL IB Venture Capital Co., Ltd., reduced its capital and returned cash to its shareholders in February and August 2021, respectively. The Company received $20,897 thousand back in total, according to its shareholding ratio.

From July to September 2021, the Company adjusted the investment position to diversify risks and sold a part of common shares of Wafer Works Corporation at fair value. The related unrealized gains of $72,182 thousand booked in other equity - financial assets at fair value through other comprehensive income were transferred to retained earnings.

9. Financial assets at amortized cost

	December 31, 2022	December 31, 2021
Non-current		
Restricted bank deposits	$ 8,350	$ 21,786

The restricted bank deposits are the earnings repatriation of USI International Corporation and the Ministry of Economic Affairs has approved the Company's repatriation application in accordance with the Regulations Governing Investment Industry with Repatriated Offshore Funds.

10. ACCOUNTS RECEIVABLE

	December 31, 2022	December 31, 2021
Accounts Receivable		
At amortized cost		
Gross carrying amount	$ 870,078	$ 992,912
Less: Allowance for impairment loss	(2,000)	(2,000)
	$ 868,078	$ 990,912
Accounts receivable from related parties (Note 28)	$ 235,587	$ 441,506

The average credit period of sales of goods was 15-90 days. No interest was charged on accounts receivable since the credit period was short.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company applies the simplified approach to providing for expected credit losses, which permits the use of lifetime expected loss provision for all accounts receivable. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to 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 forecast direction of economic conditions at the reporting date.

The following table details the loss allowance of accounts receivable based on the Company's provision matrix:

December 31, 2022

	Not Past Due	1 to 60 Days	61 to 90 Days	Total
Gross carrying amount	$1,105,665	$ -	$ -	$1,105,665
Loss allowance (Lifetime ECL)	(2,000)	-	-	(2,000)
Amortized cost	$1,103,665	$ -	$ -	$1,103,665

December 31, 2021

	Not Past Due	1 to 60 Days	61 to 90 Days	Total
Gross carrying amount	$1,434,418	$ -	$ -	$1,434,418
Loss allowance (Lifetime ECL)	(2,000)	-	-	(2,000)
Amortized cost	$1,432,418	$ -	$ -	$1,432,418

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

The movements of the loss allowance of accounts receivable were as follows:

	2022	2021
Balance at January 1	$ 2,000	$ 2,000
Add: Impairment loss for the year	-	-
Balance at December 31	$ 2,000	$ 2,000

11. Inventories

	December 31, 2022	December 31, 2021
Finished goods	$ 332,527	$ 372,579
Work in process	23,814	35,318
Raw materials	101,313	111,706
Production supplies	60,012	49,585
	$ 517,666	$ 569,188

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2022 and 2021 was $6,400,965 thousand and $5,720,361 thousand, respectively. The cost of goods sold for 2022 and 2021 included loss for market price decline and obsolete and slow-moving inventories of $267 thousand and $757 thousand respectively.

12. Investments accounted for using the equity method

	December 31, 2022	December 31, 2021
Investments in subsidiaries	$ 811,953	$ 776,272
Investments in associates	4,924,035	6,411,547
	$ 5,735,988	$ 7,187,819

a. Investments in subsidiaries

	December 31, 2022	December 31, 2021
Unlisted company		
APC (BVI) Holding Co., Ltd.	$ 586,541	$ 545,802
APC Investment Co., Ltd.	156,074	168,090
USI International Corp.	69,338	62,380
	$ 811,953	$ 776,272

At the end of the reporting period, the percentage of ownership interests and voting rights of the Company in the subsidiaries were as follows:

	December 31, 2022	December 31, 2021
APC (BVI) Holding Co., Ltd.	100%	100%
APC Investment Co., Ltd.	100%	100%
USI International Corp.	70%	70%

The investments in subsidiaries accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2022 and 2021 were based on the subsidiaries' financial statements audited by auditors for the same years.

In order to meet the business needs, the Company's Board of Directors has resolved on August 12, 2020 to establish a joint venture sales company in Mainland China through APC (BVI) and Swanlake Traders Ltd, the subsidiary of USI Corporation. The company has been registered and incorporated on March 12, 2022 with the investments of RMB$ 3,000 thousand from APC(BVI) and RMB$ 7,000 thousand from Swanlake on May 20, 2022.

b. Investments in associates

	December 31, 2022	December 31, 2021
Material associates		
Ever Conquest Global Ltd.	$ 3,526,546	$ 4,851,207
Associates that are not individually material		
Listed company		
China General Plastics Corporation (CGPC)	762,280	900,764
Acme Electronics Corporation (ACME)	45,599	44,186
Unlisted company		
China General Terminal & Distribution Corporation (CGTD)	355,611	373,731
Swanson Plastics Corporation (SPC)	205,730	210,268
Taiwan United Venture Capital Corp. (TUVC)	22,114	22,673
USI Optronics Corporationd (USIO)	6,155	8,718
	$ 4,924,035	$ 6,411,547

1) Material associates

Name of Associates	Nature of Activities	Principal Place of Business	Proportion of Ownership and Voting Rights December 31, 2022	Proportion of Ownership and Voting Rights December 31, 2021
Ever Conquest Global Ltd.	Reinvestment	British Virgin Islands	40.87%	40.87%

The Company uses the equity method to account for the above associate.

The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRSs and adjusted by the Company for equity accounting purposes.

Ever Conquest Global Ltd.

	December 31, 2022	December 31, 2021
NON-CURRENT ASSETS	$ 8,629,306	$ 11,870,695
EQUITY	$ 8,629,306	$ 11,870,695
Proportion of the Company's ownership	40.87%	40.87%
Equity attributable to the Company	$ 3,526,546	$ 4,851,207
Carrying amount	$ 3,526,546	$ 4,851,207

	2022	2021
The Company's share of:		
Net loss for the year	($ 1,439,602)	($ 181,227)
Other comprehensive gain (loss)	114,941	(34,511)
Total comprehensive income for the year	($ 1,324,661)	($ 215,738)

2) Aggregate information of subsidiaries and associates that are not individually material

	2022	2021
The Company's share of:		
Net gain (loss) for the year	($ 23,842)	$ 299,972
Other comprehensive gain (loss)	21,422	31,223
Total comprehensive income for the year	($ 2,420)	$ 331,195

At the end of the reporting period, the percentage of ownership interests and voting rights of the Company in the associates were as follows:

Name of Associates	December 31, 2022	December 31, 2021
CGPC	8.07%	8.07%
ACME	3.31%	3.31%
CGTD	33.33%	33.33%
SPC	7.95%	7.95%
TUVC	8.33%	8.33%
USIO	9.20%	9.20%

Refer to Table 5 "Information on Investees" and Table 6 "Information on Investments in Mainland China" for the nature of activities, principal places of business and countries of incorporation of the associates.

The Company's percentage of ownership over CGPC, ACME, SPC, TUVC, and USIO was less than 20%. These associates were accounted for using the equity method, as the Company retained significant influence over them.

The Company and USI Corporation signed a joint venture contract for a Fujian Gulei Petrochemical Co., Ltd. investment on April 17, 2014. The related entities of the contract or commitments are Ho Tung Chemical Corporation, LCY Chemical Corporation, Hengtai Petroleum Company Limited, Chenergy Global Corporation and Lien Hwa Corporation. The main contents of the contract and commitments include: (1) the shareholders shall establish Ever Victory Global Limited (hereinafter referred to the "Joint Venture") and agree to pass the establishment of the 100% owned company named Dynamic Ever Investments Limited in Hong Kong (hereinafter referred to as the "Hong Kong Company"), whose purpose is to build oil refineries and produce ethylene as well as seven other products on the Gulei Peninsula in Zhangzhou, Fujian Province, as approved by the Investment Commission at Taiwan's Ministry of Economic Affairs and according to the operating business permitted by the Joint Venture's board of directors; and (2) the Hong Kong Company will establish a joint venture company in accordance with the laws of the People's Republic of China between China Petrochemical Corporation or its affiliated enterprises; Fujian Refining and Chemical Co., Ltd. will establish a joint venture company in accordance with the laws of the People's Republic of China in Fujian Province between China Petrochemical Corporation or its affiliated enterprises (hereinafter referred to as "Gulei Company") and acquire 50% of the shares of Gulei Company as a basis for cooperative investment. However, after signing the original joint venture agreement, the total amount that the joint venture company should invest in Gulei Company has increased due to the increase in the capital requirements of the investment plan, and some of the counterparties to the original agreement or commitment are unable to provide the proportion of investment as stipulated in the original joint venture agreement. Therefore, on September 30, 2016, the Company re-signed the joint venture agreement with USI Corporation and the original contract or commitment counterparty and CTCI Corporation, and the original joint venture agreement was terminated at the same time. On December 18, 2019, the new joint venture agreement was signed and new counterparties, Fubon Financial Holding Venture Capital Co. and Hongfu Investment Co., Ltd. were added to the agreement as counterparties.

