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Asia Polymer Corporation  
2022 Annual Report

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V. Overseas Securities Listing Exchange and Information: None.

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# Asia Polymer Corporation

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*This English translation is prepared in accordance with the Chinese version and is for reference purpose only. If there is any inconsistency between the Chinese version and the English translation, the Chinese version shall prevail.*

# Chapter 1 Letter to Shareholders

Dear Shareholders:

The Company's 2022 consolidated net revenue was NT\$ (same hereunder) 9.815 billion, an increase of NT\$250 million from last year. The consolidated profit before tax was about NT\$1.818 billion, an decrease of NT\$1.92 billion from 2021. The annual net profit was NT\$1.447 billion, and the budget achieving rate was 102%.

## (I) 2022 Business Report:

### Sales and Marketing:

At the beginning of the year, the geopolitical turmoil in Eastern Europe led to a sharp rise in the international oil price, pushing the price above NT\$100 and increasing raw material costs. In the meantime, the ongoing hindrance of the epidemic has impeded the pace of global economic recovery. EVA market was driven up by the strong demand for solar energy at the beginning of the year. When its price reached the peak in the first half of the year, the demand for packaging films became weak due to the rising prices of raw materials and inability of downstream module factories to pass on the cost. In addition, the demand for foam was limited thanks to the reduction of orders from shoe factories. The market price of EVA fell down in the middle of this year. Although the downturn of the market stopped, it intensified again because the demand did not rebound, and it was not stabilized until the end of the year. The annual sales volumes of LDPE/EVA respectively decreased by 11% and increased by 2% from the same period last year, while their average selling prices increased by 1% and 5% respectively. The total sales volume was 132,000 tons, and the budget achievement rate for sales was 98%.

### Materials and cost:

Recurring geopolitical disputes brought about military conflicts and triggered inflation, which provoked upward prices of raw materials. The prices

of main raw materials, ethylene and VAM, have risen, and the production cost has also risen. The unit cost of ethylene and VAM consumption throughout the year increased by about 13% from the previous year, up approximately 20% over the budget.

Production, research and development:

For major energy use equipment, efficiency testing and discussion of energy-saving measures were carried out to continuously improve energy conservation and carbon reduction. At the same time, efforts were made to add prevention and control equipment to strengthen industrial safety and environmental protection functions. The annual LDPE/EVA production volume was 130,000 metric tons, which was a 4% decrease from 2021 and the budget achievement rate was 98%.

Comprehensive Annual Operating Performance:

The issue of inflation and the status of supply and demand has given rise to a decreasing price margin as the increase in product prices was not as great as that in raw material costs. The Company's consolidated profit from operations in 2022 was NT\$2.947 billion, an decrease of NT\$372 million from 2021. The consolidated non-operating income and expenditure was a net expenditure of NT\$1.129 billion. The difference from the same period was mainly caused by investment losses in the equity method.

## (II) 2023 Business Plan outline and future development strategies:

With regard to the overall economy, central banks in various countries continue to raise interest rates and tighten currencies to combat inflation, laying a foundation for sluggish global economic growth. However, the lifting of China's lockdown at the beginning of the year was expected to boost consumer recovery and inject vitality into the economy. With the bigger uncertainty in the short-term economy, the Company continued to attach attention to reacting to it at any time. Under the long-term trend of actively promoting green energy

policies in various countries, the demand for renewable energy was stimulated, polycrystalline silicon prices were adjusted, the production capacity was anticipated to continuously be unleashed, and the long-term outlook for solar energy demand was optimistic. All these factors provided favorable support for the demand of the Company's EVA products. In terms of regulations and environment, climate change and energy management have been issues leading to major impacts in recent years. In addition to international promotion of regulations, domestic relevant requirements are also growing increasingly stricter, and it is necessary to formulate and improve responsive strategies in the long run. After assessing market competition and future industrial development, the Company has set an annual LDPE/EVA sales target of about 135,000 tons. Confronted with the ever-changing market in the future, the Company embarked on the trial production of some hot melt EVA products, looking forward to raising the production capacity to enhance the elasticity of its product portfolio and increase the depth of its sales strategies. Faced with the upcoming new capacity put into production, the Company streamlined resource allocation, sales strategies and deployment, grasped the market trend of differentiated products, proactively explored sales channels to diversify risks, improved the operating reliability of production lines, stabilized quality and supply of products, in order to operate properly, enhance competitive advantages and achieve operational goals.

I wish you all good health and good fortune.

Chairman Wu, Yi-Kuei   
General Manager Wu, Pei-Chi 



## Chapter 2 Company Profile

I. Date of Founding: January 25, 1977

II. Company History:

In response to the government's policy to promote investment, the first chairman of the Company Mr. Chao, Ting-Chen invited famous domestic and foreign corporate figures and plastic processing companies to jointly raise NT\$600 million in share capital in order to build a medium and low density polyethylene plant in Linyuan Petrochemical Industrial Park. After its completion in March 1979, the plant immediately began operation and produced an annual output of 75,000 metric tons of medium- and low-density polyethylene.

The Company's main products include various film-grade, injection-grade and laminating film-grade low-density polyethylene. As the Company imported and incorporated the latest technology from the Gulf Oil Company into its initial manufacturing methods, its film-grade products possess good optical properties and processability, while its injection-grade products possess excellent gloss and toughness. Thereafter, the Company modified its manufacturing methods to produce laminating films of excellent quality.

In 1980, the Company increased its capital by NT\$90 million using its retained earnings in 1979. In order to enhance its capital structure in 1982, the Company increased its capital by NT\$110 million upon approval during the shareholders' meeting, thereby increasing its paid-in capital to NT\$800,000,000.

In May 1984, construction began on the third production line. The production line officially started operation in September 1985, thereby increasing the Company's production capacity from 75,000 tons to 100,000 tons.

In addition, since June 20, 1986, the Company's shares have been publicly listed on the Taiwan Stock Exchange in response to the government's economic development policy of "securitization of capital and popularization of securities". In November 1986, BTR Nylex invested in the Company and acquired 51 percent of the Company's shares and transferred

all its equity in the Company to its subsidiary - BTRN Asia in December within the same year.

In 1987, the Company increased its capital by NT\$80 million using its retained earnings in 1986, thus increasing its paid-in capital to NT\$880,000,000.

In 1988, during the shareholders' meeting, the shareholders approved the resolution to increase the Company's authorized capital to NT\$1.4 billion, and the Board of Directors was authorized to issue shares in several installments. Within the same year, the Company increased its capital by NT\$264 million using its retained earnings in 1987 as part of the funds required for the addition of co-generation equipment, thereby increasing its paid-in capital to NT\$1,144,000,000.

In 1989, the Company increased its capital by NT\$228.80 million in order to repay the first corporate debt issued by the Company for the construction of the third production line at the LDPE plant, thus increasing its paid-in capital to NT\$1,372,800,000.

In 1990, the Company increased its capital of 1989 by NT\$137.28 million for the addition of co-generation equipment in order to deal with shortage of funds in 1987, thereby increasing its paid-in capital to NT\$1,510,080,000.

In March 1997, BTR Asia transferred its 51 percent stake in the Company to Bermuda Fiji Guinea Co., Ltd. This company was an overseas holding company jointly and indirectly invested in by USI Corporation and UPC Group. In addition, Taiwan Union International Investment Co. replaced BTR Asia as the Company's director and supervisor.

In 1997, the Company increased its capital by NT\$256.71 million and NT\$120.81 million using its retained earnings and capital reserve in 1996 respectively to increase its working capital, thereby increasing its paid-in capital to NT\$1,887,600,000.

In March 1997, the Company's Board of Directors approved the resolution to establish APC (BVI) Holding Co. Ltd. in order to facilitate overseas investment projects.

In June 1998 Bermuda Fiji Guinea Co., Ltd. transferred its fifty-one

percent interest in the company to each of them 7.65% and 43.35% out of its stake in the Company to Taiwan Union International Investment Co. and Union Polymer Int'l Investment Corp., which was jointly and directly in invested by USI Corporation and UPC Group, and Union Polymer International Investment Corp. respectively. This Company was an overseas holding company jointly and indirectly invested in by USI

Corporation and UPC Group.

In 1998, the Company increased its capital by NT\$283.14 million using its retained earnings in 1997, thereby increasing its paid-in capital to NT\$2,170,740,000.

In 1999, the Company increased its capital by NT\$54,268,500 and NT\$54,268,500 using its retained earnings and capital reserve in 1998 respectively, thereby increasing its paid-in capital to NT\$2,279,277,000.

During the re-election of directors and supervisors at the 2001 Annual General Meeting, Union Polymer International Investment Corp. replaced Taiwan Union International Investment Co. as the Company's director and supervisor, and Taiwan VCM Corporation was elected a supervisor of the Company.

In July 2003, the Company's Board of Directors approved the resolution to jointly invest in USI International Corp. with APC (BVI) Holding Co., Ltd., and establish an office in Shanghai in the name of USI International Corp., as its base to expand into the Mainland Chinese market.

In 2004, the Company increased its capital by NT\$182,342,160 using its retained earnings in 2003, thus increasing its paid-in capital to NT\$2,461,619,160. During the re-election of directors and supervisors during the 2004 Annual General Meeting, the Company's previous supervisor, Taiwan VCM Corporation was replaced by Union Polymer Int'l Investment Corp.

In 2005, the Company increased its capital by NT\$147,697,150 using its retained earnings in 2004, thereby increasing its paid-in capital of NT\$2,609,316,310.

During the re-election of directors and supervisors at the 2007 Annual

General Meeting, the Company's previous supervisor, Union Polymer Int'l Investment Corp. was replaced by China General Terminal & Distribution Corporation and Mr. Yeh, Te-Chang.

In August 2007, the Company's Board of Directors approved the resolution to establish APC Investment Corporation in order to facilitate domestic investment projects.

During the re-election of directors and supervisors at the 2010 Annual General Meeting, the Company's previous supervisors, Mr. Yeh, Te-Chang and Mr. Wu, Sheng-Chuan, the representative of China General Terminal & Distribution Corporation, were replaced by Mr. Chiang, Hui-Chung and Mr. Wu, Sheng-Chuan, the representative of Taiwan Union International Investment Co.

In 2010, the Company increased its capital by NT\$521,863,260 using its retained earnings in 2009, thereby increasing its paid-in capital to NT\$3,131,179,570.

In 2011, the Company increased its capital by NT\$782,794,890 using its retained earnings in 2010, thereby increasing its paid-in capital to NT\$3,913,974,460.

On December 25, 2011, the Company's Board of Directors approved the resolution to invest approximately NT\$3.1 billion to build an EVA production line with an annual production capacity of 40,000 to 45,000 tons. The production line was completed in 2016.

In 2012, the Company increased its capital by NT\$782,794,890 using its retained earnings in 2011, thereby increasing its paid-in capital to NT\$4,696,769,350.

In February 2014, the Company's Board of Directors approved the resolution to indirectly invest in the manufacture of petrochemical-related products at Gulei Petrochemical Park located in Zhangzhou, Fujian, China via an investment company established in a third region other than Taiwan and Mainland China. In March 2016, the Company's Board of Directors approved the resolution to indirectly invest no more than NT\$6 billion in the

above-mentioned project.

On June 26, 2014, the Company obtained the approval of the Ministry of Economic Affairs to increase its authorized capital by NT\$1 billion, thereby increasing its total capital to NT\$5,696,769,350 for future capital increase.

In 2015, the Company increased its capital by NT\$234,838,460 using its retained earnings in 2014, thereby increasing its paid-in capital to NT\$4,931,607,810.

In January 2016, the Company's Board of Directors approved the resolution to acquire all the shares of USI Trading (Shanghai) Co., Ltd owned by Swanlake Traders Ltd. via APC (BVI) Holding Co., Ltd. This equity transfer was approved by the Investment Commission under the Ministry of Economic Affairs in August 2016 and was completed in October 2016. The Company obtained the approval letter for the operations headquarters in October of the same year.

In March 2016, the Company's Board of Directors approved the resolution to relocate its headquarters from Taipei City to Kaohsiung City. The relocation was completed in June of the same year.

In 2016, the Company increased its capital by NT\$98,632,150 using its retained earnings in 2015, thereby increasing its paid-in capital to NT\$5,030,239,960.

In 2017, the Company increased its capital by NT\$150,907,190 using its retained earnings in 2016, thereby increasing its paid-in capital to NT\$5,181,147,150.

In 2018, the Company increased its capital by NT\$362,680,300 using its retained earnings in 2017, thereby increasing its paid-in capital to NT\$5,543,827,450.

In February 2019, the Board of Directors approved the resolution that in order to ensure an adequate supply of the raw material ethylene, an ethylene storage tank and underground ethylene pipelines would be constructed.

In 2020, the Company increased its capital by NT\$277,191,370 using its retained earnings in 2019, thereby increasing its paid-in capital to

NT\$5,821,018,820.

In August 2020, the Board of Directors of the Company passed a resolution to establish a joint venture sales company in Fujian Province, China, through a company established in a third region, and complete registration of incorporation and capital investment of Zhangzhou Taiju Trading Co., Ltd. in 2022.

In 2020, the Company won the 13th TCSA “Corporate Sustainability Report Awards - Gold Award”.

In 2021, the Company increased its capital by NT\$116,420,370 using its retained earnings in 2020 hereby increasing its paid-in capital to NT\$5,937,439,190.

In 2021, the Company won the 14th TCSA “Corporate Sustainability Report Awards - Platinum Award”.

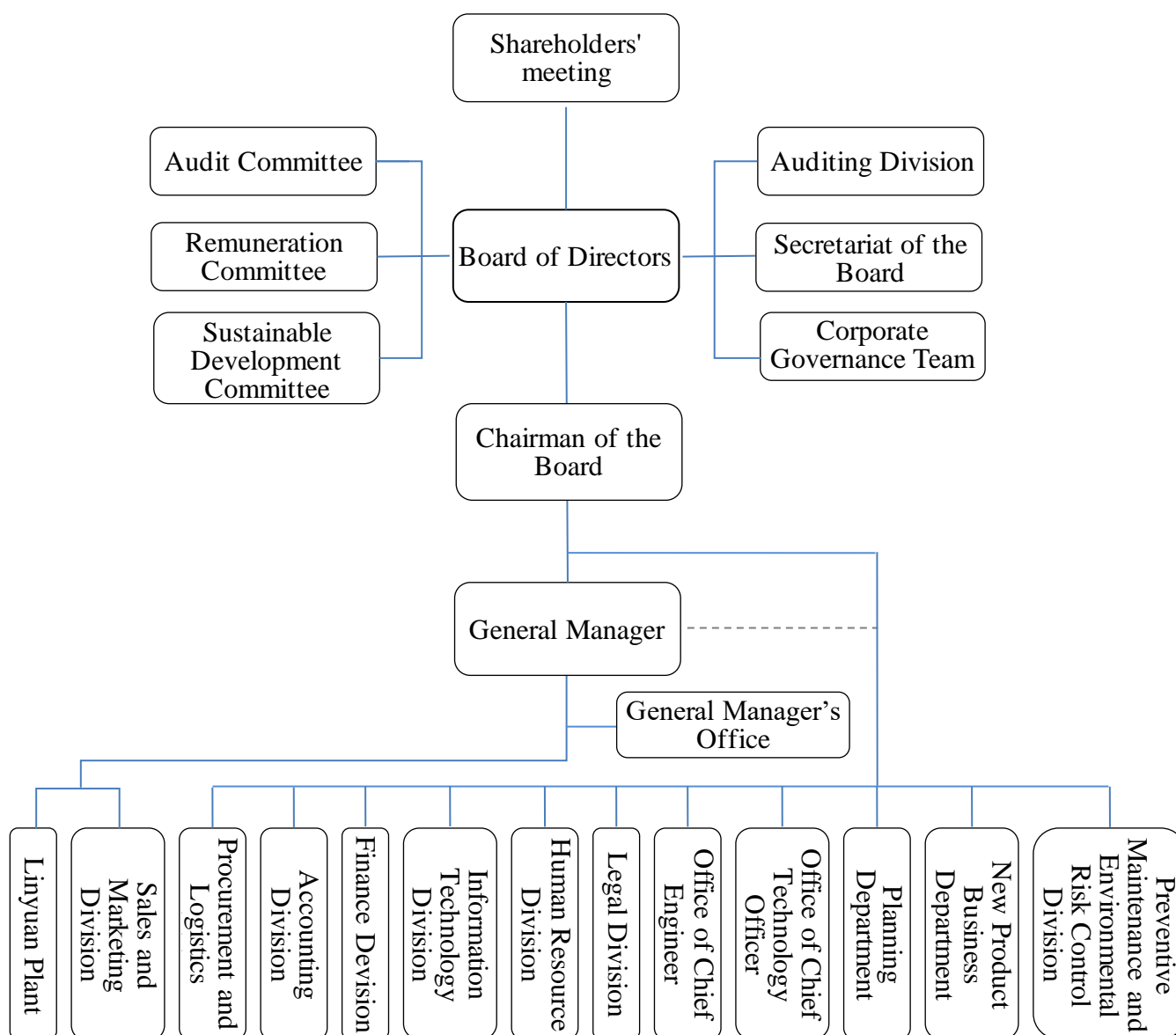
In 2022, the Company won the 15th TCSA “Corporate Sustainability Report Awards - Gold Award”.

# Chapter 3 Corporate Governance Report

## I. Organization System

### (I) Organizational Structure

Organizational Chart, as of March 31, 2023



## (II) Department Functions

Department	Main Responsibilities
General Manager	Management of the Company's operations.
Linyuan Plant	Responsible for matters related to manufacturing, research and development (R&D), storage, coordinating transportation of company products and maintenance of plant equipment, work safety and environmental protection.
Sales and Marketing Division	Responsible for processing product sales, market survey, and after-sales services.
Auditing Division	<ol style="list-style-type: none"> <li>1. Implement internal audit and improve work flows in the Company.</li> <li>2. Evaluate the soundness and reasonableness of the Company's internal control systems, as well as the effectiveness of their implementations at all departments and divisions.</li> </ol>
Procurement and Logistics Division	<ol style="list-style-type: none"> <li>1. Purchase and audit major capital expenditures including raw materials, machinery and equipment.</li> <li>2. Plan the supervision and execution of trading and transportation, warehousing and customs-related operations.</li> </ol>
Accounting Division	<ol style="list-style-type: none"> <li>1. Preparation and analysis of financial statements and budgets to be used by decision-making units for the management and formulation of strategies.</li> <li>2. Establishment, evaluation and implementation of accounting systems.</li> <li>3. Planning and declaration of various taxes.</li> <li>4. Regular announcement or reporting of financial performance.</li> </ol>
Finance Division	<ol style="list-style-type: none"> <li>1. Fund management, and planning and scheduling of fund-raising activities.</li> <li>2. Short-term financing and long-term investments.</li> <li>3. Property insurance.</li> <li>4. Credit control operations.</li> <li>5. Collection of delayed payments.</li> <li>6. Handling of various shares-related matters.</li> </ol>
Information Technology Division	Plan, build, develop and manage various information systems and facilities at the Company.
Human Resource Division	<ol style="list-style-type: none"> <li>1. Undertake the strategic goal in the Group's vision, and plan human resources strategies and systems..</li> <li>2. Deploy and implement annual training plans, and cultivate professional talent at all levels. Property insurance.</li> <li>3. Arrange recruitment and appointment of manpower, and promote campus recruitment and internships of industry-academia collaboration. Collection of delayed payments.</li> <li>4. Develop and push for a strategic system for salary management, and</li> </ol>



Department	Main Responsibilities
	establish a salary task center. 5. Perform tasks including annual promotion, salary adjustment, and year-end bonus. 6. Manage relations between labor unions and comply with labor laws and regulations. 7. Assist overseas branches in organizational planning, as well as dispatch and training of personnel. 8. Provide employee services and handle general affairs.
Legal Division	Provide legal advice and handle legal cases and affairs.
Office of Chief Engineer	1. Assist and participate in the construction of new plants, or deal with such constructions entirely. 2. Assist and participate in the improvement of equipment and local manufacturing processes in operation, or deal with such cases entirely. 3. Integration of engineering personnel and engineering specifications.
Office of Chief Technology Officer	Product research, development, and innovation.
Planning Department	1. Develop and propose product trees, according to markets for current products and products to be invested in the future, as well as the technical strengths and weaknesses of such products, for future planning and development. 2. Track and analyze the macro economy. 3. Track and analyze upstream industries and future competitors 4. Coordination and follow-up of various projects.
Secretariat of the Board	1. Plan and handle matters related to Board of Directors' meetings. 2. Handle matters related to Shareholders' meetings, such as convening, various announcements and reporting associated with such meetings, as well as preparing handbooks and tracking information regarding shareholders presence in accordance with the law. 3. Assist in promoting and handling decrees issued by the competent authority.
Remuneration Committee	1. Regularly review the Committee's charter and propose recommendations to amend it when necessary. 2. Establishing and regularly reviewing the BOD and upper management's performance evaluation in conjunction with the remuneration policies, systems, standards, and structure. 3. Regular evaluation and stipulation on the remuneration of directors and managers.
Audit Committee	1. Establishment, amendment, and evaluation of the effectiveness of internal control systems

Department	Main Responsibilities
	<ol style="list-style-type: none"> <li>2. Stipulate or amend the procedures for acquiring or disposing of assets, derivatives trading, lending funds to others, and making endorsements or guarantees to others.</li> <li>3. Items involving the interests of directors.</li> <li>4. Major assets or derivative trading.</li> <li>5. Major loaning of funds, making of endorsements or provision of guarantees.</li> <li>6. Offering, issuance, or private placement of any equity-type securities.</li> <li>7. Appointment, dismissal and compensation of CPAs.</li> <li>8. Appointments and dismissal of finance, accounting and internal audit managers.</li> <li>9. Financial reports signed and sealed by the Chairman, a managerial officer, and the accounting manager.</li> <li>10. Accept and handle the prosecution cases concerning the above-mentioned functions and powers.</li> <li>11. Other major items required by other companies or the competent authority.</li> </ol>
Sustainable Development Committee	<ol style="list-style-type: none"> <li>1. Determining the sustainable development policy.</li> <li>2. Negotiation of sustainable development strategic plan, annual plan and project plans.</li> <li>3. Supervising the implementation of sustainable development strategic plan, annual plan and project plan, and evaluate the implementation.</li> <li>4. Reviewing and approving the sustainable report.</li> <li>5. Report the implementation of sustainable development activities to the Board of Directors each year.</li> <li>6. Other matters to be conducted by the committees based on resolutions of the Board of Directors.</li> </ol>
Corporate Governance Team	<ol style="list-style-type: none"> <li>1. Matters related to meetings of the Board of Directors and shareholders' meetings in accordance with the law.</li> <li>2. Minutes recording for meetings of the Board of Directors and shareholders' meetings.</li> <li>3. Assistance to the Directors with taking office and continuous education and training.</li> <li>4. Provision of the information required for the Directors to conduct business.</li> <li>5. Assisting Directors in legal compliance.</li> <li>6. Other matters stipulated in the Articles of Incorporation or the contract.</li> </ol>
New Product Business Department	<ol style="list-style-type: none"> <li>1. Assist in formulating marketing strategies for new businesses, and establish appropriate business models.</li> <li>2. Responsible for developing new products or acquiring new customers to increase revenue.</li> </ol>

Department	Main Responsibilities
	3. Integrate Company resources and generate synergy so as to successfully develop new businesses.
Preventive Maintenance and Environmental Risk Control Division	<ol style="list-style-type: none"> <li>1. Assist the Group in establishing preventive maintenance systems at all plants.</li> <li>2. Improve and enhance existing equipment.</li> <li>3. Equipment fault management and prevention.</li> <li>4. Routine/non-routine audit, counseling and training.</li> <li>5. Environment risk management planning and technical supervision.</li> <li>6. Plan and promote compliance with laws related to energy conservation and carbon reduction, and establish related systems.</li> </ol>

## II. Information on the Directors, President, Vice Presidents, Assistant Vice Presidents, and Supervisors of Divisions and Branch Units

### (I) Board meetings

#### 1. Board of Directors

April 1, 2023

Job title (Note 1)	Nationality/ Place of Registration	Name	Gender and Age (Note 2)	Date Elected (Appointed)	Term	Date First Elected (Note 3)	When the selected Shareholding		Now Shares Held		Spouse & Minor Shareholding		Shares Held in the Name of Other Persons		Experience (Education) (Note 4)	Other Position Concurrently Held at the Company and Other Companies	Executive Officers, Directors or Supervisors Who Are Spouses or Relatives within the Second Degree of Kinship			Notes Note (Note 5)
							Number of Shares	Percentage of Shares Held	Number of Shares	Percentage of Shares Held	Number of Shares	Percentage of Shares Held	Number of Shares	Percentage of Shares Held			Title	Name	Relationship	
Chairman and CEO	Republic of China	Union Polymer Int'l Investment Corp.	—	2022/05/27	3 years	2001/06/18	214,245,822	36.08%	214,245,822	36.08%	—	—	0	0%	Chairman of USI	(NOTE 6)	None			
	Republic of China	Representative: Wu, Yi-Kuei	Male 71 ~ 75 years old			1997/02/28	—	—	0	0%	—	—	0	0%						
Director	Republic of China	Union Polymer Int'l Investment Corp.	—	2022/05/27	3 years	2001/06/18	214,245,822	36.08%	214,245,822	36.08%	—	—	0	0%	Department of Chemical Engineering, Chung Yuan Christian University; General Manager, Taiwan VCM Corporation; General Manager, APC Corporation; Deputy General Manager, USI	Director: USI	None			
	Republic of China	Representative: Li, Kuo-Hung	Male 76 ~ 80 years old			2007/06/15	—	—	0	0%	0	0%	0	0%						
Director and General Manager	Republic of China	APC Investment Corporation	—	2022/05/27	3 years	2022/05/27	1,714,180	0.29%	1,714,180	0.29%	—	—	0	0%	General Manager of Thermoset Materials Division in Asia Pacific, and Director of Basic Plastic Sales in Greater China, Dow Chemical; Sales Engineer, Taiwan Branch, ESSO	(NOTE 7)	None			
	Republic of China	Representative: Wu, Pei-Chi	Male 56 ~ 60 years old			2019/06/24	—	—	0	0%	0	0%	0	0%						
Director	Republic of China	APC Investment Corporation	—	2022/05/27	3 years	2022/05/27	1,714,180	0.29%	1,714,180	0.29%	—	—	0	0%	Fashion Institute of Design and Merchandising; FIDM- Merchandise Marketing; President: Changju Food Co., Ltd., Jinyi Global Operations Co., Ltd., Liancai Co., Ltd., and Jo Wei Distribution and Trading Company Limited.	(NOTE 8)	None			
	Republic of China	Representative: Wu, Hung-Chu	Male 41 ~ 45 years old			2019/06/24	—	—	0	0%	0	0%	0	0%						
Director	Republic of China	Tai Lien International Investment Co., Ltd.	—	2022/05/27	3 years	2001/06/15	11,811,014	1.99%	11,811,014	1.99%	—	—	0	0%	Department of Chemical Engineering of Chung Yuan Christian University, United Nylon, China Phosphate Co., Ltd., TSRC Corporation	(NOTE 9)	None			
	Republic of China	Representative: Ko, I- Shao	Male 71 ~ 75 years old			2018/03/13	—	—	0	0%	0	0%	0	0%						
Independent	Republic of	Chen, Ta-Hsiung	Male	2022/05/27	3 years	2016/06/08	0	0%	0	0%	—	—	0	0%	College of Law, National	HONORARY	None			

Job title (Note 1)	Nationality/ Place of Registration	Name	Gender and Age (Note 2)	Date Elected (Appointed)	Term	Date First Elected (Note 3)	When the selected Shareholding		Now Shares Held		Spouse & Minor Shareholding		Shares Held in the Name of Other Persons		Experience (Education) (Note 4)	Other Position Concurrently Held at the Company and Other Companies	Executive Officers, Directors or Supervisors Who Are Spouses or Relatives within the Second Degree of Kinship			Notes Note (Note 5)
							Number of Shares	Percentage of Shares Held	Number of Shares	Percentage of Shares Held	Number of Shares	Percentage of Shares Held	Number of Shares	Percentage of Shares Held			Title	Name	Relationship	
Director	China		76 ~ 80 years old												Taiwan University; Trustee of Mitsubishi Corporation (Taiwan) Ltd.; Chairman, New Northern Knitting Co., Ltd.; Chairman, Shanghai Jianeng Textile Co., Ltd.; Chairman of the Board of Supervisors, National Association of Small & Medium Enterprises R.O.C.; Representative, Chinese Taipei in the APEC Business Advisory Council (ABAC); Executive Director, Importers and Exporters Association of Taipei; Director, Republic of China Trade Education Foundation	CHAIRMAN: BEXIANG TECH. SERVICE CHAIRMAN: XIUZI INTERNATIONAL CO., LTD. AND XIUZI CO., LTD DIRECTOR: YANG TANG-HAI SOCIAL WELFARE AND CHARITY FOUNDATION				
Independent Director	Republic of China	Shen, Shang-Hung	Male 61 ~ 65 years old	2022/05/27	3 years	2016/06/08	0	0%	0	0%	0	0%	0	0%	MBA from Emory University, Department of Electrical Engineering of National Taiwan University, and AT&T Manager	(NOTE 10)	None			
Independent Director	Republic of China	Cheng, Tun-Chien	Male 56 ~ 60 years old	2022/05/27	3 years	2016/06/08	0	0%	0	0%	0	0%	0	0%	MBA, Columbia University (U.S.A.); General Manager, UMC Capital; Director and General Manager, United Management Consultancy Investment Co., Ltd.; Executive Director and General Manager, Taiwan of Morgan Stanley Asia Limited; Executive Director, Goldman Sachs Asia L.L.C.	(NOTE 11)	None			
Independent Director	Republic of China	Chen, Chine-Ping	Male 61 ~ 65 years old	2022/05/27	3 years	2022/05/27	0	0%	0	0%	0	0%	0	0%	Bachelor's Degree in Financial Management, University of South California, MBA, University of California, Chairman of Public Bank, Independent Director of the Nien Hsing Textile CO., Ltd., Vice President of Chines Olympic Committee	Chairman: Hexin Construction Director: Fengbao Asset Management, Fengbao Development and Construction, Qingtian Investment,	None			

Job title (Note 1)	Nationality/ Place of Registration	Name	Gender and Age (Note 2)	Date Elected (Appointed)	Term	Date First Elected (Note 3)	When the selected Shareholding		Now Shares Held		Spouse & Minor Shareholding		Shares Held in the Name of Other Persons		Experience (Education) (Note 4)	Other Position Concurrently Held at the Company and Other Companies	Executive Officers, Directors or Supervisors Who Are Spouses or Relatives within the Second Degree of Kinship			Notes Note (Note 5)
							Number of Shares	Percentage of Shares Held	Number of Shares	Percentage of Shares Held	Number of Shares	Percentage of Shares Held	Number of Shares	Percentage of Shares Held			Title	Name	Relationship	
																and Heliao Investment INDEPENDENT DIRECTOR: MY UMBLE HOUSE OSPITALITY MANAGEMENT CONSULTING				

Note 1: For juristic person shareholders, their names and representatives shall be stated (for representatives, the names of juristic person shareholders they represent shall be indicated respectively) and filled in Table 1.

Note 2: Please list actual ages and express them in intersectional manner, e.g. 41-50 years or 51-60 years.

Note 3: Any disruption of duty as a director or supervisor after the date he/she is elected shall be included in a separate note.

Note 4: Work experiences of anyone in the table above that are related to their current roles, such as previous employment at CPA firms or employment in affiliated companies, shall be disclosed along with job titles and responsibilities.

Note 5: If the Chairman and General Manager or a person holding an equivalent position (top-level manager) of the Company are the same person, spouses, or relatives within the first degree of kinship, relevant information on the reasons, reasonability, necessity, and measures to be taken accordingly (e.g. increasing the number of independent directors and having half of the directors not serving as employees or managerial officers concurrently) shall be specified.

(1) The Chairman of the Company also serves as the CEO based on the consideration for the overall operation. With the Chairman's excellent business vision, he participates in the Company's operations in person to implement business decisions and improve the operating efficiency.

(2) More than half of the members of the Company's current Board of Directors do not serve concurrently as employees or managerial officers. The Company also appoints a major CPA firm to perform audits and established the Audit Committee, Remuneration Committee, and Sustainable Development Committee to strengthen corporate governance and continues to implement rigorous internal control mechanisms to reduce operational risks.

Note 6: Chairman: USI, CGPC, TTC, Acme Electronics Corporation, Union Polymer Int'l Investment Corp, USI Optronics Corporation, Swanson Plastics Corporation, Swanson Technologies Corporation, Chong Loong Trading Co., Ltd., USI Investment, CGPCPOL, APC Investment, Taiwan United Venture Capital Corporation, USI Management Consulting, Taiwan United Venture Management Corporation, Acme (Cayman), USI Education Foundation, and Fujian Gulei Petrochemical

Director: Taiwan VCM Corporation, USI (Hong Kong), Swanlake, USI International, Acme Components (Malaysia), Forever Young, Swanson (Singapore), Swanson (Malaysia), Swanson International, Swanson (India), Swanson Plastics Corporation (Kunshan), Golden Amber, Acme Electronics Corporation (Kunshan), Acme Electronics Corporation (Guangzhou), Taita (BVI), APC (BVI), CGPC (BVI), CGPC America, A.S. Holdings (UK), ASK-Swanson, Acme Ferrite, Swanson Plastics Corporation (Tianjin), Ever Conquest Global, Ever Victory Global, Dynamic Ever Investments, CIS (Shanghai), PT. Swanson Plastics Indonesia, Xuanju, Zhangzhou Taiju, Yutao Investment, Dasheng Ventures, Das heng Yiyi Ventures, and CTCI Group

General Manager: Union Polymer International Investment Corporation, USI Management Consulting, Dynamic Ever Investments, Ever Victory Global

CHIEF EXECUTIVE OFFICER: USI, APC, CGPC, TTC, ACME ELECTRONICS CORPORATION, AND USI OPTRONICS CORPORATION

EXECUTIVE DIRECTOR: CHINESE NATIONAL FEDERATION OF INDUSTRIES

Note 7: Chairman: Xuanju, TTC (Zhongshan), TTC (Tianjin), USI Trading (Shanghai) Co., Ltd., CIS (Shanghai), Zhangzhou Taiju

Director: Dynamic Ever Investments Ltd. Dynamic Ever Investments Ltd., Ever Victory Global Limited, Ever Conquest Global Limited, Taita (BVI) Holding Co., Ltd., APC (BVI) Holding Co., Ltd., USI International Corporation, Golden Amber Enterprises Ltd., Swanlake Traders Ltd., USI, TTC, CGPC, CGTD, APC Investment, Asia Polymer Investment Corporation, Chong Loong Trading Co. Ltd., Swanson Plastics Corporation, Swanson Technologies Corporation, INOMA Corporation, USI Education Foundation, Taiwan United Venture Capital Corporation, USI Management Consulting, Union Polymer Int'l Investment Corp, USI Management Consulting Corporation, Acme Electronics (Kunshan) Co., Ltd., Fujian Gulei Petrochemical, USI Optronics Corporation, and USI (Hong Kong)

- GENERAL MANAGER: USI, PLC, ASIA POLYMER CORPORATION, CHONG LOONG TRADING CO., LTD., USI TRADING (SHANGHAI) CO., LTD. AND CIS (SHANGHAI)
- Note 8: Director: Changhui Construction, Maoxi Construction, Jo Wei Distribution and Trading Company Limited  
General Manager: Chang Jie Food Co., Ltd., Jo Wei Distribution and Trading Company Limited
- Note 9: Chairman: Zhenjiang UPC Chemicals, Zhongshan UPC Chemicals, Zhuhai UPC Chemicals, Taizhou UPC Chemicals, Taizhou UPC Warehousing, Taizhou UPC Plastic, Tai Lien International, Jiangsu UPC Logistics, Guangdong UPC Logistics, Panjin UPC Chemistry, Panjin UPC Warehousing, Panjin UPC Materials, Panjin UPC Plastic, Nanchong UPC Chemistry, Sichuan UPC Logistics, and Wei Cheng Investment  
EXECUTIVE DIRECTOR: ZHENJIANG LIANJU  
Director: TTC, China General Terminal & Distribution Co., UPC Group, UPC Venture Capital, Harbinger VII Venture Capital Corp., United Industrial Gases Co., Ltd., UPC Chemicals (Malaysia) SDN.BHD, UPCM Trading (Thailand) Company Limited, and UPCM Trading (Vietnam) Company Limited, APC (BVI) Holding Co., Ltd., Ta ita (BVI) Holding Co., Ltd.  
GENERAL MANAGER: UPC GROUP, ZHENJIANG UPC CHEMICALS, ZHONGSHAN UPC CHEMICALS, ZHUHAI UPC CHEMICALS, TAIZHOU UPC CHEMICALS, TAIZHOU UPC WAREHOUSING, TAIZHOU UPC PLASTIC, JIANGSU UPC LOGISTICS, GUANGDONG UPC LOGISTICS, PANJIN UPC WAREHOUSING, PANJIN UPC MATERIALS, NANCHONG UPC CHEMICALS, AND SICHUAN UPC LOGISTICS
- Note 10: CHAIRMAN: TA YA ELECTRIC WIRE & CABLE, CUPRIME MATERIAL CO., LTD., JIA HSI INVESTMENT HOLDING CO. LTD., CHIA SHANG CAPITAL, HONEYED INVESTMENT CO., LTD., TA YA INNOVATION INVESTMENT CO., LTD., TA YA GREEN ENERGY TECHNOLOGY Co., LTD., TOUCH SOLAR POWER Co., LTD., BOSI SOLAR ENERGY CO., LTD., CUGREEN METAL TECH Co., LTD., UNITED ELECTRIC INDUSTRY Co., LTD., PO SHUO POWER, UNION STORAGE ENERGY SYSTEM LTD., AND SIN JHONG SOLAR POWER Co., LTD., BO TELECOM POWER, ZHIGUANG ENERGY, DAYA VENTURE CAPITAL, DAYA ENERGY STORAGE TECHNOLOGY  
DIRECTOR: IRIDIUM MEDICAL TECHNOLOGY Co., LTD., JUNG SHING WIRE Co., LTD., BORA PHARMACEUTICALS Co., LTD., BIGBEST SOLUTIONS, INC. AND FANGYUAN CELL HEALTH CARE  
INDEPENDENT DIRECTOR: MERCURIUS DATA SYSTEMS LTD., PARTNER TECH CORPORATION  
SUPERVISOR: TA HO ENGINEERING, Co., LTD.
- Note 11: Chairman: Hongding Capital, TriKnight Capital Corporation,  
Vice Chairman: Hua Xingguang Tong Technology  
Director: FuSheng Precision Co., Ltd., Advanced Energy Solution Holding Co., Ltd., and Minson Integration, Inc., Qundeng Technology and UPI  
INDEPENDENT DIRECTOR: EDOM TECHNOLOGY, EMC

Table 1: Major shareholders of juristic person shareholders

April 1, 2023

Name of corporate shareholder (Note 1)	Major shareholders of corporate shareholders (Note 2)	
Union Polymer International Investment Corporation	USI Corporation	100%
USIFE Investment Co., Ltd.	USI Corporation	100%
Tai Lien International Investment Co., Ltd.	UPC Technology Corporation	100%

Note 1: For directors and supervisors who are the representatives of juristic person shareholders, the names of the juristic person shareholders shall be disclosed.

Note 2: Fill in the name of the major shareholders of these institutional shareholders (include top 10 major shareholders by shareholding percentage) and their shareholding percentages. If the major shareholder is a juristic person, the shareholder's name shall be filled in Table 2 below.

Note 3: Where an institutional shareholder is not organized as a company, the name of the shareholders and shareholding ratio that must be disclosed in accordance with the above shall be the name of the funder or donor (Please refer to the Judicial Yuan notice for inquiries) and the funding or donation ratio. Donor who has died and notes "death"

Table 2: Main shareholders of institutional shareholders in Table 1

April 1, 2023

Name of corporate shareholder (Note 1)	Major shareholders of corporate shareholders (shareholding ratio) (Note 2)	
USI Corporation	Shing Lee Enterprise (Hong Kong) Limited	14.62%
	Wholegainer Company Limited' investment account is under custody of Fubon Securities Co., Ltd.	9.25%
	Asia Polymer Corporation	8.53%
	Fubon Life Insurance Co., Ltd.	4.49%
	Total Success Investment Limited	2.04%
	Lin, Hua-Hsin	1.75%
	Yueh Hsing Hua Investment Co., Ltd.	1.73%
	Yu, Wen-Hsuan	1.41%
	Yu, Wen-Tsung	1.41%
	Yu, Wen-Yu	1.41%
UPC Technology Corporation	Lien Hwa Industrial Holdings Corp.	31.32%
	Synnex Technology International Corporation	5.09%
	Yi Yuan Investment Co., Ltd.	1.59%
	Liberty Stationery Corporation	1.52%
	Mei An Investment Co., Ltd.	1.46%
	Tsu Feng Investment Co., Ltd.	1.29%
	MiTac International Corp.	1.19%
	Pornchai Engineering & Trading Company Limited	1.10%
	Tung Ta Investment Co., Ltd.	1.07%
	Citibank (Taiwan) Limited as custodian of Norges Bank Investment Account	0.99%

Note 1: If the major shareholder of juristic person shareholders as shown in Table 1 is a juristic person, the name of the juristic person shall be filled.

Note 2: Fill in the name of the major shareholders of these institutions (include top 10 major shareholders by shareholding percentage) and their shareholding percentages.

Note 3: Where an institutional shareholder is not organized as a company, the name of the shareholders and shareholding ratio that must be disclosed in accordance with the above shall be the name of the funder or donor (Please refer to the Judicial Yuan notice for inquiries) and the funding or donation ratio. Donor who has died and notes "death"



2. Disclosure of professional qualifications of directors and independent information of independent directors

March 31, 2023

Name Criteria	Professional Qualification and Work Experience(Note 1)	INDEPENDENCE CRITERIA (NOTE 2)	NUMBER OF COMPANIES IN WHICH THE DIRECTOR OR SUPERVISOR ALSO SERVES CONCURRENTLY AS AN INDEPENDENT DIRECTOR
Wu, Yi-Kuei	<p>(1) Currently serves as the chairman and chief executive officer of USI and its affiliated companies, and has professional fields of company operation management and work experience in supervising financial manager, accounting manager and other positions.</p> <p>(2) Not under any of the categories stated in Article 30 of the Company Act.</p>	N/A	N/A
Li, Kuo-Hung	<p>(1) The former general manager of the company, with professional fields of chemical industry required by the company.</p> <p>(2) Not under any of the categories stated in Article 30 of the Company Act.</p>		
Wu, Pei-Chi	<p>(1) Currently he is the general manager of our company and Delta Chemical Industry co., USI Corporation and LTD., with experience in direct supervision of financial supervisor and accounting supervisor.</p> <p>(2) Not under any of the categories stated in Article 30 of the Company Act.</p>		
Wu, Hung-Chu	<p>(1) General Manager of Changju Food Co., Ltd. and Jo Wei Distribution and Trading Company Limited, with experience in direct supervision of financial supervisor and accounting supervisor.</p> <p>(2) Not under any of the categories stated in Article 30 of the Company Act.</p>		
Ko, I-Shao	<p>(1) Currently, he is the general manager of UPC Technology Corporation, and has professional fields of chemical industry.</p> <p>(2) Not under any of the categories stated in Article 30 of the Company Act.</p>		

Name \ Criteria	Professional Qualification and Work Experience(Note 1)	INDEPENDENCE CRITERIA (NOTE 2)	NUMBER OF COMPANIES IN WHICH THE DIRECTOR OR SUPERVISOR ALSO SERVES CONCURRENTLY AS AN INDEPENDENT DIRECTOR
Chen, Ta-Hsiung	(1) Has served as the Chairman of several companies such as PTSC, and has profound business work experience. (2) Not under any of the categories stated in Article 30 of the Company Act.	Two years before the appointment and during the term of office,	0
Shen, Shang-Hung	(1) At present, he serves as the chairman of many companies such as Ta Ya Electric Wire & Cable (Stock) Company, and has professional fields of company operation management. (2) Not under any of the categories stated in Article 30 of the Company Act.	there is no matter described in Item 1, Article 3 of "Measures for setting up	2
Cheng, Tun-Chien	(1) Currently serves as the chairman and chief executive officer of Hongding Capital, with professional fields of investment and accounting. (2) Not under any of the categories stated in Article 30 of the Company Act.	and Matters to be Followed by Independent Directors of public offering Companies".	2
Chen, Chine-Ping	(1) At present, he serves as the chairman of Public Bank, with professional fields of corporate operation management and finance. (2) Not under any of the categories stated in Article 30 of the Company Act.		1

### 3. The diversity and independence of board of directors:

#### (1) Board meetings:

According to Article 20 of the Company's "Corporate Governance Best Practice Principles", diversity shall be considered in the composition of the Company's Board of Directors, and members of the Board of Directors shall possess the knowledge, skills and qualities required to perform their duties. To achieve the ideal goal of corporate governance, the

Board of Directors shall possess the following abilities:

- 1.1. Ability to make sound business judgment.
- 1.2. Ability to conduct accounting and financial analysis.
- 1.3. Business management ability.
- 1.4. Crisis management ability.
- 1.5. Knowledge of the industry.
- 1.6. An understanding of international markets.
- 1.7. Leadership skills.
- 1.8. Decision-making ability.

In addition to the eight competencies above, the Company has added two professional abilities, namely legal capability and environmental protection, for the diversification of the Board members by taking into consideration the growing importance of the current global issues concerning corporate governance and environmental protection. At present, existing members of the Board of Directors possess the knowledge, skills and qualities required to perform their duties, and specialize in professional areas including accounting and finance, international markets, law and environmental protection.

As for Board diversity in the future, it is planned to engage one more Director with legal professional experience, particularly those with legal licenses and practice experience in technology law, so as to strengthen the protection of the Company's patent rights in the future; it is also planned to engage another Director with risk management expertise to enhance the Company's sustainable competitiveness.

(2) Independence of board of directors:

The consecutive term of office of all independent directors in the Company shall not exceed 3 terms. The member of the board are all of their own nationality, and the composition of the board is 44% of 4 independent directors. Two directors with

employee status 22%. The age distribution range of directors includes 1 director aged 41 to 50, 2 directors aged 51 to 60, 2 directors aged 61 to 70 and 4 directors aged 71 to 80. The directors of the company are not related to each other by spousal relationship or second cousin.

Note 1: Professional qualifications and experience: State the professional qualifications and experience of the individual directors and supervisors or, if they are members of the Audit Committee and have expertise in accounting or finance, their accounting or financial background and work experience, and whether or not they are not subject to section 30 of the Companies Act.

Note 2: The independent director shall state the circumstances conforming to the independence, including but not limited to whether he/she, his/her spouse or his/her second relative are directors, supervisors or employees of the company or its related enterprises; the number and proportion of shares held by himself, his spouse or his second-degree relatives (or in the name of others); whether to serve as a director, supervisor or employee of a company that has a special relationship with the Company (refer to the provisions of Article 3, Item 1, 5 to 8 of the Measures for setting up independent directors of public offering companies and matters to be followed); The amount of remuneration obtained in the last 2 years for providing business, legal, financial, accounting and other services to the company or its affiliated enterprises.

Note 3: For disclosure, please refer to the best practice examples on the Taiwan Securities Exchange.

(II) Information Regarding General Manager, Deputy General Managers, Senior Managers, and Heads of Departments

April 1, 2023

Title (Note 1)	Nationality	Name	Gender	Date Elected (Appointed)	Number of shares held		Shares held by spouse and minor children		Shares Held in the Name of Other Persons		Major Work (Academic) Experience (Note 2)	Current positions held in other companies	Managerial officers who are spouses or relatives within the second degree of kinship			Notes
					Number of Shares	Percentage of Shares Held	Number of Shares	Percentage of Shares Held	Number of Shares	Percentage of Shares Held			Title	Name	Relationship	
Chief Executive Officer	Republic of China	Wu, Yi-Kuei	Male	2009/09/01	0	0%	—	—	0	0%	Chairman of USI	(Note 4)	None	None	None	(Note 3)
General Manager	Republic of China	Wu, Pei-Chi	Male	2019/03/26	0	0%	0	0%	0	0%	General Manager of Thermoset Materials Division in Asia Pacific, and Director of Basic Plastic Sales in Greater China, Dow Chemical; Sales Engineer, Taiwan Branch, ESSO	(Note 5)	None	None	None	
Deputy General Manager of Sales Department	Republic of China	Ming-Tsung Wu	Male	2021/07/01	0	0%	0	0%	0	0%	Master in Chemical Engineering, National Taiwan University	Deputy General Manager: USI	None	None	None	
Director of Linyuan Plant	Republic of China	Chen, Chun-Hung (Note 7)	Male	2019/11/11	0	0%	0	0%	0	0%	Master's Degree, Chemical Engineering, National Cheng Kung University	None	None	None	None	
Director of Linyuan Plant	Republic of China	Hsieh, Wang-Chuan (Note 7)	Male	2023/03/01	0	0%	0	0%	0	0%	School of Mechanical Engineering, Sun Yat-sen University	None	None	None	None	
Corporate Governance Officer	Republic of China	Chen, Yung-Chih	Male	2019/05/09	0	0%	0	0%	0	0%	PhD in Law, Ludwig Maximilian University of Munich, an attorney of Winkler Partners, an arbitrator of Chinese Arbitration Association, Taipei	(Note 6)	None	None	None	
Accounting	Republic of China	Chen,	Male	2015/09/01	0	0%	0	0%	0	0%	Graduated from Dept. of	Accounting	None	None	None	

Title (Note 1)	Nationality	Name	Gender	Date Elected (Appointed)	Number of shares held		Shares held by spouse and minor children		Shares Held in the Name of Other Persons		Major Work (Academic) Experience (Note 2)	Current positions held in other companies	Managerial officers who are spouses or relatives within the second degree of kinship			Notes
					Number of Shares	Percentage of Shares Held	Number of Shares	Percentage of Shares Held	Number of Shares	Percentage of Shares Held			Title	Name	Relationship	
Manager	China	Cheng-Shun									Accounting, Fu Jen Catholic University	Manager: China General Terminal & Distribution Corporation				
Finance Manager	Republic of China	Shih, Ju-Hsuan	Female	2014/09/01	0	0%	—	—	0	0%	Dept. of Accounting, Soochow University	None	None	None	None	
Sales Manager	Republic of China	Huang, Ko-Ming (Note 8)	Male	2018/08/10	0	0%	0	0%	0	0%	Department of Fiber Engineering Technology of National Taiwan Institute of Technology, Senior Manager Special Assistant of Sales Division, USI/APC	Special Assistant of Sales Division, USI, Deputy General Manager and Business Supervisor, Zhangzhou Taiju	None	None	None	
Sales Manager	Republic of China	Tseng, Kuo-Lung (Note 8)	Male	2022/06/01	0	0%	0	0%	0	0%	Master's Degree, Chemical Engineering, National Ta Tung University	Sales Manager: USI	None	None	None	

Note 1: Information regarding General Manager, Deputy General Manager, senior managers, heads of departments and branches shall be included, whereas information regarding positions equivalent to General Manager, Deputy General Manager or senior managers shall be disclosed regardless of job title.

Note 2: Work experiences of anyone in the table above that are related to their current roles, such as previous employment at CPA firms or employment in affiliated companies, shall be disclosed along with job titles and responsibilities.

Note 3: When the General Manager or person holding an equivalent post (top-level manager) and the Chairman are the same person, spouses, or relatives within the first degree of kinship, the reasons, reasonableness, necessity, and response measures (such as increasing the number of independent directors and having more than half of the directors not serving as employees or managerial officers concurrently) shall be disclosed.

(1) The Chairman of the Company also serves as the CEO based on the consideration for the overall operation. With the Chairman's excellent business vision, he participates in the Company's operations in person to implement business decisions and improve the operating efficiency.

(2) More than half of the members of the Company's current Board of Directors do not serve concurrently as employees or managerial officers. The Company also appoints a major CPA firm to perform audits and established the Audit Committee, Remuneration Committee, and Sustainable Development Committee to strengthen corporate governance and continues to implement rigorous internal control mechanisms to reduce operational risks.

Note 4: Chairman: USI, CGPC, TTC, Acme Electronics Corporation, Union Polymer Int'l Investment Corp, USI Optronics Corporation, Swanson Plastics Corporation, Swanson Technologies Corporation, Chong Loong Trading Co., Ltd., USI Investment, CGPCPOL, APC Investment, Taiwan United Venture Capital Corporation, USI Management Consulting, Taiwan United Venture Management Corporation, Acme (Cayman), USI Education Foundation, and Fujian Gulei Petrochemical

Director: Taiwan VCM Corporation, USI (Hong Kong), Swanlake, USI International, Acme Components (Malaysia), Forever Young, Swanson (Singapore), Swanson (Malaysia), Swanson International, Swanson (India), Swanson Plastics Corporation (Kunshan), Golden Amber, Acme Electronics Corporation (Kunshan), Acme Electronics Corporation (Guangzhou), Taita (BVI), APC (BVI), CGPC (BVI), CGPC America, A.S. Holdings (UK), ASK-Swanson, Acme Ferrite, Swanson Plastics Corporation (Tianjin), Ever Conquest Global, Ever Victory Global, Dynamic Ever Investments, CIS (Shanghai), PT. Swanson Plastics Indonesia, Xuanju, Zhangzhou Taiju, Yutao Investment, Dasheng Ventures, Dasheng Yiyi Ventures, and CTCI Group

General Manager: Union Polymer International Investment Corporation, USI Management Consulting, Dynamic Ever Investments, Ever Victory Global  
Chief Executive Officer: USI, CGPC, TTC, Acme Electronics Corporation and USI Optronics Corporation

Executive Director: Chinese National Federation of Industries

- Note 5: Chairman: Xuanju, TTC (Zhongshan), TTC (Tianjin), USI Trading (Shanghai) Co., Ltd., CIS (Shanghai), Zhangzhou Taiju  
Director: Dynamic Ever Investments Ltd., Ever Victory Global Limited, Ever Conquest Global Limited, Taita (BVI) Holding Co., Ltd., APC (BVI) Holding Co., Ltd., USI International Corporation, Golden Amber Enterprises Ltd., Swanlake Traders Ltd., USI, TTC, CGPC, CGTD, APC Investment, Asia Polymer Investment Corporation, Chong Loong Trading Co. Ltd., Swanson Plastics Corporation, Swanson Technologies Corporation, INOMA Corporation, USI Education Foundation, Taiwan United Venture Capital Corporation, USI Management Consulting, Union Polymer Int'l Investment Corp, USI Management Consulting Corporation, Acme Electronics (Kunshan) Co., Ltd., Fujian Gulei Petrochemical, USI Optronics Corporation, and USI (Hong Kong)  
General Manager: USI, PLC, Chong Loong Trading Co., Ltd., USI Trading (Shanghai) Co., Ltd. and CIS (Shanghai)
- Note 6: Independent Director: Man Zai Industrial Co., Ltd.  
Director: Continental General Plastics (ZhongShan) Co.,Ltd, Acme Electronics (Kunshan) Co., Ltd., and Acme Electronics Corporation (Guangzhou)  
Supervisor: Union Polymer International Investment Corporation, Zhangzhou Taiju Trading Co., Ltd., USIG (Shanghai) Co., Ltd, Chong Loong Trading Co., Ltd., INOMA Corporation, USI Green Energy Corporation, USI OPTRONICS CORPORATION, Swanson Plastics Corp., Swanson Plastics (kunshan) Co., Ltd., SWANSON PLASTICS (TIANJIN) CO., LTD., ASK-Swanson (kunshan) Co., Ltd., USIFE Investment Co., Ltd., APC Investment Corporation, Taiwan United Venture Capital Corp., Taiwan United Venture Management Corporation, Double Winner Co., Ltd., Global Green Technology Corporation, CGPC CONSUMER PRODUCTS CORPORATION, Cerebra Technologies Co., Ltd., FiduciaEdge Technologies Co., Ltd.  
Head of Corporate Governance: USI Corporation, CGPC Corporation, Taita Chemical Co., Ltd., Acme Electronics Corporation
- Note 7: The former Director of Linyuan Plant Chen, Jung-Hung was transferred on March 1, 2023, and Mr. Hsieh, Wang-Chuan took over as the Director of Linyuan Plant
- Note 8: The former Sales Manager Hsieh, Wang-Chuan was transferred on June 1, 2022, and Mr. Tseng, Kuo-Lung took over as the Sales Manager

(III) Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto.

