Stock Code: 1709

和益化學工業股份有限公司
FORMOSAN UNION CHEMICAL CORP.

Annual Report 2022

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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http://www.fucc.com.tw

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I. Letter to Shareholders

Dear Shareholders,

The Company's consolidated revenue of 2022 is NT$10,571,226 thousand, which is an 12.98% increase from NT$9,199,154 thousand of 2021. At the beginning of 2022, profits remained high in the first half of the year as product prices rose in line with the trend of crude oil prices. However, the second half of the year was affected by energy shortages and interest rate hikes by the Federal Reserve, which caused a sharp downturn. Overall sales volume was slightly lower than last year, but both turnover and profit were significantly higher than last year.

Looking ahead to this year, unfavorable factors such as international turmoil and economic recession have yet to dissipate, and overall demand remains sluggish. The Company will maintain its production capacity and actively eliminate its high unit price inventory to cope with the rapidly changing market. In the face of the global trend and demand for environmental protection and carbon reduction, the Company will complete the third-party verification of carbon footprint of its major products this year and move towards low carbon emissions.

As for the performance of subsidiaries, the resin products of UPM provide a slight annual surplus due to the impact of the COVID-19 pandemic and high shipping costs in FY2020. The demand for relevant products has been recovered at the beginning of this fiscal year and UPM will continue to develop new application products and improve product quality. For Great Victory Chemical Industry (GVCI), although many products have been launched, due to water shortage, it is not conducive to the promotion of existing products. It has turned to develop other crops other than rice and expanding overseas markets. HERSHEY Engineering Company, Ltd. increased its triangular trading business in the last fiscal year, and the overall turnover has increased considerably. HERSHEY in this fiscal year will continue to develop new product processing and soil and water remediation business. For FUSUGAR INDUSTRY CORP, it will enhance the sales, start to improve equipment and increase utilization rate to reduce costs in FY2023. Product sales volume has been reduced due to the closure of cities and policies in China, and the nonyl phenol plant of Chang Chun Formosan Union Fine Chemical (Changshu) Co., Ltd. in Mainland China will continue to explore new markets and develop products with potential opportunities to maintain stable profitability.

Last but not least, the Company will not achieve what it has achieved without the support from all and each of the shareholders. The management level and all of the staff of the Company will continue to dedicate to creating long-term and stable profits for our shareholders.

1. Business Performance Report for 2022

(1) Results

a. Total production volume is 179,394 metric tons

The total production volume of 2022 reaches 179,394 metric tons, which is a decrease of 14,498 metric tons or 7.48％ from the 193,892 metric tons of 2021.

b. Total sales volume is 181,572 metric tons

The total sales of 2022 reach 181,572 metric tons, which is a decrease of 40,473 metric tons or 18.23％ from the 222,045 metric tons of 2021.

c. Total income is NT$10,931,844 thousand

(a) The operating income of 2022 reaches NT$10,571,226 thousand, which is an increase of NT$1,372,072 thousand or 14.92％ from the NT$9,199,154 thousand of 2021.

(b) The total non-operating income of 2022 is NT$360,618 thousand.

d. Total expenditure is NT$9,589,938 thousand

The operating expenditure of 2022 is NT$8,621,833 thousand, of which the operating expenditure accounts for NT$920,630 thousand, and non-operating expenditure accounts for NT$47,475 thousand.

e. Surplus

For 2022, the pre-tax income is NT$1,341,906 thousand, which is an increase of NT$331,827 thousand or 32.85% from the NT$1,010,079 thousand of 2021. The income tax expense is NT$260,583 thousand, and the net income is NT$1,081,323 thousand. The net profit margin of 2022 is 10.23%.

(2) Status of Implementation of Budgets in 2022

Unit: NT$1,000

Items	Achievement	Objective	Reaching Rate
Net Operating Revenue	10,571,226	10,320,149	102.43%
Operating Costs	8,621,833	8,361,950	103.11%
Gross Profit	1,949,393	1,958,199	99.55%
Operating Expense	920,630	985,657	93.40%
Operating Income	1,028,763	972,542	105.78%
Non-operating Income and Expense	313,143	201,544	155.37%
Pre-tax Income	1,341,906	1,174,086	114.29%

(3) Analysis of Financial Revenue and Expenditure, and Profitability of 2021 and 2022:

Unit: NT$1,000

Items	2022	2021	Changes in Amount	Rate of Changes
Net Operating Revenue	10,571,226	9,199,154	1,372,072	14.92%
Pre-tax Income	1,341,906	1,010,079	331,827	32.85%
Profitability	12.69	10.98	1.71	15.57%

(4)Research and Development Status

a. R&D of diversification of hydrogenated products.

b. Technical development of derivatives related to surfactants.

c. Technical development of adhesive-related raw materials.

d. Technical development of high-value chemicals.

2. Summary of Business Operation Plans for 2023

(1) Business Operation Policies

a. Prudentially implements various quality control and environmental safety policies to ensure product quality and the maintenance of industrial safety and environmental protection among the areas of the plants.

b. Ensure the stable sources of supply of raw material and increase the utilization rate of production capacity to maximize the production efficiency of each pant and enhance the competitiveness of each product.

c. Enhance the control and management of costs and expenses, improve operating performance, and establish a competitive advantage in the markets.

d. Enhance the R&D of new applications of products for expansion to new markets and continuing the Company’s long-term development.

e. Enhance the recruitment and cultivation of talents to achieve the Company’s goal of sustainable operation.

f. Maintain stable quality to improve customer satisfaction (which is the ultimate goal of the Company).

(2) Business Operation Goals

Units	Annual Estimated Sales Volume
Alkylation Units	151,276MT
Hydrocarbon Resin Units	46,809MT
Other Units	1,859MT

Alkylbenzene will be produced at full capacity according to market demand.

The Company will dedicate to developing new markets for the products of alkyl phenol.

(3) Key Production and Sales Policies

a. Enhance the R&D, process improvement, new applications of products, implement ISO-9001 quality management and ISO-14001 environmental protection maintenance to optimize production and sales.

b. Implement comprehensive quality management, adopt customer demand-oriented marketing strategies to strengthen the partnership between upstream and downstream, and achieve the goal of equal sharing of profits.

3. Conclusions

The above reports are hereby attached for your reference.

We hereby wish you all the best!

Best regards,

(Sealed) Chairman:	(Sealed) President:	(Sealed) Accountant in Chief:	(Sealed) Accountant:

II. Company Profile

I. Date of Establishment

June 21, 1973

II. History

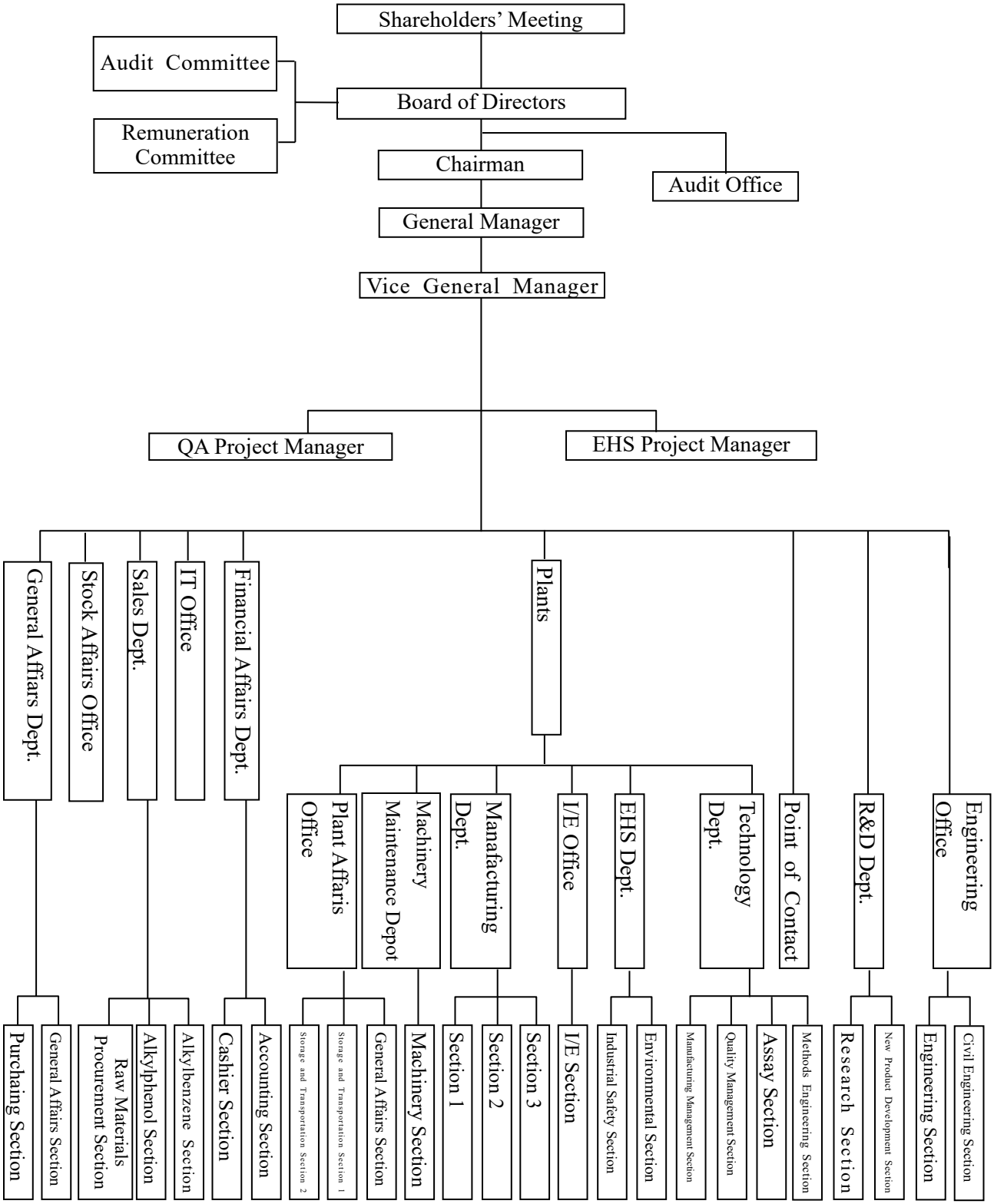
Jun. 1973	The Company was established in Taipei City with a registered capital of NT$50 million.
Apr. 1977	The construction of a plant in Linyuan, Kaohsiung County was completed to produce alkylbenzene for detergents.
Dec. 1980	The expansion of the second set of alkylation equipment was completed, which was able to reach an annual production of 90,000 metric tons of alkylbenzene.
Nov. 1984	The Company became a public company under the permission of the competent authority.
Jul. 1986	Official listing of the Company's stocks for exchange.
Mar. 1991	The construction of plants for normal paraffin dehydrogenation and nonyl phenol was completed, with could reach an annual production of 30,100 metric tons of normal olefins and 10,000 metric tons of nonyl phenol.
Aug. 1995	Received ISO-9002 quality certification
Feb. 1999	The annual production volume of the nonyl phenol plant annual was expanded to 15,000 metric tons.
Mar. 2000	Received ISO-14001 International Environmental Quality certification.
Dec. 2000	The construction of new hydrogenation equipment was completed, which could reach an annual production of 7,000 metric tons of hydrogenated hydrocarbon resin.
Jan. 2002	The annual production volume of the nonyl phenol plant was expanded to 20,000 metric tons.
Dec. 2002	Received ISO-9001 quality certification.
Oct. 2004	The annual production volume of the nonyl phenol plant was expanded to 25,000 metric tons.
Dec. 2004	The replacement and renovation of alkylation equipment was completed, and the annual alkylbenzene production volume was increased to 105,000 metric tons.
Nov. 2005	The expansion of the hydrogenated hydrocarbon resin plant was completed,

	which increased the annual production volume to 10,500 metric tons.
Sep. 2007	The Pingnan Distillation Processing Plant of the Company's affiliate HERSHEY Engineering Company, Ltd. officially went into full operation.
Feb. 2008	The Company acquired 67.34% of the stocks of GVCI by issuing new stocks of 23,939,245 shares to increase the capital, which resulted in 274,832,654 shares of total stocks issued.
Sep. 2008	The expansion of the production line for alkylbenzene which could reach an annual production volume of 10,000 metric tons was completed, which resulted in the total annual production volume of alkylbenzene at 115,000 metric tons. The installation of new equipment for the purification of raw materials for hydrogenated hydrocarbon resin was completed.
Nov. 2008	The Company further acquired 27.61% of the stocks of GVCI by issuing new stocks of 8,815,870 shares to increase the capital, which resulted in holding 94.95% of the stocks of GVCI and 301,799,175 shares of total stocks issued.
Jun. 2010	Received OHSAS 18001 certification.
Dec. 2010	The replacement and renovation of alkylation equipment was completed, and the annual alkylbenzene production volume was increased to 125,000 metric tons.
May 2012	The expansion of the second set of hydrogenated hydrocarbon resin production lines was completed, and the total production capacity was increased to 21,000 metric tons.
Jun. 2012	For the purpose of reorganization and division of labor to improve competitiveness and operating performance, the Company's business division of hydrogenated hydrocarbon resin was transferred to the Company's affiliate UPM, and UPM issued the stocks of 24,955,812 shares to the Company as the consideration.
Aug. 2012	The Company's business division of hydrogenated hydrocarbon resin was officially transferred to UPM.
Sep. 2012	The Company further acquired 1,000,000 shares of GVCI, which increased its shareholding from 94.95% to 100%.
Jan. 2014	The Company was approved to issue the first domestic unsecured convertible bonds with a total amount of NT$700 million, which were available for OTC trading on February 20, 2014.
May 2016	The debottlenecking project for the Company's hydrogenated hydrocarbon resin was completed, which increased the annual production volume to 24,000 metric tons.
Apr. 2018	The nonylphenol plant located in Jiangsu Province of China, whose stocks are equally held by the Company and Chang Chun Group, went put into full operation with an annual production volume of 40,000 metric tons.

III. Report of Corporate Governance

I. Organization System

(1) Corporate Organization



(2) Responsibilities of Each Unit

Unit	Responsibilities
Audit Office	Inspect and confirm the establishment of the internal audit system, implement review, and oversee the implementation by each unit.
Sales Dept.	Raw materials procurement, product development, and market research.
Financial Affairs Dept.	Financial management and analysis, application of funds, and processing of accounting and taxation.
General Affairs Dept.	Investment planning, material procurement, and related tasks regarding general affairs.
R&D Dept.	R&D for new products and quality improvement.
Manufacturing Dept.	Arrange the production plans and the production management for each plant.
Technology Dept.	Product quality assurance and improvement of existing manufacturing processes.
EHS Dept.	Plan and supervise the promotion and implementation of industrial safety and health design and environmental protection business.
I/E Office	Management of instruments and equipment.
Machinery Maintenance Depot	Installation and maintenance of all mechanical equipment in the plants.
Plant Affairs Office	Procurement, storage and transportation, warehouse operations, management, and building maintenance for the plants.
Engineering Office	Quality supervision of design, outsourcing, and installation of engineering.
Point of Contact	The liaison, communication, and coordination of plant affairs among units.
IT Office	Planning, programming, and information management of the computer operating system.
Stock Affairs Office	Preparation meetings for the boards of shareholders and directors, and the related tasks of stock affairs.

II. Information on the company directors, supervisors, president, vice presidents, assistant vice presidents, and heads of all company divisions and branch units:

(1) Board Members

1-1.Information Regarding Board Members

Book closure date::April 18, 2023

Job Title	Nationality or Record of Birth	Name	Gender /Age	Date of Assignment	Term (years)	Date of First Assignment	Shares held when appointed		Shares held currently		Shares held by spouses and minor children		Shares held in another person's name		Significant Experience & Education	Concurrently Serving Position	Executives or Directors who are spouses or within two degrees of kinship			Note
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Title	Name	Relation	
Chairman	R.O.C.	Shin Shing Chemical Corp.	-	June 11, 2020	3	Dec.21,1973	17,775,500	3.73	18,824,000	3.95	0	0	0	0	N/A	N/A	N/A	N/A	N/A	
Juridical person director representative	R.O.C.	Huang, Sheng-Cai	Male /71	June 11, 2020	3	Jun. 13,2008	821,750	0.17	821,750	0.17	79,800	0.02	3,070,000	0.64	Hosei University Japan	Chairman / Hsin-Chung Sportware Corp.	Vice Chairman	Huang, Sheng-Shun	brothers	
																	Director	Huang, De-Lun	Father and son	
Deputy Chairman	R.O.C.	Huang, Sheng-Shun	Male /69	June 11, 2020	3	Jun. 24,1987	1,332,982	0.28	1,332,982	0.28	973,822	0.20	0	0	Law Department / National Taiwan University	Chairman / TaYang Silicone Corp.	Chairman	Huang, Sheng-Cai	brothers	
Director	R.O.C.	Hemao Venture Investment Co., Ltd.	-	June 11, 2020	3	Jun.16,2017	9,857	0.00	9,857	0.00	0	0	0	0	N/A	N/A	N/A	N/A	N/A	
Juridical person director representative	R.O.C.	Zhang Li-Qiu	Male /72	June 11, 2020	3	Jun.16,2017	0	0	0	0	0	0	0	0	Institute of Insurance / National Chengchi University	Chairman / Ho Tung Chemical Corp.	N/A	N/A	N/A	
Director	R.O.C.	Huang, De-Lun	Male /41	June 11, 2020	3	Jun.16,2017	590,200	0.12	590,200	0.12	89,186	0.02	0	0	National Dong Hwa University	Director / United Performance Materials Corp.	Chairman	Huang, Sheng-Cai	Father and son	
Director	R.O.C.	Ever-Prosperous Multitechnologies Enterprise Ltd.	-	June 11, 2020	3	Jun.22,1990	3,606,091	0.76	3,606,091	0.76	0	0	0	0	N/A	N/A	N/A	N/A	N/A	
Juridical person director representative	R.O.C.	Ke, Chang-Ci	Male /88	June 11, 2020	3	Jun.22,1990	9,102	0.00	9,102	0.00	0	0	0	0	Master / Business Administration, / National Chengchi University	Chairman /Taiwan Biotech Co., Ltd.	N/A	N/A	N/A	
Director	R.O.C.	Sin Chang Construction Corp.	-	June 11, 2020	3	Jun.16,2017	1,836,622	0.39	1,836,622	0.39	0	0	0	0	N/A	N/A	N/A	N/A	N/A	
Director	R.O.C.	Guo, Jhih-Cyun	Male /65	June 11, 2020	3	Jun.08,1993	1,720,412	0.36	1,720,412	0.36	978,398	0.21	0	0	Department / Civil Engineering/ Tamkang University	Chairman / Sin Chang Construction Corp.	N/A	N/A	N/A	
Director	R.O.C.	Lian, De-Shih	Male /74	June 11, 2020	3	Jun.10,2011	123,908	0.03	123,908	0.03	0	0	0	0	World Journalism College	Chairman / Xinhsin Construction Corp.	N/A	N/A	N/A	
Director	R.O.C.	Chi-Tong Investment Co., Led.	-	June 11, 2020	3	Jun. 17,2014	28,314,750	5.94	28,924,000	6.06	0	0	0	0	N/A	N/A	N/A	N/A	N/A	

Job Title	Nationality or Record of Birth	Name	Gender /Age	Date of Assignment	Term (years)	Date of First Assignment	Shares held when appointed		Shares held currently		Shares held by spouses and minor children		Shares held in another person's name		Significant Experience & Education	Concurrently Serving Position	Executives or Directors who are spouses or within two degrees of kinship			Note
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Title	Name	Relation	
Juridical person director representative	R.O.C.	Huang, Cheng-Fong	Male /37	June 11, 2020	3	Jun. 17,2014	44,488	0.01	44,488	0.01	0	0	0	0	Law Department / Fu Jen Catholic University	Chairman / True Investment Corp.	N/A	N/A	N/A	
Director	R.O.C.	Liao, Jia-Guo	Male /71	June 11, 2020	3	Jun. 17,2014	338,677	0.07	333,851	0.07	267	0.00	0	0	Department of Physics / Chenggong University	Chairman/ FUSUGAR Industry Corp	N/A	N/A	N/A	
Director	R.O.C.	Lion Home Products (Taiwan) Co., Ltd.	-	June 11, 2020	3	Jun.16,2017	11,571,347	2.43	11,571,347	2.43	0	0	0	0	N/A	N/A	N/A	N/A	N/A	
Juridical person director representative	R.O.C.	He, Hao	Male /72	June 11, 2020	3	Jun.16,2017	0	0	0	0	0	0	0	0	Chinese Culture University	Consultant / Lion Home Products (Taiwan) Co., Ltd.	N/A	N/A	N/A	
Director	R.O.C.	Guo, Jhen-Jhih	Female /55	June 11, 2020	3	Jun. 13,1996	3,111,104	0.65	3,111,104	0.65	0	0	0	0	Master's degree University of California, Los Angeles	N/A	N/A	N/A	N/A	
Director	R.O.C.	Shi, Jia-An	Male /71	June 11, 2020	3	Jun. 13,2008	493,941	0.10	486,904	0.10	134,957	0.03	0	0	National Taiwan Sports Institute	Director / Men Hsing Textile Co., LTD.	N/A	N/A	N/A	
Director	R.O.C.	Guo, Jhih-Mao	Male /76	June 11, 2020	3	Jun.22, 1990	1,211,808	0.25	1,211,808	0.25	361,614	0.08	0	0	World Journalism College	N/A	N/A	N/A	N/A	
Director	R.O.C.	Chen, De-Fong	Male /68	June 11, 2020	3	Jun.08,1993	2,330,023	0.49	2,330,023	0.49	244,798	0.05	0	0	Department of Chemistry / Zhongyuan University of Technology	Chairman / Jingxuan Investment Corp.	N/A	N/A	N/A	
Director	R.O.C.	Formosa Chemicals & Fiber Corp.	-	June 11, 2020	3	Dec.21,1973	14,723,422	3.09	14,723,422	3.09	0	0	0	0	N/A	N/A	N/A	N/A	N/A	
Juridical person director representative	R.O.C.	Wu, Xin-Chang	Male /54	June 11, 2020	3	Jun. 14,2002	0	0	0	0	0	0	0	0	Department / Business Administration / Tamkang University	Associate Manager / Formosa Biomedical Technology Corp.	N/A	N/A	N/A	
Independent Director	R.O.C.	Liao,Song-Yue	Male /67	June 11, 2020	3	Jun.16,2017	0	0	0	0	0	0	0	0	Hosei University Japan	Chairman / COTA Bank Corp.	N/A	N/A	N/A	
Independent Director	R.O.C.	Lin, Lai-Di	Female /55	June 11, 2020	3	Jun.16,2017	0	0	0	0	0	0	0	0	Department of Agricultural Chemistry / National Taiwan University	President / Taiwan Industrial Services Foundation	N/A	N/A	N/A	
Independent Director	R.O.C.	Chen, Hong-Wen	Male /65	June 11, 2020	3	Jun.16,2017	256,500	0.05	238,500	0.05	98,574	0.02	0	0	Department of Mass Communication/ Fu Jen Catholic University	Chairman / Core Rock Co., Ltd.	N/A	N/A	N/A	
Independent Director	R.O.C.	Zhuo, Xun-Rong	Male /70	June 11, 2020	3	Jun.16,2017	0	0	0	0	0	0	0	0	PhD / Fayani University, Pennsylvania, USA	Chief Strategy Officer/PIXORD CORP.	N/A	N/A	N/A	

Note ：1. There is no situation that the chairman and the general manager or the person with the equivalent position (the top manager) are the same person, each other's spouses or first-degree relatives.

1-2 Major Shareholders of Institutional Shareholders

Book closure date:April 18, 2023

Names of Institutional Shareholders	Major Stockholders of Institutional Shareholders
Shin Shing Chemical Corp.	Huang, Zi-lun 10.03%、Huang, Sheng-jian 5.03%、Chen, Shu-qing 4.97%、Wasion Investment Corp. 4.60%、Yihua Co., Ltd. 3.90%、Deyuan Industrial Corp.3.59%、Huang Jia Buyer Co., Ltd.3.59%、Given Investment Co., Ltd. 3.55%、Huang, De-Lun3.32%、Huang, Cheng-Fong3.13%
Hemao Venture Investment Co., Ltd.	Ho Tung Chemical Corp.100%
Ever-Prosperous Multitechnologies Enterprise Co., Ltd.	KeSu,Yang-Ci 1.21%、Ke Chang-Hui 23.79%、Ke, Jun-Hui 26.21%、Ke, Yan-Hui 32.66%
Sin Chang Construction Corp.	Ding-Fu Investment Co., Ltd. 19.48%、Guo, Li 12.65%、Guo, Jun 12.65%、Guo, Cheng-lin 12.65%、Guo, Cheng-xin 12.65%、Guo, Jhih-Cyun 9.45%、Guo Jian-wen 9.20%、Han, De-di 5.76%、Tsai, Hui-zhu 5.51%.
Chi-Tong Investment Co., Ltd.	Huang, Sheng-Cai 16.67%、Huang, Sheng-Shun 16.67%、Huang, Sheng-jian 9.61%、Cao, Zhao-yi 9.61%、Huang, Li-li 9.11%、Huang, Ying-lin 9.11%、Hong, Rui-bai 6.84%、Hong, Qi-fu 4.09%、Zhang, Mei-feng 4.17%、Tong, Mei-zhen 4.17%
Lion Home Products (Taiwan) Co., Ltd.	Lion Corporation 100%
Formosa Chemicals & Fiber Corp.	Chang Gung Medical Foundation 18.58%、Everred Corporate, Inc 6.35%、Landmark Capital Holdings Inc.3.80%、Formosa Plastics Corporation 3.39%、Nan Ya Plastics Corporation 2.40%、Fubon Life Insurance Co., Ltd. 2.10%、William Wang 2.20%、United Power Development Co.,Ltd. 1.63%、Standard Chartered Bank's Investment Account with Genesis Capital Group (Inc.). 1.51%、HSBC Hosted the Account of Kendall Power Development Co., Ltd. 1.45%。

1-3 Major shareholder of the major institutional shareholders

Book closure date:April 18, 2023

Names of Institutional Shareholders	Major Shareholders of Institutional Shareholders
Ho Tung Chemical Corporation.	Hang Yi Investment Co., Ltd. 10.00%、Chen Yuanhe Cultural and Educational Foundation 0.01%
Ding-Fu Investment Co., Ltd	Linli Construction Co.Ltd. 30.80%、Guo, Jhih-Cyun 14.25%、Guo,Jian-Wen14.20%、Han,De-Di 11.22%、Tsai,Huei-Ju 11.17%、Guo,Cheng-Shin 4.59%、Guo,Chen-Lin 4.59%、Guo,Jun 4.59%、Guo,Li 4.59%。
Taiwan Venture Capital Co., Ltd.	Ke,Yan-Huei 22.4%、Ke,Chan-Huei 22.4%、Youyuan Co., Ltd. 27.6%、Ever-Prosperous Multitechnologies Enterprise Co., Ltd. 22%。
Wasion Investment Corp.	Tong Mei-zhen 40%、Tong Huang li 20%
Yihua Co., Ltd.	Lien, Shen-Shi 30.14%、Lien Xu, Yue-hua 19.18%、Peng Yi-ping 30.82%
Deyuan Industrial Corp.	Huang, Sheng-De 16.00%、Huang Lin Xue-yun 16.00%、Huang Zhen-jin 8.00%、Huang Fang-fen 8.00%、Huang Zhen-zheng 8.00%、Huang Zhen-bin 8.00%、Chen Ling-fen 6.00%、Wu Wen-hui 6.00%、Ye Min-hua 6.00%、Huang Bai-sen 2.00%

Names of Institutional Shareholders	Major Shareholders of Institutional Shareholders
Huang Jia Buyer Co., Ltd.	Huang Zi-lun 96.61%、Chen Shu-Qing 3.39%。
Given Investment Co., Ltd.	Lien Zheng-wei 62.50%。
Chang Gung Medical Foundation	Nan Ya Plastics Corporation 19.27%、Formosa Chemicals & Fiber Corp.14.83%、Formosa Plastics Corporation 14.12%、Wang Yung-tsai (Dead)12.04%、Wang Yung-Chin (Dead)7.87%。
Everred Corporate, Inc	Everred Corporate, Inc.(100%)
Landmark Capital Holdings Inc.	Landmark Capital Holdings Inc.(100%)
Formosa Plastics Corporation	Chang Gung Medical Foundation 9.44%、Formosa Chemicals & Fiber Corp.7.65%、The Business Department of Standard Chartered International Commercial Bank Entrusted with the Safekeeping of the Investment Account of Credit Suisse (Singapore) Co., Ltd. 6.26%、Nan Ya Plastics Corporation 4.63%、Everred Corporate, Inc.4.16%、Landmark Capital Holdings Inc.3.05%、Formosa Petrochemical Corp 2.07%、Citibank Taiwan Custody Fund Account of Government of Singapore Investment Corp.1.50%、Ming Chi University of Technology 1.43%、Labor Pension Fund（The New Fund）1.25%。
Nan Ya Plastics Corporation	Chang Gung Medical Foundation 11.05%、Formosa Plastics Corporation 9.88%、Formosa Chemicals & Fiber Corp.5.21%、Chang Gung University 4.00%、Landmark Capital Holdings Inc.2.39%、Formosa Petrochemical Corporation 2.26%、Everred Corporate, Inc. 1.86%、LGT Bank (Singapore) Investment Fund under the custody of Business Department, Standard Chartered Bank (Taiwan) Ltd. 1.5%、Citibank (Taiwan) Custody Fund Account of Government of Singapore Investment Corp.1.45%、The Standard Chartered International Commercial Bank Entrusted with the Safekeeping of the Investment Account of Credit Suisse (Singapore) Co., Ltd. 1.20%.
Fubon Life Insurance Co., Ltd.	Fubon Finacial Holding Co., Ltd .100%。
United Power Development Co., Ltd.	Cabo de Roca Corporation. 100%。
Standard Chartered Trusted Investment Account of Genesis Capital Group Co., Ltd.	Investment Account
HSBC trustees the investment account of Kende Power Development Co., Ltd.	Investment Account

1-4 Disclosure of Professional Qualifications of Directors and Supervisors and Independence of Independent Directors：

Requirements / Name	Professional qualifications and experiences	Independence criteria (Note 2)	Concurrently serving as an Independent Director of another listed company
Chairman/ Huang, Sheng-Cai	Over five years of experience in areas of commerce, legal, finance, related business of the Company	(1)Not employed by the Company or any of the Company's affiliates. (3)Not holding over 1% of company shares or being a top 10 natural person shareholder in one's own name, held by a spouse or underage child, or held by nominee agreement. (6)Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority of the Board or voting rights. (7)Not Chairman, President, or equivalent post of the company who himself/herself or spouse holds the position as Director, Supervisor, or employee of another company or organization. (8)Not a Director, Supervisor, manager, or shareholder holding more than 5% of the outstanding shares of a specific company or institution in business or financial relationship with the Company. (9)Not a professional, owner, partner, Director, Supervisor, manager of the proprietorship, partnership, company, or institution that provides business, legal, financial, and accounting services to the Company or a spouse to the aforementioned persons rewarded remuneration not exceeding NTD 500,000 within last two years. (11)Not under any of the categories stated in Article 30 of the Company Law.	N/A
Vice-Chairman/ Huang, Sheng-Shun	Over five years of experience in areas of commerce, legal, finance, or related business of the Company	(1)Not employed by the Company or any of the Company's affiliates. (3)Not holding over 1% of company shares or being a top 10 natural person shareholder in one's own name, held by a spouse or underage child, or held by nominee agreement. (5)Not a Director, Supervisor, or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a Director, Supervisor, or employee of a corporate shareholder who is among the top 5 shareholders according to item 1 or item 2 of Article 27 of the Company Law. (6)Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority	N/A

Requirements / Name	Professional qualifications and experiences	Independence criteria (Note 2)	Concurrently serving as an Independent Director of another listed company
		of the Board or voting rights. (7)Not Chairman, President, or equivalent post of the company who himself/herself or spouse holds the position as Director, Supervisor, or employee of another company or organization. (8)Not a Director, Supervisor, manager, or shareholder holding more than 5% of the outstanding shares of a specific company or institution in business or financial relationship with the Company. (9)Not a professional, owner, partner, Director, Supervisor, manager of the proprietorship, partnership, company, or institution that provides business, legal, financial, and accounting services to the Company or a spouse to the aforementioned persons rewarded remuneration not exceeding NTD 500,000 within last two years. (11)Not under any of the categories stated in Article 30 of the Company Law. (12)No government apparatus agency, juristic person, or its representative is elected under Article 27 of the Company Law.	
Director/ Zhang Li-Qiu	Over five years of experience in areas of commerce, legal, finance, or related business of the Company	(1)Not employed by the Company or any of the Company's affiliates. (3)Not holding over 1% of company shares or being a top 10 natural person shareholder in one’s own name, held by a spouse or underage child, or held by nominee agreement. (4)Not a spouse, kin at the second-degree relative under the Civil Code, or a direct Blood Relative within the third-degree relative under the Civil Code as specified in (1) through (3). (5)Not a Director, Supervisor, or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a Director, Supervisor, or employee of a corporate shareholder who is among the top 5 shareholders according to item 1 or item 2 of Article 27 of the Company Law. (6)Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority	2

Requirements / Name	Professional qualifications and experiences	Independence criteria (Note 2)	Concurrently serving as an Independent Director of another listed company
		of the Board or voting rights. (7)Not Chairman, President, or equivalent post of the company who himself/herself or spouse holds the position as Director, Supervisor, or employee of another company or organization. (8)Not a Director, Supervisor, manager or shareholder holding more than 5% of the outstanding shares of a specific company or institution in business or financial relationship with the Company. (9)Not a professional, owner, partner, Director, Supervisor, manager of the proprietorship, partnership, company, or institution that provides business, legal, financial, and accounting services to the Company or a spouse to the aforementioned persons rewarded remuneration not exceeding NTD 500,000 within last two years. (10)Not a spouse of or kin at the second-degree relative under the Civil Code to any other Director. (11)Not under any of the categories stated in Article 30 of the Company Law.	
Director/ Huang, De-Lun	Over five years of experience in areas of commerce, legal, finance, or related business of the Company	(1)Not employed by the Company or any of the Company's affiliates. (3)Not holding over 1% of company shares or being a top 10 natural person shareholder in one's own name, held by a spouse or underage child, or held by nominee agreement. (5)Not a Director, Supervisor, or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a Director, Supervisor, or employee of a corporate shareholder who is among the top 5 shareholders according to item 1 or item 2 of Article 27 of the Company Law. (6)Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority of the Board or voting rights. (7)Not Chairman, President, or equivalent post of the company who himself/herself or spouse holds the position as Director, Supervisor, or employee of another company or	N/A

Requirements / Name	Professional qualifications and experiences	Independence criteria (Note 2)	Concurrently serving as an Independent Director of another listed company
		organization. (8)Not a Director, Supervisor, manager, or shareholder holding more than 5% of the outstanding shares of a specific company or institution in business or financial relationship with the Company. (9)Not a professional, owner, partner, Director, Supervisor, manager of the proprietorsh, partnership, company, or institution that provides business, legal, financial, and accounting services to the Company or a spouse to the aforementioned persons rewarded remuneration not exceeding NTD 500,000 within last two years. (11)Not under any of the categories stated in Article 30 of the Company Law. (12)No government apparatus agency, juristic person, or its representative is elected under Article 27 of the Company Law.	
Director/ Ke, Chang-Ci	Over five years of experience in areas of commerce, legal, finance, or related business of the Company	(1)Not employed by the Company or any of the Company's affiliates. (3)Not holding over 1% of company shares or being a top 10 natural person shareholder in one's own name, held by a spouse or underage child, or held by nominee agreement. (4)Not a spouse, kin at the second-degree relative under the Civil Code, or a direct blood relative within the third-degree relative under the Civil Code as specified in (1) through (3). (5)Not a Director, Supervisor, or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a Director, Supervisor, or employee of a corporate shareholder who is among the top 5 shareholders according to item 1 or item 2 of Article 27 of the Company Law. (6)Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority of the Board or voting rights. (7)Not Chairman, President, or equivalent post of the company who himself/herself or spouse holds the position as Director, Supervisor, or employee of another company or organization.	N/A

Requirements / Name	Professional qualifications and experiences	Independence criteria (Note 2)	Concurrently serving as an Independent Director of another listed company
		(8)Not a Director, Supervisor, manager, or shareholder holding more than 5% of the outstanding shares of a specific company or institution in business or financial relationship with the Company. (9)Not a professional, owner, partner, Director, Supervisor, manager of the proprietorship, partnership, company, or institution that provides business, legal, financial, and accounting services to the Company or a spouse to the aforementioned persons rewarded remuneration not exceeding NTD 500,000 within last two years. (10)Not a spouse of or kin at the second-degree relative under the Civil Code to any other Director. (11)Not under any of the categories stated in Article 30 of the Company Law.	
Director/ Guo, Jhih-Cyun	Over five years of experience in areas of commerce, legal, finance, or related business of the Company	(1)Not employed by the Company or any of the Company's affiliates. (3)Not holding over 1% of company shares or being a top 10 natural person shareholder in one's own name, held by a spouse or underage child, or held by nominee agreement. (4)Not a spouse, kin at the second-degree relative under the Civil Code, or a direct blood relative within the third-degree relative under the Civil Code as specified in (1) through (3). (5)Not a Director, Supervisor, or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a Director, Supervisor, or employee of a corporate shareholder who is among the top 5 shareholders according to item 1 or item 2 of Article 27 of the Company Law. (6)Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority of the Board or voting rights. (7)Not Chairman, President, or equivalent post of the company who himself/herself or spouse holds the position as Director, Supervisor, or employee of another company or organization. (8)Not a Director, Supervisor, manager, or shareholder holding more than 5% of the	N/A

Requirements / Name	Professional qualifications and experiences	Independence criteria (Note 2)	Concurrently serving as an Independent Director of another listed company
		outstanding shares of a specific company or institution in business or financial relationship with the Company. (9)Not a professional, owner, partner, Director, Supervisor, manager of the proprietorship, partnership, company, or institution that provides business, legal, financial, and accounting services to the Company or a spouse to the aforementioned persons rewarded remuneration not exceeding NTD 500,000 within last two years. (10)Not a spouse of or kin at the second-degree relative under the Civil Code to any other Director. (11)Not under any of the categories stated in Article 30 of the Company Law.	
Director/ Lian, De-Shih	Over five years of experience in areas of commerce, legal, finance, or related business of the Company	(1)Not employed by the Company or any of the Company's affiliates. (3)Not holding over 1% of company shares or being a top 10 natural person shareholder in one's own name, held by a spouse or underage child, or held by nominee agreement. (5)Not a Director, Supervisor, or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a Director, Supervisor, or employee of a corporate shareholder who is among the top 5 shareholders according to item 1 or item 2 of Article 27 of the Company Law. (6)Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority of the Board or voting rights. (7)Not Chairman, President, or equivalent post of the company who himself/herself or spouse holdsthe position as Director, Supervisor, or employee of another company or organization. (8)Not a Director, Supervisor, manager or shareholder holding more than 5% of the outstanding shares of a specific company or institution in business or financial relationship with the Company.	N/A

Requirements / Name	Professional qualifications and experiences	Independence criteria (Note 2)	Concurrently serving as an Independent Director of another listed company
		(9)Not a professional, owner, partner, Director, Supervisor, manager of the proprietorship, partnership, company, or institution that provides business, legal, financial, and accounting services to the Company or a spouse to the aforementioned persons rewarded remuneration not exceeding NTD 500,000 within last two years. (10)Not a spouse of or kin at the second-degree relative under the Civil Code to any other Director. (11)Not under any of the categories stated in Article 30 of the Company Law. (12)No government apparatus agency, juristic person, or its representative is elected under Article 27 of the Company Law.	
Director/ Huang, Cheng-Fong	Over five years of experience in areas of commerce, legal, finance, or related business of the Company	(1)Not employed by the Company or any of the Company's affiliates. (3)Not holding over 1% of company shares or being a top 10 natural person shareholder in one's own name, held by a spouse or underage child, or held by nominee agreement. (6)Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority of the Board or voting rights. (7)Not Chairman, President, or equivalent post of the company who himself/herself or spouse holds the position as Director, Supervisor, or employee of another company or organization. (8)Not a Director, Supervisor, manager, or shareholder holding more than 5% of the outstanding shares of a specific company or institution in business or financial relationship with the Company. (9)Not a professional, owner, partner, Director, Supervisor, manager of the proprietorship, partnership, company, or institution that provides business, legal, financial, and accounting services to the Company or a spouse to the aforementioned persons rewarded remuneration not exceeding NTD 500,000 within last two years. (11)Not under any of the categories stated in Article 30 of the Company Law.	N/A

Requirements / Name	Professional qualifications and experiences	Independence criteria (Note 2)	Concurrently serving as an Independent Director of another listed company
Director/ Liao, Jia-Guo	Over five years of experience in areas of commerce, legal, finance, or related business of the Company	(1)Not employed by the Company or any of the Company's affiliates. (3)Not holding over 1% of company shares or being a top 10 natural person shareholder in one's own name, held by a spouse or underage child, or held by nominee agreement. (4)Not a spouse, kin at the second-degree relative under the Civil Code, or a direct blood relative within the third-degree relative under the Civil Code as specified in (1) through (3). (5)Not a Director, Supervisor, or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a Director, Supervisor, or employee of a corporate shareholder who is among the top 5 shareholders according to item 1 or item 2 of Article 27 of the Company Law. (6)Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority of the Board or voting rights. (7)Not Chairman, President, or equivalent post of the company who himself/herself or spouse holds the position as Director, Supervisor, or employee of another company or organization. (8)Not a Director, Supervisor, manager, or shareholder holding more than 5% of the outstanding shares of a specific company or institution in business or financial relationship with the Company. (9)Not a professional, owner, partner, Director, Supervisor, manager of the proprietorship, partnership, company, or institution that provides business, legal, financial, and accounting services to the Company or a spouse to the aforementioned persons rewarded remuneration not exceeding NTD 500,000 within last two years. (10)Not a spouse of or kin at the second-degree relative under the Civil Code to any other Director. (11)Not under any of the categories stated in Article 30 of the Company Law. (12)No government apparatus agency, juristic person, or its representative is elected under Article 27 of the Company Law.	N/A

Requirements / Name	Professional qualifications and experiences	Independence criteria (Note 2)	Concurrently serving as an Independent Director of another listed company
Director/ He, Hao	Over five years of experience in areas of commerce, legal, finance, or related business of the Company	(1)Not employed by the Company or any of the Company's affiliates. (3)Not holding over 1% of company shares or being a top 10 natural person shareholder in one's own name, held by a spouse or underage child, or held by nominee agreement. (4)Not a spouse, kin at the second-degree relative under the Civil Code, or a direct blood relative within the third-degree relative under the Civil Code as specified in (1) through (3). (5)Not a Director, Supervisor, or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a Director, Supervisor, or employee of a corporate shareholder who is among the top 5 shareholders according to item 1 or item 2 of Article 27 of the Company Law. (6)Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority of the Board or voting rights. (7)Not Chairman, President, or equivalent post of the company who himself/herself or spouse holds the position as Director, Supervisor, or employee of another company or organization. (8)Not a Director, Supervisor, manager, or shareholder holding more than 5% of the outstanding shares of a specific company or institution in business or financial relationship with the Company. (9)Not a professional, owner, partner, Director, Supervisor, manager of the proprietorship, partnership, company, or institution that provides business, legal, financial, and accounting services to the Company or a spouse to the aforementioned persons rewarded remuneration not exceeding NTD 500,000 within last two years. (10)Not a spouse of or kin at the second-degree relative under the Civil Code to any other Director. (11)Not under any of the categories stated in Article 30 of the Company Law.	N/A

Requirements / Name	Professional qualifications and experiences	Independence criteria (Note 2)	Concurrently serving as an Independent Director of another listed company
Director/ Guo, Jhen-Jhih	Over five years of experience in areas of commerce, law, finance, or related corporate business	(1)Not employed by the Company or any of the Company's affiliates. (4)Not a spouse, kin at the second-degree relative under the Civil Code, or a direct blood relative within the third-degree relative under the Civil Code as specified in (1) through (3). (5)Not a Director, Supervisor, or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a Director, Supervisor, or employee of a corporate shareholder who is among the top 5 shareholders according to item 1 or item 2 of Article 27 of the Company Law. (6)Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority of the Board or voting rights. (7)Not Chairman, President, or equivalent post of the company who himself/herself or spouse holds the position as Director, Supervisor, or employee of another company or organization. (8)Not a Director, Supervisor, manager, or shareholder holding more than 5% of the outstanding shares of a specific company or institution in business or financial relationship with the Company. (9)Not a professional, owner, partner, Director, Supervisor, manager of the proprietorship, partnership, company, or institution that provides business, legal, financial, and accounting services to the Company or a spouse to the aforementioned persons rewarded remuneration not exceeding NTD 500,000 within last two years. (10)Not a spouse of or kin at the second-degree relative under the Civil Code to any other Director. (11)Not under any of the categories stated in Article 30 of the Company Law. (12)No government apparatus agency, juristic person, or its representative is elected under Article 27 of the Company Law.	N/A

Requirements / Name	Professional qualifications and experiences	Independence criteria (Note 2)	Concurrently serving as an Independent Director of another listed company
Director/ Shi, Jia-An	Over five years of experience in areas of commerce, legal, finance, or related business of the Company	(1)Not employed by the Company or any of the Company's affiliates. (3)Not holding over 1% of company shares or being a top 10 natural person shareholder in one's own name, held by a spouse or underage child, or held by nominee agreement. (4)Not a spouse, kin at the second-degree relative under the Civil Code, or a direct blood relative within the third-degree relative under the Civil Code as specified in (1) through (3). (5)Not a Director, Supervisor, or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a Director, Supervisor, or employee of a corporate shareholder who is among the top 5 shareholders according to item 1 or item 2 of Article 27 of the Company Law. (6)Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority of the Board or voting rights. (7)Not Chairman, President, or equivalent post of the company who himself/herself or spouse holds the position as Director, Supervisor, or employee of another company or organization. (8)Not a Director, Supervisor, manager, or shareholder holding more than 5% of the outstanding shares of a specific company or institution in business or financial relationship with the Company. (9)Not a professional, owner, partner, Director, Supervisor, manager of the proprietorship, partnership, company, or institution that provides business, legal, financial, and accounting services to the Company or a spouse to the aforementioned persons rewarded remuneration not exceeding NTD 500,000 within last two years. (10)Not a spouse of or kin at the second-degree relative under the Civil Code to any other Director. (11)Not under any of the categories stated in Article 30 of the Company Law. (12)No government apparatus agency, juristic person, or its representative is elected under Article 27 of the Company Law.	N/A

Requirements / Name	Professional qualifications and experiences	Independence criteria (Note 2)	Concurrently serving as an Independent Director of another listed company
Director/ Guo, Jhih-Mao	Over five years of experience in areas of commerce, legal, finance, or related business of the Company	(1)Not employed by the Company or any of the Company's affiliates. (3)Not holding over 1% of company shares or being a top 10 natural person shareholder in one's own name, held by a spouse or underage child, or held by nominee agreement. (4)Not a spouse, kin at the second-degree relative under the Civil Code, or a direct blood relative within the third-degree relative under the Civil Code as specified in (1) through (3). (5)Not a Director, Supervisor, or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a Director, Supervisor, or employee of a corporate shareholder who is among the top 5 shareholders according to item 1 or item 2 of Article 27 of the Company Law. (6)Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority of the Board or voting rights. (7)Not Chairman, President, or equivalent post of the company who himself/herself or spouse holds the position as Director, Supervisor, or employee of another company or organization. (8)Not a Director, Supervisor, manager, or shareholder holding more than 5% of the outstanding shares of a specific company or institution in business or financial relationship with the Company. (9)Not a professional, owner, partner, Director, Supervisor, manager of the proprietorship, partnership, company, or institution that provides business, legal, financial, and accounting services to the Company or a spouse to the aforementioned persons rewarded remuneration not exceeding NTD 500,000 within last two years. (10)Not a spouse of or kin at the second-degree relative under the Civil Code to any other Director. (11)Not under any of the categories stated in Article 30 of the Company Law. (12)No government apparatus agency, juristic person, or its representative is elected under Article 27 of the Company Law.	N/A

Requirements / Name	Professional qualifications and experiences	Independence criteria (Note 2)	Concurrently serving as an Independent Director of another listed company
Director/ Chen, De-Fong	Over five years of experience in areas of commerce, legal, finance, or related business of the Company	(1)Not employed by the Company or any of the Company's affiliates. (4)Not a spouse, kin at the second-degree relative under the Civil Code, or a direct blood relative within the third-degree relative under the Civil Code as specified in (1) through (3). (5)Not a Director, Supervisor, or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a Director, Supervisor, or employee of a corporate shareholder who is among the top 5 shareholders according to item 1 or item 2 of Article 27 of the Company Law. (6)Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority of the Board or voting rights. (7)Not Chairman, President, or equivalent post of the company who himself/herself or spouse holds the position as Director, Supervisor, or employee of another company or organization. (8)Not a Director, Supervisor, manager, or shareholder holding more than 5% of the outstanding shares of a specific company or institution in business or financial relationship with the Company. (9)Not a professional, owner, partner, Director, Supervisor, manager of the proprietorship, partnership, company, or institution that provides business, legal, financial, and accounting services to the Company or a spouse to the aforementioned persons rewarded remuneration not exceeding NTD 500,000 within last two years. (10)Not a spouse of or kin at the second-degree relative under the Civil Code to any other Director. (11)Not under any of the categories stated in Article 30 of the Company Law. (12)No government apparatus agency, juristic person, or its representative is elected under Article 27 of the Company Law.	N/A

Requirements / Name	Professional qualifications and experiences	Independence criteria (Note 2)	Concurrently serving as an Independent Director of another listed company
Director/ Wu, Xin-Chang	Over five years of experience in areas of commerce, legal, finance, or related business of the Company	(1)Not employed by the Company or any of the Company's affiliates. (3)Not holding over 1% of company shares or being a top 10 natural person shareholder in one's own name, held by a spouse or underage child, or held by nominee agreement. (4)Not a spouse, kin at the second-degree relative under the Civil Code, or a direct blood relative within the third-degree relative under the Civil Code as specified in (1) through (3). (5)Not a Director, Supervisor, or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a Director, Supervisor, or employee of a corporate shareholder who is among the top 5 shareholders according to item 1 or item 2 of Article 27 of the Company Law. (6)Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority of the Board or voting rights. (7)Not Chairman, President, or equivalent post of the company who himself/herself or spouse holds the position as Director, Supervisor, or employee of another company or organization. (8)Not a Director, Supervisor, manager, or shareholder holding more than 5% of the outstanding shares of a specific company or institution in business or financial relationship with the Company. (9)Not a professional, owner, partner, Director, Supervisor, manager of the proprietorship, partnership, company, or institution that provides business, legal, financial, and accounting services to the Company or a spouse to the aforementioned persons rewarded remuneration not exceeding NTD 500,000 within last two years. (10)Not a spouse of or kin at the second-degree relative under the Civil Code to any other Director. (11)Not under any of the categories stated in Article 30 of the Company Law.	N/A

Requirements / Name	Professional qualifications and experiences	Independence criteria (Note 2)	Concurrently serving as an Independent Director of another listed company
Independent Director/ Liao, Song-Yue	Over five years of experience in areas of commerce, legal, finance, or related business of the Company	(1)Not employed by the Company or any of the Company's affiliates. (2)Not a Director or Supervisor of the Company or any of the Company's affiliates (3)Not holding over 1% of company shares or being a top 10 natural person shareholder in one's own name, held by a spouse or underage child, or held by nominee agreement. (4)Not a spouse, kin at the second-degree relative under the Civil Code, or a direct blood relative within the third-degree relative under the Civil Code as specified in (1) through (3). (5)Not a Director, Supervisor, or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a Director, Supervisor, or employee of a corporate shareholder who is among the top 5 shareholders according to item 1 or item 2 of Article 27 of the Company Law. (6)Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority of the Board or voting rights. (7)Not Chairman, President, or equivalent post of the company who himself/herself or spouse holds the position as Director, Supervisor, or employee of another company or organization. (8)Not a Director, Supervisor, manager, or shareholder holding more than 5% of the outstanding shares of a specific company or institution in business or financial relationship with the Company. (9)Not a professional, owner, partner, Director, Supervisor, manager of the proprietorship, partnership, company, or institution that provides business, legal, financial, and accounting services to the Company or a spouse to the aforementioned persons rewarded remuneration not exceeding NTD 500,000 within last two years. (10)Not a spouse of or kin at the second-degree relative under the Civil Code to any other Director. (11)Not under any of the categories stated in Article 30 of the Company Law. (12)No government apparatus agency, juristic person, or its representative is elected under Article 27 of the Company Law.	N/A
Independent Director/ Lin, Lai-Di	Over five years of experience in areas of commerce, legal, finance, or related business of the Company		N/A
Independent Director/ Chen, Hong-Wen	Over five years of experience in areas of commerce, legal, finance, or related business of the Company		N/A
Independent Director/ Zhuo, Xun-Rong	Over five years of experience in areas of commerce, legal, finance, or related business of the Company		N/A

Note 1: The number of columns is adjusted depending on the actual needs.

Note 2: Independence is as follows:

(1) Not employed by the Company or any of the Company's affiliates.

(2) Not a Director of the Company or any of the Company's affiliates (this restriction does not apply to Independent Directors of the Company, its parent company, or its subsidiaries).

(3) Not holding over 1% of company shares or being a top 10 natural person shareholder in one's own name, held by a spouse or underage child, or held by nominee agreement.

(4) Not a spouse, kin at the second-degree relative under the Civil Code, or a direct blood relative within the third-degree relative under the Civil Code as specified in (1) through (3).

(5) Not a Director, Supervisor, or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a Director, Supervisor, or employee of a corporate shareholder who is among the top 5 shareholders according to item 1 or item 2 of Article 27 of the Company Law (this restriction does not apply to Independent Directors of the Company, its parent company, or its subsidiaries).

(6) Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority of the Board or voting rights (this restriction does not apply to Independent Directors of the Company, its parent company, or its subsidiaries).

(7) Not Chairman, President, or equivalent post of the company who himself/herself or spouse holds the position as Director, Supervisor, or employee of another company or organization (this restriction does not apply to Independent Directors of the Company, its parent company, or its subsidiaries).

(8) Not a Director, Supervisor, manager, or shareholder holding more than 5% of the outstanding shares of a specific company or institution in business or financial relationship with the Company (this restriction does not apply to Independent Directors of the specific company or organization which holds more than 20% and not exceeding 50% outstanding shares of the Company, its parent company, or its subsidiaries).

(9) Not a professional, owner, partner, Director, Supervisor, manager of the proprietorship, partnership, company, or institution that provides business, legal, financial, and accounting services to the Company or a spouse to the aforementioned persons rewarded remuneration not exceeding NTD 500,000 within last two years. Notwithstanding, this shall not apply to the Remuneration Committee members or members of a special committee of a public company for merger/consolidation and acquisition who perform their duties in accordance with the Securities Exchange Act and Business Mergers and Acquisitions Act.

(10) Not a spouse of or kin at the second-degree relative under the Civil Code to any other Director.

(11) Not under any of the categories stated in Article 30 of the Company Law.

(12) No government apparatus agency, juristic person, or its representative is elected under Article 27 of the Company Law.

1-5 Diversity and Independence of the Board of Directors:

(1) Diversity of the Board of Directors:

Based on the policy of diversification, strengthening corporate governance, and promoting the development of a sound Board composition and structure, the company's nomination of director candidates complies with the company's articles of association and adopts the candidate nomination procedure. After measuring professional background or relevant professional qualifications, etc., the nomination will seek the review and approval from the Board of Directors, and then it will be sent to the shareholders' meeting for further election. The number of directors who also serve as company managers in the composition of the Board of Directors should not exceed one-third of the number of directors. Moreover, the Board of Directors should consider its own operation, business model and development needs, to formulate an appropriate diversity policy, including but not limited to the following:

1. Basic conditions and values: gender, age, nationality, and culture
2. Professional knowledge and skills: operational judgment, accounting, and financial analysis, business management, crisis management, industry insight, international market outlook, leadership, and decision-making.So as to ensure the diversity of board members.

The current Board of Directors of the company consists of 19 directors. The specific management objectives and achievement of the board diversity policy are as follows:

Management objectives	Achievement
Directors who also serve as company managers should not exceed one-third of the number of directors	reached
The term of independent directors has not exceeded 3 terms	reached
Adequate and diverse expertise and skills	reached

The implementation status of the Board Diversity Policy is as follows:

Name \ Diversification Core items		Nationality	Basic Component									Professional background / Experience				Knowledge and Skill					
			Gender	Employee of the company	Age						Seniority of tenure / Independent Directors	Account-ing	Industry	Finance	Techno-logy	Operational judgment	Business management	Leadership & decision making	Crisis management	Industry insight	International market outlook
					31~40	41~50	51~60	61~70	71~80	81~90	less than 3 years										
Director	Huang, Sheng-Cai	R.O.C.	male						V				V	V	V	V	V	V	V	V	V
	Huang, Sheng-Shun	R.O.C.	male					V					V	V	V	V	V	V	V	V	V
	Zhang Li-Qiu	R.O.C	male						V				V	V		V	V	V	V	V	V
	Huang, De-Lun	R.O.C	male			V							V	V		V	V	V	V	V	V
	Ke, Chang-Ci	R.O.C	male							V		V	V	V		V	V	V	V	V	V
	Guo, Jhih-Cyun	R.O.C.	male					V					V	V		V	V	V	V	V	V
	Lian, De-Shih	R.O.C.	male						V				V	V		V	V	V	V	V	V
	Huang, Cheng-Fong	R.O.C.	male		V								V		V	V	V	V	V	V	V
	Liao, Jia-Guo	R.O.C	male						V				V		V	V	V	V	V	V	V
	He, Hao	R.O.C	male						V				V	V		V	V	V	V	V	V
	Guo, Jhen-Jhih	R.O.C	male				V						V	V		V	V	V	V	V	V
	Shi, Jia-An	R.O.C	male						V				V	V		V	V	V	V	V	V
	Guo, Jhih-Mao	R.O.C.	female						V				V	V		V	V	V	V	V	V
	Chen, De-Fong	R.O.C.	male					V					V	V		V	V	V	V	V	V
	Wu, Xin-Chang	R.O.C.	male				V						V		V	V	V	V	V	V	V
Independent Director	Liao, Song-Yue	R.O.C.	male					V				V		V		V	V	V	V	V	V
	Lin, Lai-Di	R.O.C.	female				V						V		V	V	V	V	V	V	V
	Chen, Hong-Wen	R.O.C	male					V					V	V		V	V	V	V	V	V
	Zhuo, Xun-Rong	R.O.C	male					V					V		V	V	V	V	V	V	V

(2) Information on the General Manager, Deputy General, Associate Manager, and heads of all the Company divisions

Book closure date: April 18, 2023

Job title	Nationality or Record of Birth	Name	Gender	Elected (inauguration) Date	Shares		Shareholding of spouse and underage children		Shareholdings in the names of others		Work experience (academic degree)	Position(s) held concurrently in the Company and/or in any other company	Managers who are Spouses or Within Two Degrees of Kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
General Manager	R.O.C.	Lin, Chun-cheng	Male	Aug.01, 2017	209,326	0.04	590	0	0	0	Chinese Culture University	Chairman/ Fusugar Industry Corp.	N/A	N/A	N/A	N/A
Deputy General Manager	R.O.C	Hsu, Li-hui	Female	Mar. 22, 2019	103,029	0.02	31,854	0	0	0	National Taipei College of Commerce	Supervisor/ Hershey Environmental Technology Co., Ltd.	N/A	N/A	N/A	N/A
Deputy General Manager	R.O.C	Lee, Hong-de	Male	Jul.21, 2022	50,000	0	0	0	0	0	Computer Science / West Coast University	N/A	N/A	N/A	N/A	N/A
Deputy General Manager	R.O.C	Lin, Yi-feng	Male	Jan 01, 2021	377	0	0	0	0	0	Department of Chemical Engineering, Tamkang University NYCU School of Law	N/A	N/A	N/A	N/A	N/A
Associate Manager	R.O.C	Tseng, Xiao-qian	Female	Jan 01, 2019	226,814	0.05	0	0	0	0	Science and Technology Law Institute/ National Chiao Tung University School of Law	N/A	N/A	N/A	N/A	N/A
Factory / Associate Manager	R.O.C	Yu, Yu-Xin	Male	Jan.03, 2023	141	0	0	0	0	0	Department of Chemical Engineering, Tamkang University	N/A	N/A	N/A	N/A	N/A
Business Department / Associate Manager	R.O.C	Huang, Pin-xian	Male	Jan.01, 2021	9,728	0	1,000	0	0	0	Institute of International Business / Asia University	Director/ Fusugar Industry Corp.	N/A	N/A	N/A	N/A
Purchasing Department / Associate Manager	R.O.C	Chen, Jian-nan	Male	Jan.01, 2021	9,243	0	0	0	0	0	Department of Business Management / National Cheng Kung University	Director/ Fusugar Industry Corp.	N/A	N/A	N/A	N/A
General Affairs Department / Associate Manager	R.O.C	Huang, Jun-zhe	Male	Jan.01, 2021	33,144	0.01	19,889	0	0	0	Department of Land Administration / National Chung Hsing University	N/A	N/A	N/A	N/A	N/A
Accounting Supervisor	R.O.C	Chen, Wei-chun	Male	Aug.01, 2017	31	0	0	0	0	0	Department of Accounting / Tamkang University	N/A	N/A	N/A	N/A	N/A
Financial Supervisor	R.O.C	Lin, Li-ren	Male	Aug 01, 2017	5,800	0	0	0	0	0	Department of Accounting / Tamkang University	N/A	N/A	N/A	N/A	N/A

3. Remuneration paid to Directors, Supervisor, General Manager, and Deputy General Manager in the most recent year

1. Remuneration of Directors (Independent Directors included)

(The name of directors should be disclosed in accordance with the respective remuneration bracket)

Unit：NTD thousand

Job title	Name	Remuneration of Director								The sum of A, B, C, and D in proportion to Earnings (Note 10)		Remuneration in the capacity of an employee								The sum of A, B, C, D, E, F, and G to Earnings (Note 10)		from any reinvested other than subsidiaries is
		Remuneration (A) (Note 2)		Pension (B)		Retained Earnings Distribution (C) (Note 3)		Professional practice (D) (Note 4)				Salaries, bonuses, and special subsidies (E) (Note 5)		Pension (F)		Employee bonus from earnings (G) (Note 6)						
		the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial statement(Note 7)	the Company		Companies included in the financial statement (Note 7)		the Company	Companies included in the financial statement (Note 7)	
																Cash dividend	Stock dividend	Cash dividend	Stock dividend			
Chairman	Huang, Sheng-Cai	—	—	—	—	34,863,915	34,863,915	3,780,000	3,780,000	3.56%	3.56%	15,492,661	18,228,363	39,240	39,240	150,856	—	169,341	—	5.01%	5.26%	N/A
Director	Huang, Sheng-Shun																					
Director	Guo, Jhen-Jhih																					
Director	Lion Home Products (Taiwan) Co., Ltd. Representative / He, Hao																					
Director	Chen, De-Fong																					
Director	Shi, Jia-An																					
Director	Guo, Jhih-Mao																					
Director	Liao, Jia-Guo																					
Director	Lian, De-Shih																					
Director	Huang, De-Lun																					
Director	Formosa Chemicals & Fiber Corp Representative / Wu, Xin-Chang																					
Director	Sin Chang Construction Corp. Representative / Guo, Jhih-Cyun																					
Director	Chi-Tong Investment Co., Ltd Representative / Huang, Cheng-Fong																					
Director	Ever-Prosperous Multitechnologies Enterprise Ltd. Representative / Ke, Chang-Ci																					
Director	Hemao Venture Investment Co., Ltd. Representative / Zhang Li-Qiu																					

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(Continuing from front page)

Job title	Name	Remuneration of Director								The sum of A, B, C, and D in proportion to Earnings (Note 10)		Remuneration in the capacity of an employee								The sum of A, B, C, D, E, F, and G to Earnings (Note 10)		from any reinvested other than subsidiaries is
		Remuneration (A) (Note 2)		Pension (B)		Retained Earnings Distribution (C) (Note 3)		Professional practice (D) (Note 4)				Salaries, bonuses, and special subsidies (E) (Note 5)		Pension (F)		Employee bonus from earnings (G) (Note 6)						
		the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial	the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial	the Company		Companies included in the financial statement (Note 7)		the Company	Companies included in the financial statement (Note 7)	
Independent Director	Liao, Song-Yue																					
Independent Director	Lin, Lai-Di																					
Independent Director	Chen, Hong-Wen																					
Independent Director	Zhuo, Xun-Rong																					

Breakdown of remuneration

Breakdown of remuneration of Directors	Name of Director			
	Total (A+B+C+D)		Total (A+B+C+D)	
	the Company (Note 8)	Companies included in the financial statement H (Note 9)	the Company (Note 8)	All investees I (Note 9)
Less than NT$1,000,000	—	—	—	—
NT$1,000,000 (inclusive)~NT$2,000,000	Huang, Sheng-Shun	Huang, Sheng-Shun	Huang, Sheng-Shun	Huang, Sheng-Shun
	Guo, Jhen-Jhih	Guo, Jhen-Jhih	Guo, Jhen-Jhih	Guo, Jhen-Jhih
	Lion Home Products (Taiwan) Co., Ltd. Representative / He, Hao	Lion Home Products (Taiwan) Co., Ltd. Representative / He, Hao	Lion Home Products (Taiwan) Co., Ltd. Representative / He, Hao	Lion Home Products (Taiwan) Co., Ltd. Representative / He, Hao
	Chen, De-Fong	Chen, De-Fong	Chen, De-Fong	Chen, De-Fong
	Shi, Jia-An	Shi, Jia-An	Shi, Jia-An	Shi, Jia-An
	Guo, Jhih-Mao	Guo, Jhih-Mao	Guo, Jhih-Mao	Guo, Jhih-Mao
	Liao, Jia-Guo	Liao, Jia-Guo	Liao, Jia-Guo	—
	Lian, De-Shih	Lian, De-Shih	Lian, De-Shih	Lian, De-Shih
	Huang, De-Lun	Huang, De-Lun	—	—
	Formosa Chemicals & Fiber Corp. Representative / Wu, Xin-Chang	Formosa Chemicals & Fiber Corp. Representative / Wu, Xin-Chang	Formosa Chemicals & Fiber Corp. Representative / Wu, Xin-Chang	Formosa Chemicals & Fiber Corp. Representative / Wu, Xin-Chang
	Sin Chang Construction Corp. Representative / Guo, Jhih-Cyun	Sin Chang Construction Corp. Representative / Guo, Jhih-Cyun	Sin Chang Construction Corp. Representative / Guo, Jhih-Cyun	Sin Chang Construction Corp. Representative / Guo, Jhih-Cyun
	Chi-Tong Investment Co., Ltd. Representative /Huang, Cheng-Fong	Chi-Tong Investment Co., Ltd. Representative / Huang, Cheng-Fong	Chi-Tong Investment Co., Ltd. 代表人 Huang, Cheng-Fong	Chi-Tong Investment Co., Ltd. Representative / Huang, Cheng-Fong
	Ever-Prosperous Multitechnologies Enterprise Ltd Representative / Ke, Chang-Ci	Ever-Prosperous Multitechnologies Enterprise Ltd Representative / Ke, Chang-Ci	Ever-Prosperous Multitechnologies Enterprise Ltd Representative / Ke, Chang-Ci	Ever-Prosperous Multitechnologies Enterprise Ltd Representative / Ke, Chang-Ci
	Hemao Venture Investment Co., Ltd. Representative / Zhang Li-Qiu	Hemao Venture Investment Co., Ltd. Representative / Zhang Li-Qiu	Hemao Venture Investment Co., Ltd. Representative / Zhang Li-Qiu	Hemao Venture Investment Co., Ltd. Representative / Zhang Li-Qiu
	Liao, Song-Yue	Liao, Song-Yue	Liao, Song-Yue	Liao, Song-Yue
	Lin, Lai-Di	Lin, Lai-Di	Lin, Lai-Di	Lin, Lai-Di
	Chen, Hong-Wen	Chen, Hong-Wen	Chen, Hong-Wen	Chen, Hong-Wen
	Zhuo, Xun-Rong	Zhuo, Xun-Rong	Zhuo, Xun-Rong	Zhuo, Xun-Rong
NT$2,000,000 (inclusive)~NT$3,500,000	—	—	—	—
NT$3,500,000 (inclusive)~NT$5,000,000	—	—	Huang, De-Lun	Liao, Jia-Guo Huang, De-Lun
NT$5,000,000 (inclusive)~NT$10,000,000	Huang, Sheng-Cai	Huang, Sheng-Cai	—	—
NT$10,000,000 (inclusive)~NT$15,000,000	—	—	Huang, Sheng-Cai	Huang, Sheng-Cai
NT$10,000,000 (inclusive)~NT$15,000,000	—	—	—	—
NT$15,000,000 (inclusive)~NT$30,000,000	—	—	—	—
NT$30,000,000 (inclusive)~NT$50,000,000	—	—	—	—
NT$50,000,000 (inclusive)~NT$100,000,000	—	—	—	—
NT$100,000,000 above	—	—	—	—
Total	19	19	19	19

Note 1: Names of directors should be separately disclosed (Institutional shareholders should disclose the names of the institutional shareholders and representatives separately). The amount of remuneration should be disclosed in summary. If a director concurrently serves as the President or Senior Vice President, this Form and Form (3-1) or (3-2) must be filled out.