In order to increase Gulei Company's operating capital, Ever Victory Global Limited and Hong Kong Dor Po Investment Company Limited ("DOR PO") signed a joint venture contract for an investment in Dynamic Ever Investment Limited which was approved by the board of directors on June 5, 2019. According to the contract, DOR PO will invest US$109,215 thousand in Dynamic Ever Investment Limited in 2019. As of December 31, 2022, DOR PO had invested US$103,915 thousand and held 15.0% ownership interest in Dynamic Ever Investment Limited.

Ever Conquest Global Ltd. that is jointly established by the Company and USI Corporation through joint venture has invested in the joint venture through a holding company registered in a third region. As of December 31, 2022, the Company and USI Corporation had respectively invested US$170,475 thousand (approximately $5,255,587 thousand) and US$246,670 thousand (approximately $7,645,981 thousand) in Ever Conquest Global Ltd., and accumulatively re-invested RMB$ 4,657,200 thousand in Gulei Company through the joint venture and the Hong Kong Company.

The market prices of the investments accounted for using the equity method in publicly traded shares calculated by the closing price at the end of the reporting period are summarized as follows.

Name of Associates	December 31, 2022	December 31, 2021
CGPC	$ 1,237,795	$ 1,626,951
ACME	$ 145,056	$ 324,029

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings and improvements	Machinery and equipment	Other equipment	Construction in Progress and Prepayments for Equipment	Total
Cost						
BALANCE AT JANUARY 1, 2022	$ 228,229	$ 778,815	$ 6,433,849	$ 94,263	$ 618,748	$ 8,153,904
Additions	-	-	38,859	-	242,260	281,119
Disposals	-	-	(37,500)	(2,060)		(39,560)
Internal transfer	-	941	64,334	2,745	(68,020)	-
BALANCE AT DECEMBER 31, 2022	$ 228,229	$ 779,756	$ 6,499,542	$ 94,948	$ 792,988	$ 8,395,463
Accumulated depreciation and impairment						
BALANCE AT JANUARY 1, 2022	$ -	$ 323,757	$ 4,366,644	$ 87,295	$ -	$ 4,777,696
Depreciation expenses	-	19,782	271,497	2,848	-	294,127
Disposals	-	-	(37,500)	(2,060)	-	(39,560)
BALANCE AT DECEMBER 31, 2022	$ -	$ 343,539	$ 4,600,641	$ 88,083	$ -	$ 5,032,263
Net amount at December 31, 2022	$ 228,229	$ 436,217	$ 1,898,901	$ 6,865	$ 792,988	$ 3,363,200
Cost						
BALANCE AT JANUARY 1, 2021	$ 228,229	$ 778,815	$ 6,425,227	$ 96,795	$ 243,332	$ 7,772,398
Additions	-	-	25,000	-	395,758	420,758
Disposals	-	-	(36,347)	(2,905)	-	(39,252)
Internal transfer	-	-	19,969	373	(20,342)	-
BALANCE AT DECEMBER 31, 2021	$ 228,229	$ 778,815	$ 6,433,849	$ 94,263	$ 618,748	$ 8,153,904

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	Freehold Land	Buildings and improvements	Machinery and equipment	Other equipment	Construction in Progress and Prepayments for Equipment	Total
Accumulated depreciation and impairment						
BALANCE AT JANUARY 1, 2021	$ -	$ 303,535	$ 4,124,977	$ 86,857	$ -	$ 4,515,369
Depreciation expenses	-	20,222	278,014	3,343	-	301,579
Disposals	-	-	(36,347)	(2,905)	-	(39,252)
BALANCE AT DECEMBER 31, 2021	$ -	$ 323,757	$ 4,366,644	$ 87,295	$ -	$ 4,777,696
Net amount at December 31, 2021	$ 228,229	$ 455,058	$ 2,067,205	$ 6,968	$ 618,748	$ 3,376,208

For the years ended December 31, 2022 and 2021, no impairment loss or reversal of impairment loss was recognized.

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

Buildings and improvements	
Factory and improvements	15 to 40 years
Office building, laboratory and improvements	10 to 40 years
Storage rooms	11 to 45 years
Engineering systems	35 to 40 years
OTHERS	2 to 20 years
Machinery and equipment	3 to 22 years
Other equipment	3 to 10 years

In order to support the relocation of petrochemical storage facilities in the old port area conducted by Taiwan International Ports Corporation Ltd. ("TIPC"), China General Terminal & Distribution Corporation ("CGTD") leases the terminal facilities and back-line lands of Phase II Petrochemical Oil Storage and Transportation Center of Kaohsiung Port Container Center, with the lease term from August 1, 2017 to July 31, 2042. The rent is paid on quarterly basis. The Board of Directors of the Company resolved to build the Intercontinental Phase II Petrochemical Oil Products Center in 2019 with total investment amount of $765,893 thousand for the construction. As of December 31, 2022, the Company has made construction payment of $674,171 thousand, which was booked under the construction in progress.

14. LEASE ARRANGEMENTS

a. Right-of-use Assets

	December 31, 2022	December 31, 2021
Carrying amounts		
Land	$ 10,213	$ 7,700
Transportation equipment	238	443
	$ 10,451	$ 8,143

	2022	2021
Increase in right-of-use assets	$ 3,034	$ 8,631
Depreciation charge for right-of-use assets		
Land	$ 521	$ 318
Transportation equipment	205	594
	$ 726	$ 912

For the years ended December 31, 2022 and 2021, no impairment loss or reversal of impairment loss was recognized.

The Company has been subleasing its leasehold office space located in Taipei to other company under operating leases. The related right-of-use assets are presented as investment properties (as set out in Note 15). The amounts disclosed above with respect to the right-of-use assets do not include right-of-use assets that meet the definition of investment properties.

b. Lease liabilities

	December 31, 2022	December 31, 2021
Carrying amounts		
Current	$ 6,524	$ 5,765
Non-current	$ 17,709	$ 21,530

Range of discount rate for lease liabilities was as follows:

	December 31, 2022	December 31, 2021
Land	1.06%	1.06%
Transportation equipment	1.06%	1.06%
Buildings	1.06%	1.06%

c. Other lease information

	2022	2021
Expenses relating to short-term leases	$ 3,514	$ 3,295
Total cash outflow for leases	($ 9,885)	($ 9,871)

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

15. INVESTMENT PROPERTIES

	Land	Buildings and improvements	Right-of-use Assets	Total
Cost				
BALANCE AT JANUARY 1, 2022	$ 370,202	$ 131,690	$ 34,585	$ 536,477
Additions	-	884	-	884
BALANCE AT DECEMBER 31, 2022	$ 370,202	$ 132,574	$ 34,585	$ 537,361
Accumulated depreciation				
BALANCE AT JANUARY 1, 2022	$ -	$ 77,120	$ 16,381	$ 93,501
Depreciation expenses	-	2,191	5,461	7,652
BALANCE AT DECEMBER 31, 2022	$ -	$ 79,311	$ 21,842	$ 101,153
Net amount at December 31, 2022	$ 370,202	$ 53,263	$ 12,743	$ 436,208

(Continued)

(Continued)

	Land	Buildings and improvements	Right-of-use Assets	Total
Cost				
BALANCE AT JANUARY 1, 2021	$ 370,202	$ 131,690	$ 34,585	$ 536,477
BALANCE AT DECEMBER 31, 2021	$ 370,202	$ 131,690	$ 34,585	$ 536,477
Accumulated depreciation				
BALANCE AT JANUARY 1, 2021	$ -	$ 74,937	$ 10,921	$ 85,858
Depreciation expenses	-	2,183	5,460	7,643
BALANCE AT DECEMBER 31, 2021	$ -	$ 77,120	$ 16,381	$ 93,501
Net amount at December 31, 2021	$ 370,202	$ 54,570	$ 18,204	$ 442,976

Right-of-use assets included in investment properties are units of office space and subleased under operating leases.

The investment properties were leased out for 5 years. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2022 and 2021 was as follows:

	December 31, 2022	December 31, 2021
Year 1	$ 15,344	$ 16,673
Year 2	13,749	16,310
Year 3	4,375	16,310
Year 4	3,889	948
Year 5	972	-
	$ 38,329	$ 50,241

The investment properties held by the Company are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings and improvements	
Main buildings and improvements	5 to 50 years
Right-of-use Assets	6 years

The fair value of the investment property (i.e. the land) located in Linyuan Industrial Park, which is for industrial use, cannot be reliably determined due to infrequent market transactions. The investment properties - land (excluding those located in Linyuan Industrial Park), buildings and improvements were not evaluated by the independent appraisers. The fair values of these investment properties were measured by the Company 's management applying Level 3 input values generated from the valuation model commonly used by market participants. The valuation was conducted with reference to the transaction prices of similar properties in the neighborhood. The fair value of the right-of-use asset was measured using expected rental income deducting the net amount of all expected payments, plus relevant recognized lease liabilities.