The Chairman of the Company also serves as the CEO based on the consideration for the overall operation. With the Chairman's excellent business vision, he participates in the Company's operations in person to implement business decisions and improve the operating efficiency.

More than half of the current members of the Company's Board of Directors do not serve as employees or managerial officers concurrently, which is audited and certified by Deloitte & Touche. The Company has also established an Audit Committee, a Remuneration Committee, a Sustainable Development Committee, and a Corporate Governance Team to strengthen corporate governance, and to reduce operational risks continuously through a rigorous internal control mechanism.

### III. Remuneration of Directors, Supervisors, General Manager, and Deputy General Managers

Remuneration paid to Directors, Independent Directors, Supervisors, General Manager, and Deputy General Managers

1. If the Company has any of the following circumstances, it shall disclose its individual Directors' or Supervisors' name and remuneration; it can choose to disclose a range table with name disclosed, or disclose the name and remuneration individually for the rest (where individual disclosure is adopted, please fill in the job title, name, and amount; there is no need to fill in the table of remuneration ranges): None.
  - (1) Where it was a loss after tax in the parent company only or individual financial statements in the last three years, the name and remuneration of individual "Directors and Supervisors" shall be disclosed; provided that it is net income after tax in the parent company only or individual financial statements in the most recent year, and the said net income is sufficient to make up for the accumulated losses [Note 1].
  - (2) A Company with Directors whose shareholding percentages have been insufficient for three (3) or more consecutive months during the most recent fiscal year shall disclose the remuneration of individual Directors. A Company with Supervisors whose shareholding percentages have been insufficient for three (3) or more consecutive months during the most recent fiscal year shall disclose the remuneration of individual Supervisors [Note 2].
  - (3) A Company with an average ratio of shares pledged by Directors or Supervisors that exceeds 50 % in any three months during the most recent fiscal year shall disclose the remuneration paid to each individual Director or Supervisor who owns a ratio of shares pledged that exceeds 50% for each of these three months [Note 3].
  - (4) If the total amount of remuneration received by all the Directors and Supervisors of a company from all the companies listed in its financial statements exceeds two (2) percent of its net income after tax, and the amount of remuneration received by any individual Director or Supervisor exceeds NT\$15 million, the Company shall disclose the amount of remuneration paid to individual Directors or Supervisors. (Description: The remuneration of Directors and Supervisors



is calculated based on "Remuneration of Directors" plus "Remuneration of Supervisors" as in the Appendix without including the relevant remuneration received as concurrent employees.)

- (5) Any result of evaluation made on corporate governance in the most recent year is in the last level, or any trading method changes, any trading or marketing stops, or any evaluation is rejected by the Corporate Governance Evaluation Committee in the most recent year as of the publication date of this Annual Report as a listed company. [Note 4]
  - (6) The average annual salary of a full-time employee of a listed company who does not hold a managerial position in the most recent year has not reached NT\$500,000. [Note 5]
2. If any of the foregoing events (1) or (5) occurs to a listed company, the remuneration information of the five highest paid individuals (such as general manager, deputy general manager, chief executive officer, or financial manager) shall be disclosed separately.

(I) Remuneration of Directors, Supervisors, General Manager and Deputy General Manager

1. Remuneration paid to Directors and Independent Directors (a remuneration range table with name disclosed)

Unit: NT\$ thousand

Title	Name (Note 1)	Directors' remuneration								Sum of items A, B, C and D to NIAT Ratio (Note 10)		Relevant remuneration received by directors who also serve as employees						Percentage of the total of 7 items A, B, C, D, E, F and G to net income after taxes (Note 10)		Remuneration paid to Directors from investees other than the Company's subsidiaries or parent company (Note 11)		
		Remuneration (A) (Note 2)		Separation Pay and Pension (B)		Directors' Compensation (C) (Note 3)		Costs Incurred from Performance of Duty (D) (Note 4)				Salary, bonuses, and allowances (Note 5)		Separation Pay and Pension (F)		Employee Compensation (G) (Note 6)						
		The Company	All companies in the Financial Report (Note 7)	The Company	All companies in the Financial Report (Note 7)	The Company	All companies in the Financial Report (Note 7)	The Company	All companies in the Financial Report (Note 7)	The Company	All companies in the Financial Report (Note 7)	The Company	All companies in the Financial Report (Note 7)	The Company		All companies in the Financial Report (Note 7)		The Company	All companies in the Financial Report			
Chairman	Wu, Yi-Kuei																					
Director	Wu, Pei-Chi																					
Director	Li, Kuo-Hung																					
Director	Wu, Hung-Chu	2,360	2,360	0	0	0	0	520	520	2,880 0.199%	2,880 0.199%	11,749	11,749	0	0	156	0	156	0	14,785 1.022%	14,785.02 2%	39,974
Director	Liu, Han-Tai (Dismissal on May 27, 2022)																					
Director	Ko, I-Shao																					
Independent Director	Shen, Shang-Hung																					
Independent Director	Chen, Ta-Hsiung																					
Independent Director	Cheng, Tun-Chien	4,300	4,300	0	0	0	0	640	640	4,940 0.341%	4,940 0.341%	0	0	0	0	0	0	0	0	4,940 0.341%	4,940 0.341%	0
Independent Director	Chen, Chine-Ping (Appointed on May 27, 2022)																					
<p>1. Please state the policies, systems, standards, and structure of independent directors' remuneration payment, and describe the relevance to the amount of remuneration according to their responsibilities, risks, and time of investment: The remuneration of Independent Directors is paid based on the Company's Articles of Incorporation and the remuneration policies and measures and depends on the degree of participation and the value of their contribution to the Company's operations, with reference to the median level in the industry, and it shall be distributed after submitted to and approved by the Remuneration Committee and adopted by the Board of Directors. Except for the fixed remuneration, no other consideration is paid each year.</p> <p>2. Unless disclosed above, the Directors of the current year received remuneration for providing services (such as serving as a non-employee consultant) to the companies listed in the consolidated financial statements: None.</p>																						

\* Please list the relevant information of the Directors (non-independent general directors) and Independent Directors, respectively.

### Range of remuneration

Range of Remuneration Paid to the Directors of the Company	Name of Director			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies in the Financial Report (Note 9) H	The Company (Note 8)	The Company and All the Investees Included in the Financial Statements (Note 9) I
Less than NT\$1,000,000	Wu, Yi-Kuei, Li, Kuo-Hung, Wu, Pei-Chi, Liu, Han-Tai Chen, Chine-Ping, Wu, Hung-Chu, Ko, I-Shao	Wu, Yi-Kuei, Li, Kuo-Hung, Wu, Pei-Chi, Liu, Han-Tai Chen, Chine-Ping, Wu, Hung-Chu, Ko, I-Shao	Liu, Han-Tai, Wu, Hung-Chu, Chen, Chine-Ping Ko, I-Shao, Li, Kuo-Hung	Ko, I-Shao, Li, Kuo-Hung, Chen, Chine-Ping Wu, Hung-Chu
NT\$1,000,000 (inclusive) - NT\$2,000,000 (exclusive)	Chen, Ta-Hsiung, Cheng, Tun-Chien, Shen, Shang-Hung	Chen, Ta-Hsiung, Cheng, Tun-Chien, Shen, Shang-Hung	Chen, Ta-Hsiung, Cheng, Tun-Chien, Shen, Shang-Hung	Chen, Ta-Hsiung, Cheng, Tun-Chien, Shen, Shang-Hung
NT\$2,000,000 (inclusive) - NT\$3,500,000 (exclusive)				
NT\$3,500,000 (inclusive) - NT\$5,000,000 (exclusive)				
NT\$5,000,000 (inclusive) - NT\$10,000,000 (exclusive)			Wu, Yi-Kuei and Wu, Pei-Chi	Wu, Pei-Chi
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)				Liu, Han-Tai
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)				Wu, Yi-Kuei
NT\$30,000,000 (inclusive) - NT\$50,000,000 (exclusive)				
NT\$50,000,000 (inclusive) - NT\$100,000,000 (exclusive)				
More than NT\$100,000,000				
Total	7,820 thousand	7,820 thousand	19,725 thousand	59,699 thousand

Note 1: The name of Directors shall be listed, respectively (for institutional shareholders, the name of institutional shareholders and their representatives shall be listed, respectively), and the name of Directors and Independent Directors shall be listed respectively; the payment amount shall be disclosed in aggregation. This table and table (3-1), or tables (3-2-1) and (3-2-2) below shall be filled out if a Director concurrently serves as the General Manager or Deputy General Manager.

Note 2: Remuneration received by Directors in the most recent year (including salaries, job-related allowances, severance, bonuses, and rewards).

- Note 3: Fill the amount of rewards approved by the Board of Directors and distributed to the directors in the most recent fiscal year.
- Note 4: Business expenses paid to the directors in the most recent fiscal year (including services and goods provided such as transportation allowances, special allowances, various allowances, accommodation and vehicle). If housing, vehicle and other modes of transportation or personal expenses are provided, the nature and cost of the assets provided, the rent fees and fuel costs calculated based on the actual amount or fair market value, and other payments shall be disclosed. If a driver is provided, please indicate the amount of compensation paid to the driver by the Company in a separate note (not included in the remuneration).
- Note 5: Salary, job-related allowances, severance pay, various bonuses, incentives, transportation allowance, special allowance, various allowances, accommodation allowance and driver allowance received by directors who concurrently serve as employees (including general manager, deputy general manager, other managerial officers and employees) in the most recent fiscal year. If housing, vehicle and other modes of transportation or personal expenses are provided, the nature and cost of the assets provided, the rent fees and fuel costs calculated based on the actual amount or fair market value, and other payments shall be disclosed. If a driver is provided, please indicate the amount of compensation paid to the driver by the Company in a separate note (not included in the remuneration). Any compensations listed under IFRS 2 Share-Based Payment, including issuance of employee stock options, new restricted employee shares and cash capital increase by stock subscription shall also be included. The Company provides vehicles for transportation, with NT\$19,000 for relevant fuel costs.
- Note 6: For directors concurrently serving as employees (including general manager, deputy general manager, other managerial officers and employees) who receive employee rewards (including shares and cash), the amount of employee rewards that have been approved by the Board of Directors and are distributed to them in the most recent fiscal year shall be disclosed. If the amount of rewards cannot be estimated, the amount of rewards in the current fiscal year shall be calculated based on the ratio of the amount of rewards distributed in the previous fiscal year, and this amount shall also be filled in Table 1-3.
- Note 7: The total amount of all the remuneration paid to the Company's Directors by all the companies (including the Company) listed in its consolidated financial statements shall be disclosed.
- Note 8: The name of each director should be disclosed in the range of remuneration corresponding to the amount of all the remuneration paid to the director by the company.
- Note 9: The total amount of all the remuneration paid to each Director of the Company by all the companies (including the Company) listed in its consolidated financial statements shall be disclosed. The name of each Director shall be disclosed in the range of remuneration corresponding to the amount of all the remuneration paid to each Director by the Company.
- Note 10: Net income after tax refers to net income after tax listed in the parent company only or individual financial statements in the most recent year.
- Note 11:
- a This field shall clearly indicate the amount of remuneration received by the Company's Directors from investees other than a subsidiary or the parent company (if not, please fill in "none").
  - b If a Director of the Company receives remuneration from investees other than subsidiaries or the parent company, the amount of remuneration received by the Director from investees other than subsidiaries shall be combined into Column I of the table for range of remuneration, and this column shall be renamed "Parent Company and All Investees."
  - c Remuneration refers to the compensation, rewards (including rewards distributed to employees, Directors, and supervisors) and remuneration related to business expenses that are received by the Company's Directors who serve as Directors, supervisors or managerial officers at investees other than subsidiaries or the parent company.
- \* A different concept is used for the content of remuneration disclosed in this table compared to that in the Income Tax Act. This table is used for information disclosure, but not for taxation.

2. Remuneration paid to supervisors: Not applicable as the Company has an Audit Committee that replaces the functions of Supervisors.
3. Remuneration paid to General Manager and Deputy General Managers (range of remuneration with name disclosed)

Unit: NT\$ thousand

Title	Name (Note 1)	Salary (A) (Note 2)		Separation Pay and Pension (B)		Bonuses and special expenses (C) (Note 3)		Employees' Remuneration (D) (Note 4)				Proportion of the sum of A, B, C, and D (%) to NIAT (Note 8)		Remuneration paid to Directors from investees other than the Company's subsidiaries or parent company (Note 9)
		The Company	All companies in the Financial Report (Note 5)	The Company	All companies in the Financial Report (Note 5)	The Company	All companies in the Financial Report (Note 5)	The Company		All companies in the Financial Report (Note 5)		The Company	All companies in the Financial Report	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Chief Executive Officer	Wu, Yi-Kuei	6,928	6,928	0	0	7,081	7,081	235	0	235	0	14,244 0.984%	14,244 0.984%	32,252
General Manager	Wu, Pei-Chi													
Deputy General Manager	Ming-Tsung Wu													

\* Regardless of job titles, positions that are equivalent to general manager, deputy general manager (such as president, chief executive director and director) shall be disclosed.

Range of remuneration

Range of Remuneration Paid to the General Manager and Deputy General Manager	Name of General Manager and Deputy General Manager	
	The Company (Note 6)	The parent company and all investees (Note 7) E
Less than NT\$1,000,000		
NT\$1,000,000 (inclusive) - NT\$2,000,000 (exclusive)		
NT\$2,000,000 (inclusive) - NT\$3,500,000 (exclusive)	Ming-Tsung Wu	
NT\$3,500,000 (inclusive) - NT\$5,000,000 (exclusive)		
NT\$5,000,000 (inclusive) - NT\$10,000,000 (exclusive)	Wu, Yi-Kuei and Wu, Pei-Chi	Wu, Pei-Chi, and Wu, Ming-Tsung
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)		
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)		
NT\$30,000,000 (inclusive) - NT\$50,000,000 (exclusive)		Wu, Yi-Kuei
NT\$50,000,000 (inclusive) - NT\$100,000,000 (exclusive)		
More than NT\$100,000,000		
Total	14,244 thousand	46,496 thousand

Note 1: The names of the General Manager and Deputy General Manager shall be listed separately, and the amount of remuneration paid to them shall be disclosed collectively. If a Director concurrently serves as a General Manager or Deputy General Manager, this table, Table (1-1) or Table (1-2-1) and (1-2-2) above shall be filled in.

Note 2: Fill the salary, job-related allowances and severance pay received by the General Manager and Deputy General Managers in the most recent fiscal year.

Note 3: Fill the amount of various bonuses, incentives, transportation allowances, special allowance, various allowances, accommodation, and vehicle received by the General Manager and Deputy General Managers in the most recent fiscal year. If housing, vehicle and other modes of transportation or personal expenses are provided, the nature and cost of the assets provided, the rent fees and fuel costs calculated based on the actual amount or fair market value, and other payments shall be disclosed. If a driver is provided, please indicate the amount of compensation paid to the driver by the Company in a separate note (not included in the remuneration). Any compensations listed under IFRS 2 Share-Based Payment, including issuance of employee stock options, new restricted employee shares and cash capital increase by stock subscription shall also be included. The Company provides vehicles for transportation, with NT\$19,000 for relevant fuel costs.

Note 4: Fill the amount of employee rewards (including shares and cash) that have been approved by the Board of Directors and are distributed to the general manager and deputy general manager in the most recent fiscal year. If the amount of rewards cannot be estimated, the amount of rewards in the current fiscal year shall be calculated based on the ratio of the amount of rewards distributed in the previous fiscal year, and this amount shall also be filled in Table 1-3.

Note 5: The total amount of the remuneration of all the companies (including the Company) in the consolidated report to the General Manager and Deputy General Managers of the Company shall be disclosed.

Note 6: The name of each general manager and deputy general manager should be disclosed in the range of remuneration corresponding to the amount of all the remuneration paid to the general manager and deputy general manager by the company.

Note 7: The total amount of all the remuneration paid to each general manager and deputy general manager of the company by all the companies (including the company) listed in its consolidated financial statements shall be disclosed. The name of each general manager and deputy general manager shall be disclosed in the range of remuneration corresponding to the total amount mentioned in the preceding sentence.

Note 8: Net income after tax refers to net income after tax listed in the parent company only or individual financial statements in the most recent year.

Note 9:

- a This field shall clearly indicate the amount of remuneration received by the Company's General Manager or Deputy General Manager from investees other than subsidiaries or the parent company (if not, please fill in "none").
- b If the General Manager or Deputy General Managers of the Company receive remuneration from investees other than subsidiaries or the parent company, the remuneration received by the General Manager or Deputy General Managers of the Company from investees other than subsidiaries or the parent company shall be included in Column E in the Range of Remuneration Table, and the column shall be renamed "Parent Company and All Investees."
- c Remuneration in this case refers to remuneration, bonuses (including employee, Director, or supervisor compensation), and allowances received by the General Manager or Deputy General Managers of the Company as the Directors, supervisors, or managerial officers of investees other than subsidiaries or the parent company.

\* A different concept is used for the content of remuneration disclosed in this table compared to that in the Income Tax Act. This table is used for information disclosure, but not for taxation.

4. The remuneration of the top five executives with the highest remuneration at a listed company (name and remuneration shall be disclosed individually): Not applicable.
5. Name of managerial officers to which employee rewards are distributed, and the status of distribution

Collective disclosure

Unit: NT\$ thousand

	Title (Note 1)	Name (Note 1)	Stock Amount	Cash Amount	Total	Percentage of total remuneration on NIAT (%)
Manager	Chief Executive Officer	Wu, Yi-Kuei	0	626	626	0.04%
	General Manager	Wu, Pei-Chi				
	Deputy General Manager of Sales Department	Ming-Tsung Wu				
	Director of Linyuan Plant	Chen, Chun-Hung (Note 5)				
	Director of Linyuan Plant	Hsieh, Wang-Chuan (Note 5)				
	Corporate Governance Officer	Chen, Yung-Chih				
	Accounting Manager	Chen, Cheng-Shun				
	Finance Manager	Shih, Ju-Hsuan				
	Sales Manager	Huang, Ko-Ming (Note 6)				
	Sales Manager	Tseng, Kuo-Lung (Note 6)				

Note 1: Names and positions shall be listed individually, and the amount of profit distributed shall be disclosed collectively.

Note 2: Refers to compensations paid to the Managers (including stock and cash) approved by the Board of Directors in the most recent year; If such compensations cannot be estimated, an estimation for this year shall be calculated in proportion of the compensations paid last year. Net income after tax (NIAT) refers to net income after taxes in the most recent fiscal year. Where IFRS is adopted, net income after tax refers to net income after tax recorded in the parent company only or standalone financial statements in the most recent fiscal year.

Note 3: The scope of application for the term "managerial officer" shall follow the official document with reference number 0920001301 dated March 27, 2003. Its scope of application shall be as follows:

- (1) General Manager and its equivalent
- (2) Deputy General Manager and its equivalent
- (3) Senior Manager and its equivalent
- (4) Head of Finance Department
- (5) Head of Accounting Department
- (6) Other personnel authorized to manage company operations and sign for approval

Note 4: Directors, General Manager and Deputy General Managers who receive employee compensation (including shares and cash) shall be listed not only in Table 1-2, but also in this table.

Note 5: The former Director of Linyuan Plant Chen, Jung-Hung was transferred on March 1, 2023, and Mr. Hsieh, Wang-Chuan took over as the Director of Linyuan Plant.

Note 6: The former Sales Manager Hsieh, Wang-Chuan was transferred on June 1, 2022, and Mr. Tseng, Kuo-Lung took over as the Sales Manager.



(II) Separate comparison and description of total remuneration, as a percentage of net income stated in the parent company-only or individual financial statements, as paid by the Company and all other companies included in the consolidated financial statements during the past 2 fiscal years to Directors, supervisors, General Manager, and Deputy General Managers, with analysis and description of remuneration policies, standards, and packages, procedure for determining remuneration, and the correlation with business performance and future risks.

1. Analysis of total remuneration paid to general Directors, Independent Directors, General Manager, and Deputy General Managers as a percentage of NIAT:

Category \ Year	2022		2021	
	The Company	All companies in the Financial Report	The Company	All companies in the Financial Report
General Directors' remuneration as a percentage of NIAT (%) (excluding the remuneration to those who work as employees concurrently)	0.199%	0.199%	0.063%	0.063%
Independent Directors' remuneration as a percentage of NIAT (%) (excluding the remuneration to those who work as employees concurrently)	0.341%	0.341%	0.133%	0.133%
General Directors' remuneration as a percentage of NIAT (%) (including the remuneration to those who work as employees concurrently)	1.022%	1.022%	0.488%	0.488%
Independent Directors' remuneration as a percentage of NIAT (%) (including the remuneration to those who work as employees concurrently)	0.341%	0.341%	0.133%	0.133%
General Manager and Deputy General Manager's remuneration as a percentage of NIAT (%)	0.984%	0.984%	0.484%	0.484%

2. Remuneration Policies, Standards and Packages, Procedures for Determining Remuneration and Correlation of Remuneration with Business Performance and Future Risks:

(1) Remuneration policies, standards and packages

(1-1) The remuneration of Directors shall be in accordance with Article 15-1 of the Articles of Incorporation, which states that "regardless of the Company's operating profit and loss, it shall be handled in accordance with the value of their participation in and contribution to the operation of the Company and taking into consideration the domestic industry level"; The remuneration shall not exceed 1% of the profit in the current year according to Article 18 of the Articles of Incorporation. The above remuneration is agreed upon by taking into consideration the Company's operating performance and the performance evaluation results of the Directors. In addition, the Company shall pay the traffic allowance in accordance with the resolution of the shareholders' meeting, but the manager of the Company who concurrently serves as the director shall not receive the traffic allowance. Among them, the aspects of directors' regular evaluation include the mastery of the Company's objectives and tasks, directors' cognition of their responsibilities, their participation in the Company's operation, internal relationship management and communication, directors' professionalism and continuous learning, and internal control.

(1-2) The manager's remuneration shall be handled in accordance with the relevant personnel regulations of the Company, and shall be determined by considering the operating performance. Among them, business performance includes financial aspects (operating income, operating profits and net profit before tax), customer aspects, product aspects, talent aspects, safety aspects and project aspects.

(1-3) The Company's remuneration packages are determined by the Remuneration Committee Charter. They include cash compensation, stock options, profit sharing and stock ownership, retirement benefits or severance pay, allowances or stipends of any kind, and other substantive incentive measures. The scope is consistent with the remuneration for Directors and managerial officers specified in the Regulations Governing Information to be Published in Annual Reports of Public Companies.

(2) Procedures for determining the remuneration

The results of the evaluations conducted in accordance with the Company's "Regulations for Evaluating the Performance of the Board of Directors" and the "Performance Management Regulations" for managerial officers and employees are used as the basis for regular evaluations of the salary and remuneration of Directors and managerial officers.

The performance evaluation and reasonableness of the remuneration of Directors and managerial officers are regularly assessed and reviewed by the Remuneration Committee and the Board of Directors every year. The Company reviews their performance achievement rate and contributions to the Company, considers the overall performance of the Company's operations, future risks, and development trends of the industry, and reviews the remuneration system whenever necessary based on actual operations and relevant laws and regulations to provide reasonable remuneration and attain a balance between the Company's sustainable operations and risk management.

(3) Correlations with the Company's business performance and future risk exposure

The Remuneration Committee reviews the Company's overall business performance, outlook of the industry, business risks, and development trends and evaluates the attainment of

performance targets of the Company's Directors and managerial officers to set the content and amount of their individual remuneration packages. The Committee proposes recommendations and submits them to the Board of Directors for approval. We also review the remuneration system for Directors and managerial officers whenever necessary, and refrain from incentivizing Directors and managerial officers from pursuing remuneration by engaging in activities that exceed the risk appetite of the Company.

## IV. Implementation of Corporate Governance

### (I) Implementation by the Board of Directors

A total of seven (7) meetings (A) were held by the Board of Directors in the most recent fiscal year (2022). The attendance of the members of the Board are as follows:

Title	Name (Note 1)	2022 1st 2022/3/9	2022 2nd 2022/4/15	2022 3rd 2022/5/5	2022 4th 2022/6/2	2022 5th 2022/8/3	2022 6th 2022/9/2	2022 7th 2022/11/2	Actual attendance in person B	Attendance by proxy	Actual attendance rate (%) (B/A) (Note 2)	Notes
Chairman	Wu, Yi-Kuei (Representative of Union Polymer International Investment Corporation)	◎	◎	◎	◎	◎	◎	◎	7	0	100	Re-elected
Director	Li, Kuo-Hung (representative of Union Polymer International Investment Corporation)	◎	◎	◎	◎	◎	◎	◎	7	0	100	Re-elected
Director and General Manager	Wu, Pei-Chi (Representative of USIFE Investment Co., Ltd.)	—	—	—	◎	◎	◎	◎	4	0	100	Newly elected, required to attend 4 meetings
Director	Wu, Hung-Chu (Representative of USIFE Investment Co., Ltd.)	—	—	—	◎	◎	◎	◎	4	0	100	Newly elected, required to attend 4 meetings
Director	Ko, I-Shao (representative of Tai Lien International Investment Co., Ltd.)	◎	◎	◎	◎	☆	◎	◎	6	1	85.71	Re-elected
Independent Director	Chen, Ta-Hsiung	◎	◎	◎	◎	◎	☆	◎	6	1	85.71	Re-elected
Independent Director	Shen, Shang-Hung	◎	◎	◎	◎	◎	◎	◎	7	0	100	Re-elected
Independent Director	Cheng, Tun-Chien	◎	◎	◎	◎	◎	◎	◎	7	0	100	Re-elected
Independent Director	Chen, Chine-Ping	—	—	—	◎	◎	◎	◎	4	0	100	Newly elected, required to attend 4 meetings
Director	Wu, Pei-Chi (Representative of Union Polymer International Investment Corporation)	◎	◎	◎	—	—	—	—	3	0	100	Existing, required to attend three meetings
Director	Liu, Han-Tai (representative of Union Polymer International Investment Corporation)	◎	◎	◎	—	—	—	—	3	0	100	Existing, required to attend three meetings
Director	Wu, Hung-Chu (Representative of Union Polymer International Investment Corporation)	◎	◎	◎	—	—	—	—	3	0	100	Existing, required to attend three meetings

Note 1: For directors and supervisors who are juristic persons, the name of juristic person shareholders and their representatives shall be disclosed.

Note 2:

(1) Where a director or a supervisor resigns before the end of the fiscal year, the Remark column shall be filled with the director's or supervisor's resignation date, whereas his/her percentage of attendance in person (%) shall be calculated based on the number of Board of Directors' meetings held and the actual attendance in person during the period during his/her term of office.

(2) Where Directors and Supervisors were re-elected before the end of the year, both the incoming and outgoing Directors and Supervisors shall be listed accordingly. The "remark" column shall be annotated to indicate whether the Director or Supervisor was outgoing, incoming, or re-elected as well as the date of re-election.

Actual presence (attendance) rate (%) shall be calculated using the number of Directors' Meetings convened and actual presence (attendance) during the term of service.

Note 3: Attendance in person:☉; Attendance by proxy:☆.

Note 4: Directors (including four Independent Directors) were re-elected at the Annual General Meeting held on May 27, 2022.

Other matters to be noted:

I. If any of the following applies to the operations of the Board of Directors, the date and session of the Board of Directors' Meeting, as well as the resolutions, opinions of independent directors and the company's actions in response to the opinions of independent directors shall be stated:

(I) Items listed in Article 14-3 of the Securities and Exchange Act.

Date of term of the Board meeting	Resolution and Follow-up Actions	Items specified in Article 14-3 of the Securities and Exchange Act	Dissenting Opinion or Qualified Opinion by Independent Directors	
2022 1st 2022/03/09	1. Approved the 2021 reward distribution plan for directors and employees.	Yes	None	
	2. Approved the amendment of certain articles in the Regulations Governing the Acquisition and Disposal of Assets.	Yes	None	
	3. Approved the recommendation to lift competition restrictions against newly-appointed Directors at the general shareholders' meeting	Yes	None	
	4. Approved the appointment of CPAs for 2022.	Yes	None	
	5. Approved the issuance of unsecured ordinary corporate bonds.	Yes	None	
	Opinions of Independent Directors: None.			
	The Company's actions in response to the opinions of Independent Directors: None.			
Voting results: All Directors present voted in favor of the resolution without any dissenting opinion.				
2022 Fifth meeting 2022/08/03	Passed the amendments to the Company's internal control system.	Yes	None	
	Opinions of Independent Directors: None.			
	The Company's actions in response to the opinions of Independent Directors: None.			
Voting results: All Directors present voted in favor of the resolution without any dissenting opinion.				
2022 Seventh meeting 2022/11/02	1. Approved CPAs' remuneration for 2022.	Yes	None	
	2. Passed the amendments to the Company's internal control system.	Yes	None	
	Opinions of Independent Directors: None.			
	The Company's actions in response to the opinions of Independent Directors: None.			
Voting results: All Directors present voted in favor of the resolution without any dissenting opinion.				

(II) Other than the matters mentioned above, other resolutions with objections or reservations from the Independent Directors and are documented or stated: None.

II. In regards the recusal of independent directors from voting due to conflict of interests, the name of the independent directors, the resolutions, reasons for recusal due to conflict of interests and voting outcomes shall be stated:

Name of Director	Agenda	Reason for Recusal	Participation in Voting	Notes
Wu, Yi-Kuei Wu, Pei-Chi Liu, Han-Tai	Donations to the USI Education Foundation.	They recused themselves due to conflict of interest as they serve as Directors of the foundation.	Did not participate in voting	2022 1st 2022/03/09
Shen, Shang-Hung Chen, Ta-Hsiung Cheng, Tun-Chien	Appointed three Independent Directors, namely Shen, Shang-Hung, Chen, Ta-Hsiung, and Cheng, Tun-Chien as the members of the Remuneration Committee.	They had a conflict of interest with this proposal as Directors.	Did not participate in voting	2022 Fourth meeting 2022/06/02
Wu, Pei-Chi	Managerial officers to engage in competitions.	They had a conflict of interest with this proposal as Directors.	Did not participate in voting	2022 Fifth meeting 2022/08/03
				2022 Sixth meeting 2022/09/02
				2022 Seventh meeting 2022/11/02

III. Information regarding cycle, period, scope, and method of self- (or peer) evaluation of the Board of Directors of a listed company shall be disclosed.

Evaluation of the Board of Directors' performance for 2022:



Evaluation cycle (Note 1)	Period of evaluation (Note 2)	Scope (Note 3)	Evaluation Method (Note 4)	Evaluation Content (Note 5)
Once every year	January 1, 2022 to December 31, 2022	Performance Evaluation of the Board of Directors	Self-evaluation of the Board of Directors	<p>I. Performance Evaluation of the Board of Directors</p> <ol style="list-style-type: none"> <li>1. Degree of participation in the Company's operations.</li> <li>2. Improvement in the quality of decision-making of the Board of Directors.</li> <li>3. Composition and structure of the Board of Directors.</li> <li>4. Election and continuous education of directors.</li> <li>5. Internal control.</li> </ol>
		Performance evaluation of individual directors.	Self evaluation of board members	<p>II. Self performance evaluation of board members</p> <ol style="list-style-type: none"> <li>1. Mastery of company objectives and tasks.</li> <li>2. Understanding of the director's roles and responsibilities.</li> <li>3. Degree of participation in the Company's operations.</li> <li>4. Internal relationship management and communication.</li> <li>5. Expertise and continuing education of the directors.</li> <li>6. Internal control.</li> </ol>
		Evaluation of functional committees' performance	Self-evaluation of functional committees' members	<p>III. Evaluation of the Audit Committee's Performance</p> <ol style="list-style-type: none"> <li>1. Degree of Participation in the Company's Operations.</li> <li>2. Understanding of Duties of the Audit Committee.</li> <li>3. Improvement of the decision-making quality of the Audit Committee.</li> <li>4. Composition of the Audit Committee and selection of committee members.</li> <li>5. Internal control.</li> </ol>
				<p>IV. Evaluation of the Remuneration Committee's performance</p> <ol style="list-style-type: none"> <li>1. Degree of Participation in the Company's Operations.</li> <li>2. Understanding of the Remuneration Committee's roles and responsibilities.</li> <li>3. Improvement in the Remuneration Committee's decision-making quality.</li> <li>4. Composition and member selection of the Remuneration Committee.</li> </ol>

- \* The results of performance evaluation for the Board of Directors and functional committees for 2022 have been reported to the 1st meeting of the Board of Directors in 2023 (March 3, 2023) and disclosed on the Company's website.

Note 1: Fill in the cycle of the evaluation of Board of Directors; for example: once a year.

Note 2: Fill in the period covered by the evaluation of the Board of Directors. For example, the performance evaluation of the Board of Directors from January 1, 2022 to December 31, 2022.

Note 3: The scope of the evaluation includes the performance evaluation of the Board of Directors, individual Board members, and functional committees.

Note 4: The evaluation methods include self-evaluation of the Board of Directors, self-evaluation of the Directors, peer evaluation, appointment of external professional institutions or experts, or other appropriate methods.

Note 5: The evaluation content includes at least the following items according to the evaluation scope:

- (1) Performance evaluation of the Board of Directors: It shall at least include the degree of participation in the Company's operations, the quality of decision-making of the Board of Directors, the composition and structure of the Board of Directors, the selection and continuous learning of directors, and internal control.
- (2) Evaluation of individual Directors' performance: It shall at least include the knowledge about the Company's objectives and tasks, the understanding of Director duties, the participation in the Company's operations, the internal relationship management and communication, Directors' specialties and continuous learning, and internal control.
- (3) Performance evaluation of functional committees: It shall include the degree of participation in the Company's operations, the understanding of the functional committee's responsibilities, the quality of decision-making of the functional committee, the composition and selection of members of the functional committee, and internal control.

- IV. Targets for strengthening the functions of the Board of Directors in the current fiscal year and the most recent fiscal year (e.g. establishing an audit committee and enhancing information transparency) and evaluation of implementation:

1. The Board of Directors operates in compliance with laws, regulations, the Articles of Incorporation, and the resolutions adopted by the shareholders' meeting. In addition to possess necessary professional knowledge to carry out their duties, all Directors shall act in accordance with the principles of honesty and good faith and their due obligations, to create the maximum interests for all shareholders.
2. The Company constantly pays attention to changes in laws and regulations of the competent authority, reviews its Rules of Procedure for Board of Directors' Meetings and the Rules Governing the Scope of Powers of Independent Directors, evaluates

its Audit Committee Charter and Remuneration Committee Charter in due course. The Company seeks to improve information transparency in accordance with the amended laws, and the implementation of these regulations has been effective.

3. To have a corporate governance officer to safeguard shareholders' interests and to strengthen the functions of the Board of Directors, the Board of Directors engaged a corporate governance office to support operations of the Board on May 9, 2019.
4. The Company has formed functional committees such as the Remuneration Committee and the Audit Committee in 2011 and 2016, and has continued to improve their performance.
5. The Company's website and MOPS have disclosed relevant information regarding the Company's internal rules and major resolutions adopted by the Board of Directors, so as to facilitate shareholders' understanding of the development and to improve its information transparency.
6. The Company organizes 6 hours training courses for Directors and encourages Directors to attend corporate governance-related courses organized by external institutions.

The status of continuing education among the Directors and some managerial officers of the Company for 2022 is as follows:

Title	Name	Course date	Organizer	Course Title	Number of Hours
Chairman	Wu, Yi-Kuei	2022/07/14	Securities & Futures Institute	Risks and Opportunities of Climate Change and Net Zero Emission Policies for Business Operations	3
		2022/10/13	Securities & Futures Institute	Introduction to the Debate over Corporate Management Rights and the Trial Laws for Commercial Events	3
Director	Li, Kuo-Hung	2022/07/14	Securities & Futures Institute	Risks and Opportunities of Climate Change and Net Zero Emission Policies for Business Operations	3
		2022/10/13	Securities & Futures Institute	Introduction to the Debate over Corporate Management Rights and the Trial Laws for Commercial Events	3
Director and General Manager	Wu, Pei-Chi	2022/07/14	Securities & Futures Institute	Risks and Opportunities of Climate Change and Net Zero Emission Policies for Business Operations	3
		2022/10/13	Securities & Futures Institute	Introduction to the Debate over Corporate Management Rights	3

Title	Name	Course date	Organizer	Course Title	Number of Hours
				and the Trial Laws for Commercial Events	
Director	Wu, Hung-Chu	2022/07/14	Securities & Futures Institute	Risks and Opportunities of Climate Change and Net Zero Emission Policies for Business Operations	3
		2022/10/13	Securities & Futures Institute	Introduction to the Debate over Corporate Management Rights and the Trial Laws for Commercial Events	3
Director	Ko, I-Shao	2022/04/22	Taiwan Institute for Sustainable Energy	Summit Forum for Sustainable Development and Net-zero Emission of Taishin International Bank by 2030 - Meticulous Net-zero Emission for Achievements in Sustainable Development by 2030	3
		2022/05/04	Taiwan Stock Exchange (TWSE)	Online Forum of International Twin Summits	2
		2022/07/27	Taiwan Stock Exchange (TWSE)	Sustainable Development Roadmap Seminar	2
Independent Director	Chen, Ta-Hsiung	2022/07/14	Securities & Futures Institute	Risks and Opportunities of Climate Change and Net Zero Emission Policies for Business Operations	3
		2022/10/13	Securities & Futures Institute	Introduction to the Debate over Corporate Management Rights and the Trial Laws for Commercial Events	3
Independent Director	Shen, Shang-Hung	2022/04/26	Taiwan Institute of Directors	How can the Board of Directors enhance competitiveness of the Company	3
		2022/07/19	Taiwan Corporate Governance Association	Legal Issues Deserving Attention of Shareholding Management and Stock Transactions by Internal Personnel	3
		2022/09/06	Taiwan Corporate Governance Association	Corporate Climate Governance and TCFD Disclosure Practice	3
Independent Director	Cheng, Tun-Chien	2022/07/14	Securities & Futures Institute	Risks and Opportunities of Climate Change and Net Zero Emission Policies for Business Operations	3
		2022/10/13	Securities & Futures Institute	Introduction to the Debate over Corporate Management Rights and the Trial Laws for Commercial Events	3

Title	Name	Course date	Organizer	Course Title	Number of Hours
Independent Director	Chen, Chine-Ping	2022/05/11	Securities & Futures Institute	The Latest Practical Development of Insider Trading in China and the Corresponding Measures of Enterprises for Prevention and Control	3
		2022/07/14	Securities & Futures Institute	Risks and Opportunities of Climate Change and Net Zero Emission Policies for Business Operations	3
Corporate Governance Officer	Chen, Yung-Chih	2022/04/22	Taiwan Institute for Sustainable Energy	Summit Forum for Sustainable Development and Net-zero Emission of Taishin International Bank by 2030 - Meticulous Net-zero Emission for Achievements in Sustainable Development by 2030	3
		2022/04/28	Taiwan Institute for Sustainable Energy	28th TCCS Council Meeting and CEO Lecture	2
		2022/05/20	Securities & Futures Institute	2022 Insider Trading Prevention Seminar	3
		2022/07/14	Securities & Futures Institute	Risks and Opportunities of Climate Change and Net Zero Emission Policies for Business Operations	3
		2022/07/27	Taiwan Stock Exchange Corporation	Sustainable Development Roadmap Seminar	2
		2022/07/28 ~2022/07/29	Taiwan Institute for Sustainable Energy	2022 Net-zero and Sustainable Development Forum	7
		2022/09/29	Taiwan Stock Exchange Corporation	2022 Release of Reference Guidelines for Power Execution by Independent Directors and Audit Committee and Board Supervision Seminar	3
		2022/10/13	Securities & Futures Institute	Introduction to the Debate over Corporate Management Rights and the Trial Laws for Commercial Events	3
		2022/10/14	Securities & Futures Institute	2022 Insider Trading Prevention Seminar	3
		2022/10/27	Taiwan Institute for Sustainable Energy	13th TCCS Council Meeting and CEO Lecture	2
		2022/11/03	Taiwan Corporate Governance Association	ESG Trends and Risk Management Seminar of Fubon Insurance	3
		2022/11/11	Securities & Futures Institute	TWSE/TPEX Listed Companies - Derivatives Trading Strategies and Market Outlook Seminar	3
		2022/11/11	Taiwan Corporate	Key Points of TCFD Disclosure	3

Title	Name	Course date	Organizer	Course Title	Number of Hours
			Governance Association	that Directors Should Know	
		2022/12/16	Taiwan Corporate Governance Association	How can Enterprises Effectively Manage Risks	3
Accounting Manager	Chen, Cheng-Shun	2022/04/21	Organized by the Company	PSM General Education Course	2.5
		2022/07/14	Securities & Futures Institute	Risks and Opportunities of Climate Change and Net Zero Emission Policies for Business Operations	3
		2022/09/06	Organized by the Company	Insider Trading Practical Cases and Related Legal Liabilities	3
		2022/09/15 ~2022/09/16	Accounting Research and Development Foundation	Ongoing Education for Securities Issuers, Securities Firms, and TWSE Chief Accounting Officer (Accounting, Auditing, Finance, and Ethics)	12
		2022/10/13	Securities & Futures Institute	Introduction to the Debate over Corporate Management Rights and the Trial Laws for Commercial Events	3
Finance Manager	Shih, Ju-Hsuan	2022/01/11	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	2022 Economic Situation and Future Prospects	3.5
		2022/03/15	Organized by the Company	Crisis under the Iceberg: Exploring the Key to Corporate Operations from the Digital Perspective	4
		2022/07/13	Organized by the Company	Group Product General Course - Recycled Plastic/corrosion-resistant coating	2
		2022/07/14	Securities & Futures Institute	Risks and Opportunities of Climate Change and Net Zero Emission Policies for Business Operations	3
		2022/07/20	Organized by the Company	Effective Communication Practice	4
		2022/08/18	Organized by the Company	Skilled in Talent Identification-Tactics in Recruitment	3
		2022/09/14	Organized by the Company	Lecture On the Prevention of Illegal Violations in the Workplace	2
		2022/10/13	Securities & Futures Institute	Introduction to the Debate over Corporate Management Rights and the Trial Laws for	3

Title	Name	Course date	Organizer	Course Title	Number of Hours
				Commercial Events	
Senior Auditor	Lin, Chia-Huei	2022/02/16	Organized by the Company	Final Battle of Digital Transformation? Counterattack of Meta and Web 3.0	3
		2022/04/21	Organized by the Company	PSM General Education Course	2.5
		2022/07/13	Organized by the Company	Group Product General Course - Recycled Plastic/corrosion-resistant coating	2
		2022/07/20	Organized by the Company	Effective Communication Practice	4
		2022/07/21	Organized by the Company	Recognition of Contracting Relationship in the Occupational Safety Law	1
		2022/08/11	Organized by the Company	Norms and Case Analysis of Fair Trade Law	3
		2022/08/22	Internal Audit Association of the Republic of China	How to Adjust the Internal Control System in Line with the New ESG Standards	6
		2022/09/22	Organized by the Company	Questions for Influence Workshop	7
		2022/10/05	Organized by the Company	Common Problems and Precautions for Civil Engineering Contracting	2
		2022/10/20	Organized by the Company	Introduction to Metal Valve API and Low Emission Testing	2
		2022/12/28	Internal Audit Association of the Republic of China	Regulations and Practical Analysis on Capital Loan, Endorsement Guarantee, and Acquisition and Disposal of Assets	6

The number of learning hours, scope of learning, learning systems, arrangements and information on the above-mentioned training sessions which comply with the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies shall be disclosed.

Note 1: For directors and supervisors who are juristic persons, the name of juristic person shareholders and their representatives shall be disclosed.

Note 2:

- (1) Where a director or a supervisor resigns before the end of the fiscal year, the Remark column shall be filled with the director's or supervisor's resignation date, whereas his/her percentage of attendance in person (%) shall be calculated based on the number of Board of Directors' meetings held and the actual attendance in person during the period during his/her term of office.
- (2) Where Directors and Supervisors were re-elected before the end of the year, both the incoming and outgoing Directors and Supervisors shall be listed accordingly. The "remark" column shall be annotated to indicate whether the Director or Supervisor was outgoing, incoming, or re-elected as well as the date of re-election. The Director's rate of attendance in person (%) shall be calculated based on the number of Board of Directors' Meetings held and the actual attendance in person during his/her term of office.

(II) Information Regarding the Implementation of the Audit Committee or the Participation of Supervisors in the Operations of the Board of Directors

1. Operations of the Audit Committee:

(1) The duties and responsibilities as set out in Article 6 of the Company's Audit Committee Charter are as follows:

- (1.1) Adoption or amendment of internal control systems in accordance with Article 14-1 of the Securities and Exchange Act.
- (1.2) Evaluation of the effectiveness of internal control systems.
- (1.3) Adoption or amendment, pursuant to Article 36-1 of the Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.
- (1.4) Items involving the interests of directors.
- (1.5) Major assets or derivative trading.
- (1.6) Major loaning of funds, making of endorsements or provision of guarantees.
- (1.7) Offering, issuance, or private placement of any equity-type securities.
- (1.8) Appointment, dismissal and compensation of CPAs.
- (1.9) Appointments and dismissal of finance, accounting and internal audit managers.
- (1.10) Annual financial reports signed and sealed by the Chairman, a managerial officer, and the accounting manager.
- (1.11) Accept and deal with whistle-blowing cases in accordance with the functions listed in this article.
- (1.12) Other major items required by other companies or the competent authority.



(2) The Audit Committee met five (5) times (A) in the most recent year (2022). The attendance of Independent Directors was as follows:

Title	Name	Attendance in Person (B)	Attendance by proxy	Percentage of attendance in person (%) (B/A) (Note 1, Note 2)	Notes
Independent Director	Shen, Shang-Hung	5	0	100	Re-elected
Independent Director	Chen, Ta-Hsiung	5	0	100	Re-elected
Independent Director	Cheng, Tun-Chien	5	0	100	Re-elected
Independent Director	Chen, Chine-Ping	2	0	100	Newly elected, required to attend 2 meetings

(3) The key work items reviewed in the most recent year mainly included:

- (3.1) Distribute the annual financial statements and earnings and issue audit reports.
- (3.2) Amendment of the internal control system.
- (3.3) CPA fees.
- (3.4) Appointment of CPAs and evaluation of the independence of CPAs.
- (3.5) Assess the effectiveness of the internal control system and issue the Internal Control System Statement.
- (3.6) Audit plan.
- (3.7) Review the annual financial statements, the accountant and audit supervisor present deliver reports to the Independent Directors separately.
- (3.8) Internal auditors report and communicate with independent directors separately.

- Review the financial statement  
The Audit Committee hereby presents the Business Report, financial statements and proposal for earnings distribution, among which the financial statements have been audited by Deloitte, Taiwan, by whom an audit report has been issued accordingly. The said business report, financial statements, and the proposal for earnings distribution have been audited by the Audit Committee and no discrepancies have been found.
- Evaluate the effectiveness of the internal control system  
The Audit Committee evaluates the effectiveness of the company's internal control systems policies and procedures (including financial, operational, risk management, compliance and other control measures) and reviews the company's audit department and certified accountants, as well as management reports, including risk management and compliance. The Audit Committee found that the Company's risk management and internal control systems were effective. The company has adopted the necessary control mechanisms to monitor and correct violations.
- Appointed the CPA  
The independence evaluation form formulated by the audit committee is to ensure the independence of certified public accounting firms by referring to article 47 of the CPA Law and the contents of "Integrity, impartiality, objectivity and independence" in the Bulletin of the Code of Professional Ethics for Accountants No. 10. It evaluates the independence, professionalism and suitability of the accountant, and evaluates whether the accountant has a mutual relationship with the company, business or financial interest. On March 9, 2022, the 15th audit committee of the second session and the first board of directors of 2022 on the same day reviewed and approved that reviewed and approved that Qiu Zhengjun and Zhuang Biyu, accountants of Deloitte & Touche, meet the evaluation criteria of independence and are eligible to serve as financial and tax certified public accountants of the company.

Other matters to be noted:

- I. The date of the Board meeting, the term, contents of the proposals, resolutions of the Audit Committee, and the Company's handling of the resolutions of the Audit Committee shall be recorded under the following circumstances in the operations of the Audit Committee meeting.

(I) Items listed in Article 14-5 of the Securities and Exchange Act

Audit Committee	Resolution and Follow-up Actions	Items listed in Article 14-5 of the Securities and Exchange Act	Other resolutions passed by two thirds of all Directors but yet to be approved by the Audit Committee
15th meeting of the 2nd Audit Committee 2022/03/09	1. Prepare 2021 Account Book	Yes	None
	2. 2021 earnings distribution proposal	Yes	None
	3. Evaluation of the independence of appointed CPAs for 2022.	Yes	None
	4. Appointment of CPAs for 2022	Yes	None
	5. Issuance of the 2021 "Statement on Internal Control System"	Yes	None
	6. Propose to issue NT\$2 billion of unsecured ordinary corporate bonds	Yes	None
	7. Amend certain articles in the Procedures for Handling Acquisitions or Disposal of Assets	Yes	None
Audit Committee Resolution: All members in attendance unanimously passed the proposals and submitted it to the Board of Directors for discussion.			
The Company's actions in response to the opinions of the Audit Committee: All Directors present voted in favor of the resolution.			
17th meeting of the 2nd Audit Committee 2022/05/05	Preparation of the 2022 Q1 Consolidated Financial Report	Yes	None
	Audit Committee Resolution: All members in attendance unanimously passed the proposals and submitted it to the Board of Directors for discussion.		
	The Company's actions in response to the opinions of the Audit Committee: All Directors present voted in favor of the resolution.		
3rd Meeting of 1st Audit Committee 2022/08/03	1. Amend the Company's internal control system	Yes	None
	2. Preparation of the 2022 Q2 Consolidated Financial Report	Yes	None
	Audit Committee Resolution: All members in attendance unanimously passed the proposals and submitted it to the Board of Directors for discussion.		
The Company's actions in response to the opinions of the Audit Committee: All Directors present voted in favor of the resolution.			

Audit Committee	Resolution and Follow-up Actions	Items listed in Article 14-5 of the Securities and Exchange Act	Other resolutions passed by two thirds of all Directors but yet to be approved by the Audit Committee	
3rd Meeting of 2nd Audit Committee 2022/11/02	1. Reviewed the 2023 annual audit plan	Yes	None	
	2. Amend the Company's internal control system	Yes	None	
	3. Review of the 2022 Q3 Consolidated Financial Report	Yes	None	
	4. Proposal for compensation paid to the CPAs for 2022	Yes	None	
	5. Amended the Procedures for Handling Material Inside Information	Yes	None	
	Audit Committee Resolution: All members in attendance unanimously passed the proposals and submitted it to the Board of Directors for discussion.			
	The Company's actions in response to the opinions of the Audit Committee: All Directors present voted in favor of the resolution.			

(II) In addition to the items in the preceding items, other resolutions passed by two-thirds of all the Directors but yet to be approved by the Audit Committee: None.

II. In regards to the recusal of independent directors from voting due to conflict of interests, the name of the independent directors, the resolutions, reasons for recusal due to conflict of interests and voting outcomes shall be stated.

III. Communications between independent directors and head of internal audit and CPAs (material issues, methods and outcomes related to the Company's financial and business status should be included).

(I) Not only does the Internal Audit Department submit audit reports to each independent director for review every month, but also the Head of Internal Audit reports major audit findings to each independent director in the Audit Committee every quarter.

Both the Company's Audit Committee and the chief internal auditor have maintained good communication.

Summary of communication between Independent Directors and the Company's head of internal audit in 2022:

Audit Committee	Key Communication Points	Recommendations and Results
15th meeting of the 2nd Audit Committee 2022/03/09	15th Meeting of the 2nd Audit Committee Reviewed 2021 Internal Control System Statement.	No dissenting opinions
3rd Meeting of 1st Audit Committee 2022/08/03	3th Meeting of the 1st Audit Committee Reviewed the standard book for the management of shareholder services in the internal control system in accordance with the amended "Standards for the Internal Control Systems of Shareholder Service Units" promulgated by the Taiwan Depository & Clearing Corporation.	No dissenting opinions
3rd meeting of the 2nd Audit Committee 2022/11/02	3th Meeting of the 2nd Audit Committee 1. In response to changes in the Company's organization and operations, and in accordance with the announcement of the Stock Exchange, the "Corporate Social Responsibility Best Practice Principles" was revised to "Sustainable Development Best Practice Principles of Listed Companies", the amendments to the Company's internal control system was reviewed. 2. Review the annual internal audit plan for 2023.	No dissenting opinions

(II) CPAs compile information on the audit of the Company's consolidated financial statements (annual financial statements including parent company-only financial statements) and review of governance-related matters, and report them to the Audit Committee; In case of major anomalies, they may call a meeting at any time, in accordance with the Auditing Standards Bulletin No. 39 - Communication with Those Charged with Governance and the letter with the Ref No. Tai Tsai Cheng Liu Tzu 0930105373 issued by SFB on March 11, 2004.

Both the Company's Audit Committee and CPAs have maintained good communication.

Summary of meetings between the independent directors and CPAs in 2022:

Audit Committee	Key Communication Points	Recommendations and Results
15th meeting of the 2nd Audit Committee 2022/03/09	<ol style="list-style-type: none"> <li>The CPAs' audit status and report on the 2021 Consolidated and Parent Company Only Financial Statements reports (including key audit matters (KAM)).</li> <li>Evaluate the independence of CPAs.</li> <li>Appointment of CPAs for 2022.</li> <li>The CPA has discussed and communicated with attendees on the questions they raised with regard to major legal amendments and their impact.</li> </ol>	No dissenting opinions
3rd Meeting of 1st Audit Committee 2022/08/03	<ol style="list-style-type: none"> <li>CPAs' audit execution status and report for the consolidated financial statements for Q2, 2022.</li> <li>CPAs discussed and communicated issues raised by the participants.</li> </ol>	No dissenting opinions
3rd Meeting of 2nd Audit Committee 2022/11/02	<ol style="list-style-type: none"> <li>CPAs' audit execution status and report for the consolidated financial statements for Q3, 2022.</li> <li>CPAs' report and communication of the 2022 audit plan report and key audit issues in the audit report.</li> <li>The CPA has discussed and communicated with attendees on the questions they raised with regard to major legal amendments and their impact.</li> </ol>	No dissenting opinions

(III) In order to fully exercise their powers and better understand the company's financial reports and financial and business conditions, independent directors shall communicate with accountants and internal audit directors at least once a year without the presence of general directors and management.

