

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
Q3, 2023 and 2022**

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§CONTENTS§

ITEM	PAGE	NOTE NO. OF FINANCIAL STATEMENTS
1. COVER	1	-
2. CONTENTS	2	-
3. INDEPENDENT AUDITORS' REVIEW REPORT	3-4	-
4. CONSOLIDATED BALANCE SHEETS	5	-
5. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	6-7	-
6. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	8	-
7. CONSOLIDATED STATEMENTS OF CASH FLOWS	9-10	-
8. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS		
a. GENERAL INFORMATION	11	1
b. APPROVAL OF FINANCIAL STATEMENTS	11	2
c. APPLICATION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS	11-13	3
d. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	13-14	4
e. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY	14	5
f. DETAILS OF MAJOR ACCOUNTING ITEMS	14-47	6-27
g. TRANSACTIONS WITH RELATED PARTIES	48-52	28
h. PLEDGED ASSETS	-	-
i. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS	52-54	29
j. SIGNIFICANT LOSSES FROM DISASTERS	-	-
k. SIGNIFICANT SUBSEQUENT MATTERS	-	-
l. OTHERS	54-56	30
m. SEPARATELY DISCLOSED ITEMS		31
1) Information about significant transactions	56 , 58-62	-
2) Information about investees	56 , 63	-
3) Information on investments in mainland China	56-57 , 64-65	-
4) Information about substantial shareholders	57 , 66	-
n. SEGMENT INFORMATION	57	32

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 September 30, 2023 and 2022, and the consolidated statements of comprehensive income from July 1 to September 30, 2023 and 2022, and from January 1 to September 30, 2023 and 2022, changes in equity and cash flows from January 1 to September 30, 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\$4,457,345 thousand and NT\$5,507,758 thousand as of September 30, 2023 and 2022, respectively, representing 29% and 34% of the consolidated total assets, respectively; the total liabilities amounted to NT\$54,759 thousand and NT\$39,338 thousand, representing 3% and 2% of the total consolidated liabilities, respectively; the above unreviewed non-significant subsidiaries accounted for NT\$80,625 thousand, NT\$86,522

thousand, NT\$198,008 thousand, and NT\$159,243 thousand, or 131%, 28%, 115% and 86% of the consolidated total profit or loss from July 1 to September 30, 2023 and 2022, January 1 to September 30, 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\$36,815 thousand, NT\$(406,039) thousand, NT\$(587,460) thousand and NT\$(1,075,730) thousand is recognized from July 1 to September 30, 2023 and 2022, January 1 to September 30, 2023 and 2022, respectively, representing 60%, (131%), (341%) and (579%) 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 basic paragraph of the 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 position of Asia Polymer Corporation and its subsidiaries as of September 30, 2023 and 2022, and the consolidated financial performance from July 1 to September 30, 2023 and 2022, as well as the consolidated financial performance and consolidated cash flows from January 1 to September 30, 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

November 3, 2023

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ASIA POLYMER CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

September 30, 2023 and December 31 and September 30, 2022

(In Thousands of New Taiwan Dollars)

Code	ASSETS	September 30, 2023		December 31, 2022		September 30, 2022	
		Amount	%	Amount	%	Amount	%
	CURRENT ASSETS						
1100	Cash and cash equivalents (Note 6)	\$ 909,738	6	\$ 1,481,970	9	\$ 830,482	5
1110	Financial assets at fair value through profit or loss - current (Note 7)	775,553	5	499,776	3	463,308	3
1120	Financial assets at fair value through other comprehensive income - current (Note 8)	22,821	-	21,162	-	20,461	-
1170	Accounts receivable from unrelated parties (Notes 10 and 22)	534,655	3	868,078	5	855,754	5
1180	Accounts receivable from related parties (Notes 10, 22 and 28)	158,586	1	202,757	1	231,155	2
1200	Other receivables	828	-	950	-	3,927	-
1210	Other receivables from related parties (Note 28)	2,126	-	3,602	-	2,095	-
1220	Current tax assets (Notes 4 and 24)	21	-	-	-	-	-
130X	Inventories (Note 11)	596,525	4	540,844	4	638,839	4
1410	Prepayments	268,641	2	165,484	1	189,884	1
1470	Other current assets	110	-	110	-	110	-
11XX	Total current assets	<u>3,269,604</u>	<u>21</u>	<u>3,784,733</u>	<u>23</u>	<u>3,236,015</u>	<u>20</u>
	NON-CURRENT ASSETS						
1517	Financial assets at fair value through other comprehensive income - non-current (Note 8)	3,026,063	20	3,189,863	19	3,125,366	19
1535	Financial assets at amortized cost - non-current (Note 9)	4,026	-	8,350	-	8,638	-
1550	Investments accounted for using the equity method (Notes 13 and 29)	4,593,412	30	5,158,490	32	5,599,438	35
1600	Property, plant and equipment (Note 14)	3,392,450	22	3,363,478	21	3,357,887	21
1755	Right-of-use assets (Note 15)	9,619	-	10,451	-	10,670	-
1760	Investment properties (Note 16)	507,022	4	510,955	3	516,052	3
1840	Deferred tax assets (Notes 4 and 24)	465,564	3	356,127	2	279,312	2
1900	Other non-current assets	2,968	-	7,622	-	9,156	-
15XX	Total non-current assets	<u>12,001,124</u>	<u>79</u>	<u>12,605,336</u>	<u>77</u>	<u>12,906,519</u>	<u>80</u>
1XXX	TOTAL ASSETS	<u>\$ 15,270,728</u>	<u>100</u>	<u>\$ 16,390,069</u>	<u>100</u>	<u>\$ 16,142,534</u>	<u>100</u>
	LIABILITIES AND EQUITY						
	CURRENT LIABILITIES						
2100	Short-term borrowings (Note 17)	\$ -	-	\$ 120,000	1	\$ -	-
2120	Financial liabilities at fair value through profit or loss - current (Note 7)	1,442	-	3,012	-	5,240	-
2170	Accounts payable (Note 18)	166,899	1	257,607	2	158,985	1
2180	Accounts payable to related parties (Notes 18 and 28)	32,441	-	53,653	-	47,657	1
2200	Other payables (Note 19)	251,982	2	219,889	1	202,242	1
2220	Other payables to related parties (Note 28)	153,133	1	178,903	1	113,432	1
2230	Current tax liabilities (Notes 4 and 24)	195,265	1	656,238	4	510,349	3
2280	Lease liabilities - current (Note 15)	6,402	-	6,524	-	6,453	-
2365	Refund liabilities - current	5,899	-	5,899	-	5,899	-
2399	Other current liabilities (Note 22)	72,113	1	48,384	-	33,409	-
21XX	Total current liabilities	<u>885,576</u>	<u>6</u>	<u>1,550,109</u>	<u>9</u>	<u>1,083,666</u>	<u>7</u>
	NON-CURRENT LIABILITIES						
2540	Long-term borrowings (Note 17)	545,415	3	450,636	3	1,000,077	6
2570	Deferred tax liabilities (Notes 4 and 24)	33,788	-	29,667	-	34,670	-
2580	Lease liabilities - non-current (Note 15)	12,849	-	17,709	-	19,266	-
2640	Net defined benefit liabilities - non-current (Notes 4 and 20)	104,153	1	112,106	1	124,600	1
2650	Credit balance of investments accounted for using the equity method (Note 13)	4,413	-	330	-	-	-
2670	Other non-current liabilities	14,573	-	12,554	-	13,693	-
25XX	Total non-current liabilities	<u>715,191</u>	<u>4</u>	<u>623,002</u>	<u>4</u>	<u>1,192,306</u>	<u>7</u>
2XXX	Total liabilities	<u>1,600,767</u>	<u>10</u>	<u>2,173,111</u>	<u>13</u>	<u>2,275,972</u>	<u>14</u>
	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 8, 21 and 24)						
	Share capital						
3110	Ordinary shares	5,937,438	39	5,937,438	36	5,937,438	37
3200	Capital surplus	36,898	-	37,142	-	35,333	-
	Retained earnings						
3310	Legal reserve	2,370,208	15	2,223,200	14	2,223,200	14
3320	Special reserve	554,981	4	565,379	3	565,379	3
3350	Unappropriated earnings	3,922,680	26	4,511,018	28	4,186,681	26
3300	Total retained earnings	6,847,869	45	7,299,597	45	6,975,260	43
3400	Other equity	847,756	6	942,781	6	918,531	6
3XXX	Total equity	<u>13,669,961</u>	<u>90</u>	<u>14,216,958</u>	<u>87</u>	<u>13,866,562</u>	<u>86</u>
	TOTAL LIABILITIES AND EQUITY	<u>\$ 15,270,728</u>	<u>100</u>	<u>\$ 16,390,069</u>	<u>100</u>	<u>\$ 16,142,534</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 November 3, 2023)

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ASIA POLYMER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

From July 1 to September 30, 2023 and 2022, and from January 1 to September 30, 2023 and 2022

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

Code		From July 1 to September 30, 2023		From July 1 to September 30, 2022		From January 1 to September 30, 2023		From January 1 to September 30, 2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4100	NET REVENUE (Notes 22 and 28)	\$ 1,811,511	100	\$ 2,821,671	100	\$ 5,040,014	100	\$ 7,311,466	100
5110	OPERATING COSTS (Notes 11, 20, 23 and 28)	<u>1,543,140</u>	<u>85</u>	<u>1,780,916</u>	<u>63</u>	<u>4,064,791</u>	<u>81</u>	<u>4,897,247</u>	<u>67</u>
5900	GROSS PROFIT	<u>268,371</u>	<u>15</u>	<u>1,040,755</u>	<u>37</u>	<u>975,223</u>	<u>19</u>	<u>2,414,219</u>	<u>33</u>
	OPERATING EXPENSES (Notes 20, 23 and 28)								
6100	Selling and marketing expenses	26,864	1	33,364	2	75,658	1	120,504	2
6200	General and administrative expenses	27,228	2	27,123	1	84,852	2	92,918	1
6300	Research and development expenses	<u>1,807</u>	<u>-</u>	<u>1,567</u>	<u>-</u>	<u>4,979</u>	<u>-</u>	<u>4,754</u>	<u>-</u>
6000	Total operating expenses	<u>55,899</u>	<u>3</u>	<u>62,054</u>	<u>3</u>	<u>165,489</u>	<u>3</u>	<u>218,176</u>	<u>3</u>
6900	PROFIT FROM OPERATIONS	<u>212,472</u>	<u>12</u>	<u>978,701</u>	<u>34</u>	<u>809,734</u>	<u>16</u>	<u>2,196,043</u>	<u>30</u>
	NON-OPERATING INCOME AND EXPENSES (Notes 13, 23 and 28)								
7100	Interest income	4,139	-	1,642	-	15,868	1	7,524	-
7010	Other income	51,348	3	67,799	3	159,028	3	339,136	5
7020	Other gains and losses	18,964	1	6,693	-	15,636	-	(13,110)	-
7510	Interest expense	(2,334)	-	(2,658)	-	(6,929)	-	(7,870)	-
7060	Share of profit or loss of associates accounted for using the equity method	(<u>86,486</u>)	(<u>5</u>)	(<u>476,581</u>)	(<u>17</u>)	(<u>644,522</u>)	(<u>13</u>)	(<u>1,082,843</u>)	(<u>15</u>)
7000	Total non-operating income and expenses	(<u>14,369</u>)	(<u>1</u>)	(<u>403,105</u>)	(<u>14</u>)	(<u>460,919</u>)	(<u>9</u>)	(<u>757,163</u>)	(<u>10</u>)
7900	PROFIT BEFORE INCOME TAX	198,103	11	575,596	20	348,815	7	1,438,880	20
7950	INCOME TAX EXPENSE (Notes 4 and 24)	<u>33,600</u>	<u>2</u>	<u>123,203</u>	<u>4</u>	<u>81,116</u>	<u>2</u>	<u>293,435</u>	<u>4</u>
8200	NET PROFIT FOR THE PERIOD	<u>164,503</u>	<u>9</u>	<u>452,393</u>	<u>16</u>	<u>267,699</u>	<u>5</u>	<u>1,145,445</u>	<u>16</u>
	Other comprehensive income or loss for the period (Notes 4, 13, 21 and 24)								
	Items that will not be reclassified subsequently to profit or loss								

