

Notice to Readers:

The consolidated financial statement (Chinese version) of our company is reviewed by the CPA Cheng-Chun Chiu and CPA Pi-Yu Chuang of Deloitte Taiwan. For the convenience of reading, the statement has been translated from Chinese to English. If there is any difference regarding the context or interpretation in the English version, the Chinese version shall prevail.

**ASIA POLYMER CORPORATION AND
SUBSIDIARIES**

**Consolidated Financial Statements and Independent
Auditors' Review Report
Q1, 2023 and 2022**

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INDEPENDENT AUDITORS' REVIEW REPORT

To Asia Polymer Corporation:

Preface

We have reviewed the accompanying consolidated financial statements of Asia Polymer Corporation and its subsidiaries (the Group), which comprise the consolidated balance sheets as of March 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows from January 1 to March 31, 2023 and 2022, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). It is the responsibility of management to prepare the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting", which have been endorsed by the Financial Supervisory Commission and are effective for issuance.

Scope

We have conducted our review in accordance with Statement of Auditing Standards No. 2410, "Review of Financial Statements," except for the basis of our qualified opinion. The procedures performed in reviewing the consolidated financial statements include inquiries (primarily of persons responsible for financial and accounting matters), analytical procedures and other review procedures. A review is significantly less in scope than an audit and, accordingly, we may not be able to discern all significant matters that could be identified by an audit and, accordingly, we cannot express an audit opinion.

The Basis for the Qualified Conclusion

As stated in Notes 12 and 13 to the consolidated financial statements, the financial statements of the non-significant subsidiaries and certain investments accounted for under the equity method included in the preceding consolidated financial statements for the same period have not been reviewed by the accountants, and their total assets and the balance of investments accounted for under the equity method amounted to NT\$4,710,862 thousand and NT\$6,263,728 thousand as of

March 31, 2023 and 2022, respectively, representing 28% and 34% of the consolidated total assets, respectively; the total liabilities amounted to NT\$38,717 thousand and NT\$40,866 thousand, representing 2% and 1% of the total consolidated liabilities, respectively; the above unreviewed non-significant subsidiaries accounted for NT\$45,392 thousand and NT\$30,478 thousand, or 10% and 9% of the consolidated total profit or loss from January 1 to March 31, 2023 and 2022, respectively; and for the above unreviewed portion of investments accounted for by the equity method, a total consolidated gain or loss of NT\$(310,857) thousand and NT\$(262,403) thousand is recognized from January 1 to March 31, 2023 and 2022, respectively, representing (67%) and (78%) of the total consolidated gain or loss, respectively. The information related to the investees mentioned in the notes to the consolidated financial statements is based on the investees' unreviewed financial statements for the same period.

Qualified Conclusion

Based on our review, we are not aware of any material modifications that might have been made to the consolidated financial statements had we reviewed the financial statements of the immaterial subsidiaries and certain investments accounted for using the equity method, as described in the Basis for Qualified Conclusions, that are not in accordance, in all material respects, with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 as endorsed by the Financial Supervisory Commission and issued in effect. As a result, the consolidated financial statements of Asia Polymer Corporation and its subsidiaries as of March 31, 2023 and 2022, and the consolidated financial performance and consolidated cash flows as of March 31, 2023 and 2022 are not fairly stated.

Deloitte & Touche

CPA Chiu, Cheng-chun

CPA Chuang, Pi-Yu

Financial Supervisory Commission,
Approval No. 0930160267

Financial Supervisory Commission,
Approval No. 1070323246

May 3, 2023

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ASIA POLYMER CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

March 31, 2023 and December 31 and March 31, 2022

(In Thousands of New Taiwan Dollars)

Code	ASSETS	March 31, 2023 (reviewed)		December 31, 2022 (audited)		March 31, 2022 (reviewed)	
		Amount	%	Amount	%	Amount	%
	CURRENT ASSETS						
1100	Cash and cash equivalents (Note 6)	\$ 1,405,462	9	\$ 1,481,970	9	\$ 808,865	4
1110	Financial assets at fair value through profit and loss - current (Note 7)	1,050,675	6	499,776	3	1,353,830	7
1120	Financial assets at fair value through other comprehensive income - current (Note 8)	25,156	-	21,162	-	35,736	-
1170	Accounts receivable from unrelated parties (Notes 10 and 23)	406,231	3	868,078	5	763,806	4
1180	Accounts receivable from related parties (Notes 10, 23 and 29)	152,226	1	202,757	1	220,203	1
1200	Other receivables from unrelated parties	1,516	-	950	-	5,209	-
1210	Other receivables from related parties (Note 29)	2,150	-	3,602	-	1,489	-
1310	Inventories (Note 11)	549,081	3	540,844	4	457,066	3
1410	Prepayments	199,318	1	165,484	1	157,538	1
1470	Other current assets	110	-	110	-	110	-
11XX	Total current assets	<u>3,791,925</u>	<u>23</u>	<u>3,784,733</u>	<u>23</u>	<u>3,803,852</u>	<u>20</u>
	NON-CURRENT ASSETS						
1517	Financial assets at fair value through other comprehensive income - non-current (Note 8)	3,663,300	22	3,189,863	19	4,149,106	22
1535	Financial assets at amortized cost - non-current (Note 9)	3,845	-	8,350	-	14,577	-
1550	Investments accounted for using the equity method (Notes 13 and 30)	4,906,003	29	5,158,490	32	6,609,197	36
1600	Property, plant and equipment (Note 14)	3,385,996	20	3,363,478	21	3,381,079	18
1755	Right-of-use assets (Note 15)	10,231	-	10,451	-	7,999	-
1760	Investment properties (Note 16)	507,783	3	510,955	3	512,497	3
1840	Deferred tax assets (Notes 4 and 25)	415,633	3	356,127	2	116,729	1
1990	Other non-current assets	5,960	-	7,622	-	12,174	-
15XX	Total non-current assets	<u>12,898,751</u>	<u>77</u>	<u>12,605,336</u>	<u>77</u>	<u>14,803,358</u>	<u>80</u>
1XXX	TOTAL ASSETS	<u>\$ 16,690,676</u>	<u>100</u>	<u>\$ 16,390,069</u>	<u>100</u>	<u>\$ 18,607,210</u>	<u>100</u>
	LIABILITIES AND EQUITY						
	CURRENT LIABILITIES						
2100	Short-term borrowings (Note 17)	\$ 120,000	1	\$ 120,000	1	\$ -	-
2120	Financial liabilities at fair value through profit or loss - current (Note 7)	949	-	3,012	-	7,308	-
2170	Accounts payable (Note 18)	235,650	2	257,607	2	272,937	1
2180	Accounts payable to related parties (Notes 18 and 29)	47,457	-	53,653	-	30,690	-
2200	Other payables (Note 19)	173,115	1	219,889	1	135,378	1
2220	Other payables to related parties (Note 29)	6,336	-	178,903	1	99,539	1
2230	Current tax liabilities (Notes 4 and 25)	705,588	4	656,238	4	758,368	4
2280	Lease liabilities - current (Note 15)	6,524	-	6,524	-	6,022	-
2365	Refund liabilities - current (Note 20)	5,899	-	5,899	-	5,899	-
2399	Other current liabilities (Note 23)	28,760	-	48,384	-	128,017	1
21XX	Total current liabilities	<u>1,330,278</u>	<u>8</u>	<u>1,550,109</u>	<u>9</u>	<u>1,444,158</u>	<u>8</u>
	NON-CURRENT LIABILITIES						
2540	Long-term borrowings (Note 17)	520,370	3	450,636	3	1,170,215	6
2570	Deferred tax liabilities (Notes 4 and 25)	30,629	-	29,667	-	35,339	-
2580	Lease liabilities - non-current (Note 15)	15,900	-	17,709	-	19,791	-
2640	Net defined benefit liabilities - non-current (Notes 4 and 21)	106,367	1	112,106	1	127,421	1
2650	Credit balance of investments accounted for using the equity method (Note 13)	1,731	-	330	-	-	-
2670	Other non-current liabilities	13,191	-	12,554	-	13,697	-
25XX	Total non-current liabilities	<u>688,188</u>	<u>4</u>	<u>623,002</u>	<u>4</u>	<u>1,366,463</u>	<u>7</u>
2XXX	Total liabilities	<u>2,018,466</u>	<u>12</u>	<u>2,173,111</u>	<u>13</u>	<u>2,810,621</u>	<u>15</u>
	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 8, 22 and 25)						
	Share Capital						
3110	Ordinary shares	<u>5,937,438</u>	<u>36</u>	<u>5,937,438</u>	<u>36</u>	<u>5,937,438</u>	<u>32</u>
3200	Capital Surplus	<u>36,271</u>	<u>-</u>	<u>37,142</u>	<u>-</u>	<u>35,319</u>	<u>-</u>
	Retained Earnings						
3310	Legal Reserve	2,223,200	13	2,223,200	14	1,906,008	10
3320	Special Reserve	565,379	3	565,379	3	565,379	3
3350	Unappropriated Earnings	<u>4,479,541</u>	<u>27</u>	<u>4,511,018</u>	<u>28</u>	<u>5,370,179</u>	<u>29</u>
3300	Total retained earnings	<u>7,268,120</u>	<u>43</u>	<u>7,299,597</u>	<u>45</u>	<u>7,841,566</u>	<u>42</u>
3400	Other equity	<u>1,430,381</u>	<u>9</u>	<u>942,781</u>	<u>6</u>	<u>1,982,266</u>	<u>11</u>
3XXX	Total equity	<u>14,672,210</u>	<u>88</u>	<u>14,216,958</u>	<u>87</u>	<u>15,796,589</u>	<u>85</u>
	TOTAL LIABILITIES AND EQUITY	<u>\$ 16,690,676</u>	<u>100</u>	<u>\$ 16,390,069</u>	<u>100</u>	<u>\$ 18,607,210</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the review report issued by Deloitte & Touche on May 3, 2023)

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ASIA POLYMER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

From January 1 to March 31, 2023 and 2022

(Reviewed only, not audited in accordance with auditing standards)

(In Thousands of New Taiwan Dollars, Except Earnings (Losses) Per Share)

Code		From January 1 to March 31, 2023		From January 1 to March 31, 2022	
		Amount	%	Amount	%
4100	NET REVENUE (Notes 23 and 29)	\$ 1,569,177	100	\$ 2,141,616	100
5110	OPERATING COSTS (Notes 11, 21, 24 and 29)	<u>1,256,455</u>	<u>80</u>	<u>1,584,910</u>	<u>74</u>
5900	GROSS PROFIT	<u>312,722</u>	<u>20</u>	<u>556,706</u>	<u>26</u>
	OPERATING EXPENSES (Notes 21, 24 and 29)				
6100	Selling and marketing expenses	26,373	2	51,171	2
6200	General and administrative expenses	31,638	2	37,423	2
6300	Research and development expenses	<u>1,560</u>	<u>-</u>	<u>1,616</u>	<u>-</u>
6000	Total operating expenses	<u>59,571</u>	<u>4</u>	<u>90,210</u>	<u>4</u>
6900	PROFIT FROM OPERATIONS	<u>253,151</u>	<u>16</u>	<u>466,496</u>	<u>22</u>
	NON-OPERATING INCOME AND EXPENSES (Notes 13, 24 and 29)				
7100	Interest income	3,805	-	872	-
7010	Other income	19,906	1	21,316	1
7020	Other gains and losses	(7,713)	-	13,426	1
7510	Interest expense	(2,241)	-	(3,131)	-
7060	Share of profit or loss of associates	(<u>300,265</u>)	(<u>19</u>)	(<u>225,486</u>)	(<u>11</u>)
7000	Total non-operating income and expenses	(<u>286,508</u>)	(<u>18</u>)	(<u>193,003</u>)	(<u>9</u>)
7900	Net (loss) income before income tax	(33,357)	(2)	273,493	13
7950	Income tax expense (profit) (Notes 4 and 25)	(<u>8,230</u>)	<u>-</u>	<u>42,673</u>	<u>2</u>
8200	Net (loss) income for the period	(<u>25,127</u>)	(<u>2</u>)	<u>230,820</u>	<u>11</u>
	Other comprehensive income or loss for the period (Notes 4, 13, 22 and 25)				
	Items that will not be reclassified subsequently to profit or loss:				