The communication situation of 2022 as follows:

Date	Attendee	Communication Item	Communication
2022/03/09 Meeting of Separate Communication	Independent Directors Shen, Shang-Hung Independent Directors Chen, Ta-Hsiung Independent Directors Cheng, Tun-Chien CPA Chiu, Cheng-Chun Lin, Chia-Huei	Accountant: Deliver reports on the audit of annual financial report and key audit items and make communication. Internal Audit: <ol style="list-style-type: none"> <li>Internal audit business execution report and communication.</li> <li>2021 Report on Internal Control System Statement.</li> </ol>	No dissenting opinions

Date	Attendee	Communication Item	Communication
2022/04/15 Meeting of Separate Communication	Independent Directors Shen, Shang-Hung Independent Directors Chen, Ta-Hsiung Independent Directors Cheng, Tun-Chien Lin, Chia-Huei	Internal Audit: Internal audit business execution report and communication.	It is recommended that in the case of unexpected incidents related to work safety and environmental protection, auditors should get involved in a timely manner to receive information and provide assistance in the investigation. (Handled according to requirements)
2022/05/05 Meeting of Separate Communication	Independent Directors Shen, Shang-Hung Independent Directors Chen, Ta-Hsiung Independent Directors Cheng, Tun-Chien Lin, Chia-Huei	Internal Audit: Internal audit business execution report and communication.	No dissenting opinions
2022/08/03 Meeting of Separate Communication	Independent Directors Shen, Shang-Hung Independent Directors Chen, Ta-Hsiung Independent Directors Cheng, Tun-Chien Independent Director Chen, Chine-Ping CPA Chiu,	Accountant: CPAs' audit report for the consolidated financial statements for Q2 2022. Internal Audit: 1. Internal audit business execution report and communication. 2. Reported amended digests of the standard book for the management of shareholder services in the internal control system.	No dissenting opinions

Date	Attendee	Communication Item	Communication
	Cheng-Chun Lin, Chia-Huei		
2022/11/02 Meeting of Separate Communication	Independent Directors Shen, Shang-Hung Independent Directors Chen, Ta-Hsiung Independent Directors Cheng, Tun-Chien Independent Director Chen, Chine-Ping CPA Chiu, Cheng-Chun Lin, Chia-Huei	CPA: 1. CPAs' audit report for the consolidated financial statements for Q3 2022. 2. Report and communication of the 2022 audit plan report and key audit issues in the audit report. Chief Internal Auditor: 1. Internal audit business execution report and communication. 2. Delivered reports on the modification of the internal control system of the Company. 3. Report the annual internal audit plan for 2023.	No dissenting opinions

Note 1: Where an independent director resigns before the end of the fiscal year, the Remark column shall be filled with the independent director's resignation date, whereas his/her percentage of attendance in person (%) shall be calculated based on the number of meetings held by the Audit Committee and the actual number of meetings attended during his/her term of office.

Note 2: If independent directors are re-elected before the end of the fiscal year, incoming and outgoing independent directors shall be listed accordingly, and the Remark column shall indicate whether the status of an independent director is "outgoing", "incoming" or "re-elected", and the date of re-election. Actual attendance percentage (%) is calculated based on the number of meetings held by the Audit Committee and the actual number of meetings attended during his/her term of office.

## 2. Participation of supervisors in the operations of the Board of Directors:

Not applicable as the Company has an Audit Committee that replaces the functions of supervisors.



(III) Implementation of corporate governance, discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies, and reasons for such discrepancies

Assessed Item	Implementation Status (Note 1)		Abstract Illustration	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No		
I. Has the company formulated and disclosed its corporate governance best practice principles in accordance with the "Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies"?	V		The Company has established its "Corporate Governance Best Practice Principles" and complied with the "Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies" to promote the implementation of corporate governance and discloses such information on its own website.	No material discrepancy
II. Shareholding Structure and Shareholders' Rights				
(I) Has the company established internal operating procedures for handling matters related to shareholders' recommendations, doubts, disputes and lawsuits, and implemented them accordingly?	V		(I) The Company has appointed specific personnel to take change of such matters.	No material discrepancy
(II) Does the Company maintain a list of major shareholders who have actual control over the Company and persons who have ultimate control over the major shareholders?	V		(II) The Company has been maintaining contact with its major shareholders and persons who have ultimate control over the major shareholders.	No material discrepancy

Assessed Item	Implementation Status (Note 1)		Abstract Illustration	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No		
(III) Has the Company established and implemented risk control and firewall mechanisms among its affiliated companies?	V		(III) The Company has established and implemented a system to monitor its subsidiaries.	No material discrepancy
(IV) Has the company formulated internal regulations that prohibit insiders of the company from trading securities using undisclosed information in the market?	V		<p>(IV) The Company has formulated its Procedures for Ethical Management and Guidelines for Conduct, in which Article 14 stipulates the prevention of insider trading.</p> <p>In 2022, with the approval of the Board of Directors, Article 14 of the "Procedures for Ethical Management and Guidelines for Conduct" was amended to add the Article 14 (2). In addition to complying with the preceding provision, directors of this Company are not allowed to trade the Company's stocks during the closed periods of 30 days before the announcement of the annual financial report and 15 days before the announcement of the quarterly financial report.</p> <p>Measures for Preventing Insider Trading</p> <p>The Company regularly conducts education and guidance on the "Procedures for Handling Material Inside Information" and relevant laws and regulations for current directors, managers, and employees every</p>	No material discrepancy

Assessed Item	Implementation Status (Note 1)		Abstract Illustration	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No		
			<p>year, and provides education and guidance to new directors, managers, and employees upon their appointment/arrival.</p> <p>In 2022, a total of 229 current directors, managers, and employees were involved in the educational training through online courses and quizzes. Detailed course topics and timely numbers can be found on the Company's website. <a href="https://www.apc.com.tw/zh-tw/dirServices/frmServices2.aspx">https://www.apc.com.tw/zh-tw/dirServices/frmServices2.aspx</a></p> <p>Directors are prohibited from trading their stocks during closed periods of 30 days before the announcement of the annual financial report and 15 days before the announcement of each quarterly financial report</p> <p>Implementation Situation</p> <p>Specific situations of internal regulations</p> <ul style="list-style-type: none"> <li>• Educational training - testes on the training management platform. Course name: [Promotion of Employee Code of Conduct in 2022] - That directors are not allowed to trade the Company's stocks during</li> </ul>	

Assessed Item	Implementation Status (Note 1)		Abstract Illustration	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No		
			<p>the closed period prior to the announcement of financial reports was included.</p> <p>In 2022, a total of 227 persons participated in the above-mentioned training, with a total of 227 hours of training.</p> <ul style="list-style-type: none"> <li>• Notification- Reminder letters should be sent before the closure periods - by the secretary of the Board of Directors. Emails are sent to remind directors 7 days before the start of each closed period, and inform personnel in the Stock Affairs Department.</li> </ul> <p>Second reminder mechanism was implemented by equity colleagues. Upon receipt of the above information until the "Financial Report Announcement Date (i.e. Board Meeting Date)", if directors of the Company still apply for the "pre-filing", they will be reminded by email again of the regulations for the closure period (the past practices of independent directors will be conveyed by the secretary of the Board of Directors), and the secretary</p>	

Assessed Item	Implementation Status (Note 1)		Abstract Illustration	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No		
			<p>of the Board of Directors and the Company's governance supervisors will be informed.</p> <p>The Company held a Board Meeting on November 2, 2022 to discuss the Q3 financial report for 2022. Due to the release of significant information to announce key data of the financial report on the day after the board meeting, the financial report announcement date was set as the day of the board meeting (November 2), and the closed period for trading stocks lasted for <u>15 days from October 18, 2022 to November 2, 2022</u>. The Secretary Office of the Board of Directors has sent emails to all directors on October 7, 2022, informing them that the Company's stocks cannot be traded during the closed period.</p> <p>With confirmation from personnel in the Stock Affairs Department, the directors of the Company did not apply any stock transfer during the closed period.</p>	
<p>III. Composition and responsibilities of the Board of Directors</p> <p>(I) Has the Board of Directors drawn up policies</p>	V		I. The diversity policy of board members	No material

Assessed Item	Implementation Status (Note 1)		Abstract Illustration	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No		
on diversity of its members and implemented them?			<p>According to Article 20 of the Company's "Corporate Governance Best Practice Principles", diversity shall be considered in the composition of the Company's Board of Directors, and members of the Board of Directors shall possess the knowledge, skills and qualities required to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities:</p> <ol style="list-style-type: none"> <li>1. Ability to make sound business judgment.</li> <li>2. Ability to conduct accounting and financial analysis.</li> <li>3. Business management ability.</li> <li>4. Crisis management ability.</li> <li>5. Knowledge of the industry.</li> <li>6. An understanding of international markets.</li> <li>7. Leadership skills.</li> <li>8. Decision-making ability.</li> </ol> <p>In addition to the eight competencies above, the Company has added two professional abilities, namely legal capability and environmental protection, for the diversification of the Board members by taking into</p>	discrepancy

Assessed Item	Implementation Status (Note 1)		Abstract Illustration	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No		
			<p>consideration the growing importance of the current global issues concerning corporate governance and environmental protection. At present, existing members of the Board of Directors possess the knowledge, skills and qualities required to perform their duties, and specialize in professional areas including accounting and finance, international markets, law and environmental protection.</p> <p>II. Specific management objectives for board diversity  To introduce outstanding external talents into the Company's Board of Directors and achieve the goal of diversified board members, the number of independent directors in this Board of Directors has been increased from 3 to 4, and members were elected on May 27, 2022. Among them, Mr. Chen, Chine-Ping is a new independent director, a MBA from the University of California. He once served as the Chairman of Public Bank. He has rich experience in the financial industry and expertise in financial risk control, which helps improve the quality of the Board of Directors' review on financing proposals and achieve the policy goal of</p>	

Assessed Item	Implementation Status (Note 1)		Abstract Illustration	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons																																																																						
	Yes	No																																																																								
			<p>diversified board members. In the future, the Company's goal of diversified board members is to add a director with professional experience in sustainable development, who can assist the Company to fulfill the carbon reduction goals and implement policies of green electricity; and to add a director with expertise in operational risk control to enhance the Company's sustainable competitiveness and improve the functions of the Company's Board of Directors.</p> <p>III. Executive status of board member's diversity For details on the diversity of Board members, please refer to the table below:</p> <table border="1"> <thead> <tr> <th rowspan="2">Name of Director</th> <th rowspan="2">Gender</th> <th colspan="10">Core Competence</th> </tr> <tr> <th>Business judgement</th> <th>Accounting and Finance</th> <th>Business management</th> <th>Crisis management</th> <th>Knowledge of the industry</th> <th>International markets</th> <th>Leadership</th> <th>Decision making abilities</th> <th>Law</th> <th>Environmental protection</th> </tr> </thead> <tbody> <tr> <td>Wu, Yi-Kuei</td> <td>Male</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td></td> <td></td> </tr> <tr> <td>Li, Kuo-Hung</td> <td>Male</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td></td> <td>√</td> </tr> <tr> <td>Wu, Pei-Chi</td> <td>Male</td> <td>√</td> <td></td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td></td> <td></td> </tr> <tr> <td>Wu,</td> <td>Male</td> <td>√</td> <td></td> <td>√</td> <td>√</td> <td></td> <td></td> <td>√</td> <td>√</td> <td></td> <td></td> </tr> </tbody> </table>	Name of Director	Gender	Core Competence										Business judgement	Accounting and Finance	Business management	Crisis management	Knowledge of the industry	International markets	Leadership	Decision making abilities	Law	Environmental protection	Wu, Yi-Kuei	Male	√	√	√	√	√	√	√	√			Li, Kuo-Hung	Male	√	√	√	√	√	√	√	√		√	Wu, Pei-Chi	Male	√		√	√	√	√	√	√			Wu,	Male	√		√	√			√	√			
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Assessed Item	Implementation Status (Note 1)											Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons			
	Yes	No	Abstract Illustration												
(II) Has the Company voluntarily established functional committees other than the Remuneration Committee and Audit	V		Hung-Chu												
			Ko, I-Shao	Male	v		v	v	v	v	v	v			
			Chen, Ta-Hsiung	Male	v	v	v	v		v	v	v	v		
			Shen, Shang-Hung	Male	v	v	v	v		v	v	v		v	
			Cheng, Tun-Chien	Male	v	v	v	v		v	v	v			
			Chen, Chine-Ping	Male	v	v	v	v			v	v			
			<ul style="list-style-type: none"> <li>* The Company's Directors with employee status accounted for 22% and Independent Directors with employee status 44%.</li> <li>* Four Directors are above 70 years old, three Directors are between 60-69 years old, one is among 50-59 years old, and the remaining one is under 50 years old.</li> <li>* None of the three independent directors has served more than three consecutive terms.</li> </ul>												
			(II) The Company has established a remuneration committee and an audit committee which exercise their											No material discrepancy	

Assessed Item	Implementation Status (Note 1)		Abstract Illustration	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No		
<p>Committee that are established in accordance with the law?</p> <p>(III) Does the company formulate the performance evaluation methods for the Board of Directors, conduct performance evaluations annually and regularly, and report the results of the performance evaluations to the Board of Directors, and use them as a reference for individual Directors' remuneration and nomination and renewal?</p>	V		<p>authority in accordance with the Remuneration Committee Charter and the Audit Committee Charter respectively with favorable performance. The Company has voluntarily established a Sustainable Development Committee which exercises its authority in accordance with the Sustainable Development Committee Charter with favorable performance.</p> <p>(III) The Company has formulated rules and procedures for evaluating the performance of the Board of Directors and conducts it annually.</p> <p>I. Performance evaluation results of the board of directors and individual members in 2022</p> <ol style="list-style-type: none"> <li>1. In accordance with the "Regulations Governing the Evaluation of the Performance of the Board of Directors" amended and approved by the Board of Directors in November 2019, the Company plans to conduct the performance evaluation of the Board of Directors as a whole and individual Directors at the end of each year.</li> <li>2. The performance assessment of the Board of Directors as a whole and individual directors is</li> </ol>	No material discrepancy

Assessed Item	Implementation Status (Note 1)		Abstract Illustration	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons								
	Yes	No										
			<p>performed by the Secretariat of the Board using internal self-assessment. The results of the performance evaluation will be used as a reference for the Company's review and improvement, as well as for the remuneration of individual directors and their nomination and renewal.</p> <p>3. The Company completed the performance evaluation of the Board of Directors in January 2023 for the evaluation period from January 1 to December 31, 2022.</p> <p>The below is the evaluation result:</p> <p>(1) Overall Performance of the Board of Directors</p> <table border="1"> <thead> <tr> <th>Aspect</th> <th>Score (Note)</th> <th>Evaluation results and supplementary notes</th> </tr> </thead> <tbody> <tr> <td>Degree of participation in the Company's operations</td> <td>4.67</td> <td rowspan="2">           1. According to the overall evaluation results of the board of directors, the average score of the five aspects is above 4.6, and the evaluation results are good.            2. In the past year, with the turbulent international landscape, the Russia-Ukraine war and the         </td> </tr> <tr> <td>Improvement in the quality of decision-making of the</td> <td>5</td> </tr> </tbody> </table>	Aspect	Score (Note)	Evaluation results and supplementary notes	Degree of participation in the Company's operations	4.67	1. According to the overall evaluation results of the board of directors, the average score of the five aspects is above 4.6, and the evaluation results are good. 2. In the past year, with the turbulent international landscape, the Russia-Ukraine war and the	Improvement in the quality of decision-making of the	5	
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Assessed Item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons									
	Yes	No	Abstract Illustration										
			<table border="1"> <tr> <td>Board of Directors</td> <td></td> <td rowspan="4">recurring epidemic, the Company's operation was affected. Confronted with future uncertainties in the political and economic situations, the Board of Directors and the management team should always attach attention to the challenges and risks faced by the Company, and timely supervise the responsible units to propose countermeasures. In addition, to realize the goal of sustainable development, the Company will continue to uphold the goal of carbon reduction and make plans for green electricity, to meet international standards.</td> </tr> <tr> <td>Composition and structure of the Board of Directors</td> <td>5</td> </tr> <tr> <td>Election and continuous education of directors</td> <td>4.67</td> </tr> <tr> <td>Internal control</td> <td>5</td> </tr> </table>	Board of Directors		recurring epidemic, the Company's operation was affected. Confronted with future uncertainties in the political and economic situations, the Board of Directors and the management team should always attach attention to the challenges and risks faced by the Company, and timely supervise the responsible units to propose countermeasures. In addition, to realize the goal of sustainable development, the Company will continue to uphold the goal of carbon reduction and make plans for green electricity, to meet international standards.	Composition and structure of the Board of Directors	5	Election and continuous education of directors	4.67	Internal control	5	
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Assessed Item	Implementation Status (Note 1)		Abstract Illustration	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons																
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			<p>(2) Performance of directors</p> <table border="1"> <thead> <tr> <th>Aspect</th> <th>Score (Note)</th> <th>Evaluation results</th> </tr> </thead> <tbody> <tr> <td>Mastery of company objectives and tasks</td> <td>4.67</td> <td rowspan="6">According to the self-evaluation results of the directors, the average score of the six aspects is above 4.5, and the overall evaluation result is good.</td> </tr> <tr> <td>Understanding of the director's roles and responsibilities</td> <td>4.74</td> </tr> <tr> <td>Degree of participation in the Company's operations</td> <td>4.68</td> </tr> <tr> <td>Internal relationship management and communication</td> <td>4.56</td> </tr> <tr> <td>Expertise and continuing education of the directors</td> <td>4.67</td> </tr> <tr> <td>Internal control</td> <td>4.67</td> </tr> </tbody> </table> <p>Note : The evaluation score is expressed in the range of 0-5, and the full score is 5.</p> <p>4. In 2022, the results of the performance assessment of the Board of Directors as a whole and board members were reported to the Board of Directors meeting in the first quarter of 2023.</p>	Aspect	Score (Note)	Evaluation results	Mastery of company objectives and tasks	4.67	According to the self-evaluation results of the directors, the average score of the six aspects is above 4.5, and the overall evaluation result is good.	Understanding of the director's roles and responsibilities	4.74	Degree of participation in the Company's operations	4.68	Internal relationship management and communication	4.56	Expertise and continuing education of the directors	4.67	Internal control	4.67	
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	Yes	No																		
			<p>II. Performance evaluation results of functional committees in 2022</p> <p>The Company completed the performance evaluation of the Board of Directors in January 2023 for the evaluation period from January 1 to December 31, 2022. The below is the evaluation result:</p> <p>1. Audit Committee's performance</p> <table border="1"> <thead> <tr> <th>Aspect</th> <th>Score (Note)</th> <th>Evaluation results</th> </tr> </thead> <tbody> <tr> <td>Degree of participation in the Company's operations</td> <td>4.88</td> <td rowspan="6">According to the self-evaluation results of the committee members, the average score of the five major aspects is above 4.5, and the overall evaluation result is good.</td> </tr> <tr> <td>Understanding of duties of the Audit Committee</td> <td>4.75</td> </tr> <tr> <td>Improvement of the decision-making quality of the Audit Committee</td> <td>4.67</td> </tr> <tr> <td>Composition of the Audit Committee and selection of committee members</td> <td>4.88</td> </tr> <tr> <td>Internal control</td> <td>4.50</td> </tr> <tr> <td></td> <td></td> </tr> </tbody> </table> <p>Note : The evaluation score is expressed in the range of 0-5, and the full score is 5.</p>	Aspect	Score (Note)	Evaluation results	Degree of participation in the Company's operations	4.88	According to the self-evaluation results of the committee members, the average score of the five major aspects is above 4.5, and the overall evaluation result is good.	Understanding of duties of the Audit Committee	4.75	Improvement of the decision-making quality of the Audit Committee	4.67	Composition of the Audit Committee and selection of committee members	4.88	Internal control	4.50			
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Assessed Item	Implementation Status (Note 1)		Abstract Illustration	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons												
	Yes	No														
			<p>2. Remuneration Committee's performance</p> <table border="1"> <thead> <tr> <th>Aspect</th> <th>Score (Note)</th> <th>Evaluation results</th> </tr> </thead> <tbody> <tr> <td>Degree of participation in the Company's operations</td> <td>4.83</td> <td rowspan="5">According to the self-evaluation results of the Remuneration Committee, the average score of the four major aspects is above 4.6, and the overall evaluation result is good.</td> </tr> <tr> <td>Understanding of the Remuneration Committee's roles and responsibilities</td> <td>4.67</td> </tr> <tr> <td>Improvement in the Remuneration Committee's decision-making quality</td> <td>4.67</td> </tr> <tr> <td>Composition and member selection of the Remuneration Committee</td> <td>4.83</td> </tr> </tbody> </table> <p>Note : The evaluation score is expressed in the range of 0-5, and the full score is 5.</p> <p>3. Results of the performance evaluation of functional committees in 2022, presented to the board of Directors in the first quarter of 2023.</p>	Aspect	Score (Note)	Evaluation results	Degree of participation in the Company's operations	4.83	According to the self-evaluation results of the Remuneration Committee, the average score of the four major aspects is above 4.6, and the overall evaluation result is good.	Understanding of the Remuneration Committee's roles and responsibilities	4.67	Improvement in the Remuneration Committee's decision-making quality	4.67	Composition and member selection of the Remuneration Committee	4.83	
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Assessed Item	Implementation Status (Note 1)		Abstract Illustration	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No		
(IV) Does the company regularly evaluate the independence of CPAs?	V		(IV) In compliance with Article 30 of the Company's Corporate Governance Best Practice Principles and Article 29 of the Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies, the independence and eligibility of CPAs should be regularly (at least once a year) assessed. The Company's Audit Committee assesses the independence and eligibility of CPAs. In addition to requiring the CPA audit team to provide the Total Independence Statement (Note 3), and the audit quality indicators (AQIs), the Committee also assesses the five major dimensions of AQI indicators (including 13 indicators) according to the standards of (Note 2). It has been confirmed that the accountants have no financial interest or business relationship with the Company except for the expenses of the visa cases, and that their family members do not violate requirements for independence. With reference to AQI information, it has been confirmed that the accountants and the accounting firm have qualified audit experience and training hours better than the average level among peers. Moreover, they will	No material discrepancy



Assessed Item	Implementation Status (Note 1)		Abstract Illustration	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No		
			introduce new audit instruments, expand audit support centers, and introduce cloud audit platforms to raise audit quality. In the meantime, the CPAs shall undergo a prior audit by the Audit Committee before providing non-assurance services, to ensure that the non-assurance services will not affect the results of the financial certification. The latest annual appraisal result was discussed and approved by the audit committee on March 3, 2023, and reported to the board of directors on the same day to approve the appraisal of independence and eligibility of the accountant.	
IV. Has the TWSE/TPEX listed company designated an appropriate number of qualified corporate governance personnel and appointed a corporate governance officer responsible for matters related to corporate governance (including but not limited to providing directors and supervisors with the necessary information for operation, assisting directors and supervisors in following regulations,	V		In order to safeguard the interests of the shareholders and strengthen the functions of the Board of Directors, the Company has appointed Chen, Yung-Chih, Head of Legal Division, as the Corporate Governance Officer, the top-level manager in charge of corporate governance, as approved by the Board of Directors on May 9, 2019. Chen, Yung-Chih has over three years of experience holding the position as the head of a legal unit in a listed company. His main duties are to handle matters related to Board of Directors meetings and	No material discrepancy

Assessed Item	Implementation Status (Note 1)		Abstract Illustration	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No		
handling matters related to Board meetings and the shareholders' meetings in accordance with the regulations, preparing minutes for Board meetings and the shareholders' meetings, etc.)?			<p>the shareholders' meetings in accordance with the laws, prepare minutes of the said meetings, assist Directors with their appointment and continuing education, provide information required by the Directors to perform their duties, and assist them with compliance.</p> <p>Key points for business execution in 2022:</p> <p>I. Assist Directors in performing their duties and provide them with necessary information, as well as arrange continuing education and purchase liability insurance for Directors:</p> <ol style="list-style-type: none"> <li>1. Compile the latest laws and regulations related to the business areas and corporate governance of the Company, put them forward at the Board of Directors meeting for discussion, and keep members of the Board informed accordingly from time to time.</li> <li>2. Assist Directors, upon request, in understanding the regulations to be complied with in the execution of their business.</li> <li>3. Provide corporate information required by the</li> </ol>	

Assessed Item	Implementation Status (Note 1)		Abstract Illustration	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No		
			<p>Directors and assist them with communication and interaction with supervisors in various business categories.</p> <p>4. Assist Independent Directors in arranging meetings with the chief internal auditor or CPAs to understand the financial and business needs of the Company.</p> <p>5. Assisted the Company in arranging at least 6 hours of continuing education courses for members of the Board of Directors.</p> <p>6. Confirm that the Company has purchased the "Directors and Supervisors and Important Staff Liability Insurance" for the members of the Board and reported to the Board of Directors.</p> <p>II. Procedures for Board of Directors meetings and the shareholders' meetings and compliance regarding confirmation of resolutions:</p> <p>1. Prepare notice and agenda of Board of Directors meetings in accordance with laws; where Directors have to recuse themselves from the agenda items,</p>	

Assessed Item	Implementation Status (Note 1)		Abstract Illustration	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No		
			<p>they shall be reminded beforehand; the minutes shall be prepared within the statutory period.</p> <p>2. Registered the date of the shareholders' meeting in advance according to the law and prepared the meeting notice, handbook, and meeting minutes within the statutory time limit.</p> <p>3. Confirm that the convening of the Board of Directors' meetings and shareholders' meetings, procedures for resolutions, and minutes of the said meetings are in compliance with relevant laws and regulations and the Corporate Governance Best Practice Principles.</p> <p>4. Change registration</p> <p>III. Maintain investor relations:  The Company's website is updated from time to time to keep investors abreast of the Company's financial, business, and corporate governance information in order to protect shareholders' rights and interests.  Directors' continuing education in 2022 is as</p>	

Assessed Item	Implementation Status (Note 1)		Abstract Illustration	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No		
			<p>follows:</p> <p>Pursuant to Article 24 of the "Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers," a listed company shall arrange continuing professional education for its corporate governance officer.</p> <p>The Corporate Governance Officer shall receive at least 12 hours of continuing education each year, except for at least 18 hours within one year for the first term commencing from the date of his/her appointment.</p> <p>In 2022, Mr. Chen, Yung-Chih, the corporate governance officer of the company, has completed 43 hours of further study after taking office. The details are as follows:</p>	

Assessed Item	Implementation Status (Note 1)					Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons		
	Yes	No	Abstract Illustration					
			Course date	Organizer	Course Title	Course duration	Total training hours during the year	
			April 22, 2022	Taiwan Institute for Sustainable Energy	Summit Forum for Sustainable Development and Net-zero Emission of Taishin International Bank by 2030 - Meticulous Net-zero Emission for Achievements in Sustainable Development by 2030	3	43	
			April 28, 2022	Taiwan Institute for Sustainable Energy	28th TCCS Council Meeting and CEO Lecture	2		
			May 20, 2022	Securities & Futures Institute	2022 Insider Trading Prevention Seminar	3		
			July 14, 2022	Securities & Futures Institute	Risks and Opportunities of Climate Change and Net Zero Emission Policies for Business Operations	3		

Assessed Item	Implementation Status (Note 1)						Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Abstract Illustration				
			July 27, 2022	Taiwan Stock Exchange Corporation	Sustainable Development Roadmap Seminar	2	
			July 28 and 29, 2022	Taiwan Institute for Sustainable Energy	2022 Net-zero and Sustainable Development Forum	7	
			September 29, 2022	Taiwan Stock Exchange Corporation	2022 Release of Reference Guidelines for Power Execution by Independent Directors and Audit Committee and Board Supervision Seminar	3	
			October 13, 2022	Securities & Futures Institute	Introduction to the Debate over Corporate Management Rights and the Trial Laws for Commercial Events	3	
			October 14, 2022	Securities & Futures Institute	2022 Insider Trading Prevention Seminar	3	
			October 27, 2022	Taiwan Institute for Sustainable Energy	13th TCCS Council Meeting and CEO Lecture	2	

Assessed Item	Implementation Status (Note 1)					Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons																			
	Yes	No	Abstract Illustration																						
			<table border="1"> <tr> <td>November 3, 2022</td> <td>Taiwan Corporate Governance Association</td> <td>ESG Trends and Risk Management Seminar of Fubon Insurance</td> <td>3</td> <td></td> </tr> <tr> <td>November 11, 2022</td> <td>Securities &amp; Futures Institute</td> <td>TWSE/TPEX Listed Companies - Derivatives Trading Strategies and Market Outlook Seminar</td> <td>3</td> <td></td> </tr> <tr> <td>November 11, 2022</td> <td>Taiwan Corporate Governance Association</td> <td>Key Points of TCFD Disclosure that Directors Should Know</td> <td>3</td> <td></td> </tr> <tr> <td>December 16, 2022</td> <td>Taiwan Corporate Governance Association</td> <td>How can Enterprises Effectively Manage Risks</td> <td>3</td> <td></td> </tr> </table>	November 3, 2022	Taiwan Corporate Governance Association	ESG Trends and Risk Management Seminar of Fubon Insurance	3		November 11, 2022	Securities & Futures Institute	TWSE/TPEX Listed Companies - Derivatives Trading Strategies and Market Outlook Seminar	3		November 11, 2022	Taiwan Corporate Governance Association	Key Points of TCFD Disclosure that Directors Should Know	3		December 16, 2022	Taiwan Corporate Governance Association	How can Enterprises Effectively Manage Risks	3			
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December 16, 2022	Taiwan Corporate Governance Association	How can Enterprises Effectively Manage Risks	3																						
V. Has the Company established channels of communication with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), dedicated a section of the Company's website for stakeholder affairs, and adequately responded to	V		The Company has set up a stakeholder negotiation under Sustainable Operation in the Sustainable Development Report Zone on its website, which includes communication channels of shareholders, issues of concern, communication channels and response methods. We have also assigned dedicated personnel to take charge of the collection and			No material discrepancy																			



Assessed Item	Implementation Status (Note 1)		Abstract Illustration	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No		
stakeholders' inquiries on significant corporate social responsibility issues?			disclosure of Company information and implemented a spokesperson system. If necessary, communication can be performed through interviews, telephone calls, or dedicated mailboxes. The communication with all stakeholders have been reported to the Board of Directors every year, and the communication channels, concerns and responses with stakeholders in 2022 have been reported to the Board of Directors on March 3, 2023.	
VI. Has the company commissioned a professional shareholder services agency to handle Shareholders' Meetings and other relevant affairs?		V	The Company takes charge of its own shareholder services and handles matters related to shareholders' meetings in accordance with the law.	The Company handles its own shareholder services to ensure quality and efficiency
VII. Information Disclosure				
(I) Has the Company established a website to disclose information on financial operations and corporate governance?	V		(I) The Company has set up a website and regularly discloses company information.	No material discrepancy
(II) Has the Company adopted other means of information disclosure (such as establishing a	V		(II) The Company has appointed specific personnel in charge of the collection and disclosure of company	No material discrepancy

Assessed Item	Implementation Status (Note 1)		Abstract Illustration	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No		
<p>website in English, appointing specific personnel to collect and disclose Company information, implementing a spokesperson system, and disclosing the process of investor conferences on the Company's website)?</p> <p>(III) Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?</p>		V	<p>information and has implemented a spokesperson system.</p> <p>(III) The Company has not announced and declared its annual financial report within two months after the end of the fiscal year but has announced and declared its quarterly financial reports, monthly revenue, and endorsement and guarantee information in advance of the specified period.</p>	No material discrepancy
<p>VIII. Has the company provided important information to better understand the state of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' rights, progress of training of Directors and Supervisors, risk management policy and implementation of risk impact</p>	V		<p>(1) The Company provides its employees with comprehensive health care. In addition to the formulation of guidelines related to employee assistance services and gender equality in the workplace, the Company provides annual health checkups, sports and fitness equipment, organizes various outdoor recreational activities and talks on mental, emotional and spiritual health, purchases</p>	No material discrepancy

Assessed Item	Implementation Status (Note 1)		Abstract Illustration	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No		
standards, implementation of customer policies and the Company's purchase of liability insurance for its Directors and Supervisors)?			<p>group insurance and issues LOHAS e-newsletters. Furthermore, the Company's employees have voluntarily set up the Employee Assistance Program Center (EAPC) to help their colleagues solve work, life and psychological problems.</p> <p>(2) The Company has always been committed to the principle of equal opportunities, and recognizes the contribution of employees from different backgrounds. The Company adopts an open selection process and hires the right talent for the right position, instead of restricting employees' career development based on their race, gender, age, religion, nationality or political affiliation.</p> <p>(3) The Company has appointed a spokesperson to answer various types of questions raised by shareholders and serves as the bridge to connect the Company with its shareholders. Additionally, the Company maintains contact with its major shareholders.</p> <p>(4) The Company maintains a good relationship with major suppliers, and the supply status is normal.</p>	

Assessed Item	Implementation Status (Note 1)		Abstract Illustration	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No		
			<p>(5) The Company maintains a good and stable relationship with its customers in order to generate profits.</p> <p>(6) The Company encourages its directors to participate in continuing education. In addition to providing its directors with various information on continuing education, the Company organizes such courses from time to time and invites its directors to attend courses related to corporate governance.</p> <p>(7) Purchase of liability insurance for the Company's Directors and Supervisors: The Group has purchased liability insurance for its Directors, Supervisors, and key employees. In 2022, the total amount of co-insurance was US\$35 million and the insurance policy was for the period from May 1, 2022 to May 1, 2023. Relevant information can be obtained from MOPS. Matters related to liability insurance have been included in the Board of Directors' report on May 5, 2022.</p> <p>(8) Implementation of risk management policies and risk measurement standards: The Company has established</p>	

Assessed Item	Implementation Status (Note 1)		Abstract Illustration	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No		
			operating procedures and internal control systems and possesses clear rules and regulations on authorized limits. The Company also implements internal audit for risk control. The audit supervisor shall report the implementation to the board of directors at least quarterly. However, the general manager or his designated person shall report the implementation status to the board of directors at least once a year, and relevant matters have been included in the report of the Board of Directors on November 2, 2022.	
<p>IX. Improvements made in the most recent fiscal year in response to the results of corporate governance evaluation conducted by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and improvement measures and plans for items yet to be improved. (Leave this section blank if the company is not included in the evaluation process)</p> <p>Parts that have been improved are as follows:</p> <p>(Number 1.06) The meeting of shareholders will be held at the end of May.</p> <p>(Number 1.17) The Company did not have a single legal entity that accounts for more than one-third of the Board of Directors.</p> <p>Priority parts to be enhanced:</p> <p>(Number 3.09) The Company uploaded the information on the changes in the shareholding of its insiders in the previous month to MOPS before the 10th of each month.</p>				

Note : Regardless of whether "Yes" or "No" is selected, provide a brief description in the Summary column.

Note 2: CPA independence evaluation criteria

Item	Evaluation results	Meet independence criteria
1. As of the most recent assurance operation, no CPA has yet to be replaced for seven (7) years.	Yes	Yes
2. The CPA does not have significant financial interest in his/her trustor.	Yes	Yes
3. The CPA avoids any inappropriate relationship with his/her trustor.	Yes	Yes
4. The CPA shall ensure that his/her assistants are honest, fair, and independent.	Yes	Yes
5. The CPA may not perform audit and assurance services on the financial statements of companies he/she has served within two (2) years before practicing.	Yes	Yes
6. The CPA may not permit others to practice under his/her name.	Yes	Yes
7. The CPA does not own any shares of the Company and its affiliated companies.	Yes	Yes
8. The CPA has not engaged in lending and borrowing of money with the Company and its affiliated companies.	Yes	Yes
9. The CPA has not engaged in joint investments or benefit sharing with the Company or its affiliated companies.	Yes	Yes
10. The CPA does not concurrently serve as a regular employee of the Company or its affiliated companies and does not receive a fixed salary from them.	Yes	Yes
11. The CPA is not involved in the decision-making process of the Company and its affiliated companies.	Yes	Yes
12. The CPA does not concurrently engage in other businesses that may lead to loss of independence.	Yes	Yes
13. The CPA does not have a spouse, immediate family members or relatives within the second degree of kinship who serve in the senior management of the Company.	Yes	Yes
14. The CPA has not collected any commission related to his/her service.	Yes	Yes
15. As of now, the CPA has not engaged in any matter that may result in disciplinary actions taken against him/her or damage to the principle of independence.	Yes	Yes

Note 3: Letter of Declaration issued by CPA

Chin Shen No. 11200331 dated January 10, 2023

Attn: Asia Polymer Corporation

Subject: The firm intends to accept the offer to audit your company's financial statements for 2023. In accordance with the No. 10 Bulletin in the Norm of Professional Ethics for Certified Public Accountant of the Republic of China set forth by the National Federation of Certified Public Accountant Associations of the Republic of China, the members of the audit team declare that they have complied with the following regulations without committing violations of independence.

Explanation:

- I. Members of the audit team and their spouses and dependents are not involved in the following:
  1. Directly or indirectly hold significant financial interests in your company.
  2. Have business relations with your company or directors, supervisors and managerial officers at your company, where such relations may affect our independence.
- II. During the audit, members of the audit team, their spouses and dependents do not serve as directors, supervisors or managerial officers at your company or do not assume positions that may directly and significantly affect the auditing process.
- III. Members of the audit team do not have spouses, immediate family members or relatives within the second degree of kinship who serve as directors, supervisors or managerial officers at your company.
- IV. Members of the audit team have not received gifts or presents of significant value (where their values have not exceeded the general etiquette standards) from your company or directors, supervisors, managerial officers or major shareholders at your company.
- V. Members of the audit team have performed the necessary procedures for evaluating independence or conflict of interests and have not been found to commit independence violations or be involved in unresolved conflicts of interest.

Deloitte & Touche  
CPA Chiu, Cheng-Chun



Chin Shen No. 11200330 dated January 10, 2023

Attn: Asia Polymer Corporation

Subject: The firm intends to accept the offer to audit your company's financial statements for 2023. In accordance with the No. 10 Bulletin in the Norm of Professional Ethics for Certified Public Accountant of the Republic of China set forth by the National Federation of Certified Public Accountant Associations of the Republic of China, the members of the audit team declare that they have complied with the following regulations without committing violations of independence.

Explanation:

- I. Members of the audit team and their spouses and dependents are not involved in the following:
  1. Directly or indirectly hold significant financial interests in your company.
  2. Have business relations with your company or directors, supervisors and managerial officers at your company, where such relations may affect our independence.
- II. During the audit, members of the audit team, their spouses and dependents do not serve as directors, supervisors or managerial officers at your company or do not assume positions that may directly and significantly affect the auditing process.
- III. Members of the audit team do not have spouses, immediate family members or relatives within the second degree of kinship who serve as directors, supervisors or managerial officers at your company.
- IV. Members of the audit team have not received gifts or presents of significant value (where their values have not exceeded the general etiquette standards) from your company or directors, supervisors, managerial officers or major shareholders at your company.
- V. Members of the audit team have performed the necessary procedures for evaluating independence or conflict of interests and have not been found to commit independence violations or be involved in unresolved conflicts of interest.

Deloitte & Touche  
CPA Pi-Yu Chuang





(IV) If the company has established a remuneration committee, the composition and operations of the committee shall be disclosed:

1. Information regarding the members of the Remuneration Committee:

March 31, 2023

Name Title (Note 1)	Criteria	Professional Qualification and Work Experience (Note 2)	Status of Independence (Note 3)	Number of other public companies in which the individual is concurrently serving as a remuneration committee member
Independent Director (Convener)	Chen, Ta-Hsiung	Has served as the Chairman of several companies such as PTSC, and has profound business work experience.	Two years before the appointment and during the term of office, there is no matter described in Item 1, Article 3 of "Measures for setting up and Matters to be Followed by Independent Directors of public offering Companies".	0
Independent Director	Shen, Shang-Hung	At present, he serves as the chairman of many companies such as Ta Ya Electric Wire & Cable (Stock) Company, and has professional fields of company operation management.	Two years before the appointment and during the term of office, there is no matter described in Item 1, Article 3 of "Measures for setting up and Matters to be Followed by Independent Directors of public offering Companies".	2
Independent Director	Cheng, Tun-Chien	Currently serves as the chairman and chief executive officer of Hongding Capital, with professional fields of investment and accounting.	Two years before the appointment and during the term of office, there is no matter described in Item 1, Article 3 of "Measures for setting up and Matters to be Followed by Independent Directors of public offering Companies".	2

- Note 1: Please specify in the form the relevant working years, professional qualifications and experience and independence of each member of the Compensation Committee. If he/she is an independent director, please refer to Appendix 1 Directors and Supervisors (1) for related information. Fill "Independent Director" or "Others" in the Title column (if it is the convener, please add a note). Please fill in the series as independent directors or others respectively (if it is the convener, please add a note).
- Note 2: Professional qualifications and experience: Specify the professional qualifications and experience of individual Compensation Committee members.
- Note 3: Circumstances conforming to the independence: The independent director shall state the circumstances conforming to the independence, including but not limited to whether he/she, his/her spouse or his/her second relative are directors, supervisors or employees of the company or its related enterprises; the number and proportion of shares held by himself, his spouse or his second-degree relatives (or in the name of others); whether he/she serves as a director, supervisor or employee of a company that has a specific relationship with the Company (refer to Sub-paragraphs 5 to 8, Paragraph 1, Article 6 of the Regulations on the Establishment and Exercise of Powers of the Compensation and Remuneration Committee of Companies Listed in Stocks or Trading at the Business Office of Securities Firms); the amount of remuneration obtained by providing the Company or its affiliates with business, legal, financial, accounting and other services in the last two years.
- Note 4: For disclosure, please refer to the best practice examples on the Taiwan Securities Exchange.

2. Responsibilities of the Remuneration Committee:

The Remuneration Committee shall exercise the care of a good administrator to faithfully fulfill the following functions and powers, and submit the recommendations to the Board of Directors for deliberation:

- (1) Regularly review the Committee's charter and propose recommendations to amend it when necessary.
- (2) Establishing and regularly reviewing the BOD and upper management's performance evaluation in conjunction with the remuneration policies, systems, standards, and structure.
- (3) Regular evaluation and stipulation on the remuneration of directors and managers.

3. Operations of the Remuneration Committee:

- (1) The Company's Remuneration Committee consists of three (3) members.
- (2) The term of office of the current members of the Remuneration Committee June 22, 2022 to May 26, 2025. A total of three (3) meetings (A) were conducted by the Remuneration Committee in the most recent fiscal year (2022), where the attendance of the members are as follows:

Title	Name	Attendance in Person (B)	Attendance by proxy	Percentage of attendance in person (%) (B/A) (Note)	Notes
Convener	Chen, Ta-Hsiung	3	0	100%	
Committee Member	Shen, Shang-Hung	3	0	100%	
Committee Member	Cheng, Tun-Chien	3	0	100%	

Other matters to be noted:

- I. If the Board of Directors refuses to adopt or amends a recommendation of the Remuneration Committee, the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the company's response to the Remuneration Committee's opinion (e.g., if the remuneration passed by the Board of Directors exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified) shall be specified: None.
- II. If there are resolutions of the Remuneration Committee to which members object or express reservations, and for which there is a record or declaration in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion shall be specified:

Remuneration Committee	Resolution and Follow-up Actions	Dissenting opinions or qualified opinions of members of the Remuneration Committee
9th meeting of the 4th Audit Committee 2022/03/09	1. The Company's 2021 remuneration distribution proposal for Directors and employees.	None
	2. Proposal for the 2021 special bonus for managerial officers.	None
	3. Reviewed the remuneration of the Directors and managers and the performance appraisal system.	None
	Opinion of the Remuneration Committee: None	
	Resolution of the Remuneration Committee: All members in attendance unanimously passed the proposals and filed for discussion in the board meeting.	
	The Company's actions in response to the opinions of the Remuneration Committee: All the Directors in attendance voted in favor of the resolution.	
1st Meeting of 5th Audit Committee 2022/08/03	The Company's annual salary adjustment.	None
	Opinion of the Remuneration Committee: None	
	Remuneration Committee resolution: The proposal was passed unanimously by the Committee Members in attendance.	
The Company's handling of the resolution results of the Remuneration Committee: carry out relevant operations according to the results of the resolution.		
2nd Meeting of 5th Audit Committee 2022/11/02	1. Amended certain articles of the "Remuneration Committee Charter".	None
	2. Establishment of the work plan of the Committee for 2023.	None
	Opinion of the Remuneration Committee: None	
	Remuneration Committee resolution: The proposal was passed unanimously by the Committee Members in attendance.	
	The Company's handling of the resolution results of the Remuneration Committee: carry out relevant operations according to the results of the resolution.	

Note :

1. Where a member of the Remuneration Committee resigns before the end of the fiscal year, the Remark column shall be filled with the member's resignation date, whereas his/her percentage of attendance in person (%) shall be calculated based on the number of meetings held by the Remuneration Committee and the actual number of meetings attended during his/her term of office.
2. If members of the Remuneration Committee are re-elected before the end of the fiscal year, incoming and outgoing members shall be listed accordingly, and the Remark column shall indicate whether the status of a member is "outgoing", "incoming" or "re-elected", and the date of re-election. Actual attendance percentage (%) is calculated based on the number of meetings held by the Remuneration Committee and the actual number of meetings attended during his/her term of office.

4. Information on members of the Nomination Committee and information on their operation: Not applicable

(V) Implementation Status of Promoting Sustainability and Deviations from the Sustainability Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof :

Promotion items	Implementation Status (Note 1)			Discrepancies between its implementation and the "Corporate Sustainable Development Best Practice Principles for TWSE or TPEX Listed Companies," and reasons for such discrepancies
	Yes	No	Abstract Illustration	
I. Does the company establish a governance structure to sustainability, and establish an exclusively (or concurrently) dedicated unit to implement sustainability and have the management appointed by the Board of Directors to be in charge of corporate social responsibility and to be supervised the implementation by the Board of Directors? <u>(TWSE/TPEX Listed companies should fill in the implementation status, which is not incorporated into the principle of compliance or explanation.)</u>	V		<p>(I) The Company established the "Sustainable Development Committee" in 2015, which is one of the functional committees organized by the Board of Directors. In 2022, in accordance with the announcement of the Stock Exchange, the "Code of Practice for Sustainability of Listed Companies" was amended and renamed as "Sustainability Committee" to assist the Board of Directors in continuously promoting the implementation of sustainability and sustainable management.</p> <p>(II) The members of the Sustainable Development Committee are composed of Chairman, General Manager and two independent directors decided by the Board of Directors. One of the independent directors serves as the chairman and the general manager serves as the deputy chairman. The responsibilities of the Committee include:</p> <p>(1) Determining the sustainable development policy.</p>	Compliant with the requirements of the "Corporate Sustainable Development Best Practice Principles for TWSE or TPEX Listed Companies".

Promotion items	Implementation Status (Note 1)		Abstract Illustration	Discrepancies between its implementation and the "Corporate Sustainable Development Best Practice Principles for TWSE or TPEX Listed Companies," and reasons for such discrepancies
	Yes	No		
			<p>(2) Negotiation of sustainable development strategic plan, annual plan and project plans.</p> <p>(3) Supervising the implementation of sustainability plans, annual plans and project plans, and evaluate the implementation.</p> <p>(4) Reviewing and approving the sustainable report.</p> <p>(5) Reporting the implementation results of sustainability to the Board of Directors every year.</p> <p>(6) Other matters to be conducted by the committees based on resolutions of the Board of Directors.</p> <p>The Sustainable Development Committee has three task groups, including "corporate governance", "environmental protection" and "social relations", and has a project secretary. Assist the Committee to promote the sustainability work, such as collecting sustainability topics, formulating countermeasures and working policies, editing sustainability reports, communicating and responding to stakeholders, and implementing</p>	

Promotion items	Implementation Status (Note 1)			Discrepancies between its implementation and the "Corporate Sustainable Development Best Practice Principles for TWSE or TPEX Listed Companies," and reasons for such discrepancies
	Yes	No	Abstract Illustration	
			<p>sustainability policies into the daily management of the Company's operations.</p> <p>(III) The Committee meets at least twice a year to report the implementation results of sustainability and future work plans to the Board of Directors. In 2022, two Committee Meetings were held respectively on March 9 and August 3, 2022. The contents of the report include:</p> <ol style="list-style-type: none"> <li>(1) The results of the discussion among the main stakeholders, including the identification of the main stakeholders, issues of concern, communication channels and response methods.</li> <li>(2) Pay attention to the significant identification results of the issues, implementation performance, future plans and goals.</li> <li>(3) For climate change issues, identify risks and opportunities with the TCFD method, identification results include projects with 5 major risks and 4 major opportunities, evaluate their potential financial impacts, propose countermeasures according to the</li> </ol>	



Promotion items	Implementation Status (Note 1)			Discrepancies between its implementation and the "Corporate Sustainable Development Best Practice Principles for TWSE or TPEX Listed Companies," and reasons for such discrepancies
	Yes	No	Abstract Illustration	
			<p>length of the impact period, and track the implementation results.</p> <p>(4) Issuance of the 2021 Sustainable Development Report.</p> <p>The execution results have been reported to the Board of Directors and it has been handled based on the resolutions and instructions of the Board of Directors.</p> <p>(IV) Supervision of the Board of Directors</p> <p>The Board of Directors of the Company listens to the ESG report of the management team every six months. The management team must propose corporate strategies to the Board of Directors, such as important regulatory compliance, carbon reduction target setting, greenhouse gas inventory and verification, etc. The Board of Directors must evaluate the possibility of success of these strategies. The progress of the strategy must be regularly reviewed and the management team must be urged to make adjustments when needed.</p>	
II. Does the company assess ESG risks associated with its	V		(I) The disclosure period of this information is from January 1 to December 31, 2022, covering all	Compliant with the requirements of the "Corporate Sustainable

Promotion items	Implementation Status (Note 1)			Discrepancies between its implementation and the "Corporate Sustainable Development Best Practice Principles for TWSE or TPEX Listed Companies," and reasons for such discrepancies
	Yes	No	Abstract Illustration	
<p>operations based on the principle of materiality, and establish related risk management policies or strategies? (Note 2)  <u>(TWSE/TPEX Listed companies should fill in the implementation status, which is not incorporated into the principle of compliance or explanation.)</u></p>			<p>operating entities in the consolidated financial statements of Asia Polymer Corporation (APC), and the risk assessment boundary is mainly based on the company's Taiwan operating sites, including Taipei contact Division and Kaohsiung Garden Plant, which is the scope of risk assessment.</p> <p>(II) The members of the implementation working group of the Sustainable Development Committee collect the concerns of major stakeholders in their daily operations, and consider APC's business objectives, as well as international standards and norms, and compile them into APC's sustainability issues.</p> <p>Through the online questionnaire, we conducted a survey on the positive/negative and real potential impacts of issues and the department head evaluated possibilities of their impact, determined the material issues of environment, society and corporate governance, and disclosed the management policy and implementation performance to the stakeholders in the sustainable development report.</p> <p>(III) According to the above-mentioned materiality</p>	<p>Development Best Practice Principles for TWSE or TPEX Listed Companies”.</p>

Promotion items	Implementation Status (Note 1)		Abstract Illustration	Discrepancies between its implementation and the "Corporate Sustainable Development Best Practice Principles for TWSE or TPEX Listed Companies," and reasons for such discrepancies										
	Yes	No												
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Supply Chain Management	1. Regular Evaluation of Suppliers 2. Qualified Quality Rate of Raw Materials 3. Qualified Delivery Rate of Raw Materials							
III. Environmental Issues (I) Has the company established a suitable environmental management system based on its industrial characteristics?	V		(I) The Company established the ISO 14001 environmental management system in 1998 and obtained the latest version of the 2015 certificate on April 26, 2018 while establishing a good environmental protection framework for the Company and formulating environmental policies with energy conservation, carbon reduction, and air pollution improvement management plans. The occupational safety and health department conducts	Compliant with the requirements of the "Corporate Sustainable Development Best Practice Principles for TWSE or TPEX Listed Companies".				