Note 2: It refers to the directors' compensation received for the recent year (including salaries of the directors, special responsibility allowance, severance pay, various bonuses, incentives, etc.).

Note 3: It refers to the remuneration of directors to be distributed in accordance with the proposal for distributing the recent year's earnings adopted at a meeting of the Board of Directors and such proposal has not yet been submitted to the Shareholders' Meeting for approval.

Note 4: It refers to the relevant expenses for business operations paid to directors for the recent year (including transportation allowance, special allowance, various allowances, and the provision of dormitory and vehicle, etc.).When a car, house, and other transportation or personal expense are provided, the nature and cost of the assets provided, the actual or estimated rental expense based on a fair market price, gas expense, and other payments should be disclosed. Further, if a chauffeur is assigned, please also disclose the relevant compensation paid to such chauffeur in the Note. However, such an amount shall not be included in the remuneration.

Note 5: It refers to the salaries, special responsibility allowance, severance pay, various bonuses, incentives, transportation allowance, special allowance, and the provision of dormitory and vehicle received by the director(s) who concurrently serve(s) as an employee(s) (including President, Senior Vice President, and other managerial officers and employees) in the recent year. When a house, car, and other transportation or personal expense are provided, the nature and cost of the assets provided, the actual or estimated rental expense based on a fair market price, gas expense, and other payments should be disclosed. Further, if a chauffeur is assigned, please also describe the relevant compensation paid to such chauffeur in the Note. However, such an amount shall not be included in the remuneration. In addition, the salary expense recognized in accordance with IFRS 2 "Share-based payment" includes the acquisition of employee stock warrant, employee restricted stock, and subscription of new shares from cash capitalization.

Note 6: It refers to the employee remuneration (including stock and cash) received by the directors who concurrently serve(s) as an employee(s) (including concurrent President, Senior Vice President, and other managerial officers and employees) in the recent year. It is required to disclose the amount of employee remuneration to be distributed in accordance with the proposal for distributing the recent year's earnings adopted at a meeting the of Board of Directors and such proposal has not been submitted to the Shareholders' Meeting for approval. If such an amount is unable to be estimated, the amount can be determined in accordance with the actual distribution ratio for last year. Form 1-3 shall be filled out as well. For a company listed on the stock exchange or an OTC market, the stock remuneration shall be measured at fair value (i.e., the closing price on the balance sheet date) in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers; for a non-listed company, the stock remuneration shall be measured at the net value on the last date of the fiscal year that the earnings are generated.

Note 7: Disclose the total amount of remuneration paid to the directors by all the companies included in the consolidated financial statements (including the Company).

Note 8: Disclose the name of the directors in the respective range of total remuneration received from the Company.

Note 9: Disclose the name of the directors in the respective range of total remuneration received from all the companies included in the consolidated financial statements (including the Company).

Note 10: It refers to the net income of the recent year. After the adoption of IFRS.

Note 11: a. It is required to specify in this column the relevant remuneration amount the directors of the Company received from the reinvested companies other than the subsidiaries.

b. If the Company's director has received the relevant remuneration from the reinvested companies other than the subsidiaries, the received amount should be included in Column J. In addition, the column title shall be revised as "All reinvested companies."

c. Compensation shall mean the remuneration, reward, employee bonus, and expense for business operation paid to the Company's director(s) by the reinvested companies other than the subsidiaries and such directors concurrently serve(s) as director(s), supervisor(s), or managerial officer(s) of the reinvested companies.

* The concept of the "compensation" disclosed in this Form is different from the income defined under the Income Tax Law. Therefore, the purpose of this Form is for information disclosure not for taxation.

2. Remuneration of Supervisor: N/A, The Company has set up an audit committee to replace the supervisor on July 1, 2017.

3. Remuneration of General Manager, Deputy General Manager

(The name should be disclosed in accordance with the respective remuneration bracket)

Unit：NTD

Job title	Name	Salary (A) (Note 2)		Pension (B)		Salaries, bonuses, and special subsidies (C) (Note 3)		Employee bonus allocated from earnings (D) (Note 4)				The sum of A, B, C, and D in proportion to Earnings (Note 8)		Whether remuneration from any reinvested other than subsidiaries is received? (Note9)
		The Company-	Companies included in the financial statement (Note 5)	The Company	Companies included in the financial statement (Note 5)	The Company	Companies included in the financial statement (Note 5)	The company		Companies included in the financial statement (Note 5)		The company	Companies included in the financial statement (Note 5)	
								Cash	Stock	Cash	Stock			
General Manager	Lin, Chun-cheng	10,059,998	10,059,998	603,600	603,600	21,870,187	21,870,187	2,842,280	—	2,842,280	—	3.26%	3.26%	N/A
Deputy General Manager	Hsu Li-hui													
Deputy General Manager	Tseng Zhi-jing													
Deputy General Manager	Lee, Hong-de													
Deputy General Manager	Lin Yi-feng													

＊It should include the information disclosure of the General Manager, Deputy General Manager, Associate Manager, department heads, and branch officers; also, the position equivalent to General Manager, Deputy General Manager, or Associate

Manager.

Breakdown of remuneration

Breakdown of remuneration of General Manager & Deputy General Manager	Name of General Manage, Deputy General Manager	
	the Company (Note 6)	the Company (Note 6)
Less than NT$1,000,000	—	—
NT$1,000,000 (inclusive)~NT$2,000,000	—	—
NT$2,000,000 (inclusive)~NT$3,500,000	—	—
NT$3,500,000 (inclusive)~NT$5,000,000	Lee, Hong-de	Lee, Hong-de
NT$5,000,000 (inclusive)~NT$10,000,000	Tseng Zhi-jing / Lin Yi-feng/ Hsu Li-hui	Tseng Zhi-jing / Lin Yi-feng/ Hsu Li-hui
NT$10,000,000 (inclusive)~NT$15,000,000	Lin,Chun-cheng	Lin,Chun-cheng
NT$15,000,000 (inclusive)~NT$30,000,000	—	—
NT$30,000,000 (inclusive)~NT$50,000,000	—	—
NT$50,000,000 (inclusive)~NT$100,000,000	—	—
NT$100,000,000 above	—	—
Total	5	5

Note 1: Names of General Manager and Deputy General Manager should be separately disclosed. The amount of remunerations should be disclosed in summary. If a director concurrently serves as the General Manager or Deputy General Manager, this Form and Form (1-1) or (1-2) must be filled out.

Note 2: It refers to the General Manager and Deputy General Manager's salary, special responsibility allowance, and severance pay.

Note 3: It refers to the bonuses, incentives, transportation allowance, special allowance, the provision of dormitory and vehicle, and other compensations received by the General Manager and Deputy General Manager in the recent year. When a house, car, and other transportation or personal expense are provided, the nature and cost of the assets provided, the actual or estimated rental expense based on a fair market price, gas expense, and other payments should be disclosed. Further, if a chauffeur is assigned, please also describe the relevant compensation paid to such chauffeur in the Note. However, such an amount shall not be included in the remuneration. In addition, the salary expense recognized in accordance with IFRS 2 "Share-based payment" includes the acquisition of employee stock warrant, employee restricted stock, and subscription of new shares from cash capitalization.

Note 4: It refers to the employee remuneration (including stock and cash) received by the General Manager and Deputy General Manager that is distributed in accordance with the proposal for distributing the recent year's earnings adopted at a meeting of the Board of Directors and such proposal has not been submitted to the Shareholders' Meeting for approval. If such an amount is unable to be estimated, the amount can be determined in accordance with the actual distribution ratio for last year. Form 1-3 shall be filled out as well. For a company listed on the stock exchange or an OTC market, the stock remuneration shall be measured at fair value (i.e., the closing price on the balance sheet date) in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers; for a non-listed company, the stock remuneration shall be measured at the net value on the last date of the fiscal year that the earnings are generated. It refers to the net income of the recent year. After the adoption of IFRS, it refers to the net income in the individual or independent financial statements of the recent year.

Note 5: Disclose the total amount of remuneration paid to the General Manager and Deputy General Manager by all the companies (including the Company) included in the consolidated financial statements.

Note 6: Disclose the name of the General Manager and Deputy General Manager in the respective range of total remuneration received from all the Company.

Note 7: Disclose the total amount of remuneration paid to the General Manager and Deputy General Manager by all the companies (including the Company) included in the consolidated financial statements. Disclose the name of the General Manager and Deputy General Manager in the respective range of total remuneration received.

Note 8: It refers to the net income of the recent year. After the adoption of IFRS, it refers to the net income in the individual or independent financial statements of the recent year.

Note 9: a. It is required to specify in this column the relevant remuneration amount the General Manager and Deputy General Manager of the Company received from the reinvested companies other than the subsidiaries.
b. If the General Manager and Deputy General Manager have received the relevant remuneration from the reinvested companies other than the subsidiaries, the received amount should be included in Column E. In addition, the column title shall be revised as "All reinvested companies."
c. Remuneration shall mean the compensation, reward, employee bonus, and expense for business operation paid to the Company's the General Manager and Deputy General Manager by the reinvested companies other than the subsidiaries, and such the General Manager and Deputy General Manager concurrently serve(s) as director(s), supervisor(s), or managerial officer(s) of the reinvested companies.

* The concept of the "compensation" disclosed in this Form is different from the income defined under the Income Tax Law. Therefore, the purpose of this Form is for information disclosure not for taxation.

4. Employee bonus amount paid to managerial officers

April 15, 2023

	Job title (Note 1)	Name (Note 1)	Stock	Cash	Total	Proportion to Earnings After Tax (%)
Manager Officer	General Manager	Lin, Chun-cheng	—	5,186,668	5,186,668	0.48%
	Deputy General Manager	Hsu Li-hui Tseng Zhi-jing Lee, Hong-de Lin Yi-feng				
	Associate Manager/ Special Assistant to the Chairman	Tseng, Xiao-qian Huang, Jun-zhe Chen, Jian-nan Huang, Pin-xian Tsai, Jian-xun Huang, De-Lun				
	Accounting Supervisor	Chen, Wei-cun (Associate Manager)				
	Financial Supervisor	Lin, Li-ren (manager)				

Note 1: Names and job titles of each individual should be separately disclosed. The amount of remunerations can be disclosed in summary.
Note 2: It refers to the employee remuneration (including stock and cash) received by the managerial officers that are distributed in accordance with the proposal for distributing the recent year's earnings adopted at a meeting of the Board of Directors and such proposal has not been submitted to the Shareholders' Meeting for approval. If such an amount is unable to be estimated, the amount can be determined in accordance with the actual distribution ratio for last year. It refers to the net income of the recent year. After the adoption of IFRS, it refers to the net income in the individual or independent financial statements of the recent year.
Note 3: The scope of application for managers is defined in accordance with the Tai.Chai.Chen (III) No. 0920001301 Letter dated March 27, 2003, by the SEC as follows:
(1) General Manager and the equals
(2) Deputy General Manager and the equals
(3) Associate Manager and the equals
(4) General Manager of Finance Department
(5) General Manager of Accounting Department
(6) Managerial officers and the individuals authorized to sign
Note 4: If Directors, General Manager, and Deputy General Manager have collected employee remuneration (including stock and cash), in addition to filling out Form 1-2, please fill out this Form too.

4. Specify and compare the remuneration of Directors, Manager and Deputy General Manager of the Company in proportion to the earnings after tax from the Company and companies included in the consolidated financial statements over the last two years, and specify the policies, standards, combinations, and procedures of decision-making for remuneration and their correlation with business performance and future risk:

1. The ratio of the total remuneration paid by the Company to Directors, General Manager, and Deputy General Manager / Net income (%):

Title	2022 Remuneration / standalone net income ratio (%)	2021 Remuneration / standalone net income ratio (%)
Directors	5.26	5.19
Supervisors	—	—
Manager and Deputy General Manager	3.26	5.24

2. The remuneration policy of the directors and supervisors of the company is clearly stipulated in the Company's Articles of association, and approved by the shareholders meeting and the remuneration committee, then sent to the board of directors for resolution; the payment of the remuneration of the general manager and deputy general managers is determined by the remuneration committee. After deliberation, it is sent to the board of directors for resolution; the remuneration is paid in accordance with the regulations of the articles of association, so the proportion has not changed much, and it is related to operating performance.

III. The state of Implementation of Corporate Governance

I. Operations of Board of Directors

The Board had convened **(A)** meetings of the 7th Board of Directors in 2022. The attendance record of Directors is listed below:

Job title	Name	Actual attendanceB	Attendance by proxy	Actual attendance rate (%) (B/A)	Remark
Chairman	Shin Shing Chemical Corp. Representative / Huang, Sheng-Cai	6	0	100%	
Deputy Chairman	Huang, Sheng-Shun	5	0	83.33%	
Director	Formosa Chemicals & Fiber Corp. Representative / Wu, Xin-Chang	5	0	83.33%	
Director	Huang, De-Lun	5	1	83.33%	
Director	Lion Home Products (Taiwan) Co., Ltd. Representative / He, Hao	6	0	100%	
Director	Guo, Jhen-Jhih	5	0	83.33%	
Director	Ever-Prosperous Multitechnologies Enterprise Ltd./ Guo,Jhih-Cyun	6	0	100%	
Director	Chen, De-Fong	6	0	100%	
Director	Hemao Venture Investment Co., Ltd. Representative / Zhang Li-Qiu	2	2	33.33%	
Director	Lian, De-Shih	6	0	100%	
Director	Guo, Jhih-Mao	5	0	83.33%	
Director	Chi-Tong Investment Co., Ltd. Representative / Huang, Cheng-Fong	5	0	83.33%	
Director	Shi, Jia-An	5	0	83.33%	
Director	Ever-Prosperous Multitechnologies Enterprise Ltd Representative / Ke, Chang-Ci	6	0	100%	
Director	Liao, Jia-Guo	6	0	100%	
Independent Director	Liao, Song-Yue	6	0	100%	
Independent Director	Lin, Lai-Di	4	1	66.67%	
Independent Director	Zhuo, Xun-Rong	6	0	100%	
Independent Director	Chen, Hong-Wen	5	0	83.33%	

Other items to be specified:

1. Should one of the following occur, the meeting date, period, content of the resolution, opinions of all Independent Directors, and the Company's handling of the opinions of the Independent Directors shall be clearly stated:
   (1) All the listed items in Article 14-3 of the Securities and Exchange Act: Please refer to p24-p28.
   (2) In addition to the aforementioned, the items in board resolutions regarding which Independent Directors have voiced opposing or qualified opinions on the record or in writing: None.
2. In instances where a Director's circumvention due to the conflict of interest, the minutes shall clearly state the Director's name, contents of the motion and resolution thereof, reason for such circumvention and the voting status: **None**.
3. Measures undertaken during the current year and past year (including the establishment of the Audit Committee, improvement of info transparency, etc.) in order to strengthen the functions of the Board of Directors and assessment of such implementation:
   (1) The company has purchased liability insurance for all directors to carry out the scope of business legally liable for compensation.
   (2) The company has formulated the "Standard Operating Procedures for Handling Directors' Requests" and responds appropriately and promptly to directors' requests.

(3) The company has formulated the "Board Performance Evaluation Measures" to implement corporate governance and enhance the operational effectiveness of the board of directors.

(4) The company expects to set up a corporate governance officer in 2021 to protect the rights and interests of shareholders and strengthen the functions of the board of directors, assist the operation of the board of directors, and implement corporate governance and legal compliance.

2. Assessment of the implementation of the Board of Directors

Assessment Circle	Assessment Period	Assessment Scope	Assessment Measure	Assessment Content
Execute once a year	From January 01,2022 to December 31,2022	1. The performance assessment of Board of Directors 2. The performance assessment of individual members of Board of Directors 3. The performance assessment of Functional Committees	1. Internal self-assessment made by the Board of Directors. 2. Internal self-assessment made by individual members of Board of Directors. 3. Internal self-assessment made by individual members of Functional Committees.	1. Internal self-assessment made by the Board of Directors (1) the degree of participation in the company's operations (2) Improve the quality of board decisions (3) Board composition and structure (4) Directors selection and appointment of directors and continuous education (5) Directors internal contro 2. Internal self-assessment made by individual members of Board of Directors (1) Mastery of company goals and tasks (2) Awareness of Directors' Duties (3) The degree of participation in the company's operations (4) Internal relationship management and communication (5) Professional and continuous education of directors (6) Internal Control 3. Internal self-assessment made by the Functional Committees (1) The degree of participation in the Company's operations (2) The awareness of duties of the Functional Committees (3) The decision-making quality of the Functional Committees (4) The composition and election of the Functional Committees (5) Internal Control

3. Participation of the audit committee in the operation of the board of directors

The authority and annual tasks of the audit committee

(1) Establish or amend the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.

(2) Evaluation of the effectiveness of the internal control system.

(3) Stipulate or amend based on Article 36-1 of the Securities and Exchange Act the procedures for major financial activities such as acquisition or disposal of assets, engage in the transaction of derivatives, fund loaning to other third parties, or provide endorsements or guarantees for other third parties.

(4) Matters involving the director's interests.

(5) Transactions of major assets or derivatives.

(6) Major fund loaning, endorsements, or guarantees.

(7) Offering, issuing, or private placement of equity securities.

(8) Appointment, dismissal, or remuneration of CPAs.

(9) Appointment and dismissal of heads of financial, accounting, or internal audit units.

(10) The annual financial report signed or stamped by the chairman, the manager, and the head of the accounting unit, and the Q2 financial report subject to verification by the CPA.

(11) Other major matters specified by the Company or the competent authority.

The operation of the Audit Committee

1.There are four members of the audit committee of the company, and the 2nd session of the audit committee was appointed by the board of directors on June 22, 2020.

2. The term of office of the current members: July 1, 2020 to June 30, 2023

The 2st term of the audit committee of 2022 had convened 4 times (A), and the following table indicates the attendance of Independent Directors.

Title	Name	Attendance in Person (B)	Attendance by Proxy	Ratio of Attendance in Person (%) (B/A)	Remark
Independent Director	Liao, Song-Yue	4	0	100%	re-elected on Jul. 1, 2020
Independent Director	Lin, Lai-Di	2	1	50%	re-elected on Jul. 1, 2020
Independent Director	Chen, Hong-Wen	3	0	75%	re-elected on Jul. 1, 2020
Independent Director	Zhuo, Xun-Rong	4	0	100%	re-elected on Jul. 1, 2020

Other matters required to be recorded:

1. Please clearly specify the dates, sessions, proposals, the resolutions, and the Company's comments to such resolutions of any of the meetings of the audit committee which has any of the following circumstances:

(1) Matters specified in Article 14-5 of the Securities and Exchange Act:

Dates and Sessions of the Meetings	Proposals and Resolutions	Matter specified in Article 14-5 of the Securities and Exchange Act	Matter that has not been approved by the audit committee, but has been adopted with the approval of two-thirds or more of all board directors without having been passed by the audit committee.
Mar. 18, 2022 Session 7 of the 2nd Term	1. Approved the financial statement and business report of FY2021	V	N/A
	2. Approved the proposal of distribution of surplus for FY2021.	V	N/A
	3. Approved the statement of internal control for FY2021.	V	N/A
	4. Approved the proposal of amendment of the Company's "Articles of Association".	V	N/A
	5. Approved the proposal to repeal the "Rules	V	N/A

Dates and Sessions of the Meetings	Proposals and Resolutions	Matter specified in Article 14-5 of the Securities and Exchange Act	Matter that has not been approved by the audit committee, but has been adopted with the approval of two-thirds or more of all board directors without having been passed by the audit committee.
	of Procedure of the Shareholders' Meeting" and to re-establish the "Rules of Procedure of the Shareholders' Meeting" of the Company.		
	6. Approved the proposal of amendment of the Company's "Acquisition or Disposal of Assets Procedures".	V	N/A
	7. Approved the establishment of the Company's "Duty Authorization and Proxy System	V	N/A
	8. Approved the endorsement and guarantee for our subsidiary, FUSUGAR INDUSTRY CORP.	V	N/A
	9. Acquisition or disposal of asset disposal credits through the Company's investment in J&V Energy Technology Co., Ltd.	V	N/A
	10. Expiration of the land lease of Soft Chemical Corp. through the Company's investment	V	N/A
	Resolution of the audit committee: The approval by all audit committee members present was made.		
	Comments of the Company's board of directors to the resolution of the audit committee: The proposed distribution of earnings was approved by all directors present and changed to NT$1.5 per share and NT$0.2 per share from the capital reserve; the rest of the resolutions were approved by all directors present without objection.		
May 12, 2022 Session 8 of the 2nd Term	1. Approved the proposal of amendment of the Company's "Internal Control Standard Procedure for Shareholding Units".	V	N/A
	Resolution of the audit committee: The approval by all audit committee members present was made.		
	Comments of the Company's board of directors to the resolution of the audit committee: The approval by all directors present was made.		
Aug. 11, 2022 Session 9 of the 2nd Term	1. Approved the Company's financial statement of Q2 of FY2022.	V	N/A
	2. Approved the Company's Cancellation of the endorsement and guarantee for its subsidiary, FUSUGAR INDUSTRY CORP.	V	N/A
	Resolution of the audit committee: The approval by all audit committee members present was made.		
	Comments of the Company's board of directors to the resolution of the audit committee: The approval by all directors present was made.		
Nov. 10, 2022 Session 10 of the 2nd Term	1. Approved the proposal for the stipulation of the Company's "Audit Plans for 2023".	V	N/A
	2. Approved the Company' "Sales and Collection Cycle" amendment.	V	N/A
	3. Approved the Company's establishment of the "Procedures for the preparation and validation of Sustainability reports".	V	N/A
	4. Approved the Company's the endorsement and guarantee for its subsidiary, FUSUGAR INDUSTRY CORP..	V	N/A

Dates and Sessions of the Meetings	Proposals and Resolutions	Matter specified in Article 14-5 of the Securities and Exchange Act	Matter that has not been approved by the audit committee, but has been adopted with the approval of two-thirds or more of all board directors without having been passed by the audit committee.
	5. Approved the Company's Participation in the cash capital increase of its subsidiary, FUSUGAR INDUSTRY CORP..	V	N/A
	Resolution of the audit committee: The approval by all audit committee members present was made.		
	Comments of the Company's board of directors to the resolution of the audit committee: The approval by all directors present was made.		

(2) Except for the above-mentioned, is there any matter that has not been approved by the audit committee, but has been adopted with the approval of two-thirds or more of all board directors without having been passed by the audit committee. None.

2. For any of the proposals that any of the independent directors are required to make avoidance due to conflict of interests, please clearly specify the names of the directors, the content of the proposals, the reasons for avoidance due to conflict of interests, and the results of voting for such proposals: No such situation.

3. The status of communication between independent directors and the head of internal audit and accountants (please include the major matters, methods, and results of the communication on the Company's financial and business operation status, etc.)

(1) Communication between independent directors and internal audit supervisor:

Date	Mode of Communication	Object of Communication	Matter of Communication	result
Mar.18, 2022	Audit committee	Head of Internal Audit	2021 Internal Control Statement case	contact
Mar.18, 2022	Board of Directors	Head of Internal Audit	1. Report on the implementation of the audit plan from October 2021 to January 2022. 2. The 2021 internal control statement case.	1.contact 2.approve
May 12, 2022	Board of Directors	Head of Internal Audit	Report on the actual implementation of the audit plan from February to March 2022.	contact
Jul. 14, 2022	Board of Directors	Head of Internal Audit	Report on the implementation of the audit plan from April to May 2022.	contact
Aug. 11, 2022	Board of Directors	Head of Internal Audit	Report on the implementation of the audit plan in June 2022.	contact
Nov. 10, 2022	Audit committee	Head of Internal Audit	The 2023 annual audit plan	approve
Nov. 10, 2022	Board of Directors	Head of Internal Audit	Report on the actual implementation of the audit plan from July to August 2022.	contact

(2) Communication between independent directors and CPAs:

Date	Mode of Communication	Object of Communication	Matter of Communication	result
Mar.18, 2022	forum	Independent Directors, CPAs Internal audit supervisor and officers	1. Communication Report Issues between Accountants and Corporate Governance Units in 2021 2. Report on the actual implementation of the 2021 annual audit plan	No comments at this meeting
Nov.10, 2022	forum	Independent Directors CPAs Internal audit supervisor and officers	Matters of high concerned of 2022 between Accountants and Corporate Governance Units	No comments at this meetin

4. Difference between the practices of the Company and Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons

Items	Implementation			Difference between the practices of the Company and Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Y	N	Summary	
1. Does the Company stipulate and disclose its guidelines for corporate governance in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?	V		The Company has stipulated and on its guidelines for corporate governance in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and disclosed such guidelines on its official site.	No significant difference
2. The Ownership Structure and Shareholders' Equity				
(1) Does the Company stipulate internal operating procedures to handle shareholders' suggestions, doubts, disputes, and litigation, and implement the relevant process in accordance with the procedures?		V	The Company has designated dedicated staff such as spokespersons and acting spokespersons to handle shareholders' suggestions, doubts, disputes, and litigation, but has not stipulated the internal operating procedures.	The internal operating procedures are to be discussed
(2) Does the company establish a list indicating the major shareholders who actually control the Company and the final controllers of such major shareholders?	V		The Company has a list indicating the major shareholders who actually control the Company and the final controllers of such major shareholders.	No significant difference
(3) Does the company establish and implement risk control and firewall mechanisms between the affiliates?	V		The guidelines governing the business and financial transactions between the Company and its affiliates have been stipulated, which can effectively implement risk control and firewall mechanisms.	No significant difference
(4) Does the Company stipulate internal regulations to prohibit the insiders from using undisclosed information to purchase and sell securities?	V		The procedures for the processing of internal major information have been stipulated.	No significant difference
3. The Composition and Responsibilities of the Board of Directors				
(1) Does the board of directors form and implement a diversified policy on the composition of its members?	V		The Company has, based on Article 20 of its guidelines for corporate governance, enhanced the requirements to the responsibilities of the board of directors, and the composition of the board of directors shall be diversified as required.	No significant difference

Items	Implementation			Difference between the practices of the Company and Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Y	N	Summary	
(2) In addition to the remuneration committee and the audit committee established in accordance with the laws and regulations, does the Company voluntarily establish other various functional committees?		V	The Company has not yet established any other functional committees.	To be discussed based on actual needs of the Company
(3) Does the Company stipulate the guidelines for evaluating the performance of the board, conduct annual and regular performance evaluations, and report the results of performance evaluations to the board of directors, and use such results as a reference for individual director's remuneration and a nomination for re-election?	V		The Company has stipulated guidelines for evaluation of the performance of the board, conducted annual and regular performance evaluations, and reported the results of performance evaluations to the board of directors, and used such results as a reference for individual director's remuneration and a nomination for re-election.	No significant difference
(4) Does the Company regularly assess the independence of certified public accountants (CPA)?	V		The company regularly evaluates the independence of the CPAs on an annual basis. The evaluation covers the interest between the accounting firm and the Company, which requires the CPA and the firm to provide relevant information and declarations which would be evaluated and reviewed by the board of directors. The most recent annual evaluation result was completed on March 14, 2023.	No significant difference
4. Does the listed company have a suitable and appropriate number of corporate governance staff and designates a corporate governance leader to be responsible for corporate governance related matters (including but not limited to providing information required by directors and supervisors to perform business, assisting directors and supervisors to comply with relevant laws and regulations, handle matters	V		The stock affairs staff are responsible for providing the information requested by the directors to perform their business, handling matters related to the meetings of the board of directors and the shareholders in accordance with the laws and regulations, and preparing the minutes of the meetings of the board of directors and shareholders. The general affairs staff are responsible for handling company registration and the amendment of such registration.	No significant difference

Items	Implementation			Difference between the practices of the Company and Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Y	N	Summary	
related to meetings of the board of directors and shareholders in accordance with the laws and regulations, prepare minutes of the meetings of the board of directors and shareholders, etc.?				
5. Does the Company establish communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers, etc.), provide a specific area for stakeholders on its official site, and appropriately respond to the CSR issues of stakeholders' concerns?	V		The Company has set up a specific area for stakeholders on its official website and appropriately responded to the CSR issues of stakeholders' concerns.	No significant difference
6. Does the Company appoint a professional stock agency to handle the affairs of the shareholders meeting?		V	The Company's stock affairs staff are responsible for the handling of related issues.	No significant difference
7. Information Disclosure				
(1) Does the company set up a website to disclose financial business operation and corporate governance information?	V		The Company has disclosed financial business operation and corporate governance information on its official site.	No significant difference
(2) Does the company adopt other information disclosure methods (such as setting up an English version website, appointing a designated staff to be responsible for the collection and disclosure of company information, implementing the spokesperson system, disclosing the process of the institutional investor conference on the company's official site, etc.)?	V		The company has designated staff who are responsible for the collection and disclosure of company information, implemented the spokesperson system, and disclosed the spokesperson's contact information on its official site (http://www.fucc.com.tw).	The establishment of the English version website is under discussion.
(3) Does the Company disclose and submit its annual financial report within two months after the end of each fiscal year, and disclose and submit the financial reports for the first, second, and third quarters and		V	The Company discloses and submits its annual financial report and the monthly business operating conditions prior to the deadline in accordance with the regulations. However, the annual financial report has not been disclosed 2 months prior to the deadline.	To be discussed.

Items	Implementation			Difference between the practices of the Company and Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Y	N	Summary	
the business operating conditions of each month prior to the prescribed deadline?				
8. Does the Company have other supporting information that allows further understanding to the corporate governance operation (including but not limited to employee rights, employee care, investor relations, supplier relations, the rights of stakeholders, the education and training for directors and supervisors, implementation status of risk management policies and risk measurement standards, implementation status of customer policies, the casualty insurance provided by the company for directors and supervisors, etc.)?	V		1. Please refer to the "V. Summary of Business Performance" of this annual report for the system and measures adopted by the Company for employee rights, employee care, investor relations, supplier relations, and the rights of stakeholders. 2. The directors of the Company actively participate in the refresher courses organized by relevant units based on their actual needs. 3. The Company's internal control, risk management, and other systems and related management regulations have been approved by the board of directors, which shall be able to avoid investment in risky businesses, and the Company purchases various insurances to make up for potential losses (generated from accidents) of itself, its employees, and any third parties. 4. The Company has purchased casualty insurance of USD 3 million for its directors.	No significant difference
9. Please specify the improvement to the results of the corporate governance evaluation conducted by the Corporate Governance Center of TWSE in the most recent fiscal year and the priorities and measures for matters that have not yet been improved. ● **The improvements achieved:** The guidelines for evaluation of the performance of the board of directors have been stipulated, and the performance evaluation was conducted in January 2023. The results of the performance evaluation has been reported to the board of directors on March 14, 2023.				

5. Establishment, functions, and operations of the Remuneration Committee:

(1) Members of the Remuneration Committee

Status	Requirements / Name	Professional qualifications and experience	Independence criteria	Number of other public companies where the person holds the title as Remuneration Committee member
Chairperson and Independent Director	Zhuo, Xun-Rong	Please refer to section 1-4, "Professional Qualifications of Directors and Information Disclosure of Independent Directors' Independence" on Page27	(1) Not employed by the Company or any of the Company's affiliates. (2) Not a Director or Supervisor of the Company or any of the Company's affiliates. This restriction does not apply to Independent Directors of subsidiaries in which the Company or its parent company directly or indirectly holds over 50% of the shareholder voting rights. (3) Not holding over 1% of company shares or being a top 10 natural person shareholder in one's own name, held by a spouse or underage child, or held by nominee agreement. (4) Not a spouse, kin at the second pillar under the Civil Code, or the lineal blood relatives within the third pillar under the Civil Code as specified in (1) through (3). (5) Not a Director, Supervisor or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a Director, Supervisor or employee of a corporate shareholder who is among the top 5 shareholders. (6) Not a Director, Supervisor, Manager or shareholder holding more than 5% of the outstanding shares of specific company or institution in business or financial relation with the Company. (7) Not a professional, owner, partner, Director, Supervisor, manager of proprietorship, partnership, company or institution that provide business, legal, financial and accounting services to the Company or its affiliates or a spouse to the aforementioned persons. (8) Not under any of the categories stated in Article 30 of the Company Law. (9) Not a professional, owner, partner, Director, Supervisor, manager of proprietorship, partnership, company or institution, or a spouse that provides business, legal, financial and accounting services to the Company or its affiliates with rewarded remuneration not exceeding NTD 500,000 within last two years. Notwithstanding, this shall not apply to the Remuneration Committee members, or members of special committee of public company for merger/consolidation and acquisition who perform their duties in accordance with the Securities Exchange Act and Business Mergers and Acquisitions Act. (10)Not under any of the categories stated in the Article 30 of the Company Law.	0
Independent Director	Chen, Hong-Wen			0
Other	Chen, Chang	Over five years of experience in areas of commerce, law, finance or related corporate business		0

(2)The Remuneration Committee is responsible for formulating and regularly reviewing the policies, systems, standards and structure of performance evaluation and remuneration for directors, supervisors and managers, and regularly assessing and setting the remuneration of directors, supervisors and managers.

(3)Operations of the Remuneration Committee

(a)The Company's Remuneration Committee consists of 3 members, the 4th Company's Remuneration Committee was appointed by the Board of Directors on June 22, 2020.

(b)Current term of office: July 01, 2020~June 30, 2023. The Committee had convened 3 times meetings in the 2022 and the attendance of the Committee members is summarized as follows:

*the 4st term of the 2022 annual Remuneration Committee had convened 3 times (A) , the attendance record of Independent Directors is listed below:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Ratio of Attendance in Person (%) (B/A)	Remark
convener	Zhuo, Xun-Rong	3	0	100%	reelected on Jul. 1, 2020
committee member	Chen, Chang	3	0	100%	reelected on Jul. 1, 2020
committee member	Chen, Hong-Wen	3	0	100%	reelected on Jul. 1, 2020

Other items to be recorded

1. If the Board of Directors does not adopt, or amends, the Remuneration Committee's suggestions, please specify the meeting date, term, contents of motion, resolution of the Board of Directors, and the Company's handling of the Remuneration Committee's opinions (If the remuneration ratified by the Board of Directors is superior than that suggested by the Remuneration Committee, please specify the deviation and reasons thereof): N/A
2. For resolution(s) made by the Remuneration Committee with the Committee members voicing opposing or qualified opinions on the record or in writing, please state the meeting date, term, contents of motion, opinions of all members and the Company's handling of the said opinions: N/A
3. The salary and remuneration committee meeting date in the most recent year, the content of the proposal, the resolution result and the company's handling of the salary and remuneration committee's opinions.

Term of the Remuneration Committee Meeting	Discussions and Resolutions
5th Meeting of 4th Term Jan. 18, 2022	Approve the Company' s Proposal of 2021 year-end bonuses of employee
	All Committee's had attended and approved without any objection.
	Reported to the Board of Directors and approved unanimously
6th Meeting of 4th Term Mar 18, 2022	Approve the Company's the Proposal of distribution of 2021 employee remuneration and Director compensation
	All Committee's had attended and approved without any objection.
	Reported to the Board of Directors and approved unanimously
7th Meeting of 4th Term Jul 14, 2022	1. Approve the Proposal of distribution of 2021 employee remuneration and Director compensation
	2. Approve the Proposal of the company's 2022 salary adjustment
	All Committee's had attended and approved without any objection.
	Reported to the Board of Directors and approved unanimously

6. Difference between the Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Items	Implementation (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Y	N	Summary description	
1. Has the Company established a governance framework for promoting sustainable development,and established an exclusively (or concurrently)dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	V		In order to smoothly promote matters related to corporate sustainable development and to ensure effective communication and good response to stakeholders, the Company established a Sustainable Development Committee in 2022 to be responsible for important policies on sustainable development, with the Chairman of the Board of Directors as the chairman and the General Manager as the chairperson, and members from each unit to form a promotion team to promote the implementation of the proposed corporate sustainable implementation policies and to make matters related to corporate sustainable development a long-term task. The promotion team is composed of members from each unit to promote the implementation of the corporate sustainability policy and to make matters related to corporate sustainability a long-term task. The Sustainable Development Promotion Group holds regular meetings, and the chairman of the group reviews the work and achievement of the goals of each group and reports to the board of directors on a quarterly basis on the implementation of sustainable development, including sustainable development policies, climate change risks and opportunities, and greenhouse gas and energy management. The report was presented to the Board of Directors on May 12, August 11, and November 10. 2022	No significant difference
2. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note 2)	V		On May 12, 2022, the Company revised the former "CSR Code of Practice" to "Code of Practice on Sustainable Development" and its addenda to assess the environmental, social and corporate governance issues related to the Company's operations and the risks of climate change in accordance with the principle of materiality, and to formulate relevant risk management strategies. The Company has established a risk management strategy for each department to take precautionary measures to reduce the potential impact of risks, and to assess, manage and monitor potential risks that may affect the Company through internal control operations. For the relevant risk management policies, please refer to the risk management section of the Company's ESG reports and the Sustainability page of the Company's website. (http://www.fucc.com.tw/fucc/fucc_index_csr2.asp)	No significant difference

Items	Implementation (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Y	N	Summary description	
3. Environmental Issues (1) Has the Company set an environmental management system designed to industry characteristics?	V		1. The Company has received ISO 9001 international quality management system, ISO14001 environmental management system and ISO 45001 occupational safety and health management system certification and disclosed it on the official web site. 2. The Company comply with the relevant environmental laws and regulations (such as the Water Pollution Control Act, the Air Pollution Control Act, the Waste Disposal Act, and the Toxic and Concerned Chemical Substances Control Act), and ensure continuous compliance through regular review, audits, and internal and external complaint channels. All types of licenses are valid for a limited period of time	No significant difference
(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	V		Since 2011, the Company has been carrying out a fuel energy reduction plan, gradually replacing the fuel oil for the process heaters with liquid natural gas, and the furnace construction was completely replaced in 2017; Since 2018, we have continued to improve the process-related equipment, have continued to improve the process related equipment and replace the rotating pumps with new ones without shaft seals, additional inverters, pipeline insulation, micro-heat air dryers and utility equipment. Through the above measures to reduce energy consumption or maintain energy efficiency, and the results are reported in the monthly production and sales meetings, the waste produced can be recycled and treated as much as possible, please refer to the Environmental and Safety section of our ESG report.	No significant difference
(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	V		In addition to the identification of operational risks, the Company also incorporates the TCFD Task Force on Climate Related Financial Disclosures recommendation issued by the Financial Stability Board (FSB) into operational management, and discloses on website and in sustainability report, hope that shareholders can understand and benefit from the impact of climate change-related risks and opportunities, as well as the related countermeasures. For the relevant risk management policy, please refer to the risk management section of the ESG reports and the sustainability page of the website: (http://www.fucc.com.tw/fucc/fucc_index_csr2.asp)	No significant difference

<table>
<tr><th rowspan="2">Items</th><th colspan="3">Implementation (Note 1)</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons</th></tr>
<tr><th>Y</th><th>N</th><th>Summary description</th></tr>
<tr><td>(4) Did the company collect data for the past two yearson greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?</td><td>V</td><td></td><td>1. Since 2015, our Linyuan factory has regularly commissioned BSI (British Standards Institute) to conduct verification of greenhouse gas emissions to more accurately grasp the emission status of various sources of greenhouse gas emissions, water consumption and the total weight of waste, the last two years of statistical data:
<table><tr><th>Disclosure Items</th><th>2021</th><th>2022</th><th>Increase (Decrease) %</th></tr><tr><td>Direct GHG emissions (Scope 1/ton)</td><td>67,429.01</td><td>58,487.30</td><td>-13%</td></tr><tr><td>Indirect GHG emissions (Scope 2/ton)</td><td>23,049.73</td><td>20,109.51</td><td>-13%</td></tr><tr><td>Total GHG emissions (tons)</td><td>90,478.74</td><td>78,596.81</td><td>-13%</td></tr><tr><td>Total GHG emissions intensity (tons CO_2e/million turnover)</td><td>13.70</td><td>9.59</td><td>-30%</td></tr><tr><td>Total water consumption (ton)</td><td>110,072</td><td>105,274</td><td>-4%</td></tr><tr><td>Total water consumption intensity (ton/million turnover)</td><td>16.67</td><td>12.84</td><td>-23%</td></tr><tr><td>Waste (tons) - hazardous waste</td><td>0.02</td><td>0.02</td><td>0%</td></tr><tr><td>Waste (tons)-non-hazardous waste</td><td>201.20</td><td>178.02</td><td>-12%</td></tr><tr><td>Total waste (tons) - hazardous + non-hazardous waste</td><td>201.22</td><td>178.04</td><td>-12%</td></tr><tr><td>Total waste (tons/million turnover</td><td>0.03</td><td>0.02</td><td>-33%</td></tr></table>
2. We have established management policies related to energy saving and carbon reduction, greenhouse gas reduction, water use reduction or other wastes. Please refer to the sustainability page on the FUCC website, the Environment and Safety section of the ESG</td><td>No significant difference</td></tr>
</table>

<table>
<tr><th rowspan="2">Items</th><th colspan="3">Implementation (Note 1)</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons</th></tr>
<tr><th>Y</th><th>N</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>report or the disclosure of our corporate ESG information on the Market Observation Post System.
3. State the verification status of each piece of information and the scope of coverage as of the printing date of the annual report:
<table>
<tr><th>Disclosure Items</th><th>2021</th><th>2022</th></tr>
<tr><td>Total greenhouse gas emissions</td><td>Verified by BSI (British Standards Institution)</td><td rowspan="3">The relevant data are internal statistics, and external verification is expected to be completed in September.</td></tr>
<tr><td>Total water consumption (ton)</td><td rowspan="2">Self-disclosed statistics are disclosed in the 2021 Sustainability Report, which has been verified by KPMG</td></tr>
<tr><td>Waste (tons) - hazardous waste</td></tr>
<tr><td>Waste (tons)-non-hazardous waste</td><td colspan="2">Internal statistics, not verified by third parties</td></tr>
</table></td><td></td></tr>
<tr><td>4. Social issues
(1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?</td><td>V</td><td></td><td>All employee welfares and working rules of the Company are determined and implemented based on the Labor Standard Act and the International Bill of Human Rights. The Company attach importance to employee communication and development, protect the rights and interests of employees and provide a quality and safe working environment in order to achieve harmonious labor relations, and implement the following policies:
1.To protect labor rights and interests in accordance with the law, and to reduce the hazards to employee safety and health to prevent occupational disasters in accordance with the characteristics of the chemical industry.
2. Establish regular communication channels for employees to obtain information and express their opinions.
3. Establish a competitive compensation system and a complete employee welfare and retirement benefits policy.</td><td>No significant difference</td></tr>
</table>

Items	Implementation (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Y	N	Summary description	
(2) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits),and are business performance or results appropriately reflected in employee salary/compensation?	V		Please refer to the Human Rights Policy and Human Rights Protection page on the Sustainability page of the Company's website at (http://www.fucc.com.tw/fucc/fucc_index_csr1.asp) The Company stipulates and implements reasonable employee welfare measures (including remuneration, vacation and other benefits, etc.), and appropriately share the results of operating performance in the form of employee remuneration and wage. Please refer to Chapter V “Labor Relations” of the annual report for further details. 1. Compensation System: The salary scale is based on academic background and professional knowledge and skills, as well as personal performance. The starting salary is better than the minimum salary set by the Labor Standards Law. In addition, in addition to the basic salary, there are three festival gratuities and employee bonuses, and operating performance or results are appropriately reflected in employee compensation, and a certain percentage of employee compensation is allocated in accordance with the Articles of Incorporation, and operating performance is handled in the case of employee salary adjustment, etc. 2. Vacation System: The leave is compiled in accordance with the Labor Standards Law, the Personnel Management Regulations, the Work Rules and the Gender Equality Law, and is granted in accordance with the law. In addition, considering that employees may not be able to take all the special leave they are entitled to in the current year due to work factors, we have added a special leave extension period to allow employees to take all the special leave they are entitled to by the end of the following year. For more information, please refer to the Annual Report, Operations - V, Labor Relations Information section and the Sustainable Management Social Page on the Sustainable Management page of the Company's website:(http://www.fucc.com.tw/fucc/fucc_index_csr5.asp)	No significant difference

Items	Implementation (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Y	N	Summary description	
(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	V		1. Since 2010, our company has been certified by the Bureau of Standards and Inspection, Ministry of Economic Affairs as "OHSAS 18001 & TOSHMS Occupational Safety and Health Management System" and "Occupational Safety and Health Management System Performance Accreditation for Business Units" by the Council of Labor Affairs. We aim to achieve international advanced safety and health performance by implementing safety and health management with a systematic structure and PDCA method to reduce accidents and operational risks. In 2019, in response to the demand of ISO 45001:2018 version of occupational safety and health management system, the Company also completed the establishment of the management system related to ISO 45001 occupational safety and health management system in 2019 and passed the verification in 2020. The Company participates in the Taiwan Chemical Industry Responsible Care Association (TRCA) and the Lin-Yuan Industrial Area Safety and Health Promotion Association to effectively improve the safety and health protection of workers through mutual observation and learning in the areas of occupational safety, health and environmental protection. 2. In 2022, there were 166 occupational safety and health employees with 882 hours of training. There were no occupational accidents in the year. 3. Please refer to the Sustainable Management page on our website for related employee safety instructions. (http://www.fucc.com.tw/fucc/fucc_index_csr5.asp)	No significant difference
(4) Has the Company established effective career development training programs for employees?	V		In order to achieve the goal of "lifelong learning", we provide on-the-job training subsidies to our employees. In addition, we have also designed a comprehensive management development program that integrates and utilizes information and resources from within the company, outside the company, and abroad, so that our employees can acquire the latest management methods and concepts in real time. 1. New recruits are provided with job training and factory practical training courses (including the company's work rules and regulations, integrity and ethics promotion, and factory environmental safety and health awareness promotion courses)	No significant difference

<table>
<tr><th rowspan="2">Items</th><th colspan="3">Implementation (Note 1)</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons</th></tr>
<tr><th>Y</th><th>N</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>2. Average training hours per person in 2022:
<table><tr><th>Staff Training Program</th><th>Hours and Numbers</th></tr><tr><td>ISO 50001 and ISO 14067 training</td><td>182 persons with 220 hours</td></tr><tr><td>License Retraining</td><td>Retraining rate:100%</td></tr><tr><td>Various work and professional technical programs</td><td>166 persons with 5,019 hours</td></tr></table></td><td></td></tr>
<tr><td>(5) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, andmarketing and labeling of products and services, and implement consumer protection and grievance policies?</td><td>V</td><td></td><td>The Company has multiple channels such as the spokesperson system and the website to provide the Company’s latest news, product technical information and communication. The complaint channels and procedures for stakeholders have been disclosed on the Company’s official web site.</td><td>No significant difference</td></tr>
<tr><td>(6) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?</td><td>V</td><td></td><td>The Company has currently abided by ISO requirements for supplier evaluation, and stipulated relevant regulations in the engineering contracts, which the suppliers are required to comply with in terms of occupational safety and health standards, labor and health insurance, and accident insurance for personnel entering the premises of plants to ensure personnel safety, and stipulated that waste removal and treatment shall also be performed based on related laws and regulations. Suppliers are required to sign a "Supplier Sustainability Pledge".
In order to ensure that raw materials meet the requirements of the Company's product and environmental safety quality system, the supplier evaluation method is stipulated in the quality management system operation procedures, and is rated according to the quality, time and quantity of goods delivered.</td><td>No significant difference</td></tr>
</table>

Items	Implementation (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Y	N	Summary description	
5. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for thereports above?	V		1. The Company adopts the "core options" of the latest GRI Standards and the "Rule Governing for the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" as required by government authorities to prepare sustainability reports and align with the United Nations Sustainable Development Goals (SDGs). 2. In the 2021 ESG Report, a letter of assurance issued by KPMG. in accordance with the standards issued by the Accounting Research and Development Foundation of the Republic of China has been included in the report. 3. The 2022 ESG report is expected to be completed in September 2023, and the validation opinion will be obtained on the sustainability indicators of the TWSE chemical industry to which it belongs.	No significant difference
6. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviation from the principles in the Company's operations: The Company amended its "CSR guidelines" in 2020, and has fully implemented corporate governance, developed the sustainable environment, maintained social welfare, improved the disclosure of corporate social responsibility information. The CSR guidelines was revised as the " Sustainable Development Guidelines " on Mar 12, 2022.				
7. Other important information to facilitate better understanding of the company's promotion of sustainable development: The Company aims to achieve harmony and co-prosperity between the Company and the region where it is located by the following methods, so as to enhance the connection between the Company and social responsibility and create a win-win relationship with the society and communities. (1) Contribution to the communities: The Company donated NT$1,457,000 to the Linyuan Industrial Park Community Fund in 2022, and provided emergency relief to low-income households in the communities near its Linyuan Plant and subsidize community activities, which show the Company's practical action of contributing to the communities. (2) Donation for public welfare: In 2022, the Company made a donation to organizations such as Holy Word Foundation, Kaohsiung City Stray Animals Association, and CountryEDU Charity Foundation. (3) Environmental and community safety: The Company has received ISO 9001 International Quality Management System, ISO14001 Environmental Management System and ISO 45001 Occupational Safety and Health Management System Certification. Linyuan Plant implements the monthly environmental safety training programs including fire disaster, electrical safety, hypoxia prevention, construction and occupational disaster prevention, process safety promotion, false alarm accidents review (excluding internal training of various units), the number of education hours are 2 hours per month, and a total of 166 personnel with 822 hours participated in these programs in 2022. The Company also implemented the self-management of industrial safety, which included the following measures:				

Items	Implementation (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Y	N	Summary description	
1. Daily inspection. 2. Monthly preventive maintenance. 3. Repair and replace equipment and pipelines every 2 years. 4. Adopt work permits to manage and control related hazards and dangerous work. In order for the community to understand the Company's efforts and achievements to maintain the safety of the community, and to express FUCC's sincerity in caring for the community, please refer to the social participation section of our ESG reports for the relevant identification results and implementation measures.				

Note 1: If "Yes" is ticked in the "Implementation status" column, please concretely describe the major policies, strategies, and measures adopted and the status of their implementation. If "No" is ticked in the "Implementation status" column, please explain the deviations and the reasons in the "Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons" column and explain the Company's plans for adoption of related policies, strategies, and measures in the future. However, for Items 1 and 2, the TWSE/TPEx listed company shall describe its governance and supervisory framework for sustainable development, including but not limited to management policy, strategy and goal formulation, review measures, etc. It additionally shall describe the company's risk management policies or strategies for operations-related environmental, social, and corporate governance issues, and their assessment status.

Note 2: The materiality principle refers to focusing on environmental, social and corporate governance issues likely to have a material impact on theCompany's investors and other stakeholders.

Note 3: Regarding the method for disclosure, please refer to the "SAMPLE ANNUAL REPORT" page on the website of the Taiwan Stock ExchangeCorporate Governance Center.

7. Difference between Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Items	Implementation			Difference between the practices of the Company and Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Y	N	Summary description	
1. Establishment of ethical corporate management policies and programs				
(1) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethicspolicy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	V		The Company has stipulated the ethical corporate management policy approved by the Board of Directors, and clearly indicated the ethical operation policy and practice in regulations and external documents, and the commitment of the board of directors and senior management level to actively implement the operating policy	No significant difference
(2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities witha higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies	V		The Company has stipulated a risk assessment mechanism for unethical conduct, regularly analyzed and evaluate business activities with a higher risk of unethical conduct in the business scope, and stipulated plans to prevent unethical conduct, which at least covers the regulations specified in Paragraph 2 of Article 7 of Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.	No significant difference
(3) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program,implement it, and regularly review and revise the plan?	V		The “Guidelines for Ethical Corporate Management” and the “Guidelines for Whistleblowing” stimulated by the Company have specified operating procedures, and disciplinary and appeal systems for violations in the work rules, which has been fully implemented.	No significant difference

Items	Implementation			Difference between the practices of the Company and Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Y	N	Summary description	
2. Ethical Management Practice				
(1) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses inthe business contracts?	V		The contracts or purchase orders signed by the Company and its counterparties include the clauses of good faith.	No significant difference
(2) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors onits ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?	V		The Legal Affairs Office is responsible for promoting the Company's ethical corporate management and regular reporting of the implementation results to the board of directors. The most recent report to the Board of Directors on January 17, 2023, was on the policies, plans and implementation of honest management (including the commitment of the Board of Directors and the management to actively implement the management policies). The Audit Office also submits monthly internal audit reports to the independent directors for their review.	No significant difference
(3) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	V		The Company has stipulated the "Code of Ethical Conduct by the Company's Directors", "Code of Ethical Conduct for Employees " and the "Procedures for Meetings of the Board of Directors" to prevent conflicts of interest. and specify the avoidance of conflict of interests in the Company's annual report. Any situation of conflict of interests within the Company may be reported to the head of the unit directly or via the whistleblowing mailbox.	No significant difference
(4) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?	V		In order to fully implement ethical corporate management, the Company has established an effective accounting and internal control system to have the Audit Office conducts regular and random inspections. In 2022, there were 70 audit reports issued. The inspected units have all proposed improvement plans and established relevant preventive measures based on the audit findings, and the Audit Office regularly tracks the improvement. In addition, the Company also abides by the laws and regulations to have	No significant difference

Items	Implementation			Difference between the practices of the Company and Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Y	N	Summary description	
			the accountants be responsible for the verification of relevant accounting materials and documents.	
(5) Does the company provide internal and external ethical corporate management training programs on a regular basis?	V		In 2022, all employees (including directors, managers and all employees) signed the Statement of Integrity Management Policy. In 2022, the Company held an internal education training (insider securities trading precautions) for 22 middle and senior executives (15 onsite and 7 on video) related to integrity management issues, and provided video links to employees for training after the class	No significant difference
3. Implementation of Complaint Procedures?				
(1) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistle- blowers?	V		The Company has stipulated the “Guidelines for Whistleblowing System” which contains specific whistleblowing and reward systems and reporting channels and has designated the Audit Office as the responsible unit.	No significant difference
(2) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?	V		The Company has stipulated the “Guidelines for Whistleblowing System” for receiving reports, and such Guidelines include standard operating procedures for investigations, subsequent measures and related confidentiality mechanisms.	No significant difference
(3) Has the company adopted proper measures to protect whistle-blowers from retaliation for filing complaints?	V		Implemented based on the “Guidelines for Whistleblowing System” of the Company.	No significant difference
4. Strengthening Information Disclosure Does the company disclose its ethical corporate management policiesand the results of their implementation on its website and the Market Observation Post System (MOPS)?	V		The Company has disclosed the contents of regulations of its ethical corporate management on the official website and MOPs. (http://www.fucc.com.tw/fucc/fucc_index_corporate1.asp)	No significant difference

Items	Implementation			Difference between the practices of the Company and Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Y	N	Summary description	
5. If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviations between the principles and their implementation: The Company has stipulated its own ethical corporate management in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and has implemented relevant tasks as required by such regulations, and there is no difference.				
6. Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies (e.g., the company's reviewing and amending of its ethical corporate management best practice principles): The Company has amended its procedures for code of conduct for ethical corporate management in 2023. In the future, the Company will update relevant amended contents on its official web site in accordance with environmental and legal amendments.				

8. Please disclose how to search the corporate governance regulations and relevant rules stipulated by the Company (if any):

The Company has stipulated the "Guidelines for Practices of Corporate Governance" in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", which are available on the official site.(http://www.fucc.com.tw/fucc/fucc_index_corporate1.asp)

9. Please disclose other supporting information which allows further understanding of the implementation of the Company's corporate governance (if any): Details of our website (http://www.fucc.com.tw/fucc/fucc_index_corporate1.asp)**.**

10. Status of internal control system

(1) Internal Control System Declaration

FORMOSAN UNION CHEMICAL CORP.

Declaration of the Internal Control System

Date: Mar. 14, 2023

The Company inspected the 2022 internal control system autonomously with the following results:

1. The Company is fully aware that the Board of Directors and the management are responsible for the establishment, implementation, and maintenance of the internal control system and it has been established accordingly. The purpose of its establishment was to reasonably ensure the fulfillment of effective operation and efficiency (including profit, performance, and protection of assets safety), and the reliability, timeliness, transparency and regulatory compliance of financial reports.
2. The internal control system design has inherent limitations. No matter how perfect such control is, it can only provide reasonable assurance of the fulfillment of the three objectives referred to above. The effectiveness of such an internal control system could be influenced by changes of the environment and other circumstances. Therefore, the Company internal control system has been designed with a self-monitoring mechanism so that corrective action will be activated immediately upon the identification of any nonconformity.
3. The Company has assessed the effectiveness of the design and implementation of the internal control system in accordance with criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "the Regulations"). The criteria defined in "the Regulations" include five elements that depend on the management control process: (1) environment controls, (2) risk assessment, (3) control processes, (4) information and communications, and (5) supervision. Each of the five elements is then divided into sub-categories. Please refer to "the Regulations" for details.
4. The Company has implemented criteria for inspection of the internal control system referred to above to ascertain its effectiveness, design and implementation.
5. The Company, based on the inspection results referred to above, declared (on December 31, 2022) that the internal control system, including the supervision and management of subsidiaries, is reasonably effective and achieves the objectives of operation and efficiency, the financial report is of reliability, timeliness, transparency and regulatory compliance.
6. The Declaration of Internal Control System is the main content of the Company's annual report and published prospectus. Any false statement and concealment of the published content referred to above involves liability set out in Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.
7. The Declaration of the Internal Control System was resolved at a meeting of the Board of Directors on March 14, 2023 with with none of the 15 attending directors expressing dissenting opinions, and the remainder all affirming the contents of this Statement.

FORMOSAN UNION CHEMICAL CORP.

Chairman：Huang Sheng-Cai

General Manager：Lin Chun-cheng

(2)The internal control audit report issued by the CPA commissioned to conduct an internal control audit, if any: N/A

11. Punishment of the Company or its internal personnel in accordance with the law, punishment of internal personnel by the Company for violating internal control system regulations, main deficiencies, and improvements during the recent year and up to the date of publication of this annual report: N/A

12. Resolutions reached at a meeting of shareholders or by the Board of Directors during the recent year and up to the date of publication of this annual report:

1. The 2022 Annual Shareholders' Meeting was held on June 17, 2022. The resolutions and implementation status are as follows:

Resolutions	implementation status
1. Aapprovee the 2021 financial statements.	Approve the 2021 financial statements , and in accordance with the Company Act and other relevant laws and regulations, apply to the competent authority for inspection and announcements.
2. Approved the proposal for the distribution of 2021 earnings (cash dividend to shareholders NT$ 1.50 per Share).	Accepted the proposal for the distribution of 2021 earnings, cash dividend to Shareholders NT$ 1.50 per Share) The board of directors is authorized to set the ex-dividend base date on August 30, 2022, and the cash dividend payment date on September 28, 2022.
3. Approved the amendment to the company's " Articles of Incorporation "	In accordance with the resolutions of the shareholders meeting, some provisions of the company's " Articles of Incorporation " were revised.
4. Approved the amendment to the company's "Rules of Procedure for Shareholders' Meetings".	In accordance with the resolutions of the shareholders meeting, some provisions of the company's " Rules of Procedure for Shareholders Meetings" were revised.
5. Approved the amendment to the company's " Rules for the Election of Directors " proposal.	In accordance with the resolutions of the shareholders meeting, some provisions of the company's " Procedures for acquiring or disposing of assets" were revised.
6. Approved the proposal for Cash disbursement through capital surplus	Approved the proposal to distribute cash from capital reserce in 2021, Cash distribution per share of NT$0.2, and authorized the board of directors to set the ex-dividend date on August 30, 2022 and the capital surplus cash distribution date on September 28, 2022.