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<u>Code</u>		From January 1 to March 31, 2023		From January 1 to March 31, 2022	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	\$ 478,225	30	(\$ 69,587)	(3)
8330	Share of the other comprehensive income (loss) of associates accounted for using the equity method	(320)	-	394	-
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	(754)	-	(1,169)	-
8310	Items that may be reclassified subsequently to profit or loss:	<u>477,151</u>	<u>30</u>	<u>(70,362)</u>	<u>(3)</u>
8361	Exchange Differences on Translating the Financial Statements of Foreign Operations	11,377	1	201,457	9
8370	Share of the other comprehensive income (loss) of associates accounted for using the equity method	1,348	-	12,916	1
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	(2,276)	-	(40,291)	(2)
8360		<u>10,449</u>	<u>1</u>	<u>174,082</u>	<u>8</u>
8300	Other comprehensive income (loss) for the period, net of income tax	<u>487,600</u>	<u>31</u>	<u>103,720</u>	<u>5</u>
8500	Total comprehensive (loss) income for the period	<u>\$ 462,473</u>	<u>29</u>	<u>\$ 334,540</u>	<u>16</u>
	(Losses) earnings per share (Note 26)				
9710	Basic	(\$ 0.04)		\$ 0.39	
9810	Diluted	(\$ 0.04)		\$ 0.39	

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ASIA POLYMER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
From January 1 to March 31, 2023 and 2022
(Reviewed only, not audited in accordance with auditing standards)
(In Thousands of New Taiwan Dollars)

		EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 8, 22 and 25)							Other equity	
		Share Capital		Retained Earnings			Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Reviewed Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
Code		Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve				
A1	BALANCE AS OF JANUARY 1, 2022	593,743	\$ 5,937,438	\$ 35,319	\$ 1,906,008	\$ 565,379	\$ 5,139,359	(\$ 239,960)	\$ 2,118,506	\$15,462,049
D1	Net Profit from January 1 to March 31, 2022	-	-	-	-	-	230,820	-	-	230,820
D3	Other comprehensive income (loss) after tax for the period from January 1 to March 31, 2022, net of income tax	-	-	-	-	-	-	174,082	(70,362)	103,720
D5	Total comprehensive income (loss) from January 1 to March 31, 2022	-	-	-	-	-	230,820	174,082	(70,362)	334,540
Z1	Balance as of March 31, 2022	<u>593,743</u>	<u>\$ 5,937,438</u>	<u>\$ 35,319</u>	<u>\$ 1,906,008</u>	<u>\$ 565,379</u>	<u>\$ 5,370,179</u>	<u>(\$ 65,878)</u>	<u>\$ 2,048,144</u>	<u>\$15,796,589</u>
A1	Balance as of January 1, 2023	593,743	\$ 5,937,438	\$ 37,142	\$ 2,223,200	\$ 565,379	\$ 4,511,018	(\$ 109,403)	\$ 1,052,184	\$14,216,958
C7	Changes in capital surplus from investments in associates accounted for using the equity method	-	-	(871)	-	-	(6,350)	-	-	(7,221)
D1	Net loss from January 1 to March 31, 2023	-	-	-	-	-	(25,127)	-	-	(25,127)
D3	Other comprehensive income (loss) from January 1 to March 31, 2023, net of income tax	-	-	-	-	-	-	10,449	477,151	487,600
D5	Total comprehensive income (loss) from January 1 to March 31, 2023	-	-	-	-	-	(25,127)	10,449	477,151	462,473
Z1	Balance as of March 31, 2023	<u>593,743</u>	<u>\$ 5,937,438</u>	<u>\$ 36,271</u>	<u>\$ 2,223,200</u>	<u>\$ 565,379</u>	<u>\$ 4,479,541</u>	<u>(\$ 98,954)</u>	<u>\$ 1,529,335</u>	<u>\$14,672,210</u>

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ASIA POLYMER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
From January 1 to March 31, 2023 and 2022
(Reviewed only, not audited in accordance with auditing standards)
(In Thousands of New Taiwan Dollars)

Code		From January 1 to March 31, 2023	From January 1 to March 31, 2022
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Net (loss) income before tax for the period	(\$ 33,357)	\$ 273,493
A20010	Adjustments for:		
A20100	Depreciation expenses	77,721	75,349
A20200	Amortization expenses	106	-
A20400	Net (gain) loss on fair value change of financial assets at fair value through profit or loss	(1,438)	17,957
A20900	Interest expense	2,241	3,131
A21200	Interest income	(3,805)	(872)
A21300	Dividend income	(4,700)	(4,523)
A22300	Share of profit or loss of associates	300,265	225,486
A23700	Reversal of write-down of inventories	(224)	(447)
A24100	Net gain on foreign currency exchange	(1,276)	(18,662)
A30000	Changes in operating assets and liabilities		
A31115	Financial assets mandatorily classified as at fair value through profit or loss	(551,524)	(246,625)
A31150	Accounts receivable from unrelated parties	462,723	248,683
A31160	Accounts receivable from related parties	50,764	208,675
A31180	Other receivables from unrelated parties	-	17,516
A31190	Other receivables from related parties	1,452	340
A31200	Inventories	(8,017)	127,467
A31230	Prepayments	(33,834)	(8,807)
A32150	Accounts payable from unrelated parties	(21,762)	50,955
A32160	Accounts payable from related parties	(6,196)	(48,707)
A32180	Other payables from unrelated parties	(38,057)	(103,179)
A32190	Other payables from related parties	(172,563)	(108,091)
A32230	Other current liabilities	(19,624)	99,831
A32240	Net defined benefit liabilities - non- current	(<u>5,739</u>)	(<u>7,584</u>)
A33000	Cash generated from operations	(6,844)	801,386
A33100	Interest received	3,655	537
A33300	Interest paid	(\$ 2,229)	(\$ 3,425)
A33500	Income tax paid	(3,994)	1,837

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Code		From January 1 to March 31, 2023	From January 1 to March 31, 2022
AAAA	Net cash inflow (outflow) generated from operating activities	(<u>9,412</u>)	<u>800,335</u>
	CASH FLOWS FROM INVESTING ACTIVITIES		
B01800	Acquisition of associates	(39,528)	-
B02700	Payments for property, plant and equipment	(101,096)	(61,085)
B03700	Increase in refundable deposits	-	(3)
B04500	Acquisition of intangible assets	(106)	-
B05400	Acquisition of investment property	-	(1,330)
B07600	Dividends received	4,284	-
B09900	Decrease in other non-current assets	<u>1,662</u>	<u>3,355</u>
BBBB	Net cash used in investing activities	(<u>134,784</u>)	(<u>59,063</u>)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase in short-term borrowings	-	(500,000)
C01600	Proceeds from long-term borrowings	70,000	1,200,000
C01700	Repayments of long-term borrowings	-	(1,400,000)
C04020	Repayment of the principal portion of lease liabilities	(1,809)	(1,482)
C04300	Decrease in other non-current liabilities	(255)	(3,841)
C04500	Dividends paid to owners of the Company	(<u>12</u>)	(<u>177</u>)
CCCC	Net cash inflow (outflow) from financing activities	<u>67,924</u>	(<u>705,500</u>)
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(<u>236</u>)	<u>9,157</u>
EEEE	NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(76,508)	44,929
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>1,481,970</u>	<u>763,936</u>
E00200	CASH AND CASH EQUIVALENTS AT THE ENDING OF THE PERIOD	<u>\$ 1,405,462</u>	<u>\$ 808,865</u>

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(Please refer to the review report issued by Deloitte & Touche on May 3, 2023)

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ASIA POLYMER CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

From January 1 to March 31, 2023 and 2022

(Reviewed only, not audited in accordance with auditing standards)

(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), and ethylene vinyl acetate copolymer (EVA).

The ordinary shares of the Company have been listed on the Taiwan Stock Exchange. As of March 31, 2023, 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 consolidated financial statements of the Company and its subsidiaries, collectively referred to as the “Group”, are presented in the Company’s functional currency.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved and issued by the Board of Directors on May 3, 2023.

3. APPLICATION OF NEW, AMENDED 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 application of the revised IFRSs approved by the FSC and issued into effect will not result in significant changes in the accounting policies of the Group.

b. IFRSs issued by the IASB but not yet endorsed by the FSC and issued effective

<u>New Releases / Amendments / Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined
Amendment 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
Amendment to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendment 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 consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of above standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and ISA 34 Interim Financial Reporting as endorsed and issued into effect by the FSC. The consolidated financial statements do not include all IFRSs disclosures required by the entire annual financial report.

b. Basis of preparation

The consolidated 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 the present value of the defined benefit obligation less the fair value of plan assets.

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

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

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

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

See Note 12 and Tables 5 to 6 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

d. Other significant accounting policies

Except as noted below, please refer to the summary of significant accounting policies in the consolidated financial statements for the year ended December 31, 2022.

1) Defined benefits - Post-employment benefits

Pension cost for the interim period is calculated using the actuarially determined pension cost rate as of the prior year-end, based on the beginning of the year to the end of the current period, which is adjusted for significant market fluctuations, significant plan amendments, liquidations or other significant one-time events during the period.

2) Income tax expense

Income tax expense represents the sum of the tax currently payables and deferred tax. Income taxes for interim periods are evaluated on an annual basis, and the pre-tax benefit for the period is calculated using the tax rate applicable to the expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Please refer to the description of significant accounting judgments, estimates and key sources of assumption uncertainty in the consolidated financial statements for 2022.

6. Cash and cash equivalents

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Cash on hand and petty cash	\$ 231	\$ 267	\$ 321
Checking accounts and demand deposits	197,786	229,330	261,146
Cash equivalents			
Time deposits	345,942	678,091	447,460
Reverse repurchase agreements collateralized by bonds	<u>861,503</u>	<u>574,282</u>	<u>99,938</u>
	<u>\$ 1,405,462</u>	<u>\$ 1,481,970</u>	<u>\$ 808,865</u>

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Time deposits	1.20%~5.02%	0.88%~4.90%	0.20%~2.00%
Reverse repurchase agreements collateralized by bonds	1.26%~1.45%	1.15%~1.40%	0.36%~0.53%

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Financial assets - current</u>			
Financial assets mandatorily classified as at FVTPL			
Derivative instruments (not under hedge accounting)			
- Foreign exchange forward contracts	<u>\$ 156</u>	<u>\$ 425</u>	<u>\$ -</u>
Non-derivative financial assets			
- Domestic listed shares	57,478	87,136	252,646
- Mutual funds	926,313	352,262	1,037,550
- Beneficiary securities	<u>66,728</u>	<u>59,953</u>	<u>63,634</u>
Subtotal	<u>1,050,519</u>	<u>499,351</u>	<u>1,353,830</u>
	<u>\$ 1,050,675</u>	<u>\$ 499,776</u>	<u>\$ 1,353,830</u>

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	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Financial liabilities - current</u>			
Held for trading			
Derivative instruments (not under hedge accounting)			
- Foreign exchange forward contracts	\$ <u>949</u>	\$ <u>3,012</u>	\$ <u>7,308</u>

The Group had a gain of NT\$2,133 thousand and a loss of NT\$9,798 thousand on financial assets and liabilities at fair value through profit or loss from January 1 to March 31, 2023 and 2022, respectively.