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			<p>regular inspections and follow-ups to implement disaster prevention and air pollution prevention, while complying with the EU Restriction of Hazardous Substances (RoHS) regulations and strengthening environmental protection education and training to control and reduce impact on environment.</p> <p>In addition, on October 21, 2019, the Company passed the ISO 50001 energy management system verification and obtained the certificate, formally established the energy management system, controlled the major energy use equipment in the plant and monitored the energy use efficiency.</p> <p>The latest ISO 14001 certificate of the Company is valid from May 13, 2022 to May 3, 2025, and the latest ISO 50001 certificate is valid from November 19, 2022 to November 19, 2025.</p> <p>Relevant energy usage management, greenhouse gas emission inventory, water resources management, energy conservation and carbon reduction program and other implementation performance are disclosed on the Company's website: <a href="https://www.apc.com.tw/ESG/">https://www.apc.com.tw/ESG/</a></p>	

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(II) Does the company endeavor to improve energy efficiency and use renewable materials that have low impact on the environment?	V		<p>(II) In 2019, the Company established the ISO 50001 Energy Management System to improve energy efficiency through identifying major energy-using equipment, monitoring energy use, setting energy-saving goals and implementing energy-saving reduction measures. And it has specified to purchase and utilize green electricity such as solar power to reduce greenhouse gas emissions and reduce the impact on the environment.</p> <p>In 2022, 1 energy-saving management plans was implemented, saving a total of 271,428 kWh of electricity and reducing 138 metric tons of CO<sub>2</sub>e. The average annual electricity saving from 2015 to 2022 is 1.63%, which meets the requirements of the "Energy Bureau's 1% Annual Average Electricity Saving Regulations". Taiju Group holds the "Group Plant Technical Exchange Meeting" and several "Northern/Kaohsiung Plant Resource Integration Meetings" every year. By means of technology sharing among factories and problem discussions to achieve resource sharing and improve the achievements of energy saving and carbon reduction.</p> <p>The raw materials are all in line with the</p>	



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			Restriction of Hazardous Substances (RoHS), REACH, and halogen-free specifications. Promote clean production and green process, improve the efficiency of energy resource use, respond to circular economy activities, and reduce environmental impact, including recycling of materials and packaging materials, recycling and reuse of waste reduction, etc. The recycling rate of space bags in 2022 was 78.2% , the scrap metal/plastic recycling volume was 72.3 metric tons.	
(III) Has the company assessed the present and future potential risks and opportunities of climate change for the entity, and taken measures to respond to climate-related issues?	V		<p>(III) In recent years, the Company has actively implemented energy conservation and carbon reduction improvement plans, improved production efficiency, replaced old equipment with high efficiency energy-saving equipment, and spared no effort to seize any possible new business opportunities.</p> <p>The Sustainable Development Committee is the highest-level organization for climate change management, with an independent director serving as the chairman, to review and plan the climate change response strategies and the corresponding actions for climate change risks and opportunities,</p>	

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			<p>as well as review the implementation status and report to the Sustainable Development Committee.</p> <p>Based on the Task Force on Climate-related Financial Disclosures (TCFD) issued by the Financial Stability Board, the Company evaluates the transition risks and physical risks of climate change to its operation process, and the evaluation results of 5 major risk projects and 4 major opportunity projects based on the duration of the occurrence till 2020 are as follows:</p> <table border="1"> <thead> <tr> <th>Type</th> <th>Short term (&lt; 3 years)</th> <th>Medium term (3-5 years)</th> <th>Long term (&gt; 5 years)</th> </tr> </thead> <tbody> <tr> <td>Opportunities</td> <td>Participation in renewable energy programs and adoption of energy conservation measures</td> <td> <ul style="list-style-type: none"> <li>Energy substitution/diversification</li> <li>Participation in the carbon trading market</li> </ul> </td> <td>Use of low-carbon energy</td> </tr> <tr> <td>transition Risk</td> <td>---</td> <td> <ul style="list-style-type: none"> <li>Increasing pricing of greenhouse gas emissions</li> </ul> </td> <td>Rising cost of raw materials</td> </tr> <tr> <td>Physical Risks</td> <td>---</td> <td> <ul style="list-style-type: none"> <li>Intensified weather events, such as typhoon and flood.</li> <li>Changes in rainfall (water) patterns and extreme changes in climate patterns</li> </ul> </td> <td>Rising sea levels</td> </tr> </tbody> </table>	Type	Short term (< 3 years)	Medium term (3-5 years)	Long term (> 5 years)	Opportunities	Participation in renewable energy programs and adoption of energy conservation measures	<ul style="list-style-type: none"> <li>Energy substitution/diversification</li> <li>Participation in the carbon trading market</li> </ul>	Use of low-carbon energy	transition Risk	---	<ul style="list-style-type: none"> <li>Increasing pricing of greenhouse gas emissions</li> </ul>	Rising cost of raw materials	Physical Risks	---	<ul style="list-style-type: none"> <li>Intensified weather events, such as typhoon and flood.</li> <li>Changes in rainfall (water) patterns and extreme changes in climate patterns</li> </ul>	Rising sea levels	
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			<p>energy efficiency through process methods and improvement of equipment.</p> <ul style="list-style-type: none"> <li>· USI Group monitored the water situation and cooperated with government authorities to take corresponding water-saving measures.</li> <li>· Emergency Response Drill for Disaster and Flood</li> </ul>	
(IV) Has the company calculated its GHG emissions, water consumption and total waste weight in the past two years, and formulated policies for energy conservation, reductions of carbon, GHG and water consumption, or other waste management?	V		<p>(IV)</p> <p>1. Greenhouse gas emissions in recent two years</p> <p>The Company is not the first batch of businesses with fixed pollution sources that shall inspect and register their greenhouse gas emissions, but it still performs inspection of its greenhouse gas emissions voluntarily in accordance with the Environmental Protection Agency's "Greenhouse Gas Inspection and Registration Management Regulations" and identifies the inspection boundary using operation control method in order to learn the status of greenhouse gas emission in Linyuan plant area. The inspection is performed within the Linyuan Plant.</p> <p>It is planned to introduce ISO 14064-1 greenhouse gas emission inventory certification in 2022 to make the greenhouse gas emission inventory data more reliable and credible.</p> <p>Statistics of greenhouse gas emissions in</p>	

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			<p>intensity of greenhouse gas.</p> <p>USI Group independently set goals for energy management in 2016. Complying with China's policies for energy development, continuously following international trends and conducting dynamic reviews of national regulations, and weighing internal and external factors, at the beginning of 2022, USI Group set a target that by 2030, 27% of carbon emissions will be reduced from 2017. Since 2018, the 9 domestic core production plants of USI Group have successively introduced the ISO 50001 energy management system and obtained certificates, effectively managed energy performance, and constantly practiced improvement moves in energy saving and carbon reduction, expecting to exert influence and reduce environmental impact.</p> <p>In 2022, one energy-saving and carbon-reduction schemes has been implemented, including improvement of process methods and equipment, saving 271,428 kWh of electricity, and 138 metric tons of CO<sub>2</sub>e.</p> <p>Emissions of greenhouse gas (self-check) in</p>	

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			<p>2022 were 111,865 metric tons of CO<sub>2</sub>e, down 4.5% from the base year (2017)</p> <p>2. Water Consumption in Recent Two Years</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>Water Consumption (M<sup>3</sup>)</td> <td>508,888</td> <td>494,813</td> </tr> <tr> <td>Water Consumption Per Unit Product (M<sup>3</sup>/Metric Ton)</td> <td>3.74</td> <td>3.80</td> </tr> <tr> <td>Water Recovery Rate (%)</td> <td>99.2</td> <td>99.2</td> </tr> </tbody> </table> <p>The water consumption per unit product of Linyuan Plant in 2022 was 3.80 M<sup>3</sup>/metric ton, up 1.60% from 2021. This increase was mainly attributed to the fire incident at Xingda Power Plant in Taiwan on March 3, 2022, which caused a power cut in the whole Linyuan Plant, had repercussions for the production volume and increased the emission intensity of greenhouse gas.</p> <p>In addition, the recovered and reused water includes condensed water recovery and circulating reuse of cooling water in cooling tower. According to the water consumption index specified in the</p>	Year	2021	2022	Water Consumption (M <sup>3</sup> )	508,888	494,813	Water Consumption Per Unit Product (M <sup>3</sup> /Metric Ton)	3.74	3.80	Water Recovery Rate (%)	99.2	99.2	
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			<p>"Key Points of Water Consumption Plan Review" published by the Ministry of Economic Affairs, the water consumption recovery rate (R1) in 2022 was 99.2%.</p> <p>Due to the climatic changes, the water shortage in China has become increasingly serious. In addition to responding to the water shortage situation in collaboration with the government, the Company not only gradually implemented the phased water restriction measures, but also actively integrated the wastewater volume in various processing zones and industrial zones, and further planned and built wastewater recycling plants. The subsequent reclaimed water treatment became the key factor. After evaluating the construction and operation cost of the wastewater recovery system in our factory, the construction of a small wastewater recovery system is postponed, and a plan is worked out to cooperate with the government's wastewater recovery policy. Some reclaimed water from the wastewater recovery plant planned and built by the government is used in the factory, so as to achieve a win-win advantage for the government and</p>



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			<p>enterprises.</p> <p>3. Waste Management in Recent Two Years</p> <table border="1"> <thead> <tr> <th>Year</th> <th>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>Non-hazardous Waste (Metric Tons)</td> <td>395.56</td> <td>274.44</td> </tr> <tr> <td>Hazardous Waste (Metric Tons)</td> <td>0</td> <td>0</td> </tr> <tr> <td>Unit Product Waste Output (kg/mt)</td> <td>2.91</td> <td>2.11</td> </tr> </tbody> </table> <p>The industrial wastes generated by Linyuan Plant, including general industrial wastes and harmful industrial wastes, are cleaned and treated by entrusting a domestic qualified cleaning company approved by the Environmental Protection Agency to sign a cleaning contract, and they are handled in accordance with the provisions of the Waste Cleaning Law.</p> <p>According to the types, intermediate treatment methods such as incineration, thermal cracking, physical treatment, etc. are adopted for the treatment of general industrial wastes, while the final treatment method was carried out by burying according to the approved method of its approved</p>	Year	2021	2022	Non-hazardous Waste (Metric Tons)	395.56	274.44	Hazardous Waste (Metric Tons)	0	0	Unit Product Waste Output (kg/mt)	2.91	2.11	
Year	2021	2022														
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Promotion items	Implementation Status (Note 1)			Discrepancies between its implementation and the "Corporate Sustainable Development Best Practice Principles for TWSE or TPEX Listed Companies," and reasons for such discrepancies
	Yes	No	Abstract Illustration	
			license. In 2022, no harmful industrial waste was produced.	
IV. Social Issues (I) Has the company formulated the relevant management policies and procedures in accordance with relevant laws and regulations and the International Bill of Human Rights?	V		<p>(I) Human Rights policy The Company has formulated a policy for human rights on March 22, 2018: The Company has made reference to internationally recognized human rights standards, including the International Bill of Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work to fully exercise CSR and implement human rights protection. Besides, the Company has established human rights policy applicable to the Company and all affiliates of the USI Group, to eliminate human rights violations; as such, the Company's current employees, in addition to enjoying a reasonable and safe workplace, can be treated in a reasonable and dignified manner.</p> <p>1. Measures to mitigate human rights risks The Company is committed to reasonably ensuring the safety of its employees and working</p>	Compliant with the requirements of the "Corporate Sustainable Development Best Practice Principles for TWSE or TPEX Listed Companies".

Promotion items	Implementation Status (Note 1)		Abstract Illustration	Discrepancies between its implementation and the "Corporate Sustainable Development Best Practice Principles for TWSE or TPEX Listed Companies," and reasons for such discrepancies
	Yes	No		
			<p>environment, that people are treated with respect and dignity, that operations are environmentally friendly and that compliance with regulations and ethics is followed. To reflect this commitment, the Company adheres to the business philosophy of integrity, respects its employees on a legal basis, assigns dedicated personnel to implement employee occupational safety and health operations in accordance with the law, and establishes reasonable channels for appeals in addition to continuous publicity and education to implement human rights policies in daily life.</p> <p>2. Human Rights Concerns and Practices</p> <p>2.1. Providing a safe and healthy working environment</p> <p>The company has passed the examination and verification of ISO 14001 (Environmental Management System) and ISO-45001 (Occupational Safety and Health Management System), and actively promoted improvement activities such as energy saving and carbon reduction, disaster and pollution prevention,</p>	

Promotion items	Implementation Status (Note 1)		Abstract Illustration	Discrepancies between its implementation and the "Corporate Sustainable Development Best Practice Principles for TWSE or TPEX Listed Companies," and reasons for such discrepancies
	Yes	No		
			<p>so as to reasonably ensure a safe working environment.</p> <p>In addition to providing a safe and healthy working environment in accordance with laws and regulations, the Company has established a dedicated unit and committee organization for occupational safety and health, employed professional doctors and nursing staff, and regularly conducted education and training on safety and health, fire protection, etc., and taken necessary precautions to prevent occupational disasters, thereby reducing the risk factors of the working environment.</p> <p>2.2. Putting an end to unlawful discrimination to reasonably ensure equal job opportunities</p> <p>The Company implements its human rights policies in the internal control procedures, applies them to employment, remuneration and benefits, training opportunities, promotion, dismissal or retirement and other matters related to labor rights and interests, and does not treat</p>	

Promotion items	Implementation Status (Note 1)			Discrepancies between its implementation and the "Corporate Sustainable Development Best Practice Principles for TWSE or TPEX Listed Companies," and reasons for such discrepancies
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			<p>employees and job-seekers unfairly based on their race, class, language, thought, religion, party affiliation, native place, place of birth, gender, sexual orientation, age, marriage, pregnancy, appearance, facial features, physical and mental disabilities, constellation, blood type and other factors.</p> <p>2.3. Prohibition of Child Labor</p> <p>To ensure compliance with corporate social responsibility and ethics, the Company has explicitly prohibited child labor since the beginning of recruitment. As of the end of December 2022, the total number of employees was 233, and the number of child labor was 0.</p> <p>2.4. Prohibit forced labor</p> <p>The Company does not force or coerce any unwilling personnel to perform labor services. The provisions on daily and weekly normal working hours, extended working hours, vacations, special vacations and other kinds of vacations for employees are in compliance with the laws and regulations.</p>	

Promotion items	Implementation Status (Note 1)		Abstract Illustration	Discrepancies between its implementation and the "Corporate Sustainable Development Best Practice Principles for TWSE or TPEX Listed Companies," and reasons for such discrepancies
	Yes	No		
			<p>A reminder function is set up in the attendance system for employees applying for overtime, overtime pay or compensatory leave is provided after overtime, and a dedicated person is assigned to inspect and control the working hours of the factory on a monthly basis.</p> <p>2.5. Assisting employees to maintain physical and mental health and work-life balance</p> <p>The Company provides venues or sponsorship funds to encourage employees to participate in healthy activities, and employees can form their own clubs to unite colleagues by emotion through club activities.</p> <p>Besides holding activities such as beano, Mid-Autumn Festival party, guess lantern riddles, etc. to adjust employees' body and mind and cohesion, the company also sets up sports and fitness equipment for employees to use after work.</p> <p>During the COVID-19 epidemic in 2022, to avoid people to converge, some activities and fitness facilities were temporarily</p>	

Promotion items	Implementation Status (Note 1)			Discrepancies between its implementation and the "Corporate Sustainable Development Best Practice Principles for TWSE or TPEX Listed Companies," and reasons for such discrepancies
	Yes	No	Abstract Illustration	
			<p>suspended or closed. However, the Human Resources Division persisted in caring for the physical and mental health of employees and offering necessary assistance and care at any time.</p> <p>3. Training Practices on Human Rights Protection</p> <p>3.1 Newcomers Training</p> <p>The Company requires employees to take education and training for newcomers on compliance promotion upon onboarding, including: sexual harassment prevention, anti-discrimination, anti-harassment, implementation of working hours management, and protection of humane treatment.</p> <p>3.2 Prevention of Workplace Violence</p> <p>The Company makes its employees aware of their responsibility to assist in ensuring that there is no illegal infringement in the workplace through publicity and announcements, and discloses the complaint hotline to jointly create a friendly working environment.</p>	

Promotion items	Implementation Status (Note 1)			Discrepancies between its implementation and the "Corporate Sustainable Development Best Practice Principles for TWSE or TPEX Listed Companies," and reasons for such discrepancies						
	Yes	No	Abstract Illustration							
			<p>3.3 Series Training on Occupational Safety The content includes: safety and health education and training, fire safety training, emergency response, first aid training, etc.</p> <p>3.4 Good Faith Moral Propaganda Educate and promote from daily behavior and ethical standards, to provide a healthy and positive workplace culture. The company continues to pay attention to human rights protection and carries out relevant training, so as to raise awareness of human rights protection and reduce the possibility of related risks. We organized training related to the promotion of human rights protection in 2022, with a total of 409 persons and a total of 1,559 hours. The details of the number of persons participating and training are as follows:</p> <table border="1"> <thead> <tr> <th>Course Title</th> <th>Total Participants</th> <th>Total Training Hours</th> </tr> </thead> <tbody> <tr> <td>[Integrity Lecture] Norms and Case Analysis of Fair Trade Law</td> <td>82</td> <td>246</td> </tr> </tbody> </table>	Course Title	Total Participants	Total Training Hours	[Integrity Lecture] Norms and Case Analysis of Fair Trade Law	82	246	
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Promotion items	Implementation Status (Note 1)			Discrepancies between its implementation and the "Corporate Sustainable Development Best Practice Principles for TWSE or TPEX Listed Companies," and reasons for such discrepancies		
	Yes	No	Abstract Illustration			
			[Ethics Lecture] Lecture On the Prevention of Illegal Violations in the Workplace	48	96	
			[Ethics Lecture] Internet Copyright and Legal Use of Software	1	2	
			[Ethics Lecture] Trade Secrets Act Introduction and Case Analysis	1	3	
			[Ethics Lecture] Discussion on Human Resources and Personnel Labor Laws	2	6	
			Provide courses on a safe and healthy workplace	2	14	
			Process Safety Training	5	178	
			Work Safety Training/Propaganda	18	18	
			Environmental Protection Training	44	304	
			On-the-job Health Education and Training (Including On-the-job Training and Retraining of Operation	92	276	

Promotion items	Implementation Status (Note 1)			Discrepancies between its implementation and the "Corporate Sustainable Development Best Practice Principles for TWSE or TPEX Listed Companies," and reasons for such discrepancies															
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			<table border="1"> <tr> <td>Supervisors)</td> <td></td> <td></td> </tr> <tr> <td>Emergency Response Drill</td> <td>35</td> <td>70</td> </tr> <tr> <td>Fire Fighting Training/Propaganda</td> <td>47</td> <td>282</td> </tr> <tr> <td>Workplace Health Promotion Lecture</td> <td>32</td> <td>64</td> </tr> <tr> <td>Total</td> <td>409</td> <td>1,559</td> </tr> </table>	Supervisors)			Emergency Response Drill	35	70	Fire Fighting Training/Propaganda	47	282	Workplace Health Promotion Lecture	32	64	Total	409	1,559	
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Total	409	1,559																	
			<p>4. Complaint System</p> <p>The Company has a smooth complaint channel, through which colleagues can file a complaint with supervisors at all levels or the Human Resources Department when they encounter various problems within the Company. In addition, the Company has a dedicated complaint mailbox and e-mail for sexual harassment prevention, in order to maintain gender equality in work and provide employees and job seekers with a work and service environment free from sexual harassment. During the period of complaint investigation, it will be handled in a confidential manner, and the name of the</p>																

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	Yes	No	Abstract Illustration	
			<p>complainant or other relevant information sufficient to identify the complainant will not be disclosed to protect the complainant.</p> <p>In terms of policies for human rights and practices concerned, please refer to the Company's website: <a href="https://www.apc.com.tw/ESG/zh-tw/ESG51.aspx">https://www.apc.com.tw/ESG/zh-tw/ESG51.aspx</a></p>	
(II) Does the company establish and deliver reasonable employee welfare programs (including salary, compensated absences, and other benefits) and adjust employee compensation in relation to business performance?	V		<p>(II)</p> <p>1. Employee Compensation</p> <p>The Company has a Salary Compensation Committee, which regularly reviews the salary compensation policy; Reward and punishment is linked to the year-end bonus, so that the reward and punishment system is clear and effective. Year-end bonus will be given according to the company's profitability, individual performance of employees and achievement rate of organizational goals.</p> <p>In 2022, the ratio of male salary to female salary for middle-level supervisors was 1.08:1, and that ratio for general employees was 0.88:1. Due to the high proportion of new male employees in recent years, the salary of general male employees</p>	

Promotion items	Implementation Status (Note 1)		Discrepancies between its implementation and the "Corporate Sustainable Development Best Practice Principles for TWSE or TPEX Listed Companies," and reasons for such discrepancies												
	Yes	No													
		<p>was diluted, and general female employees had higher seniority. Therefore, female employees' average salary was higher than male employees'.</p> <p>2. Employee welfare measures The Company has diversified welfare measures:</p> <table border="1"> <thead> <tr> <th>Welfare Items</th> <th>Contents</th> </tr> </thead> <tbody> <tr> <td>Bonus welfare</td> <td>Year-end bonus and performance bonus</td> </tr> <tr> <td>Vacation welfare</td> <td>Parenting leave, physiological leave, family care leave and paternity leave</td> </tr> <tr> <td>Insurance welfare</td> <td>Accident insurance, life insurance, employee/dependents group insurance, employee pension, business travel group injury insurance for employees</td> </tr> <tr> <td>Catering welfare</td> <td>Employee canteen and food allowance</td> </tr> <tr> <td>Traffic welfare</td> <td>Employee parking space, transportation allowance</td> </tr> </tbody> </table>	Welfare Items	Contents	Bonus welfare	Year-end bonus and performance bonus	Vacation welfare	Parenting leave, physiological leave, family care leave and paternity leave	Insurance welfare	Accident insurance, life insurance, employee/dependents group insurance, employee pension, business travel group injury insurance for employees	Catering welfare	Employee canteen and food allowance	Traffic welfare	Employee parking space, transportation allowance	
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Other welfare	Staff maternity subsidy, wedding and funeral celebration subsidy, staff travel subsidy, senior staff praise, cash gifts for three festivals and the birthday, and regular health check-ups									
(III) Does the company provide a safe and healthy work environment to its employees, and regularly offer safety and health education to its employees?	V		<p>(III)</p> <p>1. Management of Occupational Safety and Health</p> <p>The company carried out education and training, internal audit and management review related to ISO 45001 Occupational Safety and Health Management System, and passed SGS verification in April 2019, obtained ISO 45001 Occupational Safety and Health Management System Certificate on April 26, 2019, which is valid from May 13, 2022 to April 23, 2025.</p>							

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	Yes	No	
			<p>Abstract Illustration</p> <p>Occupational Safety and Health Policy</p> <ul style="list-style-type: none"> <li>- Constantly strengthening safety and health management (SM)</li> <li>- Regularly evaluating safety and health performance (SP)</li> <li>- Providing workers with a safe and healthy working environment (SE)</li> <li>- SM + SP = SE</li> </ul> <p>The Company's occupational safety and health management goal is "zero-accident occupational safety". Low occupational injury and low absentee rates are key indicators for evaluating employees' health and safety.</p> <p>In 2022, the injury rate (IR) of employees was 0, and the lost time rate was 0. The Linyuan Plant logged 5,321,152 hours of total hours worked without disabling injuries from October 14, 2010 to December 31, 2022, and it continues to maintain the records.</p> <p>2. Employee Safety Check</p> <p>The Employee Safety Department and the construction unit in charge of the safety and health in the Linyuan Plant has carried out the relevant</p>

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	Yes	No	Abstract Illustration										
			<p>inspection work, conducted all kinds of employee safety inspection work regularly every day, and participated in the Taipei Responsible Care Association (TRCA), Linyuan Industrial Park Safety and Health Promotion Association and the regional defense organization. Fire drills and employee safety education and training are held regularly every year to cultivate employees' ability of emergency response and self-safety management.</p> <p>3. Safety and Health Education and Training</p> <p>In 2022, the employees of Linyuan Plant have spent 4,078 hours of on-the-job safety and health education (including PSM of process safety management), accounting for about 79% of the total 5,188 hours of education and training of Asia Polymer Corporation in 2022.</p> <p>Number of person-time and hours of safety and health education training in recent two years:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Education Training Person-time</th> <th>Education Training Hours</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>709</td> <td>3,671</td> </tr> <tr> <td>2022</td> <td>725</td> <td>4,078</td> </tr> </tbody> </table>	Year	Education Training Person-time	Education Training Hours	2021	709	3,671	2022	725	4,078	
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	Yes	No	Abstract Illustration	
			<p>4. Occupational Health Management</p> <p>In order to know the physical health of employees, the Occupational Safety and Health Department is entrusted to announce qualified hospitals to conduct employee health check-ups every year, so as to ensure the health of employees, and the expenses are all borne by the company. In August, 2022, the health check-up of employees in Linyuan Factory was carried out four times, and the total number of people examined in Linyuan Factory was 210. The graded management system of special operation health check-up was implemented, and the results of the graded management of special operation health check-up were reported to the competent authority for reference.</p> <p>Regular appointment of doctors for in-factory health services, holding health talks, monthly in-factory health services in nurse practitioner, 6 appointments of doctors for in-factory health services in the year of 2022, with a total of 40 employees and non-employee workers; 2 health talks and health consultations, with a total of 47</p>	



Promotion items	Implementation Status (Note 1)			Discrepancies between its implementation and the "Corporate Sustainable Development Best Practice Principles for TWSE or TPEX Listed Companies," and reasons for such discrepancies
	Yes	No	Abstract Illustration	
			employees and non-employee workers, and health services for 89 in-factory nurse practitioners.	
(IV) Has the company established effective career development and training plans for its employees?	V		(IV) The Company has established an all-round education and training system in coordination with the external environment, its business principles, department performance goals, and employees' career development needs, in order to provide training courses required by all-round talents. With regard to the employees' continuing education and learning, the Company conducts the employee training needs survey in the fourth quarter of every year to formulate education and training plans and budgets. Meanwhile, the Company has also set up a digital learning platform as the means for self-learning, and regularly holds employee functional training, management training, seminars, health talks, and various conferences to enhance employees' professional and management skills, thereby balancing employees' physical and mental development. In order to improve employee quality and overall competitiveness, courses are conducted using diverse methods. In addition to lectures, in-	

Promotion items	Implementation Status (Note 1)			Discrepancies between its implementation and the "Corporate Sustainable Development Best Practice Principles for TWSE or TPEX Listed Companies," and reasons for such discrepancies
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			class activities are designed according to course attributes, while case study discussions or group discussions are carried out with a view to making learning more lively and productive. Additionally, online e-learning courses allows the employees to effectively participate in learning activities anytime, anywhere, thereby enhancing their career development and overall work performance.	
(V) Does the company comply with relevant regulations and international standards regarding customer health and safety, right to privacy, marketing and labeling of its products and services and set up relevant consumer protection policies and complaint procedures?	V		(V) The Company establishes long-term cooperation with high-quality suppliers based on quality, capability and environmental protection policies, fulfills corporate social responsibilities, and delivers the idea of environmental protection policies to contractors and carriers. At the same time, the Company complies with the RoHS directive and enhances environmental protection education and training. The Company also pays serious attention to the safety of construction companies in the plant area and ensures the safety of various operations so as to protect the safety and health of workers and jointly engage in good risk management with them.	

Promotion items	Implementation Status (Note 1)			Discrepancies between its implementation and the "Corporate Sustainable Development Best Practice Principles for TWSE or TPEX Listed Companies," and reasons for such discrepancies
	Yes	No	Abstract Illustration	
(VI) Does the company formulate a supplier management policy that requires suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights? And, how well are those policies implemented?	V		<p>(VI) The Company has established long-term strategic partnerships with major raw material suppliers and set up safety stock according to the preparation schedule, to ensure a smooth supply chain. To encourage continuous supplier optimization so that the Company can obtain raw materials and services at the right time, in the right quantity and at the right price, the Company regularly performs annual evaluation of suppliers according to aspects including quality, delivery dates, environmental protection and occupational safety and health, packaging, quality certification and services in coordination with production operations and environmental protection policies.</p> <p>The Company will continuously strengthen self-evaluation of supply chain sustainability, and gradually incorporate CSR performance into the process of selection, evaluation, and audit. The Company jointly fulfills corporate social responsibilities with its suppliers using its influence. Excellent CSR experience sharing and collaboration with suppliers serve as a vital foundation for the Company to establish sustainable businesses.</p>	

Promotion items	Implementation Status (Note 1)			Discrepancies between its implementation and the "Corporate Sustainable Development Best Practice Principles for TWSE or TPEX Listed Companies," and reasons for such discrepancies
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V. Does the company refer to internationally-used standards or guidelines for the preparation of reports such as sustainability reports to disclose non-financial information? Has the company received assurance or certification of the aforesaid reports from a third-party accreditation institution?	V		<p>The Company prepares the 2021 CSR report based on the GRI Standard and publishes it every June to disclose non-financial information as a communication bridge with all stakeholders who care about the Company, and to shed light on its philosophy of sustainable business and social responsibility and relevant information, as well as efforts at various relevant issues.</p> <p>The Company's CSR Report has been verified by the third-party certification agency AFNOR ASIA, which has issued a statement on independent assurance opinion.</p>	Compliant with the requirements of the "Corporate Sustainable Development Best Practice Principles for TWSE or TPEX Listed Companies".
<p>VI. If the company has established sustainable development best-practice principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," describe the implementation and any deviations from such principles:</p> <p>The Company added its Corporate Social Responsibility Best Practice Principles on March 11, 2015. There was no material discrepancy between these principles and its implementation in accordance with the amendment of Letter Tai-Zheng-Zhi-Li-Zo No. 11000241731 in December 7, 2021. The Board of Directors approved the amendment to the Code of Practice on Sustainable Development on March 9, 2022 and added Article 27 (1) in the Letter Tai-Zheng-Zhi-Li-Zo No. 11100243661 on December 23, 2022, which was approved by the Sustainable Development Committee Meeting on March 3, 2023.</p> <p>To meet the objectives of sustainable development in line with international development trends, there was no material discrepancy between these principles and its implementation in accordance with the amendment.</p>				

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	Yes	No	Abstract Illustration	

VII. Other important information to facilitate better understanding of the Company's sustainable development practices:

(I) Composition, duties, and operation of the Sustainable Development Committee:

Members, responsibilities and operation of the Sustainable Development Committee of the Company:

1. Member data:

Title	Name	Expertise
Committee Chairman	Independent Director Cheng, Tun-Chien	Business Administration
Deputy Committee Chairman	General Manager Wu, Pei-Chi	Business Administration
Committee Member	Chairman Wu, Yi-Kuei	Corporate Governance Officer
Committee Member	Independent Director Chen, Chine-Ping	Corporate Governance Officer

(1) The current term of office is from June 2, 2022 to May 26, 2025.

(2) The Sustainable Development Committee shall meet at least twice a year.

2. Duty:

(1) Determining the sustainable development policy.

(2) Negotiation of sustainable development strategic plan, annual plan and project plans.

(3) Supervising the implementation of sustainable development strategic plan, annual plan and project plan, and evaluate the implementation.

(4) Reviewing and approving the sustainable report.

(5) Report the implementation of sustainable development activities to the Board of Directors each year.

(6) Other matters to be conducted by the committees based on resolutions of the Board of Directors.

3. State of Operations

First meeting in 2022

(1) Date of meeting: March 9, 2022

Promotion items	Implementation Status (Note 1)			Discrepancies between its implementation and the "Corporate Sustainable Development Best Practice Principles for TWSE or TPEX Listed Companies," and reasons for such discrepancies
	Yes	No	Abstract Illustration	
<p>(2) Committee members in attendance: Shen, Shang-Hung, Wu, Pei-Chi, Wu, Yi-Kuei and Cheng, Cheng, Tun-Chien</p> <p>(3) Announcements:</p> <p>Item I: 2021 CSR Report Progress Planning Report.</p> <p>(i) The 2021 Sustainable Development Report was compiled according to the core options of the GRI Standard, disclosing non-financial information such as environmental protection, social relations and corporate governance.</p> <p>(ii) The results of stakeholder negotiation in 2021 includes stakeholder identification, issues concerned, communication channels and response methods.</p> <p>(iii) Identification results of major issues in 2021.</p> <p>(iv) The 2021 Sustainable Development Report was verified by the British Standards Institute (BSI), an external verification agency, in accordance with the core options of the GRI Standard and the Type 1 moderate-level assurance of the AA1000 Assurance Standard.</p> <p>Item II: Amendments to the Company's Corporate Social Responsibility Committee Charter and Corporate Social Responsibility Best Practice Principles.</p> <p>Second meeting in 2022</p> <p>(1) Date of meeting: August 3, 2022</p> <p>(2) Committee members in attendance: Cheng, Tun-Chien, Wu, Pei-Chi, Wu, Yi-Kuei and Chen, Chien-Ping</p> <p>(3) Announcements:</p> <p>Item I: The editorial results of the 2021 Sustainable Development Report and Corporate Sustainability Report Planning in 2022.</p> <p>Item II: 2021 Report on Implementation Performance of Climate Change Response Measures.</p> <p>(i) In conformity with the amendments of the Climate Change Response Law, the Group has set a target: By 2030, 27% of carbon emissions will be reduced from the base year (2017).</p>				

Promotion items	Implementation Status (Note 1)			Discrepancies between its implementation and the "Corporate Sustainable Development Best Practice Principles for TWSE or TPEX Listed Companies," and reasons for such discrepancies
	Yes	No	Abstract Illustration	
<p>(ii) According to the Financial Supervisory Commission's Sustainable Development Roadmap of TWSE/TPEX listed companies released on March 3, 2022, in the consolidated financial statements, the parent and subsidiary companies need to complete the check on greenhouse gas in 2026 and the verification in 2028. In line with the regulations of the competent authority, APC completed its check on greenhouse gas and plan for verification schedule in Q2, 2022 and submitted reports to the Board of Directors.</p> <p>(II) Implementation of environmental protection, energy conservation and carbon reduction:</p> <p>1. Environmental Policy</p> <p>Continuous improvement environmental quality (EQ)</p> <p>Regular assessment of environmental performance (EP)</p> <p>Provision of a healthy environmental life (EL)</p> <p>EQ + EP = EL</p> <p>Taking into account our commitment to environmental protection and obligations, all employees of APC acknowledge that it is our duty to carry out environmental protection work so that the sustainable development of the Earth can be achieved. As a responsible organization, we are committed to and implement the following strategies to achieve the vision:</p> <ol style="list-style-type: none"> <li>(1) Abide by the government's environmental protection and safety and health regulations.</li> <li>(2) Pay attention to international treaties and environmental protection requirements of customers and stakeholders.</li> <li>(3) Comply with SONY GP and RoHS product environmental protection assurance requirements.</li> <li>(4) Implement continuous improvements to pollution prevention tasks and energy and resource management.</li> <li>(5) Reduce potential environmental risks in operations.</li> <li>(6) Set environmental goals and continue to improve the environmental management system through education and training and environmental audits to improve environmental performance and ensure the effective implementation of the environmental</li> </ol>				

Promotion items	Implementation Status (Note 1)			Discrepancies between its implementation and the "Corporate Sustainable Development Best Practice Principles for TWSE or TPEX Listed Companies," and reasons for such discrepancies
	Yes	No	Abstract Illustration	

management system.

## 2. Outcomes of energy conservation and carbon reduction

In 2022, the Company implemented the Removal and Power Saving Plan for LINE 4 Flash Gas Compressor, which saved a total of 271,428 kilowatt hours of electricity and reduced CO<sub>2</sub>e in greenhouse gas emissions by 138 metric tons.

Total energy consumption and greenhouse gas emissions, energy savings, carbon emissions reduction and carbon emissions reduction rate (%) compared with the base year in the most recent two years:

Category	Total energy	Total greenhouse gas emissions (tons)	Energy saved (GJ)	Carbon emissions	Carbon reduction from the base year
2021	835,065	112,968	6,526	836	3.60
2022	810,100	111,865(Note 3)	977	138	4.50(Note 3)

Note :

1. 2017 is the base year for energy use and greenhouse gas emissions.
2. Due to the official introduction of third-party verification of check on ISO14064-1 greenhouse gas in 2022, the total greenhouse gas emissions for the base year 2017 were revised to 117,228 metric tons of CO<sub>2</sub>e.
3. The greenhouse gas emissions in 2022 were checked by the factory, and could only be confirmed after external verification in May 2022.

## 3. Energy conservation and carbon reduction projects

In 2023, it is planned to implement five measures for energy saving and carbon reduction, including "energy-saving improvement in Line4 particle import area, replacement of P-7103A/B cooling water circulating pump, replacement of reactor motor, increase of V-1227 steam output, reduction of production pressure and saving of electricity". It is expected to save 2,840,586 kilowatt hours of electricity, 2,736 tons of steam, and 1,738 tons of CO<sub>2</sub>e in carbon reduction.



Promotion items	Implementation Status (Note 1)			Discrepancies between its implementation and the "Corporate Sustainable Development Best Practice Principles for TWSE or TPEX Listed Companies," and reasons for such discrepancies
	Yes	No	Abstract Illustration	
<p>(III) Implementation of social services, public welfare, and cultural and artistic activities:</p> <p>Donation to the USI Education Foundation</p> <p>USI Group upholds the business philosophy of "Solid Operation, Professional Management, Seeking Excellence and Serving the Society". On December 30, 2011, USI Corporation and Asia Polymer Corporation jointly established the USI Education Foundation with a fund of NT\$50 million.</p> <p>The USI Education Foundation aims to engage in education-related charitable activities, and focuses on care for the disadvantaged, people in rural areas, and the ecology. The foundation has carried out the following activities in accordance with the relevant laws:</p> <ol style="list-style-type: none"> <li>(1) Sponsor education in rural areas.</li> <li>(2) Establish scholarships.</li> <li>(3) Hold talks, seminars or other education-related charitable activities.</li> <li>(4) Sponsor schools at various levels or educational groups to engage in activities, such as literature, sports, music, dance, arts and drama.</li> <li>(5) Industry-academia collaboration.</li> <li>(6) Other education-related charitable services that are consistent with the objectives of the foundation.</li> </ol> <p>In 2022, the Company donated NT\$5 million to the USI Education Foundation to sponsor related public welfare activities through the USI Education Foundation, including awarding scholarships, sponsoring the public welfare platform culture foundation and Taidong Junyi Experimental High School, as well as sponsoring various other educational public welfare activities. In order to invest more resources in the development of culture and art, in 2022, through supporting the Cloud Gate Culture and Arts Foundation, the Company also promoted its performances at home and abroad, as well as the art education and residents' arts and cultural activities in the Tamsui Community, to enrich Taiwan's and global cultural life.</p>				

Promotion items	Implementation Status (Note 1)			Discrepancies between its implementation and the "Corporate Sustainable Development Best Practice Principles for TWSE or TPEX Listed Companies," and reasons for such discrepancies
	Yes	No	Abstract Illustration	
<p>The foundation has offered scholarships to outstanding students from underprivileged backgrounds, who pursue studies in areas, including chemical engineering, materials engineering, and applied chemistry at 15 public and private universities to promote education related to the aforementioned areas and talent cultivation, as well as motivate students at university and graduate school to work hard, thereby cultivating outstanding talents for the society. In 2022, grants were awarded to 31 students from 17 departments of 11 public and private universities, including 16 doctoral students, 10 master's students and 5 university students, among whom 23 are from poor families. In addition, a scholarship award ceremony and a praise lunch were held on December 9, 2022 to encourage and cultivate more outstanding students from the poor families, hoping to exert positive influence on the society in the future.</p> <p>Since its establishment 13 years ago, the he Alliance Cultural Foundation has always stuck to a blueprint - hoping that the Junyi School of Innovation can become a base for Taitung and Hualien to cultivate future talents; contributed to building the Paul Chiang Art Center into an international landmark for culture and art in Taitung and even in Taiwan; the Sazasa Forest Culture Museum in Yanping, Taitung, and the High Mountain Forest Base in Fengbin, Hualien are demonstration attractions for experiencing life in the indigenous culture and art scattered in every corner of Taitung and Hualien. The USI Education Foundation recognizes Mr. Stanley Yen's care for rural education in Taiwan and his idea on sustainable cultural development. Therefore, the foundation supports his efforts to implement various projects related to implementing and fostering rural education by sponsoring the Alliance Cultural Foundation and Junyi Experimental High School.</p> <p>The foundation established its first music education project in September 2021, in cooperation with The Head Of Miaoli County High School, in combination with the music education project of the private Shangrong 365 Social welfare charity Foundation of Jiayi city (hereinafter referred to as Shangrong).</p> <p>In terms of other education and charitable activities in 2022, the foundation mainly sponsored the Boyo Social Welfare Foundation and the Foundation for Teaching and Education for Taiwan, the Yingguang Education Association, the Cloud Gate</p>				

Promotion items	Implementation Status (Note 1)			Discrepancies between its implementation and the "Corporate Sustainable Development Best Practice Principles for TWSE or TPEX Listed Companies," and reasons for such discrepancies
	Yes	No	Abstract Illustration	
<p>Culture and Arts Foundation, the Association For Taiwan Zhanblue Ocean Alliance. To enable these socially recognized units to receive stable support, the foundation plans to continuously provide sponsorships to them in order to assist more schoolchildren.</p> <p>(IV)Corporate Operation and Community Development</p> <p>At ordinary times, the Linyuan Plant of APC proactively pays attention to and participates in community-related public welfare activities, such as protection of communities' environment, neighborhood fellowship activities, sports associations of communities, competitions of communities, etc. In addition to connecting with residents in communities to enhance harmony in communities and neighborhood, it also strains every sinew to fulfill its corporate social responsibilities; at the same time, it appropriately hires manpower from the Company's operating location to enhance a sense of identity in communities. In 2022, a total of 81 persons were hired in the Linyuan Plant. In 2022, due to the COVID-19, in coordination with the upgrading measures of the government for response to epidemic, considering the risk of community infection, all social activities were suspended, which indirectly affected participation in community activities. After the domestic epidemic took a turn for the better, some public services and ball game activities in communities were gradually resumed.</p> <p>Community public welfare activities in 2022 are as follows:</p> <p>(1) Donation of protective clothing and N95 masks to the cleaning personnel of the Kaohsiung Environmental Protection Bureau.</p> <p>In order to sympathize with the cleaning personnel of the Environmental Protection Bureau who worked hard and faced danger in prevention of epidemic, five companies in the southern part of USI Group (USI, APC, TTC Linyuan Plant, TVCM, and CGPCPOL) jointly donated 250 sets of protective clothing to the Kaohsiung Environmental Protection Bureau to ensure the safety of cleaning personnel in prevention of epidemic.</p> <p>(2) Cross departmental greenhouse gas cooperation of Wang Gung Elementary School, Kaohsiung.</p> <p>APC Linyuan Plant cooperated with the Kaohsiung Environmental Protection Bureau to promote the "Cross-</p>				

Promotion items	Implementation Status (Note 1)			Discrepancies between its implementation and the "Corporate Sustainable Development Best Practice Principles for TWSE or TPEX Listed Companies," and reasons for such discrepancies
	Yes	No	Abstract Illustration	
<p>departmental Greenhouse Gas Reduction Project", collaborated with the Wang Gung Elementary School in the Linyuan Plant to implement the Greenhouse Gas Reduction Project, and assisted schools in updating energy-saving equipment to reduce energy consumption and greenhouse gas emissions.</p> <p>(3) The management plan of Kaohsiung air purification zone in 2022.</p> <p>APC Linyuan Plant cooperated with the Kaohsiung Environmental Protection Bureau's Management Plan of Kaohsiung Air Purification Zone in 2022, to improve the overall air quality and environmental protection of the city, pursue sustainable development, and manifest corporate citizenship. The Wang Gung Elementary School in the Linyuan Plant was recognized as the air purification zone base, providing one-year assistance in environmental and planting protection to the management unit.</p> <p>(4) Sponsor Xier kitchen helping welfare activities.</p> <p>In the "USI Charity Softball Tournament" held by APC, five companies in the southern part of USI Group, namely, USI, APC, TTC Linyuan Plant, TVCM, and CGPCPOL, were invited. At the same time, the "Xier Kitchen" co-sponsored by the USI Education Foundation solidified the friendship between the employees in the Group through ball games, and encouraged them to proactively engage in public welfare, so that vulnerable groups can feel the warmth of social care.</p> <p>(5) The 12th Slow Softball Competition for Petrochemical Cup.</p> <p>To promote healthy leisure activities, attach importance to the physical and mental health of employees, strengthen workers' understanding of prevention of occupational disasters and laws on labor protection, enhance labor-management harmony and improve work efficiency in the petrochemical industry, the Petrochemical Business Department of CPC Corporation and the Kaohsiung Petrochemical Industry Federation of Trade Union jointly organized the 12th Slow Softball Competition for Petrochemical Cup. After two days of fierce competition, APC won the championship of this year.</p> <p>(6) Sponsor the 20th USI Tennis Tournament.</p>				

Promotion items	Implementation Status (Note 1)			Discrepancies between its implementation and the "Corporate Sustainable Development Best Practice Principles for TWSE or TPEX Listed Companies," and reasons for such discrepancies
	Yes	No	Abstract Illustration	
<p>APC, together with TTC and TVCM within the Group, commissioned the Linyuan Tennis Association to hold the "the 20th USI Tennis Tournament", which mainly allowed employees in the Group and teams in industrial zones and communities to connect with each other through ball games and maintain harmonious neighborhood relationships, and encouraged employees to actively participate in activities and competitions among communities.</p> <p>(V) Certificates and awards for promoting sustainable development.</p> <p>In 2022, the Company won the 15th TCSA "Corporate Sustainability Report Awards - Gold Award".</p>				

Note 1: If "Yes" is checked in the operating status column, please explain the important policies, strategies, measures, and implementation situations; if "No" is checked in the operating status column, please explain the circumstances and reasons for the differences in the Code of Practice on Sustainable Development with Listed Companies in the section "Circumstances and reasons for the differences" and explain your future plans for implementing relevant policies, strategies and measures.

Note 2: The principle of materiality refers to environmental, social, and corporate governance issues that have significant impacts on the Company's investors and other stakeholders.

Note 3: For disclosure, please refer to the best practice examples on the Taiwan Securities Exchange.

(VI) Ethical Corporate Management and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof:

Assessed Item	Implementation Status (Note 1)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Abstract Illustration	
<p>I. Formulating ethical corporate management policies and programs</p> <p>(I) Does the company formulate its ethical corporate management policies that have been approved by the Board of Directors? Has the company declared its ethical corporate management policies and procedures in its guidelines and external documents, and does the Board of Directors and management work proactively to implement their commitment to those management policies?</p>	V		<p>(I) In line with the Group's business philosophy of "robust operation, professional management, pursuit of excellence, and service to the society" and the corporate culture of "seeking truth from facts as well as integrity and discreetness," the Company has established the "Ethical Corporate Management Principles," the "Procedures for Ethical Management and Guidelines for Conduct," and the "Codes of Ethical Conduct for Directors and Managerial Officers" to stipulate its the ethical corporate management policy explicitly. Both the Directors and the General Manager of the Company have signed a statement on compliance with the ethical corporate management policy to implement the commitments of the management policy.</p>	<p>Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies.</p>

Assessed Item	Implementation Status (Note 1)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Abstract Illustration	
(II) Does the company establish an assessment mechanism for unethical risks, according to which it analyzes and assesses operating activities with high potential unethical risks? Does the mechanism include any precautionary measures against all the conducts as stated in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?	V		<p>(II) The Company's Board of Directors has established the "Ethical Corporate Management Best Practice Principles" and evaluation mechanisms for the risks of unethical conduct and regularly analyze and evaluate business activities within their business scope that are possibly at a higher risk of being involved in an unethical conduct. The Company shall use the evaluation to establish prevention programs, regularly review the appropriateness and effectiveness of prevention programs, and strengthen related preventive measures.</p> <p>The prevention programs adopted by the Company shall include preventive measures against the following actions:</p> <ol style="list-style-type: none"> <li>1. Offering and acceptance of bribes.</li> <li>2. Illegal political donations.</li> <li>3. Improper charitable donations or sponsorship.</li> <li>4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.</li> </ol>	

Assessed Item	Implementation Status (Note 1)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Abstract Illustration	
(III) Has the company established policies to prevent unethical conduct, with clear statements regarding relevant procedures, conduct guidelines, punishments for violation, and rules for appeal, and does the company implement them accordingly, and regularly review and correct such measures?	V		<p>5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.</p> <p>6. Engaging in unfair competitive practices.</p> <p>7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.</p> <p>(III)</p> <p>1. The Company has established the “Ethical Corporate Management Best Practice Principles” and the Procedures for Ethical Management and Guidelines for Conduct, which have been approved by the Board of Directors, to specifically regulate matters to be noted for the Directors, managerial officers, employees, and substantive controllers when performing their duties, as well as the disciplinary and grievance</p>	



Assessed Item	Implementation Status (Note 1)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Abstract Illustration	
			<p>systems for non-compliance.</p> <p>2. The Company has also established the "Rules for Handling Cases of Illegal and Unethical or Dishonest Conduct" to encourage the reporting of any illegal or unethical conduct or violations of the Code of Ethical Conduct or the Code of Business Integrity. Any employee or external party can freely choose to access the Company's website or a dedicated hot-line set up at the Auditing Division to report cases of illegal, unethical, or dishonest conduct.</p> <ul style="list-style-type: none"> <li>● Audit Committee: Accept reports from shareholders, investors, and other stakeholders.</li> <li>● Auditing Division: Accept reports from clients, suppliers, and contractors.</li> <li>● Human Resources Division: Accept reports from internal employees.</li> </ul> <p>In 2022, no unit received any illegal reports.</p> <p>3. Related regulations have been fully implemented and we continue to organize training courses to</p>	

Assessed Item	Implementation Status (Note 1)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Abstract Illustration	
			promote the ideals.	
<p>II. Implementing Ethical Corporate Management</p> <p>(I) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?</p> <p>(II) Has the company established an exclusively (or concurrently) dedicated unit under the Board to implement ethical corporate management, and report to the Board on a regular basis (at least annually) about the ethical corporate management policies, precautionary measures against unethical conducts, as well as the implementation and supervision thereof?</p>	<p>V</p> <p>V</p>	<p>(I) The Company has requested for terms of ethical conduct to be clearly defined in commercial contracts in accordance with its Ethical Corporate Management Best Practice Principles and the Procedures for Ethical Management and Guidelines for Conduct.</p> <p>(II) To strengthen ethical corporate management, the corporate governance team is responsible for establishing the ethical corporate management policy and prevention programs while supervising such implementation; the Corporate Governance Officer reports to the Board of Directors regularly at least once a year.</p> <p>The Director of Corporate Governance shall report to the Board of Directors on November 2, 2022 on the implementation of ethical business for the year, including the following:</p>	<p>Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies.</p>	

Assessed Item	Implementation Status (Note 1)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Abstract Illustration	
			<ol style="list-style-type: none"> <li>1. Cooperate with laws and regulations to formulate and implement relevant regulations for the implementation of honest business policy</li> <li>2. Regularly analyze and assess the risk of dishonest conduct in the business area. Assess the risk of dishonest conduct within the business scope according to the checklist for assessing the risk of dishonest conduct. No significant risk was assessed for the current year.</li> <li>3. The Company has planned its internal organizational structure and placed a control mechanism on business activities with higher risk of dishonest conduct in the business scope.</li> <li>4. It promoted and coordinated of honesty policy advocacy training.</li> <li>5. Developing a whistle-blowing system and ensuring its operating effectiveness. No illegal incidents were reported this year.</li> <li>6. Assist the Board of Directors and the General Manager in reviewing and assessing whether</li> </ol>	

Assessed Item	Implementation Status (Note 1)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Abstract Illustration	
(III) Has the Company established policies to prevent conflicts of interest, provided an appropriate channel for reporting such conflicts and implemented them?	V		<p>the prevention measures taken for the purpose of implementing ethical corporate management are carried out effectively, and prepare reports on the regular assessment of compliance with operating procedures.</p> <p>(III) The Company has formulated the "Guidelines for the Adoption of Codes of Ethical Conduct for Directors and Managerial Officers" to prevent conflict of interest and provide suitable channels for Directors, managers, and employees to explain any potential conflict of interest with the Company.</p>	
(IV) Has the company established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention	V		<p>(IV) The Company's accounting systems and internal control systems can run independently and objectively. Internal control personnel regularly report their findings to the Audit Committee and the Board of Directors. CPAs appointed by the Company regularly perform internal audits and hold discussions with the management.</p> <p>The internal audit unit has drafted the audit plan for next year after risk assessment and</p>	

Assessed Item	Implementation Status (Note 1)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Abstract Illustration	
<p>programs accordingly or entrusted a CPA to conduct the audit?</p> <p>(V) Does the company regularly hold internal and external training related to ethical corporate management?</p>	V		<p>included the item of "management of reporting illegal and unethical or dishonest behavior" in the audit, which is used to check compliance with the dishonesty prevention program.</p> <p>(V) In order to keep our employees informed of the code of ethics, the Company, in addition to publishing the relevant regulations on its official website, continuously invites well-known scholars, experts, or attorneys to offer education and training to increase Directors', managerial officers', employees', and substantive controllers' awareness, so as to allow them to fully understand the Company's determination, policies, prevention programs, and consequences of violation of the code of ethics.</p> <p>In 2022, APC Taipei / Linyuan Plant held training lectures on ethical issues, with 134 employees participating in the training, and the total training time is 353 hours. Details of courses are as follows:</p>	

Assessed Item	Implementation Status (Note 1)					Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies			
	Yes	No	Abstract Illustration						
			No.	Course Title	Hours	Person-time	Total hours		
			1	[Integrity Lecture] Norms and Case Analysis of Fair Trade Law	3	82	246		
			2	[Ethics Lecture]	2	48	96		
			3	[Ethics Lecture] Internet Copyright and Legal Use of Software	2	1	2		
			4	[Ethics Lecture] Trade Secrets Act Introduction and Case Analysis	3	1	3		
			5	[Ethics Lecture] Discussion on Human Resources and Personnel Labor Laws	3	2	6		
			Total				134	353	

Assessed Item	Implementation Status (Note 1)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Abstract Illustration	
<p>III. Implementation of the Company's whistleblowing system</p> <p>(I) Has the Company established a specific whistleblowing and reward system, set up convenient whistleblowing channels and designated appropriate personnel to handle investigations against wrongdoers?</p>	V		<p>(I) The Company's Board of Directors passed the amendments to the "Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct" on November 12, 2019 (Website: <a href="https://www.apc.com.tw/OthersPDF/APC_HandlingForIllegalImmoral.pdf">https://www.apc.com.tw/OthersPDF/APC_HandlingForIllegalImmoral.pdf</a>) The specific whistleblowing channels, incentive system, dedicated personnel, and whistle-blower protection are as follows:</p> <ol style="list-style-type: none"> <li>1. Whistle-blowing channels: <ol style="list-style-type: none"> <li>(1) Personal report: Face-to-face explanation.</li> <li>(2) Report via telephone: 02-26503783</li> <li>(3) Written report: Auditing Division, 7F., No. 37, Jihu Rd., Neihu Dist., Taipei City.</li> </ol> </li> <li>2. Incentive system: <p>Where a report is verified as true and its contribution generates significant economic benefits, the incident may be submitted to the General Manager to provide the reporter with</p> </li> </ol>	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies.

Assessed Item	Implementation Status (Note 1)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Abstract Illustration	
(II) Has the company established standard operating procedures for the	V		<p>appropriate rewards.</p> <p>3. Dedicated personnel:</p> <p>(1) Audit Committee: Accept reports from shareholders, investors, and other stakeholders.</p> <p>(2) Auditing Division: Accept reports from clients, suppliers, and contractors.</p> <p>(3) Human Resources Division: Accept reports from employees.</p> <p>4. Whistle-blower protection:</p> <p>Whistleblowers or persons involved in investigations shall be fully protected and the confidentiality of their identities and information provided shall be fully maintained, so that they will not be subjected to unfair treatment or retaliation. Where the whistleblower is an employee, the Company shall guarantee that the employee shall not sustain inappropriate treatment that may arise from the report.</p> <p>(II) The measures mentioned in the preceding paragraph specify the standard operating</p>	



Assessed Item	Implementation Status (Note 1)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Abstract Illustration	
<p>investigation of reports, follow-up measures to be taken after the investigation is completed, and the relevant confidentiality mechanism?</p> <p>(III) Has the Company set up protection for whistleblowers to prevent them from being subjected to inappropriate measures as a result of reporting such incidents?</p>	V		<p>procedures for investigating the case being exposed by the whistle-blower and the relevant confidentiality mechanism; where whistle-blower is anonymous or did not use his/her true name, or the content stated or the proof of origin provided is deemed necessary for investigation, the case may still be reported to the Chairman/General Manager before the case is handled and recorded as a reference for internal review. After a report is accepted, an investigation will be conducted for internal evidence. If it is proved to be true, the Company will handle it based on its illegal violation or the severity of violation in accordance with the disciplinary regulations and relevant laws.</p> <p>(III) The procedures above also specify that whistleblowers or persons involved in investigations shall be fully protected and the confidentiality of their identities fully maintained, so that they will not be subjected to unfair treatment or retaliation.</p>	

Assessed Item	Implementation Status (Note 1)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Abstract Illustration	
IV. Strengthening Information Disclosure Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	V		<p>The Company has disclosed relevant regulations and information on ethical corporate management on the Company's website (<a href="https://www.apc.com.tw/zh-tw/dirServices/frmServices2.aspx">https://www.apc.com.tw/zh-tw/dirServices/frmServices2.aspx</a>), which is available for employees at any time.</p> <p>The information related to ethical corporate management and the effectiveness of implementation is disclosed on the website and in the annual report (and MOPS simultaneously).</p>	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies.
<p>V. If the company has established its own Ethical Corporate Management Best Practice Principles in accordance with the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies, state the discrepancies between these principles and its implementation:</p> <p>The Company has established its Code of Ethical Conduct for Directors and Managerial Officers, the Ethical Corporate Management Best Practice Principles, the Procedures for Ethical Management and Guidelines for Conduct, the Code of Conduct for Employees Regarding Concurrent and Part-time Work, and the Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct. There is no material discrepancy during the implementation of these rules and regulations.</p>				
<p>VI. Other important information that facilitate the understanding of the implementation of ethical corporate management (such as review and amendment of the Company's Ethical Corporate Management Best Practice Principles):</p> <p>The Company has established relevant internal standards in accordance with the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies amended according to the competent authority's announcement and the Corporate Governance Best Practice Principles amended on August 4, 2022. The amendments of the Procedures for Ethical Management and</p>				

Assessed Item	Implementation Status (Note 1)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and reasons for such discrepancies
	Yes	No	Abstract Illustration	
Guidelines for Conduct were approved by the Board of Directors on November 2, 2022. The head of corporate governance shall regularly report to the Board of Directors at least once a year. The latest report was delivered to the Board of Directors on matters related to ethical corporate operation on November 2, 2022.				

Note : Regardless of whether "Yes" or "No" is selected, provide a brief description in the Summary column.

[Description of Revision]

In line with the amendments to the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, the items that the Company shall disclose when implementing ethical corporate management have been revised.

(VII) Methods of inquiry on the Corporate Governance Best Practice Principles and related regulations established by the Company:

1. The Company has established the following operating procedures:
  - (1) Articles of Incorporation
  - (2) Regulations Governing the Acquisition and Disposal of Assets
  - (3) Regulations Governing the Making of Endorsements / Guarantees
  - (4) Regulations Governing the Loaning of Funds to Others
  - (5) Rules of Procedure for Board of Directors' Meetings
  - (6) Regulations Governing the Evaluation of the Performance of the Board of Directors
  - (7) Codes of Ethical Conduct for Directors and Managerial Officers
  - (8) Regulations Governing the Election of Directors
  - (9) Employee Work Rules
  - (10) Procedures for Handling Material Inside Information
  - (11) Procedures for Ethical Management and Guidelines for Conduct
  - (12) Ethical Corporate Management Best Practice Principles
  - (13) Rules of Procedure for Shareholders' Meetings
  - (14) Rules Governing the Scope of Powers of Independent Directors
  - (15) Remuneration Committee Charter
  - (16) Audit Committee Charter
  - (17) Sustainable Development Best Practice Principles
  - (18) Sustainable Development Committee Charter
  - (19) Corporate Governance Best Practice Principles
  - (20) Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct
  - (21) Management Guidelines for Employee Complaint and Feedback Mailboxes
  - (22) Standard Operating Procedures for Handling Requests by Directors
  - (23) Human Rights Policy and Management Plan
  - (24) Corporate Governance Self-Evaluation Report

(25)Risk management policies and procedures

(26)Intellectual property Management plan

2. As of the publication date of this annual report, refer to the following for the Company's Corporate Governance Best Practice Principles and other relevant regulations:

(1) Corporate Governance section of the Market Observation Post System (<http://mops.twse.com.tw/mops/web/index>).

(2) Corporate Governance section under Investor Relations on the Company's official website (<https://www.apc.com.tw>)

(VIII)Other important information that can promote understanding of the Company's corporate governance operations:

The Company regularly performs audit of its subsidiaries, and regularly analyzes and reviews the financial and business information of its subsidiaries in accordance with the requirements for supervision and monitoring of subsidiaries stipulated in the "Regulations Governing Establishment of Internal Control Systems by Public Companies".