As of December 31, 2022 and 2021, the fair values derived from the valuation were as follows:

	December 31, 2022	December 31, 2021
Fair Value	$ 1,275,695	$ 1,283,555

16. BORROWINGS

a. Short-term borrowings

	December 31, 2022	December 31, 2021
Unsecured borrowings		
Bank loans	$ 120,000	$ 500,000

The range of interest rates on bank loans was 1.12%-1.65% and 0.74%-0.78% per annum as of December 31, 2022 and 2021, respectively.

b. Long-term borrowings

	December 31, 2022	December 31, 2021
Unsecured borrowings	$ 450,636	$ 1,369,746
Range of interest rates	0.925%	0.30%～0.80%

In order to fund medium to long-term working capital needs, the Company signed medium to long-term loan agreements with banks with total lines of credit of $6,000,000 thousand. The loan agreements will subsequently expire before December 2025 and these lines of credit are on a revolving basis. The lines of credit have not been used as of December 31, 2022.

Through “Action Plan for Accelerated Investment by Domestic Corporations” the Company obtained a low-interest bank loan of $1,419,000 thousand. The difference between the market interest rate recognized and measured for the bank loan and the actual interest paid at preferential rate was recognized as government grant. As of December 31, 2022, $455,000 thousand has been utilized.

Some of the Company's loan agreements stipulate that the current ratio and debt ratio as stated on the financial statements shall not be less than a specified percentage, and that if such a percentage fails to be met, the Company shall propose improvement measures to the banks concerned. As of December 31, 2022, the Company did not violate these financial ratios and terms.

17. Accounts payable from unrelated parties

	December 31, 2022	December 31, 2021
Accounts payable (including related parties)		
Arising from operation	$ 279,895	$ 250,909

The average credit period was 1 month. The Company had financial risk management policies in place to ensure that all payables were paid within the pre-agreed credit terms.

18. Other payables from unrelated parties

	December 31, 2022	December 31, 2021
Other payables from unrelated parties		
Payables for salaries or bonuses	$ 125,161	$ 141,996
Payables for utilities	38,737	33,306
Payables for freight fees	9,887	20,258
Payables for equipment	8,858	961
Payables for dividends	7,057	6,128
Payables for insurance	2,118	1,973
OTHERS	27,631	25,679
	$ 219,449	$ 230,301

19. REFUND LIABILITIES - CURRENT

	December 31, 2022	December 31, 2021
Customer returns and rebates	$ 5,899	$ 5,899

The Company applied IFRS 15 and recognized estimated sales returns and rebates as refund liabilities.

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company 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 plans

The defined benefit plan adopted by the Company 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 Company contributes 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. If the estimated balance of the account before the end of the year is not enough to pay for the workers who are qualified for retirement in the following year, the contribution of the difference will be made in one lump sum by the end of March of the following year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (“the Bureau”); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company’s defined benefit plans were as follows:

	December 31, 2022	December 31, 2021
Present Value of the Defined Benefit Obligation	$ 267,490	$ 297,097
Fair Value of the Plan Assets	(155,384)	(162,092)
Net defined benefit liabilities	$ 112,106	$ 135,005

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
BALANCE AT JANUARY 1, 2022	$ 297,097	($ 162,092)	$ 135,005
Service cost			
Current service cost	2,137	-	2,137
Net interest expense (income)	1,436	(824)	612
Recognized in Profit or Loss	3,573	(824)	2,749
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	$ -	($ 16,335)	($ 16,335)
Actuarial gain- changes in financial assumptions	(6,968)	-	(6,968)
Actuarial loss- experience adjustments	11,965	-	11,965
Recognized in Other Comprehensive Income	4,997	(16,335)	(11,338)
Contributions from the employer	-	(14,310)	(14,310)
Benefits paid	(38,177)	38,177	-
BALANCE AT DECEMBER 31, 2022	$ 267,490	($ 155,384)	$ 112,106
BALANCE AT JANUARY 1, 2021	$ 373,108	($ 218,051)	$ 155,057
Service cost			
Current service cost	2,655	-	2,655
Net interest expense (income)	1,324	(836)	488
Recognized in Profit or Loss	3,979	(836)	3,143
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(3,193)	(3,193)
Actuarial loss - changes in demographic assumptions	7,073	-	7,073
Actuarial gain- changes in financial assumptions	(2,526)	-	(2,526)
Actuarial loss- experience adjustments	80	-	80
Recognized in Other Comprehensive Income	4,627	(3,193)	1,434
Contributions from the employer	-	(24,629)	(24,629)
Benefits paid	(84,617)	84,617	-
BALANCE AT DECEMBER 31, 2021	$ 297,097	($ 162,092)	$ 135,005

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

1) Investment risk: The plan assets are invested in domestic or 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 of a 2-year time deposit with local banks.

2) Interest rate risk: A decrease in corporate bond interest rates will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated with reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31, 2022	December 31, 2021
Discount rate	1.375%	0.50%
Expected rate of salary increase	2.75%	2.25%

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

	December 31, 2022	December 31, 2021
Discount rate		
0.25% increase	($ 4,314)	($ 5,070)
0.25% decrease	$ 4,423	$ 5,207
Expected rate of salary increase		
0.25% increase	$ 4,285	$ 5,029
0.25% decrease	($ 4,201)	($ 4,922)

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 changes in the assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31, 2022	December 31, 2021
Expected contributions to the plan for the next year	$ 15,000	$ 25,000
Average duration of the defined benefit obligation	6.6 years	6.9 years

21. EQUITY

a. Ordinary shares

	December 31, 2022	December 31, 2021
Number of shares authorized (in thousands)	620,000	620,000
Shares authorized	$ 6,200,000	$ 6,200,000
Number of shares issued and fully paid (in thousands)	593,743	593,743
Shares issued	$ 5,937,438	$ 5,937,438

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and carry a right to dividends.

The shareholders held their regular meeting on July 29, 2021 and, in that meeting, resolved to issue 11,642 thousand ordinary shares as share dividends appropriated from earnings, with a par value of $10, which increased the share capital issued and fully paid to $5,937,438 thousand. On August 5, 2021, the transaction was approved by the FSC, and the subscription base date was determined as at September 10, 2021 by the board of directors.

b. Capital Surplus

	December 31, 2022	December 31, 2021
Unpaid dividends	$ 25,720	$ 24,226
Share of changes in capital surplus of associates	11,422	11,093
	$ 37,142	$ 35,319

Capital surplus which arises from the consideration received from issuance of shares (including consideration from issuance of ordinary shares) and donations may be used to offset a deficit, in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or share dividends up to a certain percentage of the Company's paid-in capital.

Capital surplus which arises from unclaimed dividends may be used to offset a deficit only, and the share of changes in capital surplus of associates may not be used for any purpose.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to "Employees' compensation and remuneration of directors" in Note 23-7.

As the Company is in the maturation stage, for research and development needs and business diversification, the amount of dividends for shareholders shall be no less than 10% of distributable retained earnings for the current year, among which the amount of cash dividends shall be no less than 10%. If the distributable retained earnings per share of the current year are less than $0.1, the retained earnings are not to be distributed.

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

The appropriations of earnings for 2021 and 2020 approved in the shareholders' meetings on May 27, 2022 and July 29, 2021, respectively, were as follows:

	2021	2020
Legal Reserve	$ 317,192	$ 107,798
Cash dividends	$ 1,781,232	$ 698,522
Share dividends	$ -	$ 116,420
Cash dividends per share (NT$)	$ 3	$ 1.2
Share dividends per share (NT$)	$ -	$ 0.2

The appropriation of earnings for 2022 had been proposed by the Company’s board of directors on March 3, 2023 were as follows:

	2022
Legal Reserve	$ 147,008
Cash dividends	$ 712,493
Cash dividends per share (NT$)	$ 1.2

The appropriation of earnings for 2022 is subject to resolution in the shareholders’ meeting to be held on May 30, 2023.

d. Other equity

1) Exchange Differences on Translating the Financial Statements of Foreign Operations

	2022	2021
Balance at January 1	($ 239,960)	($ 194,428)
Recognized for the year		
Exchange Differences on Translating the Financial Statements of Foreign Operations	150,506	(49,087)
Share from subsidiaries and associates accounted for using the equity method	10,152	(6,262)
Related income tax	(30,101)	9,817
Other comprehensive income recognized for the year	130,557	(45,532)
Balance at December 31	($ 109,403)	($ 239,960)

2) Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income

	2022	2021
Balance at January 1	$ 2,118,506	$ 1,195,914
Recognized for the year		
Unrealized (Gain) Loss Financial assets	(1,028,899)	945,328
Share from subsidiaries and associates accounted for using the equity method	(37,526)	52,305
Related income tax	404	(2,859)
Other comprehensive income recognized for the year	(1,066,021)	994,774
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal - Recognized for the year	(190)	(72,182)
Share from subsidiaries and associates accounted for using the equity method	(111)	-
Balance at December 31	$ 1,052,184	$ 2,118,506

22. REVENUE

a. Revenue from contracts with customers

	2022	2021
Revenue from sale of goods	$ 9,614,583	$ 9,291,720

b. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Accounts receivable (Note 10)	$ 1,103,665	$ 1,432,418	$ 755,247
Contract liabilities (presented in other current liabilities)	$ 33,291	$ 11,010	$ 28,930

23. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Interest income

	2022	2021
Interest income		
Bank deposits	$ 3,984	$ 677
Financial assets mandatorily classified as at FVTPL	1,228	1,109
Reverse repurchase agreements collateralized by bonds	1,425	13
	$ 6,637	$ 1,799

b. Other income

	2022	2021
Lease income	$ 51,814	$ 48,499
Dividend income		
Financial assets mandatorily classified as at FVTPL	12,147	6,451
Investments in equity instruments at FVTOCI	276,843	194,622
	288,990	201,073
Others	10,984	10,502
	$ 351,788	$ 260,074

c. Other gains and losses

	2022	2021
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	($ 31,945)	$ 97,705
Financial liabilities held for trading	(5,869)	(5,118)
Net gain (loss) on foreign currency exchange	45,056	(2,699)
Loss on disposal of investments	-	-
Others	(15,098)	(15,809)
	($ 7,856)	$ 74,079

d. Interest expense

	2022	2021
Interest on bank loans	$ 10,036	$ 22,430
Interest on lease liabilities	275	313
	$ 10,311	$ 22,743

There was no capitalization of interest costs between 2022 and 2021.

e. Depreciation and amortization

	2022	2021
PROPERTY, PLANT AND EQUIPMENT	$ 294,127	$ 301,579
INVESTMENT PROPERTIES	7,652	7,643
Right-of-use Assets	726	912
Intangible assets	35	18
Total	$ 302,540	$ 310,152
An analysis of depreciation by function		
Classified as Operating Cost	$ 294,813	$ 302,038
Classified as Operating Expenses	40	453
Other gains and losses	7,652	7,643
	$ 302,505	$ 310,134
An analysis of amortization by function		
Classified as Operating Expenses	$ 35	$ 18

f. Employee benefits expense

	2022	2021
Post-employment benefits (Note 20)		
Defined contribution plans	$ 8,204	$ 7,666
Defined benefit plans	2,749	3,143
	10,953	10,809
Other employee benefits	375,545	387,753
Total employee benefits expense	$ 386,498	$ 398,562
An analysis of employee benefits expense by function		
Classified as Operating Cost	$ 337,787	$ 328,489
Classified as Operating Expenses	48,711	70,073
	$ 386,498	$ 398,562

g. Employees' compensation and remuneration of directors

The Company accrued employees' compensation and remuneration of directors and supervisors at rates of no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2022 and 2021, which were approved by the Company's board of directors on March 3, 2023 and March 9, 2022, respectively, were as follows:

Accrual rate

	2022	2021
	Cash	Cash
Employees' compensation	1%	1%
Directors' remuneration	-	-

Amount

	2022	2021
	Cash	Cash
Employees' compensation	$ 18,309	$ 37,699
Directors' remuneration	-	-

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

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2021 and 2020.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gains or losses on foreign currency exchange

	2022	2021
Foreign exchange gains	$ 111,712	$ 35,078
Foreign exchange losses	(66,656)	(37,777)
Net gain (loss)	$ 45,056	($ 2,699)

24. INCOME TAX RELATING TO CONTINUING OPERATIONS

a. Major components of income tax expense recognized in profit or loss

Major components of income tax expense are as follows:

	2022	2021
Current tax		
In respect of the current year	$ 603,684	$ 658,166
Income tax on unappropriated earnings	49,175	5,549
Adjustments for prior years	(3,362)	(5,727)
	649,495	657,988
Deferred income tax		
In respect of the current year	(284,228)	(26,942)
Income tax expense recognized in profit or loss	$ 365,269	$ 631,046

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

	2022	2021
Profit before tax from continuing operations	$ 1,812,638	$ 3,732,173
Income tax expense calculated at the statutory rate	$ 362,528	$ 746,435
Nondeductible expenses in determining taxable income	22,199	(54,969)
Tax-exempt income	(65,271)	(60,242)
Income tax on unappropriated earnings	49,175	5,549
Adjustments for prior years' tax	(3,362)	(5,727)
Income tax expense recognized in profit or loss	$ 365,269	$ 631,046

b. Income tax recognized in other comprehensive income

	2022	2021
Deferred income tax		
In respect of current year		
- Translation of foreign operations	$ 30,101	($ 9,817)
- Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	(404)	2,859
- Remeasurement on defined benefit plans	2,268	(287)
Total income tax expense (gain) recognized in other comprehensive income	$ 31,965	($ 7,245)

c. Deferred income tax assets and liabilities

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

2022

	Balance at January 1	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance at December 31
Deferred income tax assets				
Temporary differences				
Allowance for inventory valuation and obsolescence losses	$ 176	$ 54	$ -	$ 230
Allowance for office supplies impairment losses	8,857	486	-	9,343
Customer rebates	1,180	-	-	1,180
Allowance for production supplies losses	1,087	-	-	1,087
FVTPL financial liabilities	93	424	-	517
Payables for annual leave	2,232	34	-	2,266
Defined benefit obligation	27,191	(2,287)	(2,268)	22,636
Inventory tax differences	196	(106)	-	90

(Continued)

(Continued)

	Balance at January 1	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance at December 31
Exchange differences on foreign operations	47,217	-	(30,101)	17,116
Investment loss recognized by the equity method	16,569	285,093	-	301,662
	$ 104,798	$ 283,698	($ 32,369)	$ 356,127
Deferred income tax liabilities				
Temporary differences				
Land value increment tax reserve	($ 21,469)	$ -	$ -	($ 21,469)
Loss allowance for accounts receivable	(267)	-	-	(267)
Foreign exchange gains	(386)	377	-	(9)
Depreciation tax differences	(335)	153	-	(182)
FVTPL financial assets	(8,144)	-	404	(7,740)
	($ 30,601)	$ 530	$ 404	($ 29,667)

2021

	Balance at January 1	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance at December 31
Deferred income tax assets				
Temporary differences				
Allowance for inventory valuation and obsolescence losses	$ 25	$ 151	$ -	$ 176
Allowance for office supplies impairment losses	7,979	878	-	8,857
Customer rebates	1,180	-	-	1,180
Allowance for production supplies losses	1,091	(4)	-	1,087
FVTPL financial liabilities	782	(689)	-	93
Payables for annual leave	2,443	(211)	-	2,232
Defined benefit obligation	31,150	(4,246)	287	27,191
Inventory tax differences	68	128	-	196
Exchange differences on foreign operations	37,400	-	9,817	47,217
Investment loss recognized by the equity method	-	16,569	-	16,569
	$ 82,118	$ 12,576	$ 10,104	$ 104,798
Deferred income tax liabilities				
Temporary differences				
Land value increment tax reserve	($ 21,469)	$ -	$ -	($ 21,469)
Loss allowance for accounts receivable	(267)	-	-	(267)
Foreign exchange gains	(626)	240	-	(386)
Depreciation tax differences	(393)	58	-	(335)
Share of profit of associates	(14,068)	14,068	-	-
FVTPL financial assets	(5,285)	-	(2,859)	(8,144)
	($ 42,108)	$ 14,366	($ 2,859)	($ 30,601)

d. Income tax assessments

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

25. EARNINGS PER SHARE

Unit: NT$ Per Share

	2022	2021
Basic earnings per share	$ 2.44	$ 5.22
Diluted earnings per share	$ 2.43	$ 5.21

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share from continuing operations were as follows:

NET PROFIT FOR THE YEAR

	2022	2021
Earnings used in the computation of basic and diluted earnings per share	$ 1,447,369	$ 3,101,127

(In Thousand Shares)

	2022	2021
Number of Shares		
Weighted average number of ordinary shares in computation of basic earnings per share	593,743	593,743
Effect of potentially dilutive ordinary shares:		
Employees' compensation	846	1,191
Weighted average number of ordinary shares used in the computation of diluted earnings per share	594,589	594,934

If the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation would 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, if the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

26. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Company (comprising issued capital, reserves, retained earnings, and other equity).

27. **Financial instruments**

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

The Company's management believes that the carrying amounts of financial assets and financial liabilities which are recognized in the financial statements approximate their fair values.

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

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets mandatorily classified as at FVTPL				
Derivative instruments	$ -	$ 425	$ -	$ 425
Listed shares	61,402	-	-	61,402
Mutual funds	335,952	-	-	335,952
Beneficiary securities	59,953	-	-	59,953
	$ 457,307	$ 425	$ -	$ 457,732
Financial Assets at FVTOCI				
Equity instruments				
Listed shares	$ 2,981,114	$ -	$ -	$ 2,981,114
Unlisted shares	-	-	135,304	135,304
	$ 2,981,114	$ -	$ 135,304	$ 3,116,418
-Financial liabilities held for trading				
Derivative instruments	$ -	$ 3,012	$ -	$ 3,012

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets mandatorily classified as at FVTPL				
Derivative instruments	$ -	$ 393	$ -	$ 393
Listed shares	165,462	-	-	165,462
Mutual funds	813,890	-	-	813,890
Beneficiary securities	60,119	-	-	60,119
	$ 1,039,471	$ 393	$ -	$ 1,039,864
Financial Assets at FVTOCI				
Equity instruments				
Listed shares	$ 3,999,777	$ -	$ -	$ 3,999,777
Unlisted shares	-	-	164,993	164,993
	$ 3,999,777	$ -	$ 164,993	$ 4,164,770
Financial liabilities held for trading				
Derivative instruments	$ -	$ 860	$ -	$ 860

There were no transfers between Levels 1 and 2 in 2022 and 2021.