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

March 31, 2023

	<u>Currency</u>	<u>Maturity Date</u>	<u>Notional Amount (NTD thousand)</u>
Sell	RMB/NTD	From April 6, 2023 to June 29, 2023	CNY41,200/NTD181,732

December 31, 2022

	<u>Currency</u>	<u>Maturity Date</u>	<u>Notional Amount (NTD thousand)</u>
Sell	RMB/NTD	From January 19, 2023 to March 30, 2023	RMB101,500/NTD444,614

March 31, 2022

	<u>Currency</u>	<u>Maturity Date</u>	<u>Notional Amount (NTD thousand)</u>
Sell	RMB/NTD	From April 12, 2022 to June 13, 2022	RMB59,300/NTD259,252

The Group 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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Current</u>			
Domestic investments			
Listed shares	\$ <u>25,156</u>	\$ <u>21,162</u>	\$ <u>35,736</u>
<u>Non-current</u>			
Domestic investments			
Listed shares	\$ 3,432,801	\$ 2,959,952	\$ 3,911,311
Unlisted shares	<u>132,915</u>	<u>135,304</u>	<u>142,290</u>
Subtotal	<u>3,565,716</u>	<u>3,095,256</u>	<u>4,053,601</u>
Foreign investments			
Listed shares	16,614	17,179	22,328
Unlisted ordinary shares	6	7	8
Unlisted preferred shares	<u>80,964</u>	<u>77,421</u>	<u>73,169</u>
Subtotal	<u>97,584</u>	<u>94,607</u>	<u>95,505</u>
	<u>\$ 3,663,300</u>	<u>\$ 3,189,863</u>	<u>\$ 4,149,106</u>

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 Group's strategy of holding these investments for long-term purposes.

9. Financial assets at amortized cost

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Non-current</u>			
Restricted bank deposits	\$ <u>3,845</u>	\$ <u>8,350</u>	\$ <u>14,577</u>

The restricted bank deposits represent the repatriation of earnings of USI International Corp. and have been approved by the Ministry of Economic Affairs for the application of the Regulations Governing the Repatriation of Foreign Funds to the Investment Industry.

10. Accounts receivable from unrelated parties

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Accounts receivable from unrelated parties</u>			
At amortized cost			
Gross carrying amount	\$ 408,231	\$ 870,078	\$ 765,806
Less: Allowance for impairment loss	(<u>2,000</u>)	(<u>2,000</u>)	(<u>2,000</u>)
	<u>\$ 406,231</u>	<u>\$ 868,078</u>	<u>\$ 763,806</u>
 Accounts receivables from related parties (Note 29)	 <u>\$ 152,226</u>	 <u>\$ 202,757</u>	 <u>\$ 220,203</u>

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 Group 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 Group 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 Group's credit risk was significantly reduced.

The Group applies the simplified approach to providing for expected credit losses 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 Group's provision matrix:

March 31, 2023

	<u>Not Past Due</u>	<u>1 to 60 Days</u>	<u>61 to 90 Days</u>	<u>Total</u>
Gross carrying amount	\$ 560,457	\$ -	\$ -	\$ 560,457
Loss allowance (Lifetime ECL)	(<u>2,000</u>)	-	-	(<u>2,000</u>)
Amortized cost	<u>\$ 558,457</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 558,457</u>

December 31, 2022

	<u>Not Past Due</u>	<u>1 to 60 Days</u>	<u>61 to 90 Days</u>	<u>Total</u>
Gross carrying amount	\$1,072,835	\$ -	\$ -	\$1,072,835
Loss allowance (Lifetime ECL)	(2,000)	-	-	(2,000)
Amortized cost	<u>\$1,070,835</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,070,835</u>

March 31, 2022

	<u>Not Past Due</u>	<u>1 to 60 Days</u>	<u>61 to 90 Days</u>	<u>Total</u>
Gross carrying amount	\$ 986,009	\$ -	\$ -	\$ 986,009
Loss allowance (Lifetime ECL)	(2,000)	-	-	(2,000)
Amortized cost	<u>\$ 984,009</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 984,009</u>

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

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

	<u>From January 1 to March 31, 2023</u>	<u>From January 1 to March 31, 2022</u>
Beginning Balance	\$ 2,000	\$ 2,000
Add: Impairment loss charged to current period	-	-
Ending Balance	<u>\$ 2,000</u>	<u>\$ 2,000</u>

11. Inventories

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Finished goods	\$ 388,477	\$ 355,705	\$ 187,579
Work in progress	29,737	23,814	38,944
Raw materials	67,545	101,313	170,639
Production supplies	<u>63,322</u>	<u>60,012</u>	<u>59,904</u>
	<u>\$ 549,081</u>	<u>\$ 540,844</u>	<u>\$ 457,066</u>

The cost of goods sold from January 1 to March 31, 2023 and 2022 included a gain of NT\$224 thousand and a gain of NT\$447 thousand from the recovery of inventory decline and slack. The reversals of write-downs resulted from increased selling prices in certain markets.

12. Subsidiary

Subsidiaries included in the consolidated financial statements

The entities included in the consolidated financial statements:

Investor Company	Name of Subsidiary	Nature of Activities	% of Ownership			Remark
			March 31, 2023	December 31, 2022	March 31, 2022	
The Company	APC Investment Corporation (APCI)	Investment	100.00%	100.00%	100.00%	1
The Company	APC (BVI) Holding Co., Ltd. (APC (BVI))	Reinvestment	100.00%	100.00%	100.00%	1
The Company	USI International Corp. (USIIC)	Reinvestment	70.00%	70.00%	70.00%	1
APC (BVI)	USI International Corp. (USIIC)	Reinvestment	30.00%	30.00%	30.00%	1
APC (BVI)	USI Trading (Shanghai) Co., Ltd (USITA)	Sales of chemical products and equipment	100.00%	100.00%	100.00%	1

Note:

- 1) Asia Polymer Investment Corporation, APC (BVI), USIIC and USITA are not material subsidiaries and their financial statements have not been reviewed by an auditor.

13. Investments accounted for using the equity method

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Material associates</u>			
Ever Conquest Global Ltd.	\$ 3,235,422	\$ 3,526,546	\$ 4,763,943
<u>Associates that are not individually material</u>			
<u>Listed company</u>			
China General Plastics Corporation (CGPC)	780,963	762,280	937,867
Acme Electronics Corporation (ACME)	89,232	59,787	60,537
<u>Unlisted company</u>			
China General Terminal & Distribution Corporation (CGTD)	353,653	355,611	378,341
ACME Electronics (Cayman) Corp. (ACME (Cayman))	203,330	207,944	213,882

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	March 31, 2023	December 31, 2022	March 31, 2022
Swanson Plastics Corporation (SPC)	\$ 205,030	\$ 205,730	\$ 221,181
Taiwan United Venture Capital Corp. (TUVC)	21,877	22,114	22,393
USI Optronics Corporation (USIO)	5,637	6,155	7,465
Zhangzhou USI Trading Co., Ltd. (USI Zhangzhou)	10,859	12,323	-
Swanson Technologies Corporation	(<u>1,731</u>)	(<u>330</u>)	<u>3,588</u>
	4,904,272	5,158,160	6,609,197
Add: Credit balance of investments accounted for using the equity method			
Reclassification to liabilities	<u>1,731</u>	<u>330</u>	<u>-</u>
	<u>\$ 4,906,003</u>	<u>\$ 5,158,490</u>	<u>\$ 6,609,197</u>

a. Material associates

Name of Associate	Nature of Activities	Principal Place of Business	Proportion of Ownership and Voting Rights		
			March 31 2023	December 31 2022	March 31 2022
Ever Conquest Global Ltd.	Reinvestment	British Virgin Islands	40.87%	40.87%	40.87%

The Group 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 Group for equity accounting purposes.

Ever Conquest Global Ltd.

	March 31, 2023	December 31, 2022	March 31, 2022
NON-CURRENT ASSETS	<u>\$ 7,916,938</u>	<u>\$ 8,629,306</u>	<u>\$ 11,657,164</u>
EQUITY	<u>\$ 7,916,938</u>	<u>\$ 8,629,306</u>	<u>\$ 11,657,164</u>
Proportion of the Group's ownership	40.87%	40.87%	40.87%
Equity attributable to the Group	<u>\$ 3,235,422</u>	<u>\$ 3,526,546</u>	<u>\$ 4,763,943</u>
Carrying amount of investment	<u>\$ 3,235,422</u>	<u>\$ 3,526,546</u>	<u>\$ 4,763,943</u>

	<u>From January 1 to March 31, 2023</u>	<u>From January 1 to March 31, 2022</u>
The Group's share of		
Net loss for the period	(\$ 304,513)	(\$ 267,048)
Other comprehensive loss	<u>13,389</u>	<u>179,784</u>
Total comprehensive income for the year	<u>(\$ 291,124)</u>	<u>(\$ 87,264)</u>

b. Aggregate information of associates that are not individually material

	<u>From January 1 to March 31, 2023</u>	<u>From January 1 to March 31, 2022</u>
The Group's share of		
Net profit for the period	\$ 4,248	\$ 41,562
Other comprehensive loss	<u>2,557</u>	<u>13,339</u>
Total comprehensive income for the year	<u>\$ 6,805</u>	<u>\$ 54,901</u>

The group's ownership interest and percentage of voting right in associate at the end of the reporting period were as follows: Proportion of Ownership and Voting Rights:

<u>Name of Associate</u>	December 31,		
	<u>March 31, 2023</u>	<u>2022</u>	<u>March 31, 2022</u>
CGPC	8.07%	8.07%	8.07%
ACME	4.66%	4.34%	4.34%
CGTD	33.33%	33.33%	33.33%
ACME (Cayman)	16.64%	16.64%	16.64%
SPC	7.95%	7.95%	7.95%
TUVC	8.33%	8.33%	8.33%
Swanson Technologies Corporation	15.00%	15.00%	15.00%
USIO	9.20%	9.20%	9.20%
USI Zhangzhou	30.00%	30.00%	-

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 Group did not subscribe for the cash capital increase of ACME in proportion to its shareholding, resulting in the increase of shareholding from 4.34% to 4.66%, with the base date of capital increase on January 16, 2023.

The Group's percentage of ownership over CGPC, ACME, ACME (Cayman), SPC, TUVC, Swanson Technologies Corporation, and USIO was less than 20%. These associates were accounted for using the equity method, as the Group 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 the signing of the original joint venture agreement, the total amount to be invested by the joint venture company in Gulei Company has increased due to the increase in capital requirements of the investment plan, and some of the counterparties to the original agreement or commitment are unable to perform 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 Group, and the original joint venture agreement was terminated at the same time; and on December 18, 2019, the joint venture agreement was re-signed and new counterparties, Fubon Financial Holding Venture Capital Co. and Hongfu Investment Co., Ltd were added to the agreement.

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 to invest 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 March 31, 2023, DOR PO 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 Group and USI Corporation through joint venture has invested in the joint venture through a holding company registered in a third region. As of March 31, 2023, the Group 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 Group through the joint venture and the Hong Kong Group.

In order to meet the business needs, the Group's Board of Directors has resolved on August 12, 2020 to establish a joint venture sales company in Fujian Province 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.

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 Associate	March 31, 2023	December 31, 2022	March 31, 2022
CGPC	<u>\$ 1,233,107</u>	<u>\$ 1,237,795</u>	<u>\$ 1,641,016</u>
ACME	<u>\$ 268,271</u>	<u>\$ 190,191</u>	<u>\$ 319,632</u>

The calculation of the equity in earnings and other comprehensive income shares of investments and consolidated companies using the equity method is based on unreviewed financial statements for the same period, except for CGPC, ACME and ACME (Cayman), which are based on reviewed financial statements for the same period. The rest is based on the unreviewed financial statements for the same period.