## (IX) Implementation of Internal Control System

### 1. Internal Control System Statement

Asia Polymer Corporation  
Statement on Internal Control System

March 3, 2023

According to the results from our self-evaluation, the Company shall make the following statements on our internal control system in 2022:

- I. The Company acknowledges that the establishment, implementation and maintenance of the internal control system are the responsibilities of the Company's Board of Directors and managerial officers, and thus the Company has established such a system. The objectives of the internal control system include achieving various objectives in business benefits and efficiency (including profitability, performance, and protection of assets and safety); ensuring the reliability, timeliness, transparency, and regulatory compliance of reporting; and providing reasonable assurance.
- II. An internal control system has inherent constraints. No matter how comprehensive its design may be, an effective internal control system is only capable of providing adequate assurance for achieving the above-mentioned objectives. In addition, the effectiveness of the internal control system may change with the environment and under different situations. Nevertheless, the Company's internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
- III. The Company determines whether or not the design and implementation of its internal control system is effective according to the items for determining the effectiveness of internal control systems as stated in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) Control Environment; (2) Risk Assessment; (3) Control Activities; (4) Information and Communication; and (5) Monitoring Activities. Each component includes a number of items. For more information on the above-mentioned items, please refer to the Regulations.
- IV. The Company has adopted the items for determining internal control systems in order to evaluate the effectiveness of its internal control system design and implementation.
- V. Based on the above results, the Company believes that the design and implementation of its internal control systems (including supervision and management of its subsidiaries), as of December 31, 2022, and the understanding of the level of goal achievement in regards to operational benefits and efficiency, as well as whether the reporting is reliable, timely and transparent and whether it complies with the relevant laws and regulations, is effective and can reasonably assure the accomplishment of the above-mentioned goals.
- VI. The Statement shall become the main content of the Company's annual report and prospectus, and shall be made public. Should the above-mentioned content contain illegalities such as fraudulent and hidden information, the Company shall assume legal liabilities involving Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.
- VII. The Statement was approved by the Board on March 3, 2023, where nine Directors agreed with the content of the Statement.

Asia Polymer Corporation

Chairman of the Board: Wu, Yi-Kuei

General Manager: Wu, Pei-Chi



2. Where CPAs are commissioned to audit the Company's internal control systems, the audit report prepared by the CPAs shall be disclosed: Not applicable
- (X) Any penalties imposed upon the Company or internal personnel by laws, or punishment imposed by the Company on internal personnel for violation of the Company's internal control system regulations, details on the punishment if it might have significant impact on the shareholders' equity or securities prices, major defects and corrective action thereof in the most recent fiscal year and as of the date of this annual report: None

(XI) Key resolutions adopted by the Shareholders' Meeting and the Board of Directors in the most recent fiscal year up to the publication date of this annual report

1. Shareholders' Meeting

Year of Meeting	Date of Meeting	Key Resolutions and Implementation
2022	2022/05/27	<p>The minutes of the Shareholders' Meeting were posted onto MOPS on June 15, 2022.</p> <p>The resolutions and their status of implementation are as follows:</p> <ol style="list-style-type: none"> <li>1. Approved the 2021 Account Book. Implementation status: Resolution passed.</li> <li>2. Recognition of the 2021 annual accounting book. Implementation status: Resolution passed. The distribution of cash dividends of NT\$1,781,231,757 to the shareholders, with August 5, 2022 as the base date, was completed on August 31, 2022.</li> <li>3. Deliberate on the amendment of the Regulations Governing the Acquisition and Disposal of Assets Implementation status: The resolution was passed and has been implemented according to the resolution passed by the Shareholders' Meeting.</li> <li>4. Re-election of nine Directors: Five Directors were elected—Wu, Yi-Kuei, Li, Kuo-Hung, Wu, Pei-Chi, Wu, Hung-Chu, and Ko, I-Shao. Four Independent Directors were elected—Chen, Ta-Hsiung, Shen, Shang-Hung, Cheng, Tun-Chien and Chen, Chine-Ping. Implementation status: In this Annual General Meeting, nine directors (including four Independent Directors) were elected with a term of office for three years, from May 27, 2022 to May 26, 2025. The nine Directors took office after this Annual General Meeting.</li> <li>5. Discussed the removal of the non-compete clause for newly appointed Directors Implementation status: Resolution passed.</li> </ol>



## 2. Board of Directors

Session (Year) of Meeting	Date of Meeting	Key Resolutions
2022 1st Meeting	2022/03/09	<ol style="list-style-type: none"> <li>1. Ratify the renewal of the three-year medium-term loan limit signed with Bank of China, Taipei Branch.</li> <li>2. Ratify the three-year medium-term loan limit signed with the Japanese company Mizuho Bank.</li> <li>3. Ratify the three-year medium-term loan limit signed with the Japanese company Mitsubishi UFJ Securities.</li> <li>4. Approved the 2021 Account Book.</li> <li>5. Approved the 2021 reward distribution plan for directors and employees.</li> <li>6. Approved the 2021 profit distribution plan.</li> <li>7. Approved the amendment of certain articles in the Regulations Governing the Acquisition and Disposal of Assets.</li> <li>8. Approved the election of Directors in the shareholders' meeting this year.</li> <li>9. Approved the recommendation to lift competition restrictions against newly-appointed Directors at the general shareholders' meeting.</li> <li>10. Approved matters related to the convening of the 2022 Annual General Meeting.</li> <li>11. Accept shareholders' proposals from March 20, 2022 to March 30 2022.</li> <li>12. Approved the 2022 evaluation of the independence of appointed CPAs</li> <li>13. Approved the appointment of the accountant of 2022.</li> <li>14. Approved the issuance of unsecured ordinary corporate bonds.</li> <li>15. Approved the issuance of the 2021 Statement on the Internal Control System.</li> <li>16. Approved the amendment to certain articles of the Corporate Social Responsibility Best Practice Principles and Corporate Social Responsibility Committee Organization Rules.</li> <li>17. Authorized the Chairman to sign and deliver short-term credit loan contracts and related documents with financial institutions.</li> <li>18. Approved donations to the USI Education Foundation.</li> </ol>
2022 2nd Meeting	2022/04/15	Approved the list of Director (including Independent Director) candidates with shareholding percentage exceeding one (1) percent at the Company.
2022 3rd Meeting	2022/05/05	<ol style="list-style-type: none"> <li>1. Approved the 2022 Quarter 1 Consolidated Financial Statements.</li> <li>2. The Chairman is authorized to change the meeting place of the 2022 shareholders' meeting in light of the COVID-19 outbreak.</li> </ol>

Session (Year) of Meeting	Date of Meeting	Key Resolutions
2022 4th Meeting	2022/06/02	<ol style="list-style-type: none"> <li>1. Nominated Mr. Wu, Yi-Kuei as the Chairman of the Company.</li> <li>2. Approved the appointment of three Independent Directors, namely Shen, Shang-Hung, Chen, Ta-Hsiung, and Cheng, Tun-Chien as the members of the Remuneration Committee.</li> <li>3. Approved the appointment of two Independent Directors, namely Cheng, Tun-Chien, and Chen, Chine-Ping, as the members of the Sustainable Development Committee of the Company.</li> </ol>
2022 5th Meeting	2022/08/03	<ol style="list-style-type: none"> <li>1. Approved the 2022 Quarter 2 Consolidated Financial Statements.</li> <li>2. Permitted managerial officers to engage in competitions.</li> <li>3. Passed the amendments to the Company's internal control system.</li> <li>4. Approve the amendment to certain articles of the Corporate Governance Best Practice Principles.</li> </ol>
2022 6th Meeting	2022/09/02	Permitted managerial officers to engage in competitions.
2022 7th Meeting	2022/11/02	<ol style="list-style-type: none"> <li>1. Ratified the three-year medium-term omnibus loan limit signed with DBS (Taiwan) Bank.</li> <li>2. Ratified the renewal of the three-year medium-term loan limit signed with Taipei Fubon Bank.</li> <li>3. Ratify the three-year medium-term loan limit signed with the Japanese company, Bank of Tokyo-Mitsubishi UFJ.</li> <li>4. Ratified short-term credit loan contracts and related documents signed with and delivered to financial institutions.</li> <li>5. Approved the 2022 Quarter 3 Consolidated Financial Statements.</li> <li>6. Approved the annual audit budget in 2023.</li> <li>7. Approved CPAs' remuneration for 2022.</li> <li>8. Approved the 2023 audit plan.</li> <li>9. Passed the amendments to the Company's internal control system.</li> <li>10. Approved the amendment to certain articles in the Rules of Procedure for Board of Directors' Meetings.</li> <li>11. Amendment to the Procedures for Handling Material Inside Information.</li> <li>12. Approved the amendment of certain articles in the Remuneration Committee Charter.</li> <li>13. Approve the amendment of certain articles in the Procedures for Ethical Management and Guidelines for Conduct.</li> <li>14. Permitted managerial officers to engage in competitions.</li> </ol>

Session (Year) of Meeting	Date of Meeting	Key Resolutions
2023 1st Meeting	2023/03/03	<ol style="list-style-type: none"> <li>1. Ratified the renewal of the three-year medium-term loan limit signed with Taishin International Bank.</li> <li>2. Ratified the renewal of the three-year medium-term loan limit signed with First Commercial Bank.</li> <li>3. Approved the 2022 Account Book.</li> <li>4. Approved the 2022 reward distribution plan for directors and employees.</li> <li>5. Approved the 2022 profit distribution plan.</li> <li>6. Approve the amendment to certain articles in the Articles of Incorporation.</li> <li>7. Approve the amendment to certain articles in the Rules of Procedure for Shareholders' Meetings.</li> <li>8. Approved the amendment of certain articles in the Regulations Governing the Election of Directors.</li> <li>9. Approved the recommendation to lift competition restrictions against directors at the Annual General Meeting.</li> <li>10. Approved matters related to the convening of the 2023 Annual General Meeting.</li> <li>11. Establish the period for acceptance of shareholders' proposals: March 26, 2023 to April 5, 2023</li> <li>12. Approved the Evaluation of the Independence and Eligibility of Appointed CPAs for 2023.</li> <li>13. Approved the appointment of CPAs for 2023.</li> <li>14. Approved the amendment to certain articles of the Sustainable Development Practice Principles.</li> <li>15. Approved the issuance of the 2022 Statement on the Internal Control System.</li> <li>16. Authorized the Chairman to sign and deliver short-term credit loan contracts and related documents with financial institutions.</li> <li>17. Approved donations to the USI Education Foundation.</li> </ol>

(XII) Dissenting opinions or qualified opinions on resolutions passed by the Board of Directors that are made by directors or supervisors, and are documented or issued through written statements, in the most recent fiscal year up to the publication date of this annual report:

No such situation at the Company in the most recent fiscal year up to the publication date of the Annual Report.

(XIII) Summary of the resignation and dismissal of the Company's Chairman, General Manager, Accounting Manager, Finance Manager, Head of Internal Audit, Head of Corporate Governance, and Head of Research and Development in the most recent fiscal year up to the publication date of this annual report:

No such situation at the Company in the most recent fiscal year up to the publication date of the Annual Report.

## V. Information on CPA Professional Fees

(I) If the non-audit fees paid to the CPAs, accounting firm and its affiliated companies exceeds one-fourth of the audit fees, the amount of audit and non-audit fees and the content of non-audit services shall be disclosed:

Unit: NT\$ 1,000

Name of CPA Firm	Name of CPAs	Audit Period	Audit Fees	Non-audit Fees	Total	Note
Deloitte & Touche	CPA Chiu, Cheng-Chun	2022	2,390	882 (Note 3)	3,272	
	CPA Chuang, Pi-Yu	2022				

Note 1: Please state the non-audit services: (e.g., tax compliance, assurance or other financial consulting services)

Note 2: Note: Where this Company replaces the CPA or accounting firm, the auditing periods of the former and successor CPA or firm shall be annotated separately. The reason for the replacement shall be provided in the Notes section accordingly. And disclose the audit and non-audit fees paid in order. Non-audit fees shall be accompanied by a note stating the content of their services..

Note 3: (1) Tax assurance, etc.: NT\$380 thousand.

(2) Consolidated system software maintenance fee: NT\$342 thousand.

(3) Consulting service, conversion of earnings into capital increase, capital verification, etc.: NT\$160 thousand.

- (II) Where the CPA firm was replaced, and the audit fees in the fiscal year, when the replacement was made, were less than that in the previous fiscal year before replacement, the amount of audit fees paid before/after replacement and reasons for paying this amount shall be disclosed:

The Company did not replace the CPA firm in 2022. Therefore, this section is not applicable.

- (III) Where accounting fee paid for the year was 10% (or more) less than that of the previous year, the sum, proportion, and cause of the reduction shall be disclosed:

The audit fees incurred to the Company in 2022 were not reduced by more than 10 percent compared to that in 2021. Therefore, this section is not applicable.

## VI. Information on Replacement of CPA

- (I) Regarding the former CPA: Not applicable  
(II) Information on the succeeding CPA: Not applicable  
(III) Former CPAs' reply to Item 1 and 2-3, Subparagraph 6, Article 10 of the Annual Accounting Standards: Not applicable

## VII. Where the Company's directors, general manager, managerial officer in charge of finance or accounting who has served in a CPA's accounting firm or its affiliated companies in the most recent fiscal year, the name, job title, and the accounting firm, or the affiliated company shall be disclosed: Not applicable.

VIII. Equity transfer or changes in equity pledged by the Company's directors, supervisors, managerial officers or shareholders with shareholding percentage exceeding ten percent in the most recent fiscal year up to the publication date of this Annual Report:

(I) Changes in shareholdings of directors, supervisors, managers and major shareholders

Title	Name	2022		For the year ended March 31, 2023	
		Increase (decrease) in number of shares held	Increase (decrease) in number of shares pledged	Increase (decrease) in number of shares held	Increase (decrease) in number of shares pledged
Major Shareholder	Union Polymer Int'l Investment Corp.	0	0	0	0
Director	Wu, Yi-Kuei (Representative of Union Polymer International Investment Corporation)	0	0	0	0
	Li, Kuo-Hung (representative of Union Polymer International Investment Corporation)	0	0	0	0
	Liu, Han-Tai (representative of Union Polymer Int'l Investment Corp.) (Dismissed on May 27, 2022)	0	0	N/A	
Shareholder	USIFE Investment Co., Ltd. (Appointed on May 27, 2022)	0	0	0	0
Director	Wu, Pei-Chi (Representative of USIFE Investment Co., Ltd.)	0	0	0	0
	Wu, Hung-Chu (Representative of USIFE Investment Co., Ltd.)	0	0	0	0
Shareholder	Tai Lien International Investment Co., Ltd.	0	0	0	0
Director	Ko, I-Shao (representative of Tai Lien International Investment Co., Ltd.)	0	0	0	0
Independent Director	Shen, Shang-Hung	0	0	0	0
	Chen, Ta-Hsiung	0	0	0	0
	Cheng, Tun-Chien	0	0	0	0

Title	Name	2022		For the year ended March 31,2023	
		Increase (decrease) in number of shares held	Increase (decrease) in number of shares pledged	Increase (decrease) in number of shares held	Increase (decrease) in number of shares pledged
	Chen, Chine-Ping (Appointed on May 27, 2022)	0	0	0	0
Chief Executive Officer	Wu, Yi-Kuei	0	0	0	0
General Manager	Wu, Pei-Chi	0	0	0	0
Deputy General Manager of Sales Department	Ming-Tsung Wu	0	0	0	0
Director of Corporate Governance	Chen, Yung-Chih	0	0	0	0
Director of Linyuan Plant	Hsieh, Wang-Chuan	0	0	0	0
Accounting Manager	Chen, Cheng-Shun	0	0	0	0
Finance Manager	Shih, Ju-Hsuan	0	0	0	0
Sales Manager	Tseng, Kuo-Lung	0	0	0	0

Note 1: Shareholders who hold more than ten (10) percent of the Company's shares should be noted as substantial shareholders, and listed separately.

Note 2: Counter parties involved in equity transfer or pledging of shares to related parties should be shown in the following table.

(II) Transfer of equity: Not applicable.

(III) Equity pledge information: Not applicable.

## IX. Information Regarding the Top 10 Shareholders in Terms of Number of Shares Held, Who Are Related Parties or Each Other's Spouses and Relatives within the Second Degree of Kinship:

April 1, 2023

Name (Note 1)	Current Shareholding		Shares held by spouse and minor children		Shareholding by Nominee Arrangement		Title or name and relationship of top 10 shareholders who are related parties or each other's spouses and relatives within the second degree of kinship (Note 3)		Notes
	Number of Shares	Percentage of Shares Held	Number of Shares	Percentage of Shares Held	Number of Shares	Percentage of Shares Held	Title (or Name)	Relationship	
Union Polymer International Investment Corporation Representative: Wu, Yi-Kuei	214,245,822	36.08%	—	—	0	0%	China General Terminal & Distribution	Have the same ultimate parent company	
	0	0%	—	—	0	0%	None	None	
Chunghwa Post Co., Ltd. Legal representative: Hong-Mo Wu	14,215,820	2.39%	—	—	0	0%	None	None	
	0	0%	0	0%	0	0%	None	None	
Tai Lien International Investment Co., Ltd. Representative: Ko, I-Shao	11,811,014	1.99%	—	—	0	0%	None	None	
	0	0%	0	0%	0	0%	China General Terminal & Distribution	Director	
JP Morgan Chase Bank Taipei Branch as custodian of Vanguard Group's Vanguard Emerging Markets Stock Index Fund Investment Account	5,519,340	0.93%	—	—	0	0%	None	None	
JP Morgan Chase Bank Taipei Branch as custodian of Vanguard Total International Stock Index Fund Investment Account, a series of Vanguard Star Funds	5,358,624	0.90%	—	—	0	0%	None	None	
China General Terminal & Distribution Corporation	5,290,482	0.89%	—	—	0	0%	Union Polymer International	Have the same ultimate parent company	
							Ko I-Shao	Director of China General Terminal &	



Name (Note 1)	Current Shareholding		Shares held by spouse and minor children		Shareholding by Nominee Arrangement		Title or name and relationship of top 10 shareholders who are related parties or each other's spouses and relatives within the second degree of kinship (Note 3)		Notes
	Number of Shares	Percentage of Shares Held	Number of Shares	Percentage of Shares Held	Number of Shares	Percentage of Shares Held	Title (or Name)	Relationship	
Representative: Chang, Hung-Chiang	0	0%	0	0%	0	0%	None	None	
Prudential Life Insurance Company of Taiwan Inc.	5,000,000	0.84%	—	—	0	0%	None	None	
TransGlobe Life Insurance Inc.	3,794,000	0.64%	—	—	0	0%	None	None	
Legal representative: Peng, Teng-Te	No information has been provided by the shareholder								
Taiwan Life Insurance Co., Ltd.	3,359,000	0.57%	—	—	0	0%	None	None	
Legal representative: Cheng, Tai-Ke	0	0%	0	0%	0	0%	None	None	
Citibank (Taiwan) as custodian of Dimensional Fund Advisors' Emerging Markets Core Portfolio Investment	3,267,858	0.55%	—	—	0	0%	None	None	

Note 1: All the top 10 shareholders should be listed. For institutional shareholders, their names and the name of their representatives should be listed separately.

Note 2: Shareholding percentage is calculated separately based on the number of shares held in the name of the person, his/her spouse and minors, and others.

Note 3: Relationships between the aforementioned shareholders, including juristic person shareholders and natural person shareholders shall be disclosed based on the financial reporting standards used by the issuer.

**X. Total Number of Shares and Total Equity Stake Held in any Single Enterprise by the Company, Its Directors and Supervisors, Managerial Officers, and Any Companies Controlled Either Directly or Indirectly by the Company**

Unit: shares; %; as of December 31, 2022

Investee (Note)	Ownership by the Company		Investments by Directors Supervisors, managerial officers and directly or indirectly controlled enterprises		Combined Investment	
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio
APC (BVI) Holding Co., Ltd.	11,342,594	100.00%	0	0.00%	11,342,594	100.00%
USI International Corp.	2,100,000	70.00%	900,000	30.00%	3,000,000	100.00%
APC Investment Corporation	20,000,000	100.00%	0	0.00%	20,000,000	100.00%
China General Plastics Corporation	46,886,185	8.07%	140,609,929	24.20%	187,496,114	32.27%
China General Terminal & Distribution Corporation	23,892,871	33.33%	0	0.00%	23,892,871	33.33%
Acme Electronics Corporation	6,056,623	3.31%	19,572,734	10.70%	25,629,357	14.01%
Taiwan United Venture Capital Corp.	3,080,866	8.33%	0	0.00%	3,080,866	8.33%
Swanson Plastics Corporation	12,266,779	7.95%	146,884	0.10%	12,413,663	8.05%
USI Optronics Corporation	5,972,464	9.20%	61,745	0.10%	6,034,209	9.30%
Ever Conquest Global Ltd.	170,475,000	40.87%	0	0.00%	170,475,000	40.87%

Note: Invested by the Company using the equity method

## Chapter 4. Financing Status

### I. Capital and Shares

#### (I) Sources of share capital

Year and Month	Par Value	Authorized Capital		Paid-in Stock Capital		Notes		
		Number of Shares	Amount	Number of Shares	Amount	Sources of share capital	Capital Increase by Assets Other than Cash	Others
2021.10	10	620,000,000 shares	NT\$ 6,200,000,000	593,743,919 shares	NT\$ 5,937,439,190	-	-	-

(Note): Approved by Letter Jing-Shou-Shang-Zi No.11001176720 dated October 13, 2021

Note 1: The annual data shall be updated as of the publication date of this annual report.

Note 2: The effective (approval) date together with the doc. No. should be added for any capital increase.

Note 3: Shares traded below par value shall be indicated in a clear manner.

Note 4: Capital increase by currency debts or technology should be stated, and the type and amount of assets involved in such capital increase should be noted.

Note 5: Shares traded via private placement shall be indicated in a clear manner.

Share type	Authorized Capital			Notes
	Issued Shares	Unissued Shares	Total	
REGISTERED COMMON STOCK	593,743,919 shares	26,256,081 shares	620,000,000 shares	Listed

Note: Please indicate whether the shares are issued by a company listed on the Taiwan Stock Exchange (TWSE) or the Taipei Exchange (TPEX) (Shares of which trading is restricted on the TWSE or those which are traded on the TPEX should be noted).

Information on the shelf registration system: N/A

## (II) Shareholder Structure

April 1, 2023

Shareholder Structure \ Quantity	Government Agency	Financial Institutions	Other Juristic Persons	Individual	Foreign Institutions and Natural Persons	Total
Number of people	0	5	264	72,289	177	72,735
Shares Held	0	15,067,872	259,054,737	256,881,385	62,739,925	593,743,919
Shareholding Ratio	0%	2.54%	43.63%	43.26%	10.57%	100.00%

Note: Companies primarily listed on the TWSE or the TPEX shall disclose the proportion of their shares held by investors from Mainland China. Investors from Mainland China refer to natural persons, corporations, organizations, other institutions or companies invested in areas other than Taiwan and Mainland China as defined in Article 3 of the Regulations Governing Investment of Mainland Chinese in Taiwan.

## (III) Shareholding Distribution Status

Ordinary shares:

April 1, 2023

Range of Shares	Number of Shareholders	Shares Held	Shareholding Ratio
1-999	36,344	4,791,453	0.81%
1,000-5,000	26,337	56,646,911	9.53%
5,001-10,000	5,068	37,387,301	6.30%
10,001-15,000	1,716	20,982,907	3.53%
15,001-20,000	1,031	18,439,098	3.11%
20,001-30,000	904	22,359,769	3.77%
30,001-40,000	364	12,732,546	2.14%
40,001-50,000	245	11,195,854	1.89%
50,001-100,000	408	28,038,648	4.72%
100,001-200,000	175	23,808,285	4.01%
200,001-400,000	72	19,513,138	3.29%
400,001-600,000	23	11,384,029	1.92%
600,001-800,000	6	4,414,713	0.74%
800,001-1,000,000	4	3,479,765	0.59%
1,000,001 and above (This range can be further classified where necessary)	38	318,569,502	53.65%
Total	72,735	593,743,919	100%

Preferred shares: None.

#### (IV) List of Major Shareholders

April 1, 2023

Name of major shareholder	Shares Shares Held	Shareholding Ratio
Union Polymer International Investment Corporation	214,245,822	36.08%
Chunghwa Post Co., Ltd.	14,215,820	2.39%
Tai Lien International Investment Co., Ltd.	11,811,014	1.99%
JP Morgan Chase Bank Taipei Branch as custodian of Vanguard Group's Vanguard Emerging Markets Stock Index Fund Investment Account	5,519,340	0.93%
JP Morgan Chase Bank Taipei Branch as custodian of Vanguard Total International Stock Index Fund Investment Account, a series of Vanguard Star Funds	5,358,624	0.90%
China General Terminal & Distribution Corporation	5,290,482	0.89%
Prudential Life Insurance Company of Taiwan Inc.	5,000,000	0.84%
TransGlobe Life Insurance Inc.	3,794,000	0.64%
Taiwan Life Insurance Co., Ltd.	3,359,000	0.57%
Citibank (Taiwan) as custodian of Dimensional Fund Advisors' Emerging Markets Core Portfolio Investment	3,267,858	0.55%

(V) Market price, net value, earnings, and dividends per share in the Most Recent two years

ITEM		Year	2022	2021	For the year ended March 31, 2023 (Note 8)
		Market price per share (Note 1)	Highest		40.45
Lowest			23.35	18.50	27.70
Average			33.47	37.90	28.98
Net Worth per Share (Note 2)	Before Distribution		23.94	26.04	24.71
	After distribution		22.74	23.04	-※
Earnings per Share (Note 3)	Weighted Average Shares		593,743,919	593,743,919	593,743,919
	Earnings per share before retrospective adjustment		2.44	5.22	(0.04)
	Earnings per share after retrospective adjustment		2.44	5.22	-
Dividends per share	Cash dividends		1.2※	3.00	-
	Stock dividends	Dividends from surplus earnings	-※	-	-
		Stock dividends appropriated from capital surplus	-※	-	-
	Accumulated unpaid dividends (Note 4)		0	0	-
Return on Investment	Price-to-earnings ratio (Note 5)		12.51	6.30	-
	Price-to-dividend ratio (Note 6)		25.43	10.96	-
	Cash dividend yield (Note 7)		3.93%	9.13%	-

※ Based on the profit distribution plan which has been approved by the Board of Directors but is et to be acknowledged by the Shareholders' Meeting.

※ Based on the profit distribution plan which has been approved by the Board of Directors

but is set to be acknowledged by the Shareholders' Meeting.

- \* If retained earnings or capital reserves were used for capital increase, market prices and cash dividends that were retroactively adjusted based on the number of shares after distribution shall be disclosed.

Note 1: List the highest and lowest market price of the common shares for each year and refer to the transaction value and transaction volume to calculate the average market price for each year.

Note 2: Please fill in data based on the shares issued by year-end and share allocation resolution of the Board of Directors or next annual shareholders' meeting for the subsequent year.

Note 3: If there is any retrospective adjustment required due to stock dividends, earnings per share before and after such adjustment shall be listed.

Note 4: If there is any condition in issuing equity securities that allows for an undistributed dividend for the year to be accumulated to subsequent years in which there is a profit, the Company shall separately disclose accumulated undistributed dividends up to that year.

Note 5:  $\text{Price/earnings ratio} = \frac{\text{Average closing price per share for the current fiscal year}}{\text{Earnings Per Share}}$

Note 6:  $\text{Price/dividend ratio} = \frac{\text{Average closing price per share for the current fiscal year}}{\text{cash dividend per share}}$

Note 7:  $\text{Cash dividend yield} = \frac{\text{Cash dividend per share}}{\text{average closing price per share for the current fiscal year}}$

Note 8: Net worth per share and earnings per share for the latest quarter up to the date of publication of the Annual Report as audited (reviewed) by CPAs shall be filled in. For all other columns, the Company shall fill information for the year up to the date of publication of the Annual Report.

## (VI) Dividend policy of the company and its implementation

### 1. Dividend policy stipulated in the Company's Articles of Incorporation

If the Company records a net income after taxes (NIAT) as indicated in its final annual accounts for the current fiscal year, the Company shall use its NIAT to cover cumulative loss in the previous fiscal year. If there is remaining balance, ten (10) percent of this balance has to be set aside as statutory reserves, while the

rest shall be regarded as distributable profit. This distributable profit shall then be combined with undistributed earnings that has been accumulated in previous fiscal years. Part of this combined amount shall be recognized as or transferred to special reserves as required by the law or the competent authority, while the remaining balance shall be regarded as cumulative distributable profit. The Board of Directors shall propose a profit distribution plan which is then submitted to the Shareholders' Meetings for approval. The Shareholders' Meeting shall retain all or part of the Company's profit based on its business performance.

In regards to the resolution on profit distribution, it has been decided that, due to the fact that the industry to which the Company belongs is in the maturity stage, and taking in account R&D needs and business diversification, dividends paid to shareholders shall not be less than ten (10) percent of distributable profit in the current fiscal year, where cash dividends shall not be less than ten (10) percent of the total dividends. However, no dividend shall be distributed if the distributable profit per share in the current fiscal year is less than NT\$0.1.

2. Dividend distribution to be proposed to the shareholders' meeting:  
Cash dividends: The allocation of NT\$712,492,702 from retained earnings in 2022 for the distribution of cash dividends, where a dividend of NT\$1.2 will be paid for every share, has been proposed. The proposal is still pending approval at the Annual General Meeting before the Chairman of the Board is given the authority to set the date for the distribution of cash dividends.
3. Any expected material changes to the dividend policy shall be further explained: Not applicable.



(VII) Effect on the Operating Performance and Earnings per Share of Distribution of Stock Dividends Proposed or Adopted in the Most Recent Shareholders' Meeting:

No financial forecast was prepared for year 2023. Therefore, there is no need to disclose forecast information.

ITEM	Year	For the year ended December 31, 2023 (Estimated)
Beginning paid-in capital		NT\$ 5,937,439,190
Distribution of stock and cash dividends in the current fiscal year	Cash dividends per share	NT\$ 1.2
	Number of shares distributed per share held due to capital increase from surplus earnings	-
	Number of shares distributed per share held due to capital increase by capital reserves	-
Change in operating performance	Operating Income	N/A
	Percentage of increase (decrease) in operating profit over the same period in the previous fiscal year	
	Net income after taxes (NIAT)	
	Percentage of increase (decrease) in NIAT over the same period in the previous fiscal year	
	Earnings per share:	
	Percentage of increase (decrease) in EPS over the same period in the previous fiscal year	
	Annual average return on investment (reciprocal of average annual price/earnings ratio)	
Pro forma earnings per share and price/earnings ratio	If capital increase from surplus earnings is entirely replaced by distribution of cash dividends	Pro forma earnings per share
		Pro forma average annual return on investment
	If capital reserves are not used for capital increase	Pro forma earnings per share
		Pro forma average annual return on investment
	If capital reserves are not used for capital increase and capital increase by retained earnings is replaced by cash dividend distribution	Pro forma earnings per share
		Pro forma average annual return on investment

Note: Distributions of dividends in 2022 is based on the earnings distribution plan approved by the Board of Directors on March 3, 2023.

1. The Company shall explain the basic assumptions for estimates and planned information.
2. Proposed earnings per share if capital increase from surplus earnings is entirely replaced by distribution of cash dividends =  $\frac{[\text{Net profit after taxes} - \text{interest expense arising from cash dividends} \times (1 - \text{tax rate})]}{[\text{Total number of shares issued at the end of the current year} - \text{number of shares allocated from earnings}^{**}]}$

Interest expense arising from cash dividends\* = Amount of capital increase from surplus earnings  $\times$  one-year general loan interest rate

Number of shares in earnings appropriation\*\*: The number of increased shares from the earnings appropriation in the previous year

3. Annual average price-to-earnings ratio = Annual average market price per share/Earnings Per Share reported in the annual financial statements

#### (VIII) Remuneration of employees, Directors and Supervisors:

1. Percentage or range of the remuneration of employees and directors as set forth in the Articles of Incorporation:
  - (1) Employee rewards: Employee rewards shall not be less than one (1) percent of the Company's profit in the current fiscal year. The above mentioned employee compensation can be distributed in the form of shares or cash. Compensation could be distributed to employees of the Company's subordinate companies when they meet certain conditions. Such conditions shall be set by the Board of Directors.
  - (2) Director rewards: Director rewards shall not exceed one (1) percent of the Company's profit in the current fiscal year.
2. The basis for estimating the amount of employee and director remunerations, for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

- (1) Basis for estimating employee rewards: To be calculated based on the condition that employee rewards shall not be less than one (1) percent of the Company's profit in the current fiscal year.
- (2) Basis for calculating the number of shares to be distributed as employee rewards: N/A
- (3) Accounting treatment for discrepancies between the actual and estimated distribution amount: Handled according to changes in accounting estimates.

3. Distribution of rewards approved by the Board of Directors:

- (1) Rewards for employees and directors shall be distributed in the form of cash or shares. If there is any discrepancy between the above mentioned amount and estimated amount of recognized expenses for the current fiscal year, the amount, causes and treatment of such discrepancy shall be disclosed:

Employee rewards: A total of NT\$ 18,309,474 was distributed in the form of cash.

Directors' remuneration: None.

There was no discrepancy between the amount of rewards to be distributed as approved by the Board of Directors and the recognized amount of rewards for employees and directors .

- (2) The amount of any employee remuneration distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial statements or individual financial statements for the current period and the total employee remuneration:

Not applicable as employee rewards were not distributed in the form of shares.

4. If there is any discrepancy between the actual amount of rewards distributed to employees and directors (including number and dollar amount of shares distributed, as well as share price) and the recognized amount of rewards for employees and directors in the previous fiscal year, the amount, causes and treatment of such discrepancies shall be stated:

(1) Employee rewards: The shareholders' meeting resolved to distribute a total of NT\$ 37,698,713 in employee rewards in cash.

(2) Directors' remuneration: None.

(3) If there is any discrepancy between the actual amount and the recognized amount of rewards for employees and directors in the previous fiscal year, the amount, causes and treatment of such discrepancy shall be noted:

There was no discrepancy between the actual amount and recognized amount of rewards distributed to employees and directors.

(IX) Repurchase of the Company's Own Shares: None

II. Issuance of Corporate Bonds: None

III. Preferred Shares: None.

IV. Overseas Depository Receipt: None

V. Issuance of Employee Stock Options: None

VI. New Restricted Employee Shares: None

VII. Status of New Share Issuance in Connection with Mergers and Acquisitions: None

VIII. Capital Utilization Plan and Its Implementation: None

## Chapter 5 Operations Overview

### I. Business Activities

#### (I) Scope of Business

##### 1. Main content and proportion of businesses

- (1) Manufacture, processing and sale of low-density polyethylene (LDPE).
- (2) Manufacture, processing and sale of medium-density polyethylene (MDPE).
- (3) Sale of high-density polyethylene (HDPE).
- (4) Sale of linear low-density polyethylene (LLDPE).
- (5) Manufacture, processing and sale of ethylene vinyl acetate (EVA) copolymer resins. Ethylene vinyl acetate copolymer.
- (6) Manufacture and sale of degradable plastic materials.
- (7) Machinery wholesaling.
- (8) Investment industry.
- (9) Trading of plastic raw materials.

In 2022, the Company's sales of low-density polyethylene resins accounted for 19% of its overall turnover while its sales of ethylene vinyl acetate resins accounted for approximately 81%.

The main business of its subsidiary, USI Trading (Shanghai) Co., Ltd is plastic raw material trading, and the revenue of this subsidiary is included in the operating income reported in the consolidated financial statements.; On the other hand, its other subsidiaries including APC (BVI) Holding Co., APC Investment Corporation and USI International Corp. engage mainly in investments, and their revenues are included in the non-operating income reported in the consolidated financial statements.

##### 2. Current products:

Low-density polyethylene resins: film-grade, injection molding-

grade and laminating film-grade products, as well as products for other uses (low crystallization point, microfiber or foaming).

Ethylene vinyl acetate resins: film-grade, foaming-grade, laminating film-grade, electric cable-grade and photovoltaic-grade products.

3. Plans for new product development:

High-speed laminating film-grade, high-viscosity pre-coating film-grade, hot-melt adhesive-grade and other special-grade ethylene vinyl acetate resins products.

(II) Industry Overview

1. Current state and development of the industry:

APC's LDPE/EVA production volume in 2022 was 130,120 MT which was a decrease of 6,008 MT from the 136,128 MT in 2021. The total sales volume was 132,353 MT which was a decrease of 3,342 MT from the 135,695 MT in 2021.

Based on the overall operating conditions in 2022, the average selling price of LDPE increase by around 1% compared with last year. Ethylene's feedstock costs are up about 9% compared with last year, causing the amount price margin to narrow down. In May 2022, the EVA market reached its peak. Subsequently, due to rising prices of raw materials, weakening demand for packaging films, and decreasing orders from shoe factories, the market price of EVA fell down in the middle of this year, and it was not stabilized until the end of the year. However, the average annual amount price of EVA rose about 5% from the same period last year.

The sales volume of LDPE in 2022 was 32,235 MT, down 4,058 MT compared with the previous year, both internal and external sales declined, the main reason was the first production line of LDPE off control shutdown at the beginning of the year. In addition, EVA profit was better and was bound to increase the proportion of EVA total production and sales; In terms of EVA, the sales volume reached 99,658 MT, an increase of 876 MT compared with the

previous year. Sales volumes of coating materials and photovoltaic materials increased slightly from the last year.

2. Relationship between upstream, mid-stream and downstream companies:

At present, the Company mainly sources its ethylene and vinyl acetate from CPC Corporation and Dairen Chemical Corp. Hence, the Company not only continues to maintain good relationships with these companies but also continuously develops overseas supply channels in order to ensure stable supply of ethylene and reasonable cost control for the Company. In terms of sales, we shall maintain parity with two domestic competitors and improve the sales and marketing of niche product to satisfy the demand of domestic and foreign customers. We shall also expand niche and high-value products to continue the expansion of operations and company profits.

3. Product development trends and competition:

The competition for general purpose LDPE raw materials remains fierce, as the Company is moving toward product differentiation to widen the profit margin and to stabilize LDPE sales, which are mainly for domestic sales. With the robust demand for solar packaging films, the Company's supply of high-quality solar-grade EVA products was tight. In order to increase the operating niche, the Company continued to advance the coating-grade EVA production technology and improve the quality volume. With the efforts of the business and development teams, the market expansion has achieved remarkable results. In addition, the Company actively engaged in the R&D and sales of cable-grade and high-end foaming-grade EVA to meet the scale of production and sales.

In the past two years, new EVA production capacity will be put into production in Mainland China. In addition to closely observing the impact of this pandemic on the EVA market, the Company will actively expand the non-China market to diversify risks, and

continue to attach importance to the development of high-value differentiated products while actively seeking low-cost raw material sources, to maintain the competitiveness in cost. Thus, the Company can adjust its production and sales arrangement flexibly in response to changes in market supply and demand, to give full play to the advantages of small but strong production lines, to reduce the impact of low-price competition in the industry, and strive to break through the status quo and open up new opportunities.

### (III) Overview of Technologies and R&D Work

1. Research and development (R&D) expenses in the most recent year up to the date of publication of the Annual Report  
2022: NT\$ 6,468 thousand.  
As of March 2023: NT\$1,560 thousand.
2. Successfully developed technologies or products in the most recent fiscal year up to the publication date of this annual report
  - Development of batch production technologies for coating-grade EVA product V18161 with low crystallization point
  - Development of production technologies for coating-grade high-speed laminating film-grade EVA product V18251 with low crystallization point
  - Development of production technologies for hot melt EVA product V080850 and V191501
3. R&D projects in the most recent fiscal year
  - (1) Project: Development of production technologies for hot melt EVA.
  - (2) Current progress of uncompleted R&D projects: 11%
    - Development of production technologies for hot melt EVA, EVA MI: 400; VA: 19%
  - (3) Additional R&D expenses required: approximately NT\$26,800 thousand.
  - (4) Estimated time for the completion of mass production: fourth



quarter of 2023.

(5) Main factors affecting the success of R&D in the future:

- \* Cultivation of R&D talents and technological inheritance.
- \* Ample market intelligence (such as quality requirements, product usage and price acceptance).
- \* Additional necessary equipment.

(IV) Long-term and short-term business development plans

Short-term plans:

1. As for LDPE, because USI Corporation and Formosa Plastics have not produced LDPE for a long time, the Company is the only domestic supplier of LDPE and it is mainly sold domestically. Due to the low ratio of supply to total domestic demand and the reputable domestic market for various products, we are able to satisfy our customers' demand for materials with reasonable profit margin. In addition, we will continue to develop various value-added industrial markets for domestic and overseas sales.
2. In terms of EVA, the company will continue to expand the sales volume of differentiated high-end foaming EVA products in the future, and will actively expand the market in other regions outside mainland China to diversify risks. In addition, developing high unit price hot melt EVA material to improve the technical level of products, while the existing production capacity to the best.

Long-term plans:

1. The Company will stabilize and continuously enhance the quality and specificity of its LDPE/EVA products so as to solidify and expand the market for such products, as well as increase its sales and profitability.
2. The Company will continue to seek opportunities for integration with upstream and downstream sectors and establish a strategic alliance with USI to gain more control over upstream materials and costs and expand the integrated upstream and downstream sales strategy.

## II. Analysis of Market and Production and Marketing Situation

### (I) Market Analysis

#### 1. Sales regions for major products:

Among the domestic manufacturers of polyethylene (PE) plastic raw materials, the Company and USI Corporation, as well as Formosa Plastics Corporation mainly manufacture low-density polyethylene (LDPE) and ethylene vinyl acetate (EVA) resins; on the other hand, USI Corporation and Formosa Plastics Corporation also manufacture high-density polyethylene (HDPE) and linear low-density polyethylene raw materials.

At present, domestic sales still dominate the sales of LDPE raw materials manufactured by the Company (accounting for approximately 78% of the overall LDPE sales this year), whereas the Company's EVA raw materials are mainly exported (accounting for approximately 95% of the overall EVA sales this year).

In 2022 the proportion of domestic sales to export sales was 23% to 77%, and the product were exported across China/Hong Kong, Vietnam, India, Indonesia, and Bangladesh.

In terms of export volume, LDPE accounted for approximately 7% of its export volume, whereas EVA constituted 93%. For domestic sales, LDPE and EVA sales made up 84% and 16% of its overall domestic sales volume, respectively.

#### 2. Market share:

Formosa Plastics Corporation and USI do not produce LDPE, and domestic LDPE demand depends on the Company and supply from sources of imports. LDPE domestic market of the company accounted for 14%, USI Corporation accounted for 2%, and by the company's OEM, Formosa Plastics company accounted for 1%, other import materials accounted for 83%; The domestic market of EVA is 16% for our company, 41% for USI, 24% for Formosa

Plastics, and 19% for imported materials. Since the total production volume of EVA and EVA among three domestic manufacturers have exceeded domestic demand, the Company not only continues its efforts to enhance its domestic market share, but also needs to enhance its expansion into the export market to achieve a balance between production and sales.

3. Supply and Demand in the Market and Possible Future Growth:

In recent years, the domestic demand for LDPE and EVA has been close to saturation. The overall domestic demand for LDPE and EVA has not changed much except for short-term factors such as the epidemic situation. In foreign markets, LDPE is still mainly used for general products such as packaging and daily necessities, and the demand growth mainly changes with the global GDP growth rate. In contrast, due to the increase in the demand for solar energy in recent years, the global average annual compound growth rate of EVA has reached 6-8%, and it is estimated that the global demand in 2022 should reach 4.7 to 5.4 million tons. In terms of EVA capacity, since the beginning of last year to now, a total of more than 600,000 tons of new capacity have been put into production in Asia. It is expected that by the end of this year, there will still be 450,000 tons of new capacity to be put into production. Fortunately, in terms of demand, the solar energy market outlook is optimistic in the next few years, and demand is expected to increase significantly. The company will pay close attention to future supply and demand changes and adjust the product mix accordingly.

4. Competitive Niches:

As the Company's business philosophy is "Solid Operation, Professional Management, Seeking Excellence and Serving the Society," our quality management focuses on non-stop improvement of product quality and continuous enhancement of service quality in order to provide customers with satisfactory operational quality. At present, the Company's specific strategies are to not only obtain

stable supply of ethylene from the Middle East, China, and even the United States over the long term in order to compensate for inadequate supply of ethylene from CPC Corporation, but also continuously maintain the strategic alliance with USI Corporation in order to provide product support to each other, as well as actively develop high-value LDPE/EVA products in order to achieve the goal of sustainable development.

5. Favorable and unfavorable factors affecting the Company's development prospects and corresponding countermeasures:

Favorable factors:

- (1) Long-term deep cultivation of domestic, mainland and Southeast Asian markets, good relationship with customers, high customer loyalty and brand awareness.
- (2) The Company's production lines involve autoclave-type processes, and are able to produce high-end LDPE/EVA products to meet customized requirements for a small quantity of diverse products in the market.
- (3) The Company has accumulated excellent experience in new product development.
- (4) The Company has formed a strategic alliance with USI to provide mutual support for insufficient products so as to maximize the benefits of its production capacity.
- (5) The Company's EVA production equipment upgrade is almost complete.
- (6) The Company focuses on its own main business and R&D of new products to expand the market.

Unfavorable factors:

- (1) Insufficient supply of ethylene requires the Company to make purchase from foreign sources. The price of ethylene is fluctuated in line with the international market, thus are difficult to manage.

- (2) The low production capacity of the production line increases unit production costs.
- (3) Low import tariffs for LDPE/EVA products in Taiwan have resulted in competition from low-priced imported materials from new production capacities in foreign countries. Not only has the market been divided, the sales price of LDPE/EVA products will also be indirectly affected and cannot be increased.
- (4) For LDPE/EVA, Taiwan has not joined the ASEAN free trade zone, and countries have signed the RCEP agreement with each other. The resulting trade barriers and unfair competition in the export market will severely affect sales volume and prices.

Response strategy: In order to keep abreast of the stable and low-cost sources of ethylene and the ethylene transportation and inventory turnover, the Company will invest in Gulei Petrochemical's project and the supporting facilities for ethylene storage tanks and underground pipelines of the Port of Kaohsiung Intercontinental Container Terminal Phase II Petrochemical Oil Center. In addition, the Company will continue to improve the stability and operation rate of the existing production equipment to improve product production and quality to reduce production costs, to win over the market. Furthermore, it is committed to the reasonableness of product prices and customer services, while developing high value-added products in line with market trends and expanding the export markets of new developing countries, with a view to gaining a stable long-term client base, thereby increasing operating benefits.

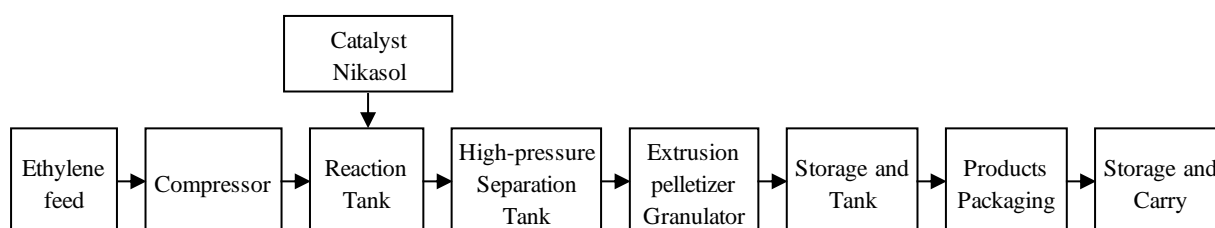
## (II) Usage and Manufacturing Processes for Main Products

### 1. Important uses of major products

The Company's low-density polyethylene (LDPE) plastic pellets can be divided into the following categories according to their

applications - film-grade, injection molding-grade and laminating film-grade. Film-grade LDPE plastic pellets are mainly used for processing various packaging films, whereas injection molding-grade LDPE plastic pellets are mainly used for processing and manufacturing artificial flowers, various types of household plastic products and electronic components and parts. On the other hand, laminating film-grade LDPE plastic pellets are mainly used as a laminating film for various types of packaging films, as well as various types of protective films. Another product, ethylene vinyl acetate (EVA) copolymer resin, is mainly used in the production of foam shoes, sports equipment, various types of films, solar cell packaging films, hot-melt adhesives, protective films, as well as wire and cable insulation shields due to its high toughness and flexibility.

## 2. Production processes for major products LDPE and EVA



### (III) Supply Situation for Major Raw Materials

#### 1. Ethylene

The Company has signed an ethylene purchase contract with CPC Corporation. However, CPC Corporation's supply of ethylene is inadequate as the contract is not able to meet the Company's demand for ethylene. USI Corporation has been commissioned to import ethylene in order to compensate for the shortfall in the ethylene supply.

#### 2. Vinyl Acetate Monomer (VAM)

As the Company produces ethylene vinyl acetate copolymer resins, the Company purchases vinyl acetate monomers (VAM) from Dairen Chemical Corp. on a regular basis while importing some from abroad

(IV) Name of customers who account for more than ten (10) percent of the total purchases (or sales) of goods and their amount and proportion of purchases (or sales) of goods in any one of the most recent two fiscal years, and reasons for the increase or decrease in purchases or sales of goods

1. List of suppliers with purchase amount exceeding 10% of total purchase, the purchase amount and proportion, and reasons for increase or decrease

List of Major Suppliers in the Most Recent 2 Years Unit: NT\$ 1,000

ITEM	2022				2021				2023 up to the end of the first quarter (Note 2)			
	Name	Amount	Proportion to Net Purchase for the Year [%]	Relationship with the Issuer	Name	Amount	Proportion to Net Purchase for the Year [%]	Relationship with the Issuer	Name	Amount	Percentage to net purchase in the year up to the first quarter (%)	Relationship with the Issuer
1	CPC Corporation	2,182,895	44.05	None	CPC Corporation	2,277,581	48.31	None	CPC Corporation	418,974	47.54	None
2	Dairen Chemical Corporation	1,057,100	21.33	None	Dairen Chemical Corporation	935,703	19.85	None	Fujian Gulei Petrochemical Co., Ltd.	197,585	22.42	None
3	Fujian Gulei Petrochemical Co., Ltd.	698,591	14.10	None	Mitsubishi	529,021	11.22	None	Dairen Chemical Corporation	147,640	16.75	None
4	Others	1,016,694	20.52	-	Others	971,931	20.62	-	Others	117,036	13.29	-
	Net purchase	4,955,280	100.00	-	Net purchase	4,714,236	100.00	-	Net purchase	881,235	100	-

Note 1. List the name of suppliers who account for more than ten (10) percent of the total purchases of goods and their amount and proportion of purchase of goods in the most recent two fiscal years. However, if the name of suppliers or counter parties who are individuals or non-related persons cannot be revealed due to contractual agreements, their codes shall be indicated.

Note 2. If, before the date of publication of the annual report, there is any financial data for the most recent period of a company whose shares are listed on a stock exchange ("listed company") or whose shares have been approved for trading on an over-the-counter market and attested or reviewed by a CPA, the financial data shall also be disclosed therewith.

Reasons for the increase or decrease: In 2022, the Company's purchase amount from Fujian Gulei Petrochemical Co., Ltd. increased due to an increase in the purchase volume, while the purchase amount from Mitsubishi decreased due to a reduction in the purchase volume.

2. List of customers with sales amount exceeding 10% of total sales, the sales amount and proportion, and reasons for increase or decrease:

List of Sales Customers in the Most Recent 2 Years Unit: NT\$ 1,000

ITEM	2022				2021				2023 up to the end of the first quarter (Note 2)			
	Name	Amount	Proportion to Net Sale for the Year [ % ]	Relationship with the Issuer	Name	Amount	Proportion to Net Sale for the Year [ % ]	Relationship with the Issuer	Name	Amount	Percentage to net Sale in the year up to the first quarter [ % ]	Relationship with the Issuer
1	Customer A	1,436,744	14.64	Note 3	Customer A	1,674,163	17.50	Note 3	Customer A	207,333	13.21	Note 3
	Others	8,378,588	85.36	-	Others	7,891,650	82.50	-	Others	1,361,844	86.79	-
	Net sales	9,815,332	100.00	-	Net sales	9,565,813	100.00	-	Net sales	1,569,177	100	-

Note 1. Listed the name of the customers and the gross sales amount and ratio for those that take up more than 10% of the total sales amount in the most recent two years. However, for customers whose name are not permitted to be disclosed due to contract or the counterparts is an individual who is not an interested party, a code may be used.

Note 2. If, before the date of publication of the annual report, there is any financial data for the most recent period of a company whose shares are listed on a stock exchange ("listed company") or whose shares have been approved for trading on an over-the-counter market and attested or reviewed by a CPA, the financial data shall also be disclosed therewith.

Note 3. Client A is the parent company of a main shareholder and an affiliate with the same chairman. The sales amount to Client A decreased in 2022 because of the reduction of the sales volume.



(V) Table of Production Volume and Value for the Recent 2 Years

Unit: mt/ NT\$ 1,000

Production Volume and Value	Year	2022			2021		
	Main Products	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Low-density polyethylene plastic pellets	150,000	33,651	1,422,735	150,000	37,249	1,450,332	
Ethylene-vinyl acetate resin		96,469	4,930,002		98,879	4,501,180	
Total	150,000	130,120	6,352,737	150,000	136,128	5,951,512	

Note: Part of the Company's production lines can alternately produce low-density polyethylene plastic pellets and ethylene vinyl acetate resins.

(VI) Sales Volume and Value for the Recent 2 Years

Unit: mt/ NT\$ 1,000

Sales volume and value	Year	2022				2021			
	Main Products	Domestic sales		Exports		Domestic sales		Exports	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Low-density polyethylene plastic pellets	25,188	1,486,785	7,047	404,766	28,790	1,690,671	7,503	418,892	
Ethylene-vinyl acetate resin	4,959	412,135	94,698	7,487,536	6,371	483,071	92,411	6,941,190	
Others	0	0	461	24,110	0	0	619	31,989	
Total	30,147	1,898,920	102,206	7,916,412	35,162	2,173,742	100,533	7,392,071	

### III. Employees Information for the Recent Two Years Up to the Date Of Annual Report Publication

Year		2022	2021	For the year ended March 31, 2023
Number of Employees	Indirect Labor	84	74	83
	Operator	154	148	154
	Total	238	222	237
Average Age		44.49	45.17	44.39
Average Service Year		13.86	15.02	13.82
Education Distribution	Doctor/ Master	16.81%	16.22%	16.88%
	University	51.02%	47.30%	51.28%
	Junior College	14.10%	15.32%	14.53%
	Senior high school/higher vocational school	16.39%	19.36%	15.62%
	Below high school	1.68%	1.80%	1.69%

### IV. Disbursements for Environmental Protection

- (I) Total amount of losses (including compensation and violations of environmental protection regulations in the results of environmental protection audits, the date of the penalty, penalty document number, articles in regulations violated, contents of violation, and contents of penalties) and penalties incurred due to environmental pollution in the most recent fiscal year up to the publication date of this annual report, and disclose the estimated amount arising both at present and in the future and the corresponding countermeasures:

Date of Disposal	Unit of Disposal	No. of Disposals	Date of Violation	Laws violated	Disposals Amount	Facts of Violation
2022/5/5	Kaohsiung City EPA	Kaohsiung City Environmental Protection Bureau Official Letter No. Kong-Chu. 20-111-040024	2022.3.28	Item 1, Paragraph 1, Article 32 of the Air Pollution Control Act	225,000	On March 28, 2022, due to a power outage accident on March 3, 2022, the entire factory was shut down. During the start-up operation of the second production line, the prepared catalyst added to the tank deteriorated for being stored for too long, which resulted in a severe reaction during the injection of the catalyst, caused the pressure in the Reactor R-1201 to rise suddenly. Besides, the rupture disk of the safety device was activated, and the obvious granular pollutants were scattered in the air.
2022/12/28	Kaohsiung City EPA	Kaohsiung City Environmental Protection Bureau Official Letter No. Kong-Chu. 20-111-120038	2022.8.1	Article 34 (4) of the Air Pollution Control Act and Article 5 of the Measures for Appointment and Management of Specialist Units or Personnel for Air Pollution Control	200,000	On August 1, 2022, the Environmental Protection Bureau inspected the appointment of specialist personnel. It was found that the Director of the Work Safety Office served as a Class A air pollution control specialist and a Class A safety and health business supervisor.