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

2022

Financial assets	Financial Assets at FVTOCI Financial assets
Balance at January 1	$ 164,993
Recognized in other comprehensive income (included in unrealized gain on financial assets at FVTOCI)	(29,663)
Disposals	(26)
Balance at December 31	$ 135,304

2021

Financial assets	Financial Assets at FVTOCI Financial assets
Balance at January 1	$ 275,798
Recognized in other comprehensive income (included in unrealized gain on financial assets at FVTOCI)	(89,908)
Return of capital (Note 8)	(20,897)
Balance at December 31	$ 164,993

3) Valuation techniques and inputs applied for Level 2 fair value measurement

Type of Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

The Company’s financial department used valuation techniques in measuring Level 3 fair value of financial instruments. The assumptions of and the inputs to the measurement are based on information from independent resources. The results of the measurement are evaluated against the market state and reviewed periodically to ensure that they are reasonable. The fair values of domestic and foreign unlisted equity securities were determined using the asset-based approach. In this approach, the fair value is determined by the latest net value of the investee company and the financial and business conditions of an observable company. If the discount for the lack of marketability decreases, the fair value of investments will increase. When the net asset value of the investee increases / decreases by 1%, the fair value will increase / decrease by $1,353 thousand in 2022 and $1,650 thousand in 2021.

c. Categories of financial instruments

	December 31, 2022	December 31, 2021
Financial assets		
Financial liabilities at FVTPL		
Mandatorily classified as at FVTPL	$ 457,732	$ 1,039,864
Financial assets at amortized cost (Note 1)	2,174,969	1,861,773
Financial Assets at FVTOCI		
Equity instruments	3,116,418	4,164,770
Financial liabilities		
Financial liabilities at FVTPL		
Held for trading	3,012	860
Financial liabilities at amortized cost (Note 2)	1,126,072	2,420,200

Note 1. The balances include financial assets at amortized cost, which comprise cash and cash equivalents, accounts receivable (including related parties), other receivables (including related parties) and refundable deposits.

Note 2. The balances include financial liabilities at amortized cost, which comprise short-term loans, accounts payable (including related parties), other payables (including related parties and excluding payables for salaries and taxes), long-term borrowings and refundable deposits.

d. Financial risk management objectives and policies

The Company's risk control and hedging strategy are influenced by its operational environment. The Company properly monitors and manages the risks related to business nature and according to the principle of risk diversification. 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 Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There has been no change to the Company's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk. In order to avoid the impact of foreign currency exchange rate changes, which lead to deductions in foreign currency denominated assets and fluctuations in their future cash flows, the Company used the natural offset between foreign currency assets and liabilities and foreign exchange forward contracts on the net position. The Company sought to minimize the effects of these risks by using foreign exchange forward contracts to hedge risk exposures. The use of foreign exchange forward contracts was governed by the Company's policies approved by the board of directors. Compliance with policies and exposure limits was reviewed by internal auditors on a continuous basis. The Company did not enter into or trade foreign exchange forward contracts for speculative purposes.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities is set out in Note 30. Please refer to Note 7 for the carrying amount of derivative instrument with foreign exchange exposure.

Sensitivity analysis

The Company was mainly exposed to the USD and RMB. The sensitivity analysis includes only outstanding foreign currency denominated monetary items at the end of the reporting period. For a 3% strengthening/weakening of the Company's functional currency against the USD, there would be a decrease/an increase of $14,284 thousand and $7,920thousand in pre-tax profit for the years ended December 31, 2022 and 2021, respectively. For a 3% strengthening/weakening of the Company's functional currency against the RMB, there would be a decrease/an increase of $19,803 thousand and $20,146 thousand in pre-tax profit for the years ended December 31, 2022 and 2021, respectively.

In management's opinion, this sensitivity analysis is unrepresentative of the Company's inherent foreign exchange risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

b) Interest rate risk

The Company was exposed to fair value interest rate risk because the Company held financial assets and financial liabilities at fixed rates; the Company was exposed to cash flow interest rate risk because the Company held financial assets and financial liabilities at floating rates. The Company's management personnel monitors the changes in the market rates on a regular basis and adjusts the floating rate financial liabilities to make the Company's rates approach market rates in response to the risk caused by changing market rates.

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

	December 31, 2022	December 31, 2021
Fair value interest rate risk		
- Financial assets	$ 1,026,584	$ 334,842
- Financial liabilities	24,233	1,327,295
Cash flow interest rate risk		
- Financial assets	37,443	79,645
- Financial liabilities	570,636	569,746

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for both financial assets and liabilities 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 Company's pre-tax profit for the years ended December 31, 2022 and 2021 would have decreased/increased by $2,666 thousand and $2,450 thousand, respectively.

c) Other price risk

The Company was exposed to securities price risk through its investments in securities listed in the ROC or other countries. The Company manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Company has appointed a special team to monitor price risk.

Sensitivity analysis

The following sensitivity analysis was based on the prices of securities as of the balance sheet date. However, in the financial assets at fair value through profit or loss in which the Group invested, the risk of price fluctuation of money market funds was very limited, so it was not included in the analysis.

If the equity price increases / decreases by 5%, the net profit before tax for 2022 and 2021 would increase / decrease by $6,068 thousand and $11,279 thousand respectively due to the increase / decrease in the fair value of financial assets (excluding investment in money market funds) measured through profit or loss. Other comprehensive income before tax for 2022 and 2021 would increase / decrease by $155,821 thousand and $208,239 thousand respectively due to the increase / decrease in the fair value of financial assets at fair value through other comprehensive income.

2) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Company, could be equal to the total of the following:

a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and

b) The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

The Company 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 Company's exposure and the credit ratings of its counterparties are continuously monitored.

The Company transacted with a large number of unrelated customers in a variety of areas, and, thus, no concentration of credit risk was observed. Ongoing credit evaluations are performed on the financial conditions of trade receivables; therefore, the Company's credit risk is limited.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

As such cash and cash equivalents are sufficient to finance the Company's operations, there is no liquidity risk arising from the deficiency of funds to fulfill contractual obligations.

a) Liquidity and interest rate risk table for non-derivative financial liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods based on the probable earliest repayment dates. The table was drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

December 31, 2022

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1 to 5 years	5+ Years
Non-derivative financial liabilities				
Non-interest bearing liabilities		$ 551,393	$ -	$ -
Lease liabilities	1.06%	6,747	10,761	7,872
Floating interest rate liabilities	1.00%	124,168	462,446	-
		$ 682,308	$ 473,207	$ 7,872

December 31, 2021

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1 to 5 years	5+ Years
Non-derivative financial liabilities				
Non-interest bearing liabilities		$ 546,488	$ -	$ -
Lease liabilities	1.06%	6,212	15,916	6,439
Fixed interest rate liabilities	0.79%	308,000	1,009,600	-
Floating interest rate liabilities	0.47%	201,109	373,998	-
		$ 1,061,809	$ 1,399,514	$ 6,439

b) Financing facilities

Bank loans are an essential source of liquidity for the Company. The table below details the used and unused amount of bank loans at the end of the reporting period.

	December 31, 2022	December 31, 2021
Unsecured bank facilities		
- Amount used	$ 575,000	$ 1,875,000
- Amount unused	11,534,000	8,442,400
	$ 12,109,000	$ 10,317,400

28. TRANSACTIONS WITH RELATED PARTIES

The Company's ultimate parent is USI Corporation, which held 36.08% of the ordinary shares of the Company as of December 31, 2022 and 2021.