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Code		From July 1 to September 30, 2023		From July 1 to September 30, 2022		From January 1 to September 30, 2023		From January 1 to September 30, 2022	
		Amount	%	Amount	%	Amount	%	Amount	%
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(233,000)	(13)	(217,433)	(8)	(167,124)	(4)	(1,118,558)	(15)
8320	Share of the other comprehensive income (loss) of associates accounted for using the equity method	939	-	(4,380)	-	(9,390)	-	(42,227)	(1)
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>1,190</u>	<u>-</u>	<u>2,092</u>	<u>-</u>	<u>217</u>	<u>-</u>	<u>385</u>	<u>-</u>
8310	Items that may be reclassified subsequently to profit or loss	(<u>230,871</u>)	(<u>13</u>)	(<u>219,721</u>)	(<u>8</u>)	(<u>176,297</u>)	(<u>4</u>)	(<u>1,160,400</u>)	(<u>16</u>)
8361	Exchange differences on translating the financial statements of foreign operations	\$ 146,533	8	\$ 82,084	3	\$ 86,893	2	\$ 222,431	3
8370	Share of the other comprehensive income (loss) of associates accounted for using the equity method	10,853	1	10,992	-	11,174	-	22,741	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	(<u>29,306</u>)	(<u>2</u>)	(<u>16,417</u>)	<u>-</u>	(<u>17,379</u>)	<u>-</u>	(<u>44,486</u>)	<u>-</u>
8360		<u>128,080</u>	<u>7</u>	<u>76,659</u>	<u>3</u>	<u>80,688</u>	<u>2</u>	<u>200,686</u>	<u>3</u>
8300	Other comprehensive income (loss) for the period, net of income tax	(<u>102,791</u>)	(<u>6</u>)	(<u>143,062</u>)	(<u>5</u>)	(<u>95,609</u>)	(<u>2</u>)	(<u>959,714</u>)	(<u>13</u>)
8500	Total comprehensive (loss) income for the period	<u>\$ 61,712</u>	<u>3</u>	<u>\$ 309,331</u>	<u>11</u>	<u>\$ 172,090</u>	<u>3</u>	<u>\$ 185,731</u>	<u>3</u>
EARNINGS PER SHARE (Note 25)									
9710	Basic	<u>\$ 0.28</u>		<u>\$ 0.76</u>		<u>\$ 0.45</u>		<u>\$ 1.93</u>	
9810	Diluted	<u>\$ 0.28</u>		<u>\$ 0.76</u>		<u>\$ 0.45</u>		<u>\$ 1.93</u>	

The accompanying notes are an integral part of the consolidated financial statements.
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ASIA POLYMER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
From January 1 to September 30, 2023 and 2022
(In Thousands of New Taiwan Dollars)

		Equity Attributable to Owners of the Company (Notes 8, 21 and 24)					Other Equity			
Code		Share Capital		Capital Surplus	Retained Earnings			Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
		Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings			
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
	Appropriation of the 2021 earnings									
B1	Legal reserve	-	-	-	317,192	-	(317,192)	-	-	-
B5	Cash dividends distributed	-	-	-	-	-	(1,781,232)	-	-	(1,781,232)
C7	Changes in capital surplus from investments in associates accounted for using the equity method	-	-	14	-	-	-	-	-	14
D1	Net profit from January 1 to September 30, 2022	-	-	-	-	-	1,145,445	-	-	1,145,445
D3	Other comprehensive income (loss) after tax for the period from January 1 to September 30, 2022, net of income tax	-	-	-	-	-	-	200,686	(1,160,400)	(959,714)
D5	Total comprehensive income (loss) from January 1 to September 30, 2022	-	-	-	-	-	1,145,445	200,686	(1,160,400)	185,731
Q1	Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	301	-	(301)	-
Z1	Balance as of September 30, 2022	593,743	\$ 5,937,438	\$ 35,333	\$ 2,223,200	\$ 565,379	\$ 4,186,681	(\$ 39,274)	\$ 957,805	\$ 13,866,562
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
	Appropriation of the 2022 earnings									
B1	Legal reserve	-	-	-	147,008	-	(147,008)	-	-	-
B5	Cash dividends distributed	-	-	-	-	-	(712,493)	-	-	(712,493)
C7	Changes in capital surplus from investments in associates accounted for using the equity method	-	-	(244)	-	-	(6,350)	-	-	(6,594)
B17	Reversal for special reserve	-	-	-	-	(10,398)	10,398	-	-	-
D1	Net profit from January 1 to September 30, 2023	-	-	-	-	-	267,699	-	-	267,699
D3	Other comprehensive income (loss) after tax for the period from January 1 to September 30, 2023, net of income tax	-	-	-	-	-	-	80,688	(176,297)	(95,609)
D5	Total comprehensive income (loss) from January 1 to September 30, 2023	-	-	-	-	-	267,699	80,688	(176,297)	172,090
Q1	Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(584)	-	584	-
Z1	Balance as of September 30, 2023	593,743	\$ 5,937,438	\$ 36,898	\$ 2,370,208	\$ 554,981	\$ 3,922,680	(\$ 28,715)	\$ 876,471	\$ 13,669,961

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

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ASIA POLYMER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

From January 1 to September 30, 2023 and 2022

(In Thousands of New Taiwan Dollars)

Code		From January 1 to September 30, 2023	From January 1 to September 30, 2022
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Net income before tax for the period	\$ 348,815	\$ 1,438,880
A20010	Adjustments for:		
A20100	Depreciation expenses	237,219	227,740
A20200	Amortization expenses	326	9
A20400	Net (gain) loss on fair value change of financial instruments at fair value through profit or loss	(4,824)	67,732
A20900	Interest expense	6,929	7,870
A21200	Interest income	(15,868)	(7,524)
A21300	Dividend income	(112,742)	(287,808)
A22300	Share of profit or loss of associates accounted for using the equity method	644,522	1,082,843
A23800	Benefits from inventory decline and recovery	(569)	(1)
A24100	Non-reliable net gain on foreign currency exchange	(19,785)	(23,588)
A30000	Changes in operating assets and liabilities		
A31115	Financial instruments at fair value through profit or loss	(272,523)	592,054
A31150	Accounts receivable	353,389	162,775
A31160	Accounts receivable from related parties	45,837	198,236
A31180	Other receivables	-	78,793
A31190	Other receivables from related parties	1,476	(266)
A31200	Inventories	(55,113)	(54,752)
A31230	Prepayments	(103,157)	(41,153)
A32150	Accounts payable from unrelated parties	(91,611)	(64,661)
A32160	Accounts payable from related parties	(21,336)	(32,460)
A32180	Other payables from unrelated parties	41,118	(31,949)
A32190	Other payables to related parties	(26,804)	(93,827)
A32230	Other current liabilities	23,729	5,223
A32240	Net defined benefit liabilities - non-current	(7,953)	(10,405)
A33000	Incoming cash generated from operations	971,075	3,213,761
A33100	Interest received	15,990	7,398
A33300	Interest paid	(6,937)	(8,205)
A33500	Income tax paid	(664,588)	(662,837)
AAAA	Net cash inflow generated from operating activities	315,540	2,550,117

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Code		From January 1 to September 30, 2023	From January 1 to September 30, 2022
	NET CASH FLOWS FROM INVESTING ACTIVITIES		
B00020	Proceeds from sale of financial assets at fair value through other comprehensive income	\$ -	\$ 216
B01800	Acquisition of long-term equity investments using the equity method	(39,528)	(14,105)
B02400	Proceeds from capital reduction of investee companies accounted for using equity method	14,155	-
B02700	Payments for property, plant and equipment	(260,329)	(180,685)
B03700	Increase in refundable deposits	(141)	(143)
B03800	Decrease in refundable deposits	141	143
B04500	Acquisition of intangible assets	(660)	(321)
B05400	Acquisition of investment properties	-	(2,214)
B07600	Dividends received	126,808	348,270
B09900	Decrease in other non-current assets	<u>4,991</u>	<u>6,682</u>
BBBB	Net cash inflow (outflow) generated from investing activities	<u>(154,563)</u>	<u>157,843</u>
	NET CASH FLOWS FROM FINANCING ACTIVITIES		
C00200	Decrease in short-term borrowings	(120,000)	(500,000)
C01600	Proceeds from long-term borrowings	104,000	2,728,884
C01700	Repayments of long-term borrowings	(10,000)	(3,100,000)
C03000	Increase in guarantee deposits received	1,215	1,202
C03100	Decrease in guarantee deposits received	(458)	(1,509)
C04020	Repayment of the principal portion of lease liabilities	(4,806)	(4,610)
C04300	Increase (decrease) in other non-current liabilities	2	(3,758)
C04500	Dividends paid to owners of the Group	<u>(712,579)</u>	<u>(1,782,616)</u>
CCCC	Net cash used in financing activities	<u>(742,626)</u>	<u>(2,662,407)</u>
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>9,417</u>	<u>20,993</u>
EEEE	CURRENT (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(572,232)	66,546
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>\$ 909,738</u>	<u>\$ 830,482</u>

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

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.

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ASIA POLYMER CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

From January 1 to September 30, 2023 and 2022

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

1. GENERAL INFORMATION

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

The ordinary shares of the Company have been listed on the Taiwan Stock Exchange. As of September 30, 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 Group and its subsidiaries, collectively referred to as the “Group”, are presented in the Group’s functional currency.

2. APPROVAL OF FINANCIAL STATEMENTS

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

3. APPLICATION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

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

The 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 endorsed by the FSC that are applicable in 2024

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

Note 1: Unless stated otherwise, the above New/Revised/Amended Standards and Interpretations 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.

Note 3: Exemptions from certain disclosure requirements are granted when applying this amendment for the first time.

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.

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

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

Note 1: Unless stated otherwise, the above New/Revised/Amended Standards and Interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: Applicable to the annual reporting periods beginning on or after January 1, 2025. When the amendment is initially applied, the effects will be recognized in the initial application date's retained earnings. When the Group uses non-functional currency as the presentation currency, the effects will be adjusted to the exchange difference of foreign operations under equity on the initial application date.

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

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

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and the entities controlled by the Group (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 Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Group 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 Group.

See Note 12, Tables 5 and 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 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

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

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand and petty cash	\$ 229	\$ 267	\$ 255
Checking accounts and demand deposits	248,814	229,330	375,121
Cash equivalents			
Time deposits	590,962	678,091	320,150
Reverse repurchase agreements collateralized by bonds	69,733	574,282	134,956
	<u>\$ 909,738</u>	<u>\$ 1,481,970</u>	<u>\$ 830,482</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:

	September 30, 2023	December 31, 2022	September 30, 2022
Time deposits	1.25%~5.65%	0.88%~4.90%	0.725%~3.10%
Reverse repurchase agreements collateralized by bonds	1.55%	1.15%~1.40%	0.93%

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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets - current</u>			
Mandatorily classified as at FVTPL			
Derivative instruments (not under hedge accounting)			
— Foreign exchange forward contracts	\$ -	\$ 425	\$ -
Non-derivative financial assets			
— Domestic listed shares	66,407	87,136	82,157
— Mutual funds	640,423	352,262	321,463
— Beneficiary securities	68,723	59,953	59,688
Subtotal	<u>775,553</u>	<u>499,351</u>	<u>463,308</u>
	<u>\$ 775,553</u>	<u>\$ 499,776</u>	<u>\$ 463,308</u>

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	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial liabilities - current</u>			
Held for trading			
Derivative instruments (not under hedge accounting)			
– Foreign exchange forward contracts	\$ 1,442	\$ 3,012	\$ 5,240

The Group had a gain of NT\$9,025 thousand and a loss of NT\$49,587 thousand on financial assets and liabilities at fair value through profit or loss from January 1 to September 30, 2023 and 2022, respectively.