(II) Corresponding countermeasures (including improvement measures) and possible expenditures:

1. Improvement plan for preventing reactor rupture:

(1) The catalyst which is stored for 10 days and not used needs to be tested. If it is not used for 14 days, it will be unloaded and stored in a frozen warehouse for subsequent processing to avoid spoilage to impede production.

(2) Education and training are carried out, and personnel training is strengthened.

2. Major environmental expenditure in the most recent year and as of the publication of the annual report:

Unit: NT\$ 1,000

Pollution Prevention Equipment Installed or Expenditure Content	2022
L3 wastewater system drainage pipeline blockage replanning preparation project	415
RTO DP-12/DP-13 Throttle Replacement project	401
RTO-6601 A/B Tank heat storage material replacement project	2,495
2022 CUI inspections and insulation project	6,847
Purchase volatile organic compounds (VOC) detector	534
VOC improvement in blowing bag room	585
Total	11,277

3. The Company's expected environmental protection expenditures in 2023 are as follows:

Unit: NT\$ 1,000

Proposed Pollution Prevention Equipment or Expenditure	2023
Supplementary integrated equipment for mixed direct-fired boilers	168,800
Supplementary emergency discharge system of the reactor in L1	276,000
2023 CUI inspections and insulation project	11,500
Purchase of spare parts for reactors at no. 1, 2 lines	11,000
Total	467,300

- (III) The Company's response to the implementation of Restriction of Hazardous Substances Directive (RoHS) in European Union:

The Company's products are tested according to the FDA inspection standards in the U.S., and the Company performs other food safety inspections according to customer requirements. In other words, the Company applies stricter requirements to its products than RoHS. However, in order to comply with European Union's requirements, the Company sent its products to undergo such testing, and has successfully obtained RoHS compliance and certification.

## V. Labor Relations

- (I) Employee Benefit Plans, Continuing Education, Training, and Retirement Systems and the Status of Their Implementation, and the Status of Labor-management Agreements and Measures for Preserving Employees' Rights and Interests:

### 1. Employee benefits

- (1) In addition to labor insurance and health insurance, the Company also purchases group insurance for employees including their families, as well as travel insurance for employees who often engage in business travels, so as to adequately meet employees' needs for various types of insurance.
- (2) The Company organizes regular health checkups for its employees and pays close attention to their health.
- (3) An employee welfare committee has also been established to set up and promote various welfare measures including annual staff trips, marriage and funeral allowances, lunar new year benefits, birthday gifts, club activities, and other welfare measures. The Employee Welfare Committee is responsible for the custody and use of the employee welfare fund.
- (4) According to the Company's Articles of Incorporation, if the Company posts a net profit in the current year, employee rewards shall not be less than one (1) percent of the Company's

net profit for the current year, while performance bonus and year-end bonus shall also be distributed based on the Company's operating performance and individual performance.

## 2. Employee education and training

- (1) The Company has always paid serious attention to employee education and training. Thus, the Company has formulated a set of standards for employee training procedures, as well as implemented various learning methods, including pre-employment training, on-the-job training, work instructions, or online learning based on the training needs of individual employees and departments in order to enhance employees' qualities and skills.
- (2) In order to combine both employee training and promotion, the Company has specifically established general education courses for promotion in order to motivate employees to learn and study actively. Employees must complete the prescribed courses before they can be officially promoted.
- (3) For employees who demonstrate a strong willingness to learn and develop their potential, the Company provides grants for further education in domestic universities, which are supplemented with career adjustments in their respective positions in order to cultivate leaders required by enterprises.
- (4) Employee training is well documented and each employee shall attend at least eight hours of training a year, which is taken into account in the performance appraisal.
- (5) At the end of each course, the Company conducts employee opinion surveys and prepares review reports. Satisfaction surveys will also be conducted at the end of each year to collect employees' opinions and recommendations on employee training as a reference for improving training.
- (6) The Company's employee training expenditure in the most recent fiscal year:

The training items for 2022 are listed in the Appendix section, and the Company's annual employee training expenditure was NT\$1,438 thousand.

Training Name	Training Participant	Training Name	Training Participant
Forklift Operations Re-training	Repair Section	Radiation Training (Video)	Chiu, Chin-Hui
Acetylene Operator Re-training	Kun-Cheng Su/Chin-Fu Huang	General Education Courses of the Group's Products - Recycled Plastic/Anti-rust Coating Materials	Employees at the Linyuan Plant
Delta V Configuration Training	Pan, Hsin-Hung	Re-Training of Air Pollution Prevention Specialists	Employees at the Linyuan Plant
ISO-14064 Greenhouse Gas Inspection Kickoff Meeting	Employees at the Linyuan Plant	Re-training for Specialist Personnel of Sewage Disposal	Gong, Shih-Hung
PSM Audit	Liao, Wen-Shih/Kuo, Hao-Sheng	Recognition of Contracting Relationship in the Occupational Safety Law	Work Safety Office
Re-training for Security Inspector	Lin, Shin-Wei	High-pressure gas-specific equipment operation	Employees at the Linyuan Plant
Re-training for Operation Supervisors of Specific Chemical Substance	Lu, Chung-I/Li, I-Ta	On-the-job Training for Specialist Personnel of Health Risk Assessment	Hsu, Chun-Wei
Re-training for Fire Prevention Management Personnel	Hsu, Ting-Hsiang	Re-training of Class B boiler operation	Employees at the Linyuan Plant
Process Safety Assessment Personnel	Kuo, Hao-Sheng	Type 1 Pressure Vessel Operation Re-training	Employees at the Linyuan Plant
Re-training of high-pressure gas operations supervisors	Li, I-Ta	Level-2 Theory of Cathodic Corrosion-resistant Underground Pipelines	Li, Wei-Te
MI Training - Corrosion Loop/Suitability Assessment	Inspection Course	Operation of 3-ton and above fixed crane	Electrical Section
Pipeline Flange Sealing Operation	Li, Wei-Te	Emergency Training for Fire Commanders	Employees at the Linyuan Plant
Continuing Training of Radiation Protection	Electrical Section	Supervisor training on dust operations	Liao, Chi-Chin
Re-training for Fire Prevention Management Personnel	Lin, Shin-Wei	Training for Emergency Personnel (Technical Level) of Toxic Materials	Synthesis Section
Introduction to Vibration Analysis Course	Li, Wei-Te	Business Lecture of Air Pollution Prevention Specialists	Hsu, Chun-Wei
Re-training for Specialist Personnel of Waste Disposal	Hsu, Chun-Wei	Deterioration of Equipment Corrosion Mechanism	Repair Section
Industrial Joint Defense and Emergency Response - Unit Operation Simulation	Employees at the Linyuan Plant	ISO 18436-2 Level 2 Training and Certification of International Vibration Analyst	Li, Wei-Te
Supervisor re-training on dust operations	Li, I-Ta	Study on Labor Act for HR Personnel	Chou, Wen-Hsien/Hsu, Wen-Ching
Operation re-training of fixed crane	Repair Section	Introduction to Metal Valve API and Low Fugitive Testing	Employees at the Linyuan Plant
Drill of emergency personnel for underground pipelines in 2022	Employees at the Linyuan Plant	2022 Group Plants' Technical Exchange Meeting	Employees at the Linyuan Plant
Type 1 Pressure Vessel Operation Re-training	Employees at the Linyuan Plant	Practical Training Course for ESG Report	Pan, Hsin-Hung
Introduction to Video Conference Operations	Manufacturing Methods Section	2022 Labor Education	Employees at the Linyuan Plant

Training Name	Training Participant	Training Name	Training Participant
Re-training for Supervisor of Oxygen-Deficient Operations	Employees at the Linyuan Plant	LOPA Training Course for Layer of Protection Analysis	Employees at the Linyuan Plant
Operating Instruction to Training Management Personnel of System	Chou, Wen-Hsien/Hsu, Wen-Ching	Operation in Limited Space (Training for On-the-job Supervisor of Oxygen-Deficient Operations)	Repair Section
Re-training of Organic Solvent Operations Supervisors	Employees at the Linyuan Plant	Re-training for Management Personnel of Pipeline Excavation	Engineering Course
Boiler Operation Re-training	Huang, Chun-Lin	Explosion-proof Electrical Inspection and Installation Practice	Electrical Section
Type 1 Pressure Vessel Operation Re-training	Huang, Chun-Lin	Health lecture "Take A Good Nap"	Employees at the Linyuan Plant
Industrial Joint Defense and Emergency Response - Operation Simulation	Employees at the Linyuan Plant	Promotion Meeting on the Prevention of Hazards from Confined Space and Hypoxic Dangerous Operations	Machine Repair/Work Safety Office
Retraining for Nursing Staff of Labor Health Service	Yeh, Hsueh-Mei	Re-training for Supervisors of Specific Chemical Operation	Yen, Hung-Wen
First Aid Personnel Re-training	Li, I-Ta/Yen, Hung-Wen	Continuing Training Class for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges	Chen, Cheng-Shun
8890GC Basic Operation and Maintenance	Wu, Yu-Ting	Regulation Analysis and Key Audit Points of the Board of Directors and Functional Committees (Audit, Remuneration)	Chuang, Chia-Fang
Training of Practical Fire Extinguishing	Work Safety Office	Under the tide of climate change and sustainable development, explore the impact on internal control of enterprises and countermeasures from the perspective of ESG risks	Chuang, Chia-Fang
2021 New GRI Instruction/Essentials for Writing the 2022 ESG Report	Pan, Hsin-Hung	How to Adjust the Internal Control System in Line with the New ESG Standards	Lin, Chia-Huei
Health Lecture on "Dementia"	Employees at the Linyuan Plant	Regulations and Practical Analysis on Capital Loan, Endorsement Guarantee, and Acquisition and Disposal of Assets	Lin, Chia-Huei
2022 Processing Safety Achievements Presentation and Smart Disaster-proof Application Practice Forum	Lin, Shih-Chuan	Lecture On the Prevention of Illegal Violations in the Workplace	All staff
Common Problems and Precautions for Civil Engineering Contracting	Chuang, Chia-Fang/Lin, Chia-Huei	Introduction to Metal Valve API and Low Emission Testing	Lin, Chia-Huei
Recognition of Contracting Relationship in the Occupational Safety Law	Chuang, Chia-Fang/Lin, Chia-Huei	General Education Courses of the Group's Products - Recycled Plastic/Anti-rust Coating Materials	Chuang, Chia-Fang/Lin, Chia-Huei
Continuing Education Course for Directors and Supervisors: Risks and Opportunities of Climate Change and Net Zero Emission Policies for Business Operations	Chen, Cheng-Shun	Introduction to the Debate over Corporate Management Rights and the Trial Laws for Commercial Events	Chen, Cheng-Shun
Lecture On the Prevention of Illegal Violations in the Workplace	All staff	Questions for Influence Workshop	All staff
Final Battle for Digital Transformation: Counterattack of	All staff	Talent Selection (Skilled in Talent Identification- Tactics in	All staff



Training Name	Training Participant	Training Name	Training Participant
Meta and Web 3.0		Recruitment Interviews)	
Digital Learning Platform of Common Wealth Learning College in 2022	All staff	Guiding Questions and Level Listening Practice	All staff
Crisis under the Iceberg: Exploring the Key to Corporate Operations from the Digital Perspective	All staff	Goal Setting and Plan Implementation	All staff
PSM General Education Course	All staff	Study on Labor Act for HR Personnel	All staff
Net Zero Carbon Emission Strategy - Development of Geothermal Energy and Carbon Sequestration Technology	All staff	2022 Energy Camp Achievement Presentation Conference of Alsco	All staff
Group Product General Course	All staff	Management of Face-to-face Performance Interview	All staff
Effective Communication Practice	All staff	Skills Training for Successful Brief Reports	All staff
Norms and Case Analysis of Fair Trade Law	All staff	Workflow Improvement and Optimization	All staff

### 3. Pension system and its implementation

The retirement of employees of the company shall be handled in accordance with regulations of labor standards Law. The retirement reserve shall be deposited into a special account of the Bank of Taiwan at a monthly rate of 10% of the total payroll expense, and a labor retirement reserve supervision committee shall be set up to manage and supervise. In addition, according to the Provisions of the Workers' Pensions Ordinance, the company will contribute 6% of the total salary of employees under the new system to individual pension accounts every month.

### 4. Labor-management agreements and measures for preserving employees' rights and interests

In order to maintain good labor relations, the company is ready to communicate with industrial union cadres, and set a suggestion box, so that employees can fully reflect their opinions.

5. Financial information transparency related personnel, who have obtained relevant licenses specified by the authority:

Department	Name	Related Certification
Accounting Division	Chen, Cheng-Shun	Passed the Accountant Examination in the 2008 Advanced Examination for Professional and Technical Personnel held by the Ministry of Examination Certificate No.: (97) Chuan Kao Hui Tzu No. 000012
		Continuous Studies registration seal for Accounting Supervisor of Securities Issuers, Accounting Research and Development Foundation registration seal (September 15, 2022 - September 16, 2022)
Auditing Division	Lin, Chia-Huei	Certified Internal Auditor (CIA) Certificate No.: Chi Hsieh Cheng Tzu No. 1060022
		Internal Audit Association of the Republic of China Certificate No.: Chi Hsieh Bei Cheng Fa Tzu No. 1092979
		Computer Audit Association Certificate No.: Tien Hsieh Cheng Tzu No. 1090869

6. Employees' code of conduct or ethics

In accordance with the Labor Standards Act and relevant laws, employees' work rules and various management systems (described below) have been established in order to maintain workplace discipline and order among employees.

- (1) Every employee is given an Employee Work Rules Handbook which specifies the behavior or work ethic of employees, including employment, dismissal, working hours, vacation, leave, rewards and punishments, performance appraisal, retirement and welfare.
- (2) Pre-employment training for new employees covers basic education on ethics, environmental protection, occupational safety and health management.
- (3) Signing of Letter of Undertaking by employees: This document establishes employees' commitment towards maintaining the confidentiality of information regarding the Company's tangible and intangible operating assets, and prevents employees from

infringing on the interests of the Company.

- (4) The Codes of Ethical Conduct for Directors and Managerial Officers are disclosed on the Company's website.

Please refer to the Company's website for the Employee Work Rules: <http://www.apc.com.tw> Corporate Governance section under Investor Relations.

7. Protective measures for the work environment and the personal safety of employees
  - (1) The Company upholds the spirit of continuous improvement and the pursuit of perfection. Apart from continuously investing in hardware facilities to enhance pollution prevention and fire safety equipment so as to directly reduce pollutant emissions and increase production safety, the Company has also incorporated an environmental management system (ISO 14001) and an occupational health and safety management system (ISO 45001) to set up an excellent management system through Plan, Do, Check and Act (PDCA), thereby providing employees with a safe and healthy work environment. With regard to the legal environment, the Company has actively initiated the certification procedures for the new Occupational Safety and Health Management System to strengthen occupational safety and health management, enhance corporate image, pay attention to and comply with international development trends, and respond to increasingly rigorous legal requirements. We have implemented actions for improving occupational safety and health management performance and reducing risks.
  - (2) With regard to employees' personal safety protection, the Company not only provides employees with personal protective equipment such as goggles, earplugs and earmuffs, as well as vertical fall arresters, but also continuously offers training related to employee safety, with hopes that manufacturing equipment can run safely in plants, thereby achieving production goals in a smooth manner

- (II) List the losses suffered due to labor disputes in the most recent fiscal year up to the publication date of this annual report, and disclose the estimated amount for current and possible future occurrences, and response measures. If the amount cannot be reasonably estimated, clarify the reason:

Labor relations in the Company are harmonious. As of the publication date of this annual report, there has been no labor disputes and losses arising. Such incidents are not expected to happen in the future as well.

## VI. Cyber Security Management:

- (I) Cyber security management strategy and architecture:

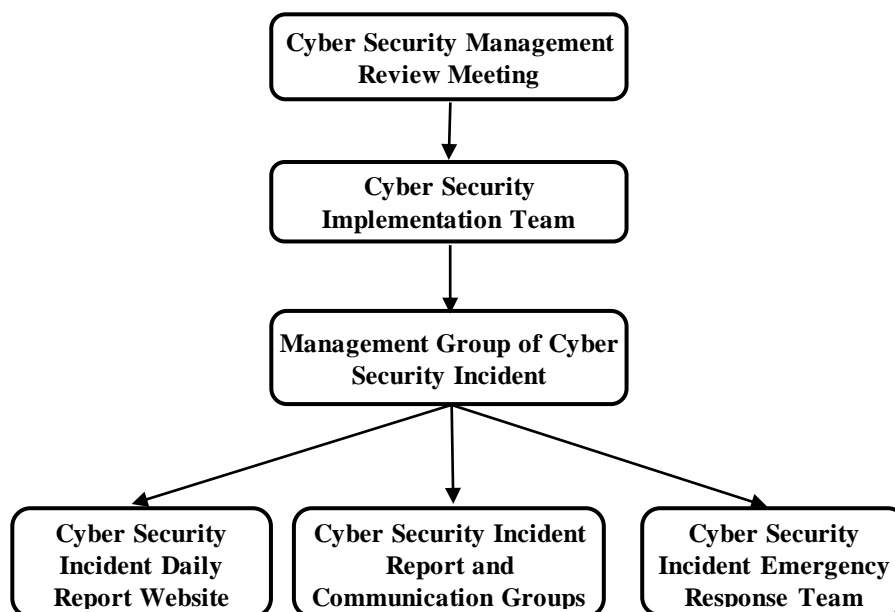
It specifies the cyber security risk management framework, cyber security policy, specific management plan and resources invested in cyber security management.

1. Cyber security and risk management framework:

- (1) Cyber security governance organization:

The Company holds an annual "cyber security management review meeting" at fixed date, make a judgment on the six input projects (resolution status of past management reviews, changes to internal and external issues related to the cyber security management system, feedback on cyber security performance, feedback from related parties, status of risk assessment results and risk management plans, opportunities for continuous improvement) of the cyber security system management, and make a conclusion on the two output projects of the cyber security management system (including decisions related to continuous improvement opportunities and any need for changes to the cyber security management system), to achieve the objectives of the cyber security management system.

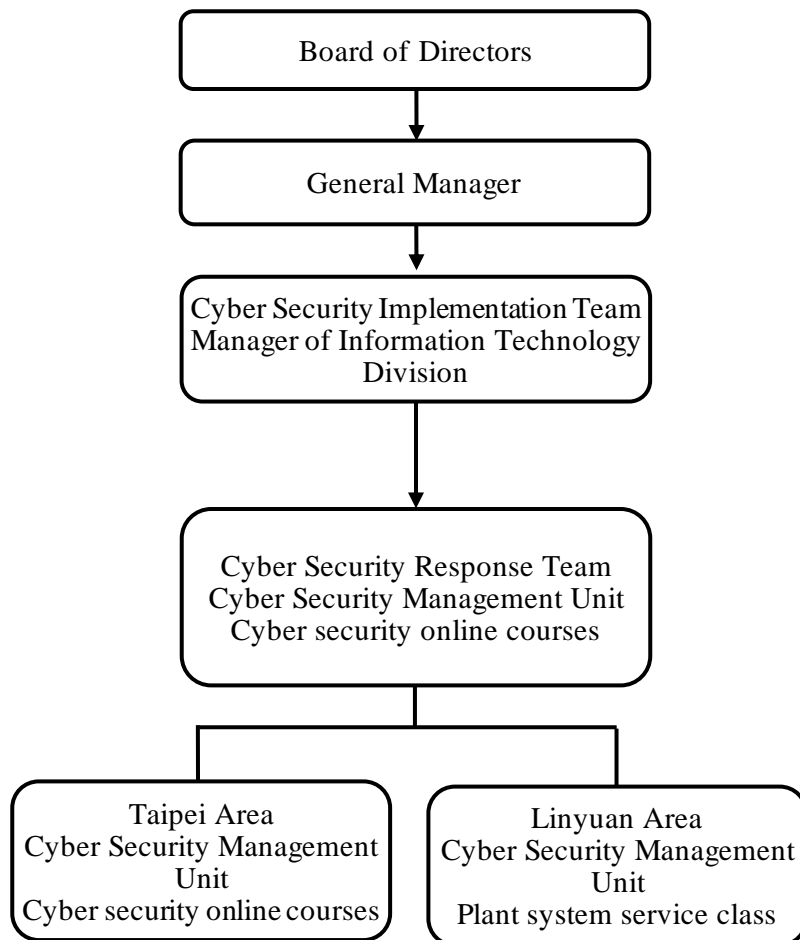
## Organization Chart of Cyber Security Management Review Committee



### (2) Cyber Security Organizational Structure:

According to the provisions in the standard operating procedure (SOP) of the Company "Setting Standards of Cyber security Promotion Organization", an "Cyber security promotion team" has been set up to supervise the operation of Cyber security management within the group and define the roles and responsibilities of each promotion organization. The meeting is held once a year. If there is a major Cyber security incident, it can be held immediately. The Director of the Information Technology Department serves as the convener of the Team and takes charge of the meetings of the Cyber Security Implementation Team as well as decisions and arbitration of opinions in the meetings. The supervisors of units under the jurisdiction of the Information Technology Department are members of the Team. In the event of a material Cyber security incident, the Director of the Information Technology Department shall report to the General Manager or heads of related departments.

## Organization chart of the cyber security Initiative Group



### Responsibilities of Cyber security Promotion Team:

- (2.1) Develop strategic framework for cyber security management
- (2.2) Cyber security Risk Assessment and Measures to Be Taken in Response
- (2.3) Cyber security maintenance and implementation
- (2.4) Confirm the validity of safe operation execution

### (3) Establishment of the specialist Units:

The company has completed the establishment of a specialized unit of cyber security for cyper security supervisors in charge and specialist personnel before the end of 2023 in accordance with the provisions of Article 9, Amendment of the Rules for handling the Establishment of internal Control System by Public Offering Companies issued by the Financial Supervisory

## Commission

### 2. Cyber security policy

#### (1) Cyber security management strategy and framework:

- ISO 27001 Cyber security system:

The ISO/IEC 27001 has been established in 2014: The 2013 cyber security management system has continued to operate and advance. Every year, external professional cyber security inspection and certification companies are hired to carry out the review. It has passed the certification audit for eight consecutive years (the current validity period of the certificate is from July 4, 2020 to July 3, 2023).

- NIST CSF Cyber Security Management Framework:

Incorporated into the cyber security Framework (CSF) developed by the National Institute of Standards and Technology (NIST).

#### (2) Cyber security and risk management framework

Based on the ISO 27001 Cyber security management system, supplemented by the NIST CSF Cyber security management framework, it strengthens risk management and control, improves Cyber security resilience, and has the ability to withstand, contain and quickly recover from Cyber security incidents, so as to continue to provide key operational services.

### 3. Specific management plan:

#### (1) Vulnerability scan detection: Perform server operating system vulnerability scan detection regularly to identify potential risks for system correction or propose compensatory measures to improve information security. It has been carried out for 7 consecutive years.

- (2) Information asset management and control: Establish an information asset management platform, log in information assets, note asset items, usage status and maintenance records, and regularly inspect and maintain them.
- (3) Firewall and Industrial Control Equipment (OT) : Adopt Palo Alto PA-3220, with the next-generation 7-layer firewall system, improve the efficiency of filtering incoming and outgoing packets, effectively reduce the risk of system vulnerability exposure.
- (4) Critical Server (SEVER): deploy Crowd Strike, an endpoint detection software, use artificial intelligence (AI) and machine learning (ML) modes of non-feature comparison, to analyze attack behaviors in real time, and block known and unknown potential threats.
- (5) Email (Mail): Adopt the Microsoft Office 365 solution, plus the service mechanism of Advanced Threat Protection (ATP) to defend against unknown malicious program links and viruses. Through the cloud operation in emails, the number of AD and DC (Domain Controller) hosts is gradually reduced, thereby reducing the attack scope.
- (6) Office equipment (IT): Use Trend Micro anti-virus software to detect abnormal network behaviors. For example, monitor the behavior of users' computers to log in to AD (Active Directory) hosts and surfing behavior, and find abnormalities in real time.
- (7) Personnel cyber security management: Prevent hacking or data leakage; information personnel receive at least four hours of cyber security education and training every year.
- (8) Social engineering exercises: at least twice a year, we will entrust external professional information security consultants to conduct social engineering exercises to enhance staff's awareness of information security and protect data security from external intrusion and tampering.



4. Input the resources of information security management:

- (1) Standard books: formulate 16 standard books.
- (2) Cyber security standards: Passed ISO27001 certification for 8 consecutive years.
- (3) Number of cloud mail users: The total number of cloud users is 106.
- (4) Cyber security investment funds: about NT\$993 thousand.
- (5) Cyber security notices: 17 notices were issued.

- (II) List the losses suffered due to major information security incidents in the most recent fiscal year up to the publication date of this annual report, the possible impacts and response measures. If the amount cannot be reasonably estimated, clarify the reason:

Loss Resulting from Labor-management Relations in the Most Recent Fiscal Year and in the Current Fiscal Year Up to the Date of Publication of the Annual Report: None.

## VII. Important Contracts

Type of Contract	Contracting Party	Contract Start/End Date	Contract Content	Restrictive provisions
Material Purchase Contract	CPC Corporation	2023.01.01-2023.12.31	Annual contract volume and pricing for ethylene and propylene supply.	None
Material Purchase Contract	Dairen Chemical Corporation	2023.01.01-2023.12.31	Annual contract volume and pricing for nikasol supply.	None
Joint Venture Contract	Joint venture with companies including Ho Tung Chemical Corporation, LCY Group, USI, Hsintay Petroleum Co., Ltd., ChenergyGlobal Co., Ltd., Lien Hwa International Corporation and CTCI Corporation	2016.09.30	The Company and seven other companies jointly invested in the Gulei Industrial Park located in Zhangzhou, Fujian Province, China, to produce petrochemicalrelated products.	Yes
Comprehensive Limit Contract of Medium-term Loan Lending	Shin Kong Bank	2020/11/12~2023/11/12	APC and Shin Kong Bank signed a three-year comprehensive limit contract of medium-term loan lending worth NT\$450 million, which is a revolving loan facility.	Based on the consolidated semi-annual/annual financial statements of APC, its current ratio shall not be less than 100%, and its debt ratio (debt/net value) shall not be greater than 150%.
Comprehensive Limit Contract of Medium-term Loan Lending	Far Easter International Bank	2021/02/03~2024/02/03	APC and Far Easter International Bank signed a three-year comprehensive limit contract of medium-term loan lending worth NT\$500 million, which is a revolving loan facility.	Based on the consolidated annual financial statements of APC, its current ratio shall not be less than 100%, and its debt ratio (debt/net value) shall not be greater than 150%.

Type of Contract	Contracting Party	Contract Start/End Date	Contract Content	Restrictive provisions
Limit Contract of Medium-term Loan Lending	Hua Nan Commercial Bank	2021/05/28 ~2024/05/28	APC and Hua Nan Bank signed a three-year medium-term lending limit contract worth NT\$500 million, which is a revolving loan facility.	None
Limit Contract of Medium-term Loan Lending	Bank SinoPac	2021/06/30 ~2024/06/30	APC and Bank SinoPac signed a three-year medium-term secured lending limit contract worth NT\$500 million, where it can be used cyclically.	Based on the consolidated semi-annual/annual financial statements of APC, its current ratio shall not be less than 100%, and its debt ratio (debt/net value) shall not be greater than 150%.
Limit Contract of Medium-term Loan Lending	Chang Hwa Bank	2021/07/12 ~2024/07/12	APC and Chang Hwa Bank signed a three-year medium-term lending limit contract worth NT\$500 million, which is a revolving loan facility.	None
Limit Contract of Medium-term Loan Lending	Entie Commercial Bank	2021/07/28 ~2024/07/28	APC and Entie Bank signed a three-year medium-term lending limit contract worth NT\$500 million, which is a revolving loan facility.	None
Comprehensive Limit Contract of Medium-term Loan Lending	Yuanta Bank	2021/10/01 ~2024/10/01	APC and Yuanta Bank signed a three-year comprehensive limit contract of medium-term loan lending worth NT\$500 million, which is a revolving loan facility.	Based on the consolidated annual financial statements of APC, its current ratio shall not be less than 100%, and its debt ratio (debt/net value) shall not be greater than 150%.

Type of Contract	Contracting Party	Contract Start/End Date	Contract Content	Restrictive provisions
Limit Contract of Medium-term Loan Lending	Bank of China, Taipei Branch	2021/10/28 ~2024/10/27	APC and Bank of China, Taipei Branch, signed a three-year medium-term lending limit contract worth NT\$300 million, which is a revolving loan facility.	Based on the consolidated semi-annual/annual financial statements of APC, its current ratio shall not be less than 100%, and its debt ratio (debt/net value) shall not be greater than 150%.
Limit Contract of Medium-term Loan Lending	Mizuho Bank	2021/12/31 ~2024/12/31	APC and Mizuho Bank signed a three-year medium-term lending limit contract worth NT\$ 300 million, which is a revolving loan facility.	None
Comprehensive Limit Contract of Medium-term Loan Lending	DBS (Taiwan) Bank	2022/07/25 ~2025/07/25	APC and DBS Bank (Taiwan) signed a three-year comprehensive limit contract of medium-term loan lending worth NT\$150 million, which is a revolving loan facility.	None
Limit Contract of Medium-term Loan Lending	Taipei Fubon Bank Co., Ltd.	2022/10/06 ~2025/09/12	APC and Taipei Fubon Bank signed a three-year medium-term lending limit contract worth NT\$500 million, which is a revolving loan facility	Based on the consolidated semi-annual/annual financial statements of APC, its current ratio shall not be less than 100%, and its debt ratio (debt/net value) shall not be greater than 150%.

Type of Contract	Contracting Party	Contract Start/End Date	Contract Content	Restrictive provisions
Comprehensive Limit Contract of Medium-term Loan Lending	Bank of Tokyo-Mitsubishi UFJ	2022/10/03 ~2025/10/03	APC and Bank of Tokyo-Mitsubishi UFJ signed a three-year medium-term lending limit contract worth NT\$500 million, which is a revolving loan facility.	Based on the consolidated semi-annual/annual financial statements of APC, its current ratio shall not be less than 100%, and its debt ratio (debt/net value) shall not be greater than 150%.
Limit Contract of Medium-term Loan Lending	First Bank	2022/11/15 ~2025/11/15	APC and First Bank signed a three-year medium-term lending limit contract worth NT\$300 million, which is a revolving loan facility.	None
Limit Contract of Medium-term Loan Lending	Taishin International Bank	2022/12/26 ~2025/12/26	APC and Taishin International Bank signed a three-year medium-term lending limit contract worth NT\$500 million, which is a revolving loan facility.	Based on the consolidated semi-annual/annual financial statements of APC, its current ratio shall not be less than 100%, and its debt ratio (debt/net value) shall not be greater than 150%.
Limit Contract of Medium-term Loan Lending	Cathay United Bank	2021/10/15 ~2026/10/15	APC and Cathay Pacific Bank signed a five-year medium-term lending limit contract worth NT\$1.49 billion.	None

## Chapter 6 Financial Summary

### I. Condensed financial report for the last five years

#### (I) Condensed balance sheet and statement of comprehensive income

##### 1. Condensed Consolidated Balance Sheets - International Financial Reporting Standards (IFRS)

Unit: NT\$ thousands

ITEM	Year	Financial Information in the Most Recent Five Years					Up to March 31, 2023 Financial data (Reviewed)
		2022	2021	2020	2019	2018	
Current Assets		3,784,733	4,098,928	2,964,269	4,940,438	4,606,590	3,791,925
Property, Plant, and Equipment		3,363,478	3,376,590	3,257,676	3,277,233	3,502,692	3,385,996
Intangible Assets		0	0	18	53	88	0
Other Assets		9,241,858	11,503,028	10,661,540	8,705,367	7,488,373	9,512,755
Total Assets		16,390,069	18,978,546	16,883,503	16,923,091	15,597,743	16,690,676
Current Liabilities	Before Distribution	1,550,109	1,942,077	1,479,196	2,469,828	2,603,655	1,330,278
	After distribution (Note 4)	2,262,602	3,723,309	2,177,718	2,802,458	2,769,970	- (Note 6)
Non-current Liabilities		623,002	1,574,420	3,294,762	4,223,443	3,389,652	688,188
Total liabilities	Before Distribution	2,173,111	3,516,497	4,773,958	6,693,271	5,993,307	2,018,466
	After distribution (Note 4)	2,885,604	5,297,729	5,472,480	7,025,901	6,159,622	- (Note 6)
Equity Attributable to Owners of the Parent							
Share capital		5,937,438	5,937,438	5,821,018	5,543,827	5,543,827	5,937,438
Capital Surplus		37,142	35,319	33,272	24,400	19,619	36,271
Retained Earnings	Before Distribution	7,299,597	7,610,746	5,253,769	4,785,613	4,101,347	7,268,120
	After distribution (Note 4)	6,587,104	5,829,514	4,438,826	4,175,792	3,935,032	- (Note 6)
Other Equity		942,781	1,878,546	1,001,486	(124,020)	(60,357)	1,430,381
Treasury Stock		-	-	-	-	-	-
Equity of prior parties under common control		-	-	-	-	-	-
Total Equity	Before Distribution	14,216,958	15,462,049	12,109,545	10,229,820	9,604,436	14,672,210
	After distribution (Note 4)	13,504,465	13,680,817	11,411,023	9,897,190	9,438,121	- (Note 6)

\* If the Company has prepared a parent company only financial report, the Company shall prepare parent company only condensed balance sheet and statement of comprehensive income for the last five years.

\* If the financial information under international financial reporting standards is less than 5 years, the financial information under ROC GAAP should be prepared in table (2) below.

Note 1: Financial statements not audited by CPAs should be noted.

Note 2: When the asset revaluation was conducted in the year, the date and revaluation increment should be listed.

Note 3: As of the publication date of the annual report, companies that have been listed or have been traded at TPEX should disclose the financial information of the most recent period audited or reviewed by CPAs.

Note 4: "After distribution" figures have been filled in accordance with resolutions of the Board of Directors in 2023. Figures of other years have been filled in accordance with resolutions of the shareholders' meeting in the following year. The Company's rules specify that cash dividends still need to be represented to the shareholders' meeting for resolutions.

Note 5: Where the financial data are notified by the competent authority to be corrected or restated, the corrected or restated figures shall be included and the circumstances and reasons shall be indicated.

Note 6: Earnings distribution proposal has not passed resolutions of the shareholders' regular meeting, and thus shall not be presented.

## 2. Condensed Consolidated Statement of Comprehensive Income - IFRS

Unit: NT\$ thousands

ITEM \ Year	Financial Information in the Most Recent Five Years					For the year ended March 31, 2023 Financial data (Reviewed)
	2022	2021	2020	2019	2018	
Operating Revenue	9,815,332	9,565,813	5,703,546	6,791,157	6,375,134	1,569,177
Gross Profit	3,232,872	3,597,668	1,129,152	1,035,448	284,466	312,722
Operating Income and Loss	2,946,908	3,319,255	922,303	798,407	71,982	253,151
Total non-operating revenue and expenses	(1,129,137)	418,951	363,108	186,434	244,881	(286,508)
Income before Tax	1,817,771	3,738,206	1,285,411	984,841	316,863	(33,357)
Continuing Business Unit Net Income	1,447,369	3,101,127	1,103,587	821,021	286,826	(25,127)
Loss from Discontinued Operations	0	0	0	0	0	0
Net Income (Loss)	1,447,369	3,101,127	1,103,587	821,021	286,826	(25,127)
Other Comprehensive Income (after tax)	(913,051)	947,852	1,099,896	(30,290)	(445,775)	487,600
Total Comprehensive Income	534,318	4,048,979	2,203,483	790,731	(158,949)	462,473
Net income attributable to parent entity	1,447,369	3,101,127	1,103,587	821,021	286,826	(25,127)
Net income attributable to equity of prior parties under common control	0	0	0	0	0	0
Comprehensive Income Attributable to Owners of the Parent	534,318	4,048,979	2,203,483	790,731	(158,949)	462,473
Total comprehensive income attributable to equity of prior parties under joint control	0	0	0	0	0	0
Earnings per share: Unit: NT\$	2.44	5.22	1.86	1.38	0.49	(0.04)

\* If the Company has prepared a parent company only financial report, the Company shall prepare parent company only condensed balance sheet and statement of comprehensive income for the last five years.

\* If the financial information under international financial reporting standards is less than 5 years, the financial information under ROC GAAP should be prepared in table (2) below.

Note 1: Financial statements not audited by CPAs should be noted.

Note 2: As of the publication date of the annual report, companies that have been listed or have been traded at TPEx should disclose the financial information of the most recent period audited or reviewed by CPAs.

Note 3: The loss of discontinued business unit should be presented as the net amount after the deduction of income tax.

Note 4: Where the financial data are notified by the competent authority to be corrected or restated, the corrected or restated figures shall be included and the circumstances and reasons shall be indicated.

### 3. Condensed parent company only balance sheets - IFRS

Unit: NT\$ thousands

ITEM \ Year	Financial Information in the Most Recent Five Years					
	2022	2021	2020	2019	2018	
Current Assets	3,325,438	3,636,493	2,546,721	4,513,983	4,224,762	
Property, Plant, and Equipment	3,363,200	3,376,208	3,257,029	3,276,337	3,502,460	
Intangible Assets	0	0	18	53	88	
Other Assets	9,649,828	11,901,454	11,013,329	9,065,795	7,787,269	
Total Assets	16,338,466	18,914,155	16,817,097	16,856,168	15,514,579	
Current Liabilities	Before Distribution	1,500,638	1,878,779	1,430,238	2,419,838	2,535,193
	After distribution (Note 1)	2,213,131	3,660,011	2,128,760	2,752,468	2,701,508
Non-current Liabilities	620,870	1,573,327	3,277,314	4,206,510	3,374,950	
Total liabilities	Before Distribution	2,121,508	3,452,106	4,707,552	6,626,348	5,910,143
	After distribution (Note 1)	2,834,001	5,233,338	5,406,074	6,958,978	6,076,458
Equity Attributable to Owners of the Parent						
Share capital	5,937,438	5,937,438	5,821,018	5,543,827	5,543,827	
Capital Surplus	37,142	35,319	33,272	24,400	19,619	
Retained Earnings	Before Distribution	7,299,597	7,610,746	5,253,769	4,785,613	4,101,347
	After distribution (Note 1)	6,587,104	5,829,514	4,438,826	4,175,792	3,935,032
Other Equity	942,781	1,878,546	1,001,486	(124,020)	(60,357)	
Treasury Stock	-	-	-	-	-	
Equity of prior parties under common control	-	-	-	-	-	
Total Equity	Before Distribution	14,216,958	15,462,049	12,109,545	10,229,820	9,604,436
	After distribution (Note 1)	13,504,465	13,680,817	11,411,023	9,897,190	9,438,121

\* If the Company has prepared a parent company only financial report, the Company shall prepare parent company only condensed balance sheet and statement of comprehensive income for the last five years.

\* If the financial information under international financial reporting standards is less than 5 years, the financial information under ROC GAAP should be prepared in table (2) below.

Note 1: With regard to figures after distribution, earnings distribution has been filled in according to resolutions of the Board of Directors in 2023, and still presented to the shareholders' meeting for resolutions. Figures of other years have been filled in according to resolutions of the shareholders' meeting in the following year.

Note 2: Where the financial data are notified by the competent authority to be corrected or restated, the corrected or restated figures shall be included and the circumstances and reasons shall be indicated.



#### 4. Condensed parent company only Statement of Comprehensive Income - IFRS

Unit: NT\$ thousands

ITEM \ Year	Financial Information in the Most Recent Five Years				
	2022	2021	2020	2019	2018
Operating Revenue	9,614,583	9,291,720	5,514,958	6,578,064	6,099,879
Gross Profit	3,213,618	3,571,359	1,109,078	1,017,768	269,864
Operating Income and Loss	2,935,824	3,300,219	909,643	788,914	65,096
Total non-operating revenue and expenses	(1,123,186)	431,954	371,112	194,025	249,768
Income before Tax	1,812,638	3,732,173	1,280,755	982,939	314,864
Continuing Business Unit Net Income	1,447,369	3,101,127	1,103,587	821,021	286,826
Loss from Discontinued Operations	0	0	0	0	0
Net Income (Loss)	1,447,369	3,101,127	1,103,587	821,021	286,826
Other Comprehensive Income (after tax)	(913,051)	947,852	1,099,896	(30,290)	(445,775)
Total Comprehensive Income	534,318	4,048,979	2,203,483	790,731	(158,949)
Earnings per share: Unit: NT\$	2.44	5.22	1.86	1.38	0.49

\* If the Company has prepared a parent company only financial report, the Company shall prepare parent company only condensed balance sheet and statement of comprehensive income for the last five years.

\* If the financial information under international financial reporting standards is less than 5 years, the financial information under ROC GAAP should be prepared in table (2) below.

Note: If the financial information is notified by the competent authority that it should be corrected or restated, it should be presented with the corrected or restated figures, and indicates the circumstances and reasons.

#### (II) Names of auditing CPAs of the last five years and their audit opinions

Year	Name of CPAs	Auditor Opinion
2018	Huang, Hsiu-Chun, Wu, Shih-Tsung	Unmodified opinion
2019	Chiu, Cheng-Chun, Huang, Hsiu Chun	Unmodified opinion
2020	Chiu, Cheng-Chun, Huang, Hsiu Chun	Unmodified opinion
2021	Chiu, Cheng-Chun, Chuang, Pi-Yu	Unmodified opinion
2022	Chiu, Cheng-Chun, Chuang, Pi-Yu	Unmodified opinion

## II. Financial Analyses of the Most Five Fiscal Years

### (I) Financial analysis - IFRS

#### APC and Subsidiaries

ITEM	Year	Financial Information in the Most Recent Five Years					For the year ended March 31, 2023 financial data (reviewed)
		2022	2021	2020	2019	2018	
Financial structure (%)	Debt ratio	13.26	18.53	28.28	39.55	38.42	12.09
	Ratio of long-term capital to property, plant, and equipment	441.21	504.55	472.86	441.02	370.97	453.64
Solvency	Current ratio	244.16	211.06	200.40	200.03	176.93	285.05
	Quick ratio	198.59	173.33	170.86	178.63	142.04	228.79
Profitability (%)	Interest coverage ratio:	177.29	165.37	31.22	18.54	8.89	(13.88)
Operating Performance	Accounts receivable turnover rate (times)	7.88	8.84	7.65	8.34	8.59	7.68
	Average days for cash receipts	46	41	48	44	43	48
	Inventory turnover rate (times)	11.70	13.32	13.09	9.87	7.90	9.24
	Accounts payable turnover rate (times)	21.60	20.37	19.28	21.79	23.47	16.91
	Average days for sale of goods	31	27	28	37	46	40
	Property, plant, and equipment turnover rate (times)	2.91	2.88	1.75	2.00	1.79	1.86
	Total assets turnover rate (times)	0.56	0.53	0.34	0.42	0.42	0.38
profitability	Return on total assets (%)	8.23	17.40	6.73	5.33	2.09	(0.56)
	Return on equity (%)	9.75	22.50	9.88	8.28	2.95	(0.70)
	Ratio of net profit before tax to paid-in capital (%) (Note 7)	30.62	62.96	22.08	17.76	5.72	(2.25)
	Net profit margin (%)	14.75	32.42	19.35	12.09	4.50	(1.60)
	Basic earnings (loss) per share (NT\$) (Note 3)	2.44	5.22	1.90	1.48	0.52	(0.04)
	Earnings per Share (Loss) (NT\$) (Note 4)	2.44	5.22	1.86	1.38	0.49	(0.04)
Cash flows	Cash flow ratio (%)	233.71	141.42	194.59	20.19	(4.16)	(2.83)
	Cash flow adequacy ratio (%)	212.23	230.79	155.17	40.30	50.18	-
	Cash reinvestment ratio (%)	9.26	9.39	12.78	1.78	(1.25)	(0.18)
Leverage	Operating leverage	1.47	1.24	2.15	2.71	14.17	1.85
	Financial leverage	1.00	1.01	1.05	1.08	2.26	1.01

Reasons for any changes in financial ratios up to in the past two years:

1. Debt-to-assets ratio: Due to partial repayment of bank borrowings during the year.
2. Return on assets, ratio of net income before income tax to paid-in capital, net profit margin and basic earnings per share: Due to the decrease in net income before (after) tax this year.
3. Cash flow ratio: mainly due to increasing net cash flows generated from operating activities and decreasing current liabilities.

\* If the Company has prepared a parent company only financial report, it shall prepare a parent company only financial analysis.

\* If the financial information under international financial reporting standards is less than 5 years, the financial information under ROC GAAP should be prepared in table (2) below.

Note 1: Financial statements not audited by CPAs should be noted.

Note 2: As of the publication date of the annual report, companies that have been listed or have been traded at TPEX should analyze the financial information of the most recent period audited or reviewed by CPAs.

## (II) Financial analysis - IFRS

## APC

ITEM		Year	Financial Information in the Most Recent Five Years				
			2022	2021	2020	2019	2018
Financial structure (%)	Debt ratio		12.98	18.25	27.99	39.31	38.09
	Ratio of long-term capital to property, plant, and equipment		441.18	504.57	472.42	440.62	370.58
Solvency	Current ratio		221.60	193.56	178.06	186.54	166.64
Profitability (%)	Quick ratio		176.16	155.53	148.76	166.41	131.97
	Interest coverage ratio:		176.79	165.10	31.11	18.50	8.84
Operating Performance	Accounts receivable turnover rate (times)		7.58	8.49	7.20	7.91	8.01
	Average days for cash receipts		48	43	51	46	46
	Inventory turnover rate (times)		11.78	13.24	13.68	10.10	7.79
	Accounts payable turnover rate (times)		24.12	22.66	21.81	25.81	27.85
	Average days for sale of goods		31	28	27	36	47
	Property, plant, and equipment turnover rate (times)		2.85	2.80	1.69	1.94	1.71
	Total assets turnover rate (times)		0.55	0.52	0.33	0.41	0.40
profitability	Return on total assets (%)		8.26	17.46	6.76	5.35	2.10
	Return on equity (%)		9.75	22.50	9.88	8.28	2.95
	Ratio of net profit before tax to paid-in capital (%) (Note 7)		30.53	62.86	22.00	17.73	5.68
	Net profit margin (%)		15.05	33.38	20.01	12.48	4.70
	Basic earnings (loss) per share (NT\$) (Note 3)		2.44	5.22	1.90	1.48	0.52
	Earnings per Share (Loss) (NT\$) (Note 4)		2.44	5.22	1.86	1.38	0.49
Cash flows	Cash flow ratio (%)		238.27	142.87	198.29	19.85	-4.05
	Cash flow adequacy ratio (%)		209.04	226.73	150.84	32.23	47.15
	Cash reinvestment ratio (%)		9.03	9.1	12.58	1.68	-1.21
Leverage	Operating leverage		1.40	1.16	1.97	2.47	11.44
	Financial leverage		1.00	1.01	1.05	1.08	2.61
Reasons for any changes in financial ratios up to in the past two years:							
1. Debt-to-assets ratio: Due to partial repayment of bank borrowings during the year.							
2. Return on assets, ratio of net income before income tax to paid-in capital, net profit margin and basic earnings per share: Due to the decrease in net income before (after) tax this year.							
3. Cash flow ratio: mainly due to increasing net cash flows generated from operating activities and decreasing current liabilities.							
4. Leverage: Due to the increase in operating income of this year							

\* If the Company has prepared a parent company only financial report, it shall prepare a parent company only financial analysis.

\* If the financial information under international financial reporting standards is less than 5 years, the financial information under ROC GAAP shall be prepared in table (2) below.

Note 1: Financial statements not audited by CPAs should be noted.

Note 2: As of the publication date of the annual report, companies that have been listed or have been traded at TPEx

should analyze the financial information of the most recent period audited or reviewed by CPAs.

Note 3: At the end of the annual report, the following formula should be presented:

1. Financial structure
  - (1) Liabilities-to-asset ratio = Total liabilities/Total assets.
  - (2) Ratio of long-term capital to property, plant, and equipment = (Total equity + Non-current liabilities)/Net value of property, plant, and equipment.
2. Solvency
  - (1) Current ratio = Current assets/Current liabilities.
  - (2) Quick ratio = (Current assets - inventory - prepaid expenses)/Current liabilities.
  - (3) Interest coverage ratio = Income before tax and interest expenses/Interest expenses.
3. Operating Performance
  - (1) Receivable (including accounts receivable and business-related notes receivable) turnover ratio = net sale/average balance of receivable of the period (including accounts receivable and business-related notes receivable).
  - (2) Average collection days = 365/Receivables turnover
  - (3) Inventory turnover = cost of sales/average inventories.
  - (4) Payable (including accounts payable and business-related notes payable) turnover ratio = net sales revenue/average balance of payable of the period (including accounts payable and business-related notes payable).
  - (5) Average days for sale of goods = 365/Inventory turnover rate.
  - (6) Property, plant, and equipment turnover rate = Net sales/Average net property, plant, and equipment.
  - (7) Total assets turnover rate = Net sales/Average total assets.
4. Profitability
  - (1) Return on assets = [Income after tax + Interest expenses x (1 - Tax rate)]/Average total assets.
  - (2) Return on equity = Income after tax/Average total equity.
  - (3) Net profit margin = Income after tax/Net sales.
  - (4) Earnings per share = (Income attributable to owners of the parent - Preferred stock dividends)/Weighted average number of shares issued. (Note 4)
5. Cash flows
  - (1) Cash flow ratio = Net cash flows generated from operating activities/Current liabilities.
  - (2) Cash flow adequacy ratio = Five-year sum of net cash flows generated from operating activities/Five-year sum of capital expenditure, inventory additions and cash dividends).
  - (3) Cash reinvestment ratio = (Net cash flows from operating - cash dividends)/(Gross amount of property, plant, and equipment + Long term investment + Other non-current assets + Working capital). (Note 5)
6. Leverage:
  - (1) Degree of operating leverage (DOL) = (net operating revenue - variable operating cost and expenses)/operating income (Note 6)
  - (2) Financial leverage = Operating income/(Operating income - Interest expenses).

Note 4: The following items should be noted for the calculation of earnings per share using the above mentioned formula:

1. Use the weighted average number of common shares, not the number of shares outstanding at the end of year.
2. Capital increase for cash or treasury stock transactions shall be considered when the weighted average number of shares is calculated.
3. Capital increase from surplus earnings or capital reserve shall be retrospectively adjusted by the proportion of capital increase when earnings per share for previous annual and semi-annual periods are calculated. The issue period for capital increase does not have to be considered.
4. For preferred shares that are non-convertible accumulated preferred shares, dividends (regardless of whether they are distributed) shall be deducted from net income after tax or included as net loss after tax. If the preferred shares are non-cumulative in nature, where net income after taxes is available, preferred share dividends should be deducted from it. No adjustment is required if the company generates loss after taxes.

Note 5: The following items should be noted for the analysis of cash flow:

1. Net cash flow from operating activities refers to net cash flow generated from operating activities in the statement of cash flows.
2. Capital expenditures refer to the annual cash flow used in capital investment.
3. The increase in inventory is included only if the balance at the end of the year
4. Cash dividends include the cash dividends of common stocks and preferred stocks.
5. Gross property, plant and equipment refers to the property, plant and equipment before depreciation

Note 6: The issuer should classify the operating costs and operating expenses as fixed or variable depending on their nature. If the process involves estimates or subjective judgments, reasonableness and consistency should be maintained.

Note 7: If the company's shares do not have a face value or the face value is not NT\$10, the above-mentioned calculation involving as a percentage to paid-in capital should be replaced by as a percentage to equity attributable to the owners of the parent company on the balance sheet.

### III. Supervisor's or Audit Committee's Review Report for the Most Recent Financial Statements

(I) Supervisors' review report: Not applicable

(II) Audit Committee's Review Report:

Asia Polymer Corporation

#### Audit Report

The Board of Directors has prepared the Company's 2022 Business Report, financial statements (including parent company only and consolidated financial statements) which were audited by CPAs Chiu, Cheng-Chun and Zhuang, Bi-Yu of Deloitte, Taiwan, as well as an earnings distribution proposal. The above mentioned reports and financial statements have been reviewed and determined to be accurate by the Audit Committee. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report. Please proceed to review it.

To:

The Company 2023 Annual Shareholders' Meeting

Audit Committee of Asia Polymer Corporation

Independent Director: Shen, Shang-Hung



Independent Director: Chen, Ta-Hsiung



Independent Director: Cheng, Duen-Chian



Independent Director: Chen, Chien-Ping



March 10, 2023

- IV. Financial Statements for the Most Recent Fiscal Year( Please refer to Page 249)
- V. Parent Company Only Financial Statements Audited and Attested by CPAs for the Most Recent Fiscal Years: (Please refer to Page 316)
- VI. If the Company or its Affiliates Have Experienced Financial Difficulties in the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report, the Annual Report Shall Explain How Said Difficulties Affect the Company's Financial Situation: None

# Chapter 7 Review and Analysis of Financial Conditions and Performance and Risk Items risks

## I. Financial Position

### Comparative Analysis of Financial Position

Unit: NT\$ thousands

ITEM	Year	End of 2022	End of 2021	Discrepancy	
				Amount	%
Current Assets		\$3,784,733	\$4,098,928	(314,195)	(7.67)
Long-term investment		8,356,703	10,863,303	(2,506,600)	(23.07)
Property (with the investment), Plant, and Equipment		3,884,884	3,895,991	(11,107)	(0.29)
Other Assets		363,749	120,324	243,425	202.31
<b>Total Assets</b>		<b>16,390,069</b>	<b>18,978,546</b>	<b>(2,588,477)</b>	<b>(13.64)</b>
Current Liabilities		1,550,109	1,942,077	(391,968)	(20.18)
Other Liabilities		623,002	1,574,420	(951,418)	(60.43)
<b>Total Liabilities</b>		<b>2,173,111</b>	<b>3,516,497</b>	<b>(1,343,386)</b>	<b>(38.20)</b>
Share Capital		5,937,438	5,937,438	-	-
Capital Surplus		37,142	35,319	1,823	5.16
Retained Earnings		7,299,597	7,610,746	(311,149)	(4.09)
Other Equity		942,781	1,878,546	(935,765)	49.81
<b>Total Equity</b>		<b>14,216,958</b>	<b>15,462,049</b>	<b>(1,245,091)</b>	<b>(8.05)</b>
<p>(I) The main reasons for major changes in assets, liabilities and equity in the most recent two years (variance of 20% and exceeding NT\$1,000 thousand between periods):</p> <ol style="list-style-type: none"> <li>1. Long-term investment: mainly due to decreasing market price of holding positions and investment losses by the recognition of equity method.</li> <li>2. Other assets: mainly due to recognition of deferred income tax assets.</li> <li>3. Liabilities: mainly due to repayment of short term loans.</li> <li>4. Other liabilities: mainly due to repayment of long-term loans.</li> <li>5. Other equities: mainly due to the unrealized losses of recognized financial assets.</li> </ol> <p>(II) Impact: No major impact</p> <p>(III) Future response plan N/A</p>					

## II. Financial Performance

### (I) Comparison and analysis of financial performance

Unit: NT\$ thousands

ITEM \ Year	2022	2021	Increases (decreases)	Percentage of change (%)
Net Revenue	\$9,815,332	\$9,565,813	249,519	2.61
Operating Costs	6,582,460	5,968,145	614,315	10.29
Gross Profit	3,232,872	3,597,668	(364,796)	(10.14)
Operating Expenses	285,964	278,413	7,551	2.71
Operating margin	2,946,908	3,319,255	(372,347)	(11.22)
Total non-operating revenue and expenses	(1,129,137)	418,951	(1,548,088)	(369.52)
Income before Tax	1,817,771	3,738,206	(1,920,435)	(51.37)
Taxation	370,402	637,079	(266,677)	(41.86)
Net Income	\$1,447,369	\$3,101,127	(1,653,758)	(53.33)
Other Comprehensive Income (Loss) for the Year	(\$913,051)	\$947,852	(1,860,903)	196.33
Total Comprehensive Income (Loss) for the Year	\$534,318	\$4,048,979	(3,514,661)	(86.80)

- (I) The main reasons for significant percentage of changes in the most recent two years:
1. Non-operating income: mainly due to the investment losses in the equity method.
  2. Net profit before tax and this year: mainly due to the decrease of non-operating income.
  3. Other comprehensive income for the year: mainly caused by the unrealized gains on financial assets, which does not realize evaluation of losses due to the dropping market price,
  4. Total comprehensive income for the year: mainly caused by the decrease in net profit and other comprehensive income for the year.
- (II) Projected sales volume in the following year and its basis:  
The sales target for 2022 is approximately 134,500 tons and sales of niche products shall be prioritized.
- (III) Impact on the Company's future financial business: No significant impact.
- (IV) Future response plan: Not applicable.