Besides the information disclosed elsewhere in the other notes, details of transactions between the Company and related parties are disclosed below.

a. Related parties' names and relationships:

Related Party Name	Relationship with the Company
USI Corporation	Ultimate parent company
Union Polymer Int'l Investment Corp. ("Union Polymer")	Parent entity
USI International Corp.	Subsidiary
USI Trading (Shanghai) Co., Ltd (USITA)	Subsidiary
APC Investment Co., Ltd.	Subsidiary
China General Plastics Corporation (CGPC)	Associate
China General Terminal & Distribution Corporation (CGTD)	Associate
Acme Electronics Corporation (ACME)	Associate
USI Optronics Corporationd (USIO)	Associate
Swanson Plastics Corporation (SPC)	Associate
Taiwan VCM Corporation (TVCM)	Associate
CGPC Polymer Corporation (CGPCP)	Associate
Forever Young Company Limited ("Forever Young")	Associate
Swanson Technologies Corporation (STC)	Associate
Fujian Gulei Petrochemical Co., Ltd. (Gulei Company)	Associate
Global Green Technology Corporation (GGT)	Associate
Dynamic Ever Investments Limited (DEIL)	Associate
Taita Chemical Company, Limited (TTC)	Fellow subsidiary
Taiwan United Venture Management Corporation (TUVM)	Fellow subsidiary
USI Management Consulting Corporation (UM)	Fellow subsidiary
USIFE Investment Co., Ltd. (USII)	Fellow subsidiary
INOMA Corporation	Fellow subsidiary
Chong Loong Trading Co., Ltd.	Fellow subsidiary
USI (Hong Kong) ("USI (HK)")	Fellow subsidiary
USI Education Foundation (USIF)	Essential related party

b. Sales of goods

Related Party Category/Name	2022	2021
Ultimate parent company		
USI Corporation	$ 1,436,470	$ 1,673,192
Associate	39,714	68,290
Fellow subsidiary	7,626	22,351
Subsidiary		
USITA	229,542	126,417
	$ 1,713,352	$ 1,890,250

Sales of goods to related parties were made at the Company's usual prices and conditions which were the same as those to unrelated parties.

c. Purchases of goods

Related Party Category/Name	2022	2021
Ultimate parent company		
USI Corporation	$ 252,526	$ 213,752
Associate		
Gulei Company	698,591	70,091
SPC	42,693	44,825
	741,284	114,916
	$ 993,810	$ 328,668

Purchases from related parties were made at market prices which were at the Company's usual prices and conditions which were the same as those from unrelated parties.

d. Management fee (under general and administrative expenses)

Related Party Category/Name	2022	2021
Ultimate parent company		
USI Corporation	$ 9,631	$ 8,747
Fellow subsidiary		
UM	65,772	39,316
	$ 75,403	$ 48,063

e. Lease arrangements - Company is lessee

Lease expense

Related Party Category/Name	2022	2021
Ultimate parent company		
USI Corporation	$ 2,505	$ 2,225

f. Lease arrangement - Company is lessor

Lease income

Related Party Category/Name	2022	2021
Ultimate parent company		
USI Corporation	$ 3,471	$ 3,792
Parent entity	40	20
Subsidiary	142	142
Associate		
TVCM	13,099	12,705
CGPCP	4,217	2,960
OTHERS	2,857	3,125
	20,173	18,790
Fellow subsidiary		
TTC	7,405	6,904
OTHERS	1,924	1,881
	9,329	8,785
	$ 33,155	$ 31,529

The previously indicated associates leased pipelines from the Company with lease terms of 1 year. The lease contracts are to be regarded as renewed if there is no declaration of termination. The lease payments are calculated according to actual operating volume and are paid on a monthly basis.

g. Donation expenses (under general and administrative expenses)

Related Party Category/Name	2022	2021
Essential related party - USI Education Foundation	$ 5,000	$ 4,000

h. Management income (under other income)

Related Party Category/Name	2022	2021
Associate		
CGTD	$ 552	$ 1,592
DEIL	313	-
	$ 865	$ 1,592

i. Investment consultant fees (under other gains and losses)

Related Party Category/Name	2022	2021
Fellow subsidiary		
TUVM	$ 1,286	$ 1,286

j. Accounts Receivable

Related Party Category/Name	December 31, 2022	December 31, 2021
Ultimate parent company		
USI Corporation	$ 187,963	$ 399,887
Associate	14,794	24,533
Subsidiary		
USITA	32,830	13,111
Fellow subsidiary	-	3,975
	$ 235,587	$ 441,506

k. Other receivables

Related Party Category/Name	December 31, 2022	December 31, 2021
Ultimate parent company		
USI Corporation	$ 1,261	$ 2
Associate		
CGPCP	582	39
CGTD	-	530
OTHERS	635	271
	1,217	840
Fellow subsidiary		
TTC	$ 837	$ 617
OTHERS	21	13
	858	630
	$ 3,336	$ 1,472

Other receivables - related parties represented the receivables due from the ultimate parent company and associates for renting offices and management service fees.

l. Accounts payable from unrelated parties

Related Party Category/Name	December 31, 2022	December 31, 2021
Ultimate parent company		
USI Corporation	$ 20,004	$ 28,177
Associate		
SPC	3,019	4,727
	$ 23,023	$ 32,904

m. Other payables to related parties

Related Party Category/Name	December 31, 2022	December 31, 2021
Ultimate parent company		
USI Corporation	$ 165,778	$ 200,599
Subsidiary	94	17
Associate	5,125	5,614
Fellow subsidiary	8,000	1,044
	$ 178,997	$ 207,274

Other payables to related parties were the payments from the Company for the transfer of ethylene from ultimate parent entity.

n. Compensation of key management personnel

Total remuneration for directors and other key management in 2022 and 2021 is as follows:

	2022	2021
Short-term employee benefits	$ 22,064	$ 20,570

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

29. Significant commitments, critical events after the reporting date and contingencies

a. Significant commitments

The amount available under unused letters of credit as of December 31, 2022 was $360,000 thousand.

b. Contingencies

Regarding the gas explosion of the propylene pipeline of Lee Chang Yung Chemical Industry Corporation (“Lee Chang Yung Chemical”) on the night of July 31, 2014 operated by the invested company by the equity method, China General Terminal & Distribution Corporation (“CGTD”), the criminal case of the gas explosion incident was dismissed by the Supreme Court on September 15, 2021 and all three employees of CGTD were acquitted.

CGTD arrived at an agreement with the Kaohsiung City Government on February 12, 2015, pledging certificates of bank deposits of $228,904 thousand, interests included, to the Kaohsiung City Government as collateral for the loss caused by the gas explosion. The Kaohsiung City Government also filed civil procedure requests in succession against LCY Chemical Corp., CGTD and CPC Corporation, Taiwan (“CPC”). Taiwan Power Company applied to the court for sequestration of CGTD's property on August 27 and November 26, 2015 and CGTD has deposited cash of $99,207 thousand to the court to avoid sequestration. Taiwan Water Corporation also applied to the court for false seizure of CGTD's property on February 3 and March 2, 2017 respectively. As of February 23, 2023, the provisionally attached property was worth $11,393 thousand.

As for the victims, CGTD, LCY Chemical Corp. and the Kaohsiung City Government signed a tripartite agreement for the compensation of the 32 victims’ families on July 17, 2015. Each victim’s family received $12,000 thousand, and the total compensation was $384,000 thousand. The compensation was advanced by LCY Chemical Corp. LCY Chemical Corp. was in charge of negotiating the compensation with the victims’ families and signing the settlement agreement on behalf of the three parties. In accordance with the agreement of the three parties, on August 10, 2022, CGTD paid $157,347 thousand to LCY Chemical Corp. at the liability ratio of 30% for negligence awarded in the first trial of the case. After settling the civil litigation later, compensation will be made according to the liability ratio determined.

As for the seriously injured, CGTD, LCY Chemical Corp. and the Kaohsiung City Government signed a tripartite agreement for the compensation of the 65 seriously injured victims' families on October 25, 2017. Compensation was paid by CGTD and the Kaohsiung City Government, and CGTD was in charge of negotiating the compensation with the seriously injured victims' families and signing the settlement agreement on behalf of the three parties with the 64 seriously injured victims' families.

As of February 23, 2023, the victims and victims' families had written letters or filed civil procedures (and criminal procedures) against CGTD, LCY Chemical Corp. and CPC for compensation. To reduce the lawsuit costs, CGTD had reached a settlement on the original claim for $46,677 thousand, and the amount of the settlement was $4,519 thousand. Along with the case still in litigation and the above-mentioned compensation, the accumulated amount of compensation is $3,856,447 thousand. The first-instance judgments of some of the abovementioned civil cases (with a total amount of compensation of approximately $1,440,672 thousand) have been gradually announced, starting from June 22, 2018. The proportion of fault liability of the Kaohsiung City Government, LCY Chemical Corp. and CGTD is 4:3:3 in most judgments. The total amount of compensation that CGTD, LCY Chemical Corp. and the other defendants should pay is about $401,979 thousand, of which CGTD was exempted for $6,194 thousand. Currently CGTD has filed an appeal for the adjudicated but unsettled civil cases and proceeded with the second instance procedure successively. The rest of the cases are still under trial in the Court of First Instance (the amount of compensation requested is approximately $1,912,949 thousand). CGTD signed a claim agreement with an insurance company, according to the negligence liability ratio determined by the judgment of first instance, it is estimated the settlement amount of victims and seriously injured, the compensation amount of civil litigation cases (including the settled cases), and estimated amount to be borne by itself after deducting the upper limit of insurance claim was $136,375 thousand, which had been included into the account. However, the actual amount of such settlement and compensation shall not be confirmed until the proportion of liability to be shared by CGTD is determined in accordance with the civil action.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The company entities' significant 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:

Units: The foreign currency / carrying amount is in thousand dollars, except the exchange rate in dollars.