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

September 30, 2023

	Currency	Maturity Date	Notional Amount (thousand)
Sell	RMB/NTD	October 12, 2023 - December 22, 2023	RMB 31,200/NTD 135,853

December 31, 2022

	Currency	Maturity Date	Notional Amount (thousand)
Sell	RMB/NTD	January 19, 2023 - March 30, 2023	RMB 101,500/NTD 444,614

September 30, 2022

	Currency	Maturity Date	Notional Amount (thousand)
Sell	RMB/NTD	October 11, 2022 - December 23, 2022	RMB 116,400/NTD 514,186

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

Investments in equity instruments

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Domestic investments			
Listed shares	\$ 22,821	\$ 21,162	\$ 20,461
<u>Non-current</u>			
Domestic investments			
Listed shares	\$ 2,799,224	\$ 2,959,952	\$ 2,882,994
Unlisted shares	128,334	135,304	144,463
Subtotal	<u>2,927,558</u>	<u>3,095,256</u>	<u>3,027,457</u>
Foreign investments			
Listed shares	11,708	17,179	15,589
Unlisted ordinary shares	2	7	7
Unlisted preferred shares	86,795	77,421	82,313
Subtotal	<u>98,505</u>	<u>94,607</u>	<u>97,909</u>
	<u>\$ 3,026,063</u>	<u>\$ 3,189,863</u>	<u>\$ 3,125,366</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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Non-current</u>			
Restricted bank deposits	\$ 4,026	\$ 8,350	\$ 8,638

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

10. ACCOUNTS RECEIVABLE

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	\$ 536,655	\$ 870,078	\$ 857,754
Less: Allowance for impairment loss	(<u>2,000</u>)	(<u>2,000</u>)	(<u>2,000</u>)
	<u>\$ 534,655</u>	<u>\$ 868,078</u>	<u>\$ 855,754</u>
Accounts receivable from related parties (Note 28)	<u>\$ 158,586</u>	<u>\$ 202,757</u>	<u>\$ 231,155</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, which permits the use of lifetime expected loss provision for all accounts receivable. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date.

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

September 30, 2023

	<u>Not Past Due</u>	<u>1 to 60 Days</u>	<u>61 to 90 Days</u>	<u>Total</u>
Gross carrying amount	\$ 695,241	\$ -	\$ -	\$ 695,241
Loss allowance (Lifetime ECL)	(<u>2,000</u>)	<u>-</u>	<u>-</u>	(<u>2,000</u>)
Amortized cost	<u>\$ 693,241</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 693,241</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>

September 30, 2022

	<u>Not Past Due</u>	<u>1 to 60 Days</u>	<u>61 to 90 Days</u>	<u>Total</u>
Gross carrying amount	\$ 1,088,909	\$ -	\$ -	\$ 1,088,909
Loss allowance (Lifetime ECL)	(2,000)	-	-	(2,000)
Amortized cost	<u>\$ 1,086,909</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,086,909</u>

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

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

	<u>From January 1 to September 30, 2023</u>	<u>From January 1 to September 30, 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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Finished goods	\$ 475,990	\$ 355,705	\$ 467,680
Work in process	21,095	23,814	22,206
Raw materials	41,108	101,313	83,021
Production supplies	<u>58,332</u>	<u>60,012</u>	<u>65,932</u>
	<u>\$ 596,525</u>	<u>\$ 540,844</u>	<u>\$ 638,839</u>

The losses on inventory valuation loss and obsolescence (gains on inventory value recoveries) of cost of goods sold from July 1 to September 30, 2023 and 2022 and from January 1 to September 30, 2023 and 2022 were NT\$248 thousand, NT\$730 thousand, NT\$(569) thousand, and NT\$(1) thousand, respectively. The increase in net realizable value of inventory was due to the increase in sales prices of inventory in the market.

12. SUBSIDIARY

Subsidiaries included in the consolidated financial statements

The entities included in the consolidated financial statements:

<u>Investor Company</u>	<u>Name of Subsidiary</u>	<u>Nature of Activities</u>	<u>% of Ownership</u>			<u>Remark</u>
			<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>	
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)	Sale of chemical products and equipment	100.00%	100.00%	100.00%	1

Remark:

1. APCI, 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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>Material associates</u>			
Ever Conquest Global Ltd.	\$ 2,956,588	\$ 3,526,546	\$ 3,973,081
<u>Associates that are not individually material</u>			
<u>Listed company</u>			
China General Plastics Corporation (CGPC)	779,218	762,280	757,691
Acme Electronics Corporation (ACME)	85,349	59,787	60,564
<u>Unlisted company</u>			
China General Terminal & Distribution Corporation (CGTD)	334,844	355,611	344,840
ACME Electronics (Cayman) Corp. (ACME (Cayman))	197,569	207,944	204,203
Swanson Plastics Corporation (SPC)	206,429	205,730	216,397
Taiwan United Venture Capital Corp. (TUVC)	11,380	22,114	21,774
USI Optronics Corporation (USIO)	5,084	6,155	6,630
Zhangzhou Taiju Trading Co., Ltd. (GUL)	16,951	12,323	12,962
Swanson Technologies Corporation (STC)	(4,413)	(330)	1,296
	4,588,999	5,158,160	5,599,438
Add: Credit balance of investments accounted for using the equity method reclassified to liabilities	4,413	330	-
	<u>\$ 4,593,412</u>	<u>\$ 5,158,490</u>	<u>\$ 5,599,438</u>

a. Material associates

Name of Associates	Nature of Activities	Principal Place of Business	Proportion of Ownership and Voting Rights		
			September 30, 2023	December 31, 2022	September 30, 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' consolidated financial statements prepared in accordance with IFRSs and adjusted by the Group for equity accounting purposes.

Ever Conquest Global Ltd.

	September 30, 2023	December 31, 2022	September 30, 2022
Non-current assets	<u>\$ 7,234,643</u>	<u>\$ 8,629,306</u>	<u>\$ 9,721,957</u>
Equity	<u>\$ 7,234,644</u>	<u>\$ 8,629,306</u>	<u>\$ 9,721,957</u>
Proportion of the Group's ownership	40.87%	40.87%	40.87%
Equity attributable to the Group	<u>\$ 2,956,588</u>	<u>\$ 3,526,546</u>	<u>\$ 3,973,081</u>
Carrying amount of investment	<u>\$ 2,956,588</u>	<u>\$ 3,526,546</u>	<u>\$ 3,973,081</u>

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
The Group's share of:				
Net loss for the period	(\$ 88,844)	(\$ 405,997)	(\$ 638,072)	(\$ 1,054,426)
Other comprehensive income (loss)	<u>121,512</u>	<u>60,912</u>	<u>68,114</u>	<u>176,300</u>
Total comprehensive income (loss)	<u>\$ 32,668</u>	<u>(\$ 345,085)</u>	<u>(\$ 569,958)</u>	<u>(\$ 878,126)</u>

b. Aggregate information of associates that are not individually material

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
The Group's share of:				
Net income (loss) for the period	\$ 2,358	(\$ 70,584)	(\$ 6,450)	(\$ 28,417)
Other comprehensive income (loss)	<u>11,909</u>	<u>(8,728)</u>	<u>(7,730)</u>	<u>(46,722)</u>
Total comprehensive income (loss)	<u>\$ 14,267</u>	<u>(\$ 79,312)</u>	<u>(\$ 14,180)</u>	<u>(\$ 75,139)</u>

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

Name of Associates	September 30, 2023	December 31, 2022	September 30, 2022
CGPC	8.07%	8.07%	8.07%
ACME	4.66%	4.34%	4.34%
CGTD	33.33%	33.33%	33.33%
ACME (Cayman)	13.63%	16.64%	16.64%
SPC	7.95%	7.95%	7.95%
TUVC	8.33%	8.33%	8.33%
STC	15.00%	15.00%	15.00%
USIO	9.20%	9.20%	9.20%
GUL	30.00%	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 equity of ACME in proportion to its shareholding, resulting in the increase of shareholding ratio from 4.34% to 4.66%, with the base date of capital increase on January 16, 2023.

The Group did not subscribe for the cash capital increase equity of ACME (Cayman), resulting in the decrease of shareholding ratio from 16.64% to 13.63%, with the base date of capital increase on April 24, 2023.

TUVC held a shareholders' meeting on June 28, 2023 and resolved to carry out capital reduction and refund of shares by cash. The base date of capital reduction was set as August 22, 2023, and the Company recovered NT\$14,155 thousand in August 2023.

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

The Group 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 Group 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 Group”), 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 Group 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 Group”) and acquire 50% of the shares of Gulei Group as a basis for cooperative investment. However, after signing the original joint venture agreement, the total amount that the joint venture company should invest in Gulei Group has increased due to the increase in the capital requirements of the investment plan, and some of the counterparties to the original agreement or commitment are unable to provide the proportion of investment as stipulated in the original joint venture agreement. Therefore, on September 30, 2016, the Group re-signed the joint venture agreement with USI Corporation and the original contract or commitment counterparty and CTCI Corporation, and the original joint venture agreement was terminated at the same time. On December 18, 2019, the new joint venture agreement was signed and new counterparties, Fubon Financial Holding Venture Capital Co. and Hongfu Investment Co., Ltd. were added to the agreement as counterparties.

In order to increase Gulei Group’s operating capital, Ever Victory Global Limited and Hong Kong Dor Po Investment Group Limited (“DOR PO”) signed a joint venture contract for an investment in Dynamic Ever Investment Limited which was approved by the board of directors on June 5, 2019. According to the contract, DOR PO will invest US\$109,215 thousand in Dynamic Ever Investment Limited in 2019. As of September 30, 2023, DOR PO had invested US\$103,915 thousand and held 15.0% ownership interest in Dynamic Ever Investment Limited.