2. Important Resolutions of the Board of Directors

Board Meeting	Discussions and Resolutions
12th Meeting of 17th Board Jan. 18, 2022	1. Approved the 2021 year-end bonus payment proposal.
13th Meeting of 17th Board Mar. 18, 2022	1. Approved the Company's 2021 financial statement and business report proposal 2. Approved the Company's 2021 employee and director compensation proposal. 3. Approved the Company's 2021 surplus distribution proposal (cash dividend to shareholders NT$ 1.50 per share, another cash dividend of NT$0.2 per share was distributed from the capital reserve) 4. Approved the company's 2021 Internal Control Statement proposal 5. Approved the amendment to the company's "Articles of Incorporation" 6. Approved the amendment to the company's "Rules of Procedure for Shareholders' Meetings" 7. Approved the amendment to the company's "Procedures for the Acquisition or Disposal of Assets" 8. Approved the formulation of the Company's " Procedure for Authorization and Substitute " 9. Approved the endorsement guarantee case of subsidiary Fusugar Industry Corp

Board Meeting	Discussions and Resolutions
	10. Approved the proposal of the "Procedures for the Acquisition or Disposal of Assets" from the J&V Energy Technology Co. Ltd., which is reinvested by the Company 11. Approved the proposal of the " Land Lease Expiration " from the Soft Chemical Corp., which is reinvested by the Company 12. Approved the date, place and content of the company's 2022 Annual Meeting of Shareholders and added an agenda Item 4 for "distribution of cash by capital reserve"
14th Meeting of 17th Board May 12, 2022	1.Approval of financial statements for the first quarter of 2022 2.Approved the amendment of the " Internal Control System for Stock Affairs Office " of the Company 3.Approved the amendment of the Company's "Code of Corporate Social Responsibility Practice" to the "Code of Practice for Sustainable Development of FUCC Co.Ltd.
15th Meeting of 17th Board Jul. 14, 2022	1. Approved the proposal to allocate the compensation to employees and directors for fiscal year 2021. 2. Approved the proposal of salary adjustment for 2022. 3. To approve the ex-dividend date of the Company's cash dividends and capital surplus for 2022. 4. Approved the appointment of a representative of the Company's subsidiaries. 5. Approved the appointment of corporate director and supervisory representative of Chang Chun FUCC Fine Chemicals (Changshu) Co., Ltd.
16th Meeting of 17th Board Aug. 11, 2022	1. Approved the consolidated financial statements for the second quarter of 2022. 2. Approved the appointment of Mr. Huang,De-Lun as Special Assistant to the Chairman. 3. Approved the cancellation of the endorsement and guarantee for Fusugar Industry Corp.
17th Meeting of 17th Board Nov.10, 2022	1. Approved the consolidated financial statements for the third quarter of 2022. 2. Approved the establishment of the "2023 Audit Plan" of the Company. 3. Approved the amendment to the "Sales and Collection Cycle" of the Company. 4. Approved the establishment of the "Procedures for the Preparation and Verification of Sustainability Report" of the Company. 5. Approved the endorsement and guarantee for our subsidiary, Fusugar Industry Corp. 6. Approved the proposal to participate in the cash capital increase of Fusugar Industry Corp..
18th Meeting of 17th Board Jan.17, 2023	1. Approved the payment of the year-end bonus for 2022. 2. Approved the amendment of certain provisions of the Company's "Rules of Procedures of the Board of Directors". 3. Approved the amendment of the Company's Articles of Incorporation. 4. Approved the establishment of a special unit for handling internal material information. 5. To approve the change of the Company's internal auditing officer. 6. Approved the amendment of the Company's "Operating Procedures and Conduct Guidelines for Integrity Management".
19th Meeting of 17th Board Mar.14, 2023	1. Approved the Company's financial statements and business report for fiscal year 2022. 2. To approve the payment of remuneration to employees and directors for the year 2022. 3. Approved the distribution of the Company's earnings for the year 2022. 4. Approved the amendment of the Company's Articles of Incorporation. 5. To approve the convening of the Company's 2023 Annual General Meeting of Shareholders. 6. Approved the general re-election of directors and the nomination and consideration of director candidates. 7. To approve the release of the Company's directors and their representatives from the prohibition of competing for business. 8. Approved the acceptance of the shareholders' proposal for the 2023 Annual General Meeting. 9. To approve the acceptance of nominations of directors (including independent

Board Meeting	Discussions and Resolutions
	directors) by shareholders at the 2023 Annual General Meeting. 10. To approve the Company's Statement of Internal Control for 2022. 11. Approved the amendment of the " Internal Control System for Stock Affairs Office " of the Company. 12. Approved the endorsement and guarantee for Fusugar Industry Corp.

13. Recorded or written statements of dissent made by any Director or Supervisor to important resolutions passed by the Board of Directors during the recent year and up to the date of publication of this annual report: N/A。

14. Summary of discharge and resignation of parties relating to the annual report (Chairman, General Manager, Chief Accountant, Financial Officer, Chief Internal Auditor and R&D Officer) in the recent year and up to the date of publication of this annual report: None.

IV. Information on CPA professional fees

Audit Fee

Unit: NT$ thousand

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee	Subtotal	Remarks
Deloitte & Touche (Taiwan)	Zhuang, Wen-Yuan	Annual 2021	2,500	185	2,685	1. Non-audit fee: Business registration fee is $25 thousand, Tax stamp printing fee is $85 thousand, financial stamp seal certification fee is $2 thousands, and accountant's travel fee is $13 thousand, XBRL operation fee is $60 thousand
	Gong, Ze-Li	Annual 2021				
Deloitte & Touche (Taiwan)	Zhuang, Wen-Yuan	Annual 2022	1,760	498	2,258	1. Non-audit fee: Employee Salary Information Checklist fee is $40 thousand,, Tax stamp printing fee is $43 thousand, accountant's travel fee is $5 thousand, XBRL operation fee is $60 thousand, Certification of Business/Income Tax fee is $350 thousand
	Gong, Ze-Li	Annual 2022				

Please specify the content of non-audit services: (such as tax compliance audit, assurance or other financial advisory and consultancy services)

Note: If the Company has changed CPA or Accounting Firm during the current fiscal year, the company shall report the information regarding the audit period covered by each CPA and the replacement reason. Disclose information on audit and non-audit fees paid in sequence. Non-audit fees and should explain its service content.

V. Replacement of CPA:

N/A

VI. Information regarding the Chairman, General Manager, and Financial or Accounting Manager of the company who has worked with the CPA firm which conducts the Audit of the Company or an affiliate of said firm in the recent year:

N/A

VII. Equity information in fiscal year 2021 and as of the publication date of the annual report

1.Any transfer of equity interests and pledge of, or change in equity interest, by a Director, managerial officer, or shareholder with a stake of more than 10 %.

Job title	Name	2022		As of Apr. 18, 2023	
		Shares increase (decrease)	Pledge shares increase (decrease)	Shares increase (decrease)	Pledge shares increase (decrease)
Chairman	Shin Shing Chemical Corp.	124,000	—	—	—
Legal Director Representative	Huang, Sheng-Cai	—	—	—	—
Deputy Chairman	Huang, Sheng-Shun	—	—	—	—
Director	Hemao Venture Investment Co., Ltd.	—	—	—	—
Legal Director Representative	Zhang Li-Qiu	—	—	—	—
Director	Huang, De-Lun	—	—	—	—
Director	Ever-Prosperous Multitechnologies Enterprise Ltd	—	—	—	—
Legal Director Representative	Ke, Chang-Ci	—	—	—	—
Director	Sin Chang Construction Corp.	—	—	—	—
Director	Guo, Jhih-Cyun	—	—	—	—
Director	Chi-Tong Investment Co., Ltd.	149,000	—	—	—
Legal Director Representative	Huang, Cheng-Fong	—	—	—	—
Director	Lian, De-Shih	—	—	—	—
Director	Liao, Jia-Guo	—	—	—	—
Director	Lion Home Products (Taiwan) Co., Ltd.	—	—	—	—
Legal Director Representative	He, Hao	—	—	—	—
Director	Guo, Jhen-Jhih	—	—	—	—
Director	Shi, Jia-An	—	—	—	—
Director	Guo, Jhih-Mao	—	—	—	—
Director	Chen, De-Fong	—	—	—	—
Director	Formosa Chemicals & Fiber Corp.	—	—	—	—
Legal Director Representative	Wu, Xin-Chang	—	—	—	—
Independent Director	Liao, Song-Yue	—	—	—	—
Independent Director	Lin, Lai-Di	—	—	—	—
Independent Director	Chen, Hong-Wen	(18,000)	—	—	—
Independent Director	Zhuo, Xun-Rong	—	—	—	—
General Manager	Lin Chun-cheng	40,000	—	—	—
Deputy General Manager	Hsu, Li-hui	—	—	—	—
Deputy General Manager	Tseng Zhi-jing (Jul.21, 2022 resigned)	(15,000)	—	—	—
Deputy General Manager	Lee, Hong-de (Jul 21,2022 take office)	(8,000)	—	—	
Associate Manager	Lee, Hong-de (Jul 21,2022 resigned)	(8,000)	—	—	
Associate Manager	Lin, Yi-feng	—	—	—	—
Associate Manager	Tseng, Xiao-qian	—	—	—	—

Job title	Name	2022		As of Apr. 18, 2023	
		Shares increase (decrease)	Pledge shares increase (decrease)	Shares increase (decrease)	Pledge shares increase (decrease)
Associate Manager	Tsai, Jian-xun (Jan 03, 2023 resigned)	—	—	—	—
Associate Manager	Yu, Yu-xin (Jan 03, 2023 take office)	—	—	—	—
Associate Manager	Huang, Pin-xian	—	—	—	—
Associate Manager	Chen Jian-nan	—	—	—	—
Associate Manager	Huang Jun-zhe	—	—	—	—
Accounting Supervisor	Lin, Li-ren	—	—	—	—
Financial Supervisor	Chen, Wei-cun	—	—	—	—

Note：The former Deputy General Manager, Tseng Zhi-jing, resigned on Jul.21, 2022, and changed to Lee, Hong-de;
The former Associate Manager, Tsai, Jian-xun, resigned on Jan 03, 2023, and changed to Yu, Yu-xin.

2. Shares Trading with Related Parties

Name (Note 1)	Reason for Transfer (Note 2)	Date of Transaction	Transferee	Relationship between Transferee and Directors, Supervisors, Managers and Major Shareholders over 10%	Shares	Transaction Price (NT$)
	N/A					

Note 1：To fill in the name of company's Directors, Supervisors, Managers and Major Shareholders over 10%。

Note2：To fill in acquire or punish

3 Shares Pledge with Related Parties

Name (Note 1)	Reason for Pledge (Note 2)	Date of Transaction	Transferee	Relationship between Transferee and Directors, Supervisors, Managers and Major Shareholders	Shares	Shares holding %	Shares Pledged %	Pledged Amount
	N/A							

Note 1：To fill in the name of company's Directors, Supervisors, Managers and Major Shareholders over 10%。

Note2：To fill in pledge or redeem

VIII. Top 10 shareholders and their relationships

April 18, 2023

Name（Note 1）	Current shareholding		Spouse and minor children's shareholding		Shareholding in name of others		Name, relationship of top 10 shareholders being the related party as spouse or kin within the second tier under the Civil Code		Note
	Quantity of shares	Share holding	Quantity of shares	Share holding	Quantity of shares	Share holding	Name	Relation-ship	
Ho Tung Chemical Corp. Representative / Zhang, Li-Qiu	29,234,040 —	6.13% —	— —	— —	— —	— —	— —	— —	— —
Chi-Tong Investment Co., Ltd. Representative / Chang, Mei-feng	28,924,000 79,800	6.06% 0.02%	— 821,750	— 0.17%	— —	— —	Shin Shing Chemical Corp. Representative / Huang, Sheng-Cai	spouse	—
Eversoft Co., Ltd. Representative / Lin, Fang-Ru	24,931,145 180,000	5.23% 0.04%	— —	— —	— —	— —	— —	— —	— —
Shin Shing Chemical Corp. Representative / Huang, Sheng-Cai	18,824,000 821,750	3.95% 0.17%	— 79,800	— 0.02%	— 3,070,000	— 0.64%	Chi-Tong Investment Co., Ltd. Representative / Chang, Mei-feng	spouse	—
Old Pine Investment Co., Ltd. Representative / Huang, Zhen-cun	15,042,749 —	3.15% —	— —	— —	— —	— —	— —	— —	— —
Formosa Chemicals & Fiber Corp. Representative / Hong Fu-Yuan	14,723,422 —	3.09% —	— —	— —	— —	— —	— —	— —	— —
Lion Home Products (Taiwan) Co., Ltd. Representative / He, Hao	11,571,347 —	2.43% —	— —	— —	— —	— —	— —	— —	— —
Chuangyou Investment Co., Ltd. Representative / Lu, Yu-xuan	10,400,081 8,992	2.18% 0.00%	— —	— —	— —	— —	— —	— —	— —
Guo Jiafu Investment co., Ltd. Representative / Guo, Jhih-Cyun	6,144,601 1,720,412	1.29% 0.36%	— 978,398	— 0.21%	— —	— —	— —	— —	— —
Guo Chen, Chu-zhi	5,609,302	1.18%	5,578,818	1.17%	—	—	—	—	—

Note 1: Name of the top-10 shareholders must be listed respectively. For institutional shareholders, the title of such institutional shareholder and the name of the representative(s) shall be listed respectively.
Note 2: The percentage of shareholding shall be calculated by taking into account the shares held by the shareholder, his/her spouse, children of minor age, and other persons holding shares in his/her name.
Note 3: For the shareholders referred to above including legal person and natural person, shall have the relationship disclosed in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms.

IX. The number of shares held by the Company and Company Directors, Supervisor, managerial officers and the entities directly or indirectly controlled by the Company in a single company, and calculating the consolidated shareholding percentage of the above categories.

Unit: shares/ %

Long-term Investment	Invested by the Company		Invested by Directors, Supervisor, Management, and enterprises controlled by the Company directly or indirectly		Combined Investment	
	Shares	%	Shares	%	Shares	%
Hershey Environmental Technology Co., Ltd.	50,000,000	100.00%	—	—	50,000,000	100.00%
United Performance Materials Corporation	72,202,200	80.25%	3,310,973	3.68%	75,513,173	83.93%
Pacific Storage Tank Co., Ltd.	900	100.00%	—	—	900	100.00%
Soft Chemical Corp	—	42.03%	—	—	—	42.03%
Singapore Kanghua Industrial Co., Ltd.	4,927,717	19.74%	—	—	4,927,717	19.74%
Forte Chemical Co., Ltd.	1,400,000	3.14%	—	—	1,400,000	3.14%
Dasheng Chemical Industry Co., Ltd.	19,800,000	100.00%	—	—	19,800,000	100.00%
Fusugar Industry Corp.	128,993,285	88.35%	7,645,015	5.24%	136,638,300	93.59%
Soft Industry corp	—	50.00%	—	—	—	50.00%
American Gaoling Technology Co., Ltd.	70,000	1.06%	—	—	70,000	1.06%
Chang Chun FUCC Fine Chemicals (Changshu) Co., Ltd.	—	50.00%	—	—	—	50.00%
DEFIA Co., Ltd.	300,000	20.00%	—	—	300,000	20.00%
J&V Energy Technology Co., Ltd.	10,114,318	8.98%	—	—	10,114,318	8.98%
Japanese Power plant / Anonymous portfolio	—	—	—	—	—	—
Shenghua Development Co., Ltd.	30,000	10.00%	—	—	30,000	10.00%
Uspace Technology Co., Ltd.	25,000	0.14%	—	—	25,000	0.14%
Pei-Ting Energy Co., Ltd.	350,000	35.00%	—	—	350,000	35.00%

IV. Capital Overview

I. Capital and shares

1. Source of Capital

Year/ Month	Issuing Price (NT$)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital	Capital increased by assets other than cash	Others
1973/06	10	5,000,000	50,000,000	1,250,000	12,500,000	Founded	—	
1976/03	10	11,000,000	110,000,000	6,600,000	66,000,000	capital increase 53,500,000	—	
1977/04	10	12,000,000	120,000,000	12,000,000	120,000,000	capital increase 54,000,000	—	
1978/05	10	13,200,000	132,000,000	13,200,000	132,000,000	surplus capitalization12,000,000	—	
1979/06	10	18,480,000	184,800,000	18,480,000	184,800,000	surplus capitalization 52,800,000	—	
1980/05	10	30,492,000	304,920,000	30,492,000	304,920,000	surplus capitalization120,120,000	—	
1988/05	10	38,326,800	383,268,000	38,326,800	383,268,000	surplus capitalization 76,230,000 Employee bonus capitalization 2,118,000	—	(77)Tai-Tsai-Cheng (1) No.08710 dated July 21, 1988
1989/04	10	48,077,800	480,778,000	48,077,800	480,778,000	surplus capitalization95,817,000 Employee bonus capitalization1,693,000	—	(78)Tai-Tsai-Cheng (1) No.25562 dated July 20, 1989
1989/08	10	55,077,800	550,778,000	55,077,800	550,778,000	capital reduction 70,000,000	—	(78)Tai-Tsai-Cheng (1) No.02609 dated Dec 30, 1989
1990/06	10	77,077,800	770,778,000	60,585,580	605,855,800	surplus capitalization55,077,800	—	(79)Tai-Tsai-Cheng (1) No.01851 dated Aug 02, 1990
1991/05	10	77,077,800	770,778,000	69,673,417	696,734,170	surplus capitalization30,292,790 capital reserve capitalization60,585,580	—	(80)Tai-Tsai-Cheng (1) No.01606 dated Jul 19, 1991
1992/05	10	89,908,100	899,081,000	80,285,394	802,853,940	surplus capitalization44,590,980 capital reserve capitalization 59,919,140 Employee bonus capitalization1,609,650	—	(81)Tai-Tsai-Cheng (1) No.01630 dated Jul 16, 1992
1993/06	10	90,319,300	903,193,000	90,010,973	900,109,730	surplus capitalization36,128,430 capital reserve capitalization 60,214,050 Employee bonus capitalization 913,310	—	(82) Tai-Tsai-Cheng (1) No.30875 dated July 22, 1993
1994/06	10	133,100,000	1,331,000,000	101,032,941	1,010,329,410	surplus capitalization72,008,780 capital reserve capitalization 36,004,390 Employee bonus capitalization 2,206,510	—	(79)Tai-Tsai-Cheng (1) No.01851 dated Aug 02, 1990
1995/06	10	133,100,000	1,331,000,000	114,608,341	1,146,083,410	surplus capitalization 131,342,820 Employee bonus capitalization 4,411,180	—	(84)Tai-Tsai-Cheng (1) No.38143 dated Jun 28, 1995
1996/06	10	133,100,000	1,331,000,000	126,351,163	1,263,511,630	surplus capitalization114,608,340 Employee bonus capitalization2,819,880	—	(85)Tai-Tsai-Cheng (1) No.41472 dated Jul 03, 1996
1997/06	10	157,600,000	1,576,000,000	139,226,974	1,392,269,740	surplus capitalization126,351,160 Employee bonus capitalization 2,406,950	—	(86)Tai-Tsai-Cheng (1) No.51337 dated Jun 27, 1997

Year/ Month	Issuing Price (NT$)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital	Capital increased by assets other than cash	Others
1998/05	10	157,600,000	1,576,000,000	156,470,587	1,564,705,870	surplus capitalization167,072,370 Employee bonus capitalization 5,363,760	—	(87)Tai-Tsai-Cheng (1) No.49976 dated Jun 09, 1998
1999/05	10	185,100,000	1,851,000,000	172,500,549	1,725,005,490	surplus capitalization 131,435,290 capital reserve capitalization 25,035,290 Employee bonus capitalization 3,829,040	—	(88)Tai-Tsai-Cheng (1) No.53488 dated Jun 08, 1999
2000/05	10	205,690,000	2,056,900,000	190,248,871	1,902,488,710	surplus capitalization 160,425,510 capital reserve capitalization12,075,040 Employee bonus capitalization 4,982,670	—	(89)Tai-Tsai-Cheng (1) No.49055 dated Jun 07, 2000
2001/05	10	205,690,000	2,056,900,000	197,084,754	1,970,847,540	surplus capitalization 55,172,170 capital reserve capitalization11,414,930 Employee bonus capitalization 1,771,730	—	(90)Tai-Tsai-Cheng (1) No.135134 dated Jun 05, 2001
2002/07	10	205,690,000	2,056,900,000	205,016,367	2,050,163,670	surplus capitalization76,863,050 Employee bonus capitalization 2,453,080	—	Tai-Tsai-Cheng (1) No.0910137534 dated Jul 09, 2002
2003/07	10	228,370,000	2,283,700,000	211,362,496	2,113,624,960	surplus capitalization61,504,910 Employee bonus capitalization 1,956,380	—	Tai-Tsai-Cheng (1) No.0920130358 dated Jul 08, 2003
2004/07	10	228,370,000	2,283,700,000	217,905,065	2,179,050,650	surplus capitalization63,408,750 Employee bonus capitalization 2,016,940	—	Cheng-Chi (1) No. 0930129119 dated Jul 06, 2004
2005/06	10	240,370,000	2,403,700,000	231,396,634	2,313,966,340	surplus capitalization130,743,040 Employee bonus capitalization 4,172,650	—	Ching-Kuan-Cheng (1) No.0940125861 dated Jun 28, 2005
2006/07	10	300,000,000	3,000,000,000	240,947,900	2,409,479,000	surplus capitalization92,558,660 Employee bonus capitalization 2,954,000	—	Ching-Kuan-Cheng (1) No.0950128225 dated Jul 04, 2006
2007/06	10	300,000,000	3,000,000,000	250,893,409	2,508,934,090	surplus capitalization96,379,160 Employee bonus capitalization 3,075,930	—	Ching-Kuan-Cheng (1) No.0960031913 dated Jun 25, 2007
2008/01	10	300,000,000	3,000,000,000	274,832,654	2,748,326,540	Acquired (Great Victory Chemical Industry Co., Ltd.) capitalization 239,392,450	—	Ching-Kuan-Cheng (1) No.0960075464 dated Jan 17, 2008
2008/07	10	500,000,000	5,000,000,000	292,983,305	2,929,833,050	surplus capitalization175,892,900 Employee bonus capitalization 5,613,610	—	Ching-Kuan-Cheng (1) No.0970032584 dated Jul 01, 2008
2008/11	10	500,000,000	5,000,000,000	301,799,175	3,017,991,750	Acquired (Great Victory Chemical Industry Co., Ltd.) capitalization 88,158,700	—	Ching-Kuan-Cheng (1) No.0970057401 dated Nov 06, 2008
2009/07	10	500,000,000	5,000,000,000	309,344,154	3,093,441,540	surplus capitalization75,449,790	—	Ching-Kuan-Cheng-Fa-Tze No.0980033422 dated Jul 06, 2009
2010/07	10	500,000,000	5,000,000,000	340,278,569	3,402,785,690	surplus capitalization309,344,150	—	Ching-Kuan-Cheng-Fa-Tze No.0990039172 dated Jul 27, 2010
2010/08	10	500,000,000	5,000,000,000	365,278,569	3,652,785,690	Capital increase250,000,000	—	Ching-Kuan-Cheng-Fa-Tze No.0990039602 dated Aug 04, 2010
2011/07	10	500,000,000	5,000,000,000	390,848,068	3,908,480,680	surplus capitalization255,694,990	—	Ching-Kuan-Cheng-Fa-Tze No.1000031768 dated Jul 08, 2011
2012/07	10	500,000,000	5,000,000,000	429,932,874	4,299,328,740	surplus capitalization390,848,060	—	Ching-Kuan-Cheng-Fa-Tze No.1010029789 dated Jul 05, 2012
2016/04	10	500,000,000	5,000,000,000	430,833,570	4,308,335,700	Conversion of corporate bonds in the first quarter of 2016	—	Ching-Shou-Shang-Tze No. 10501077010 dated Apr 15, 2016

Year/ Month	Issuing Price (NT$)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital	Capital increased by assets other than cash	Others
2016/07	10	500,000,000	5,000,000,000	434,209,430	4,342,094,300	Conversion of corporate bonds in the secone quarter of 2016	—	Ching-Shou-Shang-Tze No. 10501175750 dated Jul 22, 2016
2016/10	10	500,000,000	5,000,000,000	437,784,658	4,377,846,580	Conversion of corporate bonds in the third quarter of 2016	—	Ching-Shou-Shang-Tze No. 10501246890 dated Oct 18, 2016
2017/01	10	500,000,000	5,000,000,000	444,951,285	4,449,512,850	Conversion of corporate bonds in the fourth quarter of 2016	—	Ching-Shou-Shang-Tze No. 10601008180 dated Jan 20, 2017
2017/04	10	500,000,000	5,000,000,000	451,102,758	4,511,027,580	Conversion of corporate bonds in the first quarter of 2017	—	Ching-Shou-Shang-Tze No. 10601051160 dated Apr 26, 2017
2017/07	10	500,000,000	5,000,000,000	472,019,402	4,720,194,020	Conversion of corporate bonds in the second quarter of 2017	—	Ching-Shou-Shang-Tze No. 10601104260 dated Jul 25, 2017
2017/10	10	500,000,000	5,000,000,000	489,817,453	4,898,174,530	capital reserve capitalization177,980,510	—	Ching-Shou-Shang-Tze No. 10601135100 dated Oct 02, 2017
2017/10	10	900,000,000	9,000,000,000	490,849,670	4,908,496,700	Conversion of corporate bonds in the third quarter of 2017	—	Ching-Shou-Shang-Tze No. 10601144490 dated Oct 18, 2017
2018/01	10	900,000,000	9,000,000,000	490,925,940	4,909,259,400	Conversion of corporate bonds in the fourth quarter of 2017	—	Ching-Shou-Shang-Tze No. 10701005570 dated Jan 22, 2018
2018/04	10	900,000,000	9,000,000,000	492,137,794	4,921,377,940	Conversion of corporate bonds in the first quarter of 2018	—	Ching-Shou-Shang-Tze No. 10701042060 dated Apr 27, 2018
2018/07	10	900,000,000	9,000,000,000	492,307,284	4,923,072,840	Conversion of corporate bonds in the second quarter of 2018	—	Ching-Shou-Shang-Tze No. 10701090590 dated Jul 25, 2018
2018/10	10	900,000,000	9,000,000,000	494,159,095	4,941,590,950	Conversion of corporate bonds in the third quarter of 2018	—	Ching-Shou-Shang-Tze No. 10701132570 dated Oct 24, 2018
2019/01	10	900,000,000	9,000,000,000	499,351,752	4,993,517,520	Conversion of corporate bonds in the fourth quarter of 2018	—	Ching-Shou-Shang-Tze No. 10801008120 dated Jan 23, 2019
2019/04	10	900,000,000	9,000,000,000	502,122,392	5,021,223,920	Conversion of corporate bonds in the first quarter of 2019	—	Ching-Shou-Shang-Tze No. 10801044100 dated Apr 17, 2019
2019/09	10	900,000,000	9,000,000,000	477,016,272	4,770,162,720	Capital reduction 251,061,200	—	Ching-Kuan-Cheng-Fa-Tze No.1080324734 dated Aug 07, 2019

Note 1：The capital increase shall be marked with the effective (approved) date and document number.

Note 2：Those who issue shares for less than the par value shall be marked in a prominent way.

Note 3：Where currency claims and technology are used to offset the share funds, it shall be stated, and the type and amount of the offset shall be added.

Note 4：If it is a private placement, it should be marked in a prominent way.

2. Type of share

Type of share	Authorized Capital Stock			Remark
	Outstanding Shares (listed)	Unissued Shares	Total	
Common stock	477,016,272 (Listed stocks)	422,983,728	900,000,000	—

II. Composition of Shareholders

As of April 18, 2023

Composition of Shareholders / Quantity	Government apparatus	Financial organization	Other juridical persons	Individuals	Foreign institution or foreigner	Total
Number of persons	1	1	111	35,396	88	35,597
Shares	469	385,000	200,006,094	254,978,291	21,646,418	477,016,272
%	0.00%	0.08%	41.93%	53.45%	4.54%	100.00%

III.Distribution Profile of Share Ownership

As of April 18, 2023

Shareholders Ownership		Number of Shareholders	Number of Shares Owned (Shares)	Shareholding ratio (%)	Shareholders Ownership	Number of Shareholders
1-	999	11,140	31.29	2,982,863	29,828,630	0.63
1,000-	5,000	17,913	50.32	38,650,356	386,503,560	8.10
5,001-	10,000	3,425	9.62	27,776,585	277,765,850	5.82
10,001-	15,000	897	2.52	11,401,189	114,011,890	2.39
15,001-	20,000	651	1.83	12,174,849	121,748,490	2.55
20,001-	30,000	488	1.37	12,696,075	126,960,750	2.66
30,001-	40,000	234	0.66	8,429,181	84,291,810	1.77
40,001-	50,000	178	0.50	8,295,970	82,959,700	1.74
50,001-	100,000	324	0.91	23,549,534	235,495,340	4.94
100,001-	200,000	147	0.41	20,474,401	204,744,010	4.29
200,001-	400,000	78	0.22	21,239,434	212,394,340	4.45
400,001-	600,000	40	0.11	19,520,096	195,200,960	4.09
600,001-	800,000	21	0.06	14,702,961	147,029,610	3.08
800,001-	1,000,000	9	0.03	8,111,254	81,112,540	1.70
1,000,001-	9,999,999	44	0.12	93,360,740	933,607,400	19.57
10,000,000-	999,999,999	8	0.02	153,650,784	1,536,507,840	32.21
Total		35,597	100.00	477,016,272	4,770,162,720	100.00

IV. Major Shareholders (Top 10 shareholders or with Shareholdings greater than 5%)

On the Book closure date: April 18, 2023

Quantity of shares / Major Shareholders	Total shares owned (Shares)	Shareholding ratio (%)
Ho Tung Chemical Corp.	29,234,040	6.13%
Chi-Tong Investment Co., Ltd.	28,924,000	6.06%
Yong Ming Shun Co., Ltd.	24,931,145	5.23%
Shin Shing Chemical Corp.	18,824,000	3.95%
Old Pine Investment Co., Ltd.	15,042,749	3.15%
Formosa Chemicals & Fiber Corp.	14,723,422	3.09%
Lion Home Products (Taiwan) Co., Ltd.	11,571,347	2.43%
Chuangyou Investment Co., Ltd.	10,400,081	2.18%
Guo Jiafu Investment co., Ltd.	6,144,601	1.29%
Guo Chen, Chu-zhi	5,609,302	1.18%

V. Market Price, Net Value, Earnings and Dividends per Common Share Latest two years

Item / Year			2021	2022	As of March 31, 2023 (Note 9)
Market price per share (Note 1)	Highest		25.45	32.30	25.65
	Lowest		13.85	20.00	22.05
	Average		19.14	24.52	23.87
Net value per share (Note 2)	Before distribution		15.98	17.34	(Note 9)
	After distribution		14.28	—	—
Earnings per share	Weighted Average Outstanding Shares		477,016,272	477,016,272	477,016,272
	EPS	Before retrospective adjustment (Not 3)	1.99	2.27	(Note 9)
		Retrospectively adjusted (Not 4)	—	—	—
Dividends Per Share	Cash Dividend (Note 4)		1.70	1.80	—
	Stock Dividends	Stock Dividend from Retained Earnings	0.00	0.00	—
		Stock Dividend from Paid-In Capital	0.00	0.00	—
	Accumulated Undistributed Dividends (Note 5)		—	—	—
Investment Return Analysis	Price / Earnings Ratio(Note 6)		9.62	10.80	—
	Price / Dividend Ratio(Note 7)		11.26	13.62	—
	Cash Dividend Yield Rate(Note 8)		8.88	7.34	—

Note 1:List the highest and lowest market prices of common stocks in each year, and calculate the average market prices for each year based on the transaction value and volume of each year.

Note 2:Please fill in the list based on the number of issued shares at the end of the year and the distribution based on the resolution of the shareholders meeting in the following year.

Note 3:If retrospective adjustment is required due to circumstances such as gratuitous allotment, the earnings per share before and after adjustment should be shown.

Note 4:The 2022 surplus distribution has not yet been approved by the 2023 annual shareholders meeting.

Note 5:If the equity securities issuance conditions stipulate that the dividends not paid in the current year will be accumulated to the year when there is a surplus, the dividends accumulated and not paid up to the current year shall be disclosed separately.

Note 6: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 7 : Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note 8: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

Note 9: As of the date of publication of the annual report, it has not been verified by CPA.

VI. The Company's Policies regarding Dividends and Implementation Status

1. Dividends policies

The environment of the industry where the Company belongs is changing rapidly and at a stage of stable growth. Based on long-term financial planning, future capital needs, and the requirements to protect shareholders' rights and interests, the Company shall allocate 2.5% of its annual profit (if any) as the employees' wages and 2.5% (maximum) of such profit as the directors' remuneration. However, the Company shall first retain a sufficient amount of such profit for covering any cumulative losses.

The distribution of employees wage may be in the forms of stocks or cash based on the resolution (which shall be reported to the shareholders) made by a meeting of the board of directors where more than two-thirds of the directors present and more than half of the present directors agree on such distribution. Such wage may be distributed in the form of stocks or cash to the employees of the affiliates who satisfy certain requirements.

If there is an annual surplus for the Company, such surplus shall be deducted for taxation in accordance with laws and regulations and covering the cumulative losses of the previous fiscal years. After such deduction, 10% of such surplus shall be retained as the legal reserve (except the amount of the legal reserve has reached the total capital) and the special reserve shall be reversed in accordance with relevant regulations. And then the balance shall be included into the undistributed surplus of the beginning of such period as the total cumulative distributable surplus for shareholders, and a minimum of 1% of the amount of such distributable surplus shall be allocated to distribute shareholder dividends. The board of directors shall draft a surplus distribution plan for submission to the shareholders' meeting for resolution prior to the distribution.

The Company may based on the overall capital budget plans, distribute 40% to 60% of the surplus in the form of stock dividends and the rest in the form of cash dividends to retain the necessary funds. If there are no major capital budget plans for a specific fiscal year or the working capital requires to be replenished, the surplus may be distributed fully in the form of cash dividends. In other words, if a large amount of capital is required for the expansion and construction of plants during a specific fiscal year, the surplus may be distributed fully in the form of stock dividends. The aforesaid surplus distribution shall be handled by the board of directors who shall draft a surplus distribution plan for submission to the shareholders' meeting for resolution prior to the distribution.

2. Dividend distribution proposal submitted to the shareholders' meeting

According to the approval of the board of directors on March 14, 2023, a cash dividend of NT$1.8 per share would be distributed. However, such a dividend distribution proposal has not yet been approved by the shareholders' meeting.

VII. The impact of the proposal of issuance of bonus shares to be reviewed by the shareholders' meeting on the Company's business operating performance and EPS

Not applicable because there was no proposal of issuance of bonus shares to be reviewed by the shareholders' meeting of this fiscal year and the Company was not required to prepare financial forecasting.

VIII. Employees Wage and Remuneration of Directors and Supervisors

1. The percentage and scope of the employees' wages and the remuneration of directors and supervisors as stated in the Company's articles of association:

(1) The Company shall allocate 2.5% of its annual profit (if any) as the employees' wages and 2.5% (maximum) of such profit as the directors' remuneration. However, the Company shall first retain a sufficient amount of such profit for covering any cumulative losses.

The distribution of employees wage may be in the forms of stocks or cash based on the resolution (which shall be reported to the shareholders) made by a meeting of the board of directors where more than two-thirds of the directors present and more than half of the present directors agree on such distribution. Such wage may be distributed in the form of stocks or cash to the employees of the affiliates who satisfy certain requirements.

(2) The calculation basis for the estimated amount of employee wage and the remuneration of directors and supervisors of the current period, the calculation basis for the number of shares for distribution of stock dividends, and the accounting treatment when there is a difference between the estimated amount and the actual distributed amount:

The Company's estimated amount for distribution of employee wage and remuneration of directors for 2022 was NT$69,727,830 in total. The amount was proportionally estimated based on the pre-tax profit deducting employees' bonuses and director's remuneration and was recognized as the operating cost and expense for 2022. If there is any difference between the actual distributed amount (determined by the board of directors) and the estimated amount of directors, changes in accounting estimates would be adopted. If the above employee bonus is fully distributed in the form of stocks, the number of shares for distribution in the form of stock dividends shall be calculated based on the closing price on the last date prior to the resolution of the meeting of the board of directors for FY2023 with the consideration of the effects of ex-dividends.

(3) The proposed distributed amount of employees wage approved by the board of directors:

a. The amount for distributed cash/stock wage for employees and the remuneration of directors:

The amount of the Company's distributed employees' wages and directors'

remuneration determined by the resolution of the board of directors for 2023 has no different from the original estimated amount of NT$69,727,830 specified in the financial statements of 2022.

b. The proposed distributed amount of employees' wages in the form of stocks and its proportion of the total amount of net profit after tax and total employee wage specified in the individual financial report for the current period: Not applicable.

(4) The actual distribution of employee dividends and remuneration of directors and supervisors for the previous fiscal year:

The following table indicates the actual distribution of the Company's surplus for the employees' wage and directors' remuneration in 2021:

	2021
	Resolution by the board of directors
Cash dividends for employees	$ 26,952,619
Directors' remuneration	$26,952,619

The amount of the Company's distributed employee dividends and directors' remuneration determined by the resolution of the board of directors for 2022 has no different from the original estimated amount of NT$53,905,238 specified in the financial statements of 2021.

IX. Buy-back of Treasury Stock: None.

X. Issuance of Corporate Bonds: None.

XI. Issuance of Preferred Stock, Global Depositary Receipts, Employee Stock Options：None.

XII. Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies：None.

XIII. Financing Plans and Implementation

(1) Finance Plans：

For each uncompleted public issue or private placement of securities, and for such issues and placements that were completed in the most recent three years but have not yet fully yielded the planned benefits：N/A

(2) Implementation

Regarding the purpose of each plan mentioned in the preceding paragraph, analyze item by item as of the quarter before the publication date, its implementation status and the comparison with the original expected benefits: N/A

V. Operation Overview

I. Operation Summary

1. Business Scope

(1) The main content of the business:

Manufacturing, processing, and trading of Alkylbenzenes, Normal olefins, Alkylphenols, Hydrocarbon resins, and their derivatives, and other related businesses and investments.

(2) Proportions of sales from each of the major products (units):

The Company's major business is the manufacture and sale of the following products and derivatives: Alkylbenzene, Alkyl Phenol, AlkylBenzene Sulfonic Acid, and Hydrocarbon Resin. The proportions of sales from each of the units are as follows:

Unit: NT$1,000; %

Items \ Fiscal Years	FY2022		FY2021	
	Amount	%	Amount	%
Alkylation Units (Note 1)	8,421,958	79.67	6,784,084	73.75
Resin Units (Note 2)	1,626,398	15.38	1,873,712	20.37
Agrochemicals and Other Units (Note 3)	522,870	4.95	541,358	5.88
Total	10,571,226	100.00	9,199,154	100.00

Note 1: The Alkylation units mainly produce products such as Alkylbenzene and Alkyl phenol.

Note 2: The resin unit mainly produces C9 hydrocarbon resin and hydrogenated C9 hydrocarbon resin.

Note 3: The products of other units mainly include the production and sales of Agrochemicals and the trading of sugar products.

(3) The Company's current products:

(a) Alkylbenzene: It is the essential upstream raw material for household laundry powder and detergents.

(b) Alkylbenzene sulfonic acid: The processed Alkylbenzene becomes the main component of detergent, which is widely used in household cleaning powder such as laundry powder, detergent cleaners.

(c) Alkyl phenol: It is the upstream raw material of surfactant and lubricant additive and is mainly used in industrial detergents, antioxidants, advanced printing ink resins, curing agents, and lubricant formulations.

(d) C9 hydrocarbon resin/Hydrogenated hydrocarbon resin: It is the upstream raw material for adhesives and hot-melt adhesives, and can provide enhanced viscosity and wetting features.

(e) Others: Sales of Agrochemicals and trading of sugar products.

2. Overview of the Industry

(1) Current Status of the Industry and its Development

The Company's major business is the manufacture and sale of the following products and derivatives: Alkylbenzene, Alkyl phenol, Alkylbenzene Sulfonic Acid, and hydrocarbon resin. Among them, Alkylbenzene and Alkylbenzene Sulfonic Acid are the necessary upstream raw material for household laundry powder and detergents. Alkyl phenol is the upstream raw material of surfactants and lubricant additives for industrial detergents and lubricants. Hydrocarbon resin is the upstream raw material of adhesives and hot-melt adhesives and can provide enhanced viscosity and wetting features. The status of the petrochemical industry to which the Company belongs and the related industry operational risks are described as follows:

(a) Alkylbenzene

Alkylbenzene is currently the most widely used upstream raw material in the detergents for household chemicals. It can be divided into the types of Linear Alkylbenzene (LAB) and Branched Alkylbenzene (BAB) based on the molecular geometry. The detergents made of LAB are called soft detergent because the wastewater it generates is easily biodegradable; while those made of BAB are referred to as hard detergent because they are not easily degraded biologically. Due to environmental protection considerations, hard detergent products are only allowed to be used in very few countries.

Alkylbenzene is mainly used in products such as detergents and laundry powder. In addition, because of its low condensation point and good low-temperature fluidity, it has good compatibility with mineral oil and synthetic hydrocarbon oil, which allows it to be gradually adopted in the fields of industrial lubricants such as Alkylbenzene oil for electrical appliances, transformers, switches of electrical appliances, and synthetic Alkylbenzene oil for the refrigeration unit, etc.

The Company's production volume of Alkylbenzene accounts for 99% of the total volume in Taiwan, of which 60% s LAB. According to the global market analysis, the research data from the professional research organization "Transparency Market Research" shows that the scale of the global LAB market will expand to US$8.9 billion by 2020, and the compound annual growth rate (CAGR) from 2021to 2031 will reach 4.03%.

Due to the growing demand for industrial and household detergent products, the global Alkylbenzene market has developed slowly but steadily in the past few years. Among them, the main growth momentum comes from the improvement of living standards in emerging markets such as Southeast Asia and Central and South America. In particular, the Asia-Pacific region will be the region with the highest consumption of Alkylbenzene in the world. Its growth rate would also be the highest and is expected to become another driving force for market development. However, the fluctuation of crude oil prices in the international market remains a major concern for Alkylbenzene manufacturers. The future development of the Alkylbenzene market is expected to move toward the

development of more diversified products and the commercialization of specific applications.

(b) Alkylphenol

The industrial application of Nonylphenol began in the 1950s. It is mainly used in nonionic surfactants and modified Phenolic Formaldehyde Resin, and for few cases, in the production of anionic surfactants, lubricant additives, and other products. Overall, more than 70% of globally produced Nonylphenol is used in various surfactants (of which more than 60% of it is used in textile detergents), and the rest is used as detergents and pesticide emulsifiers.

In addition to being used in various surfactants, Nonylphenol can produce many application products after being chemically synthesized with other petrochemicals intermediate raw materials, such as to produce TNPP (acquired from the esterification with phosphorus trichloride) for the antioxidant for natural and synthetic rubber, or nonylphenol formaldehyde resin (acquired from syncretization with formaldehyde solution under an alkaline environment) for the high-grade copper-clad laminate of PCB due to its high-frequency resistance, brightness, flexibility, and water resistance. Therefore, the fields covered by application products of Nonylphenol are quite broad.

Currently, the global Nonylphenol manufacturers with an annual production volume of more than 10,000 metric tons are mainly located in the United States, Poland, and China. The aforementioned developed countries and China are also the main markets of the demand for Nonylphenol. The major Taiwanese manufacturers of the Nonylphenol industry are FUCC and China Man-Made Fiber Corporation (CMFC), both of which are mainly exporting their products.

Dodecylphenol is a relatively new Alkylphenol product with a smaller volume of global supply. It is mainly used in the lubricating oil industry and is a lubricating oil additive formulation that can be manufactured as a single agent available to be further mixed as a complex agent.

(c) Hydrocarbon resin

Based on the chemical properties, hydrocarbon resin can be divided into three categories respectively known as aliphatic resin, aromatic resin, and hydrogenated hydrocarbon resin.

i. Aliphatic resin (C5 resin as the representative product)

Aliphatic resin is mainly produced by using C5 diene (piperylene) as the raw materials. Since the raw materials are by-products of the separation process of isoprene, those manufacturers with the ability to separate isoprene are usually able to produce C5 hydrocarbon resin. Because C5 hydrocarbon resin has good compatibility with SIS, SBS, SEBS, SEPS, and other styrene polymers, natural and synthetic rubber, and EVA, it is a good additive for adhesives and is mainly used in the adhesive and sealant industry. It is mostly used for the production of products containing hot-melt adhesives and pressure-sensitive adhesives (PSA), such as tapes or labels. In recent years, C5 hydrocarbon resin has begun to

gradually replace natural resin tackifiers (such as rosin or terpene resin) and take the major market position due to its better and more stable peel and fast adhesion, moderate melt viscosity, good heat resistance, and lower prices.

ii. Aromatic resin (C9 hydrocarbon resin as the representative product)

Aromatic resin is refined from raw materials such as vinyl toluene, styrene, and indacene. The vinyl toluene and indacene are all by-products in the pyrolysis process of Ethylene, only those manufacturers with Ethylene pyrolysis equipment can produce such products and therefore, its supply is limited by the output volume of the Ethylene pyrolysis plant. Because it is composed of Olefins or Cycloolefins containing nine carbon atoms for polymerization, it is also called C9 hydrocarbon resin. C9 hydrocarbon resin has the features of low acid value, good miscibility, low melting point, high water resistance, and proper alcohol and chemical resistance, and is widely used in adhesives (hot-melt adhesives) and printing inks, as well as serving as the modifier for coating material industry. In recent years, as the prices of natural resin raw materials such as rubber and tall oil rosin esters have risen, C9 hydrocarbon resin has gradually expanded its market demand with relatively low production costs.

iii. Hydrogenated hydrocarbon resin

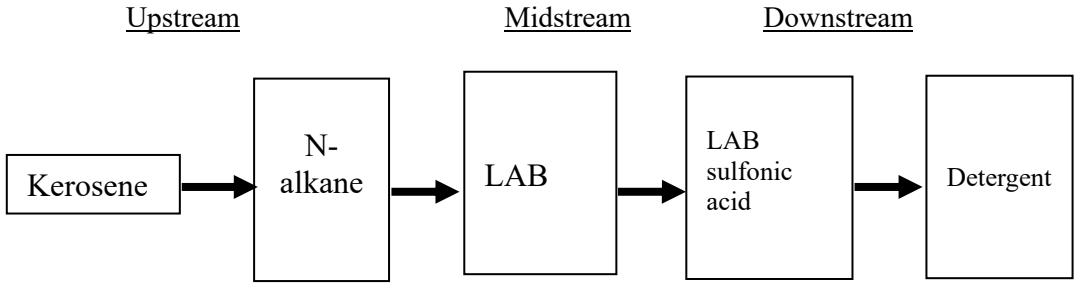
Hydrogenated hydrocarbon resin is a compound acquired from the hydrogenation reaction of a hydrocarbon resin. It is mainly used for providing additional viscosity and wetting and is currently used in products such as diapers, maxi pads, and hot-melt adhesives. Among them, the hot-melt adhesive has the advantages of environmentally friendly, safe, rapid curing, and suitable for automated production, which makes it become one of the fastest-growing adhesive products. In the past, hydrogenated hydrocarbon resin was mostly used as an adhesive for sneakers and maxi pads, etc., and because of its colorless and odorless properties, it can be used as a plastic film material for food packaging or the substitute for natural resin.

The Company on July 31, 2012 (the base date) transferred the business of its hydrogenated hydrocarbon resin units to the affiliate UPM who is also responsible for hydrogenation and manufacturing of the relevant products. Hence, the Company currently uses UPM to dedicate to the production and sales of C9 hydrocarbon resin and hydrogenated hydrocarbon resin products. C9 hydrocarbon resin and hydrogenated hydrocarbon resin are produced by the hydrogenation process of a hydrocarbon resin. The Company’s hydrocarbon resin business is expected to maintain stable growth due to the limited supply and the rising prices of natural resources such as rosin, the increasingly extensive high-end applications of hydrogenated hydrocarbon resin, and the rapidly growing demand for hot-melt adhesives.

(2) The relationship of the industry's up-, mid-, and downstream

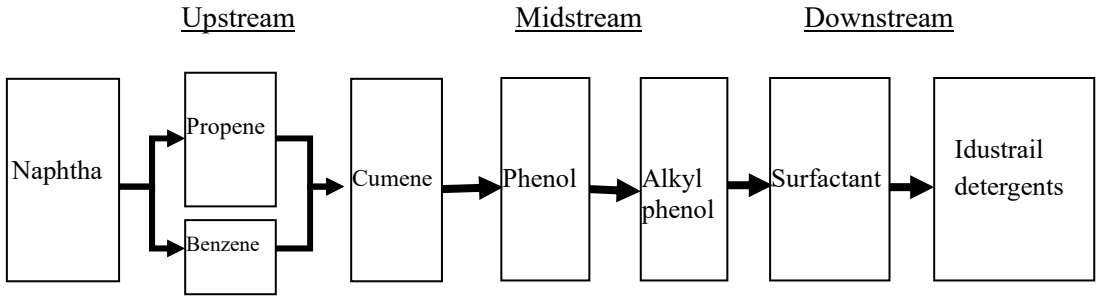
(a) Alkylbenzene

Alkylbenzene is within the midstream of the household chemical detergent industry. It is critical and irreplaceable for industrial development. Its upstream industry is the petrochemical industry. The refinery provides kerosene and produces n-alkanes after extraction and refining. After the Company obtains n-alkane raw materials, it will process and produce products such as Alkylbenzene or Alkylbenzene Sulfonic Acid, which are then supplied to manufacturers in the downstream detergent product industry, such as P&G, Unilever, and Kao.



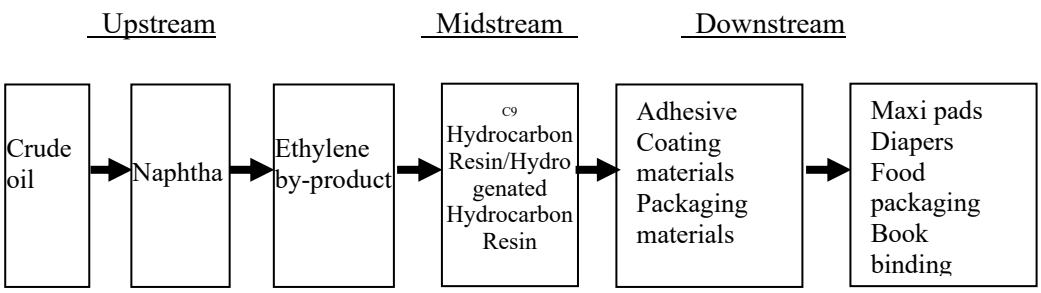
(b) Alkylphenol

Alkylphenol is within the midstream of the industrial detergents and lubricants industry. The upstream is also the petrochemical industry. After naphtha is extracted from crude oil at refineries, Propylene, Benzene, Cumene, and Phenol would be extracted subsequently. The Company purchases phenolic raw materials and then adds Nonene or Dodecylene to synthesize Nonphenol or Dodecylphenol supplied to surfactant and lubricant additive manufacturers. The final products are industrial detergents and lubricants.



(c) C9 Hydrocarbon Resin/Hydrogenated Hydrocarbon Resin:

Hydrogenated hrdrocarbon resin is a solid or liquid by-product formed by polymerization of mono- and diene components from distillation of the five-carbon (C5) and nine-carbon (C9) compounds produced in the pyrolysis process of naphtha for refining ethylene. Therefore, its upstream is the petrochemical industry. As far as downstream industries are concerned, hydrogenated hydrocarbon resins are widely used by-products such as adhesives and coating materials. The final products include diapers, sticky notes, and road marking paints.



(3) Trends of development of products

(a) Application development trend in terminal products

With the development of modernization, in daily life, people will not be willing to spend too much time on household cleaning chores, but the requirements for household cleanliness are gradually increasing. Therefore, the currently available conventional detergents can no longer meet the living requirements of people of the modern days. In the future, there would be two types of development for detergents. One is the comprehensive development which endows the detergent products with the feature of comprehensive cleaning functions to remove multiple types of stains in various situations at the same time; the other is the development of special-purpose which tailors the detergent products to effectively remove stains and pathogens generated from specific conditions. From the above description, one could know that either of the development would further improve the functions of the detergent products.

(b) Future trends for the composition of product raw materials

Generally speaking, the conventional detergent products are mainly chemically synthesized which replaced soap after WWI. These products are usually composed of surfactants, solvents, and additives. Because of the good cleaning effects and convenience, they have become necessary consumer products in modern society ranging from industrial and mining enterprises to household cleaning. However, with the development of society, some problems with synthetic detergent are gradually being questioned. Some of the raw materials of conventional detergent products come from by-products of the petrochemical industry, which would have a certain impact on human health. Therefore, the development of healthy, green, environmentally friendly detergent products has become the future development trend.

(4) Competition of the products

The petrochemical industry uses naphtha or natural gas as raw materials to produce Ethylene, Propylene, Benzene, and other basic raw materials via the pyrolysis of naphtha, and intermediate raw materials for plastics, rubber, and fibers via additional processing. The downstream products of the petrochemical industry are widely used for daily-life purposes as well as construction materials, auto parts, and high-tech product parts, etc. Therefore, the petrochemical industry is a basic industry. The Company’s products are mainly used for laundry powder and detergent, and as for the

conditions of product competition, analysis for the three major types of products of the Company is presented below:

(a) Alkylbenzene

The Alkylbenzene produced by the Company has a market share of 99% in the domestic market. International competitors include major manufacturers such as ISU, Sasol, and Indorama.

(b) Alkylphenol

The domestic competitor of the Nonphenol produced by the Company is CMFC who mainly supplies its products to its reinvested company PACC, while FUCC supplies its products to SJC and Changchun Group. As for the global market, due to the current impact of China's non-tariff barriers, the main market has been gradually moved from China to Europe and the United States. At present, international competitors include SI from the United States and Yokkaichi Chemical from Japan. In view of the environmental issues and trade barriers affecting the market demand for Nonphenol, FUCC has been actively developing and producing a new product known as Dodecylphenol. In addition to expanding new markets, it can also fill up the underperformed production capacity of the Alkylphenol plant in order to maintain or even increase the Group interests.

(c) C9 Hydrocarbon Resin/Hydrogenated Hydrocarbon Resin

At present, only a few companies such as the Company and Yuan Liang Group are engaged in the production of C9 hydrocarbon resin, and only the Company produces hydrogenated hydrocarbon resin. Therefore, in terms of domestic market supply, it would an oligopolistic industry.

3. Overview of Technology and R&D

(1) R&D expenses

R&D expense in FY2022 is NT$71,723,000.

R&D expense invested as of the the end of March, 2023 is NT$14,285,000.

(2) R&D Results

(a) Lightning resin UL-90 and UL-120 have been produced

(3) Future Research Prospects

(a) Hydrogenation process technology research and development of hydrogenated products and their derivativ

(b) Research and development of interfacial activator-related derivatives

(c) Development of adhesive-related technologies

(d) Research and development of high-value chemical products.

(e) Feasibility study of investment in other industries to achieve diversified operation.

(f) Development of pesticides, spices and biotechnology products.

4. Long-term and short-term business development plans

(1) Alkylbenzene

(a) Short-term: Enhance customer service and consolidate the existing market.

(b) Long-term: Provide customers with sophisticated services with flexible logistics operations. Development of new usage of the products.

(2) Alkylphenol:

(a) Short-term: As the joint venture plant in China has begun the official production, the Company will move its main markets to the US and Europe to increase market share, and expand to other new markets.

(b) Long-term: In order to maintain the utilization rate, other Alkylphenol products would be gradually developed to increase operating profit.

(3) Hydrogenated hydrocarbon resin

(a) Short-term: Provide a complete product line of hydrogenated and non-hydrogenated C9 hydrocarbon resins, and develop hydrocarbon resin with high softening point and highly hydrogenated grade to meet customized needs.

(b) Long-term: Expand production capacity and improve production efficiency.

II. Overview of Markets, Production and Sales

1. Market Analysis

(1) Markets for the major products

Units: NT$1,000/%

Markets \ Fiscal Years		FY2022		FY2021	
		Amount	Ratio	Amount	Ratio
Domestic Market		2,180,587	20.63%	2,215,897	24.09%
Export Destinations	China	2,025,813	19.17%	1,524,141	16.57%
	Vietnam	584,562	5.53%	368,947	4.01%
	The Philippines	863,971	8.17%	564,261	6.13%
	Guatemala	1,515,184	14.33%	1,155,197	12.56%
	Others	3,401,109	32.17%	3,370,711	36.64%
Net Sales		10,571,226	100.00%	9,199,154	100.00%

(2) Market shares

(a) Alkylbenzene

The Alkylbenzene produced by the Company has a market share of 99% in the domestic market. In the global market, the current global production of

Alkylbenzene is approximately 3.8 million metric tons according to the survey of professional institutions. Based on the Company's annual production capacity of approximately 108,000 metric tons for FY2023, it has a global market share of approximately 2.84%. International competitors include ISU, Sasol, and Huntsman.

(b) Alkylphenol

The domestic competitor of the Nonphenol produced by the Company is CMFC who mainly supplies its products to its reinvested company PACC, while FUCC supplies its products to SJC and Changchun Group. As for the global market, due to the current impact of China's non-tariff barriers, the main market has been gradually moved from China to Europe and the United States. At present, international competitors include SI from the United States and PCC from Poland. In view of the environmental issues and trade barriers affecting the market demand for Nonphenol, FUCC has been actively developing and producing new products known as Dodecylphenol. In addition to expanding new markets, it can also fill up the underperformed production capacity of the alkylphenol plant in order to maintain or even increase the Group interests.

(c) Hydrocarbon resin

i. C9 hydrocarbon resin

At present, C9 hydrocarbon resin is mainly produced in Asia, accounting for about 90% of the overall global production, followed by America and Europe. As being affected by the increase in crude oil prices, the Asian region will have an advantage in raw materials compared with Europe and the United States in the future. According to DeWitt's 2022 survey data, the total global hydrocarbon resin production capacity is about 3.0 million metric tons, and the UPM accounts for about 1.5% of such global total volume.

ii. Hydrogenated hydrocarbon resin

According to DeWitt's survey data, the total global hydrogenated hydrocarbon resin production capacity in 2022 is estimated to be 1.207 million metric tons, and FUCC produces 28,000 metric tons in 2022, accounting for 2.3% of the global market share.

(3) The future supply and demand situation and growth of the market

(a) Alkylbenzene

Due to the decrease in the effective ingredients of detergents and the increase in imported detergents, domestic demand has continued to decline; however, there is still room for growth in demand in foreign markets. Because the Company maintains a long-term stable supply-demand relationship with foreign customers, export sales maintain at a stable level.

(b) Alkylphenol

In response to market trends, the Company has started to produce Dodecyl Phenol through process improvements to increase its competitiveness. It is hoped that new

markets can be developed and a considerable market share can be obtained, which would generate considerable benefit in terms of sales volume and amount.

(c) C9 hydrocarbon resin/hydrogenated hydrocarbon resin

The hydrocarbon resin is a necessity for people's livelihood consumption. Therefore, generally speaking, the industry fluctuates with the global economic cycle. The C5 or C9 hydrocarbon resin industry generally grows and declines with the fluctuation of the economy. In the past, hydrocarbon resin was regarded as the product at the lowest tier of the industry due to its color and odor and used by industries of oil-based coating material, rubber, and ink as a secondary raw material for several decades. However, in recent years, with environmental protection requirements, it is expected that the solvent oil market for oil-based coating material and ink will gradually shrink, and the market for high-end products used in adhesives (tackifier) would gradually expand. Therefore, high-end applications of hydrogenated hydrocarbon resins or C5/C9 hydrocarbon resins are expected to gradually grow.

(4) Competitive niche

(a) Fully grasp the sources of supply of materials

In order to stabilize production costs, the Company's raw material purchases are mostly performed based on long-term contracts to connect to the pipelines of the main supplier, CPC, for the direct transportation of raw materials. This can achieve safety and cost-saving purposes and facilitate production. In recent years, new distillation equipment has been installed to ensure the sound quality of the raw materials.

(b) Independent research and development capabilities

The Company owns the technology for the nonphenol and hydrogenated resin process, and continuously invests in new process innovation, and research and development, which can save payment of royalties, thereby reducing costs and increasing the price competitiveness of products. The Company also has upstream raw material development capabilities, which can make the source of raw materials diversified, reduce the cost of purchase, increase profitability, and increase the price competitiveness of products.

(c) Superior geographical position with logistics management advantages

The company is located in Taiwan which is the hub of transportation routes in Asia. Therefore, compared with competitors located in other countries, the Company's cost of bulk shipping to the global markets is relatively low, which allows the rapid provision of services that customers need in a timely manner.

(5) Favorable and unfavorable factors and countermeasures for development

(a) Favorable factors

i. Due to the slow but steady growth of market demand for Alkylbenzene,

Nonphenol, and petroleum resins, and the fact that some types of products (such as hydrogenated hydrocarbon resins) require certain techniques for production, only a few manufacturers in the world have the required manufacturing technology. Moreover, with the growing environmental awareness, colorless and odorless hydrogenated resin with good affinity with the human body could further expand the future growth.

ii. The Company maintains good cooperative relations with domestic and foreign suppliers to ensure long-term stable supply sources.

iii. The international marketing channels are robust. In addition to establishing cooperative relations with downstream manufacturers, the Company is establishing marketing channels via the distribution system.

(b) Unfavorable factors

i. Restriction to profitability due to raw material price fluctuations

As the petrochemical industry is likely to be affected by fluctuations in international crude oil prices, in particular, the political instability, frequent riots, strikes, and destruction of oil production or storage equipment especially in some oil-exporting countries would cause oil prices to fluctuate.

Countermeasures

In addition to maintaining long-term cooperative relations with major suppliers (such as Taiwan's CPC), the Company also signs supply contracts with upstream suppliers to ensure the long-term and stable source of supply of raw materials.

ii. Difficulties in recruitment

Since the information and electronics sectors remain the key industry in Taiwan, the general new graduates tend to apply for job positions in related fields. In addition, chemical industry talents require rich experience accumulation and technology inheritance, so it is not easy to recruit high-quality R&D talents.

Countermeasures

In order to attract and retain talents, the Company not only improves the software and hardware equipment of the working environment and improves the welfare system, but also enhances the education and training programs for employees, and arranges positions according to the profession and characteristics of the employees, thereby enhancing the professional quality and technical level of the staff.

2. Important Usage and Production process of Major Products

The Company's products include (a) Alkylbenzene (b) Alkylphenol and (c) C9 Hydrocarbon Resin/Hydrogenated Hydrocarbon Resin. Its important usage and production processes are as follows:

(1) Important usage of the major products:

(a) Alkylbenzene: The main raw material of surfactants such as detergents.

(b) Alkylphenol: Basic raw materials for special chemicals such as surfactants, rubber,

plastic antioxidants, inks, and lubricant additives.

(c) C9 hydrocarbon resin/hydrogenated hydrocarbon resin: Raw material for producing Ethylene-vinyl acetate copolymer EVA and thermoplastic rubber TPR series hot-melt adhesive.

(2) Production process:

(a) Alkylbenzene: After the raw material n-alkane is dehydrogenated, Benzene is added to the alkylation reaction via hydrofluoric acid as a catalyst to produce alkylbenzene.