14. Property, plant and equipment

	Freehold Land	Buildings and improvements	Machinery and equipment	Transportation equipment	Other equipment	Construction in Progress and Prepayments for Equipment	Total
<u>Cost</u>							
Balance as of January 1, 2023	\$ 228,229	\$ 779,756	\$ 6,499,542	\$ 10,030	\$ 88,838	\$ 792,988	\$ 8,399,383
Additions	-	-	21,493	-	-	75,985	97,478
Internal transfer	-	-	15,695	-	1,851	(17,546)	-
Effect of foreign currency exchange differences	-	-	-	5	(14)	-	(9)
Balance as of March 31, 2023	<u>\$ 228,229</u>	<u>\$ 779,756</u>	<u>\$ 6,536,730</u>	<u>\$ 10,035</u>	<u>\$ 90,675</u>	<u>\$ 851,427</u>	<u>\$ 8,496,852</u>
<u>Accumulated depreciation and impairment</u>							
Balance as of January 1, 2023	\$ -	\$ 343,539	\$ 4,600,641	\$ 8,165	\$ 83,560	\$ -	\$ 5,035,905
Depreciation expenses	-	4,787	69,331	132	712	-	74,962
Effect of foreign currency exchange differences	-	-	-	5	(16)	-	(11)
Balance as of March 31, 2023	<u>\$ -</u>	<u>\$ 348,326</u>	<u>\$ 4,669,972</u>	<u>\$ 8,302</u>	<u>\$ 84,256</u>	<u>\$ -</u>	<u>\$ 5,110,856</u>
Net amount as of March 31, 2023	<u>\$ 228,229</u>	<u>\$ 431,430</u>	<u>\$ 1,866,758</u>	<u>\$ 1,733</u>	<u>\$ 6,419</u>	<u>\$ 851,427</u>	<u>\$ 3,385,996</u>
<u>Cost</u>							
BALANCE AS OF JANUARY 1, 2022	\$ 228,229	\$ 778,815	\$ 6,433,849	\$ 9,661	\$ 88,138	\$ 618,748	\$ 8,157,440
Additions	-	-	7,541	-	-	69,701	77,242
Disposals	-	-	-	-	(45)	-	(45)
Internal transfer	-	-	24,866	-	542	(25,408)	-
Effect of foreign currency exchange differences	-	-	-	40	87	-	127
Balance as of March 31, 2022	<u>\$ 228,229</u>	<u>\$ 778,815</u>	<u>\$ 6,466,256</u>	<u>\$ 9,701</u>	<u>\$ 88,722</u>	<u>\$ 663,041</u>	<u>\$ 8,234,764</u>
<u>Accumulated depreciation and impairment</u>							
BALANCE AS OF JANUARY 1, 2022	\$ -	\$ 323,757	\$ 4,366,644	\$ 9,282	\$ 81,167	\$ -	\$ 4,780,850
Depreciation expenses	-	4,944	67,032	95	694	-	72,765
Disposals	-	-	-	-	(45)	-	(45)
Effect of foreign currency exchange differences	-	-	-	29	86	-	115
Balance as of March 31, 2022	<u>\$ -</u>	<u>\$ 328,701</u>	<u>\$ 4,433,676</u>	<u>\$ 9,406</u>	<u>\$ 81,902</u>	<u>\$ -</u>	<u>\$ 4,853,685</u>
Net amount as of March 31, 2022	<u>\$ 228,229</u>	<u>\$ 450,114</u>	<u>\$ 2,032,580</u>	<u>\$ 295</u>	<u>\$ 6,820</u>	<u>\$ 663,041</u>	<u>\$ 3,381,079</u>

No impairment loss was recognized or reversed from January 1 and March 31, 2023 and 2022.

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
Main buildings 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
Transportation and 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 - 33 -Board of Directors of the Group 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 March 31, 2023, the Group has made construction payment of \$690,139 thousand, which was booked under the construction in progress.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Carrying amounts of right-to-use assets			
Land	\$ 10,044	\$ 10,213	\$ 7,607
Transportation equipment	<u>187</u>	<u>238</u>	<u>392</u>
	<u>\$ 10,231</u>	<u>\$ 10,451</u>	<u>\$ 7,999</u>
		<u>From January 1 to March 31, 2023</u>	<u>From January 1 to March 31, 2022</u>
Depreciation charge for right-of-use assets			
Land		\$ 169	\$ 93
Transportation equipment		<u>51</u>	<u>51</u>
		<u>\$ 220</u>	<u>\$ 144</u>

Except for the depreciation expense recognized above, there was no significant sublease or impairment of the Group's right-of-use assets from January 1 to March 31, 2023 and 2022.

In addition, the Group has been subleasing its leasehold office spaces located in Taipei to other companies under operating leases. The related right-of-use assets are presented as investment properties (as set out in Note 16). The amounts disclosed above with respect to the right-of-use assets do not include the right-of-use assets that meet the definition of investment properties.

b. Lease liabilities

Range of discount rate for lease liabilities was as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Land	1.06%	1.06%	1.06%
Transportation equipment	1.06%	1.06%	1.06%
Buildings	1.06%	1.06%	1.06%

c. Other lease information

	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Expenses relating to short-term leases	<u>\$ 1,054</u>	<u>\$ 909</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 122</u>	<u>\$ 160</u>
Total cash outflow for leases	<u>(\$ 3,047)</u>	<u>(\$ 2,622)</u>

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

16. Investment properties

	<u>Land</u>	<u>Buildings and improvements</u>	<u>Right-of-use assets</u>	<u>Total</u>
<u>Cost</u>				
Balance as of January 1, 2023	\$ 370,202	\$ 262,807	\$ 34,585	\$ 667,594
Effect of foreign currency exchange differences	-	(1,102)	-	(1,102)
Balance as of March 31, 2023	<u>\$ 370,202</u>	<u>\$ 261,705</u>	<u>\$ 34,585</u>	<u>\$ 666,492</u>
<u>Accumulated depreciation</u>				
Balance as of January 1, 2023	\$ -	\$ 134,797	\$ 21,842	\$ 156,639
Depreciation expenses	-	1,173	1,366	2,539
Effect of foreign currency exchange differences	-	(469)	-	(469)
Balance as of March 31, 2023	<u>\$ -</u>	<u>\$ 135,501</u>	<u>\$ 23,208</u>	<u>\$ 158,709</u>
Net amount as of March 31, 2023	<u>\$ 370,202</u>	<u>\$ 126,204</u>	<u>\$ 11,377</u>	<u>\$ 507,783</u>
<u>Cost</u>				
BALANCE AS OF JANUARY 1, 2022	\$ 370,202	\$ 247,758	\$ 34,585	\$ 652,545
Additions	-	1,330	-	1,330
Effect of foreign currency exchange differences	-	3,993	-	3,993
Balance as of March 31, 2022	<u>\$ 370,202</u>	<u>\$ 253,081</u>	<u>\$ 34,585</u>	<u>\$ 657,868</u>
<u>Accumulated depreciation</u>				
BALANCE AS OF JANUARY 1, 2022	\$ -	\$ 124,906	\$ 16,381	\$ 141,287
Depreciation expenses	-	1,075	1,365	2,440
Effect of foreign currency exchange differences	-	1,644	-	1,644
Balance as of March 31, 2022	<u>\$ -</u>	<u>\$ 127,625</u>	<u>\$ 17,746</u>	<u>\$ 145,371</u>
Net amount as of March 31, 2022	<u>\$ 370,202</u>	<u>\$ 125,456</u>	<u>\$ 16,839</u>	<u>\$ 512,497</u>

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 from January 1 to March 31, 2023 and 2022 was as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Year 1	\$ 22,590	\$ 15,344	\$ 34,537
Year 2	11,435	13,749	22,616
Year 3	3,889	4,375	16,371
Year 4	3,889	3,889	3,889
Year 5	<u>-</u>	<u>972</u>	<u>3,889</u>
	<u>\$ 41,803</u>	<u>\$ 38,329</u>	<u>\$ 81,302</u>

There was no significant disposal or impairment of the Group's investment properties from January 1 to March 31, 2023 and 2022. The investment properties held by the Group 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 fair value of the remaining investment property - land (excluding those located in the Lin-Yuan Industrial Park), buildings and improvements - has not been evaluated by independent appraisers and is only measured by the management of the Group using a valuation model commonly used by market participants with Level 3 inputs, which is based on the transaction prices of similar real estate in the neighboring lots. The fair value of the right-of-use assets is evaluated at the net expected rental income less all expected benefit payments, plus the amount of the related lease liabilities recognized.

The fair values of the proceeds as of March 31, 2023 and December 31 and March 31, 2022, are as follows

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Fair Value	<u>\$ 2,099,955</u>	<u>\$ 1,943,595</u>	<u>\$ 1,911,159</u>

17. Borrowings

- a. Short-term borrowings (March 31, 2022: None)

	<u>March 31, 2023</u>	<u>December 31, 2022</u>
<u>Unsecured borrowings</u>		
Bank loans	<u>\$ 120,000</u>	<u>\$ 120,000</u>

The interest rates on revolving bank loans ranged from 1.40% to 1.93% and 1.12% to 1.65% as of March 31, 2023 and December 31, 2022, respectively.

- b. Long-term borrowings

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Unsecured borrowings	<u>\$ 520,370</u>	<u>\$ 450,636</u>	<u>\$ 1,170,215</u>
Range of interest rates	1.05%	0.925%	0.30%-0.80%

The Group entered into medium- and long-term credit agreements with banks for medium- and long-term working capital. The total amount of each credit line is NT\$6,000,000 thousand, which will expire before December 2025, and the total amount will be recycled during the effective period of the agreements. Unused as of March 31, 2023.

The Group obtained a low-interest bank loan of NT\$1,419,000 thousand under the "Taiwan Enterprise Accelerated Investment Program". The difference between the loan and the repayment discount rate was recognized and measured based on the market interest rate and was treated as a government subsidy, and NT\$525,000 thousand was utilized as of March 31, 2023.

The current ratio and gearing ratio of some of the Group's borrowing contracts are not lower than certain ratios, and if there is any discrepancy, the Group is required to report improvement measures to the bank. As of March 31, 2023, the Company did not violate these financial ratios and terms.

18. Accounts payable (including related parties)

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

19. Other payables from unrelated parties

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Payables for equipment	\$ 59,712	\$ 8,858	\$ 9,721
Payables for salaries or bonuses	43,285	125,161	49,433
Payables for utilities	26,806	38,737	23,693
Payables for dividends	7,048	7,057	5,951
Payables for freight fees	6,585	9,887	16,214
Payables for insurance	4,826	2,118	2,073
Others	<u>24,853</u>	<u>28,071</u>	<u>28,293</u>
	<u>\$ 173,115</u>	<u>\$ 219,889</u>	<u>\$ 135,378</u>

20. Refund liabilities - current

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Customer returns and rebates	<u>\$ 5,899</u>	<u>\$ 5,899</u>	<u>\$ 5,899</u>

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

21. RETIREMENT BENEFIT PLANS

Pension expense related to defined benefit plans recognized from January 1 to March 31, 2023 and 2022 was recognized in each period using the actuarially determined pension cost rates as of December 31, 2022 and 2021, respectively, as follows:

	<u>From January 1 to March 31, 2023</u>	<u>From January 1 to March 31, 2022</u>
Operating costs	\$ 737	\$ 612
Selling and marketing expenses	62	46
General and administrative expenses	6	18
R&D expenses	<u>15</u>	<u>11</u>
	<u>\$ 820</u>	<u>\$ 687</u>

22. EQUITY

a. Ordinary shares

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Number of shares authorized (In Thousands)	<u>620,000</u>	<u>620,000</u>	<u>620,000</u>
Shares authorized	<u>\$ 6,200,000</u>	<u>\$ 6,200,000</u>	<u>\$ 6,200,000</u>
Number of shares issued and fully paid (In Thousands)	<u>593,743</u>	<u>593,743</u>	<u>593,743</u>
Shares issued	<u>\$ 5,937,438</u>	<u>\$ 5,937,438</u>	<u>\$ 5,937,438</u>

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

b. Capital Surplus

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Unpaid dividends	\$ 25,720	\$ 25,720	\$ 24,226
Share of changes in capital surplus of associates	<u>10,551</u>	<u>11,422</u>	<u>11,093</u>
	<u>\$ 36,271</u>	<u>\$ 37,142</u>	<u>\$ 35,319</u>

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 24 (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.