Ever Conquest Global Ltd. that is jointly established by the Group and USI Corporation through joint venture has invested in the joint venture through a holding company registered in a third region. As of September 30, 2023, the Group and USI Corporation had respectively invested US\$170,475 thousand (approximately NT\$5,255,587 thousand) and US\$246,670 thousand (approximately NT\$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 Company's Board of Directors has resolved on August 12, 2020 to establish a joint venture sales company, GUL, in Fujian Province in Mainland China through its subsidiary, 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 Associates	September 30, 2023	December 31, 2022	September 30, 2022
CGPC	<u>\$ 1,167,466</u>	<u>\$ 1,237,795</u>	<u>\$ 961,167</u>
ACME	<u>\$ 249,427</u>	<u>\$ 190,191</u>	<u>\$ 232,676</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, 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	-	-	46,326	-	70	211,488	257,884
Disposals	-	-	(39,365)	(630)	(1,294)	-	(41,289)
Internal transfer	-	911	86,842	-	2,558	(90,311)	-
Effect of foreign currency exchange differences	-	-	-	21	121	-	142
Balance as of September 30, 2023	<u>\$ 228,229</u>	<u>\$ 780,667</u>	<u>\$ 6,593,345</u>	<u>\$ 9,421</u>	<u>\$ 90,293</u>	<u>\$ 914,165</u>	<u>\$ 8,616,120</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	-	14,104	212,363	284	2,165	-	228,916
Disposals	-	-	(39,365)	(630)	(1,294)	-	(41,289)
Effect of foreign currency exchange differences	-	-	-	21	117	-	138
Balance as of September 30, 2023	<u>\$ -</u>	<u>\$ 357,643</u>	<u>\$ 4,773,639</u>	<u>\$ 7,840</u>	<u>\$ 84,548</u>	<u>\$ -</u>	<u>\$ 5,223,670</u>

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	Freehold Land	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress and Prepayments for Equipment	Total
Net amount as of September 30, 2023	<u>\$ 228,229</u>	<u>\$ 423,024</u>	<u>\$ 1,819,706</u>	<u>\$ 1,581</u>	<u>\$ 5,745</u>	<u>\$ 914,165</u>	<u>\$ 3,392,450</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	-	-	27,487	-	-	173,540	201,027
Disposals	-	-	(1,485)	-	(133)	-	(1,618)
Internal transfer	-	-	41,291	-	925	(42,216)	-
Effect of foreign currency exchange differences	-	-	-	31	290	-	321
Balance as of September 30, 2022	<u>\$ 228,229</u>	<u>\$ 778,815</u>	<u>\$ 6,501,142</u>	<u>\$ 9,692</u>	<u>\$ 89,220</u>	<u>\$ 750,072</u>	<u>\$ 8,357,170</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	-	14,830	202,580	231	2,099	-	219,740
Disposals	-	-	(1,485)	-	(133)	-	(1,618)
Effect of foreign currency exchange differences	-	-	-	23	288	-	311
Balance as of September 30, 2022	<u>\$ -</u>	<u>\$ 338,587</u>	<u>\$ 4,567,739</u>	<u>\$ 9,536</u>	<u>\$ 83,421</u>	<u>\$ -</u>	<u>\$ 4,999,283</u>
Net amount as of September 30, 2022	<u>\$ 228,229</u>	<u>\$ 440,228</u>	<u>\$ 1,933,403</u>	<u>\$ 156</u>	<u>\$ 5,799</u>	<u>\$ 750,072</u>	<u>\$ 3,357,887</u>

No impairment loss was recognized or reversed from January 1 to September 30, 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
Office building, laboratory and improvements	10 to 40 years
Storage rooms	11 to 45 years
Engineering systems	35 to 40 years
Others	2 to 20 years
Machinery and equipment	3 to 22 years
Other equipment	3 to 10 years

In order to support the relocation of petrochemical storage facilities in the old port area conducted by Taiwan International Ports Corporation Ltd. (“TIPC”), China General Terminal & Distribution Corporation (“CGTD”) leases the terminal facilities and back-line lands of Phase II Petrochemical Oil Storage and Transportation Center of Kaohsiung Port Container Center, with the lease term from August 1, 2017 to July 31, 2042. The rent is paid on quarterly basis. The Board of Directors of the Group resolved to build the Intercontinental Phase II Petrochemical Oil Products Center in 2019 with total investment amount of NT\$765,893 thousand for the construction. As of September 30, 2023, the Group

has made construction payment of NT\$728,858 thousand, which was booked under the construction in progress.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying amounts of right-of-use assets			
Land	\$ 9,534	\$ 10,213	\$ 10,381
Transportation equipment	<u>85</u>	<u>238</u>	<u>289</u>
	<u>\$ 9,619</u>	<u>\$ 10,451</u>	<u>\$ 10,670</u>
	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023
Additions of right-of-use assets			<u>\$ -</u>
Depreciation charge for right-of-use assets			<u>\$ 3,034</u>
Land	\$ 166	\$ 168	\$ 503
Transportation equipment	<u>51</u>	<u>51</u>	<u>153</u>
	<u>\$ 217</u>	<u>\$ 219</u>	<u>\$ 656</u>
	From January 1 to September 30, 2022		<u>\$ 507</u>

Except for the above-listed additions and depreciation expenses recognized, there was no significant sublease or impairment of the Group's right-of-use assets from January 1 to September 30, 2023 and 2022.

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 right-of-use assets that meet the definition of investment properties.

b. Lease liabilities

Range of discount rate for lease liabilities was as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Land	1.06%	1.06%	1.06%
Transportation equipment	1.06%	1.06%	1.06%
Building	1.06%	1.06%	1.06%

c. Other lease information

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Expenses relating to short-term leases	<u>\$ 1,185</u>	<u>\$ 1,328</u>	<u>\$ 3,235</u>	<u>\$ 3,069</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 149</u>	<u>\$ 117</u>	<u>\$ 391</u>	<u>\$ 353</u>
Total cash (outflow) for leases			<u>(\$ 8,605)</u>	<u>(\$ 8,241)</u>

16. INVESTMENT PROPERTIES

	Land	Buildings and Improvements	Right-of-use Assets	Total
<u>Cost</u>				
Balance as of January 1, 2023	\$ 370,202	\$ 262,807	\$ 34,585	\$ 667,594
Effect of foreign currency exchange differences	-	6,616	-	6,616
Balance as of September 30, 2023	<u>\$ 370,202</u>	<u>\$ 269,423</u>	<u>\$ 34,585</u>	<u>\$ 674,210</u>
<u>Accumulated depreciation</u>				
Balance as of January 1, 2023	\$ -	\$ 134,797	\$ 21,842	\$ 156,639
Depreciation expenses	-	3,551	4,096	7,647
Effect of foreign currency exchange differences	-	2,902	-	2,902
Balance as of September 30, 2023	<u>\$ -</u>	<u>\$ 141,250</u>	<u>\$ 25,938</u>	<u>\$ 167,188</u>
Net amount as of September 30, 2023	<u>\$ 370,202</u>	<u>\$ 128,173</u>	<u>\$ 8,647</u>	<u>\$ 507,022</u>
<u>Cost</u>				
Balance as of January 1, 2022	\$ 370,202	\$ 247,758	\$ 34,585	\$ 652,545
Additions	-	2,214	-	2,214
Effect of foreign currency exchange differences	-	17,246	-	17,246
Balance as of September 30, 2022	<u>\$ 370,202</u>	<u>\$ 267,218</u>	<u>\$ 34,585</u>	<u>\$ 672,005</u>
<u>Accumulated depreciation</u>				
Balance as of January 1, 2022	\$ -	\$ 124,906	\$ 16,381	\$ 141,287
Depreciation expenses	-	3,397	4,096	7,493
Effect of foreign currency exchange differences	-	7,173	-	7,173
Balance as of September 30, 2022	<u>\$ -</u>	<u>\$ 135,476</u>	<u>\$ 20,477</u>	<u>\$ 155,953</u>
Net amount as of September 30, 2022	<u>\$ 370,202</u>	<u>\$ 131,742</u>	<u>\$ 14,108</u>	<u>\$ 516,052</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 September 30, 2023 and 2022 was as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Year 1	\$ 22,590	\$ 15,344	\$ 22,680
Year 2	10,873	13,749	16,099
Year 3	8,846	4,375	5,916
Year 4	1,944	3,889	3,889
Year 5	-	972	1,944
	<u>\$ 44,253</u>	<u>\$ 38,329</u>	<u>\$ 50,528</u>

Except for additions and depreciation expenses recognized, there was no significant disposal or impairment of the Group's investment properties from January 1 to September 30, 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 investment properties - land (excluding those located in Linyuan Industrial Park), buildings and improvements were not evaluated by the independent appraisers. The fair values of these investment properties were measured by the Group's management applying Level 3 input values generated from the valuation model commonly used by market participants. The valuation was conducted with reference to the transaction prices of similar properties in the neighborhood. The fair value of the right-of-use asset was measured using expected rental income deducting the net amount of all expected payments, plus relevant recognized lease liabilities.

The fair values of the proceeds as of September 30, 2023 and December 31 and September 30, 2022, are as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Fair value	<u>\$ 1,987,907</u>	<u>\$ 1,943,595</u>	<u>\$ 1,923,709</u>

The Group was involved in a proposal of urban renewal, in which it coordinates with neighbors by right of transfer dominated by Huaku Development Co., Ltd. (hereinafter referred to as "Huaku") and provides around ten of its investment properties (located at Yanji

St., Songshan Dist., Taipei City) to increase its operating efficiency. The urban renewal plan has been completed in the year 2022, and has obtained a land use right license and completed the transfer of property rights for the land and houses transferred.

17. **BORROWINGS**

- a. Short-term loans (September 30, 2023 and September 30, 2022: none)

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

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

- b. Long-term borrowings

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Unsecured borrowings	<u>\$ 545,415</u>	<u>\$ 450,636</u>	<u>\$ 1,000,077</u>
Range of interest rates	1.05%	0.925%	0.80%-1.29%

In order to fund medium to long-term working capital needs, the Group signed medium to long-term loan agreements with banks with total lines of credit of NT\$5,300,000 thousand. The loan agreements will subsequently expire before August 2026 and these lines of credit are on a revolving basis. Unused as of September 30, 2023.

Through “Action Plan for Accelerated Investment by Domestic Corporations” the Group obtained a low-interest bank loan of NT\$1,419,000 thousand. The difference between the market interest rate recognized and measured for the bank loan and the actual interest paid at preferential rate was recognized as government grant. As of September 30, 2023, NT\$549,000 thousand has been utilized.

Some of the Group's loan agreements stipulate that the current ratio and debt ratio as stated on the financial statements shall not be less than a specified percentage, and that if such a percentage fails to be met, the Group shall propose improvement measures to the banks concerned. As of September 30, 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

	September 30, 2023	December 31, 2022	September 30, 2022
Payables for salaries or bonuses	\$ 105,081	\$ 125,161	\$ 109,325
Payables for utilities	55,026	38,737	46,245
Payables for equipment	32,912	8,858	7,579
Payables for dividends	16,024	7,057	5,030
Others	<u>42,939</u>	<u>40,076</u>	<u>34,063</u>
	<u>\$ 251,982</u>	<u>\$ 219,889</u>	<u>\$ 202,242</u>

20. RETIREMENT BENEFIT PLANS

Pension expense related to defined benefit plans recognized from July 1 to September 30, 2023 and 2022, and from January 1 to September 30, 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:

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Operating costs	\$ 717	\$ 622	\$ 2,179	\$ 1,856
Selling and marketing expenses	69	50	193	143
General and administrative expenses	17	3	40	29
R&D expenses	<u>16</u>	<u>12</u>	<u>46</u>	<u>34</u>
	<u>\$ 819</u>	<u>\$ 687</u>	<u>\$ 2,458</u>	<u>\$ 2,062</u>

21. EQUITY

a. Ordinary shares

	September 30, 2023	December 31, 2022	September 30, 2022
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 \$10, carry one vote per share and carry a right to dividends.

b. Capital surplus

	September 30, 2023	December 31, 2022	September 30, 2022
Unpaid dividends	\$ 25,720	\$ 25,720	\$ 24,226
Share of changes in capital surplus of associates accounted for using the equity method	<u>11,178</u>	<u>11,422</u>	<u>11,107</u>
	<u>\$ 36,898</u>	<u>\$ 37,142</u>	<u>\$ 35,333</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 Group has no deficit, such capital surplus may be distributed as cash dividends or share dividends up to a certain percentage of the Group'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 Group 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 Group's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to "Employees' compensation and remuneration of directors" in Note 23-7.