(b) Alkylphenol: This product is obtained from Nonylphenol and Dodecylphenol which are produced from Alkylation of raw materials Tripolypropylene, Tetrapolypropylene and Phenol.

(c) C9 hydrocarbon resin/hydrogenated hydrocarbon resin: Hydrogenated hydrocarbon resin is added to the hydrocarbon resin to produce hydrogenated hydrocarbon resin.

3. Status of the Supply of Major Raw Materials

Major Raw Materials	Major Sources	Status of Supply
Normal Paraffin	Domestic/ Overseas	Sufficient and Stable
Normal Olefins	Overseas	Sufficient and Stable
Benzene	Domestic	Sufficient and Stable
Tripropylene	Overseas	Sufficient and Stable
Phenol	Domestic	Sufficient and Stable
Propylene Tetramer	Overseas	Sufficient and Stable

4. List of major suppliers and customers of purchases and sales in the most recent two fiscal years

(1) The names of suppliers who have accounted for more than 10% of net purchases in any of the most recent two fiscal years, volume purchased from them and proportions, and the reasons for the increase or decrease in the volume:

Units: NT$1,000; %

	FY2021				FY2022				As of Mar. 31, 2023			
Items	Name	Amount	Percentage to Annual Net Purchases (%)	Relations with the Company	Name	Amount	Percentage to Annual Net Purchases (%)	Relations with the Company	Name	Amount	Percentage to Net Purchases of Q1 (%)	Relations with the Company
1	0001	898,535	17.59	N/A	0002	1,363,213	20.64	N/A	0002	191,971	12.00	N/A
2	0353	811,808	15.90	N/A	0001	1,282,503	19.41	N/A				
3	0007	561,776	11.00	N/A								
	Others	2,835,270	55.51	—	Others	3,960,265	59.95	—	Others	1,408,371	88.00	—
	Net Purchases	5,107,389	100.00	—	Net Purchases	6,094,268	100.00	—	Net Purchases	1,600,342	100.00	—

The Company's major products are Alkylbenzenes, Alkylphenols, and hydrocarbon resins. The sales of the major products accounted for more than 90% of the operating income in the last two fiscal years. Therefore, the Company purchases the raw materials of its major products, which are Benzene, n-alkanes, Normal Olefins, Tetrapropylenes, Tripolypropylenes, Phenols, and hydrocarbon resins. Due to the industrial characteristics, the petrochemical industry in some countries is state-owned to facilitate the vertical integration of the up-, mid-, and downstream of the supply chains to ensure that the sufficient supply of raw materials; and the domestic oil market in Taiwan was also state-owned in the early periods, which is currently shifting towards privatization. However, the current domestic oil product market remains oligopolistic. From 2021 to 2022, the proportion of the Company's purchase amount to company 0001 was 17.59% and 19.41% respectively, while for company 0002 it was 20.64% in 2022. The main reason is that domestic and foreign petrochemicals industries are controlled by a few group companies, so the Company's purchases are consolidated since there are only few manufacturers which could be selected.

b. The names of customers who have accounted for more than 10% of net sales in any of the most recent two fiscal years, their purchase volume and proportions, and the reasons for the increase or decrease in the volume:

Units: NT$1,000; %

	FY2021				FY2022				As of Mar. 31, 2023			
Items	Name	Amount	Percentage to Annual Net Sales (%)	Relations with the Company	Name	Amount	Percentage to Annual Net Sales (%)	Relations with the Company	Name	Amount	Percentage to Net Sales of Q1 (%)	Relations with the Company
1	293	1,155,197	12.56	N/A	293	1,515,183	14.33	N/A	293	397,482	24.44	N/A
	Others	8,043,957	87.44	—	Others	9,056,043	85.67	—	Others	1,228,806	75.56	—
	Net Sales	9,199,154	100.00	—	Net Sales	10,571,226	100.00	—	Net Sales	1,626,288	100.00	—

The company is mainly engaged in the development, production, and sales of Alkylbenzenes, Alkylphenols, Alkylbenzene Sulfonic Acids, hydrocarbon resins, and their derivatives. Among them, the Alkylbenzene, Nonylphenol, and Alkylbenzene Sulfonic Acid produced by the Company are widely used in detergents and other cleaning products, while hydrocarbon resin products known as C9 hydrocarbon resin are used in adhesives, coating material, rubber, and ink industries, and hydrogenated hydrocarbon resins are used in adhesives and hot-melt adhesives.

The Company’s net operating income from FY2021 to 2022 was NT$9,199,154 thousand and NT$10,571,226 thousand, respectively. The top 10 buyers who purchase Alkylbenzene, Alkylphenol, and "Alkylbenzene Sulfonic Acid from the Company are mainly detergent products manufacturers and professional trade distributors in the related chemical industry. The Company mainly sells the raw material Alkylbenzene to its largest sales customer. The net sales of the Company to the largest customer from FY2021 to 2022 were NT$1,155,197 thousand and NT$1,515,183 thousand respectively, accounting for 12.56% and 14.33% of the total net sales, respectively.

5. Production volume and value in the last two years

Unit: metric tons / in NT$ thousands

Year / Production Capacity / Major products	2022			2021		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Alkylation Units	155,000	131,583	5,666,292	155,000	134,051	4,304,764
Resin Units	66,000	45,662	1,309,687	66,000	57,974	1,309,749
Pesticide and Other Units	166,960	2,149	380,099	166,960	1,867	305,925
Total	387,960	179,394	7,356,078	387,960	193,892	5,920,438

Note1：Production capacity refers to the quantity that the company can produce under normal operation using existing production equipment after measuring necessary shutdowns, holidays and other factors.

Note2：If the production is substitutable, the production capacity may be combined and an explanation shall be attached.

6. Sales volume and value in the last two years

Unit: metric tons / in NT$ thousands

year / Sales output / Items	2022				2021			
	Domestic sales		**Export sales**		**Domestic sales**		**Export sales**	
	Q'ty	**Amount**	**Q'ty**	**Amount**	**Q'ty**	**Amount**	**Q'ty**	**Amount**
Alkylation Units	24,852	1,222,546	117,132	7,199,412	31,288	1,189,356	133,670	5,594,729
Resin Units	9,424	438,143	28,142	1,188,255	13,268	486,893	37,799	1,386,819
Pesticide and Other Units	2,014	519,898	8	2,972	6,020	539,648	—	1,709
Total	36,290	2,180,587	145,282	8,390,639	50,576	2,215,897	171,469	6,983,257

III. Human Resources

Information of employees in the most recent two years and as of the publication date of the annual report

year		2021	2022	As of April 18, 2023
No. of Employee	Direct labor	181	166	165
	Indirect labor	315	319	314
	Total	496	485	479
Average age		41	43	43
Average years of service		12	14	14
Academy Ratio(%)	Doctor	4	5	4
	Master	93	89	89
	College	282	295	291
	Senior High School	103	83	82
	Below high school	14	13	13

IV. Environmental Protection Expenditure

1. FORMOSAN UNION CHEMICAL CORP.

(1) Specify losses due to environmental pollution in the most recent fiscal year and as of the publication date of the annual report (including compensation and environmental audit results which indicate the violation to environmental protection laws and regulations, the date of punishment, the basis, the violated regulations, the violation, and the content of punishment) And the amount of punishment: None

(2) Countermeasures (including improvement measures) and potential expenditures:

(a) It is confirmed that all pollution control and prevention equipment installations and discharge permits that shall be applied for are handled in accordance with regulations, pollution prevention and air pollution control fees are paid on schedule, and environmental protection staff responsible for supervising air pollution, water pollution, waste, and toxic materials have been appointed in accordance with regulations.

The appointed environmental protection staff, safety and health staff and fire management staff are as follows:

License project	License number	Licensed personnel
Grade A / Air Pollution Prevention and Control	(2016) Environmental Protection Agency Training Certificate No. FA050441	Tseng, Guo Wei
Grade A / Air Pollution Prevention and Control	(2011) Environmental Protection Agency Training Certificate No. FA120355	Wang, Mei Hui
Grade A / Air Pollution Prevention and Control	(2020) Environmental Protection Agency Training Certificate No. FA130561	Yao Cheng Ru
Health risk assessment	(2021) Environmental Protection Agency Training Certificate No. EA040424	Wang, Mei Hui

License project	License number	Licensed personnel
Grade A Toxic Materials Treatment and Management	(2018) Environmental Protection Agency Training Certificate No. JA120253	Tseng, Guo Wei
Grade A Wastewater Treatment	(2007) Environmental Protection Agency Training Certificate No. GA350041	Tseng, Guo Wei
Grade A Waste Disposal	(2008) Environmental Protection Agency Training Certificate No. HA220022	Tseng, Guo Wei
Grade A Occupational safety and health affair managers	Kaohsiung City Government Labor No. 11030646400	Lu,Jun Wei
Grade B Occupational Safety and Hygiene	(Grade B) 004596	Yang, Chen Fa
Fire Protection - Security Supervisor	(2021) Bo Fu Shun Zi Di No.B809120	Hong Jian Ming
Fire Protection - Fire Protection Management	(E2021) Fu 02454	Yang, Chen Fa

(b) Major equipment for the prevention and control of environmental pollution to improve the operation and transportation safety of poisons, reduce greenhouse gas emissions and soil and groundwater pollution prevention, and improve operational safety has been installed, which could reduce pollutant emissions and save pollution prevention and control costs, and prevent environmental public nuisance.

Items	FY	Investment	Undepreciated Balance	Purposes and Expected Benefits
1. Air pollution prevention and control	2022	NT$ 3.95 million	-	Prevention of public nuisance
2. Water pollution prevention	2022	NT$ 850 thousand	-	Prevention of public nuisance
3. Waste management	2022	NT$ 2.34 million	-	Prevention of public nuisance
4. Toxic materials management	2022	NT$120 thousand	-	Prevention of public nuisance
5. Greenhouse gas management	2022	NT$210 thousand	-	Prevention of public nuisance
6. Soil and water improvement	2022	NT$830 thousand	-	Prevention of public nuisance
7. Equipment inspection	2022	NT$950 thousand	-	Improve the operation safety of equipment
8. ISO system certification	2022	NT$40 thousand	-	Compliance with international standards and continuous improvement
9. Industrial safety and fire protection equipment	2022	NT$1.57 million	-	Improve OSH level
10. OSH inspection and physical examination for employees	2022	NT$620 thousand	-	Protect the health of employees

(c) Estimated environmental capital expenditures in next three fiscal years

Items	FY2023	FY2024	FY2025
Pollution prevention equipment to be purchased or estimated expenditures	1. Air pollution control 2. Water pollution control 3. Waste management 4. Toxic materials management 5. Greenhouse gas management 6. Soil and water improvement 7. Safety and health equipment 8. Safety and health equipment	1. Air pollution control 2. Water pollution control 3. Waste management 4. Toxic materials management 5. Greenhouse gas management 6. Soil and water improvement 7. Safety and health equipment 8. Safety and health equipment	1. Air pollution control 2. Water pollution control 3. Waste management 4. Toxic materials management 5. Greenhouse gas management 6. Soil and water improvement 7. Safety and health equipment 8. Safety and health equipment
Expected improvement	*For item 1, improve environmental quality *For items 2 and 3, prevent public nuisance *For item 4, improve ESH level *For items 5 to 8, improve OSH level	*For item 1, improve environmental quality *For items 2 and 3, prevent public nuisance *For item 4, improve ESH level *For items 5 to 8, improve OSH level	*For item 1, improve environmental quality *For items 2 and 3, prevent public nuisance *For item 4, improve ESH level *For items 5 to 8, improve OSH level
Amount	NT$35.5 million	NT$35.5 million	NT$35.5 million

2. UPM

(1) Specify losses due to environmental pollution in the most recent fiscal year and as of the publication date of the annual report (including compensation and environmental audit results which indicate the violation to environmental protection laws and regulations, the date of punishment, the basis, the violated regulations, the violation, and the content of punishment) And the amount of punishment:

Unit: NT$1,000

Date	Basis	Violated Regulation	Violation	Penalty		Countermeasures and Improvement
				Fine	Other	
Dec 07, 2022	Official documents No. 34-112-010 002 of Pingtung County Government	Toxic and Concerned Chemical Substances Control Act, Article 9, Item 2, Article 59, Paragraph 3	The balance of Potassium Bromate operating records was reported as zero, involving misrepresentation of operating records	60	N/A	Improvement measures: The Company will correct the inventory of potassium bromate in November. And will provide the Toxic Chemical Substances Operation Record Form to the Technical Section to fill in the operation record daily and provide it to the Environmental Safety Section for reporting by the 5th of each month. In addition, labels are placed on the bottles of potassium bromate controlled substances. Future countermeasures: In accordance with the Toxic and Concerned Chemical Substances Control Act, we will keep monthly operation records and report the balance in accordance with the relevant regulations.

(2) Countermeasures (including improvement measures) and potential expenditures:

(a) It is confirmed that all pollution control and prevention equipment installations and discharge permits that shall be applied for are handled in accordance with regulations, pollution prevention and air pollution control fees are paid on

schedule, and environmental protection staff responsible for supervising air pollution, water pollution, waste, and toxic materials have been appointed in accordance with regulations.

Pollution facility installation permit and pollution discharge permit, etc.

Apply for the project	License number	Effective date
Water Pollution Prevention and Control Permit	Ping County Huanshui Xu Zi No. 01487-01	2022.07.05～2027.07.04
Stationary Pollution Source Operation and Fuel Use Permit Management	(M01) Pingfu Huankong Operation Certificate No. T0477-15; Pingfu Huankong Fuel Use Certificate No. T0026-01	2021.04.29 ～2024.08.14
Stationary Pollution Source Operation and Fuel Use Permit Management	(M02) Pingfu Huankong Operation Certificate No. T0478-10; Pingfu Huankong Fuel Use Certificate No. T0027-00	2023.03.02 ～2028.03.01
Stationary Pollution Source Operation and Fuel Use Permit Management	(M04) Pingfu Huankong Operation Certificate No. T0681-05; Pingfu Huankong Fuel Use Certificate No. T0028-00	2021.04.29 ～2024.01.21
Stationary Pollution Source Operation and Fuel Use Permit Management	(M05) Pingfu Huankong Operation Certificate No. T0737-04; Pingfu Huankong Fuel Use Certificate No. T0029-00	2022.10.18 ～2027.10.17
Stationary Pollution Source Operation and Fuel Use Permit Management	(M06) Pingfu Huankong Operation Certificate No. T0831-03; Pingfu Huankong Fuel Use Certificate No. T0030-01	2022.03.02 ～2027.03.01
Stationary Pollution Source Operation and Fuel Use Permit Management	(M07) Pingfu Huankong Operation Certificate No. T0864-03; Pingfu Huankong Fuel Use Certificate No. T0031-00	2021.04.29 ～2023.10.17
Approval documents for the fourth category of toxic chemical substances (use, storage)	Pingtung County Duhezi No. 000010	2022.11.25 ～2025.02.18
Approval documents for the fourth category of toxic chemical substances (import, sale, export)	Taipei City Duhezi No. 000202	2022.06.20 ～2027.01.09

The appointed environmental protection staff are as follows:

License project	License number	Licensed personnel
Grade A / Air Pollution Prevention and Control	(97) Environmental Protection Agency Training Certificate No. FA240170	Huang, Yu-wen
Grade A waste disposal	(98) Environmental Protection Agency Training Certificate No. HA290273	Huang, Yu-wen
Grade A wastewater treatment	(97) Environmental Protection Agency Training Certificate No. GA200647	Huang, Yu-wen

(b) Outsourcing and co-processing expenses：

Unit: NT$ thousand

Item	Outsourcing and co-processing expenses	
	2021	2022
waste disposal	14,654	23,187

(c) Pay the government pollution fee

Unit: NT$ thousand

Item	2021	2022
Fixed source air pollution prevention and control fees	41	13
Soil and groundwater pollution remediation fee	1,445	1,429

(d) List the company's investment in major equipment for the prevention and control of environmental pollution, its use and possible benefits

Equipment name	Annual	investment amount	Uses and possible benefits
Air pollution control	2019~2022	NT$ 1,500,000	1. Meet the requirements of environmental protection laws and regulations, reduce pollutant emissions 2. Put an end to environmental hazards
Water pollution prevention	2019~2022	NT$ 300,000	1. Meet the requirements of environmental protection laws 2. Wastewater recycling
Additional waste treatment facilities	2019~2022	NT$ 3,300,000	1. Waste recycling 2. Reduce loss rate
Energy saving and carbon reduction, greenhouse gas reduction	2019~2022	NT$ 1,000,000	1. Reduce electricity and fuel usage 2. Reduce greenhouse gas emissions

(e) Estimated Environmental Capital Expenditure for Next Three Annual Periods

Item	2023	2024	2025
Pollution prevention equipment maintenance, setting content	1. Air pollution control equipment maintenance 2. Wastewater equipment maintenance 3. Annual regular inspection of control equipment 4. Pollution prevention equipment pipeline update	1. Air pollution control equipment maintenance 2. Wastewater equipment maintenance 3. Annual regular inspection of control equipment 4. Pollution prevention equipment pipeline update	1. Air pollution control equipment maintenance 2. Wastewater equipment maintenance 3. Annual regular inspection of control equipment 4. Pollution prevention equipment pipeline update
Total	NT$ 3,000,000	NT$ 3,000,000	NT$ 3,000,000

V. Labor-Management Relations

1. Current major labor-management agreements and implementation status:

(1) Employee welfares

The Company has established the Employee Welfare Committee in 1981 and been annually distributing budgets based on the working plans to provide various employee welfare subsidies and leisure activities.

- Vacation and leave: Monthly leave, annual leave, parental leave, and menstrual

leave are provided in accordance with the Labor Standard Act.

- Bonuses: Festival bonuses, birthday, marriage, and childbirth gifts, and year-end bonuses based on annual business operating results.
- Insurance: In addition to mandatory labor insurance and national health insurance, the Company also provides employees with casualty insurance, group insurance for employees/spouses and children, hospitalization consolation money for employees/spouses and children, and regular physical examination for employees.
- Other benefits: Travel subsidies, education subsidies for employees' children, consolation money for injuries, illnesses and funeral condolences, bonuses for veterans, regular-held dinner parties.

(2) Education and training programs for employees

- The Company offers various education and training programs
- Quality training
- Communication skills
- Training programs for new recruits
- Training programs for OSH and ESH
- Management development skills
- Training programs abroad
- Seminar for senior executives
- In order to achieve the goal of "lifelong learning", the Company provides employees with a subsidy for on-the-job education. In addition, the Company has designed comprehensive management development courses to integrate and use its internal, external, and foreign information and resources to enable the executives of frontline, mid-, and management levels to timely comprehend the latest management methods, ideas, and concepts.

(3) Disclosure of code for employees' ethical conduct

A copy of the manual titled "Working Rules" would be distributed to an employee who is newly on board. The manual clearly specifies the provisions of the code for employees' ethical conduct.

(4) The working environment and the protection of employees' personal safety

In addition to the working procedures and methods specified in the Working Rules, the Company also provides comprehensive employee group insurance (including life insurance, casualty insurance, and cancer insurance) to protect the personal safety of employees and the rights and interests of their family members.

(5) Retirement System

The Company and its affiliates have stipulated the guidelines for employee retirement management in accordance with the Labor Standard Act and monthly allocated retirement reserves to the designated account of the labor retirement reserve supervisory committee as required. The amended Labor Pension Act had

been fully effective since July 1, 2005. The applicable regulations are as follows:

(a) The amended Labor Pension Act shall be applicable to the employees hired on or after July 1, 2005. The Company withholds and allocates 6% of the monthly wage to the pension accounts of the Bureau of Labor Insurance on a monthly basis. For any voluntary withholding, the Company withholds and allocates the portion (based on the voluntary withholding ratio) of the monthly wage of such employee to his/her individual pension account of the Bureau of Labor Insurance.

(b) Employees hired prior to July 1, 2005 may select the pension system amended on July 1, 2005 or the original one according to their needs. The original system shall be applicable to any of such employees who make no selection and the original portion of the monthly wage of such employee will be withheld and allocated to the designated account of Bank of Taiwan based on the original retirement guidelines.

For the employees who are transferred or dispatched by the organization to the affiliates, the seniority shall not be discontinued for protection of rights and interests and achieve the goal of talent circulation within the Group. The Group fully complies with the provisions of the Labor Standard Act and the Labor Pension Act to stipulate related measures for employees retirement (e.g. Employees who have offered their full-time service for more than 15 years and reached an age of reach 55 years old, those who have offered their full-time service than 25 years, and those who have offered their full-time service for more than 10 years and reached an age of reach 60 years old may apply for retirement.)

(6) Other major agreements

Based on the requirements of the Labor Standard Act, the Company regularly or from time to time communicates with employees. Any feedback or comments can be fully discussed. Therefore, the labor-management relationship is harmonious and there is no other special agreement.

2. Since the establishment of the Company, there has been no loss due to labor disputes.

VI. Information Technology Security Management

1. IT Security Risk Management Framework, IT Security Policy, Specific management procedures and resources invested in IT Security Management:

(1) IT Security Risk Management Framework

The IT department is responsible for coordinating and implementing IT security policies, publicizing IT security information, enhancing employees' IT security awareness, and collecting and improving technologies, products or procedures for the performance and effectiveness of the organization's IT security management system. The audit office conducts information security audits on the computer information processing cycle of the internal control procedure every year to

evaluate the effectiveness of the internal control of the IT operations.

(2) IT Scurity Policy

In order to implement IT Security Management, the Company has established relevant system management measures. Through the joint efforts of all colleagues, the following policy objectives are expected to be achieved.

- Ensure the confidentiality and integrity of IT assets
- Ensure that data access is regulated according to departmental functions
- Ensure the continuity of the IT systems
- Prevent unauthorized modification ou use of data and IT systems
- Perform regular IT security audits to ensure the implementation of IT security

(3) Specific Management Procedures

Internet Security Control

- Well establish the firework protection mechanism
- Regularly scan IT system and data storage for viruses
- The use of Internet services should be in line with IT security polisy
- Regularly review system log of network services to track abnormal events

Data Access Control

- The IT equipments should be managed by specific personel and the system management account ID and password should be well set up and managed
- The IT systems access right should be granted based on their job functions
- Make sure to eliminate the access right of resigned personnels or personnel under job rotation
- Make sure to removed or overwrote those confidential, sensitive data or copyrighted software before the IT equipment is scrapped
- Application for remote access to the menagement information system should be properly reviewed and approved

IT Contingency Plan

- Regularyly review and modify the IT Disaster Recovery Plan (DRP)
- Conduct annual disaster recovery drills according to DRP
- Establish a system backup mechanism and implement off-site backup
- Periodically review and modify network security contral measures

Promotion and Inspection

- Promote IT security at any time to enhance employees' awareness of IT seccurity
- The use of unauthorized software is strictly prohibited

(4) Resources invested in the IT safety management

- Advanced HiNet network protection system services

2. List the losses, potential impacts and countermeasures suffered from major information security incidents in the most recent year and up to the date of publication of the annual report. If it cannot be reasonably estimated, it shall explain the fact that it cannot be reasonably estimated:

No significant Information security incident in FY2022.

VII. Important Contracts

1. FORMOSAN UNION CHEMICAL CORP.

Contract Nature	Parties	Contract Start / End Date	Main Content	Restriction Clause
Land lease	Hershey Environmental Technology Co., Ltd.	Jan 01 ,2015 ~ Dec. 31, 2024	Lease of eight plots including land number 1-29, Pingnan Industrial Zone, Pingtung County, with a total land area of 83,690 square meters	None
Office roof lease contract	Yongji Energy Co., Ltd.	Aug. 13, 2012 ~ Aug.12, 2032	Lease a total of 4,877 square meters on the roof of Building 96, Pingnan Section, Pingnan Industrial Zone, Pingtung County	None

2. UPM

Contract Nature	Parties	Contract Start / End Date	Main Content	Restriction Clause
Hydrogenated petroleum resin commissioned processing contract	Formosa Union Chemical Corp.	Aug. 01,2012 ~ Jul. 31,2041	Entrusted FUCC to carry out the hydrogenation processing of hydrogenated petroleum resin	None
Storage tank equipment lease contract	Taiwan Petroleum Corporation	Jan. 01,2022 ~ Dec.31,2022	Lease of storage and transportation equipment located in Qianzhen Storage and Transportation Station for shore transportation and storage of petroleum resin feed oil for import and export	None

VI. Financial Information

I. Consolidated Balance Sheet and Income Statement for the Last Five Fiscal Years

1. Condensed balance sheet and comprehensive income statement information

Consolidated balance sheet

Unit：NT$ thousand

Item \ Year		Financial information for the last five years (note 1)				
		2018	2019	2020	2021	2022
Current assets		5,021,550	4,721,833	4,725,195	5,533,678	6,757,383
Financial assets-non-current and long-term investments		1,280,927	1,265,375	1,227,490	1,392,647	1,777,990
Property, plant and equipment		4,579,446	4,630,139	4,419,613	3,897,733	3,765,307
Intangible assets		98,554	97,830	97,237	94,626	93,776
Other assets		288,997	599,594	650,618	669,004	875,876
Total assets		11,269,474	11,314,771	11,120,153	11,587,688	13,270,332
Current liabilities	Before distribution	3,102,268	3,221,134	2,850,864	3,150,881	3,879,351
	After distribution	3,351,944	3,459,642	3,423,284	3,961,808	Note2
Non-current liabilities		682,246	838,330	784,342	539,242	841,297
Total liabilities	Before distribution	3,784,514	4,059,464	3,635,206	3,690,123	4,720,648
	After distribution	4,034,190	4,297,972	4,207,626	4,501,050	Note2
Capital stock		4,993,518	4,770,163	4,770,163	4,770,163	4,770,163
Capital Surplus	Before distribution	192,728	187,880	182,565	181,715	77,090
	After distribution	192,728	187,880	182,565	86,312	Note2
Retailed earnings	Before distribution	1,801,538	1,771,450	2,082,397	2,454,446	2,817,431
	After distribution	1,551,862	1,532,942	1,509,977	1,738,922	Note2
Other equity		122,424	159,860	143,321	215,822	608,508
Non-controlling Interest		374,752	365,949	306,501	275,419	276,492
Total equities	Before distribution	7,484,960	7,255,307	7,484,947	7,897,565	8,549,684
	After distribution	7,235,284	7,016,799	6,912,527	7,086,638	Note2

Note 1：The financial data of the year 2018 to 2022 have been audit and issued an audit report by CPAs.
Note 2：The motion for allocation of cash dividend 2022 had not yet been resolved by a shareholders' meeting.

Condensed comprehensive income statement

unit: NT$ thousand

Item \ Year	Financial information for the last five years (Note 1)				
	2018	2019	2020	2021	2022
Operating income	9,785,385	8,797,162	8,481,829	9,199,154	10,571,226
Gross profit	1,251,603	996,791	1,490,143	2,138,515	1,949,393
Operating profit or loss	492,625	303,908	708,843	1,218,696	1,028,763
Non-Operating income and expense	30,514	(6,206)	4,600	(208,617)	313,143
Net income before tax	389,689	208,004	539,660	919,057	1,081,323
Net income of continuing operations	—	—	—	—	—
Loss of discontinued operation	389,689	208,004	539,660	919,057	1,081,323
Net income (loss)	(30,451)	43,283	(21,372)	69,505	386,946
Other comprehensive profit and loss (net)	359,238	251,287	518,288	988,562	1,468,269
Total comprehensive profit and loss	380,068	215,263	554,790	947,587	1,084,639
Net income attributable to parent company's shareholders	9,621	(7,259)	(15,130)	(28,530)	(3,316)
Net income attributable to noncontrolling interests	349,249	257,029	532,911	1,016,970	1,471,195
Total comprehensive profit and loss attributable to parent company's shareholders	9,989	(5,742)	(14,623)	(28,408)	(2,926)
Total comprehensive profit and loss attributable to noncontrolling interests	0.77	0.44	1.16	1.99	2.27

Note 1：The financial data of the year 2018 to 2022 have been audit and issued an audit report by CPAs.
Note 2：EPS, which shall be stated at NT$

2 Standalone balance sheet and comprehensive income statement

Standalone balance sheet

unit: NT$ thousand

Item \ Year		Financial information for the last five years (note 1)				
		2018	2019	2020	2021	2022
Current assets		3,384,031	2,971,723	3,023,452	3,548,076	4,572,624
Financial assets-non-current and long-term investments		4,161,673	4,292,676	4,301,462	4,347,467	4,922,096
Property, plant and equipment		1,393,303	1,337,317	1,282,273	1,228,416	1,193,038
Intangible assets		384	329	206	1,522	1,256
Other assets		303,191	391,126	394,456	379,045	504,962
Total assets		9,242,582	8,993,171	9,001,849	9,504,526	11,193,976
Current liabilities	Before distribution	1,866,760	1,823,716	1,540,052	1,616,282	2,476,479
	After distribution	2,116,436	2,062,224	2,112,472	2,427,209	Note 2
Non-current liabilities		265,614	280,097	283,351	266,098	444,305
Total liabilities	Before distribution	2,132,374	2,103,813	1,823,403	1,882,380	2,920,784
	After distribution	2,382,050	2,342,321	2,395,823	2,693,307	Note 2
Capital stock		4,993,518	4,770,163	4,770,163	4,770,163	4,770,163
Capital surplus	Before distribution	192,728	187,880	182,565	181,715	77,090
	After distribution	192,728	187,880	182,565	86,312	Note 2
Retailed earnings	Before distribution	1,801,538	1,771,450	2,082,397	2,454,446	2,817,431
	After distribution	1,551,862	1,532,942	1,509,977	1,738,922	Note 2
Non-controlling Interest		122,424	159,865	143,321	215,822	608,508
Total equities	Before distribution	7,110,208	6,889,358	7,178,446	7,622,146	8,273,192
	After distribution	6,860,532	6,650,850	6,606,026	6,811,219	Note 2

Note 1：The financial data of the year 2018 to 2022 have been audit and issued an audit report by CPAs.
Note 2：The motion for allocation of cash dividend 2022 had not yet been resolved by a shareholders' meeting.

Standalone comprehensive income statement

unit: NT$ thousand

Item \ Year	Financial information for the last five years (note 1)				
	2018	2019	2020	2021	2022
Operating Income	7,254,272	6,344,324	6,034,566	6,602,635	8,196,847
Gross profit	815,867	720,653	1,231,908	1,776,375	1,757,957
Operating profit or loss	328,481	267,978	720,644	1,158,537	1,083,986
Non-Operating income and expense	129,128	2,149	(18,430)	(134,338)	240,842
Net income of continuing operations	380,068	215,263	554,790	947,587	1,084,639
Loss of discontinued operation	—	—	—	—	—
Net income (losses)	380,068	215,263	554,790	947,587	1,084,639
Other comprehensive income (net after tax)	(30,819)	41,766	(21,879)	69,383	386,556
Total comprehensive income	349,249	257,029	532,911	1,016,970	1,471,195
Earnings per share	0.77	0.44	1.16	1.99	2.27

Note 1：The financial data of the year 2018 to 2022 have been audit and issued an audit report by CPAs.
Note 2：EPS, which shall be stated at NT$

3. CPAs' Name and audit opinion

Year	CPAs' Name	Audit opinion
2018	Chang, Jin-Ren \ Hsu, Tin-Jen	An unqualified opinion
2019	Chang, Jin-Ren \ Hsu, Tin-Jen	An unqualified opinion
2020	Chang, Jin-Ren \ Hsu, Tin-Jen	An unqualified opinion
2021	Zhuang Wen-Yuan \ Gong Ze-Li	An unqualified opinion
2022	Zhuang Wen-Yuan \ Gong Ze-Li	An unqualified opinion

II. Financial analysis for the last five years

1.Consolidated financial analysis

Analysis Item \ Year			Financial analysis for the last five years (Note1)					Analysis Item
			2018	2019	2020	2021	2022	
Financial structure (%)	Liabilities to assets		33.58	35.88	32.69	31.85	35.57	
	Long-term fund for property, plant and equipment		178.34	174.80	187.10	216.45	249.41	
Liquidity analysis (%)	Current ratio		161.87	146.59	165.75	175.62	174.19	
	Quick ratio		51.71	49.76	80.21	67.45	70.36	
	Interest coverage ratio		31.16	11.80	27.12	46.78	41.41	
Operation performance analysis	Receivables turnover (times)		9.14	7.85	7.47	7.94	9.41	
	Average collection days		39.93	46.49	48.86	45.96	38.78	
	Inventory turnover (times)		2.74	2.37	2.58	2.59	2.43	
	Payables turnover (times)		27.68	21.96	21.54	20.19	13.52	1
	Average inventory turnover days		133.21	154.00	141.47	140.92	150.20	
	Property, plant and equipment turnover (times)		2.68	1.91	1.87	2.21	2.76	2
	Total assets turnover (times)		0.90	0.78	0.76	0.81	0.85	
Profitability	Return on assets (%)		3.70	2.04	5.01	8.25	8.91	
	Return on equity (%)		5.10	2.82	7.32	11.95	13.15	
	to paid-in capital ratio (%)	Operation interest	9.87	6.37	14.86	25.55	21.57	
		Net profit before tax	10.48	6.24	14.96	21.17	28.13	3
	Net income margin (%)		3.98	2.36	6.36	9.99	10.23	
	EPS (NT$)		0.77	0.44	1.16	1.99	2.27	
Cash flow (%)	Cash flow ratio (%)		—	28.99	50.64	19.35	29.07	3
	Cash flow adequacy ratio (%)		62.56	74.05	72.58	63.93	67.18	
	Cash flow reinvestment ratio (%)		—	5.61	9.53	0.28	2.21	3
Leverage	Operating leverage		2.05	3.20	3.28	1.67	1.73	
	Financial leverage		1.04	1.10	1.04	1.02	1.03	

Note 1：The financial data of the year 2018 to 2022 have been audit and issued an audit report by CPAs.

Analysis of changes in the increase and decrease ratio:
1. Mainly due to the increase in raw material costs , so the increase in accounts payable in 2022
2. Mainly due to the increase in operating revenue in 2022.
3. Mainly due to increased profits in 2022

2. Standalone financial analysis

Analysis Item \ Year			Financial analysis for the last five years (Note1)					Analysis Item
			2018	2019	2020	2021	2022	
Financial structure (%)	Liabilities to assets		23.07	23.39	20.26	19.81	26.09	1
	Long-term fund for property, plant and equipment		529.38	536.11	581.92	642.15	730.70	
Liquidity analysis (%)	Current ratio		181.28	162.95	196.32	219.52	184.64	
	Quick ratio		40.27	47.79	95.65	84.28	66.34	1
	Interest coverage ratio		52.92	26.10	86.78	189.97	118.89	1
Operation performance analysis	Receivables turnover (times)		11.51	10.30	9.55	9.21	11.43	2
	Average collection days		31.71	35.44	38.22	39.63	31.93	
	Inventory turnover (times)		2.77	2.35	2.66	2.64	2.58	
	Payables turnover (times)		25.80	19.51	17.76	16.12	11.36	3
	Average inventory turnover days		132	155	137	138	141	
	Property, plant and equipment turnover (times)		5.16	4.65	4.61	5.26	6.77	2
	Total assets turnover (times)		0.80	0.70	0.67	0.71	0.79	
Profitability	Return on assets (%)		4.26	2.46	6.24	10.29	10.57	
	Return on equity (%)		5.24	3.08	7.89	12.80	13.65	
	to paid-in capital ratio (%)	Operation interest	6.58	5.62	15.11	24.29	22.72	
		Net profit before tax	9.16	5.66	14.72	21.47	27.77	4
	Net income margin (%)		5.24	3.39	9.19	14.35	13.23	
	EPS (NT$)		0.77	0.44	1.16	1.99	2.27	
Cash flow (%)	Cash flow ratio (%)		—	57.79	76.07	44.02	34.52	1
	Cash flow adequacy ratio (%)		55.65	74.69	71.55	65.45	65.79	
	Cash flow reinvestment ratio (%)		—	8.22	9.18	1.30	0.38	5
Leverage	Operating leverage		3.62	3.96	2.62	1.37	1.60	
	Financial leverage		1.03	1.04	1.01	1.00	1.01	

Note 1：The financial data of the year 2018 to 2022 have been audit and issued an audit report by CPAs.

Analysis of changes in the increase and decrease ratio:
1. Mainly due to the increase in short-term borrowings in 2022
2. Mainly due to the increase in operating income in 2022.
3. Mainly due to the increase in raw material costs as a result of the accounts payable in in 2022.
4. Mainly due to the increase in profit in 2022.
5. Mainly due to the increase in cash dividends in 2022.

＊If the company has an individual financial report, an analysis of the company's individual financial ratio shall be prepared separately.

＊If the financial information using International Financial Reporting Standards is less than 5 years old, the following table should be prepared separately (2) Financial information using my country's Financial Accounting Standards

Note 1：Companies that are listed or whose stocks have been traded in the business premises of a securities firm shall incorporate the financial data of the current year as of the quarter before the publication date of the annual report into the analysis.: As of the date of the annual report, the financial statements for the first quarter of 2023 have not been reviewed by CPAs.

Note 2：The financial analysis formula:

1. Financial structure
   (1) Debt ratio = Total liabilities/total assets.
   (2) Long term funds to property, plant, and equipment ratio = (Total shareholders' equity + non-current liabilities)/net property, plant, and equipment
2. Solvency
   (1) Current ratio = Current assets/current liabilities
   (2) Quick ratio = (Current assets - inventory - prepaid expenses)/current liabilities
   (3) Times Interest Earned = Net income before tax and interest expense/current interest expense
3. Operating ability
   (1) Accounts Receivable (including account receivable and note receivable from operating) turnover = Net sales/average Receivables (including account receivable and note receivable from operating) balance
   (2) Average collection period = 365 days/ accounts receivable turnover
   (3) Inventory turnover (times) = Cost of goods sold/average inventory
   (4) Accounts Payable (including Account payable and Note payable from operating) turnover = Cost of goods sold/average accounts payable (including Account payable and Note payable from operating)
   (5) Average inventory turnover days = 365 days/ inventory turnover
   (6) Property, plant, and equipment turnover (times) = Net sales/ average net average property, plant, and equipment
   (7) Total asset turnover = Net sales/average total assets
4. Profitability
   (1) Return on total assets = [net income + interest expense x (1-tax ratio)]/average total assets
   (2) Return on shareholder's equity = Net income/average total shareholder's equity
   (3) Profit margin = Net income/ net sales
   (4) Earnings per Share = (Net income attributable to parent company's shareholders - preferred stock dividend)/ weighted average number of shares issued (Note 2)
5. Cash flow
   (1) Cash flow ratio = Cash flow from operating activities/current liabilities
   (2) Net cash flow adequacy ratio = Five-year sum of cash from operations / Five-year sum of capital expenditures, inventory additions, and cash dividends
   (3) Cash reinvestment ratio = (Net cash flow from operating activities - cash dividends)/ (gross property, plant, and equipment + long-term investments + other non-current assets + working capital) (Note 3)
6. Leverage
   (1) Operating leverage = (Net operating income - variable operating cost and expense)/operating income (Note 4)
   (2) Financial leverage = Operating income/ (operating income - interest expenses)

Note 3：The calculation of earnings per share referred to above should be with the following matters included for consideration:

1. It is based on the weighted average outstanding number of common stock shares rather than the issued shares at the end of year.
2. Capital increased by cash or treasury stock transaction should be take into account when the calculating the circulation period of the weighted average outstanding shares.
3. Where there is a capitalization from earnings or capital reserve, when calculating earnings per share for the prior years and every interim, it should be retroactively adjusted by proportional capitalization without considering the issuance period of the capitalization.
4. If the preferred stock is non-convertible cumulative preferred stock, the its dividends (whether distributed or not) should be deducted from net income, or added to the net loss. If the preferred shares are non-cumulative, when there is net income, preferred stock dividends should be deducted from net income; when there is net loss, no adjustment is needed.

Note 4：The cash flow analysis should be with the following matters included for consideration:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities on the statement of cash flow.
2. Capital expenditures refer to the annual cash outflow of capital investment.
3. Inventory additions are included for calculation only when the balance at the end is greater than the balance at the beginning. If inventories are decreased at the end of year, it is counted as zero.
4. Cash dividends include cash dividends of common stock and preferred stock.
5. Gross property, plant, and equipment meant for the total amount of property, plant, and equipment before deducting the accumulated depreciation.

Note 5：The issuer shall have the operating costs and operating expenses classified as fixed and variable by the nature. If it involves estimates or subjective judgments, it should pay attention to its rationality and consistency.

Note 6：The ratio of paid-up capital to foreign companies previously opened will be calculated based on the ratio of net worth.

III. Audit Committee's Report for the Most Recent Year

Formosan Union Chemical Corp.

Audit Committee's review report on the 2022

To the 2023 General Shareholders' Meeting of Formosan Union Chemical Corp.,

The Board of Directors has prepared and submitted the Company's 2022 business report, financial statements and the profit distribution proposal, among which the financial statements (including consolidated financial statements) had been audited by Wen-Yuan Zhuang and Gong, Ze-Li CPAs of Deloitte & Touche, who also provided an auditor's report. The above business report, financial statements and the profit distribution proposal have been reviewed by the Audit Committee to be without any discrepancies. This report is prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review and approve the same.

The Convener of the Audit Committee : Zhuo Xun-Rong

March 23, 2023

IV. The audited consolidate financial statements of 2022

Independent Auditor's Report

To: Formosan Union Chemical Corporation:

Independent Auditor's opinion

We have audited the accompanying balance sheet of Formosan Union Chemical Corporation and subsidiaries as of December 31, 2022 and 2021 and the related statements of income, retained earnings, cash flows and notes (including the summary of major accounting policies) to the consolidated financial statements for the years then ended.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Formosan Union Chemical Corporation and subsidiaries as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Firms," International Financial Reporting Standards (IFRSs) that was recognized by the Financial Supervisory Commission, International Accounting Standards (IAS), Interpretations, and Notices (IFRS), Interpretation (IFRIC) and Interpretative Announcement (SIC).

Basis of an audit opinion

We conducted our audit in accordance with the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and generally accepted auditing standards. The responsibilities of the independent auditors under these standards will be further explained in the audit performed on the consolidated financial statements. The personnel of the CPA Firm subject to the independence requirement have acted independently from the business operations of Formosan Union Chemical Corporation and subsidiaries in accordance with the Code of Ethics and have performed other responsibilities of the Code of Ethics. We believe that our audit provides a reasonable basis for our opinion.

Key Audit Matters

The key audit matters refer to the most important matters in auditing the 2022 consolidated financial statements of Formosan Union Chemical Corporation and subsidiaries in accordance with the professional judgment of the independent auditors. These matters have been handled

during the process of reviewing the consolidated financial statements as a whole with audit opinions formed. We do not express an independent opinion on these matters.

The independent auditor determined that the key audit matters of Formosan Union Chemical Corporation and subsidiaries to be communicated in the 2022 consolidated financial statements are as follows:

The sales income generated from export customers

Formosan Union Chemical Corporation and subsidiaries generate income mainly from the sales of alkylbenzene (dodecylbenzene), normal olefins, petroleum resins, and alkanols (nonylphenol), of which, the trading conditions agreed with the export customers are to recognize income when the products are loaded on board and the bill of lading is delivered to the customer. The income from the said export sales had grown materially and continuously in 2022. The occurrence of the said export sales had a material impact on the 2022 consolidated financial statements; therefore, the independent accountant had it classified as a key audit matter in 2022. Please refer to Notes IV and XXVI for the accounting policies and information on income recognition.

The independent auditor considers the income recognition policy and trade conditions for such important matter of the consolidated company with the main auditing procedures implemented as follows:

1. Understand and test the effectiveness of internal control design and implementation related to this type of sales income.
2. Randomly sample from the sales income transactions conducted with export customers to check the “Bill of Lading,” “Invoice,” and related shipping documents.
3. Check whether there is a major sales return or discount occurred afterwards by this type of customers as of the inspection report date.

Other matters

Formosan Union Chemical Corporation has prepared stand-alone financial reports for the years of 2022 and 2021. The independent auditors have issued an unqualified opinion on the financial reports for reference.

The responsibility of the management and governance unit for the consolidated financial statements

The responsibility of the management is to have the consolidated financial statements presented fairly, in all material respects, in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Firms,” International Financial Reporting Standards (IFRS) that was recognized by the Financial Supervisory Commission, International

Accounting Standards, Interpretations, and Notices (IFRS), Interpretation (IFRIC) and Interpretative Announcement (SIC). Also, maintain the necessary internal controls related to the consolidated financial statements to ensure that the consolidated financial statements are free of any material misstatement arising from frauds or errors.

The management's responsibility while preparing the consolidated financial statements also includes assessing the continuing operation of Formosan Union Chemical Corporation and subsidiaries, the disclosure of the relevant matters, and the adoption of the continuing operation accounting base, unless the management intends to liquidate Formosan Union Chemical Corporation and subsidiaries or cease the business operation, or there is lack of any option except for liquidation or suspension.

The governance unit (including the Audit Committee) of Formosan Union Chemical Corporation and subsidiaries is responsible for supervising the financial reporting process.

The independent auditor's responsibility for auditing the consolidated financial statements

The purpose of the independent auditor's auditing the consolidated financial statements is to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement arising from frauds or errors and with an audit report issued. Reasonable assurance means high assurance. However, the audit conducted in accordance with generally accepted auditing standards does not guarantee having any material misstatements in the consolidated financial statements detected. Material misstatement could be arising from frauds or errors. If the misstated amount or aggregated amount is reasonably expected to affect the economic decisions made by the readers of the consolidated financial statements, it is considered significant.

The independent auditors when conducting the audit in accordance with generally accepted auditing standards shall exercise professional judgment and maintain professional suspicion. The independent auditors also perform the following tasks:

1. Identify and evaluate the risk of material misstatement arising from frauds or errors of the consolidated financial statements; design and implement proper responsive measures for the assessed risks; also, obtain sufficient and adequate audit evidences for forming an audit opinion. Frauds may involve conspiracy, forgery, deliberate omission, false declaration, or violation of internal control; therefore, the risk of material misstatement arising from frauds is higher than that caused by errors.
2. Obtain necessary understanding on the internal control related to the audit in order to design appropriate audit procedures under the circumstance, but the purpose is not to

express an opinion on the effectiveness of the internal control of Formosan Union Chemical Corporation and subsidiaries.

3. Assess the appropriateness of the accounting policies adopted by the management; also, the reasonableness of the accounting estimates and related disclosures made.
4. Base on the audit evidence obtained to make conclusions on the suitability of the continuing operation accounting base adopted by the management and whether or not the events or circumstances causing material doubts to the continuing operation ability of Formosan Union Chemical Corporation and subsidiaries are with material uncertainties. If the independent auditors believe that such events or circumstances are with significant uncertainties, it is necessary to remind the readers of the consolidated financial statements in the audit report to pay attention to the relevant disclosure or to revise the audit opinion when such disclosures are inappropriate. The conclusion of the independent auditors is based on the audit evidence obtained as of the audit report date. However, future events or circumstances may result in the inability of Formosan Union Chemical Corporation and subsidiaries to operate continuously.
5. Evaluate the overall presentation, structure, and content of the consolidated financial statements (including the relevant notes) and whether or not the relevant transactions and events in the consolidated financial statements are presented fairly.
6. Obtain sufficient and appropriate audit evidences on the financial information of the individual business entity within Formosan Union Chemical Corporation and subsidiaries in order to express an opinion on the consolidated financial statements. The independent auditors are responsible for guiding, supervising, and implementing the auditing process of the Group; also, is responsible for forming an opinion on the audit of the Group.

The matters communicated by the independent auditors to the governance unit include the scope and timing of the planned audit, and the material findings (including the major nonconformities of internal controls identified in the auditing process).

The independent auditors have provided to the governance unit the declaration of independence of the CPA Firm personnel subject to the Code of Ethics; also, have communicated with the governance unit regarding the relationship and other matters (including the relevant protection measures) that may affect the independence of the independent auditors.

The independent auditors have based on the communications with the governance unit to determine the key audit matters to be performed on the 2022 consolidated financial statements of Formosan Union Chemical Corporation and subsidiaries. The independent auditors shall state the

key audit matters in the audit report except for the specific matters prohibited from being disclosed by law and regulations, or, in rare cases; the independent auditors decide not to have specific matters communicated in the audit report since the negative effect of such disclosure can be reasonably expected to be greater than the increase of public interest.

Deloitte & Touche

CPA Wen-Yuan Chuang

CPA Tza-Li Gung

Certificate issued by the Financial Supervisory Commission

Jin-Guan-Zheng-Shen-Zi No. 1090347472

Certificate issued by the Financial Supervisory Commission

Jin-Guan-Zheng-Shen-Zi No. 1000028068

March 23, 2023

Formosan Union Chemical Corporation and Subsidiaries

Consolidated Balance Sheet

December 31, 2022 and 2021

Unit: NT$ Thousand

Code	Assets	12/31/2022 Amount	%	12/31/2021 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note IV & VI)	$ 1,203,266	9	$ 649,114	6
1110	Financial assets measured at fair value through profit or loss – current (Note IV & VII)	230,890	2	224,245	2
1136	Financial assets measured at the amortized cost – current (Note IV & IX)	132,660	1	25,000	-
1150	Notes receivable (Note IV, X, & XXVI)	170,643	1	172,355	2
1170	Accounts receivable – net (Note IV, X, & XXVI)	913,506	7	990,562	9
1200	Other receivable (Note IV and X)	63,634	1	48,774	-
1210	Other receivable – related party (Note IV, X, & XXXIII)	3,252	-	713	-
1220	Income tax assets – current (Note IV & XXVIII)	4,176	-	9,948	-
130X	Inventory – net (Note IV & XI)	3,888,504	29	3,164,403	27
1410	Prepayment (Note XIX)	139,511	1	243,964	2
1470	Other current assets	7,341	-	4,600	-
11XX	Total current assets	6,757,383	51	5,533,678	48
	Noncurrent assets				
1517	Financial assets measured at fair value through other comprehensive profit or loss – noncurrent (Note IV & VIII)	987,471	7	556,795	5
1535	Financial assts – noncurrent measured at the amortized cost (Note IV & IX)	-	-	40,000	-
1550	Investment under the equity method (Note IV & XIII)	790,519	6	795,852	7
1600	Property, plant, and equipment (Note IV, XIV, XXXIII, & XXXIV)	3,765,307	28	3,897,733	34
1755	Right-of-use assets (Note IV & XV)	499,023	4	300,776	3
1760	Investment property – net (Note IV, XVI, & XXXIV)	9,220	-	44,310	-
1805	Goodwill (Note IV & XVII)	91,897	1	91,897	1
1821	Intangible assets (Note IV & XVIII)	1,879	-	2,729	-
1840	Deferred income tax assets (Note IV & XXVIII)	224,738	2	208,780	2
1915	Prepaid equipment (Note XIX and XXXIII)	84,443	1	65,171	-
1920	Refundable deposit (Note IV and XIX)	9,698	-	6,548	-
1975	Net defined benefit assets – Noncurrent (Note IV and XXIV)	7,633	-	-	-
1990	Other noncurrent assets (Note XIX & XXXIV)	41,121	-	43,419	-
15XX	Total noncurrent assets	6,512,949	49	6,054,010	52
1XXX	Total assets	$ 13,270,332	100	$ 11,587,688	100
Code	Liabilities and Shareholders' equity				
	Current liabilities				
2100	Short-term loans (Note XX, XXXIII, and XXXIV)	$ 2,141,000	16	$ 1,627,445	14
2150	Notes payable (Note XXI)	9,856	-	12,647	-
2170	Accounts payable (Note XXI)	779,937	6	460,987	4
2180	Accounts payable – related party (Note XXI & XXXIII)	-	-	12,308	-
2219	Other payables (Note XXII)	654,518	5	649,192	6
2220	Other payables – related party (Note XXII and XXXIII)	1,582	-	155	-
2230	Income tax liabilities – current (Note IV & XXVIII)	211,995	2	52,209	-
2250	Liability reserve – current (Note IV & XXIII)	26,260	-	27,701	-
2280	Lease liability – current (Note IV & XV)	23,313	-	38,354	-
2320	Long-term loans due within 1 year (Note XX & XXXIV)	4,146	-	212,404	2
2399	Other current liabilities (Note XXII & XXVI)	26,744	-	57,479	1
21XX	Total current liabilities	3,879,351	29	3,150,881	27
	Noncurrent liabilities				
2540	Long-term loans (Note XX & XXXIV)	104	-	3,281	-
2570	Deferred income tax liabilities (Note IV & XXVIII)	330,133	2	239,829	2
2580	Lease liabilities – noncurrent (Note IV & XV)	486,852	4	267,848	3
2640	Net defined benefit liabilities – noncurrent (Note IV & XXIV)	22,064	-	28,284	-
2670	Other noncurrent liabilities	2,144	-	-	-
25XX	Total noncurrent liabilities	841,297	6	539,242	5
2XXX	Total liabilities	4,720,648	35	3,690,123	32
	Equity attributable to the company's shareholders				
3110	Common stock capital	4,770,163	36	4,770,163	41
3200	Additional paid-in capital	77,090	1	181,715	2
	Retained earnings				
3310	Legal reserve	1,074,510	8	980,063	8
3320	Special reserve	251,175	2	251,175	2
3350	Unappropriated earnings	1,491,746	11	1,223,208	11
3300	Total retained earnings	2,817,431	21	2,454,446	21
	Other equities				
3410	Exchange difference from the conversion of financial statements of foreign operation institution	(25,070)	-	(42,623)	-
3420	Unrealized profit or loss in valuation of financial assets measured at fair value through other comprehensive profit or loss	633,578	5	258,445	2
3400	Total other equities	608,508	5	215,822	2
31XX	Total shareholders'' equity	8,273,192	63	7,622,146	66
36XX	Non-controlling interest	276,492	2	275,419	2
3XXX	Total equity	8,549,684	65	7,897,565	68
	Total Liabilities and Shareholders' equity	$ 13,270,332	100	$ 11,587,688	100

The Notes enclosed are an integral part of the Consolidated Financial Statements.

Chairman： CEO： CFO： Accountant：

Formosan Union Chemical Corporation and Subsidiaries

Consolidated Income Statement

January 1 – December 31, 2022 and 2021

Unit: NT$ Thousand; except for earnings per share in NT$

Code		2022 Amount	2022 %	2021 Amount	2021 %
4100	Operating income – net (Note IV, XXVI, & XXXIII)	$10,571,226	100	$ 9,199,154	100
5110	Operating cost (Note IV, XI, XXVII, & XXXIII)	8,622,732	82	7,061,389	77
5900	Gross profit	1,948,494	18	2,137,765	23
5920	Realized sales profit	899	-	750	-
5950	Realized gross profit	1,949,393	18	2,138,515	23
	Operating expense (Note X & XXVII)				
6100	Marketing expense	590,785	6	597,660	6
6200	Managerial expense	258,191	2	253,639	3
6300	R&D expense	71,723	1	69,293	1
6450	Expected credit impairment reversed profit	(69)	-	(773)	-
6000	Total operating expense	920,630	9	919,819	10
6900	Net operating income	1,028,763	9	1,218,696	13
	Non-operating income and expense				
7100	Interest income (Note XXVII)	15,149	-	1,257	-
7010	Other income (Note XXVII & XXXIII)	58,235	1	52,614	-
7020	Other profit and loss (Note XXVII)	235,738	2	(298,873)	(3)
7060	Profit or loss ratio from associates and joint venture under the equity method (Note XIII)	37,227	-	58,447	1
7050	Financial cost (Note XXVII & XXXIII)	(33,206)	-	(22,062)	-
7000	Total non-operating income and expense	313,143	3	(208,617)	(2)
7900	Net income before tax	1,341,906	12	1,010,079	11
7950	Income tax expense (Note IV & XXVIII)	260,583	2	91,022	1
8200	Net income	1,081,323	10	919,057	10

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Code		2022 Amount	2022 %	2021 Amount	2021 %
	Other comprehensive profit or loss				
8310	Items not-reclassified to profit or loss:				
8311	Defined benefit plan re-measurement amount (Note XXIV)	$ 10,759	-	$ 6,930	-
8316	Unrealized profit or loss in valuation of equity instrument investment measured at fair value through other comprehensive profit or loss (Note VIII & XXV)	455,412	5	92,855	1
8349	Income tax related to non-reclassified items (Note XXVIII)	96,841	1	25,444	-
		369,330	4	74,341	1
8360	Items could be reclassified to profit or loss subsequently:				
8361	Exchange difference from conversion of financial statements of foreign operating institution (Note XXV)	22,004	-	(6,041)	-
8399	Income tax related to items could be reclassified to profit or loss (Note XXVIII)	4,388	-	(1,205)	-
		17,616	-	(4,836)	-
8300	Total other comprehensive profit or loss	386,946	4	69,505	1
8500	Total comprehensive profit or loss – current	$ 1,468,269	14	$ 988,562	11
	Net income (loss) attributable to:				
8610	The company's shareholders	$ 1,084,639	10	$ 947,587	10
8620	Non-controlling interest	(3,316)	-	(28,530)	-
8600		$ 1,081,323	10	$ 919,057	10
	Comprehensive profit or loss attributable to:				
8710	The company's shareholders	$ 1,471,195	14	$ 1,016,970	11
8720	Non-controlling interest	(2,926)	-	(28,408)	-
8700		$ 1,468,269	14	$ 988,562	11
	Earnings per share (Note XXIX)				
9710	Basic	$ 2.27		$ 1.99	
9810	Diluted	$ 2.27		$ 1.98	

The Notes enclosed are an integral part of the Consolidated Financial Statements.

Chairman： CEO： CFO： Accountant：

Formosan Union Chemical Corporation and Subsidiaries

Consolidated Statement of Retained Earnings

January 1 – December 31, 2022 and 2021

Unit: NT$ Thousand

		Equity attributable to the company's shareholders												
		Capital stock (Note XXV)			Retained earnings (Note VIII & XXV)				Other equities (Note VIII & XXV)					
Code		Shares (Thousand)	Amount	Additional paid-in capital (Note XXV & XXXI)	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange difference from the conversion of financial instruments of foreign operating institution	Unrealized profit or loss in valuation of financial assets measured at fair value through other comprehensive profit or loss	Total	Total	Non-controlling interest (Note XII, XXV & XXXI)	Total equity
A1	Balance – 1/1/2021	477,016	$ 4,770,163	$ 182,565	$ 925,118	$ 251,175	$ 906,104	$ 2,082,397	($ 37,805)	$ 181,126	$ 143,321	$ 7,178,446	$ 306,501	$ 7,484,947
	The 2020 earnings appropriation and distribution													
B1	Legal reserve	-	-	-	54,945	-	(54,945)	-	-	-	-	-	-	-
B5	Cash dividend	-	-	-	-	-	(572,420)	(572,420)	-	-	-	(572,420)	-	(572,420)
		-	-	-	54,945	-	(627,365)	(572,420)	-	-	-	(572,420)	-	(572,420)
D1	Net income (loss) - 2021	-	-	-	-	-	947,587	947,587	-	-	-	947,587	(28,530)	919,057
D3	Other comprehensive profit or loss after tax – 2021	-	-	-	-	-	5,403	5,403	(4,818)	68,798	63,980	69,383	122	69,505
D5	Total comprehensive profit or loss – 2021	-	-	-	-	-	952,990	952,990	(4,818)	68,798	63,980	1,016,970	(28,408)	988,562
M7	Changes in the equity of the subsidiary owned by the company	-	-	(850)	-	-	-	-	-	-	-	(850)	898	48
O1	Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(3,572)	(3,572)
Q1	Disposal of equity instrument measured at fair value through other comprehensive profit or loss	-	-	-	-	-	(8,521)	(8,521)	-	8,521	8,521	-	-	-
Z1	Balance – 12/31/2021	477,016	4,770,163	181,715	980,063	251,175	1,223,208	2,454,446	(42,623)	258,445	215,822	7,622,146	275,419	7,897,565
	The 2021 earnings appropriation and distribution													
B1	Legal reserve	-	-	-	94,447	-	(94,447)	-	-	-	-	-	-	-
B5	Cash dividend	-	-	-	-	-	(715,524)	(715,524)	-	-	-	(715,524)	-	(715,524)
		-	-	-	94,447	-	(809,971)	(715,524)	-	-	-	(715,524)	-	(715,524)
C15	Cash dividend from additional paid-in capital	-	-	(95,403)	-	-	-	-	-	-	-	(95,403)	-	(95,403)
D1	Net income (loss) - 2022	-	-	-	-	-	1,084,639	1,084,639	-	-	-	1,084,639	(3,316)	1,081,323
D3	Other after-tax profit or loss - 2022	-	-	-	-	-	8,280	8,280	17,553	360,723	378,276	386,556	390	386,946
D5	Total comprehensive profit or loss – 2022	-	-	-	-	-	1,092,919	1,092,919	17,553	360,723	378,276	1,471,195	(2,926)	1,468,269
M7	Changes in the equity of the subsidiary owned by the company	-	-	(9,222)	-	-	-	-	-	-	-	(9,222)	9,222	-
O1	Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(5,223)	(5,223)
Q1	Disposal of equity instrument measured at fair value through other comprehensive profit or loss	-	-	-	-	-	(14,410)	(14,410)	-	14,410	14,410	-	-	-
Z1	Balance – 12/31/2022	477,016	$ 4,770,163	$ 77,090	$ 1,074,510	$ 251,175	$ 1,491,746	$ 2,817,431	($ 25,070)	$ 633,578	$ 608,508	$ 8,273,192	$ 276,492	$ 8,549,684

The Notes enclosed are an integral part of the Consolidated Financial Statements.

Chairman： CEO： CFO： Accountant：

Formosan Union Chemical Corporation and Subsidiaries

Consolidated Statement of Cash Flows

January 1 – December 31, 2022 and 2021

Unit: NT$ Thousand

Code		2022	2021
	Cash flow from operating activities		
A00010	Net income before tax	$ 1,341,906	$ 1,010,079
A20010	Income and expense items		
A20100	Depreciation expense	250,789	277,735
A20200	Amortization expense	1,549	1,506
A20300	Expected credit impairment reversed profit	(69)	(773)
A20400	Net profit of financial assets measured at fair value through profit or loss	(106,127)	(19,381)
A20900	Financial cost	33,206	22,062
A21200	Interest income	(15,149)	(1,257)
A21300	Dividend income	(25,234)	(22,054)
A22300	Profit ratio from associates and joint venture under the equity method	(37,227)	(58,447)
A22500	Loss (profit) from the disposal of property, plant, and equipment	1,131	(260)
A22700	Profit from the disposal of investment property	(7,556)	(54,923)
A23700	Impairment loss of non-financial assets	-	350,036
A23800	Loss (reversed profit) from the valuation of inventory	14,938	(27,199)
A24000	Realized sales profit with joint venture	(899)	(750)
A24100	Exchange loss – net	8,969	735
A29900	Profit from lease betterment	(1)	(34)
A30000	Changes in operating assets and liabilities – net		
A31115	Financial assets measured at fair value through profit or loss mandatorily	99,482	(90,682)
A31130	Notes receivable	1,712	16,760
A31150	Accounts receivable	67,876	(104,024)
A31160	Accounts receivable – related party	-	74,368
A31180	Other receivable	(12,678)	(23,008)
A31190	Other receivable – related party	(2,539)	(191)
A31200	Inventories	(738,489)	(854,841)
A31230	Prepayment	102,235	(72,360)
A31990	Defined benefit assets – net	(7,633)	-
A31240	Other current assets	(3,599)	2,568
A32130	Notes payable	(2,791)	986

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Code		2022	2021
A32150	Accounts payable	$ 320,284	$ 259,610
A32160	Accounts payable – related party	(12,308)	12,350
A32180	Other payable	(1,768)	161,854
A32190	Other payable – related party	1,427	18
A32200	Liability reserve	(1,441)	2,003
A32230	Other current liabilities	(30,634)	31,878
A32240	Defined benefit liabilities – net	4,539	(38,131)
A33000	Cash from operating activities	1,243,901	856,233
A33100	Interest collected	12,959	1,187
A33200	Dividend collected	25,234	22,054
A33300	Interest paid	(32,563)	(22,495)
A33500	Income tax paid	(121,908)	(247,188)
AAAA	Net cash inflow from operating activities	1,127,623	609,791
	Cash flow from investing activities		
B00010	Acquisition of financial assets measured at fair value through comprehensive profit or loss	(5,000)	-
B00030	Refund of capital reduction of financial assets measured at fair value through other comprehensive profit or loss	29,736	37,785
B00040	Acquisition of financial assets measured at the amortized cost	(108,700)	(1,700)
B00050	Disposal of financial assets measured at the amortized cost	40,000	-
B01800	Acquisition of investment under the equity method	(13,500)	(20,000)
B02400	Refund of capital reduction of invested companies under the equity method	68,951	-
B02700	Acquisition of property, plant, and equipment	(55,768)	(70,027)
B02800	Disposal of property, plant, and equipment	1,261	518
B03700	Increase in refundable deposit	(2,267)	(1,278)
B04500	Acquisition of intangible assets	(699)	(1,797)
B05500	Disposal of investment property	42,344	56,454
B06700	Decrease (increase) in noncurrent assets	2,298	(16)
B07100	Increase in prepaid equipment	(30,823)	(42,331)
B07600	Dividend collected from associates and joint venture	8,886	3,251
BBBB	Net cash outflow from investing activities	(23,281)	(39,141)
	Cash flow from financing activities		
C00200	Increase (decrease) in short-term loans	513,555	(131,463)
C01700	Liquidated long-term loans	(211,435)	(108,056)
C03100	Increase (decrease) in deposits received	2,032	(151)
C04020	Liquidated lease liability principal	(38,931)	(69,483)

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Code		2022	2021
C04500	Distribution of cash dividend	($ 810,927)	($ 572,420)
C05800	Changes in non-controlling interest	(5,223)	(3,572)
CCCC	Net cash outflow from financing activities	(550,929)	(885,145)
DDDD	Effect of changes in exchange rate on cash and cash equivalents	739	(105)
EEEE	Net increase (decrease) in cash and cash equivalents	554,152	(314,600)
E00100	Balance of cash and cash equivalents – beginning	649,114	963,714
E00200	Balance of cash and cash equivalents – ending	$ 1,203,266	$ 649,114

The Notes enclosed are an integral part of the Consolidated Financial Statements.