December 31, 2022

	Foreign Currency	Exchange Rate		Functional Currency (In Thousands)	Carrying Amount
Financial assets					
Monetary items					
USD	$ 23,264	30.710	(USD:NTD)	$ 714,437	$ 714,437
RMB	149,703	4.4094	(RMB:NTD)	660,099	660,099
					$ 1,374,536
Non-monetary items					
Investments accounted for using the equity method					
USD	136,191	30.710	(USD:NTD)	4,182,425	$ 4,182,425
Derivative instruments					
RMB	21,700	4.4094	(RMB:NTD)	425	$ 425

(Continued)

(Continued)

	Foreign Currency	Exchange Rate	Functional Currency (In Thousands)	Carrying Amount
Financial liabilities				
Monetary items				
USD	$ 7,760	30.710 (USD:NTD)	$ 238,315	$ 238,315
Non-monetary items				
Derivative instruments				
RMB	79,800	4.4094 (RMB:NTD)	3,012	$ 3,012

December 31, 2021

	Foreign Currency	Exchange Rate	Functional Currency (In Thousands)	Carrying Amount
Financial assets				
Monetary items				
USD	$ 19,289	27.680 (USD:NTD)	$ 533,912	$ 533,912
RMB	154,676	4.3415 (RMB:NTD)	671,524	671,524
EUR	60	31.320 (EUR:NTD)	1,869	1,869
				$ 1,207,305
Non-monetary items				
Investments accounted for using the equity method				
USD	197,232	27.680 (USD:NTD)	5,459,389	$ 5,459,389
Derivative instruments				
RMB	50,400	4.3415 (RMB:NTD)	393	$ 393
Financial liabilities				
Monetary items				
USD	9,752	27.680 (USD:NTD)	269,926	$ 269,926
JPY	153	0.2405 (JPY:NTD)	37	37
				$ 269,963
Non-monetary items				
Derivative instruments				
RMB	87,800	4.3415 (RMB:NTD)	860	$ 860

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange (losses) gains were $45,056 thousand and ($2,699) thousand, respectively. It is impractical to disclose net foreign exchange (losses) gains by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Company.

31. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions：

1) Financing provided to others. (None)
2) Endorsements/guarantees provided. (None)
3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures). (Table 1)
4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital. (Table 2)
5) Acquisitions of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital. (None)

6) Disposals of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital. (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 3)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 4)

9) Trading in derivative instruments: Note 7.

b. Information about investees. (Table 5)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 6)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Table 7)

(a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.

(b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.

(c) The amount of property transactions and the amount of the resultant gains or losses.

(d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.

(e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds.

(f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

d. Information about substantial shareholders: Names of shareholders with a holding ratio of 5% or more and the amount and proportion of shares held. (Table 8)

Besides Tables 1 to 8 as disclosed, there was no other information about significant transactions, investees and investments in mainland China which should be disclosed.

32. SEGMENT INFORMATION

According to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standard (IFRS) No. 8 on segment information does not apply to these parent company only financial statements.

TABLE 1

ASIA POLYMER CORPORATION

MARKETABLE SECURITIES HELD

DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi in Thousands, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	Ending Balance				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
ASIA POLYMER CORPORATION	Shares							
	Harbinger Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income - non-current	2,377	$ 16	1.20%	$ 16	
	KHL IB Venture Capital Co., Ltd.	-	-	9,954,950	135,288	11.90%	135,288	
	USI Corporation	Ultimate parent company	-	101,355,673	2,239,960	8.53%	2,239,960	
	CTCI Corporation	-	-	14,446,107	604,570	1.82%	604,570	
	AU Optronic Corporation	-	-	7,694,812	115,422	0.10%	115,422	
	Wafer Works Corporation	-	Financial assets at fair value through other comprehensive income - current	518,668	21,162	0.10%	21,162	
	Evergreen Marine Corp.	-	Financial assets at fair value through profit or loss - current	194,500	31,703	0.01%	31,703	
	TUNG HO STEEL ENTERPRISE CORP.	-	-	224,500	11,831	0.03%	11,831	
	China Steel Corporation	-	-	350,000	10,430	-	10,430	
	Quanta Storage Corporation	-	-	86,000	3,453	0.03%	3,453	
	UPC Technology Corporation	-	-	293,000	3,985	0.02%	3,985	
	Beneficiary securities							
	Cathay No. 1 Real Estate Investment Trust Fund	-	-	3,316,000	59,953	-	59,953	
	Beneficiary securities							
	Jih Sun Money Market Fund	-	-	9,317,246	140,418	-	140,418	
	Taishin 1699 Money Market Fund	-	-	726,470	10,000	-	10,000	
	Taishin Ta-Chong Money Market Fund	-	-	4,519,224	65,218	-	65,218	
	Cathay Taiwan Money Market Fund	-	-	792,927	10,006	-	10,006	
	Hua Nan Phoenix Money Market Fund	-	-	605,752	10,007	-	10,007	
	SinoPac TWD Money Market Fund	-	-	7,101,315	100,303	-	100,303	

(Continued)

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	Ending Balance				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
APC (BVI) Holding Co., Ltd.	Shares							
	Budworth Investment Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	40,467	$ 7	4.45%	$ 7	
	Silicon Technology Investment (Cayman) Corp. - preference shares	-	-	1,139,776	77,421	2.21%	77,421	
	NeuroSky, Inc. - series D preference shares	-	-	2,397,364	-	0.37%	-	(Note 1)
	Solargiga Energy Holdings Ltd.	-	-	15,863,333	17,179	0.48%	17,179	
	Teratech Corp.	-	-	112,000	-	0.67%	-	(Note 1)
	TGF Linux Communication, Inc. - preference shares	-	Financial assets at fair value through profit or loss - non-current	300,000	-	-	-	(Note 1)
	Sohoware, Inc. - preference shares	-	-	450,000	-	-	-	(Note 1)
	Boldworks, Inc. - preference shares	-	-	689,266	-	-	-	(Note 1)
APC Investment Co., Ltd.	Shares							
	USI Corporation	Ultimate parent company	Financial assets at fair value through profit or loss - current	44,808	990	-	990	
	Evergreen Marine Corp.	-	-	64,966	10,590	-	10,590	
	UPC Technology Corporation	-	-	116,000	1,578	0.01%	1,578	
	China Steel Corporation	-	-	175,000	5,215	-	5,215	
	TUNG HO STEEL ENTERPRISE CORP.	-	-	112,250	5,916	0.02%	5,916	
	Quanta Storage Corporation	-	-	36,000	1,445	0.01%	1,445	
	Beneficiary securities							
	Cathay Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,292,518	16,310	-	16,310	

Note 1. The carrying amount was zero due to the impairment loss recognized in prior years.

Note 2. Refer to Tables 5 and 6 for information about subsidiaries and associates.

TABLE 2

ASIA POLYMER CORPORATION

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi in Thousands, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance (Note)	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain on Disposal	Number of Shares	Amount
ASIA POLYMER CORPORATION	Fund													
	Capital Money Market Fund	Financial assets at fair value through profit or loss - current	–	–	-	$ -	19,930,656	$ 325,000	19,930,656	$ 325,350	$ 325,000	$ 350	-	$ -
	Jih Sun Money Market Fund	-	–	–	20,955,933	311,600	15,976,321	240,000	27,615,008	414,566	411,600	2,966	9,317,246	140,000
	Taishin Ta-Chong Money Market Fund	-	–	–	-	-	24,290,544	349,000	19,771,320	284,071	284,000	71	4,519,224	65,000

Note: The ending balance of beneficiary certificates is the original purchase cost.

TABLE 3

ASIA POLYMER CORPORATION

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

FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Counterparty	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		
			Purchase/Sale	Amount	% of Total	Credit period	Unit Price	Credit period	Financial Statement Account and Ending Balance		% of Total
ASIA POLYMER CORPORATION	USI Corporation	Ultimate parent company	Sales of goods	($ 1,436,470)	(14.94%)	60 days	No significant difference	No significant difference	Accounts receivable from related parties	$ 187,963	17.03%
-	USI Trading (Shanghai) Co., Ltd	Subsidiary	Sales of goods	(229,542)	(2.39%)	90 days	No significant difference	No significant difference	Accounts receivable from related parties	32,830	2.97%
-	USI Corporation	Ultimate parent company	Purchases of goods	252,526	5.29%	30 days	No significant difference	No significant difference	Accounts payable from related parties	(20,004)	(7.15%)
-	Fujian Gulei Petrochemical Co., Ltd.	Associate	Purchases of goods	698,591	14.64%	Letters of credit	No significant difference	No significant difference	—	-	-
USI Trading (Shanghai) Co., Ltd	USI Corporation	Ultimate parent company	Purchases of goods	156,508	3.28%	30 days	No significant difference	No significant difference	Accounts payable from related parties	(30,630)	(10.94%)

ASIA POLYMER CORPORATION

Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital

DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi in Thousands, Unless Stated Otherwise)

Company Name	Counterparty	Relationship	Ending Balance		Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 2)	Allowance for Loss
						Amount	Actions Taken		
ASIA POLYMER CORPORATION	USI Corporation	Ultimate parent company	Accounts receivable from related parties	$ 187,963	4.88%	$ -	-	$ 187,963	Note 1
			Other receivables from related parties	1,261		-	-	1,256	Note 1

Note 1. There is no allowance of loss after an impairment assessment.