At the Board of Directors' Meeting held on March 3, 2023 and the Annual Shareholders' Meeting held on May 27, 2022, the Company proposed and resolved the following distribution of earnings for 2022 and 2021, respectively:

	<u>2022</u>	<u>2021</u>
Legal Reserve	<u>\$ 147,008</u>	<u>\$ 317,192</u>
Cash dividends	<u>\$ 712,493</u>	<u>\$ 1,781,232</u>
Cash dividends per share (NT\$)	\$ 1.2	\$ 3

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

	<u>From January 1 to March 31, 2023</u>	<u>From January 1 to March 31, 2022</u>
Beginning Balance	<u>(\$ 109,403)</u>	<u>(\$ 239,960)</u>
Generated for the period		
Exchange Differences on Translating the Financial Statements of Foreign Operations	11,377	201,457
Share of exchange differences of associates accounted for using the equity method	1,348	12,916
Related income tax	<u>(2,276)</u>	<u>(40,291)</u>
Other comprehensive loss for the period	<u>10,449</u>	<u>174,082</u>
Ending Balance	<u>(\$ 98,954)</u>	<u>(\$ 65,878)</u>

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

	<u>From January 1 to March 31, 2023</u>	<u>From January 1 to March 31, 2022</u>
Beginning Balance	<u>\$ 1,052,184</u>	<u>\$ 2,118,506</u>
Generated for the period		
Unrealized (Gain) Loss		
Equity Instruments	478,225	(69,587)
Share from associates accounted for using the equity method	(320)	394
Related income tax	(754)	(1,169)
Other comprehensive loss for the period	<u>477,151</u>	<u>(70,362)</u>
Ending Balance	<u>\$ 1,529,335</u>	<u>\$ 2,048,144</u>

23. REVENUE

a. Revenue from contracts with customers

	<u>From January 1 to March 31, 2023</u>	<u>From January 1 to March 31, 2022</u>
Revenue from contracts with customers		
Revenue from sale of goods	<u>\$ 1,569,177</u>	<u>\$ 2,141,616</u>

b. Contract balances

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>	<u>January 1, 2022</u>
Accounts receivable from unrelated parties	<u>\$ 558,457</u>	<u>\$ 1,070,835</u>	<u>\$ 984,009</u>	<u>\$ 1,419,309</u>
Contractual liabilities (included in other current liabilities)	<u>\$ 27,621</u>	<u>\$ 47,067</u>	<u>\$ 121,806</u>	<u>\$ 24,988</u>

24. Net (loss) income for the period

a. Interest income

	<u>From January 1 to March 31, 2023</u>	<u>From January 1 to March 31, 2022</u>
Interest income		
Bank deposits	\$ 2,129	\$ 840
Reverse repurchase agreements collateralized by bonds	<u>1,676</u>	<u>32</u>
	<u>\$ 3,805</u>	<u>\$ 872</u>

b. Other income

	<u>From January 1 to March 31, 2023</u>	<u>From January 1 to March 31, 2022</u>
Lease income	\$ 12,176	\$ 14,619
Dividend income		
Financial assets as at FVTPL	416	4,523
Investments in equity instruments at FVTOCI	4,284	-
Others	<u>3,030</u>	<u>2,174</u>
	<u>\$ 19,906</u>	<u>\$ 21,316</u>

c. Other gains and losses

	<u>From January 1 to March 31, 2023</u>	<u>From January 1 to March 31, 2022</u>
Fair value changes of financial assets and financial liabilities		
Financial assets as at FVTPL	\$ 3,650	(\$ 1,386)
Financial liabilities held for trading	(1,933)	(12,935)
Net foreign exchange (losses) gains	(5,472)	32,194
Others	<u>(3,958)</u>	<u>(4,447)</u>
	<u>(\$ 7,713)</u>	<u>\$ 13,426</u>

d. Interest expense

	<u>From January 1 to March 31, 2023</u>	<u>From January 1 to March 31, 2022</u>
Interest on bank loans	\$ 2,179	\$ 3,060
Interest on lease liabilities	<u>62</u>	<u>71</u>
	<u>\$ 2,241</u>	<u>\$ 3,131</u>

The Group did not capitalize interest for the period from January 1 to March 31, 2023 and 2022.

e. Depreciation and amortization

	<u>From January 1 to March 31, 2023</u>	<u>From January 1 to March 31, 2022</u>
Property, plant and equipment	\$ 74,962	\$ 72,765
Investment properties	2,539	2,440
Right-of-use assets	220	144
Intangible assets	<u>106</u>	<u>-</u>
Total	<u>\$ 77,827</u>	<u>\$ 75,349</u>
An analysis of depreciation by function		
Operating costs	\$ 75,092	\$ 72,833
Operating expenses	90	76
Other gains and losses	<u>2,539</u>	<u>2,440</u>
	<u>\$ 77,721</u>	<u>\$ 75,349</u>
An analysis of amortization by function		
General and administrative expenses	<u>\$ 106</u>	<u>\$ -</u>

f. Employee benefits expense

	<u>From January 1 to March 31, 2023</u>	<u>From January 1 to March 31, 2022</u>
Post-employment benefits (Note 21)		
Defined contribution plans	\$ 2,235	\$ 1,921
Defined benefit plans	<u>820</u>	<u>687</u>
	3,055	2,608
Other employee benefits	<u>96,658</u>	<u>99,928</u>
Total employee benefits expense	<u>\$ 99,713</u>	<u>\$ 102,536</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 86,214	\$ 89,546
Operating expenses	<u>13,499</u>	<u>12,990</u>
	<u>\$ 99,713</u>	<u>\$ 102,536</u>

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. Remuneration of employees and directors are not estimated for the period from January 1 to March 31, 2023 due to losses. The estimated remuneration of employees and directors for the period from January 1 to March 31, 2022 is as follows:

Accrual rate

	<u>From January 1 to March 31, 2022</u>
	<u>Cash</u>
Employees' compensation	1%
Remuneration of directors	-

Amount

	<u>From January 1 to March 31, 2022</u>
Employees' compensation	<u>\$ 2,760</u>
Remuneration of directors	<u>\$ -</u>

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

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:

Amount

	<u>2022</u>	<u>2021</u>
	<u>Cash</u>	<u>Cash</u>
Employees' compensation	\$ 18,309	\$ 37,699
Remuneration of directors	-	-

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

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

	<u>From January 1 to March 31, 2023</u>	<u>From January 1 to March 31, 2022</u>
Foreign exchange gains	\$ 7,296	\$ 40,826
Foreign exchange losses	(12,768)	(8,632)
Net (losses) gains	<u>(\$ 5,472)</u>	<u>\$ 32,194</u>

25. Income tax

a. Income tax recognized in profit or loss

The major components of income tax (benefit) expense are as follows:

	<u>From January 1 to March 31, 2023</u>	<u>From January 1 to March 31, 2022</u>
<u>Current tax</u>		
In respect of the current period	\$ 53,343	\$ 94,996
Adjustments for prior years	<u>1</u>	<u>(3,670)</u>
	53,344	91,326
<u>Deferred income tax</u>		
In respect of the current period	<u>(61,574)</u>	<u>(48,653)</u>
Income tax (benefit) expense recognized in profit or loss	<u>(\$ 8,230)</u>	<u>\$ 42,673</u>

b. Income tax recognized in other comprehensive income

	<u>From January 1 to March 31, 2023</u>	<u>From January 1 to March 31, 2022</u>
<u>Deferred income tax</u>		
In respect of the period		
- Translation of foreign operations	\$ 2,276	\$ 40,291
- Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	<u>754</u>	<u>1,169</u>
Income tax expense recognized in other comprehensive income	<u>\$ 3,030</u>	<u>\$ 41,460</u>

a. Income tax assessments

The Company and ROC subsidiary's income tax returns through 2021, have been assessed by the tax authorities.

26. EARNINGS (LOSSES) PER SHARE

	<u>From January 1 to March 31, 2023</u>	<u>From January 1 to March 31, 2022</u>
Basic earnings (losses) per share	(<u>\$ 0.04</u>)	<u>\$ 0.39</u>
Diluted earnings per share		<u>\$ 0.39</u>

Unit: NT\$ Per Share

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

Net (loss) income for the period

	<u>From January 1 to March 31, 2023</u>	<u>From January 1 to March 31, 2022</u>
Net (loss) income for the purposes of basic and diluted (losses) earnings per share	(\$ <u>25,127</u>)	<u>\$ 230,820</u>

Unit: In thousand shares

	<u>From January 1 to March 31, 2023</u>	<u>From January 1 to March 31, 2022</u>
<u>Number of Shares</u>		
Weighted average number of ordinary shares in computation of basic earnings (losses) per share	<u>593,743</u>	593,743
Effect of potentially dilutive ordinary shares:		
Employees' compensation		<u>951</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share		<u>594,694</u>

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.

27. CAPITAL MANAGEMENT

The Group manages its capital to ensure that the Group 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 Group 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).

28. Financial instruments

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

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

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

1) Fair value hierarchy

March 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets as at</u>				
<u>FVTPL</u>				
Derivative instruments	\$ -	\$ 156	\$ -	\$ 156
Domestic listed shares	57,478	-	-	57,478
Mutual funds	926,313	-	-	926,313
Beneficiary securities	<u>66,728</u>	<u>-</u>	<u>-</u>	<u>66,728</u>
	<u>\$ 1,050,519</u>	<u>\$ 156</u>	<u>\$ -</u>	<u>\$ 1,050,675</u>
<u>Financial Assets at</u>				
<u>FVTOCI</u>				
Equity instruments				
Domestic listed shares	\$ 3,457,957	\$ -	\$ -	\$ 3,457,957
Foreign listed shares	16,614	-	-	16,614
Domestic unlisted shares	-	-	132,915	132,915
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>80,970</u>	<u>80,970</u>
	<u>\$ 3,474,571</u>	<u>\$ -</u>	<u>\$ 213,885</u>	<u>\$ 3,688,456</u>
<u>Financial liabilities held for trading</u>				
Derivative instruments	<u>\$ -</u>	<u>\$ 949</u>	<u>\$ -</u>	<u>\$ 949</u>

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets as at</u>				
<u>FVTPL</u>				
Derivative instruments	\$ -	\$ 425	\$ -	\$ 425
Domestic listed shares	87,136	-	-	87,136
Mutual funds	352,262	-	-	352,262
Beneficiary securities	<u>59,953</u>	<u>-</u>	<u>-</u>	<u>59,953</u>
	<u>\$ 499,351</u>	<u>\$ 425</u>	<u>\$ -</u>	<u>\$ 499,776</u>
<u>Financial Assets at</u>				
<u>FVTOCI</u>				
Equity instruments				
Domestic listed shares	\$ 2,981,114	\$ -	\$ -	\$ 2,981,114
Foreign listed shares	17,179	-	-	17,179
Domestic unlisted shares	-	-	135,304	135,304
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>77,428</u>	<u>77,428</u>
	<u>\$ 2,998,293</u>	<u>\$ -</u>	<u>\$ 212,732</u>	<u>\$ 3,211,025</u>
<u>Financial liabilities held for trading</u>				
Derivative instruments	<u>\$ -</u>	<u>\$ 3,012</u>	<u>\$ -</u>	<u>\$ 3,012</u>

March 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets as at</u>				
<u>FVTPL</u>				
Domestic listed shares	\$ 252,646	\$ -	\$ -	\$ 252,646
Mutual funds	1,037,550	-	-	1,037,550
Beneficiary securities	<u>63,634</u>	<u>-</u>	<u>-</u>	<u>63,634</u>
	<u>\$ 1,353,830</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,353,830</u>
 <u>Financial Assets at</u>				
<u>FVTOCI</u>				
Equity instruments				
Domestic listed shares	\$ 3,947,047	\$ -	\$ -	\$ 3,947,047
Foreign listed shares	22,328	-	-	22,328
Domestic unlisted shares	-	-	142,290	142,290
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>73,177</u>	<u>73,177</u>
	<u>\$ 3,969,375</u>	<u>\$ -</u>	<u>\$ 215,467</u>	<u>\$ 4,184,842</u>
 <u>Financial liabilities held for</u>				
<u>trading</u>				
Derivative instruments	<u>\$ -</u>	<u>\$ 7,308</u>	<u>\$ -</u>	<u>\$ 7,308</u>

There were no transfers between Levels 1 and 2 from January 1 to March 31, 2023 and 2022.