Chairman： CEO： CFO： Accountant：

I. Company profile

Formosan Union Chemical Corporation (hereinafter referred to as the "company") was established on June 21, 1973 to engage in the production, processing, and trading of alkylbenzene (dodecylbenzene), alkenes, alkanol (nonphenol), and their derivatives; also, the operation and investment of other related businesses.

The company's stock shares have been listed and traded on the Taiwan Stock Exchange since July 1986.

This consolidated financial report is expressed in the company's functional currency (New Taiwan Dollar).

II. Date of and procedure for the approval of the financial statements

The consolidated financial statements were approved by the board of directors on March 14, 2023.

III. Application of the newly announced and amended regulations and interpretations

(I) The company has adopted International Financial Reporting Standards (IFRSs) that was recognized by the Financial Supervisory Commission, International Accounting Standards (IAS), Interpretations, and Notices (IFRS), Interpretation (IFRIC) and Interpretative Announcement (SIC) for the first time.

The company has started applying the amended "International Financial Reporting Standards (IFRSs)" that was recognized and announced by the Financial Supervisory Commission and it will not cause a material change to the accounting policies of the company and the business entities controlled by the company (hereinafter referred to as "the merged company").

(II) Applicable IFRSs recognized by the Financial Supervisory Commission in 2023

Newly announced/revised/amended regulations and interpretations	Effective date for the announcement of the IASB
Amendment to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendment to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendment to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: This amendment is applicable to the annual reporting period starting from January 1, 2023.

Note 2: This amendment is applicable to the changes in accounting estimates and accounting policies occurred in the reporting period starting from January 1, 2023.

Note 3: Except for the recognition of deferred income tax on the temporary difference of lease and decommissioning obligations on January 1, 2022, this amendment is applicable to transactions occurring after January 1, 2022.

As of the approval and release date of this consolidated financial report, the merged company has evaluated and concluded that the amendments to the aforementioned standards and interpretations will not have a material impact on the financial status and financial performance.

(III) IFRSs announced by IASB but not yet recognized and announced by the Financial Supervisory Commission

Newly announced/revised/amended regulations and interpretations	Effective date for the announcement of the IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or investment of assets between investors and their associates or joint ventures"	Undetermined
Amendment to IFRS 16 "Lease Liabilities Arising from Sale and Leaseback Transactions"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendment to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendment to IAS 1 "Classification of Liabilities as Current or Noncurrent"	January 1, 2024
Amendment to IAS 1 "Classification of Noncurrent Liabilities with Covenants"	January 1, 2024

Note 1: Unless otherwise specified, the aforementioned newly announced/revised/amended regulations and interpretations will be effective in the annual reporting period starting from the respective date.

Note 2: The seller and lessee shall apply the amendments of IFRS 16 retrospectively to the sale and leaseback transactions signed after the initial application of IFRS 16.

The merged company has been continuously evaluating the impact of the aforementioned amendments to regulations and interpretations on the financial status and financial performance as of the date the consolidated financial statements were passed and announced; also, the said impact will be disclosed upon the completion of the evaluation.

IV. Summary of material accounting policies

(I) Statement of compliance

The consolidated financial statements are prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Firms" and the IFRSs recognized and announced by the Financial Supervisory Commission.

(II) Preparation basis for financial statements

Except for the financial instruments measured at fair value and the net defined benefit liabilities recognized at the present value of the defined benefit obligation net of the fair value of the planned assets, this consolidated financial report is prepared at the historical cost.

The measurement of fair value is divided into Level 1 to Level 3 according to the observability and importance of the relevant input values.

1. Level 1 input values: It refers to the market price (unadjusted) of the same asset or liability available on the measurement date.
2. Level 2 input values: It refers to the directly (that is, price) or indirectly (that is, derived from price) observable input value of an asset or liability, except for Level 1 quotation.
3. Level 3 input values: It refers to the unobservable input value of an asset or liability.

(III) Criteria for the classification of assets and liabilities as current and noncurrent

Current assets include:

1. Assets held primarily for trading purposes;
2. Assets that are expected to be realized within twelve months after the reporting period; and
3. Cash and cash equivalents (excluding restricted items that will be exchanged or used to liquidate liabilities within 12 months after the balance sheet date);

Current liabilities include:

1. Liabilities held primarily for trading purposes;
2. Liabilities that will be due for settlement within 12 months after the balance sheet date (even a long-term refinancing or rescheduling payment agreement that is completed after the balance sheet date and before the financial report issued is also classified as a "current liability"), and;
3. Liabilities that cannot be unconditionally extended for at least 12 months after the balance sheet date; however, the classification of the liabilities that could be

liquidated by issuing equity instruments at the clause choice of the counterparty is not affected.

Assets and liabilities other than current assets and current liabilities are classified as noncurrent assets and noncurrent liabilities.

(IV) Consolidation basis

This consolidated financial report includes the financial statements of the company and the entities (subsidiaries) controlled by the company. The consolidated income statement has included the operating profit or loss of the acquired or disposed subsidiaries in the current period from the date of acquisition or till the date of disposal. The financial reports of the subsidiaries have been adjusted to make their accounting policies consistent with the accounting policies of the merged company. All transactions, account balances, incomes, and expenses between business entities have been written-off at the time of preparing the consolidated financial report. The total comprehensive profit or loss of subsidiaries is attributable to the shareholders and non-controlling interests of the company, even if the non-controlling interests are with a negative balance thereafter.

When the changes in the equity of the subsidiary owned by the merged company do not result in the loss of control, it is treated as an equity transaction. The book amount of the merged company and non-controlling interests has been adjusted to reflect changes in its relative equity in the subsidiary. The difference between the adjustment amount of non-controlling interests and the fair value of the consideration paid or received is directly recognized as equity and attributable to the company's shareholders.

When the merged company loses control of the subsidiary, the disposal profit or loss is the difference between the following two items: (1) the sum of the fair value of the consideration received and the fair value of the retained investment in the former subsidiary at the date of losing control of the former subsidiary, and (2) the sum of the book amount of the assets (including goodwill) and liabilities and non-controlling interest of the subsidiary on the day losing control of the former subsidiary. The basis of accounting treatment for all the amounts previously recognized in other comprehensive profit or loss related to the subsidiary is same as the mandatory basis for the relevant assets or liabilities directly disposed by the merged company.

Please refer to Note XII and Table VI for the subsidiaries, shareholding ratio, and business items in details.

(V) Foreign currency

The business entity that has financial reports prepared in a currency (foreign currency) other than its functional currency shall have it converted into functional currency at the exchange rate on the trade day.

Foreign currency transactions are converted in accordance with the closing exchange rate on the balance sheet date. The exchange difference amount arising from the clearing or exchange transaction should be recognized as profit or loss.

Non-monetary items in foreign currency measured at the fair value are converted at the exchange rate on the day when the fair value is determined, and the resulted exchange difference is recognized as profit or loss. However, if the change in fair value is recognized in other comprehensive profit or loss, the resulted exchange difference is recognized in the other comprehensive profit or loss.

Non-monetary items in foreign currency measured at the historical cost are converted at the exchange rate on the trade day and will not be converted again.

The assets and liabilities of a foreign operating institution (including the subsidiaries, associates, or joint ventures operate in a different country or use different currencies) are converted into New Taiwan Dollar in accordance with the exchange rate on the balance sheet date when a consolidated financial report is prepared. Profits and losses are converted at the current average exchange rate, and the resulted exchange difference is recognized in the other comprehensive profit or loss and is attributable to the shareholder’s equity and non-controlling interests of the company.

When the merged company has disposed all equities of the foreign operating institutions, or, disposed part of the equity in the subsidiary of the foreign operating institutions with the loss of control, the relevant accumulated exchange differences of the foreign operating institutions will be fully reclassified as profit or loss.

(VI) Inventory

Inventories include raw materials, work-in-process products, and finished products. Inventory is measured at the lower of cost or net realizable value. The comparison of the cost and net realizable value, except for same type of inventories, is itemized. Net realizable value refers to the estimated selling price under normal circumstances minus the estimated cost required to complete the project and the estimated cost required to complete the sale. The weighted average method is adopted for the calculation of inventory cost.

(VII) Investment in the associates and joint ventures

An associate refers to an enterprise that is materially influenced by the merged company, but it is not a subsidiary or joint venture. A joint venture refers to a joint agreement between the merged company and another company that has joint control and rights to net assets.

The merged company adopts the equity method for investments in the associates and joint ventures.

Under the equity method, investments in the associates and joint ventures are initially recognized at cost; also, the book amount after the acquisition date increases or decreases along with the merged company's share of profits or losses in the associates and joint ventures and other comprehensive profit or loss. In addition, changes in the equity of the associates and joint ventures are recognized proportionally to the shareholding ratio.

The amount of the acquisition cost exceeding the share of the net fair value of the identifiable assets and liabilities of the associates and the joint venture that the merged company owns on the acquisition date is classified as goodwill, which is included in the book value of the investment and cannot be amortized. The share of the net fair value of the identifiable assets and liabilities of the associates and the joint venture that the merged company owns on the acquisition date exceeding the amount of the acquisition cost is recognized as profit or loss.

If the merged company does not subscribe the new shares issued by the associates and joint ventures proportionally to the shareholding ratio that causes changes in the shareholding ratio and the net equity value of the investment, the amount of increase or decrease is adjusted to the additional paid-in capital – equity method with the changes in the net equity of the associates and joint venture and the investment under the equity method recognized. However, if the equity in the associates and joint venture is decreased due to not subscribing the new shares issued by the associates and joint ventures proportionally to the shareholding ratio, the amount related to the associates and joint venture recognized in the other comprehensive profit or loss should be reclassified proportionally to the decreased amount. Its accounting treatment basis is same as the way an associate or joint venture directly handling the disposal of related assets or liabilities. If the aforementioned adjustment is debited to additional paid-in capital, when there is insufficient additional paid-in capital resulted from the investment under the equity method, the difference amount should be debited to the retained earnings.

When the merged company's share of losses in the associates and joint ventures equals to or exceeds its equity in the associates and joint ventures (including the book value of the investment in the associates and joint ventures under the equity method, and other long-term equity of the net investment of the merged company in the associates and joint ventures), the recognition of further losses will be ceased. The merged company only recognizes additional losses and liabilities within the scope of incurred legal obligations, deduced obligations, or payments made on behalf of the associates and joint ventures.

The merged company at the time of assessing impairment regards the overall book value of the investment as a single asset and conducts impairment test by comparing it to the recoverable amount. The recognized impairment loss is an integral part of the investment book amount. Any reversal of the impairment loss shall be recognized within the scope of the subsequent increase in the recoverable amount of the investment.

The merged company ceases the adoption of the equity method on the day when the invested entity ceases to be an associate or a joint venture; also, its retained equity of the former associates and joint venture is measured at fair value. The difference amount between the fair value and disposal price with the book amount of the investment on the day stops applying the equity method is recognized as profit or loss. In addition, for the amount related to the associates and joint venture recognized in the other comprehensive profit or loss, its accounting treatment basis is same as the way an associate or joint venture directly handling the disposal of related assets or liabilities. If an investment in an associate becomes an investment in a joint venture, or an investment in a joint venture becomes an investment in an associate, the merged company will continue to adopt the equity method without re-measuring the retained equity.

The profits or losses arising from the clockwise, counterclockwise, and side-stream transactions between the merged company and the associates and the joint venture are recognized in the consolidated financial report to the extent that it has nothing to do with the merged company's equity in the associates and the joint venture.

(VIII) Property, plant and equipment

Property, plant and equipment are recognized at the cost first and subsequently measured at the cost net of accumulated depreciation and accumulated impairment loss.

Property, plant and equipment are depreciated on a straight-line basis within the service life for each material part separately. The merged company shall review the estimated service life, residual value, and depreciation method at least once at the end of each year, and defer the effect of changes in the applicable accounting estimates.

The difference between the net disposal amount of the property, plant and equipment and the book amount is recognized as profit or loss at the time of having them delisted.

(IX) Investment property

Investment property refers to property held for earning rent or capital appreciation, or both.

Investment property is initially measured at cost (including transaction costs), and subsequently measured at the cost net of the accumulated depreciation and accumulated impairment losses. The depreciation of investment property is calculated on a straight-line basis.

The difference between the net disposal amount of the investment property and the book amount is recognized as profit or loss at the time of having it delisted.

(X) Goodwill

The cost of the goodwill obtained in a business merger is based on the amount of goodwill recognized on the acquisition date, and it is subsequently measured at the cost net of the accumulated impairment loss.

For the purpose of impairment testing, goodwill is amortized to each cash-generating unit or group (referred to as “cash-generating unit”) that the merged company expects them to benefit from the synergy of the merger.

The cash-generating unit that received the amortized goodwill has performed impairment test by comparing the book value of the cash-generating unit containing goodwill with its recoverable amount annually (and when there are indications that the unit may have been impaired). If the goodwill amortized to each cash-generating unit is obtained from a business merger in the current year, the impairment test of the cash-generating unit should be performed before the end of the current year. If the recoverable amount of the cash-generating unit with amortized goodwill is lower than its book value, the impairment loss is to first reduce the book amount of the cash-generating unit’s amortized goodwill, and then reduce the book value of the other assets of the cash-generating unit proportionally. The impairment loss, if any, is

directly recognized as the current loss. The impairment loss of goodwill shall not be reversed in the subsequent period.

(XI) Intangible assets

1.Acquired separately

Intangible assets with limited useful life acquired separately are initially measured at cost, and subsequently measured at the cost net of accumulated amortization and accumulated impairment losses. Intangible assets are amortized on a straight-line basis during the useful life. The merged company shall review the estimated service life, residual value, and amortization method at least once at the end of each year, and defer the effect of changes in the applicable accounting estimates.

2.Delisting

The difference between the net disposal price and the book value of the asset is recognized in profit or loss at the time of having intangible assets delisted.

(XII) Impairment of property, plant and equipment, right-of-use assets, investment property, and intangible assets (except goodwill)

The merged company assesses on each balance sheet date whether there is any sign indicating that property, plant and equipment, right-of-use assets, investment property, and intangible assets (except goodwill) may have been impaired. If there is any sign of impairment, the recoverable amount of the asset should be estimated. If the recoverable amount of an individual asset cannot be estimated, the merged company should estimate the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of the fair value net of the cost of sale or its value in use. If the recoverable amount of an individual asset or a cash-generating unit is lower than its book value, the book value of the asset or the cash-generating unit should be reduced to its recoverable amount, and the impairment loss is recognized in profit or loss.

When the impairment loss is subsequently reversed, the book value of the asset or the cash-generating unit is adjusted up to the revised recoverable amount; however, the increased book value may not exceed the book value (net of amortization or depreciation) without any impairment loss of the assets or cash-generating unit recognized in previous years. The reversal of the impairment loss is recognized in the profit or loss.

(XIII) Financial instruments

Financial assets and financial liabilities are recognized on the consolidated balance sheet when the merged company becomes a party to the instrument contract.

In the initial recognition of financial assets and financial liabilities, if financial assets or financial liabilities are not measured at fair value through profit or loss, they are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities measured at fair value through profit or loss are immediately recognized in profit or loss.

1.Financial assets

Conventional transactions of financial assets are recognized and delisted in accordance with the trade day accounting.

(1) Type of measurement

The types of financial assets held by the merged company are financial assets measured at fair value through profit or loss, financial assets measured at the amortized cost, and equity instrument investment measured at fair value through other comprehensive profit or loss.

A. Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss are financial assets measured at fair value through profit or loss mandatorily. Financial assets measured at fair value through profit or loss mandatorily include equity instrument investments that are not designated by the merged company to be measured at fair value through other comprehensive profit or loss, and debt instrument investments that are not classified as to be measured at the amortized cost or measured at fair value through other comprehensive profit or loss.

Financial assets measured at fair value through profit or loss are measured at fair value, and the profit or loss resulting from the re-measurement is recognized in profit or loss. Please refer to Note XXXII for the fair value determination method.

B. Financial assets measured at the amortized cost

If the financial assets invested by the merged company meet the following two conditions, they are classified as financial assets measured at the amortized cost:

a. It is held under a certain business model for a purpose of holding the financial assets in exchange for contractual cash flows; and

b. Cash flow is generated in a specific date according to the contract signed; also, such cash flows are intended to pay for the principal and the interest of the outstanding principal.

Financial assets measured at the amortized cost (including cash and cash equivalents, notes receivable, accounts receivable, other receivable, refundable deposits, and other financial assets) after initial recognition are subsequently measured at the amortized cost (the book value that is determined according to the effective interest approach – impairment loss). The foreign exchange profit or loss is recognized in profit or loss.

Except for the following two circumstances, interest income is calculated by having the effective interest rate multiplied by the total book value of the financial assets:

a. For the purchased or originated credit-impaired financial assets, interest income is calculated by having the effective interest rate after credit adjustment multiplied by the amortized cost of the financial asset.

b. For financial assets not with purchase or original credit impairment, but subsequently become credit-impaired financial assets, interest income should be calculated by having the effective interest rate multiplied by the amortized cost of the financial asset from the next reporting period after the credit impairment.

Credit-impaired financial assets refer to the issuer or debtor who has experienced material financial difficulties, defaulted, the debtor who is likely to apply for bankruptcy or other financial reorganization, or the active market for financial assets disappeared due to financial difficulties.

C. Equity instruments investment measured at fair value through other comprehensive profit or loss;

The merged company at the time of initial recognition can make an irrevocable choice to have the equity instrument investment that is not held-for-trade and not recognized through a business merger and acquisition or with considerations paid measured at fair value through other comprehensive profit or loss.

Equity instrument investment is measured at fair value through other comprehensive profit or loss; subsequent changes in fair value are reported in other comprehensive profit or loss and accumulated in other equity. At the time of disposing the investment, the accumulated profit or loss is directly transferred to retained earnings and is not reclassified as profit or loss.

Dividends from equity instrument investment measured at fair value through other comprehensive profit or loss are recognized in the profit or loss when the company's right to receive payments is established, unless the dividends clearly represent part of the investment cost recovered.

(2) Impairment of financial assets

The merged company evaluates the impairment loss of financial assets (including accounts receivable) measured at the amortized cost according to the expected credit loss on each balance sheet date.

Allowance for loss is recognized for accounts receivable according to the expected credit loss throughout the duration. For other financial assets, evaluate whether there is a significant increase in credit risk after the initial recognition, if there is no significant increase, the allowance for loss is recognized according to the 12-month expected credit loss; however, if there is a significant increase in credit risk, the allowance for loss is recognized according to the expected credit loss throughout the duration.

Expected credit loss is the weighted average credit loss based on the risk of default. The 12-month expected credit loss refers to the expected credit loss caused by the possible default event of the financial instrument within 12 months after the reporting date, and the expected credit loss throughout the duration refers to the expected credit loss caused by all possible default events throughout the duration of the financial instrument.

The impairment loss of all financial assets is with the book amount adjusted down through the allowance account; however, the allowance for loss of debt instrument investment measured at fair value through other comprehensive profit or loss is recognized in other comprehensive profit or loss without causing a decrease in the book amount.

(3)Delisting of financial assets

The merged company will have the financial assets delisted only when the contractual right from the cash flow of the financial asset is terminated, or, the financial asset has been transferred and almost all the risks and rewards related to the ownership of the asset have been transferred to other companies.

When a financial asset measured at the amortized cost is delisted entirely, the difference between the book value and the consideration received is recognized in the profit or loss. When the debt instrument investment measured at fair value through other comprehensive profit or loss is delisted entirely, the

difference between the book value and the consideration received plus the accumulated profit or loss that has been recognized in other comprehensive profit or loss is recognized in profit or loss. When the equity instrument investments measured at fair value through other comprehensive profit or loss are delisted entirely, the accumulated profit or loss is directly transferred to retained earnings without having it reclassified as profit or loss.

2. Equity instruments

The debt and equity instruments issued by the merged company are classified as financial liabilities or equity according to the real contractual agreement and the definition of financial liabilities and equity instruments.

The equity instruments issued by the merged company are recognized at the acquisition amount net of the direct issuance cost.

The company's equity instruments repurchased are recognized and deducted in the "equity" account, and the book value is calculated based on the weighted average of the stock types. The purchase, sale, issuance, or cancellation of the company's equity instruments are not recognized in profit or loss.

3. Financial liabilities

(1) Subsequent measurement

Except for the financial liabilities that are measured at fair value through profit or loss, all financial liabilities are measured at the amortized cost in accordance with the effective interest approach.

(2) Delisting of financial liabilities

When financial liabilities are de-listed, the difference between the book value and the total consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(XIV) Liability reserve

The recognized liability reserve amount is the best estimated expenditure needed for liquidating obligations on the balance sheet date under the consideration of the risk and uncertainty of obligation. The liability reserve is measured at the discounted value of the estimated cash flows needed for liquidating the current obligation.

(XV) Income recognition

The merged company after identifying the performance obligations in the contract will have the transaction price distributed to each performance obligation, and will recognize income when each performance obligation is fulfilled.

1. Commodity sales income

Commodity sales income is generated from the sales of chemical products. Since the customer has the right to use the product when the product is shipped and has to bear the risk of obsolescence and outdated of the product, the company recognizes income and accounts receivable at the said point of time. The advances received for products are recognized as contract liabilities before the products are shipped.

2. Labor service income

Labor service income is generated from product processing and power supply service, which is recognized when labor service is provided.

(XVI) Lease

The merged company evaluates whether it is (or including) a lease contract on the contract date.

1. The merged company is the lessor

When the lease clause is to transfer almost all the risks and rewards attached to the ownership of the asset to the lessee, it is classified as a financial lease. All other leases are classified as operating leases.

Lease payments for operating leases are recognized as income on a straight-line basis during the relevant lease period. The original direct costs arising from operating leases are added to the book value of the assets and recognized as expenses on a straight-line basis during the lease period.

2. The merged company is the lessee

Except for the lease payments of low-value underlying asset leases and short-term leases that are subject to the applicable recognition exemption are recognized as expenses on a straight-line basis during the lease period, other leases are recognized as right-of-use assets and lease liabilities on the lease start date.

The right-of-use asset is originally measured at cost (including the original measurement amount of the lease liability, the lease payment paid before the lease start date minus the lease incentives received, and the original direct cost and the estimated cost of restored underlying asset), and is subsequently measured at the cost net of the accumulated depreciation and accumulated impairment loss; also,

adjust the remeasurement amount of the lease liability. The right-of-use assets are separately expressed on the consolidated balance sheet.

Right-of-use assets are depreciated on a straight-line basis from the lease start date to the expiration of the service life or the expiration of the lease period, whichever is earlier.

The lease liability was originally measured at the present value of the lease payment. If the implicit interest rate of the lease is easy to determine, the lease payment is discounted at such interest rate. If the interest rate is not easy to determine, the lessee's incremental loan interest rate is applied.

Subsequently, the lease liability is measured at the amortized cost in accordance with the effective interest approach, and the interest expense is amortized during the lease period. If there are changes occurred in the lease period, the merged company will re-measure the lease liability and relatively adjust the right-of-use asset. However, if the book value of the right-of-use asset is reduced to zero, the remaining remeasurement amount is recognized in the profit or loss. For lease betterment that is not treated as separate leases, the remeasurement of the lease liability due to the reduction in the scope of the lease is applied to reduce the right-of-use asset; also, the profit or loss arising from the partial or full termination of the lease is recognized. The remeasurement of the lease liability due to other betterment is applied to adjust the right-of-use asset. Lease liabilities are separately expressed in the consolidated balance sheet.

(XVII) Loan cost

The loan cost directly attributable to the acquisition, construction, or production of a qualified asset is an integral part of the asset cost until almost all necessary activities for the asset to reach its intended use or sale status have been completed.

If specific loans are applied to invest temporarily for earning investment income before being applied for capital expenditures that meet the requirements, such loans are deducted from the loan costs that meet the conditions of capitalization.

Except for the aforementioned practice, all other loan costs are recognized as profit or loss in the current period.

(XVIII) Employee Benefits

1. Short-term employee benefits

Short-term employee benefit related liabilities are measured by the expected non-discounted amount of cash to be paid in exchange for employee services.

2. Retirement benefits

The pension of the defined contribution plan is recognized as expense for an amount equivalent to the retirement fund appropriated for the employee's service period.

The defined benefit cost (including service cost, net interest, and remeasurement) of the definite benefit plan is calculated according to the estimated unit benefit actuarial method. Net interests of service costs (including current service costs) and net defined benefit liabilities (assets) are recognized as employee benefit expenses upon occurrence. The remeasurement amount (including actuarial profit or loss and return on planned assets net of interest) is recognized in other comprehensive profit or loss upon occurrence and included in retained earnings, which will not be reclassified to profit or loss in subsequent periods.

The net defined benefit liabilities (assets) are the appropriation shortage (surplus) of the defined benefit plan. The net defined benefit assets shall not exceed the present value of the refunded appropriation of the plan or the reduceable appropriation in the future.

(XIX) Income tax

Income tax expense is the sum of current income tax and deferred income tax.

1. Current income tax

The merged company determines the current income in accordance with the law and regulations established by each income tax agency in order to calculate the income tax payable accordingly.

The income tax to be levied additionally on the undistributed earnings that is calculated in accordance with the Income Tax Act of the Republic of China is to be recognized in the year it is resolved in the shareholders meeting.

Adjustments to income tax payable of previous years are included in current income tax.

2. Deferred income tax

Deferred income tax is calculated according to the temporary difference between the book value of assets and liabilities and the tax basis for calculating taxable income.

If the original recognition of assets and liabilities does not affect taxable income or accounting profits at the time, the temporary differences arising therefrom are not recognized as deferred income tax assets and liabilities.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are recognized when there is likely having income tax credit derived from taxable income available for deducting temporary differences and loss credit.

Taxable temporary differences related to investment in subsidiaries, associates, and joint agreements are recognized as deferred income tax liabilities, unless otherwise provided that the merged company can control the timing of the reversion of the temporary differences; and the temporary differences are unlikely to be reversed in the foreseeable future. The deductible temporary differences related to this type of investment will be recognized as deferred income tax assets only if it is likely to have sufficient taxable income to realize the temporary differences, and within the scope expected to be reversed in the foreseeable future.

The book amount of deferred income tax assets is reviewed on each balance sheet date, and the book amount is reduced for those that are no longer likely to have sufficient taxable income to recover all or part of the assets. Those that have not been recognized as deferred income tax assets will also be reviewed on each balance sheet date, and the book amount is increased for those that are likely to generate taxable income in the future for the recovery of all or part of the assets.

Deferred income tax assets and liabilities are measured at the tax rate of the period when the liability is expected to be settled or the asset is expected to be realized. The said tax rate is based on the tax rate that has been legislated or substantively legislated on the balance sheet date and the tax law. The measurement of the deferred income tax liabilities and assets reflects the tax consequences arising from the manner in which the merged company expects to recover or settle the book amount of the assets and liabilities on the balance sheet date.

3. Current and deferred income tax

Current and deferred income taxes are recognized in profit or loss; however, current and deferred income taxes related to items recognized in other comprehensive profit or loss or directly included in equity are recognized in other comprehensive profit or loss or directly included in equity, respectively.

V. Material accounting judgment, estimation, and the main source of assumption uncertainties

When the merged company adopts accounting policies, for those that cannot easily obtain relevant information from other sources, the management must make relevant

judgments, estimations, and assumptions based on historical experience and other relevant factors. Actual results may differ from estimates.

The merged company takes into account the possible impact of the military conflict between Russia and Ukraine and related international sanctions, inflation, market interest rates, and financial market fluctuations on the economic environment while estimating cash flow, growth rate, discount rate, profitability, and other material accounting estimates. The management will continue to review the estimates and basic assumptions. If the revision of the estimate affects only the current period, it is recognized in the current period; if the revision of the accounting estimate affects both the current period and the future period, it is recognized in the current period and future period.

VI. Cash and cash equivalents

	12/31/2022	12/31/2021
Cash on hand and petty cash	$ 1,016	$ 679
Bank checking deposit and demand deposit	650,370	648,435
Cash equivalents		
Time deposit with original maturity date within 3 months	551,880	-
	$ 1,203,266	$ 649,114

The interest rate range of bank deposits on the balance sheet date is as follows:

	12/31/2022	12/31/2021
Bank checking deposit and demand deposits	0.001%~3.80%	0.001%~0.05%
Bank time deposits	4.46%~4.70%	-%

VII. Financial assets measured at fair value through profit or loss

	12/31/2022	12/31/2021
Financial assets – current		
Measured at fair value through profit or loss mandatorily		
Non-derivative financial assets		
－Domestic non-TWSE/TPEx listing stock	$ 131,641	$ 53,261
－Fund beneficiary certificate	99,249	170,984
	$ 230,890	$ 224,245

VIII. Financial assets measured at fair value through other comprehensive profit or loss

	12/31/2022	12/31/2021
Noncurrent		
Domestic investment		
Non-TWSE/TPEx stock		
Common stock shares of	$ 637,137	$ 209,077

J&V Energy Technology Co., Ltd.		
Common stock shares of Sino-Japan Chemical Co., Ltd.	196,302	199,925
Common stock shares of Global Cooperation Development Corp.	5,000	-
Subtotal	838,439	409,002
Foreign investment		
Non-TWSE/TPEx stock		
Common stock shares of Kenwell Industrial Pte Ltd.	144,363	111,684
Anonymous portfolio investment		
Daiwa Green Energy No. 7 GK	4,669	36,109
Subtotal	149,032	147,793
	$ 987,471	$ 556,795

The merged company has based on the mid-term and long-term strategic purpose to invest in the stocks of J&V Energy Technology Co., Ltd., Sino-Japan Chemical Co., Ltd., Global Cooperation Development Corp., Kenwell Industrial Pte Ltd., and Daiwa Green Energy No. 7 GK, and expect to make profits through long-term investment. The management of the merged company believes that if the short-term fluctuation in the fair value of the investment is included in the profit or loss, it is inconsistent with the aforementioned long-term investment plan; therefore, the management chooses to have such investments measured at fair value through other comprehensive profit or loss.

A refund of NT$29,736 thousand and NT$37,785 thousand was received from the capital reduction of the Daiwa Green Energy No. 7 GK in August 2022 and 2021, respectively, and related other equity – unrealized profit or loss in evaluation of financial assets measured at fair value through other comprehensive profit or loss was NT$14,410 thousand and NT$8,521 thousand, respectively, which was transferred to retained earnings.

The fair value of Non-TWSE/TPEx stocks of financial assets measured at fair value through other comprehensive profit or loss is based on the evaluation performed by independent appraisers at the end of December 2022 and 2021. Such evaluation is performed with the considerations of the business scale, product type, and similar industries of the appraised company; also, an appraisal profit of NT$455,412 thousand and NT$92,855 thousand were generated and adjusted to the unrealized profit or loss in

valuation of financial assets measured at fair value through other comprehensive profit or loss (booked in the "other equity" account).

IX. Financial assets measured at the amortized cost

	12/31/2022	12/31/2021
Current		
Domestic investment		
Time deposits with original maturity date for more than 3 months	$ 132,660	$ 25,000
Noncurrent		
Domestic investment		
Time deposits with original maturity date for more than 3 months	$ -	$ 40,000

As of December 31, 2022 and 2021, the interest rate range of time deposits with an original maturity of more than 3 months was 1.21%～3.60% and 0.82%～1.07% per annum, respectively.

X. Notes receivable, accounts receivable, and other receivable

	12/31/2022	12/31/2021
Notes receivable		
Measured at the amortized cost		
Total book amount – non-related party	$ 170,643	$ 172,355
Accounts receivable		
Measured at the amortized cost		
Total book amount – non-related party	$ 913,548	$ 990,673
Minus: Allowance for loss	(42)	(111)
	$ 913,506	$ 990,562
Other receivable		
Non-related party	$ 63,634	$ 48,774
Related party	3,252	713
	$ 66,886	$ 49,487

The merged company granted customers a credit period of 1-5 months. The impairment assessment of accounts receivable is based on individual assessment, aging analysis, historical experience, and customer's current financial situation analysis to estimate the unrecoverable amount.

The merged company before accepting a new customer will base on the customer's basic information and pay the customer a visit to collect data in order to determine the adequate credit line.

The merged company recognizes the allowance for loss of accounts receivable based on the expected credit loss during the duration. The expected credit loss during the duration is calculated in accordance with the provision matrix, which considers the customer's default record and current financial situation, and industrial economic situation. According to the historical credit loss of the merged company, there is no significant difference in the loss patterns of different customer groups; therefore, the provision matrix does not further distinguish customer groups, and the expected credit loss rate is formulated based on the days of overdue of the accounts receivable.

If there is evidence that the counterparty is facing serious financial difficulties and the merged company cannot reasonably expect the recoverable amount, the merged company will directly write-off the relevant receivable, but will continue the recourse activities with the recovered amount, if any, recognized in profit or loss.

The merged company measures the allowance for loss for notes receivable and accounts receivable according to the provision matrix as follows:

12/31/2022

	Not overdue	Overdue 1～30 days	Overdue 31～180 days	Overdue 181～364 days	Overdue more than 365 days	Total
Expected credit loss rate	0-0.02%	0-0.21%	0%	-%	-%	
Total book amount	$ 982,979	$ 101,004	$ 208	$ -	$ -	$ 1,084,191
Allowance for loss (expected credit loss during the duration)	(35)	(7)	-	-	-	(42)
Amortized cost	$ 982,944	$ 100,997	$ 208	$ -	$ -	$ 1,084,149

12/31/2021

	Not overdue	Overdue 1～30 days	Overdue 31～180 days	Overdue 181～364 days	Overdue more than 365 days	Total
Expected credit loss rate	-%	0-10%	0%	-%	-%	
Total book amount	$ 1,021,558	$ 129,484	$ 11,986	$ -	$ -	$ 1,163,028
Allowance for loss (expected credit loss during the duration)	-	(111)	-	-	-	(111)
Amortized cost	$ 1,021,558	$ 129,373	$ 11,986	$ -	$ -	$ 1,162,917

The changes in the allowance for loss of notes receivable accounts receivable are as follows:

	2022	2021
Balance - beginning	$ 111	$ 884
Minus: Impairment losses reversed for current year	(69)	(773)
Balance - ending	$ 42	$ 111

XI. Inventory - net

	12/31/2022	12/31/2021
Raw material	$ 1,590,688	$ 1,147,529
Substances	332,756	347,045
Work-in-process goods	116,460	121,337
Finished goods	1,838,524	1,543,769
Commodities	10,076	4,723
	$ 3,888,504	$ 3,164,403

The nature of the cost of goods sold related to inventory is as follows:

	2022	2021
Cost of inventory sold	$ 8,588,029	$ 7,066,890
Loss in valuation of inventory (Reversed profit)	14,938	(27,199)
	$ 8,602,967	$ 7,039,691

The reversal of the net realizable value of inventories was due to the increase in crude oil prices, which led to the increase in commodity prices.

XII. Subsidiaries

(I) Subsidiaries included in the consolidated financial report

The main business entities of the consolidated financial report are as follows:

Investing company	Name of subsidiary	Nature of business	Shareholder's equity ratio 12/31/2022	Shareholder's equity ratio 12/31/2021	Remarks
Formosan Union Chemical Corporation (FUCC)	Hershey Environmental Technology Co., Ltd. (HEC)	Planning and design of petrochemical engineering, mechanical equipment installation and trading, household liquefied petroleum gas distribution, petrochemical raw materials, and products processing and manufacturing business.	100.00%	100.00%	
FUCC	United Performance Materials Corporation (UPM)	Manufacturing, processing, and trading of petroleum resins and polyester resins.	80.25%	80.25%	
Hershey Environmental Technology Co., Ltd.			1.35%	1.35%	
Great Victory Chemical Industry Co., Ltd. (Great Victory)			0.49%	0.49%	
FUCC	Great Victory Chemical Industry Co., Ltd.	Manufacturing and import/export of pesticides, manufacturing and sales of household pesticides, and manufacturing and sales of various chemical paper bags	100.00%	100.00%	
FUCC	Fusugar Industry Corp. (Fusugar)	Sugar and seasonings manufacturing	88.35%	85.34%	3
Great Victory Chemical Industry Co., Ltd.			3.87%	4.88%	3
Performance Materials Corporation			1.23%	1.55%	3
FUCC	TANQUES DEL PACIFIO, S.A. (Tanques)	Operating warehousing business and liquid oil tanks leasing business	100.00%	100.00%	
Great Victory Chemical Industry Co., Ltd.	Yung Sheng Green Power Co., Ltd. (Yung Sheng)	The main business is battery manufacturing, power generation, power transmission, power distribution machinery manufacturing, energy technology service business, etc.	50.00%	50.00%	1
Great Victory Chemical Industry Co., Ltd.	Tecnica Cientifica De Guatemala S. A.（TCDG）	Mainly engaged in the sales of pesticides and fertilizers.	73.75%	73.75%	
Hershey Environmental Technology Co., Ltd.	Yongji Energy Co., Ltd. (Yongji)）	Thermal energy supply business, cleaning supplies wholesale business, electrical and mechanical installation, wholesale business, etc.	50.00%	50.00%	2
Hershey Environmental Technology Co., Ltd.	Yongyao Energy Co., Ltd. (Yongyao)	The main business is battery manufacturing, power generation, power transmission, power distribution machinery manufacturing, energy technology service business, etc.	100.00%	100.00%	

Remarks:

1. Great Victory Chemical Industry Co., Ltd. holds 50% shareholdings of Yung Sheng Green Power Co., Ltd. while the remaining 50% shareholdings are held by other shareholders. After considering the absolute number of voting rights held against other shareholders, it is concluded that Great Victory Chemical Industry Co., Ltd. dominates the business activities of Yung Sheng Green Power Co., Ltd.; therefore, the company has it classified as a subsidiary.
2. Hershey Environmental Technology Co., Ltd. holds 50% shareholdings of Yongji Energy Co., Ltd., and the remaining 50% of the shareholdings are held by other shareholders. After considering the absolute number of voting rights held against other shareholders, it is concluded that Hershey Environmental Technology Co., Ltd. dominates the business activities of Yongji Energy Co., Ltd.; therefore, the company has it classified as a subsidiary.
3. Fusugar Industry Corp. made a cash capital increase in November 2022 and May 2021, and the company had subscribed 30,000 thousand shares and 20,000 thousand shares for an amount of NT$300,000 thousand and NT$200,000 thousand, representing a shareholding ratio of 88.35% and 85.34%, respectively. In addition, Great Victory Chemical Industry Co., Ltd. and United Performance Materials Corporation did not subscribe the new shares issued by Fusugar Industry Corp. for the aforementioned cash capital increase proportionally to the shareholding ratio. Therefore, their shareholding ratio was decreased to 3.87% and 1.23% after the capital increase on December 31, 2022 and down to 4.88% and 1.55% after the capital increase on December 31, 2021.

(II) Subsidiaries not included in the consolidated financial report: None

(III) Information on subsidiaries with significant non-controlling interests

Name of subsidiary	Main business place	Ratio of equity and voting rights held by non-controlling interests	
		12/31/2022	12/31/2021
United Performance Materials Corporation	Taiwan Pingtung	17.91%	17.91%
Fusugar Industry Corp.	Taiwan Taichung	6.77%	8.51%

Name of subsidiary	Profit or loss distributed to non-controlling interest		Non-controlling interests	
	2022	2021	12/31/2022	12/31/2021
United Performance Materials Corporation	$ 2,798	$ 9,374	$ 203,348	$ 204,757
Fusugar Industry Corp.	(6,610)	(38,325)	60,368	58,056
Total	($ 3,812)	($ 28,951)	$ 263,716	$ 262,813

The financial information summary of the following subsidiaries is compiled according to the amount before writing off the inter-company transactions:

United Performance Materials Corporation

	12/31/2022	12/31/2021
Current assets	$ 1,139,303	$ 963,727
Noncurrent assets	733,489	760,765
Current liabilities	(746,380)	(589,822)
Noncurrent liabilities	(2,966)	(3,355)
Equity	$ 1,123,446	$ 1,131,315
Equity attributable to:		
The company's shareholders	$ 920,098	$ 926,558
Non-controlling interest	203,348	204,757
	$ 1,123,446	$ 1,131,315

	2022	2021
Operating income	$ 1,694,384	$ 1,939,702
Net income	$ 15,619	$ 52,334
Total comprehensive profit or loss	$ 17,446	$ 53,112
Net income attributable to:		
The company's shareholders	$ 12,821	$ 42,960
Non-controlling interest	2,798	9,374
	$ 15,619	$ 52,334
Total comprehensive profit or loss attributable to:		
The company's shareholders	$ 14,321	$ 43,599
Non-controlling interest	3,125	9,513
	$ 17,446	$ 53,112
Cash flow		
Operating activities	$ 50,932	($ 35,009)
Investing activities	(12,735)	(26,594)
Financing activities	161,094	(43,044)
Net cash inflow (outflow)	$ 199,291	($ 104,647)
Dividend paid to non-controlling interest	$ 4,835	$ 3,223

Fusugar Industry Corp.

	12/31/2022	12/31/2021
Current assets	$ 63,287	$ 48,593
Noncurrent assets	1,456,148	1,366,979
Current liabilities	(211,633)	(454,015)
Noncurrent liabilities	(385,356)	(256,723)
Equity	$ 922,446	$ 704,834
Equity attributable to:		
The company's shareholders	$ 862,078	$ 646,778
Non-controlling interest	60,368	58,056
	$ 922,446	$ 704,834

	2022	2021
Operating income	$ -	$ 50,463
Net loss	($ 82,388)	($ 454,908)
Total comprehensive profit or loss	($ 82,388)	($ 454,908)
Net loss attributable to:		
The company's shareholders	($ 75,778)	($ 416,583)
Non-controlling interest	(6,610)	(38,325)
	($ 82,388)	($ 454,908)
Total comprehensive profit or loss attributable to:		
The company's shareholders	($ 75,778)	($ 416,583)
Non-controlling interest	(6,610)	(38,325)
	($ 82,388)	($ 454,908)
Cash flow		
Operating activities	($ 35,896)	($ 12,468)
Investing activities	22,976	(22,616)
Financing activities	48,448	24,913
Net cash inflow (outflow)	$ 35,528	($ 10,171)
Dividend paid to non-controlling interest	$ -	$ -

XIII. Investment under the equity method

	12/31/2022	12/31/2021
Investment in associates	$ 108,642	$ 91,363
Investment in joint venture	681,877	704,489
	$ 790,519	$ 795,852

(I) Investment in associates

	12/31/2022	12/31/2021

Individual insignificant associate	$ 108,642	$ 91,363

Information summary of individual insignificant associate

	2022	2021
Profit ratio attributable to the merged company		
Net income and total comprehensive profit or loss	$ 7,983	$ 9,715

(II) Investment in joint venture

	12/31/2022	12/31/2021
Individual insignificant joint ventures	$ 681,877	$ 704,489

Information summary of individual insignificant joint venture

	2022	2021
Profit ratio attributable to the merged company		
Net income and total comprehensive profit or loss	$ 29,244	$ 48,732

Please refer to Table VI "Invested Company Information, Place... and other Related Information" and Table VII "Information on Investment in Mainland China" for the information on the business nature, main business place, and registration country of the aforementioned associates and joint ventures.

XIV. Property, plant and equipment

	12/31/2022	12/31/2021
Proprietary use	$ 3,765,307	$ 3,897,733

	Proprietary land	House and building	Machinery equipment	Transportation equipment	Other equipment	Construction in progress & equipment to be tested	Total
Cost							
Balance – 1/1/2021	$ 917,196	$ 1,204,240	$ 6,464,239	$ 80,240	$ 459,402	$ 11,417	$ 9,136,734
Addition	-	4,038	46,479	2,120	5,240	6,565	64,442
Disposition	-	-	(32,423)	(1,727)	(467)	-	(34,617)
Reclassification	(18,857)	(14,825)	45,842	765	1,948	(15,777)	(904)
Net exchange difference	-	-	(417)	(9)	-	-	(426)
Balance – 12/31/2021	$ 898,339	$ 1,193,453	$ 6,523,720	$ 81,389	$ 466,123	$ 2,205	$ 9,165,229

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	Proprietary land	House and building	Machinery equipment	Transportation equipment	Other equipment	Construction in progress & equipment to be tested	Total
Accumulated depreciation and impairment							
Balance – 1/1/2021	$ -	$ 266,077	$ 4,095,359	$ 64,973	$ 290,712	$ -	$ 4,717,121
Depreciation expense	-	27,652	185,599	3,024	21,995	-	238,270
Impairment loss	-	103,553	243,578	-	3	-	347,134
Disposition	-	-	(32,190)	(1,719)	(450)	-	(34,359)
Reclassification	-	(321)	-	-	-	-	(321)
Net exchange difference	-	-	(343)	(6)	-	-	(349)
Balance – 12/31/2021	$ -	$ 396,961	$ 4,492,003	$ 66,272	$ 312,260	$ -	$ 5,267,496
Balance – 12/31/2021	$ 898,339	$ 796,492	$ 2,031,717	$ 15,117	$ 153,863	$ 2,205	$ 3,897,733
Cost							
Balance – 1/1/2022	$ 898,339	$ 1,193,453	$ 6,523,720	$ 81,389	$ 466,123	$ 2,205	$ 9,165,229
Addition	-	810	32,283	208	17,734	11,204	62,239
Disposition	-	-	(19,589)	(5,786)	(2,721)	-	(28,096)
Reclassification	-	-	23,885	925	4,654	(2,780)	26,684
Net exchange difference	-	-	2,122	45	-	-	2,167
Balance – 12/31/2022	$ 898,339	$ 1,194,263	$ 6,562,421	$ 76,781	$ 485,790	$ 10,629	$ 9,228,223
Accumulated depreciation and impairment							
Balance – 1/1/2022	$ -	$ 396,961	$ 4,492,003	$ 66,272	$ 312,260	$ -	$ 5,267,496
Depreciation expense	-	25,104	169,271	2,802	21,917	-	219,094
Disposition	-	-	(18,182)	(5,273)	(2,249)	-	(25,704)
Reclassification	-	-	-	-	250	-	250
Net exchange difference	-	-	1,746	34	-	-	1,780
Balance – 12/31/2022	$ -	$ 422,065	$ 4,644,838	$ 63,835	$ 332,178	$ -	$ 5,462,916
Balance – 12/31/2022	$ 898,339	$ 772,198	$ 1,917,583	$ 12,946	$ 153,612	$ 10,629	$ 3,765,307

The product sales of Fusugar Industry Corp., a subsidiary, was poor in 2021. It is expected that the future cash inflow from the property, plant and equipment used for the production of this product will decrease, resulting in the recoverable amount of NT$1,094,159 thousand lower than the book value. Therefore, an impairment loss of NT$347,134 thousand was recognized and included in “other gains and losses” account in the consolidated income statement.

The merged company has the recoverable amount of property and equipment determined based on the fair value net of the disposal cost, and the relevant fair value is determined by the cost method. The main assumptions of property include estimated replacement cost (construction price plus expenses and profit margin) and physical reduction, which is a Level 3 fair value measurement. The main assumptions of equipment include estimated replacement (manufacturing) cost, physical reduction, and economic reduction, which is a Level 3 fair value measurement.

Great Victory Chemical Industry Co., Ltd., a subsidiary, purchased agricultural land Lot No. 4705 in Da-Pu-Wei, Chitong Township in 1998 for an amount of NT$5,611 thousand. A loss of NT$3,459 thousand was recognized after the asset impairment test performed in 2005 with a net book amount of NT$2,152 thousand recorded. The law prohibits a legal person from owning agricultural land; therefore, it was temporarily registered under the name of Ms. Trayling Zhang. The merged company (hereinafter referred to as “Party A”) and Ms. Trayling Zhang (hereinafter

referred to as “Party B”) have signed a right-of-use land contract and a trust affidavit so that Party B has this lot of land provided to Party A for use free of charge.

Great Victory Chemical Industry Co., Ltd., a subsidiary, purchased agricultural land Lot No. 4704 in Da-Pu-Wei, Chitong Township in 2012 for an amount of NT$4,223 thousand. The law prohibits a legal person from owning agricultural land; therefore, it was temporarily registered under the name of Mr. Chuncheng Lin. The merged company (hereinafter referred to as “Party A”) and Mr. Chuncheng Lin (hereinafter referred to as “Party B”) have signed a right-of-use land contract and a trust affidavit so that Party B has this lot of land provided to Party A for use free of charge.

Depreciation expenses are accrued on a straight-line basis according to the following years of useful life:

House and building	
Factory main building	2 ~ 60 years
Pipeline equipment	3~50 years
Partition and fences/walls	2~ 50 years
Machinery equipment	2~ 50 years
Transportation equipment	2~ 30 years
Other equipment	2~30 years

The merged company has the service life of property, plant and equipment changed since January 1, 2021. The economic essence of the assets can be better reflected and the cost can be amortized reasonably in accordance with the changed service life in order to provide reliable and more relevant information. The estimated useful life of property, plant and equipment is extended by 2 years to 27 years. This change in estimate caused the depreciation expense reduced by NT$29,613 thousand in 2021.

Please refer to Note XXXIV for the property, plant and equipment that are pledged as collateral for loans.

XV. Lease agreement

(I) Right-of-use assets

	12/31/2022	12/31/2021
Book amount of right-of-use assets		
Land	$ 480,484	$ 255,494
Buildings	7,842	9,650
Machinery equipment	6,747	29,054
Transportation equipment	3,950	6,578
	$ 499,023	$ 300,776

	2022	2021
Addition of right-of-use assets	$ 245,785	$ 43,706

	2022	2021
Depreciation expense of right-of-use assets		
Land	$ 11,623	$ 6,300
Buildings	1,808	2,979
Machinery equipment	14,693	24,943
Transportation equipment	3,269	4,696
	$ 31,393	$ 38,918

(II) Lease liabilities

	12/31/2022	12/31/2021
Book amount of lease liabilities		
Current	$ 23,313	$ 38,354
Noncurrent	$ 486,852	$ 267,848

The discount rate ranges for lease liabilities are as follows:

	12/31/2022	12/31/2021
Land	0.85%~2.48%	0.90%~1.62%
Buildings	0.67%~2.29%	0.67%~2.29%
Machinery equipment	0.67%~1.10%	0.67%~0.92%
Transportation equipment	0.67%~2.29%	0.67%~2.29%

(III) Other lease information

	2022	2021
Short-term lease expense	$ 3,766	$ 2,875
Low value assets lease expense	$ 333	$ 346
Variable lease expense excluding from the measurement of lease liability	$ 12,712	$ 4,195
Total lease cash (outflow)	($ 62,133)	($ 81,664)

The merged company chose to apply the recognition exemption for assets that qualify for short-term leases and those that qualify for low-value asset leases, and did not recognize related right-of-use assets and lease liabilities for such leases.

XVI. Investment property

	Land	Building	Total
Cost			
Balance – 1/1/2021	$ 8,072	$ 10,424	$ 18,496
Disposition	(907)	(4,894)	(5,801)
Reclassification	18,857	14,825	33,682
Balance – 12/31/2021	$ 26,022	$ 20,355	$ 46,377
Accumulated depreciation and impairment			
Balance – 1/1/2021	$ -	$ 5,469	$ 5,469
Depreciation expense	-	547	547
Disposition	-	(4,270)	(4,270)
Reclassification	-	321	321

Balance – 12/31/2021	$ -	$ 2,067	$ 2,067
Net amount – 12/31/2021	$ 26,022	$ 18,288	$ 44,310
Cost			
Balance – 1/1/2022	$ 26,022	$ 20,355	$ 46,377
Disposition	(20,704)	(15,458)	(36,162)
Balance – 12/31/2022	$ 5,318	$ 4,897	$ 10,215
Accumulated depreciation and impairment			
Balance – 1/1/2022	$ -	$ 2,067	$ 2,067
Depreciation expense	-	302	302
Disposition	-	(1,374)	(1,374)
Balance – 12/31/2022	$ -	$ 995	$ 995
Net amount – 12/31/2022	$ 5,318	$ 3,902	$ 9,220

Investment property is depreciated on a straight-line basis according to the following years of useful life:

Buildings	
Factory main building	32 ~ 50 years
Elevator equipment	15 years

The total rent income to be received in the future for the operating lease of investment property is as follows:

	12/31/2022	12/31/2021
The 1st year	$ 464	$ 467
The 2nd year	-	297
	$ 464	$ 764

The fair value of the investment property of the merged company is determined by referring to the market price in nearby areas. The fair values are as follows:

	12/31/2022	12/31/2021
Proprietary land and buildings	$ 19,568	$ 60,716

All investment property of the merged company is a proprietary equity.

Please refer to Note XXXIV for the investment property that is pledged as collateral for loans.

XVII. Goodwill

	2022	2021
Cost		
Balance – Beginning and ending	$ 94,799	$ 94,799
Accumulated impairment loss		
Balance – beginning	$ 2,902	$ -
Impairment loss recognized in this year	-	2,902
Balance – ending	$ 2,902	$ 2,902
Net amount - ending	$ 91,897	$ 91,897

(I) Goodwill is amortized to the identified cash-generating units by the operating departments of the merged company:

	12/31/2022	12/31/2021
Petroleum Resin Department	$ 91,897	$ 91,897

(II) Goodwill is amortized to the identified cash-generating units of the merged company. The recoverable amount is evaluated according to the value in use, and the value in use is estimated according to the pre-tax cash flow of the financial forecast for the next five years approved by the management. Since the recoverable amount of the value in use of the Petroleum Resin Department of the merged company exceeds the book value, there is no impairment of goodwill. The recoverable amount of other departments is estimated to be less than the book amount; therefore, a goodwill loss of NT$2,902 thousand was recognized in 2021.

XVIII. Intangible assets

	Computer software	Others	Total
Cost			
Balance – 1/1/2021	$ 4,325	$ 3,267	$ 7,592
Acquired separately	1,797	-	1,797
Disposition	(646)	-	(646)
Balance – 12/31/2021	$ 5,476	$ 3,267	$ 8,743
Accumulated amortization			
Balance – 1/1/2021	$ 3,562	$ 1,592	$ 5,154
Amortization expense	853	653	1,506
Disposition	(646)	-	(646)
Balance – 12/31/2021	$ 3,769	$ 2,245	$ 6,014
Net amount – 12/31/2021	$ 1,707	$ 1,022	$ 2,729
Cost			
Balance – 1/1/2022	$ 5,476	$ 3,267	$ 8,743
Acquired separately	699	-	699
Disposition	(312)	-	(312)
Balance – 12/31/2022	$ 5,863	$ 3,267	$ 9,130
Accumulated amortization			
Balance – 1/1/2022	$ 3,769	$ 2,245	$ 6,014
Amortization expense	896	653	1,549
Disposition	(312)	-	(312)
Balance – 12/31/2022	$ 4,353	$ 2,898	$ 7,251
Net amount – 12/31/2022	$ 1,510	$ 369	$ 1,879

Expense is amortized on a straight-line basis for a service life of 2-5 years.

XIX. Other assets

	12/31/2022	12/31/2021
Current		
Prepayment		
Prepaid purchase	$ 91,242	$ 199,196
Others	48,269	44,768
	$ 139,511	$ 243,964

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	12/31/2022	12/31/2021
Noncurrent		
Prepaid equipment	$ 84,443	$ 65,171
Refundable deposits	$ 9,698	$ 6,548
Pledged time deposits (Note XXXIV)	$ 41,000	$ 43,302
Others	121	117
	$ 41,121	$ 43,419

XX. Loans

(I) Short-term loans

	12/31/2022	12/31/2021
Guaranteed loans		
Bank loan (1)	$ 90,000	$ -
Unguaranteed loans		
Bank loan (1)	2,051,000	1,627,085
Related party loans (2)	-	360
	$ 2,141,000	$ 1,627,445

The aforementioned guaranteed loans are guaranteed by the collateral of the merged company's buildings and machinery equipment (see Note XXXIV).

1. The interest rates of bank revolving loans were 1.11%~2.85% and 0.51%~2.35% on December 31, 2022 and 2021, respectively.
2. The interest expense on loans from other related parties is calculated by multiplying the outstanding loan amount by the annual interest rate of 2.37%.

(II) Long-term loans

	12/31/2022	12/31/2021
Guaranteed loans		
Bank loans	$ 313	$ 209,480
Unguaranteed loans		
Bank loans	3,937	6,205
	4,250	215,685
Minus: Long-term loan amount due in 1 year	(4,146)	(212,404)
	$ 104	$ 3,281
Effective annual interest rate	2.17%-3.23%	1.37%-2.66%

The aforementioned guaranteed loans are guaranteed by the collateral of the merged company's machinery equipment (see Note XXXIV).

The long-term loan amount on December 31, 2022 and 2021 was settled with a monthly payment and quarterly payment arranged for a period from November 2023 to January 2024 and from July 2022 to November 2023, respectively.

XXI. Notes payable and accounts payable

	12/31/2022	12/31/2021
Notes payable		
Derived from operating activities	$ 9,856	$ 12,647
Accounts payable		
Non-related party	$ 779,937	$ 460,987
Related party	-	12,308
	$ 779,937	$ 473,295

XXII. Other liabilities

	12/31/2022	12/31/2021
Current		
Other payable		
Salary payable	$ 352,372	$ 367,560
Director and supervisor remuneration payable	35,782	34,095
Employee remuneration payable	35,422	38,848
Interest payable	1,433	790
Labor service expense payable	5,963	5,266
Other expenses payable	176,663	165,151
Equipment payable	23,721	17,290
Others	23,162	20,192
	$ 654,518	$ 649,192
Other payable – related party	$ 1,582	$ 155
Other liabilities		
Contract liability	$ 18,574	$ 50,893
Refund liability	5,510	4,138
Temporary credit	5	-
Others	2,655	2,448
	$ 26,744	$ 57,479

XXIII. Liability reserve

	12/31/2022	12/31/2021
Employee benefits	$ 26,260	$ 27,701

The employee benefits are estimated according to the historical experience, the management's judgment, and other known reasons. The rights vested to the employees are recognized in profit or loss and will be offset when the employees actually take vacations in the next period.

XXIV. Retirement pension plan

(I) Defined contribution plan

The company and the domestic subsidiaries have established defined retirement plan in accordance with the "Labor Pension Act" that is applicable to the employees with a nationality of Taiwan, R.O.C. For the labor pension system adopted by the employees of the company and the domestic subsidiaries in accordance with the "Labor Pension Act," it is the defined contribution plan managed by the government. An amount equivalent to 6% of the monthly salary is appropriated and deposited into the personal account with the Bureau of Labor Insurance.

(II) Defined benefit plan

The merged company's pension system subject to the "Labor Standards Act" of Taiwan R.O.C. is a defined benefit plan governed by the government. The pension payment to employees is calculated according to the seniority and the 6-month average salary prior to the retirement date. The merged company appropriates an amount equivalent to 2%~15% of the monthly salary as pension fund and has it deposited into the accounts with Bank of Taiwan and Hua Nan Bank in the name of the "Supervisory Committee of Business Entities' Labor Retirement Reserve." Before the end of the fiscal year, if the account balance is insufficient to pay the workers who are expected to meet the retirement conditions in the next year, the difference will be paid in a lump sum before the end of March of the next year. This account is managed by the "Bureau of Labor Funds, Ministry of Labor," and the merged company has no right to affect the investment management strategy.

The amount of the defined benefit plan included in the consolidated balance sheet is as follows:

	12/31/2022	12/31/2021
Present value of the defined benefit obligation	$ 82,574	$ 87,808
Fair value of the planned assets	(68,143)	(59,524)
Net defined benefit liability	$ 14,431	$ 28,284

Defined benefit assets	($ 7,633)	$ -
Defined benefit liabilities	22,064	28,284
Net defined benefit liabilities	$ 14,431	$ 28,284

The changes in net defined benefit liabilities are as follows:

	Present value of the defined benefit obligation	Fair value of the planned assets	Net defined benefit liability
Balance – 1/1/2021	$ 216,877	($ 143,532)	$ 73,345
Service cost			
Current service cost	1,873	-	1,873
Interest expense (income)	605	(389)	216
Recognized in profit or loss	2,478	(389)	2,089
Re-measurement amount			
Return on planned assets (except for the amount included in net interest)	-	(1,722)	(1,722)
Actuarial profit or loss – changes in demography statistical assumption	449	(254)	195
Actuarial profit or loss – changes in financial assumption	(6,094)	-	(6,094)
Actuarial profit or loss – adjustment by experience	691	-	691
Booked in other comprehensive profit or loss	(4,954)	(1,976)	(6,930)
Appropriation of employer	-	(4,828)	(4,828)
Benefit paid	(18,952)	18,952	-
Liquidation	(107,641)	72,249	(35,392)
Balance – 12/31/2021	87,808	(59,524)	28,284
Service cost			
Current service cost	1,181	-	1,181
Interest expense (income)	570	(376)	194
Recognized in profit or loss	1,751	(376)	1,375
Re-measurement amount			
Return on planned assets (except for the amount included in net interest)	-	(5,757)	(5,757)
Actuarial profit or loss – changes in demography statistical assumption	-	(1,493)	(1,493)
Actuarial profit or loss – changes in financial assumption	(3,565)	-	(3,565)
Actuarial profit or loss – adjustment by experience	56	-	56
Booked in other comprehensive profit or loss	(3,509)	(7,250)	(10,759)

Appropriation of employer	-	(4,009)	(4,009)
Liquidation	(3,476)	3,016	(460)
Balance – 12/31/2022	$ 82,574	($ 68,143)	$ 14,431

The merged company is exposed to the following risks due to the pension system of the "Labor Standards Act:"

1. Investment risk: The "Bureau of Labor Funds, Ministry of Labor" invests in domestic (foreign) equity securities, debt securities, and bank deposits through its own operation and entrusted management services. However, the distributable amount of the merged company's planned assets is an amount not less than the income generated from a 2-year time deposit interest rate of the local bank.
2. Interest rate risk: The decline in the interest rate of government bonds will cause the present value of the defined benefit obligations to go up; however, the debt investment returns of the planned assets will also go up, and the impact of the two on the net defined benefit liabilities will partially offset each other.
3. Salary risk: The calculation of the present value of the defined benefit obligation is by referring to the future salary of the members of the plan. Therefore, the increase in the salary of the members of the plan will cause the present value of the defined benefit obligation to go up.