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

An appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If

the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Company allocated and reversed special reserve in accordance with the requirements of Letter Jin-Guan-Zheng-Fa-Zi No. 1090150022 and "Questions and Answers on the Applicability of Allocation of Special Reserves after the Adoption of International Financial Reporting Standards (IFRSs)".

The appropriations of earnings for 2022 and 2021 approved in the shareholders' meetings on May 30, 2023 and May 27, 2022, respectively, were as follows:

	<u>2022</u>	<u>2021</u>
Legal reserve	\$ 147,008	\$ 317,192
Cash dividends	<u>\$ 712,493</u>	<u>\$ 1,781,232</u>
Cash dividends per share (NT\$)	\$ 1.2	\$ 3.0

d. Other equity

1) Exchange differences on translating the financial statements of foreign operations

	<u>From January 1 to September 30, 2023</u>	<u>From January 1 to September 30, 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	86,893	222,431
Share of exchange differences of associates accounted for using the equity method	11,174	22,741
Related income tax	(<u>17,379</u>)	(<u>44,486</u>)
Other comprehensive income (loss) for the period	<u>80,688</u>	<u>200,686</u>
Ending balance	(<u>\$ 28,715</u>)	(<u>\$ 39,274</u>)

- 2) Unrealized gain (loss) on financial assets at fair value through other comprehensive income

	<u>From January 1 to September 30, 2023</u>	<u>From January 1 to September 30, 2022</u>
Beginning balance	<u>\$ 1,052,184</u>	<u>\$ 2,118,506</u>
Generated for the period		
Unrealized (gain) loss		
Equity instruments	(167,124)	(1,118,558)
Share of associates accounted for using the equity method	(9,390)	(42,227)
Related income tax	<u>217</u>	<u>385</u>
Other comprehensive income (loss) for the period	<u>(176,297)</u>	<u>(1,160,400)</u>
Accumulated profit or loss of equity instruments transferred to retained earnings due to disposal	-	(190)
Changes in capital surplus from investments in associates accounted for using the equity method	<u>584</u>	<u>(111)</u>
Ending balance	<u>\$ 876,471</u>	<u>\$ 957,805</u>

22. REVENUE

- a. Revenue from contracts with customers

	<u>From July 1 to September 30, 2023</u>	<u>From July 1 to September 30, 2022</u>	<u>From January 1 to September 30, 2023</u>	<u>From January 1 to September 30, 2022</u>
Revenue from contracts with customers				
Revenue from sale of goods	<u>\$ 1,811,511</u>	<u>\$ 2,821,671</u>	<u>\$ 5,040,014</u>	<u>\$ 7,311,466</u>

- b. Contract balances

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>	<u>January 1, 2022</u>
Accounts receivable	<u>\$ 693,241</u>	<u>\$ 1,070,835</u>	<u>\$ 1,086,909</u>	<u>\$ 1,419,309</u>
Contract liabilities (presented in other current liabilities)	<u>\$ 70,517</u>	<u>\$ 47,067</u>	<u>\$ 32,334</u>	<u>\$ 24,988</u>

23. NET PROFIT FOR THE PERIOD

a. Interest income

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Interest income				
Bank deposits	\$ 3,150	\$ 1,395	\$ 9,675	\$ 5,674
Financial assets at FVTPL	-	-	1,532	1,228
Reverse repurchase agreements collateralized by bonds	989	247	4,661	622
	<u>\$ 4,139</u>	<u>\$ 1,642</u>	<u>\$ 15,868</u>	<u>\$ 7,524</u>

b. Other income

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Rental income	\$ 11,873	\$ 15,050	\$ 35,925	\$ 42,661
Dividend income				
Financial assets at FVTPL	1,395	1,969	2,669	16,917
Investments in equity instruments at FVTOCI	34,840	47,909	110,073	270,891
Others	3,240	2,871	10,361	8,667
	<u>\$ 51,348</u>	<u>\$ 67,799</u>	<u>\$ 159,028</u>	<u>\$ 339,136</u>

c. Other gains and losses

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Fair value changes of financial assets and financial liabilities				
Financial assets at FVTPL	(\$ 2,298)	(\$ 18,733)	\$ 6,558	(\$ 53,302)
Financial liabilities at FVTPL	(6,301)	(3,884)	(1,734)	(14,430)
Net foreign exchange gains	31,551	35,500	22,292	69,528
Others	(3,988)	(6,190)	(11,480)	(14,906)
	<u>\$ 18,964</u>	<u>\$ 6,693</u>	<u>\$ 15,636</u>	<u>(\$ 13,110)</u>

d. Interest expense

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Interest on bank loans	\$ 2,281	\$ 2,587	\$ 6,756	\$ 7,661
Interest on lease liabilities	53	71	173	209
	<u>\$ 2,334</u>	<u>\$ 2,658</u>	<u>\$ 6,929</u>	<u>\$ 7,870</u>

The Group did not capitalize interest for the period from January 1 to September 30, 2023 and 2022.

e. Depreciation and amortization

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Property, plant and equipment	\$ 77,580	\$ 74,001	\$ 228,916	\$ 219,740
Investment properties	2,564	2,539	7,647	7,493
Right-of-use assets	217	219	656	507
Intangible assets	<u>87</u>	<u>9</u>	<u>326</u>	<u>9</u>
Total	<u>\$ 80,448</u>	<u>\$ 76,768</u>	<u>\$ 237,545</u>	<u>\$ 227,749</u>
An analysis of depreciation expenses by function				
Operating costs	\$ 77,756	\$ 74,143	\$ 229,383	\$ 220,016
Operating expenses	41	77	189	231
Other gains and losses	<u>2,564</u>	<u>2,539</u>	<u>7,647</u>	<u>7,493</u>
	<u>\$ 80,361</u>	<u>\$ 76,759</u>	<u>\$ 237,219</u>	<u>\$ 227,740</u>
An analysis of amortization expenses by function				
General and administrative expenses	<u>\$ 87</u>	<u>\$ 9</u>	<u>\$ 326</u>	<u>\$ 9</u>

f. Employee benefits expense

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Post-employment benefits (Note 20)				
Defined contribution plans	\$ 2,302	\$ 2,080	\$ 6,801	\$ 6,054
Defined benefit plans	<u>819</u>	<u>687</u>	<u>2,458</u>	<u>2,062</u>
	3,121	2,767	9,259	8,116
Other employee benefits	<u>92,435</u>	<u>89,124</u>	<u>281,130</u>	<u>280,031</u>
Total employee benefits expense	<u>\$ 95,556</u>	<u>\$ 91,891</u>	<u>\$ 290,389</u>	<u>\$ 288,147</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 82,421	\$ 80,057	\$ 251,182	\$ 251,103
Operating expenses	<u>13,135</u>	<u>11,834</u>	<u>39,207</u>	<u>37,044</u>
	<u>\$ 95,556</u>	<u>\$ 91,891</u>	<u>\$ 290,389</u>	<u>\$ 288,147</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. The estimated remuneration of employees and directors for the

period from July 1 to September 30, 2023 and 2022, and from January 1 to September 30, 2023 and 2022 is as follows:

Accrual rate

	<u>From January 1 to September 30, 2023</u>	<u>From January 1 to September 30, 2022</u>
	<u>Cash</u>	<u>Cash</u>
Employees' compensation	1%	1%
Directors' remuneration	-	-

Amount

	<u>From July 1 to September 30, 2023</u>	<u>From July 1 to September 30, 2022</u>	<u>From January 1 to September 30, 2023</u>	<u>From January 1 to September 30, 2022</u>
Employees' compensation	<u>\$ 1,989</u>	<u>\$ 5,811</u>	<u>\$ 3,479</u>	<u>\$ 14,526</u>
Directors' remuneration	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<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 and recognized in the next year.

The employees' compensation and remuneration of directors for the years 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:

	<u>2022</u>	<u>2021</u>
	<u>Cash</u>	<u>Cash</u>
Employees' compensation	\$ 18,309	\$ 37,699
Directors' remuneration	-	-

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 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 July 1 to September 30, 2023</u>	<u>From July 1 to September 30, 2022</u>	<u>From January 1 to September 30, 2023</u>	<u>From January 1 to September 30, 2022</u>
Foreign exchange gains	\$ 32,011	\$ 50,218	\$ 50,042	\$ 110,612
Foreign exchange losses	(460)	(14,718)	(27,750)	(41,084)
Net gains	<u>\$ 31,551</u>	<u>\$ 35,500</u>	<u>\$ 22,292</u>	<u>\$ 69,528</u>

24. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
<u>Current tax</u>				
In respect of the current period	\$ 46,609	\$ 211,597	\$ 172,532	\$ 461,668
Income tax on unappropriated earnings	-	-	27,029	49,675
Adjustments for prior years	<u>-</u>	<u>-</u>	<u>4,033</u>	<u>(3,362)</u>
	<u>46,609</u>	<u>211,597</u>	<u>203,594</u>	<u>507,981</u>
<u>Deferred income tax</u>				
In respect of the current period	<u>(13,009)</u>	<u>(88,394)</u>	<u>(122,478)</u>	<u>(214,546)</u>
Income tax expense recognized in profit or loss	<u>\$ 33,600</u>	<u>\$ 123,203</u>	<u>\$ 81,116</u>	<u>\$ 293,435</u>

b. Income tax recognized in other comprehensive income

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
<u>Deferred income tax</u>				
Generated for the period				
- Translation of foreign operations	\$ 29,306	\$ 16,417	\$ 17,379	\$ 44,486
- Unrealized gain (loss) on financial assets at fair value through other comprehensive income	<u>(1,190)</u>	<u>(2,092)</u>	<u>(217)</u>	<u>(385)</u>
Income tax expense recognized in other comprehensive income	<u>\$ 28,116</u>	<u>\$ 14,325</u>	<u>\$ 17,162</u>	<u>\$ 44,101</u>

c. Income tax assessments

The profit-seeking enterprise annual income tax return of the Company and APCI's through 2021 has been assessed by the tax authorities.

25. EARNINGS PER SHARE

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

Net profit for the period

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Used in the computation of the net profit from basic and diluted earnings per share	<u>\$ 164,503</u>	<u>\$ 452,393</u>	<u>\$ 267,699</u>	<u>\$ 1,145,445</u>

Number of shares

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
				(In thousand shares)
Weighted average number of ordinary shares used in the computation of basic earnings per share	593,743	593,743	593,743	593,743
Effect of potentially dilutive ordinary shares:				
Employees' compensation	<u>142</u>	<u>512</u>	<u>283</u>	<u>775</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>593,885</u>	<u>594,255</u>	<u>594,026</u>	<u>594,518</u>

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

26. CAPITAL MANAGEMENT

The 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 Group (comprising issued capital, reserves, retained earnings, and other equity).