Note 2. The subsequent period is between January 1 and March 3, 2023.

ASIA POLYMER CORPORATION

INFORMATION ON INVESTEES

FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi in Thousands, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of Investee	Share of Profits (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
ASIA POLYMER CORPORATION	APC (BVI) Holding Co., Ltd.	British Virgin Islands	Reinvestment	$ 423,024 (US$ 13,774,806)	$ 423,024 (US$ 13,774,806)	11,342,594	100.00%	$ 586,541	$ 14,072	$ 14,072	Subsidiary
	APC Investment Co., Ltd.	Taipei, Taiwan	Investment	200,000	200,000	20,000,000	100.00%	156,074	(12,287)	(12,287)	Subsidiary
	USI International Corp.	British Virgin Islands	Reinvestment	64,491 (US$ 2,100,000)	64,491 (US$ 2,100,000)	2,100,000	70.00%	69,338	97	68	Subsidiary
	China General Plastics Corporation	Taipei, Taiwan	Manufacture and marketing of PVC plastic cloth and three-time processed products	247,412	247,412	46,886,185	8.07%	762,280	(370,247)	(29,876)	Investments accounted for using the equity method
	China General Terminal & Distribution Corporation	Taipei, Taiwan	Warehousing and transportation of petro chemical raw materials	41,082	41,082	23,892,871	33.33%	355,611	29,772	9,924	Investments accounted for using the equity method
	Swanson Plastics Corporation	Taipei, Taiwan	Manufacture and marketing of stretch film, diaper film, embossed film, heavy-duty sacks	75,242	75,242	12,266,779	7.95%	205,730	(48,865)	(3,884)	Investments accounted for using the equity method
	Acme Electronics Corporation	Taipei, Taiwan	Manufacture and marketing of manganese-zinc and ferrite core	61,348	61,348	6,056,623	3.31%	45,599	16,348	541	Investments accounted for using the equity method
	Taiwan United Venture Capital Corp.	Taipei, Taiwan	Investment in high technology businesses	52,791	52,791	3,080,866	8.33%	22,114	1,961	163	Investments accounted for using the equity method
	USI Optronics Corporationd	Taipei, Taiwan	Manufacture and marketing of sapphire products	59,725	59,725	5,972,464	9.20%	6,155	(27,848)	(2,563)	Investments accounted for using the equity method
	Ever Conquest Global Ltd.	British Virgin Islands	Reinvestment	5,235,287 (US$ 170,475 thousand)	5,235,287 (US$ 170,475 thousand)	170,475,000	40.87%	3,526,546	(3,522,647)	(1,439,602)	Investments accounted for using the equity method
APC (BVI) Holding Co., Ltd.	ACME Electronics (Cayman) Corp.	British Virgin Islands	Reinvestment	161,071 (US$ 5,245 thousand)	161,071 (US$ 5,245 thousand)	8,316,450	16.64%	207,944	(5,961)	-	Investments accounted for using the equity method
	USI International Corp.	British Virgin Islands	Reinvestment	27,639 (US$ 900 thousand)	27,639 (US$ 900 thousand)	900,000	30.00%	29,716	97	-	Investments accounted for using the equity method
APC Investment Co., Ltd.	Acme Electronics Corporation	Taipei, Taiwan	Manufacture and marketing of manganese-zinc and ferrite core	14,889	14,889	1,884,548	1.03%	14,188	16,348	-	Investments accounted for using the equity method
	Swanson Technologies Corporation	Taipei, Taiwan	Manufacture and marketing of EVA film	22,500	22,500	2,250,015	15.00%	(330)	(31,248)	-	Investments accounted for using the equity method
Ever Conquest Global Ltd.	Ever Victory Global Ltd.	British Virgin Islands	Reinvestment	12,810,523 (US$ 417,145 thousand)	12,810,523 (US$ 417,145 thousand)	417,145,000	67.40%	8,629,306 (US$ 280,993 thousand)	(5,226,273) (US$ 174,699 thousand)	-	Ever Conquest Global Ltd. Investments accounted for using the equity method
Ever Victory Global Ltd.	Dynamic Ever Investments Ltd.	Hong Kong	Reinvestment	18,083,584 (US$ 588,850 thousand)	18,083,584 (US$ 588,850 thousand)	588,850,000	85.00%	11,869,309 (US$ 386,497 thousand)	(6,167,854) (US$ 206,156 thousand)	-	Ever Victory Global Ltd. Investments accounted for using the equity method

Note 1. Refer to Tables 6 for information about investee companies in mainland China.

TABLE 6

ASIA POLYMER CORPORATION

Information on investments in mainland China

FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi in Thousands, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 3)	Method and Medium of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of Investee (Note 3)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of December 31, 2022 (Note 4)	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outflow	Inflow						
ACME Electronics (Kunshan) Co., Ltd.	Manufacture and marketing of manganese-zinc soft ferrite core	$ 943,565 (US$ 30,725 thousand)	(2) ACME Electronics (Cayman) Corp.	$ 128,287 (US$ 4,177 thousand)	$ -	$ -	$ 128,287 (US$ 4,177 thousand)	B ($ 45,406)	16.64%	($ 7,557)	$ 132,135	$ -
USI Trading (Shanghai) Co., Ltd	Sale of chemical products and equipment	76,775 (US$ 2,500 thousand)	(2) APC (BVI) Holding Co., Ltd.	93,223 (US$ 3,036 thousand)	-	-	93,223 (US$ 3,036 thousand)	B 12,645	100.00%	12,645	150,782	-
Fujian Gulei Petrochemical Co., Ltd.	Manufacture of crude oil and petroleum products	41,070,915 (RMB$ 9,314,400 thousand)	(2) Dynamic Ever Investments Ltd., (Note 2)	4,848,583 (US$ 157,883 thousand)	-	-	4,848,583 (US$ 157,883 thousand)	A (12,297,060)	11.71%	(1,439,881)	2,951,151	-
Zhangzhou USI Corporation	Sales of chemical products	44,094 (RMB$ 10,000 thousand)	(2) APC (BVI) Holding Co., Ltd.	- -	13,643 (RMB$ 3,000 thousand)	- -	13,643 (RMB$ 3,000 thousand)	A (3,038)	30.00%	(911)	12,323	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$ 5,231,762 (Note 5) (US$ 170,360 thousand)	$ 6,873,992 (US$ 223,836 thousand)	$ - - (Note 6)

Note 1. Investments are divided into three categories as follows:

(1) Direct investment in mainland China.

(2) Investments through a holding company registered in a third region (Please specify the investment company in the third region).

(3) Others.

Note 2. The Company reinvested in 50% of the outstanding shares of Gulei via Ever Conquest Global Limited (40.87%), then via Ever Victory Global Ltd. (67.40%), and finally via Dynamic Ever Investments Ltd. (85.00%).

Note 3. For the column of investment gain (loss):

(1) If there is no investment gain (loss) during the preparation, it should be noted.

(2) If the basis for the recognition of investment gain (loss) is classified into the following three type, it should be noted as follows:

A. Financial statements audited by international accounting firms which have a cooperation relationship with an accounting firm in the Republic of China.

B. Financial statements audited by the parent company's CPA.

C. Others.

Note 4. The calculation was based on the exchange rate as at December 31, 2022.

Note 5. The investment in China is indirectly invested by Silicon Technology Investment (Cayman) Corp.(STIC) and Solargiga Energy Holdings Ltd., both are invested by APC(BVI)Holding Co. Ltd., a subsidiary 100% held by the Company.

Note 6. As the Company has obtained the certificate of qualification for operating headquarters issued by the Industrial Development Bureau, MOEA in Order No. 11120425760 on August 23, 2022, the upper limit on investments in mainland China pursuant to the "Principle of Investment or Technical Cooperation in Mainland China" is not applicable.

TABLE 7

ASIA POLYMER CORPORATION

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

FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, U.S. Dollars and Renminbi in Thousands, Unless Stated Otherwise)

Investee Company	Transaction Type	Amount	%	Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
					Payment Terms	Comparison with Normal Transactions	Amount	%		
USI Trading (Shanghai) Co., Ltd	Sales of goods	$ 229,542	2.39%	No significant difference	T/T 90 days	No significant difference	$ 32,830	2.97%	$ -	—
Fujian Gulei Petrochemical Co., Ltd.	Purchases of goods	698,591	14.64%	No significant difference	Letters of credit	No significant difference	-	-	-	—

TABLE 8

ASIA POLYMER CORPORATION

INFORMATION ABOUT SUBSTANTIAL SHAREHOLDERS

DECEMBER 31, 2022

Name of substantial shareholders	Shares	
	Number of shares held	%
Union Polymer Int'l Investment Corp.	214,245,822	36.08%

Note: The information of major shareholders in this attachment refers to the information calculated by Nordic CSD on the last business day at the end of the current quarter of which the total number of common stocks and special stocks of the Company held, amounting to more than 5%, by the shareholder has been delivered without physical registration (including treasury shares). The capital stock recorded in the consolidated financial statements of the Company and the actual number of shares delivered without physical registration may be different or discrepant due to different compilation and calculation basis.