The present value of the defined benefit obligation of the merged company is actuarially calculated by a qualified actuary. The material assumptions made on the measurement date are as follows:

	12/31/2022	12/31/2021
Discount rate	1.15%~1.25%	0.48%~0.70%
Future salary increase rate	2.70%~3.00%	2.70%~3.00%

If the material actuarial assumptions experience reasonably possible changes, with all other assumptions remain unchanged, the amount of increase (decrease) in the defined benefit obligation is as follows:

	12/31/2022	12/31/2021
Discount rate		
Increased by 0.25%	($ 1,448)	($ 1,736)
Decreased by 0.25%	$ 1,493	$ 1,792
Future salary increase rate		
Increased by 0.25%	$ 1,464	$ 1,748
Decreased 0.25%	($ 1,427)	($ 1,702)

Since actuarial assumptions may be correlated, it is unlikely that there is only one single assumption changed, so the aforementioned sensitivity analysis could be unable to reflect the actual changes in the present value of the defined benefit obligations.

	12/31/2022	12/31/2021
Amount expected to be appropriated within 1 year	$ 2,350	$ 1,367
Average due date of defined benefit obligation	3~8 years	3~9 years

XXV. Equity

(I) Common stock capital

	12/31/2022	12/31/2021
Authorized stock shares (thousand shares)	900,000	900,000
Authorized capital stock	$ 9,000,000	$ 9,000,000
Stock shared issued and paid in full (thousand shares)	477,016	477,016
Outstanding capital stock	$ 4,770,163	$ 4,770,163

(II) Additional paid-in capital

	12/31/2022	12/31/2021
Applicable for making up for losses, distributing cash, or capitalization (1)		
Stock premium	$ 50,085	$ 145,488
Treasury stock trading	8,625	8,625
Difference between consideration and book amount of subsidiary's stock shares acquired or disposed	12,076	12,076
Donated assets	124	124
Applicable only for making up for losses		
Recognition of changes in the equity of the subsidiary owned by the company (2)	6,180	15,402
	$ 77,090	$ 181,715

1. Such additional paid-in capital can be applied to make up for losses, and can also be applied to distribute cash or be capitalized when the company has no losses. However, only a certain percentage of the paid-in capital can be applied for capitalization every year.

2. Such additional paid-in capital is the amount of equity transaction effect recognized by the company due to the changes in the subsidiary's equity when the company has not actually acquired or disposed of the equity of a subsidiary, or it is the adjustment to the additional paid-in capital of the subsidiary under the equity method.

(III) Retained earnings and dividend policy

According to the earnings distribution policy of the company's Articles of Incorporation, the yearend earnings, if any, shall be applied to pay tax and make up for losses lawfully, and then appropriated 10% legal reserve, and appropriated or reversed special reserve in accordance with the law. The board of directors shall draft up an earnings distribution proposal based on the balance amount, if any, and the accumulated undistributed earnings and present it to the shareholders meeting for a resolution to distribute shareholder dividends and bonuses. Please refer to Note XXVII (VII) for the remuneration distribution policy for employees and directors stipulated in the company's Articles of Incorporation.

In addition, according to the company's Articles of Incorporation, the company may distribute 40% to 60% stock dividends in accordance with the overall capital budget plan in order to retain the needed funds, and the balance will be distributed in the form of cash dividends. If there is no major capital budget plan for the year or a working capital replenishment plan, all dividends can be distributed in the form of cash. In other words, if a large amount of capital is required for the expansion and construction of the factory during the year, all dividends can be distributed in the form of stock shares.

The legal reserve shall be appropriated continuously until the balance is equal to the total paid-in capital of the company. The legal reserve can be used to make up for losses. When the company has no loss, the part of the legal reserve exceeding 25% of the total paid-up capital can be capitalized or applied for the distribution of cash.

For the adoption of the IFRSs for the first time, due to the selection of being subject to the exemption stated in IFRS 1 "First-time Adoption of International Financial Reporting Standards," a special reserve is appropriated for the unrealized revaluation gains and accumulated conversion adjustments (benefits) under the shareholder's equity account that were transferred to retained earnings for the same amount. When the relevant assets are subsequently used, disposed of, or reclassified, the originally appropriated special reserve amount can be reversed for earnings distribution. When distributing distributable earnings, additional special reserve

should be appropriated from the current profit or loss and unappropriated earnings of previous period for an amount equivalent to the difference between the net amount debited to "other equity" in the current period and the aforementioned special reserve amount. Additional special reserve should be appropriated from the unappropriated earnings of prior period for the net amount debited to "other equity" that is accumulated in the previous period; also, the appropriated amount cannot be distributed. If the net debit amount to the "other equity" is reversed subsequently, the special reserve can be reserved for the same amount for earnings distribution.

The company held the regular shareholder meetings on June 17, 2022 and July 22, 2021 to have the 2021 and 2020 earnings distribution proposals resolved as follows:

	2021	2020
Legal reserve	$ 94,447	$ 54,945
Cash dividend	$ 715,524	$ 572,420
Cash dividend per share (NT$)	$ 1.50	$ 1.20

In addition, the company's shareholders meeting resolved to distribute cash dividends in 2021 for an amount of NT$95,403 thousand from the additional paid-in capital.

The board of directors had the 2022 earnings distribution proposed on March 14, 2023 as follows:

	2022
Legal reserve	$107,851
Cash dividend	$858,629
Cash dividend per share (NT$)	$ 1.80

The 2022 earnings distribution proposal is yet to be resolved in the regular shareholders meeting scheduled on June 16, 2023.

(IV) Other equities

1. Exchange difference from the conversion of financial statements of the foreign operating institutions

	2022	2021
Balance – beginning	($ 42,623)	($ 37,805)
Incurred in the current year		
Exchange difference from the conversion of foreign operating institutions	21,941	(6,023)
Income tax effect	(4,388)	1,205
Other comprehensive profit or loss of the year	17,553	(4,818)

Balance - ending	($ 25,070)	($ 42,623)

2. Unrealized profit or loss in valuation of financial assets measured at fair value through other comprehensive profit or loss

	2022	2021
Balance – beginning	$ 258,445	$ 181,126
Incurred in the current year		
Unrealized profit or loss		
Equity instrument	455,412	92,855
Income tax effect	(94,689)	(24,057)
Other comprehensive profit or loss of the year	360,723	68,798
Accumulated profit or loss from the disposal of equity instrument transferred to retained earnings	14,410	8,521
Balance - ending	$ 633,578	$ 258,445

(V) Non-controlling interests

	2022	2021
Balance – beginning	$ 275,419	$ 306,501
Net loss	(3,316)	(28,530)
Other comprehensive profit or loss of the year		
Exchange difference from the conversion of financial statements of foreign operating institutions	63	(18)
Remeasurement amount of defined benefit plan	327	140
changes in the equity of the subsidiary owned by the company	9,222	898
Cash dividend distributed to non-controlling interests by subsidiary	(5,223)	(3,572)
Balance – ending	$ 276,492	$ 275,419

XXVI. Income

	2022	2021
Income from customer contract		
Commodity sales income	$ 10,546,735	$ 9,173,115
Labor service income	5,882	6,998
Power income	18,609	19,041
	$ 10,571,226	$ 9,199,154

(I) Contract balance

	12/31/2022	12/31/2021	1/1/2021
Notes receivable (Note X)	$ 170,643	$ 172,355	$ 189,115
Total accounts receivable (Note X)	$ 913,548	$ 990,673	$ 889,757
Accounts receivable – related party	$ -	$ -	$ 74,368
Contract liability (Note XXII)			
Commodity sales	$ 18,574	$ 50,893	$ 16,622

(II) Classification of income from customer contracts

Please refer to Note XXXX for the classification of income in details.

XXVII. Net income

(I) Interest income

	2022	2021
Bank deposits	$ 15,103	$ 1,199
Others	46	58
	$ 15,149	$ 1,257

(II) Other income

	2022	2021
Rent income		
Operating lease	$ 5,343	$ 1,802
Dividend income		
Financial assets measured at fair value through profit or loss	377	-
Equity instrument investment measured at fair value through other comprehensive profit or loss	24,857	22,054
Subsidy income	700	2,883
Others	26,958	25,875
	$ 58,235	$ 52,614

(III) Other profit and loss

	2022	2021
Financial assets profit or loss		

	2022	2021
Financial assets measured at fair value through profit or loss mandatorily	$ 106,127	$ 19,381
Profit (loss) from the disposal of property, plant, and equipment	(1,131)	260
Profit or loss from the disposal of investment property	7,556	54,923
Net exchange profit (loss)	136,324	(10,936)
Impairment loss of non-financial assts (Note)	-	(350,036)
Others	(13,138)	(12,465)
	$ 235,738	($ 298,873)

Note: Impairment losses on non-financial assets include property, plant and equipment impairment losses of NT$347,134 thousand and goodwill impairment losses of NT$2,902 thousand. Please refer to Notes XIV and XVII for details.

(IV) Financial cost

	2022	2021
Interest expense		
Loans	$ 26,863	$ 17,297
Lease liability	6,339	4,765
Others	4	-
	$ 33,206	$ 22,062

Information on interest capitalization is as follows:

	2022	2021
Interest capitalization amount	$ -	$ 1
Interest capitalization ratio	-%	0.12%

(V) Depreciation and amortization

	2022	2021
Depreciation expense summarized by functions		
Operating cost	$ 218,393	$ 242,916
Operating expense	32,396	34,819
	$ 250,789	$ 277,735
Amortization expense summarized by functions		
Operating cost	$ 1,284	$ 1,245
Operating expense	265	261
	$ 1,549	$ 1,506

(VI) Employee benefit expense

	2022	2021
Retirement benefits		
Defined contribution plan	$ 20,107	$ 20,534

Defined benefit plan (Note XXIV)	1,375	(11,497)
Other employee welfares	895,156	930,679
Total	$ 916,638	$ 939,716
Summarized by functions		
Operation cost	$ 602,479	$ 632,196
Operation expense	314,159	307,520
	$ 916,638	$ 939,716

(VII) Remuneration to employees and directors

The company has remuneration to employees and directors appropriated for an amount equivalent to 2.5% and not higher than 2.5% of the net income before tax and before deducting the remuneration to employees and directors, respectively, in accordance with the Article of Incorporation. The remuneration to employees and directors for the year of 2022 and 2021 were resolved by the board of directors on March 14, 2023 and March 18, 2022, respectively, as follows:

Estimation ratio

	2022	2021
Remuneration to employees	2.50%	2.50%
Remuneration to directors	2.50%	2.50%

Amount

	2022	2021
	Cash	Cash
Remuneration to employees	$ 34,864	$ 26,953
Remuneration to directors	34,864	26,953

The changes in the amount of the consolidated financial report after the publication date shall be processed according to the change in accounting estimates and adjusted and recorded in the next year.

There is no difference between the actual remuneration amount to employee and directors in 2021 and 2020 and the amount recognized in the 2021 and 2020 consolidated financial reports.

Please refer to the Market Observation Post System of Taiwan Stock Exchange for information on the remuneration to employees and directors resolved by the company's board of directors.

(VIII) Foreign exchange profit or loss

	2022	2021
Total foreign exchange profit	$ 251,905	$ 69,969
Total foreign exchange loss	(115,581)	(80,905)
Net profit (loss)	$ 136,324	($ 10,936)

XXVIII. Income tax

(I) Income tax recognized in profit or loss

The main components of income tax expenses are as follows:

	2022	2021
Current income tax		
Incurred in the current year	$ 275,173	$ 141,217
Additionally levied on unappropriated earnings	8,496	1,663
Adjustment of prior periods	7,442	2,172
Investment credit	(3,645)	(3,586)
	287,466	141,466
Deferred income tax		
Incurrent in the current year	(26,883)	(50,629)
Adjustment of prior periods	-	185
	(26,883)	(50,444)
Income tax expense recognized in profit or loss	$ 260,583	$ 91,022

The adjustment of accounting income and income tax expenses is as follows:

	2022	2021
Net income before tax	$ 1,341,906	$ 1,010,079
Income tax expense calculated according to statutory tax rate for net income before tax	$ 263,475	$ 143,485
Tax-free income	(27,120)	(18,554)
Amount under the equity method	(6,789)	(130,430)
Expense and loss not tax deductible	18	74,535
Additionally levied on unappropriated earnings	8,496	1,663
Investment credit	(3,645)	(3,586)
Loss credit available	16,478	26,254
Current income tax expense of previous periods adjusted in current year	7,442	2,357
Unrecognized deductible temporary difference	2,228	(4,702)
Income tax expense recognized in profit or loss	$ 260,583	$ 91,022

(II) Income tax recognized in other comprehensive profit or loss

	2022	2021

Deferred income tax		
Incurred in the current year		
－Conversion of foreign operating institution	$ 4,388	($ 1,205)
－Unrealized profit or loss of financial assets measured at fair value through other comprehensive profit or loss	94,689	24,057
－Re-measurement amount of defined benefit plan	2,152	1,387
Income tax recognized in other comprehensive profit or loss	$ 101,229	$ 24,239

(III) Current income tax assets and liabilities

	12/31/2022	12/31/2021
Current income tax asset		
Tax refund receivable	$ 4,176	$ 9,948
Current income tax liabilities		
Income tax payable	$ 211,995	$ 52,209

(IV) Deferred income tax assets and liabilities

The changes in deferred income tax assets and liabilities are as follows:

2022

Deferred income tax assets	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive profit or loss	Ending balance
Temporary difference				
Early recognition of sales income for tax purpose	$ 30,637	($ 6,548)	$ -	$ 24,089
Unrealized exchange loss	732	5,890	-	6,622
Unrealized cost of goods sold	14,399	7,591	-	21,990
Unrealized loss in valuation of inventory	2,663	2,989	-	5,652
Unrealized vacation benefit payable	5,509	(275)	-	5,234
Investment loss under the equity method	91,805	10,542	-	102,347
Profit from the disposal of overseas investment	5,027	-	-	5,027
Unrealized gross loss of sales	252	(180)	-	72
Impairment loss of Investment under the equity method	580	-	-	580
Loss credit	-	5,030	-	5,030
Exchange loss from the conversion of financial statements of foreign operating institution	14,042	-	(4,388)	9,654
Defined benefit plan	40,477	-	(2,152)	38,325
Unrealized loss in valuation of financial assets valued at fair value through other comprehensive profit or loss	2,657	-	(2,541)	116
	$ 208,780	$ 25,039	($ 9,081)	$ 224,738

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Deferred income tax liabilities	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive profit or loss	Ending balance
Temporary difference				
Early recognition of cost of goods sold for tax purpose	$ 22,516	($ 1,491)	$ -	$ 21,025
Unrealized exchange profit	487	(94)	-	393
Investment profit under the equity method	14,327	(259)	-	14,068
Unrealized profit in valuation of financial assets valued at fair value through other comprehensive profit or loss	30,070	-	92,148	122,218
Land value increment in valuation	172,429	-	-	172,429
	$ 239,829	($ 1,844)	$ 92,148	$ 330,133

2021

Deferred income tax assets	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive profit or loss	Ending balance
Temporary difference				
Early recognition of sales income for tax purpose	$ 38,539	($ 7,902)	$ -	$ 30,637
Unrealized exchange loss	833	(101)	-	732
Unrealized cost of goods sold	21,667	(7,268)	-	14,399
Unrealized loss in valuation of inventory	3,401	(738)	-	2,663
Unrealized vacation benefit payable	4,820	689	-	5,509
Investment loss under the equity method	33,242	58,563	-	91,805
Profit from the disposal of overseas investment	5,027	-	-	5,027
Unrealized gross loss of sales	402	(150)	-	252
Unrealized loss from scrapped inventory	113	(113)	-	-
Unrealized loss from scrapped assets	5	(5)	-	-
Impairment loss of investment under the equity method	-	580	-	580
Exchange loss from the conversion of financial statements of foreign operating institution	12,837	-	1,205	14,042
Defined benefit plan	41,864	-	(1,387)	40,477
Unrealized loss in valuation of financial assets valued at fair value through other comprehensive profit or loss	-	-	2,657	2,657
	$ 162,750	$ 43,555	$ 2,475	$ 208,780

Deferred income tax liabilities				
Temporary difference				
Early recognition of cost of	$ 27,876	($ 5,360)	$ -	$ 22,516

goods sold for tax purpose				
Unrealized exchange profit	1,544	(1,057)	-	487
Investment profit under the equity method	14,799	(472)	-	14,327
Unrealized profit in valuation of financial assets valued at fair value through other comprehensive profit or loss	3,356	-	26,714	30,070
Land value increment in valuation	172,429	-	-	172,429
	$ 220,004	($ 6,889)	$ 26,714	$ 239,829

(V) Deductible temporary differences that are not recognized as deferred income tax assets

	12/31/2022	12/31/2021
Loss credit	$ 763,856	$ 749,748
Loss in valuation of inventory	-	5
	$ 763,856	$ 749,753

(VI) Information on available loss credit

Information on the loss credit as of December 31, 2022 is as follows:

Balance of loss credit	Final year for deduction
$ 15,457	2023
20,113	2024
21,044	2025
30,242	2026
55,169	2027
94,367	2028
170,484	2029
206,833	2030
133,670	2031
21,507	2032
$ 768,886	

(VII) Income tax audit

The tax collection agency has the income tax returns of the company, United Performance Materials Corporation, Hershey Environmental Technology Co., Ltd., Yongyao Energy Co., Ltd., Yongji Energy Co., Ltd., Fusugar Industry Corp., Great Victory Chemical Industry Co., Ltd., Yung Sheng Green Power Co., Ltd., audited up to the year before 2020.

TANQUES DEL PACIFIO, S.A. and TCDG had completed the 2021 income tax return filing before the deadline stipulated by the local tax collection agency.

XXIX. Earnings per share

Unit: NT$/share

	2022	2021
Basic earnings per share	$ 2.27	$ 1.99
Diluted earnings per share	$ 2.27	$ 1.98

The calculation of the earnings per share and the weighted average number of common stock shares is as follows:

Net income

	2022	2021
Net income attributable to the company's shareholders	$ 1,084,639	$ 947,587

Shares

Unit: Thousand shares

	2022	2021
Weighted average number of common stock shares for the calculation of basic earnings per share	477,016	477,016
The impact of potential diluted common stock shares:		
Remuneration to employees	1,761	1,423
Weighted average number of common stock shares for the calculation of diluted earnings per share	478,777	478,439

If the company may choose to pay remuneration to employees in the form of stocks or cash, when calculating the diluted earnings per share, it is assumed that the remuneration to employees is paid in the form of stocks, and the weighted average number of outstanding shares is included in the potential diluted common stock for the calculation of the diluted earnings per share. When calculating the diluted earnings per share before the distribution of remuneration in the form of stock resolved in the shareholders meeting of the following year, the dilution effect of this potential common stock will be considered continuously.

XXX. Equity transactions with non-controlling interests

The merged company did not acquire the cash capital increase equity of Fusugar Industry Corp. proportionally to the shareholding ratio in November 2022 and May 2021, resulting in the shareholding ratio to rise from 91.49% to 93.23% and from 89.70% to 91.49%, respectively.

Since the aforementioned transactions did not change the control of the merged company over the subsidiary, the merged company had it treated as an equity transaction.

2022

	Fusugar Industry Corp.
Subsidiary's net assets book amount transferred to (transferred in) the non-controlling interest according to the changes in correlative equity	($ 9,222)
Equity trade difference adjustments	
Additional paid-in capital – Recognized changes in the equity of the subsidiary owned by the company	($ 9,222)

2021

	Fusugar Industry Corp.
Subsidiary's net assets book amount transferred to (transferred in) the non-controlling interest according to the changes in correlative equity	($ 888)
Equity trade difference adjustments	
Additional paid-in capital – Recognized changes in the equity of the subsidiary owned by the company	($ 888)

XXXI. Capital risk management

The merged company initiates capital management to ensure that it can plan the needed working capital and dividend expenditure for the future under the precondition of ongoing concern and according to the industrial traits and the future operation of the company in order to secure the company's sustainable operation, to pursue long-term profits for shareholders and stabilize business performance, and to maximize the return of shareholders' equity.

XXXII. Financial instruments

(I) Fair value information - financial instruments measured at fair value on a repeatability basis

1. Fair value level

12/31/2022

	Level 1	Level 2	Level 3	Total
Financial assets valued at fair value through profit or loss				
－Domestic non-TWSE/TPEx listing stock	$ -	$ 131,641	$ -	$ 131,641
－Fund beneficiary certificate	99,249	-	-	99,249
Total	$ 99,249	$ 131,641	$ -	$ 230,890
Financial assets valued at fair value through other comprehensive profit or loss				
Equity instrument investment				
－Domestic non-TWSE/TPEx listing stock	$ -	$ 637,137	$ 201,302	$ 838,439
－Foreign non-listed (OTC) stock	-	-	144,363	144,363
－Anonymous portfolio investment	-	4,669	-	4,669
Total	$ -	$ 641,806	$ 345,665	$ 987,471

12/31/2021

	Level 1	Level 2	Level 3	Total
Financial assets valued at fair value through profit or loss				
－Domestic non-TWSE/TPEx listing stock	$ -	$ 53,261	$ -	$ 53,261
－Fund beneficiary certificate	170,984	-	-	170,984
Total	$ 170,984	$ 53,261	$ -	$ 224,245
Financial assets measured at fair value through other comprehensive profit or loss				
Equity instrument investment				
－Domestic non-TWSE/TPEx listing stock	$ -	$ 209,077	$ 199,925	$ 409,002
－Foreign non-listed (OTC) stock	-	-	111,684	111,684
－Anonymous portfolio investment	-	36,109	-	36,109
Total	$ -	$ 245,186	$ 311,609	$ 556,795

1. There was no transfer between Level 1 and Level 2 fair value measurements in 2022 and 2021.

2. Evaluation technology and input value of Level 2 fair value measurement

The fair value of domestic non-TWSE/TPEx listing stocks and anonymous portfolio investments is evaluated in accordance with the Market Approach.

3. Adjustment of financial instruments measured at Level 3 fair value

2022

Financial assets	Financial assets measured at fair value through other comprehensive profit or loss Equity instrument
Balance - beginning	$311,609
Purchasing	5,000
Recognized in other comprehensive profit or loss (unrealized profit or loss of financial assets measured at fair value through other comprehensive profit or loss)	29,056
Balance - ending	$345,665

2021

Financial assets	Financial assets measured at fair value through other comprehensive profit or loss Equity instrument
Balance – beginning	$307,826
Recognized in other comprehensive profit or loss (unrealized profit or loss of financial assets measured at fair value through other comprehensive profit or loss)	3,783
Balance - ending	$311,609

4. Evaluation technology and input value for Level 3 fair value measurement

(1) Financial assets measured at fair value through other comprehensive profit or loss - domestic non-TWSE/TPEx listed company's equity investments is with its fair value estimated by referring to the comparable TWSE/TEPx listed companies. The material unobservable input values are as follows: when multipliers, special risk discounts, non-listing discount and control premium increase, the fair value of these investments will increase too.

	12/31/2022	12/31/2021
Weighted average capital cost rate	10.57%	10.55%
Final value growth rate	2.00%	2.00%
Discount adjustment	20.00%	30.00%

If the following input values are changed to reflect reasonably possible alternative assumptions, while all other input values remain unchanged, the amount of increase (decrease) in the fair value of the investment is as follows:

	12/31/2022	12/31/2021
Weighted average capital cost rate		
Increased by 1%	($ 15,019)	($ 16,432)
Decreased by 1%	$ 18,994	$ 20,761
Final value growth rate		
Increased by 1%	$ 11,927	$ 13,252
Decreased by 1%	($ 9,453)	($ 10,425)
Discount adjustment		
Increased by 1%	($ 2,827)	($ 2,827)
Decreased by 1%	$ 2,827	$ 2,827

(2) Financial assets measured at fair value through other comprehensive profit or loss - foreign un-listed (OTC) company's equity investment is with its fair value estimated in accordance with the cash flow discount method. The material unobservable input values are long-term income growth rate, weighted average capital cost, and lack of market liquidity discount. When the weighted average capital cost increases, the fair value of these investments will decrease.

	12/31/2022	12/31/2021
Long-term income growth rate	2.00%	2.00%
Weighted average capital cost rate	8.78%	9.97%
Liquidity discount rate	30.00%	25.00%

If the following input values are changed to reflect reasonably possible alternative assumptions, while all other input values remain unchanged, the amount of increase (decrease) in the fair value of the investment is as follows:

	12/31/2022	12/31/2021
Long-term income growth rate		
Increased by 1%	$ 3,659	$ 1,913
Decreased by 1%	($ 2,718)	($ 1,486)
Weighted average capital		

cost rate		
Increased by 1%	($ 2,873)	($ 1,727)
Decreased by 1%	$ 3,866	$ 2,219
Liquidity discount rate		
Increased by 1%	($ 468)	($ 343)
Decreased by 1%	$ 468	$ 343

(II) Types of financial instruments

	12/31/2022	12/31/2021
Financial assets		
Measured at fair value through profit or loss		
Measured at fair value through profit or loss mandatorily	$ 230,890	$ 224,245
Measured at the amortized cost (Note 1)	2,539,011	1,978,578
Measured at fair value through other comprehensive profit or loss		
Equity instrument investment	987,471	556,795
Financial liabilities		
Measured at the amortized cost (Note 2)	3,591,143	2,978,419

Note 1: The balance amount includes cash and cash equivalents, financial assets measured at the amortized cost, notes receivable, net accounts receivable, other receivable, other receivable-related parties, refundable deposit, and other financial assets, and financial assets that are measured at the amortized cost.

Note 2: The balance amount includes short-term loans, notes payable, accounts payable, accounts payable-related parties, other payable, other payable-related parties, long-term loans due within one year and long-term loans, and other financial liabilities that are measured at the amortized cost.

(III) Financial risk management objectives and policies

The main financial instruments of the merged company include cash and cash equivalents, equity instrument investment, accounts receivable, accounts payable, loans, and lease liabilities. The financial management department of the merged company provides services to all business units, plans and coordinates entering the domestic and international financial markets, and supervises and manages the

financial risks related to the operations of the merged company with the internal risk report on the risk exposure analyzed in accordance with the degree and breath of risk. These risks include market risk (including exchange rate risk, interest rate risk, and other price risk), credit risk, and liquidity risk.

1. Market risk

The main financial risks from the operating activities of the merged company are the risk of changes in foreign currency exchange rates (see (1) below) and the risk of changes in interest rates (see (2) below).

The merged company's market risk exposure related to financial instrument and the management and measurement of such risk exposure remain unchanged.

(1) Exchange rate risk

The exchange rate risk management of the merged company is mainly for the purpose of hedging risks, and it does not conduct financial instrument transactions for speculative purposes. The exchange rate risk management strategy is to regularly review the net positions of assets and liabilities in various currencies, and conduct risk management on the net positions.

Please refer to Note XXXVIII for the book value of monetary assets and monetary liabilities denominated in non-functional currencies of the merged company on the balance sheet date (including monetary items denominated in non-functional currencies that have been offset in the consolidated financial statements).

Sensitivity Analysis

The merged company is mainly affected by fluctuations in the exchange rate of the US dollar, EUR, and JPY.

The exchange rate risk of monetary items of the merged company mainly comes from the foreign currency-denominated bank deposits, receivable and payable, other receivable and payable, and bank loans that are still in circulation on the balance sheet date and have not been hedged for cash flow with foreign currency exchange gains and losses resulted in conversion. The sensitivity ratio applied when reporting exchange rate risk to the management within the merged company refers to 1% exchange rate appreciation or depreciation, which is the reasonably possible range of changes in foreign currency exchange rates estimated by the management. When the NT dollar appreciated by 1% against foreign currencies in 2022 and

2021, and all other factors remained unchanged, the net income before tax or equity decreased by NT$10,801 thousand and NT$2,104 thousand, respectively. On the contrary, when the NT dollar depreciates by 1% against foreign currencies, its impact on net income before tax or equity would be for the same negative amount. The analysis of the two periods is performed on the same basis.

The management believes that a sensitivity analysis cannot represent the inherent risk of exchange rates, because foreign currency risk exposure on the balance sheet date cannot reflect the mid-term risk exposure.

(2) Interest rate risk

The merged company borrows funds at fixed interest rate and floating interest rates at the same time with interest rate risk exposure resulted.

The book amount of the financial assets and financial liabilities of the merged company with interest rate risk exposure on the balance sheet date are as follows:

	12/31/2022	12/31/2021
Contained fair value interest rate risk		
－Financial assets	$ 637,672	$ 67,000
－ Financial liabilities	1,209,221	1,140,144
Contained cash flow interest rate risk		
－Financial assets	677,889	627,068
－ Financial liabilities	1,446,194	1,009,188

Sensitivity analysis

The sensitivity analysis below is based on the interest rate risk exposure of the non-derivative instruments on the balance sheet date. For floating rate assets and liabilities, the analysis is based on the assumption that the amount of assets and liabilities that were in circulation on the balance sheet date were in circulation throughout the reporting period. The interest rate change ratio at the time of reporting interest rates internally to the management of the merged company is an increase or decrease by 100 points, which represents the management’s evaluation of the reasonably possible range of changes in interest rates.

If the interest rate increased by 100 points and all other variables remained unchanged, the merged company's 2022 and 2021 net income before tax would decrease/increase by NT$7,683 thousand and NT$3,821 thousand, respectively; on the contrary, if the interest rate decreased by 100 points, its impact on net income before tax would be for the same negative amount, mainly due to the merged company's variable interest rate deposits and net position of loans with variable interest rate.

(3) Other price risk

The merged company suffers equity price risk exposure due to equity securities investment. The equity securities investment is not held for trading and it is a strategic investment. The merged company did not actively trade these investments, but assigned relevant personnel to monitor price risks and evaluate when to increase the hedging positions.

Sensitivity analysis

The sensitivity analysis below is based on the equity price risk exposure on the balance sheet date.

If the equity price increased/decreased by 1%, the profit or loss before tax in 2022 and 2021 would increase/decrease by NT$2,309 thousand and NT$2,242 thousand, respectively, due to the increase/decrease in the fair value of financial assets measured at fair value through profit or loss. The other comprehensive profit or loss before tax in 2022 and 2021 would increase/decrease by NT$9,875 thousand and NT$5,568 thousand, respectively, due to the increase/decrease in the fair value of financial assets measured at fair value through other comprehensive profit or loss.

2. Credit risk

Credit risk refers to the risk that the counterparty of the transaction defaults on contractual obligations and causes financial losses to the merged company. As of the balance sheet date, the maximum credit risk exposure of the merged company that may cause financial losses due to the counterparty's failure in performing its obligations is mainly derived from the book amount of financial assets recognized in the consolidated balance sheet.

The accounts receivable is to be collected from many customers, different industries, and broad geographic regions. The merged company continues to evaluate the financial status of customers for accounts receivable.

In addition, since the counterparties of current funds and derivative financial instruments are financial institutions and corporate organizations with good credit ratings, the credit risk is limited.

3. Liquidity risk

The merged company manages and maintains sufficient cash to support the merged company's operations and reduce the impact of cash flow fluctuations. The management of the merged company supervises the use of bank loan commitments and ensures the compliance with the loan contract terms.

Bank loans are an important source of liquidity to the merged company. Please refer to the description of (2) loan commitments below for the loan commitments available to the merged company as of December 31, 2022 and 2021.

(1) Non-derivative financial liabilities liquidity and interest rate risk list

The agreed payment period for the remaining non-derivative financial liabilities of the merged company is analyzed as follows. It is based on the earliest possible repayment date of the merged company and the undiscounted cash flow of financial liabilities, including the cash flow from the interest and principal.

The bank loans of the merged company that may be requested to be repaid immediately are those with the earliest repayment date in the table below, regardless of the probability of the bank's immediately enforcing the right. The maturity analysis of other non-derivative financial liabilities is compiled in accordance with the agreed repayment date.

For interest cash flows paid at floating interest rates, the undiscounted amount of interest is derived from the yield curve on the balance sheet date.

12/31/2022

	Immediate payment or paying within 1 year	1- 2 years	2- 5 years	Over 5 years
Non-derivative financial liabilities				
Non-interest-bearing liabilities	$ 1,445,893	$ -	$ -	$ -
Lease liabilities	33,941	25,249	73,797	611,908
Floating interest rate instrument	1,457,364	-	-	-
Fixed interest rate instrument	700,555	107	-	-
	$ 3,637,753	$ 25,356	$ 73,797	$ 611,908

12/31/2021

	Immediate payment or paying within 1 year	1- 2 years	2 - 5 years	Over 5 years
Non-derivative financial liabilities				
Non-interest-bearing liabilities	$ 1,135,289	$ -	$ -	$ -
Lease liabilities	42,840	11,669	29,909	320,182
Floating interest rate instrument	1,011,059	1,607	-	-
Fixed interest rate instrument	833,789	1,730	-	-
	$ 3,022,977	$ 15,006	$ 29,909	$ 320,182

(2) Loan commitments

	12/31/2022	12/31/2021
Unguaranteed bank loan commitments		
— Loan commitments applied	$ 2,054,937	$ 1,633,290
— Loan commitments not yet applied	2,679,398	3,752,710
	$ 4,734,335	$ 5,386,000
Guaranteed bank loan commitments		
— Loan commitments applied	$ 90,313	$ 209,480
— Loan commitments not yet applied	142,087	112,899
	$ 232,400	$ 322,379

XXXIII. Related party transactions

The transactions, account balances, and income and expenses between the merged company and related party are all written-off at the time of merger; therefore, they are

not disclosed in this note. The transactions between the merged company and other related parties are as follows.

(I) Name and relationship of related parties

Name of related party	Relationship with the merged company
Defia Co., Ltd.	Associate
Pei Ting Energy Ltd. (Pei Ting Energy)	Associate
Chang Chun FUCC (Changshu)	Joint venture
Shin Ben Industrial Co., Ltd. (Shin Ben)	Other related party (the chairman of the company serves as a director of Shin Ben)
Mei-Lun Investment Co., Ltd.	Other related party (the chairman of the company serves as the supervisor of Mei-Lun)

(II) Operating income

Account	Classification of related party	2022	2021
Sales income	Joint venture	$ 288,900	$ 290,003

The price and collection term for the transactions conducted with the related party are equivalent to those for other non-related parties, except for the 1-month credit term.

(III) Purchase

Account	Classification of related party	2022	2021
Purchase	Joint venture	$ 22,017	$ 93,167

The price and payment term for the transactions conducted with the related party are equivalent to those for other non-related parties, except for the 1-month credit term.

(IV) Receivables from related parties

Account	Classification / name of related party	12/31/2022	12/31/2021
Other receivable – related party	Associate / Defia Co., Ltd.	$ 3,252	$ 713

No guarantee is received for the outstanding accounts receivable from related parties. The 2022 and 2021 receivables from related party are without any allowance for losses appropriated.

(V) Payable to related parties

Account	Classification / name of related party	12/31/2022	12/31/2021
Accounts payable – related party	Joint venture / Chang Chun FUCC	$ -	$ 12,308
Other payable – related party	Associate / Defia Co., Ltd.	$ 1,180	$ 155
		402	-
	Associate / Pei Ting Energy Ltd.	$ 1,582	$ 155

No guarantee is provided for the outstanding payable to related parties.

Prepaid land (booked in the "prepaid equipment" account)

Classification / name of related party	12/31/2022	12/31/2021
Other related party / Shin Ben Industrial Co., Ltd.	$ 50,155	$ 50,155

A contract for the trade of land and buildings in Wanhua District, Taipei City was signed with Shin Ben Industrial Co., Ltd. in 2020 with the payment made according to the contract terms and the progress of the construction.

(VII) Acquisition of property, plant and equipment

	Acquisition price	
Classification of related party	2022	2021
Associate	$ -	$ 125

(VIII) Disposal of property, plant and equipment

	Disposal price		Disposal profit (loss)	
Classification of related party	2022	2021	2022	2021
Associate	$ 138	$ -	$ -	$ -

(IX) Lease agreement

Operating lease

The merged company leased the house to the associates in 2022 under the operating lease with a remaining lease period of 8 months.

The total amount of lease payment to be collected in the future is summarized as follows:

Classification of related party	2022	2021
Associate	$ 80	$ -

The rental income is summarized as follows:

Classification of related party	2022	2021
Associate	$ 160	$ 116

(X) Other income

Account	Classification of related party	2022	2021
Other income	Associate	$ 2,377	$ 38

(XI) Loans from related party

Short-term loans

Classification of related party	12/31/2022	12/31/2021
Other related party	$ -	$ 360

Interest expense

Classification of related party	2022	2021
Other related party	$ 1	$ 1

The merged company borrowed from related parties at an interest rate of 2.37% as the benchmark interest rate of the Bank of Taiwan in December 2021. Loans from related parties are un-guaranteed loans.

(XII) Endorsements and guarantees

Please refer to Note XXXV (II) for details.

(XIII) Remunerations to the management

	2022	2021
Short-term employee benefits	$ 151,470	$ 141,466
Pensions	2,453	2,509
	$ 153,923	$ 143,975

The remuneration to directors and other key management personnel is determined in accordance with personal performance evaluation and market trends.

XXXIV. Pledged assets

The following assets of the merged company have been provided as collateral for the bid bonds of procurement, financings, and loan commitments:

	12/31/2022	12/31/2021
Property, plant and equipment		
Proprietary land	$ 825,787	$ 825,787
House and building	686,637	703,693
Machinery equipment	409,064	881,411
Investment property		
Proprietary land	983	983
Other noncurrent assets – pledged time deposit	41,000	43,302
	$ 1,963,471	$ 2,455,176

XXXV. Material contingent liabilities and unrecognized contractual commitments

The material commitments and contingencies of the merged company on the balance sheet date are as follows:

(I) The merged company issued a letter of credit for material procurement with an outstanding balance of NT$260,000 thousand and NT$250,000 thousand, US$1,646 thousand and US$82 thousand, and JPY 86,540 thousand and JPY 0 as of December 31, 2022 and 2021, respectively.

(II) Making of endorsement and guarantee for bills:

1. The company made endorsements/guarantees with a bill issued for an amount of NT$50,000 thousand and NT$313,046 thousand for Fusugar Industry Corp. as of December 31, 2022 and 2021, respectively, which were approved by the board of directors of the company, and the actual amount implemented was NT$50,000 thousand and NT$313,046 thousand, respectively.
2. Hershey Environmental Technology Co., Ltd. made endorsements/guarantees for the company with a bill issued for an amount of NT$3,950 thousand as of December 31, 2022 and 2021, respectively, which were resolved and approved by the board of directors of Hershey Environmental Technology Co., Ltd., and the actual amount implemented was NT$3,950 thousand, respectively.

(III) The contract for the property, plant and equipment signed by the merged company without the payment made amounted to NT$289,291 thousand as of December 31, 2022 and 2021, respectively. Please refer to Note XXXIII (VI) for details.

XXXVI. Other matters

None

XXXVII. Material post event

None

XXXVIII. Information on material and influential assets and liabilities in foreign currency

The following information is summarized and expressed in foreign currencies other than the functional currencies of each business entity in the merged companies. The disclosed exchange rates refer to the exchange rates for the conversion of the foreign currencies into functional currencies. The material and influential assets and liabilities in foreign currency are as follows:

12/31/2022

	Foreign currency	Exchange rate	Book amount
Asset in foreign currency			
Monetary items			
USD	$ 51,797	30.6600 (USD：NTD)	$ 1,588,078
EUR	211	32.5200 (EUR：NTD)	6,853
Non-monetary items			
Financial assets-noncurrent measured at fair value through other comprehensive profit or loss			
RMB	32,750	4.4080 (RMB：NTD)	144,363
JPY	20,090	0.2324 (JPY：NTD)	4,669
Associate and joint venture under the equity method			
VND	130,025,365	0.0013 (VND：NTD)	169,127
RMB	130,859	4.4094 (RMB：NTD)	577,009
Liabilities in foreign currency			
Monetary items			
USD	16,174	30.7600 (USD：NTD)	497,503
EUR	230	32.9200 (EUR：NTD)	7,556
JPY	41,569	0.2344 (JPY：NTD)	9,744

12/31/2021

	Foreign currency	Exchange rate		Book amount
Assets in foreign currency				
Monetary items				
USD	$ 29,661	27.6300	(USD：NTD)	$ 819,514
EUR	740	31.1200	(EUR：NTD)	23,044
JPY	67,407	0.2385	(JPY：NTD)	16,076
Non-monetary items				
Financial assets-current measured at fair value through profit or loss				
JPY	30,401	0.2385	(JPY：NTD)	7,251
Financial assets-noncurrent measured at fair value through other comprehensive profit or loss				
RMB	25,710	4.3440	(RMB：NTD)	111,684
JPY	150,140	0.2405	(JPY：NTD)	36,109
Associate and joint venture under the equity method				
VND	130,002,704	0.0012	(VND：NTD)	157,655
RMB	141,093	4.2315	(RMB：NTD)	612,556
Liabilities in foreign currency				
Monetary items				
USD	23,139	27.7300	(USD：NTD)	641,635
EUR	209	31.5200	(EUR：NTD)	6,575

The merged company mainly bears the exchange rate risk of New Taiwan Dollar. The following information is summarized and expressed in the functional currencies of each business entity holding foreign currencies. The disclosed exchange rates refer to the exchange rates for the conversion of the functional currencies into the expressing currency. The material and influential foreign exchange gains and losses (realized and unrealized) are as follows:

	2022		2021	
Functional currency	Functional currency converted to expressing currency	Net exchange profit	Functional currency converted to expressing currency	Net exchange loss
NTD	1 (NTD：NTD)	$ 136,324	1 (NTD：NTD)	($ 10,936)

XXXIX. Supplementary disclosures

(I) Information on material transactions:

1. Loaning of funds (Table I)
2. Making of endorsements/guarantees (Table II)
3. The marketable securities held at yearend (excluding investment in the equity of the subsidiaries, associates, and joint venture) (Table III)
4. The cumulative amount of buying or selling one security exceeding NT$300 million or 20% of the paid-in capital (None)
5. The amount of property acquired exceeding NT$300 million or 20% of the paid-in capital (None)
6. The amount of property disposed exceeding NT$300 million or 20% of the paid-in capital (None)
7. The amount of goods purchased from and sold to the related party exceeding NT$100 million or 20% of the paid-in capital (Table IV)
8. The amount of receivables from the related party exceeding NT$100 million or 20% of the paid-in capital (None)
9. Engaged in derivatives transactions (None)
10. Others: Business relationship and important transactions and transaction amount conducted between the parent company and subsidiaries and among the subsidiaries (Table V)

(II) Investment related information: Table VI

(III) Information on investment in Mainland China:

1. The name of the invested company, main business operations, paid-in capital, investment methods, capital remittances inwards and outwards, shareholding ratio, investment profit or loss, year-end investment book amount, investment profit or loss remitted inward, and limits of investment in Mainland China (Table VII)
2. The following material transactions, prices, payment terms, and unrealized profit or loss occurred directly or indirectly with the invested company in mainland China through the third region: (Table IV)
   (1) The purchase amount and percentage and the year-end balance and percentage of related payable;
   (2) The sales amount and percentage and the year-end balance and percentage of related receivable;

(3) The amount of property transactions and the amount of profit or loss resulted;

(4) The endorsement/guarantee of the bill or the year-end amount of the collateral provided and its purpose;

(5) The maximum balance, year-end balance, interest rate range, and total current interest of the loans;

(6) Other transactions that have a material impact on the current profit or loss or financial status, such as, the labor service provided or received, etc.;

(IV) Major shareholders information: The name, shareholding amount, and shareholding ratio of the shareholders with 5% or more shareholding (Table VIII)

XXXX. Department information

Information is provided to the business decision makers for allocating resources and evaluating departmental performance with a focus on each type of product or service delivered or provided. The Alkylation Manufacturing Department and the Petroleum Resin Manufacturing Department of the merged company must be presented. The Alkylation Manufacturing Department mainly produces alkylbenzene and nonanol. The Petroleum Resin Manufacturing Department mainly produces petroleum resin products. The company has other departments that have not reached the quantitative threshold, which are mainly engaged in the manufacturing and sales of pesticides, the processing and manufacturing of petrochemical engineering, etc.

(I) Departmental income and operating results

The income and operating results of the merged company should be analyzed according to the reporting department as follows:

2022

	Alkylation	Petroleum resin	Others	Total
Income from external customers	$ 8,421,958	$ 1,626,398	$ 522,870	$10,571,226
Inter-department income	383,504	452,686	11,883	848,073
Departmental income	$ 8,805,462	$ 2,079,084	$ 534,753	11,419,299
Internal written-off				(848,073)
Consolidated income				$10,571,226
Departmental profit or loss	$ 1,272,101	$ 33,731	($ 1,153)	$ 1,304,679
Percentage of profit or loss from associates and joint venture under the equity method				37,227
Net income before tax				$ 1,341,906

2021

	Alkylation	Petroleum resin	Others	Total
Income from external customers	$ 6,784,084	$ 1,873,712	$ 541,358	$ 9,199,154
Inter-department income	338,227	491,003	8,691	837,921
Departmental income	$ 7,122,311	$ 2,364,715	$ 550,049	10,037,075
Internal written-off				(837,921)
Consolidated income				$ 9,199,154
Departmental profit or loss	$ 1,330,916	$ 130,138	($ 509,422)	$ 951,632
Percentage of profit or loss from associates and joint venture under the equity method				58,447
Net income before tax				$ 1,010,079

(II) Total departmental assets

Departmental assets	12/31/2022	12/31/2021
Business departments		
Alkylation Department	$ 8,026,633	$ 6,688,204
Petroleum Resin Department	2,514,210	2,324,126
Other departments	2,729,489	2,575,358
Total consolidated assets	$ 13,270,332	$ 11,587,688

(III) Income from main products

The income from the main products of the parent company and its subsidiaries is analyzed as follows:

	2022	2021
Alkylation	$ 8,421,958	$ 6,784,084
Petroleum resin	1,626,398	1,873,712
Others	522,870	541,358
	$ 10,571,226	$ 9,199,154

(IV) Regional information

The operating income of the merged company from external customers is classified by the country where the customers are located as follows:

	Income generated from external customers	
	2022	2021
Taiwan	$ 2,180,587	$ 2,215,897
China	2,025,813	1,524,141
Guatemala	1,515,184	1,155,197
Vietnam	584,562	368,947
Philippines	863,971	564,261
USA	554,025	730,726
Others	2,847,084	2,639,985
	$ 10,571,226	$ 9,199,154

(V) Major customer information

The direct sales income amounted to NT$10,571,226 thousand and NT$9,199,154 thousand in 2022 and 2021, respectively, of which, NT$1,515,184 thousand and NT$1,155,197 thousand were generated from the largest customers of the merged company.

Formosan Union Chemical Corporation and Subsidiaries

Loaning of Funds

January 1 – December 31, 2022

Table I

Unit: NT$ Thousand

No.	Lending company	Borrower	Account	A related party or not	Maximum balance - current	Ending balance	Actual loan amount	Interest rate range	Nature of loaning of fund	Transaction amount	Reason for short-term loaning of funds	Appropriation of allowance for bad debt	Collateral		Individual loaning of fund limit	Total loaning of fund limit	Remarks
													Name	Value			
1	United Performance Materials Corporation	Fusugar Industry Corp.	Other receivable – related party	Yes	$ 110,000	$ 110,000	$ -	Note 7	Needs for short-term loans	$ -	Working capital	$ -	-	$ -	$ 112,345 (Note 1)	$ 224,689 (Note 2)	
2	Great Victory Chemical Industry Co., Ltd.	Fusugar Industry Corp.	Other receivable – related party	Yes	94,000	94,000	-	Note 7	Needs for short-term loans	-	Working capital	-	-	-	97,785 (Note 3)	195,570 (Note 4)	
2	Great Victory Chemical Industry Co., Ltd.	Hershey Environmental Technology Co., Ltd.	Other receivable– related party	Yes	80,000	-	-	Note 7	Needs for short-term loans	-	Working capital	-	-	-	97,785 (Note 3)	195,570 (Note 4)	
3	Hershey Environmental Technology Co., Ltd.	Fusugar Industry Corp.	Other receivable– related party	Yes	55,000	55,000	-	Note 7	Needs for short-term loans	-	Working capital	-	-	-	53,878 (Note 5)	107,755 (Note 6)	

Note 1: The loaning of fund to individual borrower is limited to 10% of the net value of United Performance Materials Corporation, that is, NT$1,123,446×10%=NT$112,345.

Note 2: The total loaning of fund is limited to 20% of the net value of United Performance Materials Corporation, that is, NT$1,123,446×20%=NT$224,689.

Note 3: The loaning of fund to individual borrower is limit to 10% of the net value of Great Victory Chemical Industry Co., Ltd., that is, NT$977,849×10%=NT$97,785.

Note 4: The total loaning of fund is limit to20% of the net value of Great Victory Chemical Industry Co., Ltd., that is, NT$977,849×20%=NT$195,570.

Note 5: The loaning of fund to individual borrower is limit to 10% of the net value of Hershey Environmental Technology Co., Ltd., that is, NT$538,777×10%=NT$53,878.

Note 6: The total loaning of fund is limit to 20% of the net value of Hershey Environmental Technology Co., Ltd., that is, NT$538,777×10%=NT$107,755.

Note 7: The calculation is based on the benchmark interest rate of the Bank of Taiwan on the loan drawing date.

Formosan Union Chemical Corporation and Subsidiaries

Making of Endorsements/Guarantees

January 1 – December 31, 2022

Table II

Unit: NT$ Thousand

No.	Endorsing / guaranteeing company	Endorsed/guaranteed party		Single endorsement / guarantee limit	Maximum endorsement / guarantee balance of the year	Endorsement / guarantee balance - ending	Actual endorsement / guarantee amount	Endorsement / guarantee secured with property provided as collateral	Ratio of cumulative endorsement / guarantee amount to the net worth in the latest financial report (%)	Maximum endorsement / guarantee limit	Making of endorsement / guarantee by parent company for subsidiary	Making of endorsement / guarantee by subsidiary for parent company	Endorsement / guarantee made in mainland China	Remarks
		Company name	Relation (Note 1)											
0	Formosan Union Chemical Corporation	Fusugar Industry Corp.	2	$ 1,654,638 (Note 2)	$ 313,046	$ 50,000	$ 50,000	$ -	0.60%	$ 4,136,596 (Note 3)	Yes	No	No	
1	Hershey Environmental Technology Co., Ltd.	Formosan Union Chemical Corporation	3	107,755 (Note 4)	3,950	3,950	3,950	3,950	0.73%	269,389 (Note 5)	No	Yes	No	

Note 1: There are 7 types of relationship between the endorsing/guaranteeing company and the endorsed/guaranteed company. Please indicate the type of relationship:

(1) The business associates of the company;

(2) A company with more than 50% of the voting shares held by the company directly or indirectly;

(3) A company holds more than 50% of the voting shares of the company directly or indirectly;

(4) A company with more than 90% of the voting shares held by the company directly or indirectly;

(5) Companies in the same industry or co-builders provide mutual guarantees in accordance with contract signed for the needs of contracting projects.

(6) A company that is endorsed and guaranteed by all shareholders proportionally to their shareholding ratio due to a joint investment relationship;

(7) The companies in this industry engage in the performance bond solidarity for the property pre-sale contract in accordance with the Consumer Protection Act.

Note 2: The making of endorsement/guarantee amount for one single enterprise is limited to 20% of the company's net worth, that is, NT$8,273,192×20%＝NT$1,654,638.

Note 3: The total endorsement/guarantee amount is limited to 50% of the company's net worth, that is, NT$8,273,192×50%＝NT$4,136,596

Note 4: The making of endorsement/guarantee amount for one single enterprise is limited to 20% of the net worth of Hershey Environmental Technology Co., Ltd., that is, NT$538,777×20%＝NT$107,755.

Note 5: The total endorsement/guarantee amount is limited to 50% of the net worth of Hershey Environmental Technology Co., Ltd., that is, NT$538,777×50%＝NT$269,389.

Formosan Union Chemical Corporation and Subsidiaries

Marketable Securities Held at Yearend

December 31, 2022

Table III

Unit: NT$ Thousand

Holding company	Type and name of marketable securities	Relationship with security issuer	Accounts	Year end				Remarks
				Shares/Units	Book amount	Shareholding ratio (%)	Market price	
Formosan Union Chemical Corporation	Kenwell Industrial Pte Ltd. / stock	—	Financial assets-noncurrent measured at fair value through other comprehensive profit or loss	4,927,717.00	$ 144,363	19.74%	$ 144,363	
Formosan Union Chemical Corporation	Daiwa Green Energy No. 7 GK / anonymous portfolio investment	—	Financial assets-noncurrent measured at fair value through other comprehensive profit or loss	-	4,669	-	4,669	
Formosan Union Chemical Corporation	J&V Energy Technology Co., Ltd. / stock shares	—	Financial assets-noncurrent measured at fair value through other comprehensive profit or loss	8,393,318.00	637,137	7.45%	637,137	
Formosan Union Chemical Corporation	Forte Chemical Co., Ltd. / stock	—	Financial assets-noncurrent measured at fair value through other comprehensive profit or loss	1,400,000.00	-	3.14%	-	
Formosan Union Chemical Corporation	Kolyn Technology Corporation / stock	—	Financial assets-noncurrent measured at fair value through other comprehensive profit or loss	70,000.00	-	1.06%	-	
Formosan Union Chemical Corporation	J&V Energy Technology Co., Ltd. / stock	—	Financial assets-current measured at fair value through profit or loss	1,721,000.00	130,641	1.53%	130,641	
Formosan Union Chemical Corporation	Uspace Tech Co., Ltd. / stock	—	Financial assets-noncurrent measured at fair value through profit or loss	25,000.00	1,000	0.14%	1,000	
Great Victory Chemical Industry Co., Ltd.	Sino-Japan Chemical Co., Ltd. / stock	—	Financial assets-noncurrent measured at fair value through other comprehensive profit or loss	88,345.00	196,302	6.10%	196,302	
Great Victory Chemical Industry Co., Ltd.	Global Cooperation Development Corp. / stock	—	Financial assets-noncurrent measured at fair value through other comprehensive profit or loss	500,000.00	5,000	22.73%	5,000	
Great Victory Chemical Industry Co., Ltd.	Capital Money Market Fund / beneficiary certificate	—	Financial assets-current measured at fair value through profit or loss	6,057,310.20	99,249	-	99,249	Note 1

Note 1: The market price of fund beneficiary certificates is estimated according to the net value of fund asset on December 31, 2022

Note 2: Please refer to Table VI and VII for the information of investment in subsidiaries, associates, and joint ventures.

Formosan Union Chemical Corporation and Subsidiaries

The amount of goods purchased from and sold to the related party exceeding NT$100 million or 20% of the paid-in capital

January 1 – December 31, 2022

Table IV

Unit: NT$ Thousand

Buying (selling) company	Name of counterparty	Relation	Transactions				Different from general trading conditions and the reasons		Notes and accounts receivable (payable)		Remarks
			Purchase (sale)	Amount	Ratio to total purchase (sale)	Credit period	Unit price	Credit period	Balance amount	Ratio to total notes and accounts receivable (payable)	
Formosan Union Chemical Corporation	United Performance Materials Corporation	Subsidiary	Sales	$ 387,746 (Note 1)	4.73%	1～2 months	Contract price / Equivalent to general trading conditions	1～2 months	$ 36,901	5.53%	Note 5
United Performance Materials Corporation	Formosan Union Chemical Corporation	Parent company	Purchase	387,746 (Note 2)	24.74%	1～2 months	Contract price / Equivalent to general trading conditions	1～2 months	(36,901)	36.83%	Note 5
Formosan Union Chemical Corporation	Hershey Environmental Technology Co., Ltd.	Subsidiary	Sales	157,321	1.92%	1～2 months	與一般交易條件相當 Equivalent to general trading conditions	1～2 months	125	0.02%	Note 5
Hershey Environmental Technology Co., Ltd.	Formosan Union Chemical Corporation	Parent company	Purchase	157,321	15.29%	1～2 months	Equivalent to general trading conditions	1～2 months	(125)	3.51%	Note 5
Formosan Union Chemical Corporation	Hershey Environmental Technology Co., Ltd.	Subsidiary	Purchase	213,524 (Note 3)	3.32%	1～2 months	Contract price / Equivalent to general trading conditions	1～2 months	(16,302)	2.32%	Note 5
Hershey Environmental Technology Co., Ltd.	Formosan Union Chemical Corporation	Parent company	Sales	213,524 (Note 4)	21.50%	1～2 months	Contract price / Equivalent to general trading conditions	1～2 months	16,302	13.95%	Note 5
Formosan Union Chemical Corporation	Chang Chun FUCC (Changshu)	Joint venture	Sales	288,900	3.52%	1 months	Equivalent to general trading conditions	1 month	-	-%	

Note 1. It includes processing income for NT$384,699 thousand and sales income for NT$3,047 thousand.

Note 2. It includes processing expense for NT$384,699 thousand and purchase for NT$3,047 thousand.

Note 3. It includes processing expense for NT$119,885 thousand and purchase for NT$93,639 thousand.

Note 4. It includes processing income for NT$119,885 thousand and sales income for NT$93,639 thousand.

Note 5. All the aforementioned transactions have been written off at the time of preparing the consolidated financial statements.

Formosan Union Chemical Corporation and Subsidiaries
Business relationship and important transactions between the parent company and subsidiaries
January 1 – December 31, 2022

Table V

Unit: NT$ Thousand

No. (Note 1)	Name of trader	Counterparty	Relationship with the trader (Note 2)	Transactions			
				Account	Amount	Trade term	Ratio to consolidated total income or total assets
0	Formosan Union Chemical Corporation	United Performance Materials Corporation	1	Accounts receivable	$ 36,901	Equivalent to general trade term	-
0	Formosan Union Chemical Corporation	United Performance Materials Corporation	1	Accounts payable	7,028	Equivalent to general trade term	-
0	Formosan Union Chemical Corporation	United Performance Materials Corporation	1	Sales	3,047	Equivalent to general trade term	-
0	Formosan Union Chemical Corporation	United Performance Materials Corporation	1	Processing income	384,699	Contract price	4%
0	Formosan Union Chemical Corporation	United Performance Materials Corporation	1	Purchase	55,288	Equivalent to general trade term	1%
0	Formosan Union Chemical Corporation	United Performance Materials Corporation	1	Other income	1,272	Equivalent to general trade term	-
0	Formosan Union Chemical Corporation	Hershey Environmental Technology Co., Ltd.	1	Accounts payable	16,302	Equivalent to general trade term	-
0	Formosan Union Chemical Corporation	Hershey Environmental Technology Co., Ltd.	1	Other payable	2,233	Equivalent to general trade term	-
0	Formosan Union Chemical Corporation	Hershey Environmental Technology Co., Ltd.	1	Sales	157,321	Equivalent to general trade term	1%
0	Formosan Union Chemical Corporation	Hershey Environmental Technology Co., Ltd.	1	Purchase	93,639	Equivalent to general trade term	1%
0	Formosan Union Chemical Corporation	Hershey Environmental Technology Co., Ltd.	1	Processing expense	119,885	Contract price	1%
0	Formosan Union Chemical Corporation	Hershey Environmental Technology Co., Ltd.	1	Rent expense	24,443	Contract price	-
0	Formosan Union Chemical Corporation	Hershey Environmental Technology Co., Ltd.	1	Rent income	10,119	Contract price	-
0	Formosan Union Chemical Corporation	Fusugar Industry Corp.	1	Other income	1,074	Equivalent to general trade term	-
0	Formosan Union Chemical Corporation	Great Victory Chemical Industry Co., Ltd.	1	Other income	5,062	Equivalent to general trade term	-
1	United Performance Materials Corporation	Hershey Environmental Technology Co., Ltd.	3	Accounts receivable	1,427	Equivalent to general trade term	-
1	United Performance Materials Corporation	Hershey Environmental Technology Co., Ltd.	3	Other payables	1,902	Equivalent to general trade term	-
1	United Performance Materials Corporation	Hershey Environmental Technology Co., Ltd.	3	Sales	12,698	Equivalent to general trade term	-
1	United Performance Materials Corporation	Hershey Environmental Technology Co., Ltd.	3	Purchase	3,612	Equivalent to general trade term	-
1	United Performance Materials Corporation	Hershey Environmental Technology Co., Ltd.	3	Rent expense	21,213	Contract price	-
1	United Performance Materials Corporation	Fusugar Industry Corp.	3	Other interest income	1,898	Contract price	-
2	Hershey Environmental Technology Co., Ltd.	Great Victory Chemical Industry Co., Ltd.	3	Sales	6,000	Equivalent to general trade term	-
3	Great Victory Chemical Industry Co., Ltd.	Fusugar Industry Corp.	3	Other interest income	1,295	Contract price	-
4	TANQUES DEL PACIFIO, S.A.	Formosan Union Chemical Corporation	2	Rent income	11,883	Contract price	-

Note 1: The business transaction information between the parent company and its subsidiaries should be indicated in the respective column. The manner of filling in the respective column is as follows:

(1) Fill in “0” to stand for the parent company.

(2) Subsidiaries are numbered sequentially starting from Arabic numeral “1” in an orderly fashion.

Note 2: “1” indicates the parent company to the subsidiary, “2” indicates the subsidiary to the parent company, and “3” indicates the subsidiary to the subsidiary.

Note 3: All the aforementioned transactions have been written off at the time of preparing the consolidated financial statements.