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

From January 1 to March 31, 2023

<u>Financial assets</u>	<u>Financial Assets at</u> <u>FVTOCI</u> <u>Equity Instruments</u>
Beginning Balance	\$ 212,732
Recognized in other comprehensive income (included in unrealized gain on financial assets at FVTOCI)	<u>1,153</u>
Ending Balance	<u>\$ 213,885</u>

From January 1 to March 31, 2022

<u>Financial assets</u>	<u>Financial Assets at</u> <u>FVTOCI</u> <u>Equity Instruments</u>
Beginning Balance	\$ 228,200
Recognized in other comprehensive income (included in unrealized gain on financial assets at FVTOCI)	<u>(12,733)</u>
Ending Balance	<u>\$ 215,467</u>

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

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivatives - foreign exchange forward contracts	Discounted cash flow method: 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 Group'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 company increases/decreases by 1%, it will increase/decrease the fair value by NT\$2,139 thousand from January 1 to March 31, 2023; and increase/decrease the fair value by NT\$2,155 thousand from January 1 to March 31, 2022.

c. Categories of financial instruments

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Financial assets</u>			
Financial liabilities at FVTPL			
Financial assets mandatorily classified as at FVTPL	\$ 1,050,675	\$ 499,776	\$ 1,353,830
Financial assets at amortized cost (Note 1)	1,973,617	2,567,894	1,816,339
Financial Assets at FVTOCI			
Equity instruments	3,688,456	3,211,025	4,184,842
<u>Financial liabilities</u>			
Financial liabilities at FVTPL			
Held for trading	949	3,012	7,308
Financial liabilities at amortized cost (Note 2)	1,060,975	1,159,311	1,663,169

Note 1. The balance consists of financial assets measured at amortized cost, including cash and cash equivalents, accounts receivable (including related parties) and other receivables (including related parties, excluding tax refund receivables) and refundable deposits.

Note 2. The balance consists of financial liabilities measured at amortized cost, including short-term borrowings, accounts payable (including related parties), other payables (including related parties, excluding payroll and tax payable), long-term borrowings and guarantee deposits.

d. Financial risk management objectives and policies

The Group's risk control and hedging strategy are influenced by its operational environment. The Group 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 Group'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 Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group 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 Group used the natural offset between foreign currency assets and liabilities and foreign exchange forward contracts on the net position. The Group 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 Group's policies approved by the board of directors. Compliance with policies and exposure limits was reviewed by internal auditors on a continuous basis. The Group did not enter into or trade foreign exchange forward contracts for speculative purposes.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities is set out in Note 31. See Note 7 for the carrying value of derivative instruments with additional exposure to foreign exchange rate risk.

Sensitivity analysis

The sensitivity analysis of foreign currency exchange rate risk is calculated for foreign currency monetary items (mainly USD and RMB items) as of the end of the financial reporting period. If the functional currency of the Group strengthens/weakens by 3% against USD, the Group's net loss before income tax will decrease/increase by NT\$8,891 thousand for the period from January 1 to March 31, 2023 and the net income before income tax will increase/decrease by NT\$10,158 thousand for the period from January 1 to March 31, 2022. If the functional currency of the Group strengthens/weakens by 3% against RMB, the Group's net loss before income tax will decrease/increase by NT\$7,988 thousand from January 1 to March 31, 2023 and the net income before income tax will increase/decrease by NT\$14,302 thousand from January 1 to March 31, 2022.

In management's opinion, this sensitivity analysis is unrepresentative of the Group'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 Group was exposed to fair value interest rate risk because the Group held financial assets and financial liabilities at fixed rates; the Group was exposed to cash flow interest rate risk because the Group held financial assets and financial liabilities at floating rates. The Group's management personnel monitors the changes in the market rates on a regular basis and adjusts the floating rate financial liabilities to make the Group's rates approach market rates in response to the risk caused by changing market rates.

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Fair value interest rate risk			
- Financial assets	\$ 1,211,290	\$ 1,260,723	\$ 540,975
- Financial liabilities	22,424	24,233	825,813
Cash flow interest rate risk			
- Financial assets	195,192	228,021	279,164
- Financial liabilities	640,370	570,636	370,215

Sensitivity analysis

The sensitivity analysis below was determined based on the Group'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. With all other variables are held constant, a 0.5% increase/decrease in market interest rates, financial assets and liabilities exposed to cash flow interest rate risk would increase/decrease the Group's net loss before income tax by NT\$556 thousand from January 1 to March 31, 2023 and increase/decrease the Group's net income before income tax by NT\$114 thousand from January 1 to March 31, 2022.

c) Other price risk

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

Sensitivity analysis

The sensitivity analysis below is based on the prices of marketable securities at the balance sheet date. However, among the financial assets measured at fair value through profit or loss of the Group's investments, money market funds are not included in the analysis because of their low risk of price fluctuations.

If the price of marketable securities increases/decreases by 5%, the net loss before income tax from January 1 to March 31, 2023 will decrease/increase by NT\$6,210 thousand due to the increase/decrease in fair value of financial assets at fair value through profit or loss (excluding investments in money market funds); and the net income before income tax from January 1 to March 31, 2022 will increase/decrease by NT\$15,814 thousand. Other comprehensive income before tax from January 1 to March 31, 2023 will increase/decrease by NT\$184,423 thousand and NT\$209,242 thousand due to the increase/decrease in fair value of financial assets measured at fair value through other comprehensive income.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, 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 Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

The Group 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 Group's credit risk is limited.

3) Liquidity risk

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

As such cash and cash equivalents are sufficient to finance the Group'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 Group'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 Group can be required to pay. The table includes both interest and principal cash flows.

March 31, 2023

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1 to 5 years	5+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities		\$ 415,056	\$ 9,388	\$ -
Lease liabilities	1.06%	6,730	9,388	7,337
Floating interest rate liabilities	1.15%	<u>123,931</u>	<u>533,118</u>	<u>-</u>
		<u>\$ 545,717</u>	<u>\$ 542,506</u>	<u>\$ 7,337</u>

December 31, 2022

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1 to 5 years	5+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities		\$ 582,830	\$ -	\$ -
Lease liabilities	1.06%	6,747	10,761	7,872
Floating interest rate liabilities	1.00%	<u>124,168</u>	<u>462,446</u>	<u>-</u>
		<u>\$ 713,745</u>	<u>\$ 473,207</u>	<u>\$ 7,872</u>

March 31, 2022

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1 to 5 years	5+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities		\$ 525,349	\$ -	\$ -
Lease liabilities	1.06%	6,266	14,417	6,331
Fixed interest rate liabilities	0.80%	6,400	808,400	-
Floating interest rate liabilities	0.30%	<u>1,125</u>	<u>379,789</u>	<u>-</u>
		<u>\$ 539,140</u>	<u>\$ 1,202,606</u>	<u>\$ 6,331</u>

b) Financing facilities

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Unsecured bank facilities			
Amount used	\$ 645,000	\$ 575,000	\$ 1,175,000
Amount unused	<u>11,104,000</u>	<u>11,534,000</u>	<u>8,857,125</u>
	<u>\$ 11,749,000</u>	<u>\$ 12,109,000</u>	<u>\$ 10,032,125</u>

29. 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 March 31, 2023 and December 31 and March 31, 2022.

Balances and transactions between the Company and its subsidiaries (which are related parties of the Company) have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

- a. Names and relationships of related parties with material transactions with the Company:

<u>Related Party Name</u>	<u>Relationship with the Company</u>
USI Corporation	Ultimate parent company
Union Polymer International Investment Corporation (UPIIC)	Parent entity
China General Plastics Corporation (CGPC)	Associate
China General Terminal & Distribution Corporation (CGTD)	Associate
Acme Electronics Corporation (ACME)	Associate
USI Optronics Corporation (USIO)	Associate
Swanson Plastics Corporation (SPC)	Associate
Swanson Plastics (Kunshan) Corporation	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 (CGT)	Associate
Dynamic Ever Investments Limited (DEIL)	Associate
Zhangzhou USI Trading Co., Ltd. (USI Zhangzhou)	Associate
Taita Chemical Company, Ltd (TTC)	Fellow subsidiary
Taiwan United Venture Management Corporation (TUVVM)	Fellow subsidiary
USI Management Consulting Corporation (UM)	Fellow subsidiary
USI Investment Co., Ltd. (USII)	Fellow subsidiary
INOMA Corporation (“INOMA”)	Fellow subsidiary
Chong Loong Trading Co., Ltd. (“CLT”)	Fellow subsidiary
USI (Hong Kong) USI (HK))	Fellow subsidiary
USI Education Foundation (USIF)	Essential related party

b. Sales of goods

Related Party Category/Name	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Ultimate parent company		
USI Corporation	\$ 207,333	\$ 317,065
Associate	11,472	5,453
Fellow subsidiary	<u>3,530</u>	<u>869</u>
	<u>\$ 222,335</u>	<u>\$ 323,387</u>

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

c. Purchases of goods

Related Party Category/Name	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Ultimate parent company		
USI Corporation	<u>\$ 67,946</u>	<u>\$ 77,671</u>
Associate		
Gulei Company	197,585	111,462
OTHERS	<u>11,491</u>	<u>8,113</u>
	<u>209,076</u>	<u>119,575</u>
	<u>\$ 277,022</u>	<u>\$ 197,246</u>

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

d. Administrative expense (under general and administrative expenses)

Related Party Category/Name	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Ultimate parent company		
USI Corporation	<u>\$ 2,139</u>	<u>\$ 2,089</u>
Fellow subsidiary		
UM	14,370	19,937
OTHERS	<u>-</u>	<u>125</u>
	<u>14,370</u>	<u>20,062</u>
	<u>\$ 16,509</u>	<u>\$ 22,151</u>

e. Lease arrangements – Group is lessee

Lease expense

<u>Related Party Category/Name</u>	<u>From January 1 to March 31, 2023</u>	<u>From January 1 to March 31, 2022</u>
Ultimate parent company		
USI Corporation	<u>\$ 599</u>	<u>\$ 625</u>

f. Lease arrangements – Group is lessor

Lease income

<u>Related Party Category</u>	<u>From January 1 to March 31, 2023</u>	<u>From January 1 to March 31, 2022</u>
Ultimate parent company		
USI Corporation	<u>\$ 815</u>	<u>\$ 881</u>
Parent entity		
Union Polymer	<u>6</u>	<u>10</u>
Associate		
TVCM	3,313	3,282
OTHERS	<u>1,716</u>	<u>1,463</u>
	<u>5,029</u>	<u>4,745</u>
Fellow subsidiary		
TTC	1,661	1,934
OTHERS	<u>691</u>	<u>666</u>
	<u>2,352</u>	<u>2,600</u>
	<u>\$ 8,202</u>	<u>\$ 8,236</u>