(II) Analysis of changes in gross profit: Not applicable.



### III. Cash flows

Unit: NT\$ thousands

Year	Initial cash balance	From Operating activities Net Cash flows	From Investing activities Net Cash flows	From Financing activities Net Cash flows	Exchange Rate Effect	Cash Surplus (Inadequacy) Cash surplus	Remedial Measures for Cash Inadequacy
2022	763,936	3,622,699	174,373	(3,092,920)	13,882	1,481,970	N/A

1. Analysis of changes in cash flow during the year
  - (1) Operating activities: The net cash inflow from operating activities is NT\$3,622,699, mainly consisting of annual profit plus depreciation expense and other adjustments.
  - (2) Investment activities: The net cash inflow of investment activities is NT\$174,373 thousand, which was mainly caused by the purchase of equipment and receive dividends.
  - (3) Financing activities: the net cash outflow to financing activities was NT\$3,092,920 thousand, mainly due to the repayment of bank loans. And dividend payment.
2. Remedial measures for cash inadequacy and liquidity analysis: Not applicable
3. Liquidity analysis for the following year

Unit: NT\$ thousands

Initial cash balance	Estimated net cash flow from operating activities in the entire year Self-operated activity Net cash flow	Estimated other cash inflows (outflows) during the year	Estimated balance of cash surplus (shortage)	Remedial Measures for Cash Inadequacy
1,481,970	462,000	(1,120,000)	823,970	N/A

### IV. Impact of major capital expenditures on financial operations in the most recent year:

To ensure adequate supply of ethylene raw material, an estimated NT\$1.02 billion will be spent on the construction of ethylene storage tanks and underground pipelines.

Capital expenditure shall be paid in advance with its own funds, and at the same time, capital market financing costs shall be assessed at any time for timely adjustment.

V. Investment policy in the most recent year, main reasons for its profit or loss, improvement plans and investment plan for the coming year:

(I) Investments whose amounts exceed five (5) percent of paid-in capital at the end of 2022:

ITEM \ Reason for Discrepancy	Amount (NT\$ thousands)	Policy	Major reasons for profit or loss	Improvement plan	Other investment plans in the future
USI Corporation	2,239,960	Stable Cash Dividends	Stable performance	None	-
CTCI Corporation	604,570	Investment diversification	Steady overall growth	None	-
Ever Conqueat Global Ltd	3,526,546	Petrochemical Investments	Initial period of expansion of production	None	-
China General Plastics Corporation	762,280	Investment diversification	Steady long-term average performance	None	-
China General Terminal & Distribution Co.	355,611	Investment diversification	Steady overall growth	None	-

(II) Investment plans for the following year: None

## VI. Risk Analysis and Evaluation

Risk management organizational structure	Major risk evaluation item	Implementation and responsible units	Supervision unit
(I)	Effect on the Profit (Loss) of Interest and Exchange Rate Fluctuations and Changes in the Inflation Rate, and Response Measures to Be Taken in the Future	Finance Division	Auditing Division
(II)	Impact of interest rates and exchange rate fluctuations, as well as inflation on the Company's profit and loss, as well as future response measures	Finance Division	
(III)	Research and development work to be carried out in the future, and further expenditures expected for research and development work.	Technology Department of Linyuan Plant	
(IV)	Impact of changes of the important domestic and foreign policies and laws on the Company's finance and business, and countermeasures	Finance Division/Legal Division/Business Department	
(V)	Impact of Changes in Technology and Industry on the Company's Financial Operations, and Response Measures	Sales and Marketing Division	
(VI)	Impact of Changes in Corporate Image on the Company's Risk Management, and Response Measures	Human Resource Division	
(VII)	Expected benefits and possible risks of mergers and response measures	Finance Division	
(VIII)	Expected benefits and possible risks to expand the plants and the countermeasures	Linyuan Plant	
(IX)	Risks resulting from consolidation of purchasing or sales operations and response measures	Procurement and Logistics Division/Business Department	
(X)	Impact and risks resulted from major equity transfer or replacement of Directors, Supervisors, or shareholders holding more than 10% of the Company's shares, and related response measures	Finance Division	
(XI)	Impact, risk, and response measures related to any change in governance rights in the Company	Board of Directors	
(XII)	Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that: involve the Company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the Company; and have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the Company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report.	Legal Division	
(XIII)	Other important risks, and mitigation measures	General Manager Office	

## Risk management policy

### (I) Effect on the Profit (Loss) of Interest and Exchange Rate Fluctuations and Changes in the Inflation Rate, and Response Measures to Be Taken in the Future:

#### 1. Interest rate:

The idle funds will be placed in bank deposit, money market fund beneficiary certificate, bond (bills) with repurchase transaction and REITs (domestic real estate investment trust fund) to reduce the risk of interest rate fluctuations.

Reserve Sufficient short-term funds for operational needs; For medium and long-term capital demand, when the interest rate rises, obtain medium and long-term credit from financial institutions, lock in the capital cost with fixed interest rate, avoid the risk of future interest rate rise, and cope with the long-term capital stability.

#### 2. Exchange Rate:

Hedging is carried out according to the net foreign currency position generated by the company's business. In addition to closely observing the trend of the international foreign exchange market, we also timely hedge the risks through spot selling and undertaking forward foreign exchange contracts.

#### 3. Inflation:

The main cost of the Company is the cost of raw materials. Product price move in the same direction as the raw material cost. Under inflation, the Company continuously assessed the impact of assets and liabilities subject to the risk of interest rate changes on the Company.

### (II) Policies regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and future countermeasures to be taken:

#### 1. Engaging in high-risk, highly-leveraged investment and lending funds to other parties:

The Company's "Procedures for Acquisition and Disposition of Assets" stipulates that it does not engage in high-risk, highly-leveraged investments. There is also the "Procedures for Lending Funds to Others". However, this operation has not yet been carried out.

#### 2. Endorsements and guarantees:

In accordance with the Company's "Endorsement and Guarantee Procedures".

However, this operation has not yet been carried out.

3. Derivatives transactions:

The purpose of the Company's derivatives trading is to hedge the risks arising from the Company's business operation. The trading products are mainly forward exchange, and no engagement is made in speculative operations. The counter parties for hedging transactions are reputable financial institutions to avoid credit risks. In addition, the trading object needs to choose the financial institution with better conditions to deal in order to avoid credit risk.

(III) Future R&D projects and estimated R&D expenditure:

1. Future R&D Plan:

- Research EVA Hot Melt grade and put new grades of VA=19 MI=400 into trial production.

2. Estimated R&D expenses: A total of approximately NT\$26,800 thousand.

(IV) Impact of changes of the important domestic and foreign policies and laws on the Company's finance and business, and countermeasures:

1. Impacts of changes in major domestic and overseas policies and regulations on Company's finance and business within the most recent year up to the publication date of this report are not significant.

2. Response measures:

The Company has established the Legal Division to assess legal risks and formulate countermeasures, review important contracts in advance and provide legal advance to handle legal affairs where necessary. In addition, the accounting department evaluates the impacts of changes in accounting and tax-related laws and regulations on the financial operations of the Company at all times and come up with action plans. It would discuss with CPAs to make prior planning for the relevant changes.

(V) Impact of Changes in Technology and Industry on the Company's Financial Operations, and Response Measures:

1. Risks of information technology security

The maintenance and operation management of factories is the core of the manufacturing industry, and their production procedures and processes are mainly

managed and controlled by the Operational Technology (OT) Systems, such as the Distributed Control System (DCS), the Supervisory Control and Data Acquisition (SCADA), etc. Based on the requirements of production stability, the operating system or program itself is often not upgraded and renewed after installation, and thus becomes the so-called Legacy System. Compared with the general Information Technology (IT) Systems, such as ERP, CRM, OA and other software and hardware equipment, its degree of cyber security protection is obviously insufficient.

2. Information technology security management measures:

2.1 Audits shall be conducted regularly by the Company's audit department and external professional information and security consultants. In addition, British Standards Institution Taiwan branch (BSI), an internationally renowned certification company, is invited to conduct ISO 27001 certification audit every year. In addition to the audit of cyber security risk management framework, the Company also carries out the prevention coaching and cyber security risk assessment analysis for the internal and external issues.

2.2 The Group's mail system has fully launched the Multi-Factor Authentication (MFA) mechanism. In addition to the first password authentication, the second authentication is performed through other tools to raise the security level.

2.3 Industrial Control Equipment (OT) : Adopt Fortinet Firewall with the next-generation 7-layer firewall system, improve the efficiency of filtering incoming and outgoing packets, effectively reduce the risk of system vulnerability exposure.

2.4 The Company has implemented the management of OT equipment, established the Factory Equipment (OT) Management Platform, conducted a comprehensive inspection on safety risks of OT equipment in the factory, controlled key equipment and strengthen its security protection system, to avoid production interruptions caused by human factors and external threats, which hinders the operation of the process.

2.5 For the operating system of server host and other equipment, an external professional information security consultant shall be commissioned to scan the weaknesses every year to find out the potential risks and make system corrections or propose compensatory measures to make a response.

2.6 Strengthen personnel cyber security management, prevent hacking or data leakage; information personnel receive at least four hours of cyber security education and training every year.

(VI) Impact of Changes in Corporate Image on the Company's Risk Management, and Response Measures:

The Company has always uphold the professional and integrity of the operating principles, paid attention to corporate governance, corporate social responsibility, therefore, there is no foreseeable risk associated with changes in corporate image.

(VII) Expected benefits and possible risks of mergers and response measures:

The Company does not carry out mergers and acquisitions.

(VIII) Expected benefits and possible risks to expand the plants and the countermeasures:

Construction of ethylene storage tanks and underground pipelines

Expected benefits: Ensuring sufficient ethylene raw material supply to maintain stable production and to enhance the connection with existing customers.

Possible risks: Increase in supply, and decrease in product's price.

Response measures: Develop products of high quality and niche products to avoid price competition

(IX) Risks resulting from consolidation of purchasing or sales operations and response measures:

Purchases: The Company purchases more than 40% of the Company's raw materials from CPC Corporation, Taiwan. However, we signed a contract with CPC to ensure the supply of ethylene. Shortages may be supplemented by imports of CPC or the Company.

Sales: Most of our customers are SMEs, so there is no concentration risk.

(X) Impact and risks resulted from major equity transfer or replacement of Directors, Supervisors, or shareholders holding more than 10% of the Company's shares, and related response measures:

There was no major exchange or transfer of shares by directors, supervisors or shareholders with over 10% of shares in the Company as at the date of publication of the report. Thus, there was no impact on the Company's operation.

(XI) Impact, risk, and response measures related to any change in governance rights in the Company:

There has been no changes in management control at the Company in the most recent fiscal year up to the publication date of this annual report.

(XII) Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that: involve the Company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the Company; and have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the Company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report:

Concluded or pending major litigious, non-litigious or administrative disputes in the most recent year and as of the date of report:

Concluded or pending major litigious, non-litigious or administrative disputes in the most recent year and as of the date of report:

(1) The Company: None.

(2) Directors, Supervisors, General Managers, persons with actual responsibility in the Company, and major shareholders holding more than 10% of the Company's shares: None.

(3) Investee companies using equity method:

With regard to the gas explosions in the evening on July 31, 2014, where the Company's investee company accounted for using the equity method China General Terminal & Distribution Corporation (CGTD) was contracted by LCY Chemical Corp. (LCY) to operate the propene pipelines, the criminal part of the gas explosion case was also dismissed on appeal by the Supreme Court on September 15, 2021, and all three of CGTD's employees were acquitted.

CGTD arrived at an agreement with the Kaohsiung City Government on February 12, 2015, pledging certificates of bank deposits of NT\$228,904 thousand, interests included, to the Kaohsiung City Government as collateral for the loss caused by the gas explosion. The Kaohsiung City Government also filed civil procedure requests in succession against CGTD, LCY Chemical Corp. and CPC Corporation, Taiwan ("CPC"). In addition, on August 27 and November 26, 2015, Taiwan Power Company



applied to the court for the execution of false seizure of the property of CGTD. CGTD has deposited NT\$99,207 thousand in cash with the court, which is exempt from false seizure; On February 3 and March 2, 2017 Taiwan water Corporation. also applied to the court for false seizure of the property of CGTD. At the end of March 31, 2023, CGTD's provisionally attached property was worth NT\$11,161 thousand.

As for the victims, CGTD, LCY Chemical Corp. and the Kaohsiung City Government signed a tripartite agreement for the compensation of the 32 victims' families on July 17, 2015. Each victim's family received \$12,000 thousand, and the compensation was \$384,000 thousand in total, which was paid in four annual payments by LCY Chemical Corp. LCY paid the compensation first and also represented the three parties in the settlement negotiation and the signing of settlement agreements with the family of the deceased. According to the tripartite agreement, CGTD paid NT\$157,347 thousand to Li CY Chemical Corp. on August 10, 2022, based on 30% of the fault liability ratio in this case in the first-instance judgments. When subsequent civil procedures were determined, and the compensation would be made according to the determined liability ratio.

As for the seriously injured, CGTD, LCY Chemical Corp. and the Kaohsiung City Government signed a tripartite agreement for the compensation of the 65 seriously injured victims' families on October 25, 2017. Compensation was paid by CGTD and the Kaohsiung City Government, and CGTD was in charge of negotiating the compensation with the seriously injured victims' families and signing the settlement agreement on behalf of the three parties with the 64 seriously injured victims' families. As of March 31, 2023, the victims and victims' families had written letters or filed civil procedures (and criminal procedures) against CGTD, LCY Chemical Corp. and CPC for compensation. To reduce the lawsuit costs, CGTD had reached a settlement on the original claim for NT\$46,677 thousand, and the amount of the settlement was NT\$4,519 thousand. Along with the case still in litigation and the above-mentioned compensation, the accumulated amount of compensation is NT\$3,856,447 thousand. The first-instance judgments of some of the above mentioned civil cases (with a total amount of compensation of approximately NT\$1,470,793 thousand) have been gradually announced, starting from June 22, 2018. Most cases referred to the first-instance judgments at that time. The proportion of fault liability of the Kaohsiung City Government, LCY Chemical Corp. and CGTD is 4:3:3 in most judgments. The total

amount of compensation that CGTD, LCY Chemical Corp. and the other defendants should pay is about \$401,979 thousand, of which CGTD was exempted for \$6,194 thousand. Now CGTD has appealed in those civil cases which were announced but not yet settled and entered into the second-instance trials; the remaining cases are still pending in the Court of First Instance (about NT\$1,882,829 in damages claimed). CGTD has signed a claim settlement agreement with the insurance company in accordance with the proportion of fault liability determined in the first-instance judgment to estimate the amount of settlement for victims and seriously injured and the civil litigation compensation amount (including settled cases). The maximum amount of the insurance compensation was deducted to calculate the amount payable by CGTD and the NT\$136,375 thousand has been included in the estimate on the account. However, the actual settlement and compensation amount described above can only be verified after the proportion of fault liability is determined in the civil judgments.

(XIII) Other significant risks and response measures:

Risk management policy:

The Audit Committee and the Board of Directors adopted risk management policies and procedures in December 2020 in order to strengthen corporate governance, reduce risks that may be faced by operations and ensure sound operation and sustainable development of the Company. The measures mainly include risk management policy, risk management organization, risk management process, risk management categories and mechanisms, etc. Effectively control risks arising from business activities according to this method, and report to the Audit Committee and the Board of Directors at least once a year on the current year's risk management operation. The latest report was submitted to the Audit Committee and the Board of Directors in November 2022.

## VII. Other Important Matters: the Company's key performance indicators

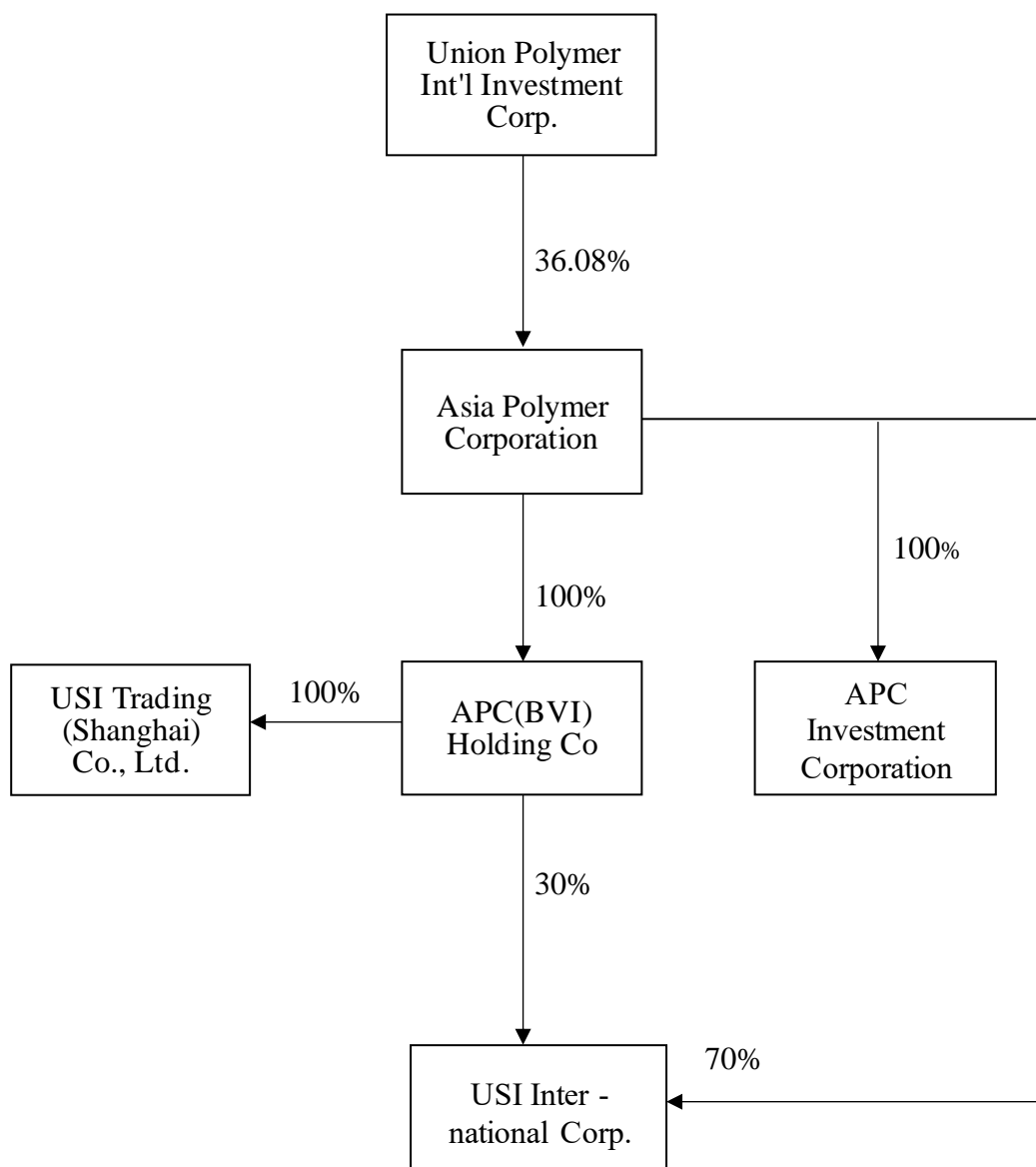
- (I) Disaster-free working hours: The company's Linyuan factory is in high temperature and high pressure production environment, and pays special attention to work safety and environmental protection. As of December 31, 2022, the total number of disaster-free hours is 458,184.
  
- (II) Equipment operation rate: The equipment operation rate of the company in 2022 reaches 95.13%.

## Chapter 8 Special Notes

### I. Information on Affiliates

#### (I) Consolidated Business Report of Affiliated Enterprises

##### 1. Organizational Structure of Affiliated Companies



## 2. Basic information of affiliates

Unit: NT\$ thousand

Name of Affiliate	Date of Founding	Address	Paid-in capital	Major Business or Production Projects
APC (BVI) Holding Co., Ltd.	April 10, 1997	Citco Building, Wickham Cay, P.O.Box 662, Road Town, Tortola, British Virgin Islands	348,331	Reinvestment
USI International Corporation	September 20, 2002	TrustNet Chambers, P.O.Box 3444, Road Town, Tortola, British Virgin Islands	92,130	Investment
APC Investment Co., Ltd.	December 20, 2007	10F, No. 39, Jihu Road, Neihu District, Taipei City	200,000	Investment
USI Trading (Shanghai) Co., Ltd.	March 13, 2006	Room 6A, No. 1358, Yan'an West Road, Shanghai City	76,775	Sale of chemical products and equipment

3. Information of shareholders with corporate governance power while working in the company: None.

## 4. Business of affiliates and their relationships

Industry Code	Name of Affiliates	Business relationship with other affiliated companies
Holding Company	APC (BVI) Holding Co., Ltd.	None
Investment	USI International Corporation	None
Investment	APC Investment Co., Ltd.	None
Trading	USI Trading (Shanghai) Co., Ltd.	Purchases from APC

5. Information regarding the directors, supervisors and general managers of affiliated companies

Unit: NT\$ thousands; shares; %

Name of Affiliate	Title	Name or Representative	Number of shares held by the person/Share holding Ratio	Number of shares held by juristic persons represented / Shareholding percentage
APC (BVI) Holding Co., Ltd.	Directors	Wu, Yi-Kuei	0/0%	-
	Directors	Wu, Pei-Chi	0/0%	
	Directors	Ko, I-Shao	0/0%	
	Directors	Huang, Ya-I	0/0%	
USI International Corporation.	Directors	Wu, Yi-Kuei	0/0%	-
	Directors	Wu, Pei-Chi	0/0%	
	Directors	Yang, Wen-Li	0/0%	
	Directors	Huang, Ya-I	0/0%	
APC Investment Corporation	Chairman	Wu, Yi-Kuei (appointed by Asia Polymer Co., Ltd.)	0/0%	20,000,000/100
	Directors	Wu, Pei-Chi (appointed by Asia Polymer Co., Ltd.)	0/0%	
	Directors	Huang, Ya-I (appointed by Asia Polymer Co., Ltd.)	0/0%	
	Supervisor	Chen, Yung-Chih (appointed by Asia Polymer Co., Ltd.)	0/0%	-
	General Manager	Huang, Ya-I	0/0%	
USI Trading (Shanghai) Co., Ltd.	Chairman	Wu, Pei-Chi (appointed by APC (BVI) Holding Co., Ltd.)	0/0%	USD2,500,000/100
	Vice Chairman	Wu, Chiao-Feng (appointed by APC (BVI) Holding Co., Ltd.)	0/0%	
	Directors	Huang, Ya-I (appointed by APC (BVI) Holding Co., Ltd.)	0/0%	
	Directors	Wu, Ming-Tsung (appointed by APC (BVI) Holding Co., Ltd.)	0/0%	
	Supervisor	Yang, Wen-Li (appointed by APC (BVI) Holding Co., Ltd.)	0/0%	
	General Manager	Wu, Pei-Chi	0/0%	-

## 6. Operating status of affiliates

Unit: NT\$ thousands

Name of Affiliate	Capital Contribution	Total Assets	Total liabilities	Net value	Operating Revenue	Operating Income (Loss)	Profit or loss for the current period (after taxes)	Earnings per share (NT\$) (after tax)
APC (BVI) Holding Co., Ltd.	348,331	586,541	-	586,541	-	(125)	14,072	1.24
USI International Corporation.	92,130	101,257	2,203	99,054	-	(1,872)	97	0.03
APC Investment Co., Ltd.	200,000	156,786	712	156,074	-	(323)	(12,287)	(0.61)
USI Trading (Shanghai) Co., Ltd.	76,775	237,728	86,946	150,782	430,817	11,949	12,645	-

(II) Consolidated financial statements of affiliated enterprises

Declaration of Consolidated Financial Statements of Affiliates

In 2022 (from January 1 to December 31, 2022), pursuant to "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," the Company's entities that shall be included in preparing the Consolidated Financial Statements of Affiliates and the Parent-Subsidiary Consolidated Financial Statements for International Financial Reporting Standards (IFRS) 10 are the same. Moreover, the disclosure information required for the Consolidated Financial Statements of Affiliates has been fully disclosed in the aforementioned Parent-Subsidiary Consolidated Financial Statements; hence, a separate Consolidated Financial Statements of Affiliates will not be prepared.

Sincerely

Company Name: Asia Polymer Corporation

Person in charge: Wu, Yi-Kuei



March 3, 2023



(III) Reports on Affiliations

1. Declaration of affiliation report

The 2022 Affiliation Report (from January 1 to December 31, 2022) prepared by your Company, in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises. No material inconsistency has been found between the information disclosed and the relevant information disclosed in the notes to the financial statements for the aforementioned period. The statement is attached in this letter.

Sincerely

Company Name: Asia Polymer Corporation



Person in charge: Wu, Yi-Kuei



March 3, 2023

## 2. Independent auditor's opinion on affiliation report

Chin Shen No. 11202506 dated March 21, 2023

Attn: Asia Polymer Corporation

Subject: We express our opinions on the Company's 2022 affiliation report that it does not contain any material inconsistency.

Explanation:

- I. Your Company has issued a statement on the 2022 Affiliation Report (from January 1 to December 31, 2022) prepared by your Company, on March 3, 2023 in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises. No material inconsistency has been found between the information disclosed and the relevant information disclosed in the notes to the financial statements for the aforementioned period. The statement is attached in this letter.
- II. We have compared the Notes to Financial Statements in the Company's 2022 Financial Statements with the Company's Related Company Report based on the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises", and have not found any material discrepancies in the aforementioned statements.

Deloitte & Touche

CPA Chiu, Cheng-Chun

CPA Zhuang, Bi Yu

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3. Overview on the relationship between affiliates and holding company

Unit: Share; %

Controlling Company Name	Reason for the Control	Shares Held by the Holding Company and Status of Pledged Shares			Directors, Supervisors or Managers Appointed by the Holding Company	
		Shares Held	Shareholding Ratio	The Number of Pledged Shares	Title	Name
Shing Lee Enterprise (Hong Kong) Limited	The major shareholder and representative of USI was elected as the Chairman	0	0	0	None	
USI Corporation	The parent company of the major shareholder (Union Polymer Int'l Investment Corp.) and the same chairman	0	0	0	None	
Union Polymer Int'l Investment Corp.	Major shareholder with more than half of the director seats	214,245,822	36.08%	0	Chairman Directors	Wu, Yi-Kuei Li, Kuo-Hung

#### 4. Transaction situations of purchase and sales

Unit: NT\$ thousand; %

Controlling Company Name	Transaction Details between Control Companies				Transaction terms with the holding company		General transaction condition		Reason for the difference	Accounts Receivable (Payable), Notes Receivable (Payable)		Overdue Accounts			Remark
	Purchase (Sale)	Amount	Percentage to total purchases (sales)	Sales Margin	Unit Price (NTD)	Loan tenor	Unit Price (NTD)	Loan tenor		Cash balance	Percentage to total accounts/ notes receivables	Amount	Actions Taken	Allowan ce for Doubtful Accounts	
USI Corporation	Sales Margin	1,436,470	14.96%	505,157	56~108	60 days	46~110	30-90 Days	None	187,963	17.03%	0	None	0	-
	Purchases	252,526	5.29%	-	33~61	30 days	34~65	30 days	None	20,004	7.15%	-	-	-	-

5. Property transactions: None

6. Status of financing: None.

## 7. Lease of assets

Unit: NT\$ thousands

Controlling Company Name	Type of Transaction	Subject		Leases Term	Leases Nature	Determination Basis of Leasing Price	collection Terms	Comparison with Normal Transactions	Total rent for this period	Collection status for the current period	Other Stipulations
		Name	Location								
USI Corporation	Lessor	Office and parking spaces	9th and 10th Floor, No. 37, Jihu Road, Taipei City	2022.1.1-2022.12.31	Operating lending	Market price	Monthly collection	Quite	3,471	Normal	None
	Lessee	Office and parking spaces	12th Floor, No. 37, Jihu Road, Taipei City, Taiwan, R.O.C.	2022.1.1-2022.12.31	Operating lending	Market price	Monthly collection	Quite	2,505	Normal	None
Union Polymer Int'l Investment Corp.	Lessor	Office	10F., No. 37, Jihu Rd., Neihu Dist., Taipei City	2022.1.1-2022.12.31	Operating lending	Market price	Monthly collection	Quite	40	Normal	None

8. Endorsements and guarantees: None.

II. Private placement of securities within the most recent year up to the publication date of this report: None

III. Holding or disposal of Company shares within the most recent year up to the publication date of this report: None

IV. Other necessary supplementary notes to be included: None

V. Any Event which has a Material Impact on Shareholders' Rights and Interests or the Company's Securities as Prescribed in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act, that Have Occurred in the Most Recent Fiscal Year up to the Publication Date of this Annual Report Shall be Indicated Individually: None

# Financial Statements for the Most Recent Fiscal Year

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders Asia Polymer Corporation

### Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

### Basis for Opinion

We conducted our audit of the financial statements in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the Group's consolidated financial statements for the year ended December 31, 2022 are stated as follows:

#### Recognition of Sales Revenue from Specific Customers

The amount of sales revenue for the year ended December 31, 2022 was NT\$9,815,332 thousand, which was approximately 2.61% higher than the sales revenue for the year ended December 31, 2021 of NT\$9,565,813 thousand. Nevertheless, the sales revenue from specific customers has grown significantly compared to the average growth of total sales revenue. Therefore, recognition of revenue from these specific customers has been identified as a key audit matter.

The audit procedures that we performed in response to the risk were as follows:

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

2. We sampled and inspected purchase orders from these specific customers, shipping confirmations and receivables collection receipts in order to verify the accuracy of sales revenue.
3. We reviewed sales returns and discounts recognized and the amounts received in subsequent periods to assess for any abnormalities.

### **Other Matter**

We have also audited the parent company only financial statements of Asia Polymer Corporation as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the FSC of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards in the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going

concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chiu, Cheng-Chun (Financial Supervisory Commission, Approval No. 0930160267) and Chuang, Pi-Yu (Financial Supervisory Commission, Approval No. 1070323246)

Deloitte & Touche  
Taipei, Taiwan  
Republic of China  
March 10, 2023

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**ASIA POLYMER CORPORATION AND SUBSIDIARIES**
**CONSOLIDATED BALANCE SHEETS**
**December 31, 2022 and 2021**
**(In Thousands of New Taiwan Dollars)**

Code	ASSETS	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	<b>CURRENT ASSETS</b>				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 1,481,970	9	\$ 763,936	4
1110	Financial assets at fair value through profit and loss - current (Notes 4 and 7)	499,776	3	1,118,714	6
1120	Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	21,162	-	44,346	-
1170	Accounts receivable (Notes 4, 10 and 23)	868,078	5	990,914	5
1180	Accounts receivable from related parties (Notes 4, 10, 23 and 29)	202,757	1	428,395	3
1200	Other receivables (Note 4)	950	-	17,867	-
1210	Other receivables from related parties (Notes 4 and 29)	3,602	-	1,829	-
1310	Inventories (Notes 4 and 11)	540,844	4	584,086	3
1410	Prepayments	165,484	1	148,731	1
1470	Other current assets	110	-	110	-
11XX	Total current assets	<u>3,784,733</u>	<u>23</u>	<u>4,098,928</u>	<u>22</u>
	<b>NON-CURRENT ASSETS</b>				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	3,189,863	19	4,206,995	22
1535	Financial assets at amortized cost - non-current (Notes 4 and 9)	8,350	-	21,786	-
1550	Investments accounted for using the equity method (Notes 4, 5, 13 and 30)	5,158,490	32	6,634,522	35
1600	Property, plant and equipment (Notes 4 and 14)	3,363,478	21	3,376,590	18
1755	Right-of-use assets (Notes 4 and 15)	10,451	-	8,143	-
1760	Investment properties (Notes 4 and 16)	510,955	3	511,258	3
1840	Deferred income tax assets (Notes 4 and 25)	356,127	2	104,798	-
1990	Other non-current assets (Note 4)	7,622	-	15,526	-
15XX	Total non-current assets	<u>12,605,336</u>	<u>77</u>	<u>14,879,618</u>	<u>78</u>
1XXX	<b>TOTAL ASSETS</b>	<u>\$ 16,390,069</u>	<u>100</u>	<u>\$ 18,978,546</u>	<u>100</u>
	<b>LIABILITIES AND EQUITY</b>				
	<b>CURRENT LIABILITIES</b>				
2100	Short-term borrowings (Note 17)	\$ 120,000	1	\$ 500,000	3
2120	Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	3,012	-	860	-
2170	Accounts payable (Note 18)	257,607	2	218,770	1
2180	Accounts payable to related parties (Notes 18 and 29)	53,653	-	79,397	-
2200	Other payables (Note 19)	219,889	1	230,736	1
2220	Other payables to related parties (Note 29)	178,903	1	207,259	1
2230	Current tax liabilities (Notes 4 and 25)	656,238	4	665,205	4
2280	Lease liabilities - current (Notes 4 and 15)	6,524	-	5,765	-
2365	Refund liabilities - current (Note 20)	5,899	-	5,899	-
2399	Other current liabilities (Note 23)	48,384	-	28,186	-
21XX	Total current liabilities	<u>1,550,109</u>	<u>9</u>	<u>1,942,077</u>	<u>10</u>
	<b>NON-CURRENT LIABILITIES</b>				
2540	Long-term borrowings (Note 17)	450,636	3	1,369,746	8
2570	Deferred income tax liabilities (Notes 4 and 25)	29,667	-	30,601	-
2580	Lease liabilities - non-current (Notes 4 and 15)	17,709	-	21,530	-
2640	Net defined benefit liabilities - non-current (Notes 4 and 21)	112,106	1	135,005	1
2650	Credit balance of investments accounted for using the equity method (Notes 4 and 13)	330	-	-	-
2670	Other non-current liabilities	12,554	-	17,538	-
25XX	Total non-current liabilities	<u>623,002</u>	<u>4</u>	<u>1,574,420</u>	<u>9</u>
2XXX	Total liabilities	<u>2,173,111</u>	<u>13</u>	<u>3,516,497</u>	<u>19</u>
	<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 8, 22 and 25)</b>				
	Share Capital				
3110	Ordinary shares	5,937,438	36	5,937,438	31
3200	Capital Surplus	37,142	-	35,319	-
	Retained Earnings				
3310	Legal Reserve	2,223,200	14	1,906,008	10
3320	Special Reserve	565,379	3	565,379	3
3350	Unappropriated Earnings	4,511,018	28	5,139,359	27
3300	Total retained earnings	<u>7,299,597</u>	<u>45</u>	<u>7,610,746</u>	<u>40</u>
3400	Other equity	942,781	6	1,878,546	10
3XXX	Total equity	<u>14,216,958</u>	<u>87</u>	<u>15,462,049</u>	<u>81</u>
	<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$ 16,390,069</u>	<u>100</u>	<u>\$ 18,978,546</u>	<u>100</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 COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		2022		2021	
		Amount	%	Amount	%
4100	NET REVENUE (Notes 4, 23 and 29)	\$ 9,815,332	100	\$ 9,565,813	100
5110	OPERATING COSTS (Notes 4, 11, 21, 24 and 29)	<u>6,582,460</u>	<u>67</u>	<u>5,968,145</u>	<u>62</u>
5900	GROSS PROFIT	<u>3,232,872</u>	<u>33</u>	<u>3,597,668</u>	<u>38</u>
	OPERATING EXPENSES (Notes 21, 24 and 29)				
6100	Selling and marketing expenses	151,638	2	151,241	2
6200	General and administrative expenses	127,858	1	121,018	1
6300	Research and development expenses	<u>6,468</u>	<u>-</u>	<u>6,154</u>	<u>-</u>
6000	Total operating expenses	<u>285,964</u>	<u>3</u>	<u>278,413</u>	<u>3</u>
6900	PROFIT FROM OPERATIONS	<u>2,946,908</u>	<u>30</u>	<u>3,319,255</u>	<u>35</u>
	NON-OPERATING INCOME AND EXPENSES (Notes 4, 13, 24 and 29)				
7100	Interest income	11,475	-	4,381	-
7010	Other income	364,988	4	268,292	3
7020	Other gains and losses	( 23,569 )	-	105,050	1
7510	Interest expense	( 10,311 )	-	( 22,743 )	-
7060	Share of profit or loss of associates	( <u>1,471,720</u> )	( <u>15</u> )	<u>63,971</u>	<u>-</u>
7000	Total non-operating income and expenses	( <u>1,129,137</u> )	( <u>11</u> )	<u>418,951</u>	<u>4</u>
7900	PROFIT BEFORE INCOME TAX	1,817,771	19	3,738,206	39
7950	INCOME TAX EXPENSE (Notes 4 and 25)	<u>370,402</u>	<u>4</u>	<u>637,079</u>	<u>7</u>
8200	NET PROFIT FOR THE YEAR	<u>1,447,369</u>	<u>15</u>	<u>3,101,127</u>	<u>32</u>
	OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 13, 21, 22 and 25)				
	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	\$ 11,338	-	( \$ 1,434 )	-
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	( 1,030,919 )	( 11 )	959,622	10

(Continued)

(Continued)

Code		2022		2021	
		Amount	%	Amount	%
8330	Share of the other comprehensive income (loss) of associates accounted for using the equity method	( 22,163 )	-	37,768	-
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	( 1,864 )	-	( 2,572 )	-
8310	Items that may be reclassified subsequently to profit or loss:	( 1,043,608 )	( 11 )	993,384	10
8361	Exchange Differences on Translating the Financial Statements of Foreign Operations	150,506	1	( 49,087 )	-
8370	Share of the other comprehensive income (loss) of associates accounted for using the equity method	10,152	-	( 6,262 )	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	( 30,101 )	-	9,817	-
8360		130,557	1	( 45,532 )	-
8300	Other comprehensive income (loss) for the year, net of income tax	( 913,051 )	( 10 )	947,852	10
8500	TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 534,318</u>	<u>5</u>	<u>\$ 4,048,979</u>	<u>42</u>
	EARNINGS PER SHARE (Note 26)				
9710	Basic	<u>\$ 2.44</u>		<u>\$ 5.22</u>	
9810	Diluted	<u>\$ 2.43</u>		<u>\$ 5.21</u>	

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

EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 8, 22 and 25)

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

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**ASIA POLYMER CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**  
(In Thousands of New Taiwan Dollars)

Code		2022	2021
	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
A10000	Income before income tax	\$ 1,817,771	\$ 3,738,206
A20010	Adjustments for:		
A20100	Depreciation expenses	305,172	312,426
A20200	Amortization expenses	35	18
A20400	Net loss on fair value change of financial assets at fair value through profit or loss	93,817	3,385
A20900	Interest expense	10,311	22,743
A21200	Interest income	( 11,475 )	( 4,381 )
A21300	Dividend income	( 295,798 )	( 204,242 )
A22300	Share of profit or loss of associates	1,471,720	( 63,971 )
A23700	Loss on write-down of inventories	628	757
A24100	Net (gain) loss on foreign currency exchange	( 112 )	4,640
A30000	Changes in operating assets and liabilities		
A31115	Financial assets mandatorily classified as at fair value through profit or loss	527,273	( 39,300 )
A31150	Accounts receivable	120,853	( 444,791 )
A31160	Accounts receivable from related parties	225,846	( 231,036 )
A31180	Other receivables	17,479	( 13,369 )
A31190	Other receivables from related parties	( 1,767 )	196
A31200	Inventories	42,615	( 272,719 )
A31230	Prepayments	( 16,753 )	( 23,972 )
A32150	Accounts payable	40,717	( 20,153 )
A32160	Accounts payable from related parties	( 25,749 )	30,700
A32180	Other payables	( 14,219 )	38,300
A32190	Other payables from related parties	( 28,813 )	156,577
A32230	Other current liabilities	18,263	( 14,000 )
A32240	Net defined benefit liabilities - non-current	( 11,561 )	( 21,486 )
A33000	Cash generated from operations	4,286,253	2,954,528
A33100	Interest received	10,913	4,486
A33300	Interest paid	( 10,870 )	( 23,927 )
A33500	Income tax paid	( 663,597 )	( 188,553 )
AAAA	Net cash generated from operating activities	3,622,699	2,746,534

(Continued)

(Continued)

Code		2022	2021
	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
B00010	Purchase of financial assets at fair value through other comprehensive income - current	\$ -	(\$ 1,234)
B00020	Proceeds from sale of financial assets at fair value through other comprehensive income	216	100,201
B00030	Capital reduction of financial assets at fair value through other comprehensive income	19,237	20,897
B01800	Acquisition of associates	( 13,203 )	( 22,500 )
B02700	Payments for property, plant and equipment	( 258,519 )	( 403,612 )
B04500	Payments for intangible assets	( 479 )	-
B05400	Payments for investment properties	( 2,214 )	-
B07600	Dividends received	420,987	294,432
B09900	Decrease in other non-current assets	<u>8,348</u>	<u>6,655</u>
BBBB	Net cash generated from (used in) investing activities	<u>174,373</u>	( <u>5,161</u> )
	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
C00200	Repayments of short-term borrowings	( 380,000 )	( 200,000 )
C01600	Proceeds from long-term borrowings	3,128,884	9,475,000
C01700	Repayments of long-term borrowings	( 4,050,000 )	( 11,150,000 )
C03100	Decrease in refundable deposits	1,935	1,109
C04020	Repayment of the principal portion of lease liabilities	( 6,096 )	( 6,263 )
C04400	Decrease in other non-current liabilities	( 4,984 )	( 503 )
C04500	Dividends paid to owners of the Group	( <u>1,782,659</u> )	( <u>698,597</u> )
CCCC	Net cash used in financing activities	( <u>3,092,920</u> )	( <u>2,579,254</u> )
DDDD	<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>	<u>13,882</u>	( <u>3,827</u> )
EEEE	<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	718,034	158,292
E00100	<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>763,936</u>	<u>605,644</u>
E00200	<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 1,481,970</u>	<u>\$ 763,936</u>

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

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**1. GENERAL INFORMATION**

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

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

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 issued after it had approved by the Company’s board of directors on March 3, 2023.

**3. APPLICATION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS**

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

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

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

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

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

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

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

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

c.	New IFRSs in issue but not yet endorsed and issued into effect by the FSC	Effective Date Announced by IASB (Note 1)
	<u>New IFRSs</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
	Amendments to IFRS 16 "Lease Liabilities in Leaseback after Sales"	January 1, 2024 (Note 2)
	IFRS 17 "Insurance Contracts"	January 1, 2023
	Amendments to IFRS 17	January 1, 2023
	Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
	Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
	Amendments to IAS 1 "Non-current Liabilities with Contractual Terms"	January 1, 2024

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

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

As of the date the 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 IFRSs as endorsed and issued into effect by the FSC.

##### b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments 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. Classification of current and non-current assets and liabilities

Current assets include:

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

Current liabilities include:

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

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

- d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the 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 and Tables 6 to 7 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

- e. Foreign Currency

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

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

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

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

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

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

In relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Inventories

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

g. Investments accounted for using the equity method

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

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

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

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

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

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

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

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

#### h. Property, plant and equipment

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

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Samples of these assets are measured at the lower of cost or net realizable value when the assets are tested for proper functioning before realizing their intended use, and the sales price and cost are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are

reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

i. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation (including right-of-use assets if the definition of investment properties is met). Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

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

Depreciation is recognized using the straight-line method.

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

j. Intangible assets

1) Acquired separately

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

2) Derecognition

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

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

At each balance sheet date, the Group assesses whether there is any indication that property, plant and equipment, right-of-use assets, investment property and intangible assets may have been impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

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

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

#### 1. Financial instruments

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

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

##### 1) Financial assets

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

##### a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and equity instruments at FVTOCI.

##### i. Financial assets mandatorily classified as at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 28.

##### ii. Financial assets at amortized cost

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

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

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

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default:

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

Financial liabilities at FVTPL

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

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

Fair value is determined in the manner described in Note 28.

b) Derecognition of financial liabilities

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

4) Derivative instruments

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

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

m. Revenue recognition

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

Revenue from sale of goods

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

n. Leases

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

1) The Group as lessor

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

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

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

2) The Group as lessee

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

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



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

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

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

o. Borrowing costs

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

p. Government grant

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

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

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

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

q. Employee benefits

1) Short-term employee benefits

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

2) Post-employment benefits

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

Defined benefit costs (including service cost, net interest and rereasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs.

Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

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

r. Income tax

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

1) Current tax

The Group determines the income (loss) of the current year in accordance with the laws and regulations in each income tax declaration jurisdiction, and calculates the income tax payable accordingly.

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

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

2) Deferred income tax

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

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

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

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

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

3) Current and deferred income taxes

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

**5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

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

Key Sources of Estimation Uncertainty

Estimation of damage compensation for associate's gas explosion incidents

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

**6. CASH AND CASH EQUIVALENTS**

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and petty cash	\$ 267	\$ 298
Checking accounts and demand deposits	229,330	261,115
Cash equivalents		
Time deposits	678,091	362,544
Reverse repurchase agreements collateralized by bonds	<u>574,282</u>	<u>139,979</u>
	<u>\$ 1,481,970</u>	<u>\$ 763,936</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Time deposits	0.88%~4.90%	0.09%~1.80%
Reverse repurchase agreements collateralized by bonds	1.15%~1.40%	0.37%

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets - current</u>		
Mandatorily classified as at FVTPL		
Derivative instruments (not under hedge accounting)		
- Foreign exchange forward contracts	\$ 425	\$ 393
Non-derivative financial assets		
- Listed shares	87,136	228,079
- Mutual funds	352,262	830,123
- Beneficiary securities	<u>59,953</u>	<u>60,119</u>
Subtotal	<u>499,351</u>	<u>1,118,321</u>
	<u>\$ 499,776</u>	<u>\$ 1,118,714</u>
<u>Financial liabilities - current</u>		
Held for trading		
Derivative instruments (not under hedge accounting)		
- Foreign exchange forward contracts	<u>\$ 3,012</u>	<u>\$ 860</u>

The net gain and loss on operations of financial assets and liabilities at FVTPL in 2022 and 2021 were loss of \$31,837 thousand and gain of \$137,679 thousand, respectively.

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

### December 31, 2022

	<u>Currency</u>	<u>Maturity Date</u>	<u>Notional Amount (thousand)</u>
Sell	RMB/NTD	2023.01.19-2023.03.30	RMB101,500/NTD444,614

### December 31, 2021

	<u>Currency</u>	<u>Maturity Date</u>	<u>Notional Amount (thousand)</u>
Sell	RMB/NTD	2022.01.3-2022.03.24	RMB138,200/NTD597,950

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Domestic investments		
Listed shares	<u>\$ 21,162</u>	<u>\$ 44,346</u>
<u>Non-current</u>		
Domestic investments		
Listed shares	\$ 2,959,952	\$ 3,955,431
Unlisted shares	<u>135,304</u>	<u>164,993</u>
Subtotal	<u>3,095,256</u>	<u>4,120,424</u>
Foreign investments		
Listed shares	17,179	23,364
Unlisted ordinary shares	7	8
Unlisted preferred shares	<u>77,421</u>	<u>63,199</u>
Subtotal	<u>94,607</u>	<u>86,571</u>
	<u>\$ 3,189,863</u>	<u>\$ 4,206,995</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.

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

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

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

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

#### 9. Financial assets at amortized cost

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Non-current</u>		
Restricted bank deposits	<u>\$ 8,350</u>	<u>\$ 21,786</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Accounts Receivable</u>		
At amortized cost		
Gross carrying amount	\$ 870,078	\$ 992,914
Less: Allowance for impairment loss	( 2,000 )	( 2,000 )
	<u>\$ 868,078</u>	<u>\$ 990,914</u>
Accounts receivable from related parties (Note 29)	<u>\$ 202,757</u>	<u>\$ 428,395</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:

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>

December 31, 2021

	<u>Not Past Due</u>	<u>1 to 60 Days</u>	<u>61 to 90 Days</u>	<u>Total</u>
Gross carrying amount	\$ 1,421,309	\$ -	\$ -	\$ 1,421,309
Loss allowance (Lifetime ECL)	( 2,000)	-	-	( 2,000)
Amortized cost	<u>\$ 1,419,309</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,419,309</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>2022</u>	<u>2021</u>
Balance at January 1	\$ 2,000	\$ 2,000
Add: Impairment loss for the year	-	-
Balance at December 31	<u>\$ 2,000</u>	<u>\$ 2,000</u>

## 11. Inventories

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Finished goods	\$ 355,705	\$ 387,477
Work in process	23,814	35,318
Raw materials	101,313	111,706
Production supplies	60,012	49,585
	<u>\$ 540,844</u>	<u>\$ 584,086</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2022 and 2021 was \$6,582,460 thousand and \$5,968,145 thousand, respectively. The cost of goods sold for 2022 and 2021 included loss for market price decline and obsolete and slow-moving inventories of \$628 thousand and \$757 thousand respectively.

## 12. Subsidiary

### Subsidiaries included in the consolidated financial statements

The entities included in the consolidated financial statements:

<u>Name of Investor</u>	<u>Name of Subsidiary</u>	<u>Nature of Activities</u>	<u>% of Ownership</u>	
			<u>December 31, 2022</u>	<u>December 31, 2021</u>
The Company	APC Investment Co., Ltd. (APCI)	Investment	100.00%	100.00%
The Company	APC (BVI) Holding Co., Ltd. ("APC BVI")	Reinvestment	100.00%	100.00%
The Company	USI International Corp. (USIIC)	Reinvestment	70.00%	70.00%
APC (BVI)	USI International Corp. (USIIC)	Reinvestment	30.00%	30.00%
APC (BVI)	USI Trading (Shanghai) Co., Ltd (USITA)	Sale of chemical products and equipment	100.00%	100.00%

### 13. Investments accounted for using the equity method

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Material associates</u>		
Ever Conquest Global Ltd.	\$ 3,526,546	\$ 4,851,207
<u>Associates that are not individually material</u>		
<u>Listed company</u>		
China General Plastics Corporation (CGPC)	762,280	900,764
Acme Electronics Corporation (ACME)	59,787	57,935
<u>Unlisted company</u>		
China General Terminal & Distribution Corporation (CGTD)	\$ 355,611	\$ 373,731
ACME Electronics (Cayman) Corp. (ACME (Cayman))	207,944	204,869
Swanson Plastics Corporation (SPC)	205,730	210,268
Taiwan United Venture Capital Corp. (TUVC)	22,114	22,673
USI Optronics Corporationd (USIO)	6,155	8,718
Zhangzhou Taiju Trading Co., Ltd. (GUL)	12,323	-
Swanson Technologies Corporation (STC)	( 330 )	4,357
	5,158,160	6,634,522
Add: Reclassification of the credit amount of investments to liabilities	330	-
	<u>\$ 5,158,490</u>	<u>\$ 6,634,522</u>

#### a. Material associates

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Non-current assets	<u>\$ 8,629,306</u>	<u>\$ 11,870,695</u>
Equity	<u>\$ 8,629,306</u>	<u>\$ 11,870,695</u>
Proportion of the Group's ownership	40.87%	40.87%
Equity attributable to the Group	<u>\$ 3,526,546</u>	<u>\$ 4,851,207</u>
Carrying amount	<u>\$ 3,526,546</u>	<u>\$ 4,851,207</u>

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

b. Aggregate information of associates that are not individually material

	<u>2022</u>	<u>2021</u>
The Group's share of:		
Net gain (loss) from continuing operations for the year	(\$ 32,118)	\$245,198
Other comprehensive gain (loss)	<u>(30,926)</u>	<u>30,742</u>
Total comprehensive income for the year	<u>(\$ 63,044)</u>	<u>\$275,940</u>

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

<u>Name of Associates</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
CGPC	8.07%	8.07%
ACME	4.34%	4.34%
CGTD	33.33%	33.33%
ACME (Cayman)	16.64%	16.64%
SPC	7.95%	7.95%
TUVC	8.33%	8.33%
STC	15.00%	15.00%
USIO	9.20%	9.20%
GUL	30.00%	-

Refer to Table 6 "Information on Investees" and Table 7 "Information on Investments in Mainland China" for the nature of activities, principal places of business and countries of incorporation of the associates.

The Group's percentage of ownership over CGPC, ACME, ACME (Cayman), SPC, TUVC, STC, and USIO was less than 20%. These associates 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 December 31, 2022, DOR PO had invested US\$103,915 thousand and held 15.0% ownership interest in Dynamic Ever Investment Limited.

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

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

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

<u>Name of Associates</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
CGPC	<u>\$ 1,237,795</u>	<u>\$ 1,626,951</u>
ACME	<u>\$ 190,191</u>	<u>\$ 424,852</u>

## 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 at January 1, 2022	\$ 228,229	\$ 778,815	\$6,433,849	\$ 9,661	\$ 88,138	\$ 618,748	\$8,157,440
Additions	-	-	38,859	-	157	242,260	281,276
Disposals	-	-	( 37,500 )	( 1,467 )	( 593 )	-	( 39,560 )
Internal transfer	-	941	64,334	1,820	925	( 68,020 )	-
Effect of foreign currency exchange differences	-	-	-	16	211	-	227
Balance at December 31, 2022	<u>\$ 228,229</u>	<u>\$ 779,756</u>	<u>\$6,499,542</u>	<u>\$ 10,030</u>	<u>\$ 88,838</u>	<u>\$ 792,988</u>	<u>\$8,399,383</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2022	\$ -	\$ 323,757	\$4,366,644	\$ 9,282	\$ 81,167	\$ -	\$4,780,850
Depreciation expenses	-	19,782	271,497	341	2,775	-	294,395
Disposals	-	-	( 37,500 )	( 1,467 )	( 593 )	-	( 39,560 )
Effect of foreign currency exchange differences	-	-	-	9	211	-	220
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 343,539</u>	<u>\$4,600,641</u>	<u>\$ 8,165</u>	<u>\$ 83,560</u>	<u>\$ -</u>	<u>\$5,035,905</u>
Net amount at December 31, 2022	<u>\$ 228,229</u>	<u>\$ 436,217</u>	<u>\$1,898,901</u>	<u>\$ 1,865</u>	<u>\$ 5,278</u>	<u>\$ 792,988</u>	<u>\$3,363,478</u>
<u>Cost</u>							
Balance at January 1, 2021	\$ 228,229	\$ 778,815	\$6,425,227	\$ 12,403	\$ 87,990	\$ 243,332	\$7,775,996
Additions	-	-	25,000	-	-	395,758	420,758
Disposals	-	-	( 36,347 )	( 2,737 )	( 168 )	-	( 39,252 )
Internal transfer	-	-	19,969	-	373	( 20,342 )	-
Effect of foreign currency exchange differences	-	-	-	( 5 )	( 57 )	-	( 62 )
Balance at December 31, 2021	<u>\$ 228,229</u>	<u>\$ 778,815</u>	<u>\$6,433,849</u>	<u>\$ 9,661</u>	<u>\$ 88,138</u>	<u>\$ 618,748</u>	<u>\$8,157,440</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2021	\$ -	\$ 303,535	\$4,124,977	\$ 11,640	\$ 78,168	\$ -	\$4,518,320
Depreciation expenses	-	20,222	278,014	382	3,223	-	301,841
Disposals	-	-	( 36,347 )	( 2,737 )	( 168 )	-	( 39,252 )
Effect of foreign currency exchange differences	-	-	-	( 3 )	( 56 )	-	( 59 )
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 323,757</u>	<u>\$4,366,644</u>	<u>\$ 9,282</u>	<u>\$ 81,167</u>	<u>\$ -</u>	<u>\$4,780,850</u>
Net amount at December 31, 2021	<u>\$ 228,229</u>	<u>\$ 455,058</u>	<u>\$2,067,205</u>	<u>\$ 379</u>	<u>\$ 6,971</u>	<u>\$ 618,748</u>	<u>\$3,376,590</u>

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

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

### Buildings and improvements

Factory and improvements	15 to 40 years
Office building, laboratory and improvements	10 to 40 years
Storage rooms	11 to 45 years
Engineering systems	35 to 40 years
Others	2 to 20 years

### Machinery and equipment

Transportation and other equipment	3 to 10 years
------------------------------------	---------------

In order to support the relocation of petrochemical storage facilities in the old port area conducted by Taiwan International Ports Corporation Ltd. (“TIPC”), China General Terminal & Distribution Corporation (“CGTD”) leases the terminal facilities and back-line lands of Phase II Petrochemical Oil Storage and Transportation Center of Kaohsiung Port Container Center, with the lease term from August 1, 2017 to July 31, 2042. The rent is paid on quarterly basis. The

Board of Directors of the Group resolved to build the Intercontinental Phase II Petrochemical Oil Products Center in 2019 with total investment amount of \$765,893 thousand for the construction. As of December 31, 2022, the Group has made construction payment of \$674,171 thousand, which was booked under the construction in progress.