Formosan Union Chemical Corporation and Subsidiaries
Invested company information, location, and other related information
January 1 – December 31, 2022

Table VI

Unit: NT$ Thousand

Investing company	Invested company	Location	Main business operation	Original investment amount		Held at Yearend			Investment profit (loss) of the invested company in current year	Investment profit (loss) recognized in current year	Remarks
				End of this year	End of last year	Shares	Ratio (%)	Book amount			
Formosan Union Chemical Corporation	United Performance Materials Corporation	Taipei City	Manufacturing, processing, and trading of petroleum resins, polyester resins, Melamine resins, plaque resins, urea resins, alkyd resins, acetate resins, butyl acrylate resins, and aromatic hydrocarbon fluxes	$ 603,812	$ 603,812	72,202,200	80.25%	$ 982,781	$ 15,619	$ 12,633	Note 1
Formosan Union Chemical Corporation	Hershey Environmental Technology Co., Ltd.	Taipei City	Planning and design of petrochemical engineering, installation and trading of mechanical equipment, distribution of domestic liquefied petroleum gas, repair and maintenance and inspection of steel cylinders.	510,211	510,211	50,000,000	100.00%	540,077	(26,731)	(50,323)	Note 1
Formosan Union Chemical Corporation	Fusugar Industry Corp.	Taichung City	Petrochemical raw materials, synthetic resins, rubber and plastics, other chemical products manufacturing and wholesale, and sugar manufacturing	1,816,555	1,516,555	128,993,285	88.35%	814,995	(82,388)	(70,623)	Note 1
Formosan Union Chemical Corporation	Great Victory Chemical Industry Co., Ltd.	Taipei City	Manufacturing and sales of pesticides.	401,364	401,364	19,800,000	100.00%	977,848	60,480	60,480	Note 1
Formosan Union Chemical Corporation	TANQUES DEL PACIFIO, S.A.	Guatemala	Warehouse silo lease	28,513	28,513	900	100.00%	29,707	672	(1,278)	Note 2
Formosan Union Chemical Corporation	Defia Co., Ltd.	Taipei City	Engaged in food trading and bakery.	3,000	3,000	300,000	20.00%	8,171	16,987	3,398	Note 2
Formosan Union Chemical Corporation	Sheng Hua Development Co., Ltd.	Taoyuan City	Engaged in the trade of residential and commercial property and land development.	30,000	20,000	30,000	10.00%	29,921	(467)	(47)	Note 2 and Note 3
Formosan Union Chemical Corporation	Pei Ting Energy Ltd.	Taichung City	Solar photovoltaic system construction, maintenance, and operation, and agent of Huawei products.	3,500	-	350,000	35.00%	6,291	7,974	2,791	Note 1
Formosan Union Chemical Corporation	Chang Chun FUCC (Changshu)	Changshu	Engaged in the production, processing, and sales of nonylphenol, dinonylphenol and olefin fuel oil products; also, provided technical and consulting services related to self-produced products; engaged in the wholesale, warehousing and commission agency of general chemicals (Except auctions), and import and export business.	620,562	689,513	-	50.00%	577,009	46,235	23,118	Note 1
Formosan Union Chemical Corporation	Soft Industry Corp.	Vietnam	Engaged in the manufacturing, processing, and trading of alkylbenzene and sulfonic acid.	97,779	97,779	-	50.00%	104,868	12,253	6,126	Note 1
Formosan Union Chemical Corporation	Soft Chemical Corp.	Vietnam	Engaged in the manufacturing, processing, and trading of alkylbenzene and sulfonic acid.	43,707	43,707	-	42.03%	64,259	4,381	1,841	Note 1

(Continuing to next page)

(Continuing from front page)

Investing company	Invested company	Location	Main business operation	Original investment amount		Held at Yearend			Investment profit (loss) of the invested company in current year	Investment profit (loss) recognized in current year	Remarks
				End of this year	End of last year	Shares	Ratio (%)	Book amount			
United Performance Materials Corporation	Fusugar Industry Corp.	Taichung City	Manufacturing and wholesale of petrochemical raw materials, synthetic resins, rubber and plastics, and other chemical products, and sugar manufacturing	$ 29,913	$ 29,913	1,794,787	1.23%	$ 11,340	($ 82,388)	($ 1,242)	Note 1
Hershey Environmental Technology Co., Ltd.	United Performance Materials Corporation	Taipei City	Manufacturing, processing, and trading of petroleum resins, polyester resins, Melamine resins, plaque resins, urea resins, alkyd resins, acetate resins, butyl acrylate resins, and aromatic hydrocarbon fluxes.	23,858	23,858	1,216,088	1.35%	20,306	15,619	217	Note 1
Hershey Environmental Technology Co., Ltd.	Yongyao Energy Co., Ltd.	Taipei City	Manufacturing of batteries, electronic components, power generation, transmission, and power distribution machinery, and electronic materials trading (energy technology service)	85,500	85,500	8,550,000	100.00%	91,808	4,178	4,178	Note 1
Hershey Environmental Technology Co., Ltd.	Yongji Energy Co., Ltd.	Taipei City	Thermal energy supply industry, cleaning products wholesale industry, and installation and wholesale industry of electrical appliances, machinery, etc.	3,878	3,878	387,840	50.00%	6,438	280	140	Note 2
Great Victory Chemical Industry Co., Ltd.	United Performance Materials Corporation	Taipei City	Manufacturing, processing, and trading of petroleum resins, polyester resins, Melamine resins, plaque resins, urea resins, alkyd resins, acetate resins, butyl acrylate resins, and aromatic hydrocarbon fluxes.	8,472	8,472	436,800	0.49%	5,454	15,619	76	Note 1
Great Victory Chemical Industry Co., Ltd.	Fusugar Industry Corp.	Taichung City	Manufacturing and wholesale of petrochemical raw materials, synthetic resins, rubber and plastics, and other chemical products, and sugar manufacturing.	94,287	94,287	5,657,220	3.87%	35,743	(82,388)	(3,914)	Note 1
Great Victory Chemical Industry Co., Ltd.	Yung Sheng Green Power Co., Ltd.	Taipei City	Manufacturing of batteries, electronic components, power generation, transmission, and power distribution machinery, and electronic materials trading (energy technology service)	3,100	3,100	310,000	50.00%	5,705	713	356	Note 2
Great Victory Chemical Industry Co., Ltd.	Tecnica Cientifica De Guatemala S. A.	Guatemala	The trade of pesticides	9,043	9,043	2,360	73.75%	1,780	-	-	Note 2

Note 1: It is calculated according to the invested company's financial statements audited by independent auditors during the same period and the company's shareholding ratio. It also takes into account the amortization of discounts and premiums, the recognition of the difference in investment profit or loss proportionally to the new and old shareholding ratio of the subsidiary before the capital increase, unrealized gains or losses from inter-company transactions, the impact of right-of-use asset profit or loss, etc.

Note 2: It is calculated according to the invested company's financial statements not audited by independent auditors during the same period and the company's shareholding ratio. It also takes into account the amortization of discounts and premiums.

Note 3: Since the company is a corporate director of Shenghua Development Co., Ltd., accounted for 25% of Sheng Hua's director seats, the company also participates in operating decisions with material influence on Shenghua; therefore, Shenghua is an associate of the company, and is booked as an investment under the equity method.

Note 4: Please refer to Table VII for information of the invested companies in Mainland China.

Formosan Union Chemical Corporation and Subsidiaries
Information on Investment in Mainland China
January 1 – December 31, 2022

Table VII

Unit: NT$ Thousand, unless otherwise provided

Invested company in Mainland China	Main business operation	Paid-in capital (Note 2)	Investment	Cumulative investment amount remitted outward from Taiwan at the beginning of the year (Note 2)	Investment amount remitted inward or outward in current year		Cumulative investment amount remitted outward from Taiwan at yearend (Note 2)	Profit (loss) of the invested company in current year	Direct or indirect investment ratio of the company	Investment profit (loss) recognized in current year	Book value of investment at yearend	Investment profit or loss remitted inward at yearend	Remarks
					Remitted outward	Remitted inward							
Zhangjiagang Trans-Ocean Enterprise Co., Ltd.	The loading, unloading, storage, re-packaging, transfer, and sales of chemical oil esters and other products, and other related businesses.	$ 753,009 (US$24,520 thousand)	Invest in the companies in Mainland China through the company setup in the third region	$ 61,758 (US$2,011 thousand)	$ -	$ -	$ 61,758 (US$2,011 thousand)	$ 94,222 (RMB 21,308 thousand)	10.86%	$ -	$ 144,363	$ 131,138	Note 3
Chang Chun FUCC (Changshu)	Engaged in the production, processing, and sales of nonylphenol, dinonylphenol and olefin fuel oil products; also, providing technical and consulting services related to self-produced products; engaged in the wholesale, warehousing and commission agency of general chemicals (except auctions), and import and export business.	1,243,755 (US$40,500 thousand)	Directly invest in Mainland China.	690,975 (US$ 22,500 thousand)	-	69,097 (US$2,250 thousand)	621,878 (US$ 20,250 thousand)	46,235	50.00%	23,118 (Note 1)	577,009	-	

Cumulative investment amount remitted outward from Taiwan to Mainland China at the end of current period	Investment amount approved by the Investment Commission MOEA	Limits on the investment in Mainland China according to the Investment Commission MOEA
$683,636 (US$22,261 thousand)	$721,716 (US$23,501 thousand)	$4,963,915

Note 1: It is calculated according to the financial statements audited by independent auditors during the same period.

Note 2: Except for the investment profit or loss recognized in the current year is calculated at the average exchange rate from January 1 to December 31, 2022, the rest is calculated at the spot exchange rate at the end of December 2022.

Note 3: Since the investment in Zhangjiagang Trans-Ocean Enterprise Co., Ltd. is arranged through Kenwell Industrial Pte Ltd.; also, Kenwell Industrial Pte Ltd. is a financial asset measured at fair value through other comprehensive profit or loss; therefore, there is not any shareholding in the associates and joint ventures under the equity method nor is there any shareholding in other comprehensive profit or loss.

Formosan Union Chemical Corporation

Major shareholders information

December 31, 2022

Table VIII

Name of major shareholders	Shareholdings	
	Shareholding (shares)	Shareholding ratio (%)
Ho Tung Chemical Corp.	29,234,040	6.12%
Chi-Tong Investment Co., Led.	28,924,000	6.06%
Eversoft Co., Ltd.	25,131,145	5.26%

Note 1: The main shareholder information in this table is prepared by Taiwan Depository & Clearing Corporation by calculating the company's common stock shares and preferred stock shares in a dematerialized form that have been completed with the registration and book-entry operation (including treasury shares) held by shareholders for more than 5% on the last business day at the end of the quarter. The capital stock recorded in the company's consolidated financial report and the actual number of shares in dematerialized form completed with registration and book-entry operation may be different due to the difference in calculation bases.

Note 2: If the information in the preceding paragraph is related to the shares put into trust by the shareholders, it is disclosed in the personal trust account of the trustor that is opened by the trustee. As for the shareholder's declaring insider's more than 10% shareholding in accordance with the Securities and Exchange Act, his/her shareholding includes principal's shareholding, the shares in trust, and the right to use the trust property. Please refer to the Market Observation Post System (MOPS) for the information on insider's equity declaration.

V. The audited standalone financial statements of 2022

Independent Auditor's Report

To: Formosan Union Chemical Corporation:

Independent Auditor's opinion

We have audited the accompanying balance sheet of Formosan Union Chemical Corporation as of December 31, 2022 and 2021 and the related statements of income, retained earnings, cash flows and notes (including the summary of major accounting policies) to the financial statements for the years then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Formosan Union Chemical Corporation as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Firms."

Basis of an audit opinion

We conducted our audit in accordance with the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and generally accepted auditing standards. The responsibilities of the independent auditors under these standards will be further explained in the audit performed on the financial statements. The personnel of the CPA Firm subject to the independence requirement have acted independently from the business operations of Formosan Union Chemical Corporation in accordance with the Code of Ethics and have performed other responsibilities of the Code of Ethics. We believe that our audit provides a reasonable basis for our opinion.

Key Audit Matters

The key audit matters refer to the most important matters in auditing the 2022 financial statements of Formosan Union Chemical Corporation in accordance with the professional judgment of the independent auditors. These matters have been handled during the process of reviewing the financial statements as a whole with audit opinions formed. We do not express an independent opinion on these matters.

The independent auditor determined that the key audit matters of Formosan Union Chemical Corporation to be communicated in the 2022 financial statements are as follows:

The sales income generated from export customers

Formosan Union Chemical Corporation generates income mainly from the sales of alkylbenzene (dodecylbenzene), normal olefins, petroleum resins, and alkanols (nonylphenol), of which, the trading conditions agreed with the export customers are to recognize income when the products are loaded on board and the bill of lading is delivered to the customer. The income from the said export sales had grown materially and continuously in 2022. The occurrence of the said export sales had a material impact on the 2022 financial statements; therefore, the independent accountant had it classified as a key audit matter in 2022. Please refer to Notes IV and XXIV for the accounting policies and information on income recognition.

The independent auditor considers the income recognition policy and trade conditions for such important matters with the main auditing procedures implemented as follows:

1. Understand and test the effectiveness of internal control design and implementation related to this type of sales income.
2. Randomly sample from the sales income transactions conducted with export customers to check the "Bill of Lading," "Invoice," and related shipping documents.
3. Check whether there is a major sales return or discount that occurred afterward by this type of customer as of the inspection report date.

The responsibility of the management and governance unit for the financial statements

The responsibility of the management is to have the financial statements presented fairly, in all material respects, in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Firms;" also, maintained the necessary internal controls related to the financial statements to ensure that the financial statements are free of any material misstatement arising from frauds or errors.

The management's responsibility while preparing the financial statements also includes assessing the continuing operation of Formosan Union Chemical Corporation, the disclosure of the relevant matters, and the adoption of the continuing operation accounting base, unless the management intends to liquidate Formosan Union Chemical Corporation or cease the business operation, or there is lack of any option except for liquidation or suspension.

The governance unit (including the Audit Committee) of Formosan Union Chemical Corporation is responsible for supervising the financial reporting process.

The independent auditor's responsibility for auditing the financial statements

The purpose of the independent auditor's auditing the financial statements is to obtain reasonable assurance about whether the financial statements are free of material misstatement arising from frauds or errors and with an audit report issued. Reasonable assurance means high assurance. However, the audit conducted in accordance with generally accepted auditing

standards does not guarantee having any material misstatements in the financial statements detected. Material misstatement could be arising from frauds or errors. If the misstated amount or aggregated amount is reasonably expected to affect the economic decisions made by the readers of the financial statements, it is considered significant.

The independent auditors when conducting the audit in accordance with generally accepted auditing standards shall exercise professional judgment and maintain professional suspicion. The independent auditors also perform the following tasks:

1. Identify and evaluate the risk of material misstatement arising from frauds or errors of the financial statements; design and implement proper responsive measures for the assessed risks; also, obtain sufficient and adequate audit evidence for forming an audit opinion. Frauds may involve conspiracy, forgery, deliberate omission, false declaration, or violation of internal control; therefore, the risk of material misstatement arising from fraud is higher than that caused by errors.
2. Obtain necessary understanding on the internal control related to the audit in order to design appropriate audit procedures under the circumstance, but the purpose is not to express an opinion on the effectiveness of the internal control of Formosan Union Chemical Corporation
3. Assess the appropriateness of the accounting policies adopted by the management; also, the reasonableness of the accounting estimates and related disclosures made.
4. Base on the audit evidence obtained to make conclusions on the suitability of the continuing operation accounting base adopted by the management and whether or not the events or circumstances causing material doubts to the continuing operation ability of Formosan Union Chemical Corporation are with material uncertainties. If the independent auditors believe that such events or circumstances are with significant uncertainties, it is necessary to remind the readers of the financial statements in the audit report to pay attention to the relevant disclosure or to revise the audit opinion when such disclosures are inappropriate. The conclusion of the independent auditors is based on the audit evidence obtained as of the audit report date. However, future events or circumstances may result in the inability of Formosan Union Chemical Corporation to operate continuously.
5. Evaluate the overall presentation, structure, and content of the financial statements (including the relevant notes) and whether or not the relevant transactions and events in the financial statements are presented fairly.
6. Obtain sufficient and appropriate audit evidences on the financial information of the individual business entity within Formosan Union Chemical Corporation in order to

express an opinion on the financial statements. The independent auditors are responsible for guiding, supervising, and implementing the auditing process; also, is responsible for forming an opinion on the audit of Formosan Union Chemical Corporation

The matters communicated by the independent auditors to the governance unit include the scope and timing of the planned audit, and the material findings (including the major nonconformities of internal controls identified in the auditing process).

The independent auditors have provided to the governance unit the declaration of independence of the CPA Firm personnel subject to the Code of Ethics; also, have communicated with the governance unit regarding the relationship and other matters (including the relevant protection measures) that may affect the independence of the independent auditors.

The independent auditors have based on the communications with the governance unit to determine the key audit matters to be performed on the 2022 financial statements of Formosan Union Chemical Corporation The independent auditors shall state the key audit matters in the audit report except for the specific matters prohibited from being disclosed by law and regulations, or, in rare cases; the independent auditors decide not to have specific matters communicated in the audit report since the negative effect of such disclosure can be reasonably expected to be greater than the increase of public interest.

Deloitte & Touche

CPA Wen-Yuan Chuang

CPA Tza-Li Gung

Certificate issued by the Financial Supervisory Commission Jin-Guan-Zheng-Shen-Zi No. 1090347472

Certificate issued by the Financial Supervisory Commission Jin-Guan-Zheng-Shen-Zi No. 1000028068

March 23, 2023

Formosan Union Chemical Corporation

Balance Sheet

December 31, 2022 and 2021

NT$ Thousand

Code	Assets	12/31/2022 Amount	%	12/31/2021 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note IV & VI)	$ 760,775	7	$ 501,676	5
1110	Financial assets measured at fair value through profit or loss – current (Note IV & VII)	131,641	1	60,512	1
1136	Financial assets measured at the amortized cost – current (Note IV & IX)	30,660	-	-	-
1160	Notes receivable – related party (Note IV, X, XXIV, & XXXI)	617	-	502	-
1170	Accounts receivable (Note IV, X, & XXIV)	629,569	6	727,895	8
1180	Accounts receivable – related party (Note IV, X, XXIV, & XXXI)	37,026	-	38,623	-
1200	Other receivable (Note IV and X)	43,520	-	30,146	-
1210	Other receivable – related party (Note IV, X, & XXXI)	3,678	-	1,395	-
130X	Inventory – net (Note IV & XI)	2,817,667	25	2,158,390	23
1410	Prepayment (Note XVII)	112,162	1	27,434	-
1470	Other current assets (Note XVII)	5,309	-	1,503	-
11XX	Total current assets	4,572,624	40	3,548,076	37
	Noncurrent assets				
1517	Financial assets measured at fair value through other comprehensive profit or loss – noncurrent (Note IV & VIII)	786,169	7	356,870	4
1535	Financial assts – noncurrent measured at the amortized cost (Note IV & IX)	-	-	40,000	-
1550	Investment under the equity method (Note IV & XII)	4,135,927	37	3,950,597	42
1600	Property, plant, and equipment (Note IV, XIII, XXXI, & XXXII)	1,193,038	11	1,228,416	13
1755	Right-of-use assets (Note IV, XIV, & XXXI)	122,842	1	28,702	-
1760	Investment property – net (Note IV, XV, & XXXII)	141,262	1	141,909	2
1780	Intangible assets (Note IV & XVI)	1,256	-	1,522	-
1840	Deferred income tax assets (Note IV & XXVI)	186,630	2	178,737	2
1990	Other noncurrent assets (Note XVII & XXXII)	54,228	1	29,697	-
15XX	Total noncurrent assets	6,621,352	60	5,956,450	63
1XXX	Total assets	$ 11,193,976	100	$ 9,504,526	100
Code	Liabilities and Shareholders' equity				
	Current liabilities				
2100	Short-term loans (Note XVIII)	$ 1,065,000	10	$ 637,617	7
2150	Notes payable (Note XIX)	9,821	-	12,631	-
2170	Accounts payable (Note XIX)	669,241	6	378,349	4
2180	Accounts payable – related party (Note XIX & XXXI)	23,330	-	40,286	-
2219	Other payables (Note XX)	454,246	4	417,235	4
2220	Other payables – related party (Note XX and XXXI)	2,982	-	2,500	-
2230	Income tax liabilities – current (Note IV & XXVI)	190,010	2	41,605	1
2250	Liability reserve – current (Note IV & XXI)	13,617	-	16,529	-
2280	Lease liability – current (Note IV, XIV, & XXXI)	32,529	-	28,101	-
2399	Other current liabilities (Note XX & XXIV)	15,703	-	41,429	1
21XX	Total current liabilities	2,476,479	22	1,616,282	17
	Noncurrent liabilities				
2570	Deferred income tax liabilities (Note IV & XXVI)	326,847	3	236,165	3
2580	Lease liabilities – noncurrent (Note IV & XIV)	93,250	1	624	-
2640	Net defined benefit liabilities – noncurrent (Note IV & XXII)	22,064	-	29,309	-
2670	Other noncurrent liabilities	2,144	-	-	-
25XX	Total noncurrent liabilities	444,305	4	266,098	3
2XXX	Total liabilities	2,920,784	26	1,882,380	20
	Equity				
3110	Common stock capital	4,770,163	42	4,770,163	50
3200	Additional paid-in capital	77,090	1	181,715	2
	Retained earnings				
3310	Legal reserve	1,074,510	10	980,063	10
3320	Special reserve	251,175	2	251,175	3
3350	Unappropriated earnings	1,491,746	13	1,223,208	13
3300	Total retained earnings	2,817,431	25	2,454,446	26
	Other equities				
3410	Exchange difference from the conversion of financial statements of foreign operation institution	(25,070)	-	(42,623)	(1)
3420	Unrealized profit or loss in valuation of financial assets measured at fair value through other comprehensive profit or loss	633,578	6	258,445	3
3400	Total other equities	608,508	6	215,822	2
3XXX	Total equity	8,273,192	74	7,622,146	80
	Total Liabilities and Shareholders' equity	$ 11,193,976	100	$ 9,504,526	100

The Notes enclosed are an integral part of the Financial Statements.

Chairman： CEO： CFO： Accountant：

Formosan Union Chemical Corporation

Income Statement

January 1 – December 31, 2022 and 2021

Unit: NT$ Thousand; except for earnings per share in NT$

Code		2022		2021	
		Amount	%	Amount	%
4100	Operating income – net (Note IV, XXIV, & XXXI)	$ 8,196,847	100	$ 6,602,635	100
5110	Operating cost (Note IV, XI, XXV, & XXXI)	6,439,789	79	4,827,010	73
5900	Gross profit	1,757,058	21	1,775,625	27
5920	Realized sales profit	899	-	750	-
5950	Realized gross profit	1,757,957	21	1,776,375	27
	Operating expense (Note XXV & XXXI)				
6100	Marketing expense	450,777	6	410,648	6
6200	Managerial expense	198,893	2	183,283	3
6300	R&D expense	24,301	-	23,907	-
6000	Total operating expense	673,971	8	617,838	9
6900	Net operating income	1,083,986	13	1,158,537	18
	Non-operating income and expense				
7100	Interest income (Note XXV & XXXI)	12,127	-	5,842	-
7010	Other income (Note XXV & XXXI)	43,989	-	44,988	1
7020	Other profit and loss (Note XXV)	207,848	3	12,138	-

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Code		2022 Amount	2022 %	2021 Amount	2021 %
7070	Profit or loss ratio from subsidiaries, associates, and joint venture under the equity method (Note XII)	($ 11,884)	-	($ 191,886)	(3)
7050	Financial cost (Note XXV & XXXI)	(11,238)	-	(5,420)	-
7000	Total non-operating income and expense	240,842	3	(134,338)	(2)
7900	Net income before tax	1,324,828	16	1,024,199	16
7950	Income tax expense (Note IV & XXVI)	240,189	3	76,612	1
8200	Net income	1,084,639	13	947,587	15
	Other comprehensive profit or loss				
8310	Items not-reclassified to profit or loss:				
8311	Defined benefit plan re-measurement amount (Note XXII)	6,663	-	6,272	-
8316	Unrealized profit or loss in valuation of equity instrument investment measured at fair value through other comprehensive profit or loss (Note VIII & XXIII)	459,035	6	105,930	1

8330	Other comprehensive profit or loss ratio from subsidiaries, associates, and joint venture under the equity method	(672)	-	(12,689)	-
8349	Income tax related to items not reclassified to profit or loss (Note XXIII & XXVI)	96,023	1	25,312	-
		369,003	5	74,201	1

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Code		2022 Amount	2022 %	2021 Amount	2021 %
8360	Items could be reclassified to profit or loss subsequently:				
8361	Exchange difference from conversion of financial statements of foreign operating institution (Note XXIII)	$ 21,766	-	($ 5,977)	-
8380	Other comprehensive profit or loss ratio from subsidiaries, associates, and joint venture under the equity method (Note XXIII)	140	-	(37)	-
8399	Income tax related to items could be reclassified to profit or loss (Note XXIII & XXVI)	4,353	-	(1,196)	-
		17,553	-	(4,818)	-
8300	Total other comprehensive profit or loss	386,556	5	69,383	1
8500	Total comprehensive profit or loss – current	$ 1,471,195	18	$ 1,016,970	16
	Earnings per share (Note XXVII)				
9710	Basic	$ 2.27		$ 1.99	
9810	Diluted	$ 2.27		$ 1.98	

The Notes enclosed are an integral part of the Financial Statements.

Chairman： CEO： CFO： Accountant：

Formosan Union Chemical Corporation

Statement of Retained Earnings

January 1 – December 31, 2022 and 2021

Unit: NT$ Thousand

Code		Capital stock (Note XXIII)			Retained earnings (Note VIII & XXIII)				Other equities (Note VIII & XXIII)			
		Shares (Thousand)	Amount	Additional paid-in capital (Note XXIII)	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange difference from the conversion of financial instruments of foreign operating institution	Unrealized loss in valuation of financial assets measured at fair value through other comprehensive profit or loss	Total	Total equity
A1	Balance – 1/1/2021	477,016	$ 4,770,163	$ 182,565	$ 925,118	$ 251,175	$ 906,104	$ 2,082,397	($ 37,805)	$ 181,126	$ 143,321	$ 7,178,446
	The 2020 earnings appropriation and distribution											
B1	Legal reserve	-	-	-	54,945	-	(54,945)	-	-	-	-	-
B5	Cash dividend	-	-	-	-	-	(572,420)	(572,420)	-	-	-	(572,420)
		-	-	-	54,945	-	(627,365)	(572,420)	-	-	-	(572,420)
D1	Net income - 2021	-	-	-	-	-	947,587	947,587	-	-	-	947,587
D3	Other comprehensive profit or loss after tax – 2021	-	-	-	-	-	5,403	5,403	(4,818)	68,798	63,980	69,383
D5	Total comprehensive profit or loss – 2021	-	-	-	-	-	952,990	952,990	(4,818)	68,798	63,980	1,016,970
M7	Changes in the equity of the subsidiary owned by the company	-	-	(850)	-	-	-	-	-	-	-	(850)
Q1	Disposal of equity instrument measured at fair value through other comprehensive profit or loss	-	-	-	-	-	(8,521)	(8,521)	-	8,521	8,521	-
Z1	Balance – 12/31/2021	477,016	4,770,163	181,715	980,063	251,175	1,223,208	2,454,446	(42,623)	258,445	215,822	7,622,146
	The 2021 earnings appropriation and distribution											
B1	Legal reserve	-	-	-	94,447	-	(94,447)	-	-	-	-	-
B5	Cash dividend	-	-	-	-	-	(715,524)	(715,524)	-	-	-	(715,524)
		-	-	-	94,447	-	(809,971)	(715,524)	-	-	-	(715,524)
C15	Cash dividend from additional paid-in capital	-	-	(95,403)	-	-	-	-	-	-	-	(95,403)
D1	Net income - 2022	-	-	-	-	-	1,084,639	1,084,639	-	-	-	1,084,639
D3	Other after-tax profit or loss - 2022	-	-	-	-	-	8,280	8,280	17,553	360,723	378,276	386,556
D5	Total comprehensive profit or loss – 2022	-	-	-	-	-	1,092,919	1,092,919	17,553	360,723	378,276	1,471,195
M7	Changes in the equity of the subsidiary owned by the company	-	-	(9,222)	-	-	-	-	-	-	-	(9,222)
Q1	Disposal of equity instrument measured at fair value through other comprehensive profit or loss	-	-	-	-	-	(14,410)	(14,410)	-	14,410	14,410	-
Z1	Balance – 12/31/2022	477,016	$ 4,770,163	$ 77,090	$ 1,074,510	$ 251,175	$ 1,491,746	$ 2,817,431	($ 25,070)	$ 633,578	$ 608,508	$ 8,273,192

The Notes enclosed are an integral part of the Financial Statements.

Chairman： CEO： CFO： Accountant：

Formosan Union Chemical Corporation

Statement of Cash Flows

January 1 – December 31, 2022 and 2021

Unit: NT$ Thousand

Code		2022	2021
	Cash flow from operating activities		
A00010	Net income before tax	$ 1,324,828	$ 1,024,199
A20010	Income and expense items		
A20100	Depreciation expense	98,710	106,985
A20200	Amortization expense	633	367
A20400	Net profit of financial assets measured at fair value through profit or loss	(105,766)	(19,112)
A20900	Financial cost	11,238	5,420
A21200	Interest income	(12,127)	(5,842)
A21300	Dividend income	(9,860)	(9,974)
A22400	Profit ratio from subsidiaries, associates, and joint venture under the equity method	11,884	191,886
A22500	Loss (profit) from the disposal of property, plant, and equipment	1,303	(74)
A23700	Loss from the valuation of inventory and obsolescence	5,530	3,660
A24000	Realized sales profit with joint venture	(899)	(750)
A24100	Exchange loss – net	7,618	705
A30000	Changes in operating assets and liabilities – net		
A31115	Financial assets measured at fair value through profit or loss mandatorily	34,637	(41,400)
A31140	Notes receivable – related party	(115)	(135)
A31150	Accounts receivable	90,393	(174,885)
A31160	Accounts receivable – related party	1,597	71,702
A31180	Other receivable	(11,746)	(11,275)
A31190	Accounts receivable	(2,283)	(270)
A31200	Inventories	(673,658)	(660,938)
A31230	Prepayment	(84,728)	39,458
A31240	Other current assets	(3,806)	1,173
A32130	Notes payable	(2,810)	970
A32140	Notes payable – related party	-	(216)
A32150	Accounts payable	292,264	241,165
A32160	Accounts payable – related party	(16,956)	22,024
A32180	Other payable	27,863	127,464
A32190	Other payable – related party	482	(13)
A32200	Liability reserve	(2,912)	3,944
A32230	Other current liabilities	(25,726)	32,066
A32240	Defined benefit liabilities – net	(582)	(35,597)

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Code		2022	2021
A33000	Cash from operating activities	$ 955,006	$ 912,707
A33100	Interest collected	10,480	6,167
A33200	Dividend collected	9,860	9,974
A33300	Interest paid	(11,020)	(5,589)
A33500	Income tax paid	(109,371)	(211,696)
AAAA	Net cash inflow from operating activities	854,955	711,563
	Cash flow from investing activities		
B00030	Refund of capital reduction of financial assets measured at fair value through other comprehensive profit or loss	29,736	37,785
B00040	Acquisition of financial assets measured at the amortized cost	(31,700)	-
B00050	Disposal of financial assets measured at the amortized cost	40,000	-
B01800	Acquisition of investment under the equity method	(13,500)	(20,000)
B02400	Refund of capital reduction of invested companies under the equity method	68,951	-
B02700	Acquisition of property, plant, and equipment	(7,104)	(14,342)
B02800	Disposal of property, plant, and equipment	208	186
B03800	Decrease (increase) in refundable deposit	(2,203)	519
B04400	Decrease in other receivable – related party	-	40,000
B04500	Acquisition of intangible assets	(367)	(1,683)
B05400	Acquisition of investment property	(810)	-
B07100	Increase in prepaid equipment	(21,881)	(6,052)
B07600	Dividend collected from subsidiaries, associates, and joint venture	60,246	71,451
BBBB	Net cash inflow from investing activities	121,576	107,864
	Cash flow from financing activities		
C00200	Increase (decrease) in short-term loans	427,383	(229,179)
C03000	Increase in deposits received	2,144	-
C04020	Liquidated lease liability principal	(36,032)	(59,980)
C04500	Distribution of cash dividend	(810,927)	(572,420)
C05400	Acquisition of equity from the subsidiaries	(300,000)	(200,000)
CCCC	Net cash outflow from financing activities	(717,432)	(1,061,579)
EEEE	Net increase (decrease) in cash and cash equivalents	259,099	(242,152)
E00100	Balance of cash and cash equivalents – beginning	501,676	743,828
E00200	Balance of cash and cash equivalents – ending	$ 760,775	$ 501,676

The Notes enclosed are an integral part of the Financial Statements.

Chairman： CEO： CFO： Accountant：

Formosan Union Chemical Corporation

Notes to the Financial Statements

January 1 – December 31, 2022 and 2021

(Unless otherwise noted, all units are expressed in NT$ Thousand)

I. Company profile

Formosan Union Chemical Corporation (hereinafter referred to as the "company") was established on June 21, 1973 to engage in the production, processing, and trading of alkylbenzene (dodecylbenzene), alkenes, alkanol (nonylphenol), and their derivatives; also, the operation and investment of other related businesses.

The company's stock shares have been listed and traded on the Taiwan Stock Exchange since July 1986.

This financial report is expressed in the company's functional currency (New Taiwan Dollar).

II. Date of and procedure for the approval of the financial statements

The financial statements were approved by the board of directors on March 14, 2023.

III. Application of the newly announced and amended regulations and interpretations

(I) The company has adopted International Financial Reporting Standards (IFRSs) that was recognized by the Financial Supervisory Commission, International Accounting Standards (IAS), Interpretations, and Notices (IFRS), Interpretation (IFRIC) and Interpretative Announcement (SIC) for the first time.

The company has started applying the amended "International Financial Reporting Standards (IFRSs)" that was recognized and announced by the Financial Supervisory Commission and it will not cause a material change to the accounting policies of the company.

(II) Applicable IFRSs recognized by the Financial Supervisory Commission in 2023

Newly announced/revised/amended regulations and interpretations	Effective date for the announcement of the IASB
Amendment to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendment to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendment to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: This amendment is applicable to the annual reporting period starting from January 1, 2023.

Note 2: This amendment is applicable to the changes in accounting estimates and accounting policies occurred in the reporting period starting from January 1, 2023.

Note 3: Except for the recognition of deferred income tax on the temporary difference of lease and decommissioning obligations on January 1, 2022, this amendment is applicable to transactions occurring after January 1, 2022.

As of the approval and release date of this financial report, the company has evaluated and concluded that the amendments to the aforementioned standards and interpretations will not have a material impact on the financial status and financial performance.

(III) IFRSs announced by IASB but not yet recognized and announced by the Financial Supervisory Commission

Newly announced/revised/amended regulations and interpretations	Effective date for the announcement of the IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or investment of assets between investors and their associates or joint ventures"	Undetermined
Amendment to IFRS 16 "Lease Liabilities Arising from Sale and Leaseback Transactions"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendment to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendment to IAS 1 "Classification of Liabilities as Current or Noncurrent"	January 1, 2024
Amendment to IAS 1 "Classification of Noncurrent Liabilities with Covenants"	January 1, 2024

Note 1: Unless otherwise specified, the aforementioned newly announced/revised/amended regulations and interpretations will be effective in the annual reporting period starting from the respective date.

Note 2: The seller and lessee shall apply the amendments of IFRS 16 retrospectively to the sale and leaseback transactions signed after the initial application of IFRS 16.

The company has been continuously evaluating the impact of the aforementioned amendments to regulations and interpretations on the financial status

and financial performance as of the date the financial statements were passed and announced; also, the said impact will be disclosed upon the completion of the evaluation.

IV. Summary of material accounting policies

(I) Statement of compliance

The financial statements are prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Firms" and the IFRSs recognized and announced by the Financial Supervisory Commission.

(II) Preparation basis for financial statements

Except for the financial instruments measured at fair value and the net defined benefit liabilities recognized at the present value of the defined benefit obligation net of the fair value of the planned assets, this financial report is prepared at the historical cost.

The measurement of fair value is divided into Level 1 to Level 3 according to the observability and importance of the relevant input values.

1. Level 1 input values: It refers to the market price (unadjusted) of the same asset or liability available on the measurement date.
2. Level 2 input values: It refers to the directly (that is, price) or indirectly (that is, derived from price) observable input value of an asset or liability, except for Level 1 quotation.
3. Level 3 input values: It refers to the unobservable input value of an asset or liability.

The company adopts the equity method for investment in subsidiaries, associates, or joint ventures when preparing the financial reports. In order to have had the current profit or loss, other comprehensive profit or loss, and equity in the financial report same as the current profit or loss, other comprehensive profit or loss, and equity attributable to the shareholders' equity in the company's consolidated financial report, certain accounting differences under the entity basis and the consolidated basis are adjusted, including "Investments under the equity method,"

"shares of profit or loss from the subsidiaries, associates, and joint ventures under the equity method," "share of comprehensive profit or loss from the subsidiaries, associates, and joint ventures under the equity method," and other related equity items.

(III) Criteria for the classification of assets and liabilities as current and noncurrent

Current assets include:

1. Assets held primarily for trading purposes;
2. Assets that are expected to be realized within twelve months after the reporting period; and
3. Cash and cash equivalents (excluding restricted items that will be exchanged or used to liquidate liabilities within 12 months after the balance sheet date);

Current liabilities include:

1. Liabilities held primarily for trading purposes;
2. Liabilities that will be due for settlement within 12 months after the balance sheet date (even a long-term refinancing or rescheduling payment agreement that is completed after the balance sheet date and before the financial report issued is also classified as a "current liability"), and;
3. Liabilities that cannot be unconditionally extended for at least 12 months after the balance sheet date; however, the classification of the liabilities that could be liquidated by issuing equity instruments at the clause choice of the counterparty is not affected.

Assets and liabilities other than current assets and current liabilities are classified as noncurrent assets and noncurrent liabilities.

(IV) Foreign currency

The company has financial reports prepared in a currency (foreign currency) other than its functional currency shall have it converted into functional currency at the exchange rate on the trade day.

Foreign currency transactions are converted in accordance with the closing exchange rate on the balance sheet date. The exchange difference amount arising from the clearing or exchange transaction should be recognized as profit or loss.

Non-monetary items in foreign currency measured at the fair value are converted at the exchange rate on the day when the fair value is determined, and the resulted exchange difference is recognized as profit or loss. However, if the change

in fair value is recognized in other comprehensive profit or loss, the resulted exchange difference is recognized in the other comprehensive profit or loss.

Non-monetary items in foreign currency measured at the historical cost are converted at the exchange rate on the trade day and will not be converted again.

The assets and liabilities of a foreign operating institution (including the subsidiaries, associates, or joint ventures operate in a different country or use different currencies) are converted into New Taiwan Dollar in accordance with the exchange rate on the balance sheet date when a financial report is prepared. Profits and losses are converted at the current average exchange rate, and the resulted exchange difference is recognized in the other comprehensive profit or loss and is attributable to the shareholder's equity and non-controlling interests of the company.

(V) Inventory

Inventories include raw materials, work-in-process products, and finished products. Inventory is measured at the lower of cost or net realizable value. The comparison of the cost and net realizable value, except for same type of inventories, is itemized. Net realizable value refers to the estimated selling price under normal circumstances minus the estimated cost required to complete the project and the estimated cost required to complete the sale. The weighted average method is adopted for the calculation of inventory cost.

(VI) Investment in subsidiaries

The company adopts the equity method for investments in the subsidiaries.

A subsidiary refers to a business entity controlled by the company.

Under the equity method, investments are initially recognized at cost; also, the book amount after the acquisition date increases or decreases along with the company's share of profits or losses in the subsidiaries and other comprehensive profit or loss. In addition, changes in the other equities of the subsidiaries owned by the company are recognized proportionally to the shareholding ratio.

When the changes in the equity of the subsidiary owned by the company do not result in the loss of control, it is treated as an equity transaction. The difference between the adjustment amount of non-controlling interests and the fair value of the consideration paid or received is directly recognized as equity.

When the company's share of losses in the subsidiaries equals to or exceeds its equity in the subsidiaries (including the book value of the subsidiaries under the equity method, and other long-term equity of the net investment of the company in the subsidiaries), the recognition of further losses will be continued proportionally to the shareholding ratio.

The amount of the acquisition cost exceeding the share of the net fair value of the identifiable assets and liabilities of the subsidiaries that the company owns on the acquisition date is classified as goodwill, which is included in the book value of the investment and cannot be amortized. The share of the net fair value of the identifiable assets and liabilities of the subsidiaries that the company owns on the acquisition date exceeding the amount of the acquisition cost is recognized as profit or loss.

When the company evaluates impairment, it bases on the financial report to consider the cash-generating unit as a whole and compare the recoverable amount against the book amount. If the recoverable amount of the asset increases subsequently, the reversal of the impairment loss is recognized as profit; however, the book value of the asset after the reversal of the impairment loss shall not exceed the book amount that is without having the impairment loss recognized but after deducting the amortization. Impairment losses attributable to goodwill cannot be reversed in the subsequent periods.

When losing control over a subsidiary, the company measures its remaining investment in the former subsidiary based on the fair value on the day when control is lost. The difference between the fair value of the remaining investment and any disposal price and the book value of the investment on the day when control is lost is booked as current profit or loss. In addition, the accounting treatment for the amounts related to the subsidiary recognized in other comprehensive profit or loss is on the same basis as the related assets or liabilities directly disposed by the company.

The unrealized profits or losses arising from the clockwise transactions between the company and the subsidiaries are delisted in the financial statements. The profits or losses arising from the counterclockwise and side-stream transactions between the company and the subsidiaries are recognized in the financial report to the extent that it has nothing to do with the company's equity in the subsidiaries.

(VII) Investment in the associates and joint ventures

An associate refers to an enterprise that is materially influenced by the company, but it is not a subsidiary or joint venture. A joint venture refers to a joint agreement between the company and another company that has joint control and rights to net assets.

The company adopts the equity method for investments in the associates and joint ventures.

Under the equity method, investments in the associates and joint ventures are initially recognized at cost; also, the book amount after the

acquisition date increases or decreases along with the company's share of profits or losses in the associates and joint ventures and other comprehensive profit or loss. In addition, changes in the equity of the associates and joint ventures are recognized proportionally to the shareholding ratio.

The amount of the acquisition cost exceeding the share of the net fair value of the identifiable assets and liabilities of the associates and the joint venture that the company owns on the acquisition date is classified as goodwill, which is included in the book value of the investment and cannot be amortized. The share of the net fair value of the identifiable assets and liabilities of the associates and the joint venture that the company owns on the acquisition date exceeding the amount of the acquisition cost is recognized as profit or loss.

If the company does not subscribe the new shares issued by the associates and joint ventures proportionally to the shareholding ratio that causes changes in the shareholding ratio and the net equity value of the investment, the amount of increase or decrease is adjusted to the additional paid-in capital– equity method with the changes in the net equity of the associates and joint venture and the investment under the equity method recognized. However, if the equity in the associates and joint venture is decreased due to not subscribing the new shares issued by the associates and joint ventures proportionally to the shareholding ratio, the amount related to the associates and joint venture recognized in the other comprehensive profit or loss should be reclassified proportionally to the decreased amount. Its accounting treatment basis is same as the way an associate or joint venture directly handling the disposal of related assets or liabilities. If the aforementioned adjustment is debited to additional paid-in capital, when there is insufficient additional paid-in capital resulted from the investment under the equity method, the difference amount should be debited to the retained earnings.

When the company's share of losses in the associates and joint ventures equals to or exceeds its equity in the associates and joint ventures (including the book value of the investment in the associates and joint ventures under the equity method, and other long-term equity of the net investment of the company in the associates and joint ventures), the recognition of further losses will be ceased. The company only recognizes additional losses and liabilities within the scope of incurred legal obligations, deduced obligations, or payments made on behalf of the associates and joint ventures.

The company at the time of assessing impairment regards the overall book value (including goodwill) of the investment as a single asset and conducts impairment test by comparing it to the recoverable amount. The recognized impairment loss is an integral part of the investment book amount. Any reversal of the impairment loss shall be recognized within the scope of the subsequent increase in the recoverable amount of the investment.

The company ceases the adoption of the equity method on the day when the invested entity ceases to be an associate or a joint venture; also, its retained equity of the former associates and joint venture is measured at fair value. The difference amount between the fair value and disposal price with the book amount of the investment on the day stops applying the equity method is recognized as profit or loss. In addition, for the amount related to the associates and joint venture recognized in the other comprehensive profit or loss, its accounting treatment basis is same as the way an associate or joint venture directly handling the disposal of related assets or liabilities. If an investment in an associate becomes an investment in a joint venture, or an investment in a joint venture becomes an investment in an associate, the company will continue to adopt the equity method without re-measuring the retained equity.

The profits or losses arising from the counterclockwise and clockwise transactions between the company and the associates and the joint venture are recognized in the financial report to the extent that it has nothing to do with the company's equity in the associates and the joint venture.

(VIII) Property, plant and equipment

Property, plant and equipment are recognized at the cost first and subsequently measured at the cost net of accumulated depreciation and accumulated impairment loss.

Property, plant and equipment are depreciated on a straight-line basis within the service life for each material part separately. The company shall review the estimated service life, residual value, and depreciation method at least once at the end of each year, and defer the effect of changes in the applicable accounting estimates.

The difference between the net disposal amount of the property, plant and equipment and the book amount is recognized as profit or loss at the time of having them delisted.

(IX) Investment property

Investment property refers to property held for earning rent or capital appreciation, or both.

Investment property is initially measured at cost (including transaction costs), and subsequently measured at the cost net of the accumulated depreciation and accumulated impairment losses. The depreciation of investment property is calculated on a straight-line basis.

The difference between the net disposal amount of the investment property and the book amount is recognized as profit or loss at the time of having it delisted.

(X) Intangible assets

1. Acquired separately

Intangible assets with limited useful life acquired separately are initially measured at cost, and subsequently measured at the cost net of accumulated amortization and accumulated impairment losses. Intangible assets are amortized on a straight-line basis during the useful life. The company shall review the estimated service life, residual value, and amortization method at least once at the end of each year, and defer the effect of changes in the applicable accounting estimates.

2. Delisting

The difference between the net disposal price and the book value of the asset is recognized in profit or loss at the time of having intangible assets delisted.

(XI) Impairment of property, plant and equipment, right-of-use assets, investment property, and intangible assets (except goodwill)

The company assesses on each balance sheet date whether there is any sign indicating that property, plant and equipment, right-of-use assets, investment property, and intangible assets (except goodwill) may have been impaired. If there is any sign of impairment, the recoverable amount of the asset should be estimated. If the recoverable amount of an individual asset cannot be estimated, the company should estimate the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of the fair value net of the cost of sale or its value in use. If the recoverable amount of an individual asset or a cash-generating unit is lower than its book value, the book value of the asset or the cash-generating unit should be reduced to its recoverable amount, and the impairment loss is recognized in profit or loss.

When the impairment loss is subsequently reversed, the book value of the asset or the cash-generating unit is adjusted up to the revised recoverable amount; however, the increased book value may not exceed the book value (net of amortization or

depreciation) without any impairment loss of the assets or cash-generating unit recognized in previous years. The reversal of the impairment loss is recognized in the profit or loss.

(XII) Financial instruments

Financial assets and financial liabilities are recognized on the balance sheet when the company becomes a party to the instrument contract.

In the initial recognition of financial assets and financial liabilities, if financial assets or financial liabilities are not measured at fair value through profit or loss, they are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities measured at fair value through profit or loss are immediately recognized in profit or loss.

1. Financial assets

Conventional transactions of financial assets are recognized and delisted in accordance with the trade day accounting.

(1) Type of measurement

The types of financial assets held by the company are financial assets measured at fair value through profit or loss, financial assets measured at the amortized cost, and equity instrument investment measured at fair value through other comprehensive profit or loss.

A. Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss are financial assets measured at fair value through profit or loss mandatorily. Financial assets measured at fair value through profit or loss mandatorily include equity instrument investments that are not designated by the company to be measured at fair value through other comprehensive profit or loss, and debt instrument investments that are not classified as to be measured at the amortized cost or measured at fair value through other comprehensive profit or loss.

Financial assets measured at fair value through profit or loss are measured at fair value, and the profit or loss resulting from the re-measurement is recognized in profit or loss. Please refer to Note XXX for the fair value determination method.

B. Financial assets measured at the amortized cost

If the financial assets invested by the company meet the following two conditions, they are classified as financial assets measured at the amortized cost:

a. It is held under a certain business model for a purpose of holding the financial assets in exchange for contractual cash flows; and
b. Cash flow is generated in a specific date according to the contract signed; also, such cash flows are intended to pay for the principal and the interest of the outstanding principal.

Financial assets measured at the amortized cost (including cash and cash equivalents, accounts receivable, notes receivable, other receivable, refundable deposits, and other financial assets) after initial recognition are subsequently measured at the amortized cost (the book value that is determined according to the effective interest approach – impairment loss). The foreign exchange profit or loss is recognized in profit or loss.

Except for the following two circumstances, interest income is calculated by having the effective interest rate multiplied by the total book value of the financial assets:

a. For the purchased or originated credit-impaired financial assets, interest income is calculated by having the effective interest rate after credit adjustment multiplied by the amortized cost of the financial asset.
b. For financial assets not with purchase or original credit impairment, but subsequently become credit-impaired financial assets, interest income should be calculated by having the effective interest rate multiplied by the amortized cost of the financial asset from the next reporting period after the credit impairment.

Credit-impaired financial assets refer to the issuer or debtor who has experienced material financial difficulties, defaulted, the debtor who is likely to apply for bankruptcy or other financial reorganization, or the active market for financial assets disappeared due to financial difficulties.

C. Equity instruments investment measured at fair value through other comprehensive profit or loss;

The company at the time of initial recognition can make an irrevocable choice to have the equity instrument investment that is not

held-for-trade and not recognized through a business merger and acquisition or with considerations paid measured at fair value through other comprehensive profit or loss.

Equity instrument investment is measured at fair value through other comprehensive profit or loss; subsequent changes in fair value are reported in other comprehensive profit or loss and accumulated in other equity. At the time of disposing the investment, the accumulated profit or loss is directly transferred to retained earnings and is not reclassified as profit or loss.

Dividends from equity instrument investment measured at fair value through other comprehensive profit or loss are recognized in the profit or loss when the company's right to receive payments is established, unless the dividends clearly represent part of the investment cost recovered.

(2) Impairment of financial assets

The company evaluates the impairment loss of financial assets (including accounts receivable) measured at the amortized cost according to the expected credit loss on each balance sheet date.

Allowance for loss is recognized for accounts receivable according to the expected credit loss throughout the duration. For other financial assets, evaluate whether there is a significant increase in credit risk after the initial recognition, if there is no significant increase, the allowance for loss is recognized according to the 12-month expected credit loss; however, if there is a significant increase in credit risk, the allowance for loss is recognized according to the expected credit loss throughout the duration.

Expected credit loss is the weighted average credit loss based on the risk of default. The 12-month expected credit loss refers to the expected credit loss caused by the possible default event of the financial instrument within 12 months after the reporting date, and the expected credit loss throughout the duration refers to the expected credit loss caused by all possible default events throughout the duration of the financial instrument.

The impairment loss of all financial assets is with the book amount adjusted down through the allowance account; however, the allowance for loss of debt instrument investment measured at fair value through

other comprehensive profit or loss is recognized in other comprehensive profit or loss without causing a decrease in the book amount.

(3) Delisting of financial assets

The company will have the financial assets delisted only when the contractual right from the cash flow of the financial asset is terminated, or, the financial asset has been transferred and almost all the risks and rewards related to the ownership of the asset have been transferred to other companies.

When a financial asset measured at the amortized cost is delisted entirely, the difference between the book value and the consideration received is recognized in the profit or loss. When the debt instrument investment measured at fair value through other comprehensive profit or loss is delisted entirely, the difference between the book value and the consideration received plus the accumulated profit or loss that has been recognized in other comprehensive profit or loss is recognized in profit or loss. When the equity instrument investments measured at fair value through other comprehensive profit or loss are delisted entirely, the accumulated profit or loss is directly transferred to retained earnings without having it reclassified as profit or loss.

2. Equity instruments

The debt and equity instruments issued by the company are classified as financial liabilities or equity according to the real contractual agreement and the definition of financial liabilities and equity instruments.

The equity instruments issued by the company are recognized at the acquisition amount net of the direct issuance cost.

The company's equity instruments repurchased are recognized and deducted in the "equity" account, and the book value is calculated based on the weighted average of the stock types. The purchase, sale, issuance, or cancellation of the company's equity instruments are not recognized in profit or loss.

3. Financial liabilities

(1) Subsequent measurement

Except for the financial liabilities that are measured at fair value through profit or loss, all financial liabilities are measured at the amortized cost in accordance with the effective interest approach.

(2) Delisting of financial liabilities

When financial liabilities are de-listed, the difference between the book value and the total consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(XIII) Liability reserve

The recognized liability reserve amount is the best estimated expenditure needed for liquidating obligations on the balance sheet date under the consideration of the risk and uncertainty of obligation. The liability reserve is measured at the discounted value of the estimated cash flows needed for liquidating the current obligation.

(XIV) Income recognition

The company after identifying the performance obligations in the contract will have the transaction price distributed to each performance obligation, and will recognize income when each performance obligation is fulfilled.

1. Commodity sales income

Commodity sales income is generated from the sales of chemical products. Since the customer has the right to use the product when the product is shipped and has to bear the risk of obsolescence and outdated of the product, the company recognizes income and accounts receivable at the said point of time. The advances received for products are recognized as contract liabilities before the products are shipped.

2. Labor service income

Labor service income is generated from product processing, which is recognized when labor service is provided

(XV) Lease

The company evaluates whether it is (or including) a lease contract on the contract date.

1. The company is the lessor

When the lease clause is to transfer almost all the risks and rewards attached to the ownership of the asset to the lessee, it is classified as a financial lease. All other leases are classified as operating leases.

Lease payments for operating leases are recognized as income on a straight-line basis during the relevant lease period. The original direct costs arising from operating leases are added to the book value of the assets and recognized as expenses on a straight-line basis during the lease period.

2. The company is the lessee

Except for the lease payments of low-value underlying asset leases and short-term leases that are subject to the applicable recognition exemption are recognized as expenses on a straight-line basis during the lease period, other leases are recognized as right-of-use assets and lease liabilities on the lease start date.

The right-of-use asset is originally measured at cost (including the original measurement amount of the lease liability, the lease payment paid before the lease start date minus the lease incentives received, and the original direct cost and the estimated cost of restored underlying asset), and is subsequently measured at the cost net of the accumulated depreciation and accumulated impairment loss; also, adjusts the remeasurement amount of the lease liability. The right-of-use assets are separately expressed on the balance sheet.

Right-of-use assets are depreciated on a straight-line basis from the lease start date to the expiration of the service life or the expiration of the lease period, whichever is earlier.

The lease liability was originally measured at the present value of the lease payment. If the implicit interest rate of the lease is easy to determine, the lease payment is discounted at such interest rate. If the interest rate is not easy to determine, the lessee's incremental loan interest rate is applied.

Subsequently, the lease liability is measured at the amortized cost in accordance with the effective interest approach, and the interest expense is amortized during the lease period. If there are changes occurred in the lease period, the company will re-measure the lease liability and relatively adjust the right-of-use asset. However, if the book value of the right-of-use asset is reduced to zero, the remaining remeasurement amount is recognized in the profit or loss. For lease betterment that is not treated as separate leases, the remeasurement of the lease liability due to the reduction in the scope of the lease is applied to reduce the right-of-use asset; also, the profit or loss arising from the partial or full termination of the lease is recognized. The remeasurement of the lease liability due to other betterment is applied to adjust the right-of-use asset. Lease liabilities are separately expressed in the balance sheet.

(XVI) Loan cost

The loan cost directly attributable to the acquisition, construction, or production of a qualified asset is an integral part of the asset cost until almost

all necessary activities for the asset to reach its intended use or sale status have been completed.

If specific loans are applied to invest temporarily for earning investment income before being applied for capital expenditures that meet the requirements, such loans are deducted from the loan costs that meet the conditions of capitalization.

Except for the aforementioned practice, all other loan costs are recognized as profit or loss in the current period.

(XVII) Employee Benefits

1. Short-term employee benefits

Short-term employee benefit related liabilities are measured by the expected non-discounted amount of cash to be paid in exchange for employee services.

2. Retirement benefits

The pension of the defined contribution plan is recognized as expense for an amount equivalent to the retirement fund appropriated for the employee's service period.

The defined benefit cost (including service cost, net interest, and remeasurement) of the definite benefit plan is calculated according to the estimated unit benefit actuarial method. Net interests of service costs (including current service costs) and net defined benefit liabilities (assets) are recognized as employee benefit expenses upon occurrence. The remeasurement amount (including actuarial profit or loss and return on planned assets net of interest) is recognized in other comprehensive profit or loss upon occurrence and included in retained earnings, which will not be reclassified to profit or loss in subsequent periods.

The net defined benefit liabilities (assets) are the appropriation shortage (surplus) of the defined benefit plan. The net defined benefit assets shall not exceed the present value of the refunded appropriation of the plan or the reduceable appropriation in the future.

(XVIII) Income tax

Income tax expense is the sum of current income tax and deferred income tax.

1. Current income tax

The company determines the current income in accordance with the law and regulations in order to calculate the income tax payable accordingly.

The income tax to be levied additionally on the undistributed earnings that is calculated in accordance with the Income Tax Act of the Republic of China is to be recognized in the year it is resolved in the shareholders meeting.

Adjustments to income tax payable of previous years are included in current income tax.

2. Deferred income tax

Deferred income tax is calculated according to the temporary difference between the book value of assets and liabilities and the tax basis for calculating taxable income.

If the original recognition of assets and liabilities does not affect taxable income or accounting profits at the time, the temporary differences arising therefrom are not recognized as deferred income tax assets and liabilities.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are recognized when there is likely having income tax credit derived from taxable income available for deducting temporary differences.

Taxable temporary differences related to investment in subsidiaries, associates, and joint agreements are recognized as deferred income tax liabilities, unless otherwise provided that the company can control the timing of the reversion of the temporary differences; and the temporary differences are unlikely to be reversed in the foreseeable future. The deductible temporary differences related to this type of investment will be recognized as deferred income tax assets only if it is likely to have sufficient taxable income to realize the temporary differences, and within the scope expected to be reversed in the foreseeable future.

The book amount of deferred income tax assets is reviewed on each balance sheet date, and the book amount is reduced for those that are no longer likely to have sufficient taxable income to recover all or part of the assets. Those that have not been recognized as deferred income tax assets will also be reviewed on each balance sheet date, and the book amount is increased for those that are likely to generate taxable income in the future for the recovery of all or part of the assets.

Deferred income tax assets and liabilities are measured at the tax rate of the period when the liability is expected to be settled or the asset is expected to be realized. The said tax rate is based on the tax rate that has been legislated or substantively legislated on the balance sheet date and the tax law. The

measurement of the deferred income tax liabilities and assets reflects the tax consequences arising from the manner in which the company expects to recover or settle the book amount of the assets and liabilities on the balance sheet date.

3. Current and deferred income tax

Current and deferred income taxes are recognized in profit or loss; however, current and deferred income taxes related to items recognized in other comprehensive profit or loss or directly included in equity are recognized in other comprehensive profit or loss or directly included in equity, respectively.

V. Material accounting judgment, estimation, and the main source of assumption uncertainties

When the company adopts accounting policies, for those that cannot easily obtain relevant information from other sources, the management must make relevant judgments, estimations, and assumptions based on historical experience and other relevant factors. Actual results may differ from estimates.

The company takes into account the possible impact of the military conflict between Russia and Ukraine and related international sanctions, inflation, market interest rates, and financial market fluctuations on the economic environment while estimating cash flow, growth rate, discount rate, profitability, and other material accounting estimates. The management will continue to review the estimates and basic assumptions. If the revision of the estimate affects only the current period, it is recognized in the current period; if the revision of the accounting estimate affects both the current period and the future period, it is recognized in the current period and future period.

VI. Cash and cash equivalents

	12/31/2022	12/31/2021
Cash on hand and petty cash	$ 125	$ 125
Bank checking deposit and demand deposit	270,090	501,551
Cash equivalents		
Time deposit with original maturity date within 3 months	490,560	-
	$ 760,775	$ 501,676

The interest rate range of bank deposits on the balance sheet date is as follows:

	12/31/2022	12/31/2021
Bank checking deposit and demand deposits	0.001%~1.05%	0.001%~0.05%
Bank time deposits	4.46%~4.70%	-%

VII. Financial assets measured at fair value through profit or loss

	12/31/2022	12/31/2021
Financial assets – current		

Measured at fair value through profit or loss mandatorily		
Non-derivative financial assets		
— Domestic non-TWSE/TPEx listing stock	$ 131,641	$ 53,261
—Fund beneficiary certificate	-	7,251
	$ 131,641	$ 60,512

VIII. Financial assets measured at fair value through other comprehensive profit or loss

	12/31/2022	12/31/2021
Noncurrent		
Domestic investment		
Non-TWSE/TPEx stock		
Common stock shares of J&V Energy Technology Co., Ltd.	$ 637,137	$ 209,077
Foreign investment		
Non-TWSE/TPEx stock		
Common stock shares of Kenwell Industrial Pte Ltd.	144,363	111,684
Anonymous portfolio investment		
Daiwa Green Energy No. 7 GK	4,669	36,109
Subtotal	149,032	147,793
	$ 786,169	$ 356,870

The company has based on the mid-term and long-term strategic purpose to invest in the stocks of J&V Energy Technology Co., Ltd., Kenwell Industrial Pte Ltd., and Daiwa Green Energy No. 7 GK, and expect to make profits through long-term investment. The management of the company believes that if the short-term fluctuation in the fair value of the investment is included in the profit or loss, it is inconsistent with the aforementioned long-term investment plan; therefore, the management chooses to have such investments measured at fair value through other comprehensive profit or loss.

A refund of NT$29,736 thousand and NT$37,785 thousand was received from the capital reduction of the Daiwa Green Energy No. 7 GK in August 2022 and 2021, respectively, and related other equity – unrealized profit or loss in evaluation of financial assets measured at fair value through other comprehensive profit or loss was NT$14,410 thousand and NT$8,521 thousand, respectively, which was transferred to retained earnings.

The fair value of Non-TWSE/TPEx stocks of financial assets measured at fair value through other comprehensive profit or loss is based on the evaluation performed by independent appraisers at the end of December 2022 and 2021. Such evaluation is performed with the considerations of the business scale, product type, and similar industries of the appraised company; also, an appraisal profit of NT$459,035 thousand and NT$105,930 thousand were generated and adjusted to the unrealized profit or loss

in valuation of financial assets measured at fair value through other comprehensive profit or loss (booked in the "other equity" account).

IX. Financial assets measured at the amortized cost

	12/31/2022	12/31/2021
Current		
Domestic investment		
Time deposits with original maturity date for more than 3 months	$ 30,660	$ -
Noncurrent		
Domestic investment		
Time deposits with original maturity date for more than 3 months	$ -	$ 40,000

As of December 31, 2022 and 2021, the interest rate range of time deposits with an original maturity of more than 3 months was 3.60% and 0.82%～1.07% per annum, respectively.

X. Notes receivable, accounts receivable, and other receivable

	12/31/2022	12/31/2021
Notes receivable		
Measured at the amortized cost		
Total book amount – related-party	$ 617	$ 502
Accounts receivable		
Measured at the amortized cost		
Total book amount – non-related party	$ 629,569	$ 727,895
Total book amount – related-party	37,026	38,623
	$ 666,595	$ 766,518
Other receivable		
Non-related party	$ 43,520	$ 30,146
Related party	3,678	1,395
	$ 47,198	$ 31,541

The company granted customers a credit period of 1-5 months. The impairment assessment of accounts receivable is based on individual assessment, aging analysis, historical experience, and customer's current financial situation analysis to estimate the unrecoverable amount.

The company before accepting a new customer will base on the customer's basic information and pay the customer a visit to collect data in order to determine the adequate credit line.

The company recognizes the allowance for loss of accounts receivable based on the expected credit loss during the duration. The expected credit loss during the duration is calculated in accordance with the provision matrix, which considers the customer's default record and current financial situation, and industrial economic situation. According to the historical credit loss of the company, there is no significant difference in the loss patterns of different customer groups; therefore, the provision matrix does not further distinguish customer groups, and the expected credit loss rate is formulated based on the days of overdue of the accounts receivable.

If there is evidence that the counterparty is facing serious financial difficulties and the company cannot reasonably expect the recoverable amount, the company will directly write-off the relevant receivable, but will continue the recourse activities with the recovered amount, if any, recognized in profit or loss.

The company measures the allowance for loss for notes receivable and accounts receivable (including accounts receivable – related party) according to the provision matrix as follows:

12/31/2022

	Not overdue	Overdue 1～30 days	Overdue 31～180 days	Total
Expected credit loss rate	-%	0%	-%	
Total book amount	$ 569,397	$ 97,815	$ -	$ 667,212
Allowance for loss (expected credit loss during the duration)	-	-	-	-
Amortized cost	$ 569,397	$ 97,815	$ -	$ 667,212

12/31/2021

	Not overdue	Overdue 1～30 days	Overdue 181～364 days	Total
Expected credit loss rate	-%	0%	0%	
Total book amount	$ 626,655	$ 128,379	$ 11,986	$ 767,020
Allowance for loss (expected credit loss during the duration)	-	-	-	-
Amortized cost	$ 626,655	$ 128,379	$ 11,986	$ 767,020

XI. Inventory - net

	12/31/2022	12/31/2021
Raw material	$ 1,326,921	$ 837,385

Substances	244,388	255,225
Work-in-process goods	34,713	31,046
Finished goods	1,211,645	1,034,734
	$ 2,817,667	$ 2,158,390

The nature of the cost of goods sold related to inventory is as follows:

	2022	2021
Cost of inventory sold	$ 6,061,838	$ 4,425,767
Loss in valuation of inventory	5,530	3,660
	$ 6,067,368	$ 4,429,427

XII. Investment under the equity method

	12/31/2022	12/31/2021
Investment in subsidiaries	$ 3,345,408	$ 3,154,745
Investment in associates	108,642	91,363
Investment in joint venture	681,877	704,489
	$ 4,135,927	$ 3,950,597

(I) Investment in subsidiaries

	12/31/2022	12/31/2021
United Performance Materials Corporation (UPM)	$ 982,781	$ 988,997
Hershey Environmental Technology Co., Ltd. (Hershey)	540,077	590,352
Fusugar Industry Corp. (Fusugar)	814,995	601,499
Great Victory Chemical Industry Co., Ltd. (Great Victory)	977,848	943,800
Tanques Del Pacifico, S.A.	29,707	30,097
	$ 3,345,408	$ 3,154,745

	Ratio of equity and voting rights held by non-controlling interests	
Name of subsidiary	12/31/2022	12/31/2021
United Performance Materials Corporation	80.25%	80.25%
Hershey Environmental Technology Co., Ltd.	100.00%	100.00%
Fusugar Industry Corp. (Note 1)	88.35%	85.34%
Great Victory Chemical Industry Co., Ltd.	100.00%	100.00%
Tanques Del Pacifico, S.A.	100.00%	100.00%

Note 1: Fusugar Industry Corp. made a cash capital increase in November 2022 and May 2021, and the company had subscribed 30,000 thousand shares and 20,000 thousand shares for an amount of NT$300,000 thousand and NT$200,000 thousand, representing a shareholding ratio of 88.35% and 85.34%, respectively.