27. 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

September 30, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Domestic listed shares	\$ 66,407	\$ -	\$ -	\$ 66,407
Mutual funds	640,423	-	-	640,423
Beneficiary securities	68,723	-	-	68,723
	<u>\$ 775,553</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 775,553</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 2,822,045	\$ -	\$ -	\$ 2,822,045
Foreign listed shares	11,708	-	-	11,708
Domestic unlisted shares	-	-	128,334	128,334
Foreign unlisted shares	-	-	86,797	86,797
	<u>\$ 2,833,753</u>	<u>\$ -</u>	<u>\$ 215,131</u>	<u>\$ 3,048,884</u>
<u>Financial liabilities at FVTPL</u>				
Derivative instruments	\$ -	\$ 1,442	\$ -	\$ 1,442

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Derivative instruments	\$ -	\$ 425	\$ -	\$ 425
Domestic listed shares	87,136	-	-	87,136
Mutual funds	352,262	-	-	352,262
Beneficiary securities	59,953	-	-	59,953
	<u>\$ 499,351</u>	<u>\$ 425</u>	<u>\$ -</u>	<u>\$ 499,776</u>
<u>Financial assets at FVTOCI</u>				
Investments in 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	-	-	77,428	77,428
	<u>\$ 2,998,293</u>	<u>\$ -</u>	<u>\$ 212,732</u>	<u>\$ 3,211,025</u>
<u>Financial liabilities at FVTPL</u>				
Derivative instruments	\$ -	\$ 3,012	\$ -	\$ 3,012

September 30, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Domestic listed shares	\$ 82,157	\$ -	\$ -	\$ 82,157
Mutual funds	321,463	-	-	321,463
Beneficiary securities	59,688	-	-	59,688
	<u>\$ 463,308</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 463,308</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 2,903,455	\$ -	\$ -	\$ 2,903,455
Foreign listed shares	15,589	-	-	15,589
Domestic unlisted shares	-	-	144,463	144,463
Foreign unlisted shares	-	-	82,320	82,320
	<u>\$ 2,919,044</u>	<u>\$ -</u>	<u>\$ 226,783</u>	<u>\$ 3,145,827</u>
<u>Financial liabilities at FVTPL</u>				
Derivative instruments	<u>\$ -</u>	<u>\$ 5,240</u>	<u>\$ -</u>	<u>\$ 5,240</u>

There were no transfers between Levels 1 and 2 from January 1 to September 30, 2023 and 2022.

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

From January 1 to September 30, 2023

<u>Financial Assets</u>	<u>Financial Assets Equity instruments at FVTOCI</u>
Beginning balance	\$ 212,732
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	<u>2,399</u>
Ending balance	<u>\$ 215,131</u>

From January 1 to September 30, 2022

<u>Financial Assets</u>	<u>Financial Assets Equity instruments at FVTOCI</u>
Beginning balance	\$ 228,200
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	(1,391)
Disposals	(26)
Ending balance	<u>\$ 226,783</u>

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

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

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

The 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\$2,151 thousand from January 1 to September 30, 2023; and increase/decrease the fair value by NT\$2,268 thousand from January 1 to September 30, 2022.

c. Categories of financial instruments

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>Financial assets</u>			
At FVTPL			
Mandatorily classified as at FVTPL	\$ 775,553	\$ 499,776	\$ 463,308
Financial assets at amortized cost (Note 1)	1,612,147	2,567,894	1,932,051
Financial Assets at FVTOCI			
Investments in equity instruments	3,048,884	3,211,025	3,145,827
<u>Financial liabilities</u>			
Held for trading at FVTPL	1,442	3,012	5,240
Financial liabilities at amortized cost (Note 2)	1,046,267	1,159,311	1,407,899

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

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

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 30. See Note 7 for the carrying

value of derivative instruments with additional exposure to foreign exchange rate risk.

Sensitivity analysis

The Group was mainly exposed to the USD and RMB. The sensitivity analysis includes only outstanding foreign currency denominated monetary items at the end of the reporting period. If the functional currency of the Group strengthens/weakens by 3% against USD, the Group's profit before tax will decrease/increase by NT\$10,511 thousand from January 1 to September 30, 2023 and the profit before tax will increase/decrease by NT\$13,713 thousand from January 1 to September 30, 2022. If the functional currency of the Group strengthens/weakens by 3% against RMB, the Group's profit before tax will decrease/increase by NT\$9,874 thousand from January 1 to September 30, 2023 and the profit before tax will increase/decrease by NT\$21,273 thousand from January 1 to September 30, 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:

	September 30, 2023	December 31, 2022	September 30, 2022
Fair value interest rate risk			
– Financial assets	\$ 664,721	\$ 1,260,723	\$ 460,844
– Financial liabilities	19,251	24,233	575,719
Cash flow interest rate risk			
– Financial assets	247,518	228,021	376,362
– Financial liabilities	545,415	570,636	450,077

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 profit before tax by NT\$1,117 thousand and NT\$276 thousand from January 1 to September 30, 2023 and 2022.

(c) Other price risk

The Group was exposed to securities price risk through its investments in marketable securities such as domestic or foreign shares and mutual funds. The Group's management 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 following sensitivity analysis was based on the prices of securities as of the balance sheet date. However, in the financial assets at fair value through profit or loss in which the Group invested, the risk of price fluctuation of money market funds was very limited, so it was not included in the analysis.

If the marketable securities price increases/decreases by 5%, the profit before tax for January 1 to September 30, 2023 and 2022 would increase/decrease by NT\$6,757 thousand and NT\$7,092 thousand respectively due to the increase/decrease in the fair value of financial assets at FVTPL (excluding investment in money market funds). Other comprehensive income before tax

from January 1 to September 30, 2023 and 2022 will increase/decrease by NT\$152,444 thousand and NT\$157,291 thousand due to the increase/decrease in fair value of financial assets at FVTOCI.

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.

September 30, 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		\$ 494,158	\$ -	\$ -
Lease liabilities	1.06%	6,574	6,395	7,260
Floating interest rate liabilities	1.05%	5,780	557,180	-
		<u>\$ 506,512</u>	<u>\$ 563,575</u>	<u>\$ 7,260</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%	124,168	462,446	-
		<u>\$ 713,745</u>	<u>\$ 473,207</u>	<u>\$ 7,872</u>

September 30, 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		\$ 407,822	\$ -	\$ -
Lease liabilities	1.06%	6,693	12,585	7,655
Fixed interest rate liabilities	1.25%	6,870	556,298	-
Floating interest rate liabilities	0.80%	2,063	461,008	-
		<u>\$ 423,448</u>	<u>\$ 1,029,891</u>	<u>\$ 7,655</u>

(b) Liquidity and interest rate risk table for derivative financial liabilities

Liquidity analysis of derivative financial instruments with gross delivery is prepared on the basis of undiscounted gross cash inflows and outflows. When the amount payable or receivable is not fixed, the amount disclosed is determined by the expected interest rate derived from the yield curve on the balance sheet date.

September 30, 2023

	<u>On Demand or Less than 1 Month</u>	<u>1 to 3 Months</u>
<u>Gross settled</u>		
Foreign exchange forward contracts		
— Inflows	\$ 64,101	\$ 71,752
— Outflows	(66,519)	(73,712)
	<u>(\$ 2,418)</u>	<u>(\$ 1,960)</u>

December 31, 2022

	<u>On Demand or Less than 1 Month</u>	<u>1 to 3 Months</u>
<u>Gross settled</u>		
Foreign exchange forward contracts		
— Inflows	\$ 96,081	\$ 348,533
— Outflows	(95,684)	(351,870)
	<u>\$ 397</u>	<u>(\$ 3,337)</u>

September 30, 2022

	<u>On Demand or Less than 1 Month</u>	<u>1 to 3 Months</u>
<u>Gross settled</u>		
Foreign exchange forward contracts		
— Inflows	\$ 71,703	\$ 442,483
— Outflows	(72,447)	(448,094)
	<u>(\$ 744)</u>	<u>(\$ 5,611)</u>

(c) 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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Bank loan facilities			
- Amount used	\$ 549,000	\$ 575,000	\$ 1,005,000
- Amount unused	<u>10,389,270</u>	<u>11,534,000</u>	<u>9,374,000</u>
	<u>\$10,938,270</u>	<u>\$12,109,000</u>	<u>\$10,379,000</u>

28. TRANSACTIONS WITH RELATED PARTIES

The Company's ultimate parent is USI Corporation, which held 36.08% of the ordinary shares of the Company as of September 30, 2023 and December 31 and September 30, 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 the related parties which have significant transactions with the Company are summarized as follows:

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

b. Sales of goods

Related Party Category/Name	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Ultimate parent company				
USI Corporation	\$ 219,051	\$ 328,289	\$ 646,990	\$ 1,124,851
Associate	3,462	4,666	24,203	20,225
Fellow subsidiary	9,739	1,491	13,269	4,355
	<u>\$ 232,252</u>	<u>\$ 334,446</u>	<u>\$ 684,462</u>	<u>\$ 1,149,431</u>

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

c. Purchases of goods

Related Party Category/Name	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Ultimate parent company				
USI Corporation	<u>\$ 70,938</u>	<u>\$ 124,284</u>	<u>\$ 227,211</u>	<u>\$ 310,695</u>
Associate				
GL	114,979	197,534	544,719	508,090
Others	8,468	12,349	29,446	32,281
	<u>123,447</u>	<u>209,883</u>	<u>574,165</u>	<u>540,371</u>
	<u>\$ 194,385</u>	<u>\$ 334,167</u>	<u>\$ 801,376</u>	<u>\$ 851,066</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. Management fee (under general and administrative expenses)

Related Party Category/Name	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Ultimate parent company				
USI Corporation	<u>\$ 2,297</u>	<u>\$ 2,064</u>	<u>\$ 6,603</u>	<u>\$ 7,751</u>
Fellow subsidiary				
UM	13,699	12,529	41,529	45,377
Others	-	84	-	335
	<u>13,699</u>	<u>12,613</u>	<u>41,529</u>	<u>45,712</u>
	<u>\$ 15,996</u>	<u>\$ 14,677</u>	<u>\$ 48,132</u>	<u>\$ 53,463</u>

e. Lease arrangements - Group is lessee

Lease expense

Related Party Category/Name	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Ultimate parent company				
USI Corporation	<u>\$ 605</u>	<u>\$ 627</u>	<u>\$ 1,803</u>	<u>\$ 1,878</u>

f. Lease arrangement - Group is lessor

Rental income

Related Party Category/Name	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Ultimate parent company				
USI Corporation	\$ 872	\$ 781	\$ 2,458	\$ 2,651
Parent entity				
Union Polymer	6	10	17	30
Associate				
TVCM	3,219	3,268	9,751	9,749
Others	1,564	2,204	4,826	5,131
	<u>4,783</u>	<u>5,472</u>	<u>14,577</u>	<u>14,880</u>
Fellow subsidiary				
TTC	1,747	1,692	5,072	5,318
Others	494	654	1,872	1,983
	<u>2,241</u>	<u>2,346</u>	<u>6,944</u>	<u>7,301</u>
	<u>\$ 7,902</u>	<u>\$ 8,609</u>	<u>\$ 23,996</u>	<u>\$ 24,862</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. Donation expenses (under general and administrative expenses)

Related Party Category/Name	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Essential related party				
- USIF	\$ -	\$ -	\$ 5,000	\$ 5,000

h. Management income (under other income)

Related Party Category/Name	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Associate				
DEIL	\$ 662	\$ -	\$ 1,288	\$ -
GUL	(1,720)	-	-	-
CGTD	-	-	-	552
	<u>(\$ 1,058)</u>	<u>\$ -</u>	<u>\$ 1,288</u>	<u>\$ 552</u>

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

Related Party Category/Name	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Fellow subsidiary				
TUVM	\$ 322	\$ 322	\$ 965	\$ 965

j. Accounts receivable

Related Party Category/Name	September 30, 2023	December 31, 2022	September 30, 2022
Ultimate parent company			
USI Corporation	\$ 154,619	\$ 187,963	\$ 229,411
Associate	<u>3,967</u>	<u>14,794</u>	<u>1,744</u>
	<u>\$ 158,586</u>	<u>\$ 202,757</u>	<u>\$ 231,155</u>

k. Other receivables

Related Party Category/Name	September 30, 2023	December 31, 2022	September 30, 2022
Ultimate parent company			
USI Corporation	\$ <u>372</u>	\$ <u>1,319</u>	\$ <u>43</u>
Associate			
CGPCP	3	582	1,044
DEIL	696	329	-
Others	<u>360</u>	<u>306</u>	<u>336</u>
	<u>1,059</u>	<u>1,217</u>	<u>1,380</u>
Fellow subsidiary			
TTC	683	837	598
Others	<u>12</u>	<u>229</u>	<u>74</u>
	<u>695</u>	<u>1,066</u>	<u>672</u>
	<u>\$ 2,126</u>	<u>\$ 3,602</u>	<u>\$ 2,095</u>