## 15. LEASE ARRANGEMENTS

### a. Right-of-use Assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying amounts		
Land	\$ 10,213	\$ 7,700
Transportation equipment	<u>238</u>	<u>443</u>
	<u>\$ 10,451</u>	<u>\$ 8,143</u>
	<u>2022</u>	<u>2021</u>
Increase in right-of-use assets	<u>\$ 3,034</u>	<u>\$ 8,631</u>
Depreciation charge for right-of-use assets		
Land	\$ 521	\$ 318
Transportation equipment	<u>205</u>	<u>594</u>
	<u>\$ 726</u>	<u>\$ 912</u>

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

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

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

Range of discount rate for lease liabilities was as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Land	1.06%	1.06%
Transportation equipment	1.06%	1.06%
Buildings	1.06%	1.06%

c. Other lease information

	<u>2022</u>	<u>2021</u>
Expenses relating to short-term leases	<u>\$ 4,152</u>	<u>\$ 3,295</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 570</u>	<u>\$ 536</u>
Total cash outflow for leases	<u>(\$ 11,093)</u>	<u>(\$ 10,407)</u>

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

**16. INVESTMENT PROPERTIES**

	<u>Land</u>	<u>Buildings and improvements</u>	<u>Right-of-use Assets</u>	<u>Total</u>
<u>Cost</u>				
Balance at January 1, 2022	\$ 370,202	\$ 247,758	\$ 34,585	\$ 652,545
Additions	-	2,214	-	2,214
Effect of foreign currency exchange differences	-	12,835	-	12,835
Balance at December 31, 2022	<u>\$ 370,202</u>	<u>\$ 262,807</u>	<u>\$ 34,585</u>	<u>\$ 667,594</u>
<u>Accumulated depreciation</u>				
Balance at January 1, 2022	\$ -	\$ 124,906	\$ 16,381	\$ 141,287
Depreciation expenses	-	4,590	5,461	10,051
Effect of foreign currency exchange differences	-	5,301	-	5,301
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 134,797</u>	<u>\$ 21,842</u>	<u>\$ 156,639</u>
Net amount at December 31, 2022	<u>\$ 370,202</u>	<u>\$ 128,010</u>	<u>\$ 12,743</u>	<u>\$ 510,955</u>
<u>Cost</u>				
Balance at January 1, 2021	\$ 370,202	\$ 251,113	\$ 34,585	\$ 655,900
Effect of foreign currency exchange differences	-	( 3,355 )	-	( 3,355 )
Balance at December 31, 2021	<u>\$ 370,202</u>	<u>\$ 247,758</u>	<u>\$ 34,585</u>	<u>\$ 652,545</u>
<u>Accumulated depreciation</u>				
Balance at January 1, 2021	\$ -	\$ 122,040	\$ 10,921	\$ 132,961
Depreciation expenses	-	4,213	5,460	9,673
Effect of foreign currency exchange differences	-	( 1,347 )	-	( 1,347 )
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 124,906</u>	<u>\$ 16,381</u>	<u>\$ 141,287</u>
Net amount at December 31, 2021	<u>\$ 370,202</u>	<u>\$ 122,852</u>	<u>\$ 18,204</u>	<u>\$ 511,258</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 as of December 31, 2022 and 2021 was as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Year 1	\$ 15,344	\$ 20,534
Year 2	13,749	16,310
Year 3	4,375	16,310
Year 4	3,889	948
Year 5	972	-
	<u>\$ 38,329</u>	<u>\$ 54,102</u>

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.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fair Value	<u>\$ 1,943,595</u>	<u>\$ 1,883,136</u>

## 17. **BORROWINGS**

### a. Short-term borrowings

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Unsecured borrowings</u>		
Bank loans	<u>\$ 120,000</u>	<u>\$ 500,000</u>

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

### b. Long-term borrowings

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Unsecured borrowings	<u>\$ 450,636</u>	<u>\$ 1,369,746</u>
Range of interest rates	0.925%	0.30%-0.80%

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 \$6,000,000 thousand. The

loan agreements will subsequently expire before December 2025 and these lines of credit are on a revolving basis. The lines of credit have not been used as of December 31, 2022.

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

Some of the 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 December 31, 2022, the Group did not violate these financial ratios and terms.

**18. Accounts payable from unrelated parties**

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Accounts payable (including related parties)</u>		
Arising from operation	<u>\$ 311,260</u>	<u>\$ 298,167</u>

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

**19. Other payables from unrelated parties**

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Payables for salaries or bonuses	\$ 125,161	\$ 141,996
Payables for utilities	38,737	33,306
Payables for freight fees	9,887	20,258
Payables for equipment	8,858	961
Payables for dividends	7,057	6,128
Payables for insurance	2,118	1,973
Others	28,071	26,114
	<u>\$ 219,889</u>	<u>\$ 230,736</u>

**20. REFUND LIABILITIES - CURRENT**

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Customer returns and rebates	<u>\$ 5,899</u>	<u>\$ 5,899</u>

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

**21. RETIREMENT BENEFIT PLANS**

a. Defined contribution plans

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

b. Defined benefit plans

The defined benefit plan adopted by the Group in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. In 2022 and 2021, the Group contributes amounts equal to 10% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. If the estimated balance of the account before the end of the year is not enough to pay for the workers who are qualified for retirement in the following year, the contribution of the difference will be made in one lump sum by the end of March of the following year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Group has no right to influence the investment policy and strategy.

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

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

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2022	<u>\$ 297,097</u>	<u>(\$ 162,092)</u>	<u>\$ 135,005</u>
Service cost			
Current service cost	2,137	-	2,137
Net interest expense (income)	<u>1,436</u>	<u>( 824 )</u>	<u>612</u>
Recognized in Profit or Loss	<u>3,573</u>	<u>( 824 )</u>	<u>2,749</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	( 16,335 )	( 16,335 )
Actuarial gain- changes in financial assumptions	( 6,968 )	-	( 6,968 )
Actuarial loss- experience adjustments	<u>11,965</u>	<u>-</u>	<u>11,965</u>
Recognized in Other Comprehensive Income	<u>4,997</u>	<u>( 16,335 )</u>	<u>( 11,338 )</u>
Contributions from the employer	-	( 14,310 )	( 14,310 )
Benefits paid	<u>( 38,177 )</u>	<u>38,177</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 267,490</u>	<u>(\$ 155,384)</u>	<u>\$ 112,106</u>
Balance at January 1, 2021	<u>\$ 373,108</u>	<u>(\$ 218,051)</u>	<u>\$ 155,057</u>
Service cost			
Current service cost	2,655	-	2,655
Net interest expense (income)	<u>1,324</u>	<u>( 836 )</u>	<u>488</u>

(Continued)

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Recognized in Profit or Loss	<u>3,979</u>	<u>( 836)</u>	<u>3,143</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	( 3,193)	( 3,193)
Actuarial loss - changes in demographic assumptions	7,073	-	7,073
Actuarial gain- changes in financial assumptions	(\$ 2,526)	\$ -	(\$ 2,526)
Actuarial loss- experience adjustments	<u>80</u>	<u>-</u>	<u>80</u>
Recognized in Other Comprehensive Income	<u>4,627</u>	<u>( 3,193)</u>	<u>1,434</u>
Contributions from the employer	-	( 24,629)	( 24,629)
Benefits paid	<u>( 84,617)</u>	<u>84,617</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 297,097</u>	<u>(\$ 162,092)</u>	<u>\$ 135,005</u>

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

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

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

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

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



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

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

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

## 22. EQUITY

### a. Ordinary shares

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Number of shares authorized (in thousands)	<u>620,000</u>	<u>620,000</u>
Shares authorized	<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>
Shares issued	<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.

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

### b. Capital Surplus

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

Capital surplus which arises from the consideration received from issuance of shares (including consideration from issuance of ordinary shares) and donations may be used to offset a deficit, in addition, when the 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 24-7.

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

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

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

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

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

	2022
Legal Reserve	<u>\$ 147,008</u>
Cash dividends	<u>\$ 712,493</u>
Cash dividends per share (NT\$)	\$ 1.2

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

d. Other equity

	<u>2022</u>	<u>2021</u>
1) Exchange Differences on Translating the Financial Statements of Foreign Operations		
Balance at January 1	(\$ 239,960)	(\$ 194,428)
Recognized for the year		
Exchange Differences on Translating the Financial Statements of Foreign Operations	150,506	( 49,087)
Share from associates accounted for using the equity method	10,152	( 6,262)
Related income tax	( 30,101)	9,817
Other comprehensive income recognized for the year	<u>130,557</u>	<u>( 45,532)</u>
Balance at December 31	<u>(\$ 109,403)</u>	<u>(\$ 239,960)</u>
2) Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ 2,118,506	\$ 1,195,914
Recognized for the year		
Unrealized (Gain) Loss		
Equity instruments	( 1,030,919)	959,622
Share from associates accounted for using the equity method	( 35,506)	38,011
Related income tax	<u>404</u>	<u>( 2,859)</u>
Other comprehensive income recognized for the year	<u>( 1,066,021)</u>	<u>994,774</u>
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	( 190)	( 72,182)
Share from associates accounted for using the equity method	<u>( 111)</u>	<u>-</u>
Balance at December 31	<u>\$ 1,052,184</u>	<u>\$ 2,118,506</u>

**23. REVENUE**

a. Revenue from contracts with customers

	<u>2022</u>	<u>2021</u>
Revenue from sale of goods	<u>\$ 9,815,332</u>	<u>\$ 9,565,813</u>

b. Contract balances

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Accounts receivable (Note 10)	<u>\$ 1,070,835</u>	<u>\$ 1,419,309</u>	<u>\$ 742,785</u>
Contract liabilities (presented in other current liabilities)	<u>\$ 47,067</u>	<u>\$ 24,988</u>	<u>\$ 40,128</u>

## 24. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

### a. Interest income

	<u>2022</u>	<u>2021</u>
Interest income		
Bank deposits	\$ 8,822	\$ 3,259
Financial assets mandatorily classified as at FVTPL	1,228	1,109
Reverse repurchase agreements collateralized by bonds	<u>1,425</u>	<u>13</u>
	<u>\$ 11,475</u>	<u>\$ 4,381</u>

### b. Other income

	<u>2022</u>	<u>2021</u>
Lease income	\$ 57,212	\$ 53,383
Dividend income		
Financial assets as at FVTPL	16,917	9,620
Investments in equity instruments at FVTOCI	<u>278,881</u>	<u>194,622</u>
	<u>295,798</u>	<u>204,242</u>
Others	<u>11,978</u>	<u>10,667</u>
	<u>\$ 364,988</u>	<u>\$ 268,292</u>

### c. Other gains and losses

	<u>2022</u>	<u>2021</u>
Fair value changes of financial assets and financial liabilities		
Financial assets as at FVTPL	(\$ 44,113)	\$ 132,068
Financial liabilities at FVTPL	( 5,869)	( 5,118)
Net gain (loss) on foreign currency exchange	44,894	( 2,834)
Others	<u>( 18,481)</u>	<u>( 19,066)</u>
	<u>(\$ 23,569)</u>	<u>\$ 105,050</u>

### d. Interest expense

	<u>2022</u>	<u>2021</u>
Interest on bank loans	\$ 10,036	\$ 22,430
Interest on lease liabilities	275	313
	<u>\$ 10,311</u>	<u>\$ 22,743</u>

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

### e. Depreciation and amortization

	<u>2022</u>	<u>2021</u>
Property, plant and equipment	\$ 294,395	\$ 301,841
Investment properties	10,051	9,673
Right-of-use Assets	726	912
Intangible assets	<u>35</u>	<u>18</u>
Total	<u>\$ 305,207</u>	<u>\$ 312,444</u>

(Continued)

(Continued)

	<u>2022</u>	<u>2021</u>
An analysis of depreciation by function		
Operating Cost	\$ 294,813	\$ 302,038
Operating Expenses	308	715
Other gains and losses	<u>10,051</u>	<u>9,673</u>
	<u>\$ 305,172</u>	<u>\$ 312,426</u>
An analysis of amortization by function		
Operating Expenses	<u>\$ 35</u>	<u>\$ 18</u>
f. Employee benefits expense		
	<u>2022</u>	<u>2021</u>
Post-employment benefits (Note 21)		
Defined contribution plans	\$ 8,204	\$ 7,666
Defined benefit plans	<u>2,749</u>	<u>3,143</u>
	10,953	10,809
Other employee benefits	<u>378,704</u>	<u>390,215</u>
Total employee benefits expense	<u>\$ 389,657</u>	<u>\$ 401,024</u>
An analysis of employee benefits expense by function		
Operating Cost	\$ 337,787	\$ 328,489
Operating Expenses	<u>51,870</u>	<u>72,535</u>
	<u>\$ 389,657</u>	<u>\$ 401,024</u>
g. Employees' compensation and remuneration of directors		
<p>The Group accrued employees' compensation and remuneration of directors and supervisors at rates of no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2022 and 2021, which were approved by the Group's board of directors on March 3, 2023 and March 9, 2022, respectively, were as follows:</p>		
<u>Accrual rate</u>		
	<u>2022</u>	<u>2021</u>
	<u>Cash</u>	<u>Cash</u>
Employees' compensation	1%	1%
Directors' remuneration	-	-
<u>Amount</u>		
	<u>2022</u>	<u>2021</u>
	<u>Cash</u>	<u>Cash</u>
Employees' compensation	\$ 18,309	\$ 37,699
Directors' remuneration	-	-

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.

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

Information on the employees' compensation and remuneration of directors resolved by the Group'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>2022</u>	<u>2021</u>
Foreign exchange gains	\$ 112,862	\$ 34,839
Foreign exchange losses	( 67,968 )	( 37,673 )
Net gain (loss)	<u>\$ 44,894</u>	<u>(\$ 2,834)</u>

**25. INCOME TAX RELATING TO CONTINUING OPERATIONS**

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	<u>2022</u>	<u>2021</u>
<u>Current tax</u>		
In respect of the current year	\$ 608,817	\$ 664,199
Income tax on unappropriated earnings	49,175	5,549
Adjustments for prior years	( 3,362 )	( 5,727 )
	<u>654,630</u>	<u>664,021</u>
<u>Deferred income tax</u>		
In respect of the current year	( 284,228 )	( 26,942 )
Income tax expense recognized in profit or loss	<u>\$ 370,402</u>	<u>\$ 637,079</u>

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

	<u>2022</u>	<u>2021</u>
Profit before tax from continuing operations	<u>\$ 1,817,771</u>	<u>\$ 3,738,206</u>
Income tax expense calculated at the statutory rate	\$ 364,994	\$ 759,632
Nondeductible expenses in determining taxable income	27,580	( 53,749 )
Tax-exempt income	( 68,204 )	( 68,626 )
Income tax on unappropriated earnings	49,175	5,549
Additional income tax under the Alternative Minimum Tax Act	219	-
Adjustments for prior years' tax	( 3,362 )	( 5,727 )
Income tax expense recognized in profit or loss	<u>\$ 370,402</u>	<u>\$ 637,079</u>

b. Income tax recognized in other comprehensive income

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

c. Deferred income tax assets and liabilities

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

2022

	<u>Balance at January 1</u>	<u>Recognized in Profit or Loss</u>	<u>Recognized in Other Comprehensive Income</u>	<u>Balance at December 31</u>
<u>Deferred income tax assets</u>				
Temporary differences				
Allowance for inventory valuation and obsolescence losses	\$ 176	\$ 54	\$ -	\$ 230
Allowance for office supplies impairment losses	8,857	486	-	9,343
Customer rebates	1,180	-	-	1,180
Allowance for production supplies losses	1,087	-	-	1,087
FVTPL financial liabilities	93	424	-	517
Payables for annual leave	2,232	34	-	2,266
Defined benefit obligation	27,191	2,287	( 2,268 )	22,636
Inventory tax differences	196	( 106 )	-	90
Exchange differences on foreign operations	47,217	-	( 30,101 )	17,116
Investment loss recognized by the equity method	<u>16,569</u>	<u>285,093</u>	<u>-</u>	<u>301,662</u>
	<u>\$ 104,798</u>	<u>\$ 283,698</u>	<u>(\$ 32,369)</u>	<u>\$ 356,127</u>
<u>Deferred income tax liabilities</u>				
Temporary differences				
Land value increment tax reserve	(\$ 21,469)	\$ -	\$ -	(\$ 21,469)
Loss allowance for accounts receivable	( 267 )	-	-	( 267 )
Foreign exchange gains	( 386 )	377	-	( 9 )
Depreciation tax differences	( 335 )	153	-	( 182 )
FVTPL financial assets	<u>( 8,144 )</u>	<u>-</u>	<u>404</u>	<u>( 7,740 )</u>
	<u>(\$ 30,601)</u>	<u>\$ 530</u>	<u>\$ 404</u>	<u>(\$ 29,667)</u>

2021

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

## d. Income tax assessments

The Group and ROC subsidiary's income tax returns through 2020, have been assessed by the tax authorities.

**26. EARNINGS PER SHARE**

	Unit: NT\$ Per Share	
	2022	2021
Basic earnings per share	<u>\$ 2.44</u>	<u>\$ 5.22</u>
Diluted earnings per share	<u>\$ 2.43</u>	<u>\$ 5.21</u>

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

NET PROFIT FOR THE YEAR

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



	2022	(In Thousand Shares) 2021
<u>Number of Shares</u>		
Weighted average number of ordinary shares in computation of basic earnings per share	593,743	593,743
Effect of potentially dilutive ordinary shares:		
Employees' compensation	<u>846</u>	<u>1,191</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>594,589</u>	<u>594,934</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.

## 27. CAPITAL MANAGEMENT

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

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

## 28. Financial instruments

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

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

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

#### 1) Fair value hierarchy

##### December 31, 2022

	Level 1	Level 2	Level 3	Total
<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	<u>59,953</u>	<u>-</u>	<u>-</u>	<u>59,953</u>
	<u>\$ 499,351</u>	<u>\$ 425</u>	<u>\$ -</u>	<u>\$ 499,776</u>
<u>Financial Assets at 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	<u>-</u>	<u>-</u>	<u>77,428</u>	<u>77,428</u>
	<u>\$ 2,998,293</u>	<u>\$ -</u>	<u>\$ 212,732</u>	<u>\$ 3,211,025</u>
<u>Financial liabilities at FVTPL</u>				
Derivative instruments	<u>\$ -</u>	<u>\$ 3,012</u>	<u>\$ -</u>	<u>\$ 3,012</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative instruments	\$ -	\$ 393	\$ -	\$ 393
Domestic listed shares	228,079	-	-	228,079
Mutual funds	830,123	-	-	830,123
Beneficiary securities	60,119	-	-	60,119
	<u>\$ 1,118,321</u>	<u>\$ 393</u>	<u>\$ -</u>	<u>\$ 1,118,714</u>
<u>Financial Assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 3,999,777	\$ -	\$ -	\$ 3,999,777
Foreign listed shares	23,364	-	-	23,364
Domestic unlisted shares	-	-	164,993	164,993
Foreign unlisted shares	-	-	63,207	63,207
	<u>\$ 4,023,141</u>	<u>\$ -</u>	<u>\$ 228,200</u>	<u>\$ 4,251,341</u>
<u>Financial liabilities at FVTPL</u>				
Derivative instruments	<u>\$ -</u>	<u>\$ 860</u>	<u>\$ -</u>	<u>\$ 860</u>

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

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

2022

Financial assets	Financial Assets at FVTOCI Equity instruments
Balance at January 1	\$ 228,200
Recognized in other comprehensive income (included in unrealized gain on financial assets at FVTOCI)	( 15,442 )
Disposals	( 26 )
Balance at December 31	<u>\$ 212,732</u>

2021

Financial assets	Financial Assets at FVTOCI Equity instruments
Balance at January 1	\$ 332,925
Recognized in other comprehensive income (included in unrealized gain on financial assets at FVTOCI)	( 83,828 )
Return of capital (Note 8)	( 20,897 )
Balance at December 31	<u>\$ 228,200</u>

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

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

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

The 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 increases / decreases by 1%, the fair value will increase / decrease by \$2,127 thousand in 2022 and \$2,282 thousand in 2021.

c. Categories of financial instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial liabilities at FVTPL		
Mandatorily classified as at FVTPL	\$ 499,776	\$ 1,118,714
Financial assets at amortized cost (Note 1)	2,567,894	2,226,914
Financial Assets at FVTOCI		
Equity instruments	3,211,025	4,251,341
<u>Financial liabilities</u>		
Financial liabilities at FVTPL		
Held for trading	3,012	860
Financial liabilities at amortized cost (Note 2)	1,159,311	2,468,971

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

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

d. Financial risk management objectives and policies

The Group's risk control and hedging strategy are influenced by its operational environment. The Group properly monitors and manages the risks related to business nature and according to the principle of risk diversification. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

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

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

a) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities is set out in Note 31. Please refer to Note 7 for the carrying amount of derivative instrument with foreign exchange exposure.

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. For a 3% strengthening/weakening of the Group's functional currency against the USD, there would be a decrease/an increase of \$14,622 thousand and \$8,200 thousand in pre-tax profit for the years ended December 31, 2022 and 2021, respectively. For a 3% strengthening/weakening of the Group's functional currency against the RMB, there would be a decrease/an increase of \$20,230 thousand and \$20,316 thousand in pre-tax profit for the years ended December 31, 2022 and 2021, respectively.

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

b) Interest rate risk

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

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fair value interest rate risk		
- Financial assets	\$ 1,260,723	\$ 503,309
- Financial liabilities	24,233	1,327,295
Cash flow interest rate risk		
- Financial assets	228,021	281,321
- Financial liabilities	570,636	569,746

### 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. If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2022 and 2021 would have decreased/increased by \$1,713 thousand and \$1,442 thousand, respectively.

#### c) Other price risk

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

### Sensitivity analysis

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

If the equity price increases / decreases by 5%, the net profit before tax for 2022 and 2021 would increase / decrease by \$7,354 thousand and \$14,410 thousand respectively due to the increase / decrease in the fair value of financial assets (excluding investment in money market funds) measured through profit or loss. Other comprehensive income before tax for 2022 and 2021 would increase / decrease by \$160,551 thousand and \$212,567 thousand respectively due to the increase / decrease in the fair value of financial assets at fair value through other comprehensive income.

#### 2) Credit risk

Credit risk refers to the risk that 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.

#### December 31, 2022

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

#### December 31, 2021

	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		\$ 592,154	\$ -	\$ -
Lease liabilities	1.06%	6,212	15,916	6,439
Fixed interest rate liabilities	0.79%	308,000	1,009,600	-
Floating interest rate liabilities	0.47%	<u>201,109</u>	<u>373,998</u>	<u>-</u>
		<u>\$ 1,107,475</u>	<u>\$ 1,399,514</u>	<u>\$ 6,439</u>

#### b) Financing facilities

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

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

## 29. TRANSACTIONS WITH RELATED PARTIES

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

Balances and transactions between the Group and its subsidiaries (which are related parties of the Group) 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. Related parties' names and relationships:

Related Party Name	Relationship with the Group
USI Corporation	Ultimate parent company
Union Polymer Int'l Investment Corp. ("Union Polymer")	Parent entity
China General Plastics Corporation (CGPC)	Associate
China General Terminal & Distribution Corporation (CGTD)	Associate
Acme Electronics Corporation (ACME)	Associate
USI Optronics Corporation (USIO)	Associate
Swanson Plastics Corporation (SPC)	Associate
Swanson Plastics (Kunshan) Corporation (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
Dynamic Ever Investments Limited (DEIL)	Associate
Taita Chemical Company, Limited (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) ("USI (HK)")	Fellow subsidiary
USI Education Foundation (USIF)	Essential related party

b. Sales of goods

Related Party Category/Name	2022	2021
Ultimate parent company		
USI Corporation	\$ 1,436,743	\$ 1,674,163
Associate	39,714	68,290
Fellow subsidiary	7,619	22,917
	<u>\$ 1,484,076</u>	<u>\$ 1,765,370</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		
<u>Related Party Category/Name</u>	<u>2022</u>	<u>2021</u>
Ultimate parent company		
USI Corporation	\$ 409,034	\$ 429,907
Associate		
GL	698,591	70,091
Others	<u>42,693</u>	<u>45,462</u>
	<u>741,284</u>	<u>115,553</u>
	<u>\$ 1,150,318</u>	<u>\$ 545,460</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)		
<u>Related Party Category/Name</u>	<u>2022</u>	<u>2021</u>
Ultimate parent company		
USI Corporation	\$ 9,631	\$ 8,747
Fellow subsidiary		
UM	65,772	39,394
Others	<u>335</u>	<u>492</u>
	<u>66,107</u>	<u>39,886</u>
	<u>\$ 75,738</u>	<u>\$ 48,633</u>

e. Lease arrangements - Group is lessee

<u>Lease expense</u>		
<u>Related Party Category/Name</u>	<u>2022</u>	<u>2021</u>
Ultimate parent company		
USI Corporation	\$ 2,505	\$ 2,225

f. Lease arrangement - Group is lessor

<u>Lease income</u>		
<u>Related Party Category/Name</u>	<u>2022</u>	<u>2021</u>
Ultimate parent company		
USI Corporation	\$ 3,471	\$ 3,792
Parent entity		
Union Polymer	<u>40</u>	<u>20</u>
Associate		
TVCM	13,099	12,705
CGPCP	4,217	2,960
Others	<u>2,857</u>	<u>3,125</u>
	<u>20,173</u>	<u>18,790</u>
Fellow subsidiary		
TTC	\$ 7,405	\$ 6,904
Others	<u>2,663</u>	<u>2,574</u>
	<u>10,068</u>	<u>9,478</u>
	<u>\$ 33,752</u>	<u>\$ 32,080</u>



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

g. Donation expenses (under general and administrative expenses)

Related Party Category/Name	2022	2021
Essential related party		
USI Education Foundation	<u>\$ 5,000</u>	<u>\$ 4,000</u>

h. Management income (under other income)

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

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

Related Party Category/Name	2022	2021
Fellow subsidiary		
TUVM	<u>\$ 1,286</u>	<u>\$ 1,286</u>

j. Accounts Receivable

Related Party Category/Name	December 31, 2022	December 31, 2021
Ultimate parent company		
USI Corporation	\$ 187,963	\$ 399,887
Associate	14,794	24,533
Fellow subsidiary	<u>-</u>	<u>3,975</u>
	<u>\$ 202,757</u>	<u>\$ 428,395</u>

k. Other receivables

Related Party Category/Name	December 31, 2022	December 31, 2021
Ultimate parent company		
USI Corporation	<u>\$ 1,319</u>	<u>\$ 6</u>
Associate		
CGPCP	582	39
CGTD	-	530
Others	<u>635</u>	<u>271</u>
	<u>1,217</u>	<u>840</u>
Fellow subsidiary		
TTC	837	970
Others	<u>229</u>	<u>13</u>
	<u>1,066</u>	<u>983</u>
	<u>\$ 3,602</u>	<u>\$ 1,829</u>

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

l. Accounts payable from unrelated parties			
	<u>Related Party Category/Name</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	Ultimate parent company		
	USI Corporation	\$ 50,634	\$ 74,670
	Associate	<u>3,019</u>	<u>4,727</u>
		<u>\$ 53,653</u>	<u>\$ 79,397</u>
m. Other payables to related parties			
	<u>Related Party Category/Name</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	Ultimate parent company		
	USI Corporation	\$ 165,778	\$ 200,599
	Associate	8,000	5,616
	Fellow subsidiary	<u>5,125</u>	<u>1,044</u>
		<u>\$ 178,903</u>	<u>\$ 207,259</u>

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

n. Compensation of key management personnel

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

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	<u>\$ 22,064</u>	<u>\$ 20,570</u>

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

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

a. Significant commitments

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

b. Contingencies

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

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

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

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

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

### **31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES**

The group entities' significant assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies assets and liabilities with significant impact are as follows:

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

December 31, 2022

	Foreign Currency	Exchange Rate	Functional Currency (In Thousands)	Carrying Amount
<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>				
Investments accounted for using the equity method				
USD	114,834	30.710 (USD:NTD)	3,526,546	\$ 3,526,546
RMB	2,795	0.1436 (RMB:USD)	401	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>

December 31, 2021

	Foreign Currency	Exchange Rate	Functional Currency (In Thousands)	Carrying Amount
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 19,289	27.680 (USD:NTD)	\$ 533,912	\$ 533,912
USD	337	6.3757 (USD:RMB)	2,150	9,334
RMB	1,324	0.1568 (RMB:USD)	208	5,757
RMB	154,676	4.3415 (RMB:NTD)	671,524	671,524
EUR	60	31.320 (EUR:NTD)	1,869	1,869
				<u>\$ 1,222,396</u>
<u>Non-monetary items</u>				
Investments accounted for using the equity method				
USD	\$ 175,260	27.680 (USD:NTD)	\$ 4,851,207	<u>\$ 4,851,207</u>
Derivative instruments				
RMB	50,400	4.3415 (RMB:NTD)	393	<u>\$ 393</u>
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	9,752	27.680 (USD:NTD)	269,926	\$ 269,926
RMB	20	0.1568 (RMB:USD)	3	83
JPY	153	0.2405 (JPY:NTD)	37	37
				<u>\$ 270,046</u>
<u>Non-monetary items</u>				
Derivative instruments				
RMB	87,800	4.3415 (RMB:NTD)	860	<u>\$ 860</u>

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange (losses) gains were \$44,894 thousand and (\$2,834) thousand, respectively. It is impractical to disclose net foreign exchange (losses) gains by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Group.

### **32. SEPARATELY DISCLOSED ITEMS**

- a. Information about significant transactions :
  - 1) Financing provided to others. (None)
  - 2) Endorsements/guarantees provided. (None)
  - 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures). (Table 1)
  - 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital. (Table 2)
  - 5) Acquisitions of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
  - 6) Disposals of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
  - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 3)
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 4)
  - 9) Trading in derivative instruments: Note 7.
  - 10) Intercompany relationships and significant intercompany transactions. (Table 5)
- b. Information about investees. (Table 6)
- c. Information on investments in mainland China
  - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 7)
  - 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 8)
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.
    - c) The amount of property transactions and the amount of the resultant gains or losses.
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.
    - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds.

- f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.
- d. Information about substantial shareholders: Names of shareholders with a holding ratio of 5% or more and the amount and proportion of shares held. (Table 9)

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.

### 33. SEGMENT INFORMATION

- a. 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.
- b. Geographical information

The Group’s revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	<u>Revenue from External Customers</u>		<u>NON-CURRENT ASSETS</u>	
	<u>2022</u>	<u>2021</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Taiwan	\$ 1,900,817	\$ 2,175,279	\$ 3,809,859	\$ 3,827,327
Asia	7,570,488	6,983,632	75,025	68,664
OTHERS	<u>344,027</u>	<u>406,902</u>	-	-
	<u>\$ 9,815,332</u>	<u>\$ 9,565,813</u>	<u>\$ 3,884,884</u>	<u>\$ 3,895,991</u>

Non-current assets exclude financial instruments, deferred income tax assets and refundable deposits.

- c. Information about major customers:

Single customers who contributed 10% or more to the Group’s revenue were as follow:

<u>Client Name</u>	<u>2022</u>	<u>2021</u>
Customer A	<u>\$ 1,436,743</u>	<u>\$ 1,674,163</u>

TABLE 1

## ASIA POLYMER CORPORATION AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2022

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

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

(Continued)

(Continued)

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

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

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



**TABLE 2**

**ASIA POLYMER CORPORATION AND SUBSIDIARIES**

**MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2022**

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

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

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

TABLE 3

**ASIA POLYMER CORPORATION AND SUBSIDIARIES**

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

**FOR THE YEAR ENDED DECEMBER 31, 2022**

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

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

TABLE 4

## ASIA POLYMER CORPORATION AND SUBSIDIARIES

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

DECEMBER 31, 2022

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

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

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

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

**Table 5**

**ASIA POLYMER CORPORATION AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2022**

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

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Account	Amount (Note 4)	Transaction Details	% of Total Sales or Assets (Note 3)
0	ASIA POLYMER CORPORATION	APC Investment Co., Ltd.	(1)	Non-operating income and expenses - rental income	\$ 142	No significant difference	-
0	ASIA POLYMER CORPORATION	USI Trading (Shanghai) Co., Ltd	(1)	Accounts receivable from related parties	32,830	No significant difference	0.20%
				Commission expenses	406	No significant difference	-
				Sales of goods	229,542	No significant difference	2.34%
				Other payables from related parties	94	No significant difference	-
1	USI International Corp.	USI Trading (Shanghai) Co., Ltd	(3)	Other receivables from related parties	5,203	No significant difference	0.03%
				Other payables from related parties	129	No significant difference	-
				Non-operating income and expenses - rental income	1,313	No significant difference	0.01%
				Management fees	120	No significant difference	-

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

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

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

- (1) The Group to the subsidiaries.
- (2) The subsidiaries to the Group.
- (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 sales revenue.

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

TABLE 6

## ASIA POLYMER CORPORATION AND SUBSIDIARIES

## INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

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

Note 2. Refer to Tables 7 for information about investee companies in mainland China.

TABLE 7

## ASIA POLYMER CORPORATION AND SUBSIDIARIES

### Information on investments in mainland China

#### FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

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

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

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

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

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

- (1) If there is no investment gain (loss) during the preparation, it should be noted.
- (2) If the basis for the recognition of investment gain (loss) is classified into the following three type, it should be noted as follows:
  - A. Financial statements audited by international accounting firms which have a cooperation relationship with an accounting firm in the Republic of China.
  - B. Financial statements audited by the parent company's CPA.
  - C. Others.

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

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

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

## 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

FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

**ASIA POLYMER CORPORATION****Information about substantial shareholders****DECEMBER 31, 2022**

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

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



**Parent Company Only Financial Statements Audited and Attested by CPAs for  
the Most Recent Fiscal Years:**

**INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders Asia Polymer Corporation

**Opinion**

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

**Basis for Opinion**

We conducted our audit of the financial statements in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

**Recognition of Sales Revenue from Specific Customers**

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

The audit procedures that we performed in response to the risk were as follows:

1. We obtained an understanding of the design and implementation of internal controls about these specific customers and tested if these controls were performed effectively. Such controls include credit assessments of customers, revenue recognition and receivables collection.
2. We sampled and inspected purchase orders from these specific customers, shipping confirmations and receivables collection receipts in order to verify the accuracy of sales revenue.

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards in the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are

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

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

Deloitte & Touche

Taipei, Taiwan

Republic of China

March 10, 2023

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**ASIA POLYMER CORPORATION**

**BALANCE SHEETS**

**DECEMBER 31, 2022 AND 2021**

**(In Thousands of New Taiwan Dollars)**

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

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## ASIA POLYMER CORPORATION

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

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

(Continued)

(Continued)

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

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**ASIA POLYMER CORPORATION**

**STATEMENTS OF CHANGES IN EQUITY**

**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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

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

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

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

(Continued)



(Continued)

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

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

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**1. GENERAL INFORMATION**

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

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

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

**2. APPROVAL OF FINANCIAL STATEMENTS**

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

**3. APPLICATION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS**

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

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

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

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

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

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

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

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

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

<u>New IFRSs</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
Amendments to IFRS 16 "Lease Liabilities in Leaseback after Sales"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Contractual Terms"	January 1, 2024

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

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

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

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

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

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

Current assets include:

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

Current liabilities include:

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

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

d. Foreign Currency

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

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

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

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

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

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

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

e. Inventories

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

f. Investments accounted for using the equity method

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

1) Investments in subsidiaries

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

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

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that forms part of the business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes the reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

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

## 2) Investments in associates

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

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

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

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

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

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

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

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

g. **PROPERTY, PLANT AND EQUIPMENT**

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

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Samples of these assets are measured at the lower of cost or net realizable value when the assets are tested for proper functioning before realizing their intended use, and the sales price and cost are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

h. **INVESTMENT PROPERTIES**

Investment properties are properties held to earn rental and/or for capital appreciation (including right-of-use assets if the definition of investment properties is met). Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

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

Depreciation is recognized using the straight-line method.

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

i. Intangible assets

1) Acquired separately

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

2) Derecognition

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

j. Impairment of property, plant and equipment, right-of-use assets, investment property and intangible assets

At each balance sheet date, the Company assesses whether there is any indication that property, plant and equipment, right-of-use assets, investment property and intangible assets may have been impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

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

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

k. Financial instruments

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



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

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and equity instruments at FVTOCI.

i. Financial assets mandatorily classified as at FVTPL

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

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

ii. Financial assets at amortized cost

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

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

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

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

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

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

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default:

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

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

c) Derecognition of financial assets

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

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

2) Financial assets

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

Financial liabilities held for trading

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

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

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

b) Derecognition of financial liabilities

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

4) Derivative instruments

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

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

l. Revenue recognition

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

Revenue from sale of goods

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

m. Leases

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

1) The Company as lessor

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

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

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

2) The Company as lessee

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

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

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

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

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

n. Borrowing costs

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

o. Government grant

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

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

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

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

p. Employee benefits

1) Short-term employee benefits

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

2) Post-employment benefits

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

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

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

q. Income tax

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

1) Current tax

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

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

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

2) Deferred income tax

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

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

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

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

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

3) Current and deferred income taxes

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

**5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

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

Key Sources of Estimation Uncertainty

Estimation of damage compensation for associate's gas explosion incidents

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

**6. CASH AND CASH EQUIVALENTS**

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

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

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

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

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

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

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

December 31, 2022

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

December 31, 2021

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

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



## 8. Financial Assets at FVTOCI

### Equity instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Domestic investments		
Listed shares	<u>\$ 21,162</u>	<u>\$ 44,346</u>
<u>Non-current</u>		
Domestic investments		
Listed shares	\$ 2,959,952	\$ 3,955,431
Unlisted shares	<u>135,304</u>	<u>164,993</u>
	<u>\$ 3,095,256</u>	<u>\$ 4,120,424</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 Company's strategy of holding these investments for long-term purposes.

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

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

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

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

## 9. Financial assets at amortized cost

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Non-current</u>		
Restricted bank deposits	<u>\$ 8,350</u>	<u>\$ 21,786</u>

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

## 10. ACCOUNTS RECEIVABLE

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Accounts Receivable</u>		
At amortized cost		
Gross carrying amount	\$ 870,078	\$ 992,912
Less: Allowance for impairment loss	( 2,000 )	( 2,000 )
	<u>\$ 868,078</u>	<u>\$ 990,912</u>
Accounts receivable from related parties (Note 28)	<u>\$ 235,587</u>	<u>\$ 441,506</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 Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company applies the simplified approach to providing for expected credit losses, which permits the use of lifetime expected loss provision for all accounts receivable. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date.

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

### December 31, 2022

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

### December 31, 2021

	<u>Not Past Due</u>	<u>1 to 60 Days</u>	<u>61 to 90 Days</u>	<u>Total</u>
Gross carrying amount	\$1,434,418	\$ -	\$ -	\$1,434,418
Loss allowance (Lifetime ECL)	( 2,000 )	-	-	( 2,000 )
Amortized cost	<u>\$1,432,418</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,432,418</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>2022</u>	<u>2021</u>
Balance at January 1	\$ 2,000	\$ 2,000
Add: Impairment loss for the year	-	-
Balance at December 31	<u>\$ 2,000</u>	<u>\$ 2,000</u>

**11. Inventories**

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

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

**12. Investments accounted for using the equity method**

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

## a. Investments in subsidiaries

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

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

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

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

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

b. Investments in associates

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

1) Material associates

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

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

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

Ever Conquest Global Ltd.

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

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

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

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

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

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

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

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

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

original contract or commitment counterparty and CTCI Corporation, and the original joint venture agreement was terminated at the same time. On December 18, 2019, the new joint venture agreement was signed and new counterparties, Fubon Financial Holding Venture Capital Co. and Hongfu Investment Co., Ltd. were added to the agreement as counterparties.

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

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

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

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

### 13. PROPERTY, PLANT AND EQUIPMENT

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

(Continued)

(Continued)

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

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

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

Buildings and improvements

Factory and improvements	15 to 40 years
Office building, laboratory and improvements	10 to 40 years
Storage rooms	11 to 45 years
Engineering systems	35 to 40 years
OTHERS	2 to 20 years

Machinery and equipment

Other equipment

3 to 10 years

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

#### 14. LEASE ARRANGEMENTS

a. Right-of-use Assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying amounts		
Land	\$ 10,213	\$ 7,700
Transportation equipment	238	443
	<u>\$ 10,451</u>	<u>\$ 8,143</u>
	<u>2022</u>	<u>2021</u>
Increase in right-of-use assets	<u>\$ 3,034</u>	<u>\$ 8,631</u>
Depreciation charge for right-of-use assets		
Land	\$ 521	\$ 318
Transportation equipment	205	594
	<u>\$ 726</u>	<u>\$ 912</u>

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

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

b. Lease liabilities

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

Range of discount rate for lease liabilities was as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Land	1.06%	1.06%
Transportation equipment	1.06%	1.06%
Buildings	1.06%	1.06%

c. Other lease information

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

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

**15. INVESTMENT PROPERTIES**

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

(Continued)



(Continued)

	Land	Buildings and improvements	Right-of-use Assets	Total
<u>Cost</u>				
BALANCE AT JANUARY 1, 2021	<u>\$ 370,202</u>	<u>\$ 131,690</u>	<u>\$ 34,585</u>	<u>\$ 536,477</u>
BALANCE AT DECEMBER 31, 2021	<u>\$ 370,202</u>	<u>\$ 131,690</u>	<u>\$ 34,585</u>	<u>\$ 536,477</u>
<u>Accumulated depreciation</u>				
BALANCE AT JANUARY 1, 2021	\$ -	\$ 74,937	\$ 10,921	\$ 85,858
Depreciation expenses	-	2,183	5,460	7,643
BALANCE AT DECEMBER 31, 2021	<u>\$ -</u>	<u>\$ 77,120</u>	<u>\$ 16,381</u>	<u>\$ 93,501</u>
Net amount at December 31, 2021	<u>\$ 370,202</u>	<u>\$ 54,570</u>	<u>\$ 18,204</u>	<u>\$ 442,976</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 as of December 31, 2022 and 2021 was as follows:

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

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

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

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

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fair Value	<u>\$ 1,275,695</u>	<u>\$ 1,283,555</u>

## 16. BORROWINGS

### a. Short-term borrowings

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Unsecured borrowings</u>		
Bank loans	<u>\$ 120,000</u>	<u>\$ 500,000</u>

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

### b. Long-term borrowings

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

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

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

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

## 17. Accounts payable from unrelated parties

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

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

**18. Other payables from unrelated parties**

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

**19. REFUND LIABILITIES - CURRENT**

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Customer returns and rebates	<u>\$ 5,899</u>	<u>\$ 5,899</u>

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

**20. RETIREMENT BENEFIT PLANS****a. Defined contribution plans**

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

**b. Defined benefit plans**

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 10% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. If the estimated balance of the account before the end of the year is not enough to pay for the workers who are qualified for retirement in the following year, the contribution of the difference will be made in one lump sum by the end of March of the following year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy.

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

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

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

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

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

- 1) Investment risk: The plan assets are invested in domestic or foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate of a 2-year time deposit with local banks.

- 2) Interest rate risk: A decrease in corporate bond interest rates will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated with reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

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

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

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

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

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

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

## 21. EQUITY

### a. Ordinary shares

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Number of shares authorized (in thousands)	<u>620,000</u>	<u>620,000</u>
Shares authorized	<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>
Shares issued	<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.

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

b. Capital Surplus

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

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

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

c. Retained earnings and dividends policy

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

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

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

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

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

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

	<u>2022</u>
Legal Reserve	<u>\$ 147,008</u>
Cash dividends	<u>\$ 712,493</u>
Cash dividends per share (NT\$)	\$ 1.2

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

d. Other equity

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

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

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

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

## 22. REVENUE

a. Revenue from contracts with customers			
		<u>2022</u>	<u>2021</u>
Revenue from sale of goods		<u>\$ 9,614,583</u>	<u>\$ 9,291,720</u>
b. Contract balances			
	December 31,	December 31,	January 1, 2021
	<u>2022</u>	<u>2021</u>	
Accounts receivable (Note 10)	<u>\$ 1,103,665</u>	<u>\$ 1,432,418</u>	<u>\$ 755,247</u>
Contract liabilities (presented in other current liabilities)	<u>\$ 33,291</u>	<u>\$ 11,010</u>	<u>\$ 28,930</u>

## 23. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Interest income		<u>2022</u>	<u>2021</u>
Interest income			
Bank deposits	\$ 3,984		\$ 677
Financial assets mandatorily classified as at FVTPL	1,228		1,109
Reverse repurchase agreements collateralized by bonds	<u>1,425</u>		<u>13</u>
	<u>\$ 6,637</u>		<u>\$ 1,799</u>
b. Other income		<u>2022</u>	<u>2021</u>
Lease income	<u>\$ 51,814</u>		<u>\$ 48,499</u>
Dividend income			
Financial assets mandatorily classified as at FVTPL	12,147		6,451
Investments in equity instruments at FVTOCI	<u>276,843</u>		<u>194,622</u>
	<u>288,990</u>		<u>201,073</u>
Others	<u>10,984</u>		<u>10,502</u>
	<u>\$ 351,788</u>		<u>\$ 260,074</u>
c. Other gains and losses		<u>2022</u>	<u>2021</u>
Fair value changes of financial assets and financial liabilities			
Financial assets mandatorily classified as at FVTPL	(\$ 31,945)		\$ 97,705
Financial liabilities held for trading	( 5,869)		( 5,118)
Net gain (loss) on foreign currency exchange	45,056		( 2,699)
Loss on disposal of investments	-		-
Others	<u>( 15,098)</u>		<u>( 15,809)</u>
	<u>(\$ 7,856)</u>		<u>\$ 74,079</u>



d. Interest expense

	<u>2022</u>	<u>2021</u>
Interest on bank loans	\$ 10,036	\$ 22,430
Interest on lease liabilities	<u>275</u>	<u>313</u>
	<u>\$ 10,311</u>	<u>\$ 22,743</u>

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

e. Depreciation and amortization

	<u>2022</u>	<u>2021</u>
PROPERTY, PLANT AND EQUIPMENT	\$ 294,127	\$ 301,579
INVESTMENT PROPERTIES	7,652	7,643
Right-of-use Assets	726	912
Intangible assets	<u>35</u>	<u>18</u>
Total	<u>\$ 302,540</u>	<u>\$ 310,152</u>

An analysis of depreciation by function

Classified as Operating Cost	\$ 294,813	\$ 302,038
Classified as Operating Expenses	40	453
Other gains and losses	<u>7,652</u>	<u>7,643</u>
	<u>\$ 302,505</u>	<u>\$ 310,134</u>

An analysis of amortization by function

Classified as Operating Expenses	<u>\$ 35</u>	<u>\$ 18</u>
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f. Employee benefits expense

	<u>2022</u>	<u>2021</u>
Post-employment benefits (Note 20)		
Defined contribution plans	\$ 8,204	\$ 7,666
Defined benefit plans	<u>2,749</u>	<u>3,143</u>
	10,953	10,809
Other employee benefits	<u>375,545</u>	<u>387,753</u>
Total employee benefits expense	<u>\$ 386,498</u>	<u>\$ 398,562</u>

An analysis of employee benefits expense by function

Classified as Operating Cost	\$ 337,787	\$ 328,489
Classified as Operating Expenses	<u>48,711</u>	<u>70,073</u>
	<u>\$ 386,498</u>	<u>\$ 398,562</u>

g. Employees' compensation and remuneration of directors

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

Accrual rate

	<u>2022</u>	<u>2021</u>
	Cash	Cash
Employees' compensation	1%	1%
Directors' remuneration	-	-

Amount

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

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

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

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

h. Gains or losses on foreign currency exchange

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

## **24. INCOME TAX RELATING TO CONTINUING OPERATIONS**

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

Major components of income tax expense are as follows:

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

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

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

b. Income tax recognized in other comprehensive income

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

c. Deferred income tax assets and liabilities

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

2022

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

(Continued)

(Continued)

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

2021

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

d. Income tax assessments

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

**25. EARNINGS PER SHARE**

	Unit: NT\$ Per Share	
	<u>2022</u>	<u>2021</u>
Basic earnings per share	<u>\$ 2.44</u>	<u>\$ 5.22</u>
Diluted earnings per share	<u>\$ 2.43</u>	<u>\$ 5.21</u>

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

**NET PROFIT FOR THE YEAR**

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

(In Thousand Shares)

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

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

**26. CAPITAL MANAGEMENT**

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

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

## 27. Financial instruments

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

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

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

- 1) Fair value hierarchy

### December 31, 2022

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

### December 31, 2021

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

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

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

2022

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

2021

<u>Financial assets</u>	<u>Financial Assets at FVTOCI</u> <u>Financial assets</u>
Balance at January 1	\$ 275,798
Recognized in other comprehensive income (included in unrealized gain on financial assets at FVTOCI)	( 89,908 )
Return of capital (Note 8)	( 20,897 )
Balance at December 31	<u>\$ 164,993</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 - foreign exchange forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

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

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

c. Categories of financial instruments

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

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

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

d. Financial risk management objectives and policies

The Company's risk control and hedging strategy are influenced by its operational environment. The Company properly monitors and manages the risks related to business nature and according to the principle of risk diversification. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

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

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

a) Foreign currency risk

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



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

Sensitivity analysis

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

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

b) Interest rate risk

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

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

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

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for both financial assets and liabilities at the end of the reporting period. A 50-basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2022 and 2021 would have decreased/increased by \$2,666 thousand and \$2,450 thousand, respectively.

c) Other price risk

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

Sensitivity analysis

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

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

2) Credit risk

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

- a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- b) The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored.

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

3) Liquidity risk

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

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

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

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

December 31, 2022

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

December 31, 2021

	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		\$ 546,488	\$ -	\$ -
Lease liabilities	1.06%	6,212	15,916	6,439
Fixed interest rate liabilities	0.79%	308,000	1,009,600	-
Floating interest rate liabilities	0.47%	<u>201,109</u>	<u>373,998</u>	<u>-</u>
		<u>\$ 1,061,809</u>	<u>\$ 1,399,514</u>	<u>\$ 6,439</u>

b) Financing facilities

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Unsecured bank facilities		
- Amount used	\$ 575,000	\$ 1,875,000
- Amount unused	<u>11,534,000</u>	<u>8,442,400</u>
	<u>\$ 12,109,000</u>	<u>\$ 10,317,400</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 December 31, 2022 and 2021.

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

a. Related parties' names and relationships:

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

b. Sales of goods

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

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

c. Purchases of goods

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

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

d. Management fee (under general and administrative expenses)

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

e. Lease arrangements - Company is lessee

Lease expense

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

f. Lease arrangement - Company is lessor

Lease income

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

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

g. Donation expenses (under general and administrative expenses)

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

h.	Management income (under other income)		
	<u>Related Party Category/Name</u>	<u>2022</u>	<u>2021</u>
	Associate		
	CGTD	\$ 552	\$ 1,592
	DEIL	313	-
		<u>\$ 865</u>	<u>\$ 1,592</u>
i.	Investment consultant fees (under other gains and losses)		
	<u>Related Party Category/Name</u>	<u>2022</u>	<u>2021</u>
	Fellow subsidiary		
	TUVM	<u>\$ 1,286</u>	<u>\$ 1,286</u>
j.	Accounts Receivable		
	<u>Related Party Category/Name</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	Ultimate parent company		
	USI Corporation	\$ 187,963	\$ 399,887
	Associate	14,794	24,533
	Subsidiary		
	USITA	32,830	13,111
	Fellow subsidiary	-	3,975
		<u>\$ 235,587</u>	<u>\$ 441,506</u>
k.	Other receivables		
	<u>Related Party Category/Name</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	Ultimate parent company		
	USI Corporation	\$ 1,261	\$ 2
	Associate		
	CGPCP	582	39
	CGTD	-	530
	OTHERS	635	271
		<u>1,217</u>	<u>840</u>
	Fellow subsidiary		
	TTC	\$ 837	\$ 617
	OTHERS	21	13
		<u>858</u>	<u>630</u>
		<u>\$ 3,336</u>	<u>\$ 1,472</u>

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

l.	Accounts payable from unrelated parties		
	<u>Related Party Category/Name</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	Ultimate parent company		
	USI Corporation	\$ 20,004	\$ 28,177
	Associate		
	SPC	3,019	4,727
		<u>\$ 23,023</u>	<u>\$ 32,904</u>

m. Other payables to related parties		
	<u>Related Party Category/Name</u>	<u>December 31, 2022</u> <u>December 31, 2021</u>
	Ultimate parent company	
	USI Corporation	\$ 165,778      \$ 200,599
	Subsidiary	94      17
	Associate	5,125      5,614
	Fellow subsidiary	<u>8,000</u> <u>1,044</u>
		<u>\$ 178,997</u> <u>\$ 207,274</u>

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

n. Compensation of key management personnel

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

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	<u>\$ 22,064</u>	<u>\$ 20,570</u>

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

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

a. Significant commitments

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

b. Contingencies

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

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

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

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

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

### **30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES**

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

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

December 31, 2022

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

(Continued)



(Continued)

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

### December 31, 2021

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

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

### **31. SEPARATELY DISCLOSED ITEMS**

a. Information about significant transactions :

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

- 6) Disposals of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
  - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 3)
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 4)
  - 9) Trading in derivative instruments: Note 7.
- b. Information about investees. (Table 5)
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 6)
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Table 7)
    - (a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.
    - (b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.
    - (c) The amount of property transactions and the amount of the resultant gains or losses.
    - (d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.
    - (e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds.
    - (f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.
- d. Information about substantial shareholders: Names of shareholders with a holding ratio of 5% or more and the amount and proportion of shares held. (Table 8)

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

### **32. SEGMENT INFORMATION**

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

TABLE 1

## ASIA POLYMER CORPORATION

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2022

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

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

(Continued)

(Continued)

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

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

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

TABLE 2

ASIA POLYMER CORPORATION

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

FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

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

TABLE 3

## ASIA POLYMER CORPORATION

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

FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

TABLE 4

## ASIA POLYMER CORPORATION

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

DECEMBER 31, 2022

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

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

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

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

TABLE 5

## ASIA POLYMER CORPORATION

## INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

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



TABLE 6

## ASIA POLYMER CORPORATION

## Information on investments in mainland China

## FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

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

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

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

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

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

- (1) If there is no investment gain (loss) during the preparation, it should be noted.
- (2) If the basis for the recognition of investment gain (loss) is classified into the following three type, it should be noted as follows:
  - A. Financial statements audited by international accounting firms which have a cooperation relationship with an accounting firm in the Republic of China.
  - B. Financial statements audited by the parent company's CPA.
  - C. Others.

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

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

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

TABLE 7

## ASIA POLYMER CORPORATION

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY,  
AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES

FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

**ASIA POLYMER CORPORATION**  
**INFORMATION ABOUT SUBSTANTIAL SHAREHOLDERS**  
**DECEMBER 31, 2022**

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

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

Asia Polymer Corporation



Chairman: Wu, Yi-Kuei