The previously indicated associates leased pipelines from the Group with lease terms of 1 years. 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. Public donation (under general and administrative expenses)

<u>Related Party Category/Name</u>	<u>From January 1 to March 31, 2023</u>	<u>From January 1 to March 31, 2022</u>
Essential related party		
USI Education Foundation	<u>\$ 5,000</u>	<u>\$ 5,000</u>

h. Management Service Revenue (under other income)

<u>Related Party Category/Name</u>	<u>From January 1 to March 31, 2023</u>	<u>From January 1 to March 31, 2022</u>
Associate	<u>\$ 860</u>	<u>\$ 552</u>

i. Investment Advisory Fee (under other gains and losses)

Related Party Category/Name	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Fellow subsidiary		
TUVM	<u>\$ 322</u>	<u>\$ 322</u>

j. Accounts receivable

Related Party Category/Name	March 31, 2023	December 31, 2022	March 31, 2022
Ultimate parent company			
USI Corporation	\$ 140,939	\$ 187,963	\$ 219,286
Associate	9,080	14,794	917
Fellow subsidiary	<u>2,207</u>	<u>-</u>	<u>-</u>
	<u>\$ 152,226</u>	<u>\$ 202,757</u>	<u>\$ 220,203</u>

k. Other receivables

Related Party Category/Name	March 31, 2023	December 31, 2022	March 31, 2022
Ultimate parent company			
USI Corporation	<u>\$ 102</u>	<u>\$ 1,319</u>	<u>\$ 168</u>
Associate			
CGPCP	207	582	-
CGTD	-	-	336
USI Zhangzhou	860	-	-
OTHERS	<u>318</u>	<u>635</u>	<u>-</u>
	<u>1,385</u>	<u>1,217</u>	<u>336</u>
Fellow subsidiary			
TTC	593	837	844
OTHERS	<u>70</u>	<u>229</u>	<u>141</u>
	<u>663</u>	<u>1,066</u>	<u>985</u>
	<u>\$ 2,150</u>	<u>\$ 3,602</u>	<u>\$ 1,489</u>

Other receivables - related parties mainly consisted of the difference in the price of ethylene purchased on behalf of the ultimate parent company and the amount of office space leased from the Company by the ultimate parent company and its related companies and subsidiaries.

l. Accounts payable

Related Party Category/Name	March 31, 2023	December 31, 2022	March 31, 2022
Ultimate parent company			
USI Corporation	\$ 44,801	\$ 50,634	\$ 27,982
Associate			
SPC	<u>2,656</u>	<u>3,019</u>	<u>2,708</u>
	<u>\$ 47,457</u>	<u>\$ 53,653</u>	<u>\$ 30,690</u>

m. Other payables

Related Party Category/Name	March 31, 2023	December 31, 2022	March 31, 2022
Ultimate parent company			
USI Corporation	<u>\$ 4,470</u>	<u>\$ 165,778</u>	<u>\$ 69,551</u>
Associate			
TVCM	1,125	8,000	27,500
OTHERS	<u>250</u>	<u>-</u>	<u>2,011</u>
	<u>1,375</u>	<u>8,000</u>	<u>29,511</u>
Fellow subsidiary	<u>491</u>	<u>5,125</u>	<u>477</u>
	<u>\$ 6,336</u>	<u>\$ 178,903</u>	<u>\$ 99,539</u>

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

n. Compensation and bonus of key management personnel

	From January 1 to March 31, 2023	From January 1 to March 31, 2022
Short-term employee benefits	<u>\$ 3,216</u>	<u>\$ 3,238</u>

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

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

a. Significant commitments

The amount available under unused letters of credit as of March 31, 2023 was NT\$420,000 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 Group 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. At the end of April 25, 2023, the provisionally attached property was worth \$10,866 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 compensation was \$384,000 thousand in total, which was paid in four annual payments 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 NT\$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 April 25, 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 litigation costs, CGTD had reached a settlement on the original claim of \$46,677 thousand, and the amount of the settlement was \$4,519 thousand. Along with the case which is still under the litigation process and the above-mentioned compensation, the accumulated amount of compensation is NT\$3,856,447 thousand. The first-instance judgments of some of the abovementioned civil cases (with a total amount of compensation of approximately NT\$1,470,793 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 NT\$401,979 thousand, of which CGTD was exempted to pay \$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 \$1,882,829 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.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information is expressed in aggregate in foreign currencies other than the functional currency of the Group, and the exchange rates disclosed refer to the exchange rates at which these foreign currencies were translated into the functional currency. significant assets and liabilities denominated in foreign currencies:

Units: Foreign currencies/carrying amounts in thousands of NT\$,
except for the exchange rate, which is in NT\$

March 31, 2023

	Foreign Currencies	Exchange Rate	Functional Currency	Carrying Amount
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 11,920	30.450(USD:NTD)	\$ 362,970	\$ 362,970
USD	373	6.8720(USD:RMB)	2,561	11,348
RMB	3,383	0.1455(RMB:USD)	492	14,981
RMB	56,882	4.4310(RMB:NTD)	252,043	252,043
EUR	2	33.150(EUR:NTD)	82	<u>82</u>
				<u>\$ 641,424</u>
<u>Non-monetary items</u>				
Investments				
accounted for using the equity method				
USD	106,254	30.450(USD:NTD)	3,235,422	\$ 3,235,422
RMB	2,451	0.1455(RMB:USD)	357	<u>10,859</u>
				<u>\$ 3,246,281</u>
Derivative instruments				
RMB	5,600	4.4310(RMB:NTD)	156	<u>\$ 156</u>
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	2,560	30.450(USD:NTD)	77,943	\$ 77,943
RMB	169	0.1455(RMB:USD)	25	761
EUR	23	33.150(EUR:NTD)	774	<u>774</u>
				<u>\$ 79,478</u>
<u>Non-monetary items</u>				
Derivative instruments				
RMB	35,600	4.4310(RMB:NTD)	949	<u>\$ 949</u>

December 31, 2022

	Foreign Currencies	Exchange Rate	Functional Currency	Carrying Amount
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 23,264	30.710(USD:NTD)	\$ 714,437	\$ 714,437
USD	368	6.9647(USD:RMB)	2,561	11,292
RMB	3,254	0.1436(RMB:USD)	467	14,342
RMB	149,703	4.4094(RMB:NTD)	660,099	<u>660,099</u>
				<u>\$ 1,400,170</u>
<u>Non-monetary items</u>				
Investments				
accounted for using				
the equity method				
USD	\$ 114,834	30.710(USD:NTD)	3,526,546	\$ 3,526,546
RMB	2,795	0.1436(RMB:USD)	401	<u>12,323</u>
				<u>\$ 3,538,869</u>
Derivative				
instruments				
RMB	21,700	4.4094(RMB:NTD)	425	<u>\$ 425</u>
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	7,760	30.710(USD:NTD)	238,315	\$ 238,315
RMB	29	0.1436(RMB:USD)	4	<u>129</u>
				<u>\$ 238,444</u>
<u>Non-monetary items</u>				
Derivative				
instruments				
RMB	79,800	4.4094(RMB:NTD)	3,012	<u>\$ 3,012</u>

March 31, 2022

	Foreign Currencies	Exchange Rate	Functional Currency	Carrying Amount
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 17,922	28.625(USD:NTD)	\$ 513,022	\$ 513,022
USD	351	6.3482(USD:RMB)	2,229	10,051
RMB	2,913	0.1575(RMB:USD)	459	13,139
RMB	102,948	4.5092(RMB:NTD)	464,213	464,213
EUR	16	31.920(EUR:NTD)	500	<u>500</u>
				<u>\$ 1,000,925</u>
<u>Non-monetary items</u>				
Investments				
accounted for using				
the equity method				
USD	166,426	28.625(USD:NTD)	4,763,943	<u>\$ 4,763,943</u>
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	6,444	28.625(USD:NTD)	184,464	\$ 184,464
JPY	774	0.2353(JPY:NTD)	182	182
RMB	141	0.1575(RMB:USD)	22	630
EUR	114	31.920(EUR:NTD)	3,638	<u>3,638</u>
				<u>\$ 188,914</u>
<u>Non-monetary items</u>				
Derivative				
instruments				
RMB	59,300	4.5092(RMB:NTD)	7,308	<u>\$ 7,308</u>

From January 1 to March 31, 2023 and 2022, realized and unrealized net foreign exchange (losses) gains were \$5,472 thousand and \$32,194 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

32. 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 (None).
 - 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 2)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 3)
 - 9) Trading in derivative instruments: Note 7.
 - 10) Other: Intercompany relationships and significant intercompany transactions. (Table 4)
- 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: (Note 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 on major shareholders: Name, amount and percentage of shares held by shareholders with 5% or more of the shares. (Table 8)

Besides Tables 1 to 7 as disclosed, there was no other information about significant transactions, investees and investments in mainland China which should be disclosed.

33. SEGMENT INFORMATION

Operating segments: According to IFRS 8 “Operating Segments”, the Group is a single operating segment that produces and sells petrochemical products, and therefore, there is no need to disclose the information of operating segments.

TABLE 1

ASIA POLYMER CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD AT THE END OF THE PERIOD

March 31, 2023

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	Ending				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
ASIA POLYMER CORPORATION	Shares							
	Harbinger Venture Capital Corp.	None	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	132,899	11.90%	132,899	
	USI Corporation	Ultimate parent company	"	101,355,673	2,685,925	8.53%	2,685,925	
	CTCI Corporation	None	"	14,446,107	605,292	1.82%	605,292	
	AU Optronics Corporation	"	"	7,694,812	141,584	0.10%	141,584	
	Wafer Works Corporation	"	Financial assets at fair value through other comprehensive income - current	518,668	25,156	0.10%	25,156	
	Hon Hai Precision Industry Co., Ltd.	"	Financial assets at fair value through profit or loss - current	100,000	10,400	-	10,400	
	Tung Ho Steel Enterprise Corp.	"	"	219,500	12,292	0.03%	12,292	
	China Steel Corporation	"	"	350,000	10,815	-	10,815	
	UPC Technology Corporation	"	"	293,000	4,219	0.02%	4,219	
	Beneficiary securities							
	Cathay No. 1 Real Estate Investment Trust Fund	"	"	3,800,000	66,728	-	66,728	
	Beneficiary securities							
	Jih Sun Money Market Fund	"	"	9,317,246	140,812	-	140,812	
	Taishin 1699 Money Market Fund	"	"	11,395,946	157,371	-	157,371	
	Taishin Ta-Chong Money Market Fund	"	"	16,967,999	245,619	-	245,619	
Yuanta De-Li Money Market Fund	"	"	3,016,264	50,119	-	50,119		
Fubon Chi-Hsiang Money Market Fund	"	"	9,102,494	145,241	-	145,241		
Cathay Taiwan Money Market Fund	"	"	792,927	10,033	-	10,033		
Hua Nan Phoenix Money Market Fund	"	"	605,752	10,037	-	10,037		
SinoPac TWD Money Market Fund	"	"	10,639,735	150,727	-	150,727		

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Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	Ending				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
APC (BVI) Holding Co., Ltd.	Shares							
	Budworth Investment Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	40,467	\$ 6	4.45%	\$ 6	
	Silicon Technology Investment (Cayman) Corp. - preference shares	"	"	1,139,776	80,964	2.21%	80,964	
	NeuroSky, Inc. - series D preference shares	"	"	2,397,364	-	0.37%	-	(Note 1)
	Solargiga Energy Holdings Ltd.	"	"	15,863,333	16,614	0.48%	16,614	
	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 Corporation	Shares							
	USI Corporation	Ultimate parent company	Financial assets at fair value through profit or loss - current	44,808	1,188	-	1,188	
	Hon Hai Precision Industry Co., Ltd.	None	"	50,000	5,200	-	5,200	
	UPC Technology Corporation	"	"	116,000	1,670	0.01%	1,670	
	China Steel Corporation	"	"	175,000	5,408	-	5,408	
	Tung Ho Steel Enterprise Corp.	"	"	112,250	6,286	0.02%	6,286	
Beneficiary securities								
Cathay Taiwan Money Market Fund	"	Financial assets at fair value through profit or loss - current	1,292,518	16,354	-	16,354		

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

Note 2. Refer to Tables 6 and 7 for information about subsidiaries and associates.