Other receivables - Related party payments mainly include payments from the ultimate parent company, associates, and fellow subsidiaries to the Company for renting offices and management fees.

l. Accounts payable

Related Party Category/Name	September 30, 2023	December 31, 2022	September 30, 2022
Ultimate parent company			
USI Corporation	\$ 29,349	\$ 50,634	\$ 43,267
Associate	<u>3,092</u>	<u>3,019</u>	<u>4,390</u>
	<u>\$ 32,441</u>	<u>\$ 53,653</u>	<u>\$ 47,657</u>

m. Other payables

Related Party Category/Name	September 30, 2023	December 31, 2022	September 30, 2022
Ultimate parent company			
USI Corporation	\$ 147,215	\$ 165,778	\$ 108,938
Associate	5,523	5,125	4,009
Fellow subsidiary	<u>395</u>	<u>8,000</u>	<u>485</u>
	<u>\$ 153,133</u>	<u>\$ 178,903</u>	<u>\$ 113,432</u>

Other payables - Related party payments mainly refer to the purchase of Ethylene by the Company from the ultimate parent company.

n. Compensation and bonus of key management personnel

	From July 1 to September 30, 2023	From July 1 to September 30, 2022	From January 1 to September 30, 2023	From January 1 to September 30, 2022
Short-term employee benefits	<u>\$ 3,249</u>	<u>\$ 3,384</u>	<u>\$ 10,063</u>	<u>\$ 10,431</u>

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

29. SIGNIFICANT COMMITMENTS, CRITICAL EVENTS AFTER THE REPORTING DATE AND CONTINGENCIES

a. Significant commitments

The amounts available under unused letters of credit as of September 30, 2023 and December 31 and September 30, 2022 were NT\$210,730 thousand, NT\$360,000 thousand and NT\$320,000 thousand.

b. Key contingencies

Regarding the gas explosion of the propylene pipeline of Lee Chang Yung Chemical Industry Corporation (“LCY Chemical Corp.”) on the night of July 31, 2014 operated by the investee company accounted for using 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 NT\$230,183 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 provisional attachment against CGTD's property on August 27 and November 26, 2015 and CGTD had deposited cash of NT\$99,207 thousand to the court to avoid provisional attachment. Taiwan Water Corporation also applied to the court for provisional attachment against CGTD's property on February 3 and March 2, 2017, respectively. As of October 27, 2023, the provisionally attached property of CGTD was worth NT\$9,388 thousand.

As for the victims of the gas explosion, CGTD, LCY Chemical Corp. and the Kaohsiung City Government signed a tripartite agreement on July 17, 2015, agreeing to negotiate compensation in advance for all the heirs and claimants of the 32 victims (hereinafter referred to as "the families of the victims"). Each victim's family received NT\$12,000 thousand, and the total compensation was NT\$384,000 thousand. The compensation was advanced by LCY Chemical Corp, and 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 tripartite agreement, CGTD paid NT\$157,347 thousand to LCY Chemical Corp. on August 10, 2022 according to the proportion of fault liability of 30% in the first-instance judgments of this case. After settling the civil litigation later, compensation will be made according to the determined liability proportion.

As for the seriously injured, CGTD, LCY Chemical Corp. and the Kaohsiung City Government signed a tripartite agreement for severe injuries on October 25, 2017, agreeing to negotiate compensation in advance with the 65 seriously injured victims. The compensation was advanced by CGTD and the Kaohsiung City Government, and CGTD was in charge of negotiating the compensation with the seriously injured victims and signing the settlement agreement on behalf of the three parties with the 64 seriously injured victims.

As of October 27, 2023, the victims and victims' families had written letters or filed civil procedures (and criminal procedures) against LCY Chemical Corp., CGTD and CPC for compensation. To reduce the lawsuit costs, CGTD had reached a settlement on the original claim for NT\$46,677 thousand, and the amount of the compensation was NT\$4,519 thousand. Along with the case still in litigation and the above-mentioned compensation, the accumulated amount of compensation is approximately NT\$3,856,447 thousand. The first-instance judgments of some of the abovementioned civil cases (the amount of compensation requested is 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 NT\$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 NT\$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 NT\$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 borne by CGTD is determined in the civil case judgment in the future.

30. 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 are as follows:

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

September 30, 2023

	Foreign Currency	Exchange Rate	Functional Currency	Carrying Amount
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 16,146	32.270 (USD:NTD)	\$ 521,037	\$ 521,037
USD	387	7.1797 (USD:RMB)	2,775	12,474
RMB	3,597	0.1393 (RMB:USD)	501	16,167
RMB	70,221	4.4946 (RMB:NTD)	315,616	<u>315,616</u>
				<u>\$ 865,294</u>
<u>Non-monetary items</u>				
Associates accounted for using the equity method				
USD	91,620	32.270 (USD:NTD)	2,956,588	\$ 2,956,588
RMB	3,771	0.1393 (RMB:USD)	525	<u>16,951</u>
				<u>\$ 2,973,539</u>
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	5,675	32.270 (USD:NTD)	183,132	\$ 183,132
RMB	589	0.1393 (RMB:USD)	82	<u>2,645</u>
				<u>\$ 185,777</u>
<u>Non-monetary items</u>				
Derivative instruments				
RMB	31,200	4.4946 (RMB:NTD)	1,442	<u>\$ 1,442</u>

December 31, 2022

	Foreign Currency	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	660,099
				<u>\$ 1,400,170</u>
<u>Non-monetary items</u>				
Associates 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	12,323
				<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	129
				<u>\$ 238,444</u>
<u>Non-monetary items</u>				
Derivative instruments				
RMB	79,800	4.4094 (RMB:NTD)	3,012	<u>\$ 3,012</u>

September 30, 2022

	Foreign Currency	Exchange Rate	Functional Currency	Carrying Amount
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 17,701	31.750 (USD:NTD)	\$ 562,019	\$ 562,019
USD	368	7.0997 (USD:RMB)	2,616	11,699
RMB	3,377	0.1409 (RMB:USD)	476	15,113
RMB	155,446	4.4720 (RMB:NTD)	695,154	695,154
				<u>\$ 1,283,985</u>
<u>Non-monetary items</u>				
Associates accounted for using the equity method				
USD	125,136	31.750 (USD:NTD)	3,973,081	<u>\$ 3,973,081</u>
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	3,673	31.750 (USD:NTD)	116,631	\$ 116,631
RMB	263	0.1409 (RMB:USD)	37	1,175
JPY	2,779	0.2201 (JPY:NTD)	612	612
EUR	27	31.260 (EUR:NTD)	835	835
				<u>\$ 119,253</u>
<u>Non-monetary items</u>				
Derivative instruments				
RMB	116,400	4.4720 (RMB:NTD)	5,240	<u>\$ 5,240</u>

From July 1 to September 30, 2023 and 2022, and from January 1 to September 30, 2023 and 2022, realized and unrealized foreign exchange gains were NT\$31,551 thousand, NT\$35,500 thousand, NT\$22,292 thousand, and NT\$69,528 thousand, respectively. It is impractical to disclose foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions.

31. SEPARATELY DISCLOSED ITEMS

- a. Information on significant transactions:
 - 1) Financing provided to others. (None)
 - 2) Endorsements/guarantees provided. (None)
 - 3) Marketable securities held at the end of the period (excluding investments in subsidiaries, associates and interests in 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) Others: 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, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 6)

- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses. (Table 7)
- (a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - (b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - (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 period 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 period or on the financial position, such as the rendering or receipt of services.
- d. Information on substantial shareholders: Names of shareholders with a holding ratio of 5% or more and the amount and proportion of shares held. (Table 8)
- Besides Tables 1 to 8 as disclosed, there was no other information about significant transactions, investees and investments in mainland China which should be disclosed.

32. SEGMENT INFORMATION

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

September 30, 2023

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Group	Financial Statement Account	Ending				Remark
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Asia Polymer Corporation	<u>Shares</u>							
	Harbinger Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income - non-current	2,377	\$ 15	1.20%	\$ 15	
	KHL IB Venture Capital Co., Ltd.	"	"	9,954,950	128,319	11.90%	128,319	
	USI Corporation	Ultimate parent company	"	101,355,673	2,103,130	8.53%	2,103,130	
	CTCI Corporation	-	"	14,446,107	569,899	1.80%	569,899	
	AUO Corporation	"	"	7,694,812	126,195	0.10%	126,195	
	Wafer Works Corporation	"	Financial assets at fair value through other comprehensive income - current	518,668	22,821	0.10%	22,821	
	Taiwan Cement Corporation	"	Financial assets at fair value through profit or loss - current	300,000	9,975	-	9,975	
	Hon Hai Precision Industry Co., Ltd.	"	"	100,000	10,400	-	10,400	
	Tung Ho Steel Enterprise Corp.	"	"	169,500	10,289	0.02%	10,289	
	China Steel Corporation	"	"	350,000	8,837	-	8,837	
	UPC Technology Corporation	"	"	293,000	4,351	0.02%	4,351	
	<u>Beneficiary securities</u>							
	Cathay No. 1 Real Estate Investment Trust	"	"	3,850,000	68,723	-	68,723	
	<u>Beneficiary certificates</u>							
	Capital Money Market Fund	"	"	5,157,155	85,267	-	85,267	
Jih Sun Money Market Fund	"	"	8,236,971	125,249	-	125,249		
Taishin 1699 Money Market Fund	"	"	18,260,735	253,770	-	253,770		
SinoPac TWD Money Market Fund	"	"	11,202,715	159,691	-	159,691		

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Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Group	Financial Statement Account	Ending				Remark
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
APC (BVI) Holding Co., Ltd.	<u>Shares</u>							
	Budworth Investment Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	40,467	\$ 2	4.45%	\$ 2	
	Silicon Technology Investment (Cayman) Corp. - preference shares	"	"	1,139,776	86,795	2.21%	86,795	
	NeuroSky, Inc. - series D preference shares	"	"	2,397,364	-	0.37%	-	(Note 1)
	Solargiga Energy Holdings Ltd.	"	"	15,863,333	11,708	0.48%	11,708	
	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	<u>Shares</u>							
	USI Corporation	Ultimate parent company	Financial assets at fair value through profit or loss - current	44,808	930	-	930	
	Taiwan Cement Corporation	-	"	150,000	4,987	-	4,987	
	Hon Hai Precision Industry Co., Ltd.	"	"	50,000	5,200	-	5,200	
	Tung Ho Steel Enterprise Corp.	"	"	87,250	5,296	0.01%	5,296	
	China Steel Corporation	"	"	175,000	4,419	-	4,419	
	UPC Technology Corporation	"	"	116,000	1,723	0.01%	1,723	
	<u>Beneficiary certificate</u>							
Cathay Taiwan Money Market Fund	"	"	1,292,518	16,446	-	16,446		

Note 1: The carrying amount of long-term equity investments in the company was zero due to the investment losses recognized in prior years.

Note 2: Please refer to Tables 5 and 6 for information on investments in 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 September 30, 2023

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

Buyer/Seller	Counterparty	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		
			Purchase/Sale	Amount	Ratio to Total Purchase/Sale (%)	Credit Period	Unit Price	Credit Period	Financial Statement Account and Ending Balance		Ratio to Total Notes/Accounts Receivable (Payable) (%)
Asia Polymer Corporation	USI Corporation	Ultimate parent company	Sales	(\$ 646,694)	(12.83%)	60 days	No significant difference	No significant difference	Accounts receivable from related parties	\$ 154,619	22.30%
"	USI Trading (Shanghai) Co., Ltd	Subsidiary	Sales	(176,327)	(3.50%)	90 days	No significant difference	No significant difference	Accounts receivable from related parties	52,145	7.52%
"	USI Corporation	Ultimate parent company	Purchases	142,237	4.99%	30 days	No significant difference	No significant difference	Accounts payable from related parties	(12,678)	6.36%
"	Fujian Gulei Petrochemical Co., Ltd.	Associate	Purchases	542,843	19.06%	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

September 30, 2023

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

Company Name	Counterparty	Relationship	Balance of Receivables from Related Parties	Turnover Rate	Overdue Amounts from Related Parties		Amounts Receivable from Related Parties in Subsequent Period (Note 2)	Loss Allowance Amount	
					Amount	Actions Taken			
Asia Polymer Corporation	USI Corporation	Ultimate parent company	Accounts receivable from related parties	\$ 154,619	5.04%	\$ -	-	\$ 81,930	Note 1
			Other receivables from related parties	149		-	-	149	Note 1

Note 1: There is no allowance of loss after assessment.

Note 2: The subsequent period refers to the period between October 1 and November 3, 2023.

ASIA POLYMER CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

From January 1 to September 30, 2023

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

No. (Note 1)	Trading Company	Counterparty	Relationship with Trader (Note 2)	Transactions Details			
				Account	Amount (Note 4)	Transaction Terms	% of Total Consolidated Operating Revenue or Total Assets (Note 3)
0	Asia Polymer Corporation	APC Investment Corporation	(1)	Non-operating income and expenses - rental income	\$ 107	No significant difference	-
0	Asia Polymer Corporation	USI Trading (Shanghai) Co., Ltd	(1)	Accounts receivable from related parties	52,145	No significant difference	0.34%
				Commission expenses	612	No significant difference	0.01%
				Sales	176,327	No significant difference	3.50%
				Other payables from related parties	467	No significant difference	-
1	USI International Corp.	USI Trading (Shanghai) Co., Ltd	(3)	Other receivables from related parties	6,470	No significant difference	0.04%
				Other payables from related parties	2,645	No significant difference	0.02%
				Non-operating income and expenses - rental income	1,024	No significant difference	0.02%
				Management fees	90	No significant difference	-

Note 1: The information about the transactions between the parent company and the subsidiaries should be marked in the note column as follows:

- (1) The parent company: 0.
- (2) The subsidiaries: 1 onward.

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

- (1) The parent company to the subsidiaries.
- (2) The subsidiaries to the parent company.
- (3) Between subsidiaries.

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 operating revenue.

Note 4: All the transactions were written off when preparing the consolidated financial statements.

TABLE 5

ASIA POLYMER CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES

From January 1 to September 30, 2023

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

Investor Company	Investee	Location	Main Businesses and Products	Original Investment Amount		Holding at the End of Period			Net Income (Loss) of Investee	Investment Income (Loss)	Remark
				Ending of Current Year	Ending of Previous Year	Number of Shares	Percentage	Carrying Amount			
Asia Polymer Corporation	APC (BVI) Holding Co., Ltd.	British Virgin Islands	Reinvestment	\$ 444,513 (US\$ 13,775 thousand)	\$ 444,513 (US\$ 13,775 thousand)	11,342,594	100.00%	\$ 611,893	\$ 10,396	\$ 10,396	Subsidiary (Note 1)
	APC Investment Corporation	Taipei City	Investment	200,000	200,000	20,000,000	100.00%	141,571	(4,799)	(4,799)	Subsidiary (Note 1)
	USI International Corp.	British Virgin Islands	Reinvestment	67,767 (US\$ 2,100 thousand)	67,767 (US\$ 2,100 thousand)	2,100,000	70.00%	70,581	(3,129)	(2,190)	Subsidiary (Note 1)
	China General Plastics Corporation	Taipei City	Production and selling of plastic cloth, plastic skin, plastic pipes, plastic particles, plastic powder, alkali chlorine products, and other related products as main business	247,412	247,412	46,886,185	8.07%	779,218	380,444	30,699	Investments accounted for using the equity method
	China General Terminal & Distribution Corporation	Taipei City	Warehousing and transportation of petrochemical raw materials	41,082	41,082	25,053,469	33.33%	334,844	(27,572)	(9,191)	Investments accounted for using the equity method
	Swanson Plastics Corporation	Taipei City	Manufacture and marketing of stretch films and industrial use multi-layer films	75,242	75,242	12,266,779	7.95%	206,429	(104,112)	(8,276)	Investments accounted for using the equity method
	Acme Electronics Corporation	Taipei City	Manufacture and marketing of manganese-zinc and ferrite core	76,241	61,348	6,801,315	3.19%	58,531	(157,178)	(5,019)	Investments accounted for using the equity method
	Taiwan United Venture Capital Corp.	Taipei City	Investment in high technology businesses	38,636	52,791	1,665,333	8.33%	11,380	(184)	(15)	Investments accounted for using the equity method
	USI Optronics Corporation	Taipei City	Manufacture and marketing of sapphire products	59,725	59,725	5,972,464	9.20%	5,084	(11,634)	(1,071)	Investments accounted for using the equity method
	Ever Conquest Global Ltd.	British Virgin Islands	Reinvestment	5,501,228 (US\$ 170,475 thousand)	5,501,228 (US\$ 170,475 thousand)	170,475,000	40.87%	2,956,588	(1,561,335)	(638,072)	Investments accounted for using the equity method
APC (BVI) Holding Co., Ltd.	ACME Electronics (Cayman) Corp.	British Cayman Islands	Reinvestment	169,253 (US\$ 5,245 thousand)	169,253 (US\$ 5,245 thousand)	8,316,450	13.63%	197,569	(77,541)		Investments accounted for using the equity method
	USI International Corp.	British Virgin Islands	Reinvestment	29,043 (US\$ 900 thousand)	29,043 (US\$ 900 thousand)	900,000	30.00%	30,249	(3,129)		Investments accounted for using the equity method
APC Investment Corporation	Acme Electronics Corporation	Taipei City	Manufacture and marketing of manganese-zinc and ferrite core	39,523	14,889	3,116,262	1.46%	26,818	(157,178)		Investments accounted for using the equity method
	Swanson Technologies Corporation	Taipei City	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%	(4,413)	(27,227)		Investments accounted for using the equity method
Ever Conquest Global Ltd.	Ever Victory Global Ltd.	British Virgin Islands	Reinvestment	13,461,269 (US\$ 417,145 thousand)	13,461,269 (US\$ 417,145 thousand)	417,145,000	67.40%	7,234,643 (US\$ 224,191 thousand)	(2,316,429) (US\$ 75,484 thousand)		Investments accounted for using the equity method
Ever Victory Global Ltd.	Dynamic Ever Investments Ltd.	Hong Kong	Reinvestment	19,002,190 (US\$ 588,850 thousand)	19,002,190 (US\$ 588,850 thousand)	588,850,000	85.00%	9,715,150 (US\$ 301,058 thousand)	(2,767,652) (US\$ 90,176 thousand)		Investments accounted for using the equity method

Note 1: All the transactions were written off when preparing the consolidated financial statements.

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 September 30, 2023
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 4)	Method and Medium of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of the Beginning of the Period	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of the End of the Period	Net Income and Loss of Investee (Note 3)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount of Investment as of the End of the Period (Note 4)	Accumulated Repatriation of Investment Income as of the End of the Period
					Outflow	Inflow						
ACME Electronics (Kunshan) Co., Ltd.	Manufacture and marketing of manganese-zinc soft ferrite core	\$ 991,496 (US\$ 30,725 thousand)	(2) ACME Electronics (Cayman) Corp.	\$ 134,804 (US\$ 4,177 thousand)	\$ -	\$ -	\$ 134,804 (US\$ 4,177 thousand)	B 79,569	13.63%	(\$ 11,762)	\$ 99,258	\$ -
USI Trading (Shanghai) Co., Ltd	Sale of chemical products and equipment	80,675 (US\$ 2,500 thousand)	(2) APC (BVI) Holding Co., Ltd.	97,959 (US\$ 3,036 thousand)	-	-	97,959 (US\$ 3,036 thousand)	C 10,851	100.00%	10,851	164,740	-
Fujian Gulei Petrochemical Co., Ltd.	Processing of crude oil and manufacture of petroleum products	41,864,502 (RMB 9,314,400 thousand)	(2) Dynamic Ever Investments Ltd., (Note 2)	5,094,880 (US\$ 157,883 thousand)	-	-	5,094,880 (US\$ 157,883 thousand)	C 5,515,357	11.71%	(645,674)	2,596,142	-
Zhangzhou Taiju Trading Co., Ltd.	Sales of chemical products	44,946 (RMB 10,000 thousand)	(2) APC (BVI) Holding Co., Ltd.	13,484 (RMB 3,000 thousand)	-	-	13,484 (RMB 3,000 thousand)	C 14,369	30.00%	4,311	16,951	-

Accumulated Outward Remittance for Investment from Taiwan to Mainland China as of the End of the Period	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$5,497,524 (Note 5) (US\$ 170,360 thousand)	\$7,368,390 (US\$ 228,336 thousand)	\$ - - (Note 6)

Note 1: Method and medium of investments are divided into three categories as follows:

- (1) Direct investment in mainland China.
- (2) Investments through a holding company registered in a third region (Please specify the investment company in the third region).
- (3) Others.

Note 2: The Group indirectly reinvested in 50% of the outstanding shares of Fujian Gulei Petrochemical Co., Ltd. via Ever Conquest Global Ltd. (40.87%) in the third region, 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 types, 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 CPAs of the parent company in Taiwan.
 - C. Others.

Note 4: The calculation was based on the exchange rate as of September 30, 2023.

Note 5: It includes the Company's indirect investment in companies in mainland China through APC (BVI) Holding Co. Ltd.'s investment in Silicon Technology Investment (Cayman) Corp. (STIC) and Solargiga Energy Holdings Ltd.

Note 6: As the Company has obtained the certificate of qualification for operating headquarters issued by the Industrial Development Bureau, MOEA in Order No. 11120425760 on August 23, 2022, the upper limit on investments is not applicable.

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 September 30, 2023

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

Investee Company	Transaction Type	Amount	%	Price	Transaction Terms		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Remark
					Payment Terms	Comparison with Normal Transactions	Amount	%		
USI Trading (Shanghai) Co., Ltd	Sales	\$ 176,327	3.38%	No significant difference	T/T 90 days	No significant difference	\$ 52,145	7.00%	\$ -	Note
Fujian Gulei Petrochemical Co., Ltd.	Purchases	544,719	18.01%	No significant difference	Letters of credit	No significant difference	-	-	-	—

Note: All the transactions were written off when preparing the consolidated financial statements.

ASIA POLYMER CORPORATION
INFORMATION ABOUT SUBSTANTIAL SHAREHOLDERS
September 30, 2023

Name of Substantial Shareholders	Shares	
	Number of Shares Held	%
Union Polymer International Investment Corporation	214,245,822	36.08%

Note: The information of substantial shareholders in this table refers to the information calculated by TDCC on the last business day at the end of the current quarter of which the total number of ordinary shares and preferred shares (including treasury shares) of the Company held, amounting to more than 5%, by the shareholder that have completed the dematerialized registration and delivery. The share capital recorded in the consolidated financial statements of the Company and the actual number of shares that have completed the dematerialized registration and delivery may be different or discrepant due to different compilation and calculation basis.