TABLE 2

ASIA POLYMER CORPORATION AND SUBSIDIARIES

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

From January 1 to March 31, 2023

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

Buyer/Seller	Related Party	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	(\$ 207,321)	(13.21%)	60 days	No significant difference	No significant difference	Accounts receivable from related parties	\$ 140,939	25.24%
"	Fujian Gulei Petrochemical Co., Ltd.	Associate	Purchases of goods	197,585	22.42%	Letters of credit	No significant difference	No significant difference	—	-	-

TABLE 3

ASIA POLYMER CORPORATION AND SUBSIDIARIES

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

March 31, 2023

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

Company Name	Related Party	Relationship	Balance of receivables from related parties		Turnover Rate	Overdue amounts from related parties		Amounts receivable from related parties Amount recovered after the period (Note 2)	Allowance Loss amount
						Amount	Actions Taken		
ASIA POLYMER CORPORATION	USI Corporation	Ultimate parent company	Accounts receivable from related parties	\$ 140,939	5.04%	\$ -	-	\$ 75,567	Note 1
ASIA POLYMER CORPORATION	USI Corporation	Ultimate parent company	Other receivables from related parties	89		-	-	89	Note 1

Note 1. An allowance for loss is not required.

Note 2. The subsequent period is between April 1 and May 3, 2023.

TABLE 4

ASIA POLYMER CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

From January 1 to March 31, 2023

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

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Item	Amount (Note 4)	Transaction Details	% of Total Sales or Assets (Note 3)
0	ASIA POLYMER CORPORATION	APC Investment Corporation	(1)	Non-operating income and expenses - rental income	\$ 36	No significant difference	-
0	ASIA POLYMER CORPORATION	USI Trading (Shanghai) Co., Ltd.	(1)	Accounts receivable from related parties	35,009	No significant difference	0.21%
				Commission expenses	156	No significant difference	0.01%
				Sales of goods	42,798	No significant difference	2.73%
				Other payables from related parties	165	No significant difference	-
1	USI International Corp.	USI Trading (Shanghai) Co., Ltd.	(3)	Other receivables from related parties	5,592	No significant difference	0.03%
				Other payables from related parties	749	No significant difference	-
				Non-operating income and expenses - rental income	337	No significant difference	0.02%
				Management service expenses	30	No significant difference	-

Note 1. The correlation between the numeral and the entity are stated as follows:

- (1) The Company: 0.
- (2) The subsidiaries: 1 onward.

Note 2. The direction of the investment is as follows:

- (1) The Company to the subsidiaries: 1.
- (2) The subsidiaries to the Company: 2.
- (3) Between subsidiaries: 3.

Note 3. The following numerals indicate the manner of ratio calculation of the respective transaction type: Asset or liability: The ratio was calculated based on the ending balance of total consolidated assets; Income or loss: The ratio was calculated based on the midterm accumulated amounts of total consolidated sales revenue.

Note 4. All intercompany transactions have been eliminated on consolidation.

TABLE 5

ASIA POLYMER CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES

From January 1 to March 31, 2023

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Holding at the ending of the period			Net Income (Loss) of Investee	Investment (loss) recognized in the period	Note
				Ending of current year	Ending of previous year	Number of Shares	%	Carrying Amount			
ASIA POLYMER CORPORATION	APC (BVI) Holding Co., Ltd.	British Virgin Islands	Reinvestment	\$ 419,443 (US\$13,774,806)	\$ 419,443 (US\$13,774,806)	11,342,594	100.00%	\$ 592,385	\$ 3,496	\$ 3,496	Subsidiary (Note 1)
	APC Investment Corporation	Taipei	Investment	200,000	200,000	20,000,000	100.00%	145,702	(499)	(499)	Subsidiary (Note 1)
	USI International Corp.	British Virgin Islands	Reinvestment	63,945 (US\$2,100,000)	63,945 (US\$2,100,000)	2,100,000	70.00%	68,466	(405)	(284)	Subsidiary (Note 1)
	China General Plastics Corporation	Taipei	Manufacture and marketing of PVC plastic cloth and three-time processed products	247,412	247,412	46,886,185	8.07%	780,963	232,350	18,749	Investments accounted for using the equity method
	China General Terminal & Distribution Corporation	Taipei	Warehousing and transportation of petrochemical raw materials	41,082	41,082	23,892,871	33.33%	353,653	(6,284)	(2,095)	Investments accounted for using the equity method
	Swanson Plastics Corporation	Taipei	Manufacture and marketing of stretch film, diaper film, embossed film, heavy-duty sacks	75,242	75,242	12,266,779	7.95%	205,030	(25,103)	(1,996)	Investments accounted for using the equity method
	Acme Electronics Corporation	Taipei	Manufacture and marketing of manganese-zinc and ferrite core	76,241	61,348	6,801,315	3.19%	61,194	(62,270)	(1,988)	Investments accounted for using the equity method
	Taiwan United Venture Capital Corp.	Taipei	Investment in high technology businesses	52,791	52,791	3,080,866	8.33%	21,877	1,694	141	Investments accounted for using the equity method
	USI Optronics Corporation	Taipei	Manufacture and marketing of sapphire products	59,725	59,725	5,972,464	9.20%	5,637	(5,631)	(518)	Investments accounted for using the equity method
Ever Conquest Global Ltd.	British Virgin Islands	Reinvestment	5,190,964 (US\$170,475 thousand)	5,190,964 (US\$170,475 thousand)	170,475,000	40.87%	3,235,422	(745,131)	(304,513)	Investments accounted for using the equity method	
APC (BVI) Holding Co., Ltd.	ACME Electronics (Cayman) Corp.	British Cayman Islands	Reinvestment	159,710 (US\$5,245 thousand)	159,710 (US\$5,245 thousand)	8,316,450	16.64%	203,330	(25,261)	-	APC(BVI) Holding Co.Ltd. Investments accounted for using the equity method
	USI International Corp.	British Virgin Islands	Reinvestment	27,405 (US\$900 thousand)	27,405 (US\$900 thousand)	900,000	30.00%	29,343	(405)	-	APC(BVI) Holding Co.Ltd. Investments accounted for using the equity method (Note 1)
APC Investment Corporation	Acme Electronics Corporation	Taipei	Manufacture and marketing of manganese-zinc and ferrite core	39,523	14,889	3,116,262	1.46%	28,038	(62,270)	-	APC Investment Corporation Investments accounted for using the equity method

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Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Holding at the ending of the period			Net Income (Loss) of Investee	Investment (loss) recognized in the period	Note
				Ending of current year	Ending of previous year	Number of Shares	%	Carrying Amount			
	Swanson Technologies Corporation	Taipei	Farming, sales, research and development of agricultural products and production, sales and development of EVA packaging films and other high value-added plastic products	22,500	22,500	2,250,015	15.00%	(1,731)	(9,346)	-	APC Investment Corporation Investments accounted for using the equity method
Ever Conquest Global Ltd.	Ever Victory Global Ltd.	British Virgin Islands	Reinvestment	12,702,065 (US\$417,145 thousand)	12,702,065 (US\$417,145 thousand)	417,145,000	67.40%	7,916,937 (US\$259,998 thousand)	(1,105,491) (US\$36,371 thousand)	-	Equity-method investee of Ever Conquest Global Ltd.
Ever Victory Global Ltd.	Dynamic Ever Investments Ltd.	Hong Kong	Reinvestment	17,930,483 (US\$588,850 thousand)	17,930,483 (US\$588,850 thousand)	588,850,000	85.00%	10,809,262 (US\$354,984 thousand)	(1,313,571) (US\$43,217 thousand)	-	Equity-method investee of Ever Victory Global Ltd.

Note 1. All intercompany transactions have been eliminated on consolidation.

Note 2. Please refer to Table 6 for information on investee companies in mainland China.

ASIA POLYMER CORPORATION AND SUBSIDIARIES

Information on investments in mainland China

From January 1 to March 31, 2023

(In Thousands of New Taiwan Dollars, 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, 2023	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2023	Net Income (Loss) of Investee (Note 3)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying amount as of March 31, 2023 (Note 4)	Accumulated Repatriation of Investment Income as of March 31, 2023
					Outflow	Inflow						
ACME Electronics (Kunshan) Co., Ltd.	Manufacture and marketing of manganese-zinc soft ferrite core	\$ 935,576 (US\$30,725 thousand)	(2) ACME Electronics (Cayman) Corp.	\$ 127,201 (US\$4,177 thousand)	\$ -	\$ -	\$ 127,201 (US\$4,177 thousand)	B 30,472	16.64%	(\$ 5,071)	\$ 127,730	\$ -
USI Trading (Shanghai) Co., Ltd.	Sales of chemical products and equipment	76,125 (US\$2,500 thousand)	(2) APC (BVI) Holding Co., Ltd.	92,434 (US\$3,036 thousand)	-	-	92,434 (US\$3,036 thousand)	C 4,140	100.00%	4,140	155,653	-
Fujian Gulei Petrochemical Co., Ltd.	Manufacture of crude oil and petroleum products	41,273,969 (RMB 9,314,400 thousand)	(2) Dynamic Ever Investments Ltd., (Note 2)	4,807,533 (US\$157,883 thousand)	-	-	4,807,533 (US\$157,883 thousand)	C 2,626,058	11.71%	(307,428)	2,892,155	-
Zhangzhou USI Trading Co., Ltd.	Sales of chemical products	44,312 (RMB 10,000 thousand)	(2) APC (BVI) Holding Co., Ltd.	13,527 (RMB 3,000 thousand)	-	-	13,527 (RMB 3,000 thousand)	C 5,094	30.00%	(1,528)	10,859	-

Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ 5,187,469 (Note 5) (US\$170,360 thousand)	\$ 6,815,794 (US\$223,836 thousand)	\$ - (Note 6)

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

- (1) Direct investment in mainland China.
- (2) Reinvestment in mainland China through a third-party company (please specify the third-party investment company).
- (3) Other methods.

Note 2. The Group reinvested 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 of March 31, 2023.

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

Note 6. As the Group 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 AND SUBSIDIARIES

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

From January 1 to March 31, 2023

(In Thousands of New Taiwan Dollars, 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	\$ 42,798	2.73%	No significant difference	T/T 90 days	No significant difference	\$ 35,009	6.27%	\$ -	—
Fujian Gulei Petrochemical Co., Ltd.	Purchases of goods	197,585	22.42%	No significant difference	Letters of credit	No significant difference	-	-	-	—

ASIA POLYMER CORPORATION**Information about substantial shareholders****March 31, 2023**

Name of Major Shareholders	Shares	
	Number of shares held	%
Union Polymer International Investment Corporation	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 Group 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 Group and the actual number of shares delivered without physical registration may be different or discrepant due to different compilation and calculation basis