(II) Investment in associates

	12/31/2022	12/31/2021
Individual insignificant associate	$ 108,642	$ 91,363

Information summary of individual insignificant associate

	2022	2021
Profit ratio attributable to the company		
Net income and total comprehensive profit or loss	$ 7,983	$ 9,715

(III) Investment in joint venture

	12/31/2022	12/31/2021
Individual insignificant joint ventures	$ 681,877	$ 704,489

Information summary of individual insignificant joint venture

	2022	2021
Profit ratio attributable to the company		
Total net income and comprehensive profit or loss of the current year	$ 29,244	$ 48,732

Please refer to Table V "Invested Company Information, Place... and other Related Information" and Table VI "Information on Investment in Mainland China" for the information on the business nature, main business place, and registration country of the aforementioned subsidiaries, associates, and joint ventures.

XIII. Property, plant and equipment

	12/31/2022	12/31/2021
Proprietary use	$ 1,193,038	$ 1,228,416

	Proprietary land	House and building	Machinery equipment	Transportation equipment	Other equipment	Construction in progress & equipment to be tested	Total
Cost							
Balance – 1/1/2021	$ 572,411	$ 141,747	$ 3,155,973	$ 52,058	$ 124,090	$ 60	$ 4,046,339
Addition	-	-	8,275	-	482	-	8,757
Disposition	-	-	(2,225)	(1,267)	(67)	-	(3,559)
Reclassification (Note 1)	-	-	6,029	765	250	-	7,044
Balance – 12/31/2021	$ 572,411	$ 141,747	$ 3,168,052	$ 51,556	$ 124,755	$ 60	$ 4,058,581

(Continuing from front page)

	Proprietary land	House and building	Machinery equipment	Transportation equipment	Other equipment	Construction in progress & equipment to be tested	Total
Accumulated depreciation							
Balance – 1/1/2021	$ -	$ 102,671	$ 2,502,052	$ 50,297	$ 109,046	$ -	$ 2,764,066
Depreciation expense	-	2,216	63,366	338	3,626	-	69,546
Disposition	-	-	(2,138)	(1,259)	(50)	-	(3,447)
Balance – 12/31/2021	$ -	$ 104,887	$ 2,563,280	$ 49,376	$ 112,622	$ -	$ 2,830,165
Net amount – 12/31/2021	$ 572,411	$ 36,860	$ 604,772	$ 2,180	$ 12,133	$ 60	$ 1,228,416
Cost							
Balance – 1/1/2022	$ 572,411	$ 141,747	$ 3,168,052	$ 51,556	$ 124,755	$ 60	$ 4,058,581
Addition	-	-	5,396	-	10,193	-	15,589
Disposition	-	-	(2,109)	(2,928)	(1,674)	-	(6,711)
Reclassification (Note 2)	-	-	12,384	-	2,040	-	14,424
Balance – 12/32/2022	$ 572,411	$ 141,747	$ 3,183,723	$ 48,628	$ 135,314	$ 60	$ 4,081,883
Accumulated depreciation							
Balance – 1/1/2022	$ -	$ 104,887	$ 2,563,280	$ 49,376	$ 112,622	$ -	$ 2,830,165
Depreciation expense	-	1,933	58,312	579	3,056	-	63,880
Disposition	-	-	(1,245)	(2,613)	(1,342)	-	(5,200)
Balance – 12/31/2022	$ -	$ 106,820	$ 2,620,347	$ 47,342	$ 114,336	$ -	$ 2,888,845
Net amount – 12/31/2022	$ 572,411	$ 34,927	$ 563,376	$ 1,286	$ 20,978	$ 60	$ 1,193,038

Note 1: It includes the transferred-in substance for an amount of NT$6,279 thousand and prepaid equipment for an amount of NT$765 thousand.

Note 2: It refers to the material transfer-in for an amount of NT$14,424 thousand.

Depreciation expenses are accrued on a straight-line basis according to the following years of useful life:

House and building	
Factory main building	3 ~ 60 years
Pipeline equipment	25 years
Partition and fences/walls	10 ~ 15 years
Machinery equipment	3~ 30 years
Transportation equipment	3 ~ 6 years
Other equipment	3~ 15 years

Please refer to Note XXXII for the property, plant and equipment that are pledged as collateral for loans.

XIV. Lease agreement

(I) Right-of-use assets

	12/31/2022	12/31/2021
Book amount of right-of-use assets		
Land	$ 97,416	$ 40
Buildings	179	358
Machinery equipment	24,105	26,280
Transportation equipment	1,142	2,024
	$ 122,842	$ 28,702

	2022	2021
Addition of right-of-use assets	$ 133,629	$ 31,963
Depreciation expense of right-of-use assets		
Land	$ 4,627	$ 69
Buildings	179	178
Machinery equipment	26,765	33,105
Transportation equipment	1,802	2,687
	$ 33,373	$ 36,039

(II) Lease liabilities

	12/31/2022	12/31/2021
Book amount of lease liabilities		
Current	$ 32,529	$ 28,101
Noncurrent	$ 93,250	$ 624

The discount rate ranges for lease liabilities are as follows:

	12/31/2022	12/31/2021
Land	0.85%	0.90%
Buildings	0.67%	0.67%
Machinery equipment	0.67%～1.10%	0.67%～0.99%
Transportation equipment	0.67%～0.90%	0.67%～0.90%

(III) Other lease information

	2022	2021
Short-term lease expense	$ 163	$ 155
Low value assets lease expense	$ 102	$ 105
Variable lease expense excluding from the measurement of lease liability	$ 33,154	$ 18,851
Total lease cash (outflow)	($ 70,092)	($ 79,393)

The company choses to apply the recognition exemption for assets that qualify for short-term leases and those that qualify for low-value asset leases, and did not recognize related right-of-use assets and lease liabilities for such leases.

XV. Investment property

	Land	Building	Total
Cost			
Balance – 1/1/2021	$ 124,859	$ 39,826	$ 164,685
Balance – 12/31/2021	$ 124,859	$ 39,826	$ 164,685
Accumulated depreciation			
Balance – 1/1/2021	$ -	$ 21,376	$ 21,376
Depreciation expense	-	1,400	1,400
Balance – 12/31/2021	$ -	$ 22,776	$ 22,776
Net amount – 12/31/2021	$ 124,859	$ 17,050	$ 141,909
Cost			
Balance – 1/1/2022	$ 124,859	$ 39,826	$ 164,685
Addition	-	810	810
Balance – 12/31/2022	$ 124,859	$ 40,636	$ 165,495
Accumulated depreciation			
Balance – 1/1/2022	$ -	$ 22,776	$ 22,776
Depreciation expense	-	1,457	1,457
Balance – 12/31/2022	$ -	$ 24,233	$ 24,233
Net amount – 12/31/2022	$ 124,859	$ 16,403	$ 141,262

Investment property is depreciated on a straight-line basis according to the following years of useful life:

Buildings	
Factory main building	27 ~ 32 years

The total rent income to be received in the future for the operating lease of investment property is as follows:

	12/31/2022	12/31/2021
The 1st year	$ 11,052	$ 12,558
The 2nd year	12,100	12,397
The 3rd year	-	12,100
	$ 23,152	$ 37,055

The fair value of the investment property of the company is determined by referring to the market price in nearby areas. The fair values are as follows:

	12/31/2022	12/31/2021
Proprietary land and buildings	$ 983,549	$ 982,840

All investment property of the company is a proprietary equity.

Please refer to Note XXXII for the investment property that is pledged as collateral for loans.

XVI. Intangible assets

	Computer software
Cost	
Balance – 1/1/2021	$ 761
Acquired separately	1,683
Disposition	(560)
Balance – 12/31/2021	$ 1,884
Accumulated amortization	
Balance – 1/1/2021	$ 555
Amortization expense	367
Disposition	(560)
Balance – 12/31/2021	$ 362
Net amount – 12/31/2021	$ 1,522
Cost	
Balance – 1/1/2022	$ 1,884
Acquired separately	367
Disposition	(313)
Balance – 12/31/2022	$ 1,938
Accumulated amortization	
Balance – 1/1/2022	$ 362
Amortization expense	633
Disposition	(313)
Balance – 12/31/2022	$ 682
Net amount – 12/31/2022	$ 1,256

Expense is amortized on a straight-line basis for a service life of 2-5 years.

XVII. Other assets

	12/31/2022	12/31/2021
Current		
Prepayment		
Prepaid purchase	$ 89,549	$ 11,745
Others	22,613	15,689
	$ 112,162	$ 27,434
Temporary debits	$ 5,309	$ 1,503
Noncurrent		
Prepaid equipment	$ 30,451	$ 8,149
Refundable deposits	3,777	1,548
Pledged time deposits (Note XXXII)	20,000	20,000
	$ 54,228	$ 29,697

XVIII. Short-term loans

	12/31/2022	12/31/2021
Unguaranteed loans		
Bank loan	$ 1,065,000	$ 637,617

The interest rates of bank revolving loans were 1.59%~1.88% and 0.51%~0.96% on December 31, 2022 and 2021, respectively.

XIX. Notes payable and accounts payable

	12/31/2022	12/31/2021
Notes payable		
Derived from operating activities		
Non-related party	$ 9,821	$ 12,631
Accounts payable		
Derived from operating activities		
Non-related party	$ 669,241	$ 378,349
Related party	23,330	40,286
	$ 692,571	$ 418,635

XX. Other liabilities

	12/31/2022	12/31/2021
Current		
Other payable		
Salary payable	$ 225,718	$ 238,694
Director remuneration payable	35,174	27,263
Employee remuneration payable	34,864	26,977
Interest payable	549	331
Labor service expense payable	4,261	2,754
Equipment payable	9,261	354
Other expenses payable	140,565	112,562
Others	3,854	8,300
	$ 454,246	$ 417,235
Other payable – related party	$ 2,982	$ 2,500
Other liabilities		
Contract liability	$ 14,774	$ 41,082
Others	929	347
	$ 15,703	$ 41,429

XXI. Liability reserve

	12/31/2022	12/31/2021
Employee benefits	$ 13,617	$ 16,529

The employee benefits are estimated according to the historical experience, the management's judgment, and other known reasons. The rights vested to the employees are recognized in profit or loss and will be offset when the employees actually take vacations in the next period.

XXII. Retirement pension plan

(I) Defined contribution plan

The company has established defined retirement plan in accordance with the "Labor Pension Act" that is applicable to the employees with a nationality of Taiwan, R.O.C. For the labor pension system adopted by the employees of the company in accordance with the "Labor Pension Act," it is the defined contribution plan managed by the government. An amount equivalent to 6% of the monthly salary is appropriated and deposited into the personal account with the Bureau of Labor Insurance.

(II) Defined benefit plan

The company's pension system subject to the "Labor Standards Act" of Taiwan R.O.C. is a defined benefit plan governed by the government. The pension payment to employees is calculated according to the seniority and the 6-month average salary prior to the retirement date. The company appropriates an amount equivalent to 2%~15% of the monthly salary as pension fund and has it deposited into the accounts with Bank of Taiwan and Hua Nan Bank in the name of the "Supervisory Committee of Business Entities' Labor Retirement Reserve." Before the end of the fiscal year, if the account balance is insufficient to pay the workers who are expected to meet the retirement conditions in the next year, the difference will be paid in a lump sum before the end of March of the next year. This account is managed by the "Bureau of Labor Funds, Ministry of Labor," and the company has no right to affect the investment management strategy.

The amount of the defined benefit plan included in the balance sheet is as follows:

	12/31/2022	12/31/2021
Present value of the defined benefit obligation	$ 47,335	$ 51,955
Fair value of the planned assets	(25,271)	(22,646)
Net defined benefit liability	$ 22,064	$ 29,309

The changes in net defined benefit liabilities are as follows:

	Present value of the defined benefit obligation	Fair value of the planned assets	Net defined benefit liability
Balance – 1/1/2021	$ 179,733	($ 108,555)	$ 71,178
Service cost			
Current service cost	1,378	-	1,378
Interest expense (income)	510	(301)	209
Recognized in profit or loss	1,888	(301)	1,587
Re-measurement amount			
Return on planned assets (except for the amount included in net interest)	-	(1,463)	(1,463)
Actuarial profit or loss – demography statistics	379	-	379
Actuarial profit or loss – changes in financial assumption	(5,007)	-	(5,007)
Actuarial profit or loss – adjustment by experience	(181)	-	(181)
Booked in other comprehensive profit or loss	(4,809)	(1,463)	(6,272)
Appropriation of employer	-	(1,791)	(1,791)
Benefit paid	(17,215)	17,215	-
Liquidation	(107,642)	72,249	(35,393)
Balance – 12/31/2021	51,955	(22,646)	29,309
	Present value	Fair value of	Net defined

	of the defined benefit obligation	the planned assets	benefit liability
Service cost			
Current service cost	$ 747	$ -	$ 747
Interest expense (income)	359	(155)	204
Recognized in profit or loss	1,106	(155)	951
Re-measurement amount			
Return on planned assets (except for the amount included in net interest)	-	(4,413)	(4,413)
Actuarial profit or loss – changes in financial assumption	(2,332)	-	(2,332)
Actuarial profit or loss – adjustment	82	-	82
Booked in other comprehensive profit or loss	(2,250)	(4,413)	(6,663)
Appropriation of employer	-	(1,073)	(1,073)
Liquidation	(3,476)	3,016	(460)
Balance – 12/31/2022	$ 47,335	($ 25,271)	$ 22,064

The company is exposed to the following risks due to the pension system of the "Labor Standards Act:"

1. Investment risk: The "Bureau of Labor Funds, Ministry of Labor" invests in domestic (foreign) equity securities, debt securities, and bank deposits through its own operation and entrusted management services. However, the distributable amount of the company's planned assets is an amount not less than the income generated from a 2-year time deposit interest rate of the local bank.
2. Interest rate risk: The decline in the interest rate of government bonds will cause the present value of the defined benefit obligations to go up; however, the debt investment returns of the planned assets will also go up, and the impact of the two on the net defined benefit liabilities will partially offset each other.
3. Salary risk: The calculation of the present value of the defined benefit obligation is by referring to the future salary of the members of the plan. Therefore, the increase in the salary of the members of the plan will cause the present value of the defined benefit obligation to go up.

The present value of the defined benefit obligation of the company is actuarially calculated by a qualified actuary. The material assumptions made on the measurement date are as follows:

	12/31/2022	12/31/2021

Discount rate	1.25%	0.70%
Expected salary increase rate	3.00%	3.00%

If the material actuarial assumptions experience reasonably possible changes, with all other assumptions remain unchanged, the amount of increase (decrease) in the defined benefit obligation is as follows:

	12/31/2022	12/31/2021
Discount rate		
Increased by 0.25%	($ 937)	($ 1,142)
Decreased by 0.25%	$ 969	$ 1,182
Future salary increase rate		
Increased by 0.25%	$ 950	$ 1,152
Decreased by 0.25%	($ 924)	($ 1,120)

Since actuarial assumptions may be correlated, it is unlikely that there is only one single assumption changed, so the aforementioned sensitivity analysis could be unable to reflect the actual changes in the present value of the defined benefit obligations.

	12/31/2022	12/31/2021
Amount expected to be appropriated within 1 year	$ 1,200	$ 240
Average due date of defined benefit obligation	8 years	8 years

XXIII. Equity

(I) Common stock capital

	12/31/2022	112/31/2021
Authorized stock shares (thousand shares)	900,000	900,000
Authorized capital stock	$ 9,000,000	$ 9,000,000
Stock shared issued and paid in full (thousand shares)	477,016	477,016
Outstanding capital stock	$ 4,770,163	$ 4,770,163

(II) Additional paid-in capital

	12/31/2022	12/31/2021
Applicable for making up for losses, distributing cash, or capitalization (1)		
Stock premium	$ 50,085	$ 145,488
Treasury stock trading	8,625	8,625
Difference between consideration and book amount of subsidiary's stock shares acquired or disposed	12,076	12,076
Donated assets	124	124
Applicable only for making up		

for losses		
Recognition of changes in the equity of the subsidiary owned by the company (2)	6,180	15,402
	$ 77,090	$ 181,715

1. Such additional paid-in capital can be applied to make up for losses, and can also be applied to distribute cash or be capitalized when the company has no losses. However, only a certain percentage of the paid-in capital can be applied for capitalization every year.
2. Such additional paid-in capital is the amount of equity transaction effect recognized by the company due to the changes in the subsidiary's equity when the company has not actually acquired or disposed of the equity of a subsidiary, or it is the adjustment to the additional paid-in capital of the subsidiary under the equity method.

(III) Retained earnings and dividend policy

According to the earnings distribution policy of the company's Articles of Incorporation, the yearend earnings, if any, shall be applied to pay tax and make up for losses lawfully, and then appropriated 10% legal reserve, and appropriated or reversed special reserve in accordance with the law. The board of directors shall draft up an earnings distribution proposal based on the balance amount, if any, and the accumulated undistributed earnings and present it to the shareholders meeting for a resolution to distribute shareholder dividends and bonuses. Please refer to Note XXV (VII) for the remuneration distribution policy for employees and directors stipulated in the company's Articles of Incorporation.

In addition, according to the company's Articles of Incorporation, the company may distribute 40% to 60% stock dividends in accordance with the overall capital budget plan in order to retain the needed funds, and the balance will be distributed in the form of cash dividends. If there is no major capital budget plan for the year or a working capital replenishment plan, all dividends can be distributed in the form of cash. In other words, if a large amount of capital is required for the expansion and construction of the factory during the year, all dividends can be distributed in the form of stock shares.

The legal reserve shall be appropriated continuously until the balance is equal to the total paid-in capital of the company. The legal reserve can be used to make up for losses. When the company has no loss, the part of the legal reserve exceeding

25% of the total paid-up capital can be capitalized or applied for the distribution of cash.

For the adoption of the IFRSs for the first time, due to the selection of being subject to the exemption stated in IFRS 1 "First-time Adoption of International Financial Reporting Standards," a special reserve is appropriated for the unrealized revaluation gains and accumulated conversion adjustments (benefits) under the shareholder's equity account that were transferred to retained earnings for the same amount. When the relevant assets are subsequently used, disposed of, or reclassified, the originally appropriated special reserve amount can be reversed for earnings distribution. When distributing distributable earnings, additional special reserve should be appropriated from the current profit or loss and unappropriated earnings of previous period for an amount equivalent to the difference between the net amount debited to "other equity" in the current period and the aforementioned special reserve amount. Additional special reserve should be appropriated from the unappropriated earnings of prior period for the net amount debited to "other equity" that is accumulated in the previous period; also, the appropriated amount cannot be distributed. If the net debit amount to the "other equity" is reversed subsequently, the special reserve can be reversed for the same amount for earnings distribution.

The company held the regular shareholder meetings on June 17, 2022 and July 22, 2021 to have the 2021 and 2020 earnings distribution proposals resolved as follows:

	2021	2020
Legal reserve	$ 94,447	$ 54,945
Cash dividend	$ 715,524	$ 572,420
Cash dividend per share (NT$)	$ 1.50	$ 1.20

In addition, the company's shareholders meeting resolved to distribute cash dividends in 2021 for an amount of NT$95,403 thousand from the additional paid-in capital.

The board of directors had the 2022 earnings distribution proposed on March 14, 2023 as follows:

	2022
Legal reserve	$ 107,851
Cash dividend	$ 858,629
Cash dividend per share (NT$)	$ 1.80

The 2022 earnings distribution proposal is yet to be resolved in the regular shareholders meeting scheduled on June 16, 2023.

(IV) Other equities

1. Exchange difference from the conversion of financial statements of the foreign operating institutions

	2022	2021
Balance – beginning	($ 42,623)	($ 37,805)
Incurred in the current year		
Exchange difference from the conversion of foreign operating institutions	21,766	(5,977)
Profit or loss ratio received from the subsidiaries, associates, and joint ventures under the equity method	140	(37)
Income tax effect	(4,353)	1,196
Other comprehensive profit or loss of the year	17,553	(4,818)
Balance - ending	($ 25,070)	($ 42,623)

2. Unrealized profit or loss in valuation of financial assets measured at fair value through other comprehensive profit or loss

	2022	2021
Balance – beginning	$ 258,445	$ 181,126
Incurred in the current year		
Unrealized profit or loss of equity instrument	459,035	105,930
Profit or loss ratio received from the subsidiaries, associates, and joint ventures under the equity method	(3,622)	(13,075)
Income tax effect	(94,690)	(24,057)
Other comprehensive profit or loss of the year	360,723	68,798
Accumulated profit or loss from the disposal of equity instrument transferred to retained earnings	14,410	8,521
Balance - ending	$ 633,578	$ 258,445

XXIV. Income

	2022	2021
Income from customer contract		
Commodity sales income	$ 7,812,148	$ 6,177,621
Labor service income	384,699	425,014
	$ 8,196,847	$ 6,602,635

(I) Contract balance

	12/31/2022	12/31/2021	1/1/2021
Notes receivable – related party (Note X)	$ 617	$ 502	$ 367
Accounts receivable (Note X)	$ 629,569	$ 727,895	$ 555,596
Accounts receivable – related party (Note X)	$ 37,026	$ 38,623	$ 110,325
Contract liability (Note XX)			
Commodity sales	$ 14,774	$ 41,082	$ 8,638

(II) Classification of income from customer contracts

2022

	Reporting department		
	Alkylation	Petroleum resin	Total
Type of goods or services			
Sales of goods	$ 7,812,148	$ -	$ 7,812,148
Labor service income	-	384,699	384,699
	$ 7,812,148	$ 384,699	$ 8,196,847

2021

	Reporting department		
	Alkylation	Petroleum resin	Total
Type of goods or services			
Sales of goods	$ 6,177,621	$ -	$ 6,177,621
Labor service income	-	425,014	425,014
	$ 6,177,621	$ 425,014	$ 6,602,635

XXV. Net income

(I) Interest income

	2022	2021
Bank deposits	$ 12,113	$ 745
Others	14	5,097
	$ 12,127	$ 5,842

(II) Other income

	2022	2021
Rent income		
Operating lease		
－Investment property	$ 10,440	$ 12,564
－Others	4,814	1,380
Dividend income		

Financial assets measured at fair value through profit or loss	376	-
Equity instrument investment measured at fair value through other comprehensive profit or loss	9,484	9,974
Others	18,875	21,070
	$ 43,989	$ 44,988

(III) Other profit and loss

	2022	2021
Financial assets profit or loss		
Financial assets measured at fair value through profit or loss mandatorily	$ 105,766	$ 19,112
Profit (loss) from the disposal of property, plant, and equipment	(1,303)	74
Net exchange profit (loss)	103,385	(7,038)
Others	-	(10)
	$ 207,848	$ 12,138

(IV) Financial cost

	2022	2021
Interest expense		
Bank loans	$ 10,593	$ 5,118
Lease liability	641	302
Others	4	-
	$ 11,238	$ 5,420

(V) Depreciation and amortization

	2022	2021
Depreciation expense summarized by functions		
Operating cost	$ 66,219	$ 77,803
Operating expense	32,491	29,182
	$ 98,710	$ 106,985
Amortization expense summarized by functions		
Operating cost	$ 395	$ 169
Operating expense	238	198
	$ 633	$ 367

(VI) Employee benefit expense

	2022	2021
Retirement benefits		
Defined contribution plan	$ 10,235	$ 10,082
Defined benefit plan (Note XXII)	951	(11,998)
Other employee welfares	538,496	546,484
Total	$ 549,682	$ 544,568
Summarized by functions		
Operation cost	$ 332,144	$ 344,863
Operation expense	217,538	199,705
	$ 549,682	$ 544,568

(VII) Remuneration to employees and directors

The company has remuneration to employees and directors appropriated for an amount equivalent to 2.5% and not higher than 2.5% of the net income before tax and before deducting the remuneration to employees and directors, respectively, in accordance with the Article of Incorporation. The remuneration to employees and directors for the year of 2022 and 2021 were resolved by the board of directors on March 14, 2023 and March 18, 2022, respectively, as follows:

Estimation ratio

	2022	2021
Remuneration to employees	2.50%	2.50%
Remuneration to directors	2.50%	2.50%

Amount

	2022	2021
	Cash	Cash
Remuneration to employees	$ 34,864	$ 26,953
Remuneration to directors	34,864	26,953

The changes in the amount of the financial report after the publication date shall be processed according to the change in accounting estimates and adjusted and recorded in the next year.

There is no difference between the actual remuneration amount to employee and directors in 2021 and 2020 and the amount recognized in the 2021 and 2020 financial reports.

Please refer to the Market Observation Post System of Taiwan Stock Exchange for information on the remuneration to employees and directors resolved by the company's board of directors.

(VIII) Foreign exchange profit or loss

	2022	2021

Total foreign exchange profit	$ 198,407	$ 47,616
Total foreign exchange loss	(95,022)	(54,654)
Net profit (loss)	$ 103,385	($ 7,038)

XXVI. Income tax

(I) Income tax recognized in profit or loss

The main components of income tax expenses are as follows:

	2022	2021
Current income tax		
Incurred in the current year	$ 254,240	$ 126,463
Additionally levied on unappropriated earnings	5,184	-
Adjustment of prior periods	1,997	2,247
Investment credit	(3,645)	(3,586)
	257,776	125,124
Deferred income tax		
Incurrent in the current year	(17,587)	(48,512)
Income tax expense recognized in profit or loss	$ 240,189	$ 76,612

The adjustment of accounting income and income tax expenses is as follows:

	2022	2021
Net income before tax	$ 1,324,828	$ 1,024,199
Income tax expense calculated according to statutory tax rate for net income before tax	$ 264,966	$ 204,840
Tax-free income	(22,517)	(5,528)
Amount under the equity method	(5,796)	(121,420)
Expense and loss not tax deductible	-	59
Additionally levied on unappropriated earnings	5,184	-
Investment credit	(3,645)	(3,586)
Current income tax expense of previous periods adjusted in current year	1,997	2,247
Income tax expense recognized in profit or loss	$ 240,189	$ 76,612

(II) Income tax recognized in other comprehensive profit or loss

	2022	2021
Deferred income tax		
Incurred in the current year		

－Re-measurement amount of defined benefit plan	$ 1,333	$ 1,255
－Unrealized profit or loss of financial assets measured at fair value through other comprehensive profit or loss	94,690	24,057
－Conversion of foreign operating institution	4,353	(1,196)
Income tax recognized in other comprehensive profit or loss	$ 100,376	$ 24,116

(III) Current income tax assets and liabilities

	12/31/2022	12/31/2021
Current income tax liabilities		
Income tax payable	$ 190,010	$ 41,605

(IV) Deferred income tax assets and liabilities

The changes in deferred income tax assets and liabilities are as follows:

2022

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive profit or loss	Ending balance
Deferred income tax assets				
Temporary difference				
Early recognition of sales income for tax purpose	$ 26,406	($ 6,519)	$ -	$ 19,887
Unrealized exchange loss	599	4,676	-	5,275
Unrealized cost of goods sold	5,918	8,109	-	14,027
Unrealized loss in valuation of inventory	1,944	1,106	-	3,050
Unrealized vacation benefit payable	3,306	(582)	-	2,724
Investment loss under the equity method	83,809	9,510	-	93,319
Profit from the disposal of overseas investment	5,027	-	-	5,027
Unrealized gross profit of sales	252	(180)	-	72
Defined benefit plan	34,807	-	(1,333)	33,474
Unrealized loss in valuation of financial assets valued at fair value through other comprehensive profit or loss	2,657	-	(2,541)	116
Exchange loss from the conversion of financial statements of foreign operating institution	14,012	-	(4,353)	9,659
	$ 178,737	$ 16,120	($ 8,227)	$ 186,630
Deferred income tax liabilities				
Temporary difference				
Early recognition of cost of goods sold for tax purpose	$ 18,952	($ 1,195)	$ -	$ 17,757

Unrealized exchange profit	387	(12)	-	375
Investment profit under the equity method	14,327	(260)	-	14,067
Unrealized profit in valuation of financial assets valued at fair value through other comprehensive profit or loss	30,070	-	92,149	122,219
Land value increment in valuation	172,429	-	-	172,429
	$ 236,165	($ 1,467)	$ 92,149	$ 326,847

2021

Deferred income tax assets	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive profit or loss	Ending balance
Temporary difference				
Early recognition of sales income for tax purpose	$ 28,775	($ 2,369)	$ -	$ 26,406
Unrealized exchange loss	657	(58)	-	599
Unrealized cost of goods sold	12,847	(6,929)	-	5,918
Unrealized loss in valuation of inventory	1,211	733	-	1,944
Unrealized vacation benefit payable	2,517	789	-	3,306
Investment loss under the equity method	29,247	54,562	-	83,809
Profit from the disposal of overseas investment	5,027	-	-	5,027
Unrealized gross profit of sales	403	(151)	-	252
Defined benefit plan	36,062	-	(1,255)	34,807
Unrealized loss in valuation of financial assets valued at fair value through other comprehensive profit or loss	-	-	2,657	2,657
Exchange loss from the conversion of financial statements of foreign operating institution	12,816	-	1,196	14,012
	$ 129,562	$ 46,577	$ 2,598	$ 178,737

(Continuing to next page)

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive profit or loss	Ending balance
Deferred income tax liabilities				
Temporary difference				
Early recognition of sales income for tax purpose	$ 19,434	($ 482)	$ -	$ 18,952
Unrealized exchange profit	1,368	(981)	-	387
Investment profit under the equity method	14,799	(472)	-	14,327
Unrealized profit in valuation of financial assets valued at fair value through other comprehensive profit or loss	3,356	-	26,714	30,070
Land value increment in valuation	172,429	-	-	172,429
	$ 211,386	($ 1,935)	$ 26,714	$ 236,165

(V) Income tax audit

The tax collection agency had the company's tax return audited up to the year of 2020.

XXVII. Earnings per share

Unit: NT$

	2022	2021
Basic earnings per share	$ 2.27	$ 1.99
Diluted earnings per share	$ 2.27	$ 1.98

The calculation of the earnings per share and the weighted average number of common stock shares is as follows:

Net income

	2022	2021
Net income	$ 1,084,639	$ 947,587

Shares

單位：仟股 Unit: Thousand shares

	2022	2021
Weighted average number of common stock shares for the calculation	477,016	477,016
The impact of potential diluted common stock shares:		
Employee remuneration	1,761	1,423
Weighted average number of common stock shares for the calculation	478,777	478,439

If the company may choose to pay remuneration to employees in the form of stocks or cash, when calculating the diluted earnings per share, it is assumed that the remuneration to employees is paid in the form of stocks, and the weighted average number of outstanding shares is included in the potential diluted common stock for the calculation of the diluted earnings per share. When calculating the diluted earnings per share before the distribution of remuneration in the form of stock resolved in the shareholders meeting of the following year, the dilution effect of this potential common stock will be considered continuously.

XXVIII. Partial acquisition or disposal of investment in subsidiaries - does not affect control

The company did not acquire the cash capital increase equity of Fusugar Industry Corp. proportionally to the shareholding ratio in November 2022 and May 2021, resulting in the shareholding ratio to rise from 85.34% to 88.35% and from 82.28% to 85.34%, respectively.

Since the aforementioned transactions did not change the control of the company over the subsidiary, the company had it treated as an equity transaction.

XXIX. Capital risk management

The company initiates capital management to ensure that it can plan the needed working capital and dividend expenditure for the future under the precondition of ongoing concern and according to the industrial traits and the future operation of the company in order to secure the company's sustainable operation, to pursue long-term profits for shareholders and stabilize business performance, and to maximize the return of shareholders' equity.

XXX. Financial instruments

(I) Fair value information - financial instruments measured at fair value on a repeatability basis

1. Fair value level

12/31/2022

	Level 1	Leve2	Level 3	Total
Financial assets valued at fair value through profit or loss				
Domestic non-TWSE/TPEx listing stock	$ -	$ 131,641	$ -	$ 131,641
Financial assets valued at fair value through other comprehensive profit or loss				
Equity instrument investment —Domestic	$ -	$ 637,137	$ -	$ 637,137

non-TWSE/TPEx listing stock				
－Foreign non-listed (OTC) stock	-	-	144,363	144,363
－Anonymous portfolio investment	-	4,669	-	4,669
Total	$ -	$ 641,806	$ 144,363	$ 786,169

12/31/2021

	Level 1	Leve2	Leve3	Total
Financial assets valued at fair value through profit or loss				
Domestic non-TWSE/TPEx listing stock	$ -	$ 53,261	$ -	$ 53,261
Fund beneficiary certificate	7,251	-	-	7,251
Total	$ 7,251	$ 53,261	$ -	$ 60,512
Financial assets measured at fair value through other comprehensive profit or loss				
Equity instrument investment				
－Domestic non-TWSE/TPEx listing stock	$ -	$ 209,077	$ -	$ 209,077
－Foreign non-listed (OTC) stock	-	-	111,684	111,684
－Anonymous portfolio investment	-	36,109	-	36,109
Total	$ -	$ 245,186	$ 111,684	$ 356,870

There was no transfer between Level 1 and Level 2 fair value measurements in 2022 and 2021.

2. Evaluation technology and input value of Level 2 fair value measurement

The fair value of domestic non-TWSE/TPEx listing stocks and anonymous portfolio investments is evaluated in accordance with the Market Approach.

3. Adjustment of financial instruments measured at Level 3 fair value

2022

Financial assets	Financial assets measured at fair value through other comprehensive profit or loss Equity instrument
Balance - beginning	$ 111,684
Recognized in other comprehensive profit or loss (unrealized profit or loss of financial assets measured at fair value through other comprehensive profit or loss)	32,679
Balance - ending	$ 144,363

2021

Financial assets	Financial assets measured at fair value through other comprehensive profit or loss Equity instrument
Balance – beginning	$ 94,826
Recognized in other comprehensive profit or loss (unrealized profit or loss of financial assets measured at fair value through other comprehensive profit or loss)	16,858
Balance - ending	$ 111,684

4. Evaluation technology and input value for Level 3 fair value measurement

Financial assets measured at fair value through other comprehensive profit or loss - domestic non-TWSE/TPEx listed company's equity investments is with its fair value estimated by referring to the discounted cash flow. The material unobservable input values adopted are long-term income growth rate, weighted average cost of capital, and discounted liquidity for lack of market. When the weighted average cost of capital increases, the fair value of these investments will decrease.

	12/31/2022	12/31/2021
Long-term income growth rate	2.00%	2.00%
Weighted average capital cost rate	8.78%	9.97%
Liquidity discount rate	30.00%	25.00%

If the following input values are changed to reflect reasonably possible alternative assumptions, while all other input values remain unchanged, the amount of increase (decrease) in the fair value of the investment is as follows:

	12/31/2022	12/31/2021
Long-term income growth rate		
Increased by 1%	$ 3,659	$ 1,913
Decreased by 1%	($ 2,718)	($ 1,486)
Weighted average capital cost rate		
Increased by 1%	($ 2,873)	($ 1,727)
Decreased by 1%	$ 3,866	$ 2,219
Liquidity discount rate		
Increased by 1%	($ 468)	($ 343)
Decreased by 1%	$ 468	$ 343

(II) Types of financial instruments

	12/31/2022	12/31/2021
Financial assets		
Measured at fair value through profit or loss		
Measured at fair value through profit or loss mandatorily	$ 131,641	$ 60,512
Measured at the amortized cost (Note 1)	1,529,622	1,361,785
Measured at fair value through other comprehensive profit or loss		
Equity instrument investment	786,169	356,870
Financial liabilities		
Measured at the amortized cost (Note 2)	2,224,620	1,488,618

Note 1: The balance amount includes cash and cash equivalents, financial assets measured at the amortized cost, notes receivable-related parties, accounts receivable, accounts receivable-related parties, other receivable, other receivable-related parties, refundable deposit, and other financial assets, and financial assets that are measured at the amortized cost.

Note 2: The balance amount includes short-term loans, notes payable, accounts payable, accounts payable-related parties, other payable, other

payable-related parties, and other financial liabilities that are measured at the amortized cost.

(III) Financial risk management objectives and policies

The main financial instruments of the company include cash and cash equivalents, equity instrument investment, accounts receivable, accounts payable, loans, and lease liabilities. The financial management department of the company provides services to all business units, plans and coordinates entering the domestic and international financial markets, and supervises and manages the financial risks related to the operations of the company with the internal risk report on the risk exposure analyzed in accordance with the degree and breadth of risk. These risks include market risk (including exchange rate risk, interest rate risk, and other price risk), credit risk, and liquidity risk.

1. Market risk

The main financial risks from the operating activities of the company are the risk of changes in foreign currency exchange rates (see (1) below) and the risk of changes in interest rates (see (2) below).

The company's market risk exposure related to financial instrument and the management and measurement of such risk exposure remain unchanged.

(1) Exchange rate risk

The exchange rate risk management of the company is mainly for the purpose of hedging risks, and it does not conduct financial instrument transactions for speculative purposes. The exchange rate risk management strategy is to regularly review the net positions of assets and liabilities in various currencies, and conduct risk management on the net positions.

Please refer to Note XXXVI for the book value of monetary assets and monetary liabilities denominated in non-functional currencies of the company on the balance sheet date.

Sensitivity Analysis

The company is mainly affected by fluctuations in the exchange rate of the US dollar, EUR, and JPY.

The exchange rate risk of monetary items of the company mainly comes from the foreign currency-denominated bank deposits, receivable and payable, other receivable and payable, and bank loans that are still in circulation on the balance sheet date and have not been hedged for cash flow with foreign currency exchange gains and losses resulted in

conversion. The sensitivity ratio applied when reporting exchange rate risk to the management within the company refers to 1% exchange rate appreciation or depreciation, which is the reasonably possible range of changes in foreign currency exchange rates estimated by the management. When the NT dollar appreciated by 1% against foreign currencies in 2022 and 2021, and all other factors remained unchanged, the net income before tax or equity decreased by NT$7,449 thousand and NT$1,092 thousand, respectively. On the contrary, when the NT dollar depreciates by 1% against foreign currencies, its impact on net income before tax or equity would be for the same negative amount. The analysis of the two periods is performed on the same basis.

The management believes that a sensitivity analysis cannot represent the inherent risk of exchange rates, because foreign currency risk exposure on the balance sheet date cannot reflect the mid-term risk exposure.

(2) Interest rate risk

The company borrows funds at fixed interest rate and floating interest rates at the same time with interest rate risk exposure resulted.

The book amount of the financial assets and financial liabilities of the company with interest rate risk exposure on the balance sheet date are as follows:

	12/31/2022	12/31/2021
Contained fair value interest rate risk		
－Financial assets	$ 541,220	$ 60,000
－Financial liabilities	275,779	310,882
Contained cash flow interest rate risk		
－Financial assets	250,490	486,117
－Financial liabilities	915,000	355,460

Sensitivity analysis

The sensitivity analysis below is based on the interest rate risk exposure of the non-derivative instruments on the balance sheet date. For floating rate assets and liabilities, the analysis is based on the assumption that the amount of assets and liabilities that were in circulation on the balance sheet date were in circulation throughout the reporting period.

The interest rate change ratio at the time of reporting interest rates internally to the management of the company is an increase or decrease by 100 points, which represents the management's evaluation of the reasonably possible range of changes in interest rates.

If the interest rate increased by 100 points and all other variables remained unchanged, the company's 2022 and 2021 net income before tax would decrease/increase by NT$6,645 thousand and NT$1,307 thousand, respectively; on the contrary, if the interest rate decreased by 100 points, its impact on net income before tax would be for the same negative amount, mainly due to the company's variable interest rate deposits and net position of loans with variable interest rate.

(3) Other price risk

The company suffers equity price risk exposure due to equity securities investment. The equity securities investment is not held for trading and it is a strategic investment. The company did not actively trade these investments, but assigned relevant personnel to monitor price risks and evaluate when to increase the hedging positions.

Sensitivity analysis

The sensitivity analysis below is based on the equity price risk exposure on the balance sheet date.

If the equity price increased/decreased by 1%, the profit or loss before tax in 2022 and 2021 would increase/decrease by NT$1,316 thousand and NT$605 thousand, respectively, due to the increase/decrease in the fair value of financial assets measured at fair value through profit or loss. The other comprehensive profit or loss before tax in 2022 and 2021 would increase/decrease by NT$7,862 thousand and NT$3,569 thousand, respectively, due to the increase/decrease in the fair value of financial assets measured at fair value through other comprehensive profit or loss.

2. Credit risk

Credit risk refers to the risk that the counterparty of the transaction defaults on contractual obligations and causes financial losses to the company. As of the balance sheet date, the maximum credit risk exposure of the company that may cause financial losses due to the counterparty's failure in performing

its obligations is mainly derived from the book amount of financial assets recognized in the balance sheet.

The accounts receivable is to be collected from many customers, different industries, and broad geographic regions. The company continues to evaluate the financial status of customers for accounts receivable.

In addition, since the counterparties of current funds and derivative financial instruments are financial institutions and corporate organizations with good credit ratings, the credit risk is limited.

3. Liquidity risk

The company manages and maintains sufficient cash to support the company's operations and reduce the impact of cash flow fluctuations. The management of the company supervises the use of bank loan commitments and ensures the compliance with the loan contract terms.

Bank loans are an important source of liquidity to the company. Please refer to the description of (2) loan commitments below for the loan commitments available to the company as of December 31, 2022 and 2021.

(1) Non-derivative financial liabilities liquidity and interest rate risk list

The agreed payment period for the remaining non-derivative financial liabilities of the company is analyzed as follows. It is based on the earliest possible repayment date of the company and the undiscounted cash flow of financial liabilities, including the cash flow from the interest and principal.

The bank loans of the company that may be requested to be repaid immediately are those with the earliest repayment date in the table below, regardless of the probability of the bank's immediately enforcing the right. The maturity analysis of other non-derivative financial liabilities is compiled in accordance with the agreed repayment date.

For interest cash flows paid at floating interest rates, the undiscounted amount of interest is derived from the yield curve on the balance sheet date.

12/31/2022

	Immediate payment or paying within 1 year	1- 2 years	2-5 years	Over 5 years
Non-derivative financial liabilities				
Non-interest-beari	$ 1,159,620	$ -	$ -	$ -

ng liabilities				
Lease liabilities	33,504	8,413	24,718	64,831
Floating interest rate instrument	923,085	-	-	-
Fixed interest rate instrument	150,335	-	-	-
	$ 2,266,544	$ 8,413	$ 24,718	$ 64,831

12/31/2021

	Immediate payment or paying within 1 year	1- 2 years	2-5 years	Over 5 years
Non-derivative financial liabilities				
Non-interest-bearing liabilities	$ 851,001	$ -	$ -	$ -
Lease liabilities	28,205	626	-	-
Floating interest rate instrument	356,607	-	-	-
Fixed interest rate instrument	282,723	-	-	-
	$ 1,518,536	$ 626	$ -	$ -

(2) Loan commitments

	12/31/2022	12/31/2021
Unguaranteed bank loan commitments		
— Loan commitments applied	$ 1,065,000	$ 637,617
— Loan commitments not yet applied	1,960,835	2,292,383
	$ 3,025,835	$ 2,930,000

XXXI. Related party transactions

In addition to those transactions disclosed in the notes, the transactions conducted between the company and related parties are as follows.

(I) Name and relationship of related parties

Name of related party	Relationship with the company
United Performance Materials Corporation	Subsidiary
Hershey Environmental Technology Co., Ltd.	Subsidiary
Yongyao Energy Co., Ltd. (Yongyao)	Subsidiary
Yongji Energy Co., Ltd. (Yongji)	Subsidiary
Fusugar Industry Corp.	Subsidiary
Great Victory Chemical Industry Co., Ltd.	Subsidiary
Yung Sheng Green Power Co., Ltd. (Yung Sheng)	Subsidiary
Tanques Del Pacifico, S.A.	Subsidiary

Defia Co., Ltd.	Associate
Chang Chun FUCC (Changshu)	Joint venture

(II) Operating income

Account	Classification/Name of related party	2022	2021
Sales income	Subsidiary	$ 160,368	$ 73,769
	Joint venture	288,900	290,003
		$ 449,268	$ 363,772
Processing income	Subsidiary / United Performance Materials Corporation	$ 384,699	$ 425,014

The company's sales to related parties are based on the agreed sales price and conditions.

The company's income generated from the processing service performed to the subsidiaries is 100% cost plus 50% profit with a payment term of 1 month granted.

(III) Purchase

Account	Classification of related party	2022	2021
Purchase	Subsidiary	$ 148,927	$ 139,786
	Joint venture	22,017	93,167
		$ 170,944	$ 232,953

The company has the purchase of goods from related parties handled in accordance with the general purchase conditions (market prices) with a payment term of 1 month granted.

(IV) Receivables from related parties (excluding loans to related parties)

Account	Classification / name of related party	12/31/2022	12/31/2021
Notes receivable — Related party	Subsidiary / Great Victory Chemical Industry Co., Ltd.	$ 617	$ 502
Accounts receivable — Related party	Subsidiary / United Performance Materials Corporation	$ 36,901	$ 38,623
	Subsidiary	125	-
		$ 37,026	$ 38,623
Other receivable — Related party	Subsidiary	$ 351	$ 133
	Subsidiary / Fusugar Industry Corp.	107	549
	Associate / Defia Co., Ltd.	3,220	713
		$ 3,678	$ 1,395

No guarantee is received for the outstanding accounts receivable from related parties. The 2022 and 2021 receivables from related party are without any allowance for losses appropriated.

(V) Payable to related parties (excluding loans to related parties)

Account	Classification / name of related party	12/31/2022	12/31/2021
Accounts payable —	Subsidiary / United Performance Materials Corporation	$ 7,028	$ 4,662
Related party	Subsidiary / Environmental Technology Co., Ltd.	16,302	23,316
	Joint venture / Chang Chun FUCC (Changshu)	-	12,308
		$ 23,330	$ 40,286
Other payable —	Subsidiary / Hershey Environmental Technology Co., Ltd.	$ 2,233	$ 2,281
Related party	Subsidiary	-	111
	Associate / Defia Co., Ltd.	749	108
		$ 2,982	$ 2,500

(VI) Acquisition of property, plant and equipment

	Acquisition price	
Classification of related party	2022	2021
Associate	$ -	$ 125

(VII) Disposal of property, plant and equipment

	Disposal price		Disposal profit (loss)	
Classification of related party	2022	2021	2022	2021
Subsidiary	$ 5	$ 78	$ -	$ -
Associate	138	-	-	-
	$ 143	$ 78	$ -	$ -

(VIII) Lease agreement

Classification /Name of related party	2022	2021
Acquisition of right-of-use assets		
Subsidiary / Hershey Environmental Technology Co., Ltd.	$ 3,983	$ 330
Subsidiary / Tanques Del Pacifico, S.A.	18,819	9,846
	$ 22,802	$ 10,176

Account	Classification /Name of related party	12/31/2022	12/31/2021
Lease liability - current	Subsidiary / Hershey Environmental Technology Co., Ltd.	$ 333	$ 330
	Subsidiary / Tanques Del Pacifico, S.A.	17,026	9,846
		$ 17,359	$ 10,176

Classification /Name of related party	2022	2021
Interest expense		
Subsidiary / Hershey Environmental Technology Co., Ltd.	$ 21	$ 21
Subsidiary / Tanques Del Pacifico, S.A.	39	46
	$ 60	$ 67
Lease expense		
Subsidiary / Hershey Environmental Technology Co., Ltd.	$ 20,443	$ 14,789
Subsidiary / Tanques Del Pacifico, S.A.	205	-
	$ 20,648	$ 14,789

(IX) Lease agreement

Operating lease

The company has an operating lease arranged for the right-of-use land and houses in Pingnan Industrial Park to Hershey Environmental Technology Co., Ltd., the subsidiary, for a lease period of 2.5 years, and an operating lease of Taipei offices and parking spaces to subsidiaries with a lease period of 1.5~3 years.

The total amount of lease payment to be collected in the future is summarized as follows:

Classification / Name of related party	12/31/2022	12/31/2021
Subsidiary / Hershey Environmental Technology Co., Ltd.	$ 22,796	$ 36,408
Subsidiary	732	552
	$ 23,528	$ 36,960

The rental income is summarized as follows:

Classification / Name of related party	2022	2021
Subsidiary / Hershey Environmental Technology Co., Ltd.	$ 10,119	$ 12,208
Subsidiary	848	853
Associate	-	116
	$ 10,967	$ 13,177

(X) Manufacturing expense

Account	Classification / Name of related party	2022	2021

Manufacturing expense - processing expense	Subsidiary / Hershey Environmental Technology Co., Ltd.	$ 119,885	$ 165,416
Manufacturing expense - other expense	Subsidiary	$ -	$ 4,772

(XI) Operating expense

Classification / Name of related party	Classification of related party	2022	2021
Managerial expense - Other Fees	Subsidiary	$ 40	$ 40

(XII) Other income

Account	Classification of related party	2022	2021
Other income	Subsidiary	$ 2,766	$ 4,347
	Subsidiary / Great Victory Chemical Industry Co., Ltd.	5,062	4,114
	Associate	2,377	38
		$ 10,205	$ 8,499

(XIII) Loans to related party

Interest income

Classification / Name of related party	2022	2021
Subsidiary / Hershey Environmental Technology Co., Ltd.	$ -	$ 5,045
Subsidiary / Fusugar Industry Corp.	-	40
	$ -	$ 5,085

The company's loaning of funds to Hershey Environmental Technology Co., Ltd. and Fusugar Industry Corp. is with an interest rate close to the market interest rate.

(XIV) Endorsements and guarantees

Please refer to Note XXXIII (II) for details.

(XV) Remunerations to the management

	2022	2021
Short-term employee benefits	$ 109,416	$ 99,053
Pensions	1,752	1,748

	$ 111,168	$ 100,801

The remuneration to directors and other key management personnel is determined in accordance with personal performance evaluation and market trends.

XXXII. Pledged assets

The following assets of the company have been provided as collateral for the bid bonds of procurement, financings, and loan commitments:

	12/31/2022	12/31/2021
Property, plant and equipment (including investment property)		
Proprietary land	$ 666,141	$ 666,141
House and building	34,275	36,066
Machinery equipment	-	454,965
Other noncurrent assets – pledged time deposit	20,000	20,000
	$ 720,416	$ 1,177,172

XXXIII. Material contingent liabilities and unrecognized contractual commitments

The material commitments and contingencies of the company on the balance sheet date are as follows:

(I) The company issued a letter of credit for material procurement with an outstanding balance of NT$213,000 thousand and NT$212,000 thousand, US$1,450 thousand and US$0 as of December 31, 2022 and 2021, respectively.

(II) Making of endorsement and guarantee for bills:

1. The company made endorsements/guarantees with a bill issued for an amount of NT$50,000 thousand and NT$313,046 thousand for Fusugar Industry Corp. as of December 31, 2022 and 2021, respectively, which were approved by the board of directors of the company, and the actual amount implemented was NT$50,000 thousand and NT$313,046 thousand, respectively.
2. Hershey Environmental Technology Co., Ltd. made endorsements/guarantees for the company with a bill issued for an amount of NT$3,950 thousand as of December 31, 2022 and 2021, respectively, which were resolved and approved by the board of directors of Hershey Environmental Technology Co., Ltd., and the actual amount implemented was NT$3,950 thousand, respectively.

XXXIV. Other matters

None

XXXV. Material post event

None

XXXVI. Information on material and influential assets and liabilities in foreign currency

The following information is summarized and expressed in foreign currencies other than the functional currencies of each business entity in the companies. The disclosed exchange rates refer to the exchange rates for the conversion of the foreign currencies into functional currencies. The material and influential assets and liabilities in foreign currency are as follows:

12/31/2022

	Foreign currency	Exchange rate	Book amount
Asset in foreign currency			
Monetary items			
USD	$ 38,860	30.6600 (USD：NTD)	$ 1,191,433
EUR	211	32.5200 (EUR：NTD)	6,853
Financial assets-noncurrent measured at fair value through other comprehensive profit or loss			
RMB	32,750	4.4080 (RMB：NTD)	144,363
JPY	20,090	0.2324 (JPY：NTD)	4,669
Subsidiary, associate, and joint venture under the equity method			
USD	967	30.7100 (USD：NTD)	29,707
VND	130,025,365	0.0013 (VND：NTD)	169,127
RMB	130,859	4.4094 (RMB：NTD)	577,009
Liabilities in foreign currency			
Monetary items			
USD	14,182	30.7600 (USD：NTD)	436,253
EUR	226	32.9200 (EUR：NTD)	7,425
JPY	41,569	0.2344 (JPY：NTD)	9,744

12/31/2021

	Foreign currency	Exchange rate	Book amount
Assets in foreign currency			
Monetary items			
USD	$ 22,401	27.6300 (USD：NTD)	$ 618,943

EUR	740	31.1200	（EUR：NTD）	23,044
JPY	67,407	0.2385	（JPY：NTD）	16,076
Non-monetary items				
Financial assets-current measured at fair value through profit or loss				
JPY	30,401	0.2385	（JPY：NTD）	7,251
Financial assets-noncurrent measured at fair value through other comprehensive profit or loss				
RMB	25,710	4.3440	（RMB：NTD）	111,684
JPY	150,140	0.2405	（JPY：NTD）	36,109
Subsidiary, associate, and joint venture under the equity method				
USD	1,087	27.6800	（USD：NTD）	30,097
VND	130,002,704	0.0012	（VND：NTD）	157,655
RMB	141,093	4.3415	（RMB：NTD）	612,556
Liabilities in foreign currency				
Monetary items				
USD	19,561	27.7300	（USD：NTD）	542,427
EUR	205	31.5200	（EUR：NTD）	6,449

The company mainly bears the exchange rate risk of New Taiwan Dollar. The following information is summarized and expressed in the functional currencies of each business entity holding foreign currencies. The disclosed exchange rates refer to the exchange rates for the conversion of the functional currencies into the expressing currency. The material and influential foreign exchange gains and losses (realized and unrealized) are as follows:

	2022		2021	
Functional currency	Functional currency converted to expressing currency	Net exchange profit	Functional currency converted to expressing currency	Net exchange loss
NTD	1（NTD：NTD）	$ 103,385	1（NTD：NTD）	($ 7,038)

XXXVII. Supplementary disclosures

(I) Information on material transactions:

1. Loaning of funds (Table I)
2. Making of endorsements/guarantees (Table II)
3. The marketable securities held at yearend (excluding investment in the equity of the subsidiaries, associates, and joint venture) (Table III)
4. The cumulative amount of buying or selling one security exceeding NT$300 million or 20% of the paid-in capital (None)
5. The amount of property acquired exceeding NT$300 million or 20% of the paid-in capital (None)
6. The amount of property disposed exceeding NT$300 million or 20% of the paid-in capital (None)
7. The amount of goods purchased from and sold to the related party exceeding NT$100 million or 20% of the paid-in capital (Table IV)
8. The amount of receivables from the related party exceeding NT$100 million or 20% of the paid-in capital (None)
9. Engaged in derivatives transactions (None)

(II) Investment related information: Table V

(III) Information on investment in Mainland China:

1. The name of the invested company, main business operations, paid-in capital, investment methods, capital remittances inwards and outwards, shareholding ratio, investment profit or loss, year-end investment book amount, investment profit or loss remitted inward, and limits of investment in Mainland China (Table VI)
2. The following material transactions, prices, payment terms, and unrealized profit or loss occurred directly or indirectly with the invested company in mainland China through the third region: (Table IV)
   (1) The purchase amount and percentage and the year-end balance and percentage of related payable;
   (2) The sales amount and percentage and the year-end balance and percentage of related receivable;
   (3) The amount of property transactions and the amount of profit or loss resulted;
   (4) The endorsement/guarantee of the bill or the year-end amount of the collateral provided and its purpose;

(5) The maximum balance, year-end balance, interest rate range, and total current interest of the loans;

(6) Other transactions that have a material impact on the current profit or loss or financial status, such as, the labor service provided or received, etc.;

(IV) Major shareholders information: The name, shareholding amount, and shareholding ratio of the shareholders with 5% or more shareholding (Table VII)

Formosan Union Chemical Corporation and Subsidiaries

Loaning of Funds

January 1 – December 31, 2022

Table I

Unit: NT$ Thousand

No.	Lending company	Borrower	Account	A related party or not	Maximum balance - current	Ending balance	Actual loan amount	Interest rate range	Nature of loaning of fund	Transaction amount	Reason for short-term loaning of funds	Appropriation of allowance for bad debt	Collateral		Individual loaning of fund limit	Total loaning of fund limit	Remarks
													Name	Value			
1	United Performance Materials Corporation	Fusugar Industry Corp.	Other receivable – related party	Yes	$ 110,000	$ 110,000	$ -	Note 7	Needs for short-term loans	$ -	Working capital	$ -	-	$ -	$ 112,345 (Note 1)	$ 224,689 (Note 2)	
2	Great Victory Chemical Industry Co., Ltd.	Fusugar Industry Corp.	Other receivable – related party	Yes	94,000	94,000	-	Note 7	Needs for short-term loans	-	Working capital	-	-	-	97,785 (Note 3)	195,570 (Note 4)	
2	Great Victory Chemical Industry Co., Ltd.	Hershey Environmental Technology Co., Ltd.	Other receivable – related party	Yes	80,000	-	-	Note 7	Needs for short-term loans	-	Working capital	-	-	-	97,785 (Note 3)	195,570 (Note 4)	
3	Hershey Environmental Technology Co., Ltd.	Fusugar Industry Corp.	Other receivable – related party	Yes	55,000	55,000	-	Note 7	Needs for short-term loans	-	Working capital	-	-	-	53,878 (Note 5)	107,755 (Note 6)	

Note 1: The loaning of fund to individual borrower is limited to 10% of the net value of United Performance Materials Corporation, that is, NT$1,123,446×10%=NT$112,345.

Note 2: The total loaning of fund is limited to 20% of the net value of United Performance Materials Corporation, that is, NT$1,123,446×20%=NT$224,689.

Note 3: The loaning of fund to individual borrower is limit to 10% of the net value of Great Victory Chemical Industry Co., Ltd., that is, NT$977,849×10%=NT$97,785.

Note 4: The total loaning of fund is limit to20% of the net value of Great Victory Chemical Industry Co., Ltd., that is, NT$977,849×20%=NT$195,570.

Note 5: The loaning of fund to individual borrower is limit to 10% of the net value of Hershey Environmental Technology Co., Ltd., that is, NT$538,777×10%=NT$53,878.

Note 6: The total loaning of fund is limit to 20% of the net value of Hershey Environmental Technology Co., Ltd., that is, NT$538,777×10%=NT$107,755.

Note 7: The calculation is based on the benchmark interest rate of the Bank of Taiwan on the loan drawing date.

Formosan Union Chemical Corporation and Subsidiaries

Making of Endorsements/Guarantees

January 1 – December 31, 2022

Table II

單位：新台幣仟元 Unit: NT$ Thousand

No.	Endorsing / guaranteeing company	Endorsed/guaranteed party		Single endorsement / guarantee limit	Maximum endorsement / guarantee balance of the year	Endorsement / guarantee balance - ending	Actual endorsement / guarantee amount	Endorsement / guarantee secured with property provided as collateral	Ratio of cumulative endorsement / guarantee amount to the net worth in the latest financial report (%)	Maximum endorsement / guarantee limit	Making of endorsement / guarantee by parent company for subsidiary	Making of endorsement / guarantee by subsidiary for parent company	Endorsement / guarantee made in mainland China	Remarks
		Company name	Relation (Note 1)											
0	Formosan Union Chemical Corporation	Fusugar Industry Corp.	2	$ 1,654,638 (Note 2)	$ 313,046	$ 50,000	$ 50,000	$ -	0.60%	$ 4,136,596 (Note 3)	Yes	No	No	
1	Hershey Environmental Technology Co., Ltd.	Formosan Union Chemical Corporation	3	107,755 (Note 4)	3,950	3,950	3,950	3,950	0.73%	269,389 (Note)	No	Yes	No	

Note 1: There are 7 types of relationship between the endorsing/guaranteeing company and the endorsed/guaranteed company. Please indicate the type of relationship:

(1)The business associates of the company;

(2)A company with more than 50% of the voting shares held by the company directly or indirectly;

(3)A company holds more than 50% of the voting shares of the company directly or indirectly;

(4)A company with more than 90% of the voting shares held by the company directly or indirectly;

(5) Companies in the same industry or co-builders provide mutual guarantees in accordance with contract signed for the needs of contracting projects.

(6)A company that is endorsed and guaranteed by all shareholders proportionally to their shareholding ratio due to a joint investment relationship;

(7) The companies in this industry engage in the performance bond solidarity for the property pre-sale contract in accordance with the Consumer Protection Act.

Note 2: The making of endorsement/guarantee amount for one single enterprise is limited to 20% of the company's net worth, that is, NT$8,273,192×20%＝NT$1,654,638.

Note 3: The total endorsement/guarantee amount is limited to 50% of the company's net worth, that is, NT$8,273,192×50%＝NT$4,136,596

Note 4: The making of endorsement/guarantee amount for one single enterprise is limited to 20% of the net worth of Hershey Environmental Technology Co., Ltd., that is, NT$538,777×20%＝NT$107,755.

Note 5: The total endorsement/guarantee amount is limited to 50% of the net worth of Hershey Environmental Technology Co., Ltd., that is, NT$538,777×50%＝NT$269,389.

Formosan Union Chemical Corporation and Subsidiaries
Marketable Securities Held at Yearend
December 31, 2022

Table III

Unit: NT$ Thousand

Holding company	Type and name of marketable securities	Relationship with security issuer	Accounts	Yearend				Remarks
				Shares/Units	Book amount	Shareholding ratio (%)	Market price	
Formosan Union Chemical Corporation	Kenwell Industrial Pte Ltd. / stock	—	Financial assets-noncurrent measured at fair value through other comprehensive profit or loss	4,927,717.00	$ 144,363	19.74%	$ 144,363	
Formosan Union Chemical Corporation	Daiwa Green Energy No. 7 GK / anonymous portfolio investment	—	Financial assets-noncurrent measured at fair value through other comprehensive profit or loss	-	4,669	-	4,669	
Formosan Union Chemical Corporation	J&V Energy Technology Co., Ltd. / stock	—	Financial assets-noncurrent measured at fair value through other comprehensive profit or loss	8,393,318.00	637,137	7.45%	637,137	
Formosan Union Chemical Corporation	Forte Chemical Co., Ltd. / stock	—	Financial assets-noncurrent measured at fair value through other comprehensive profit or loss	1,400,000.00	-	3.14%	-	
Formosan Union Chemical Corporation	Kolyn Technology Corporation / stock	—	Financial assets-noncurrent measured at fair value through other comprehensive profit or loss	70,000.00	-	1.06%	-	
Formosan Union Chemical Corporation	J&V Energy Technology Co., Ltd. / stock	—	Financial assets-current measured at fair value through profit or loss	1,721,000.00	130,641	1.53%	130,641	
Formosan Union Chemical Corporation	Uspace Tech Co., Ltd. / stock	—	Financial assets-current measured at fair value through profit or loss	25,000.00	1,000	0.14%	1,000	
Great Victory Chemical Industry Co., Ltd.	Sino-Japan Chemical Co., Ltd. / stock	—	Financial assets-noncurrent measured at fair value through other comprehensive profit or loss	88,345.00	196,302	6.10%	196,302	
Great Victory Chemical Industry Co., Ltd.	Global Cooperation Development Corp. / stock	—	Financial assets-noncurrent measured at fair value through other comprehensive profit or loss	500,000.00	5,000	22.73%	5,000	
Great Victory Chemical Industry Co., Ltd.	Capital Money Market Fund / beneficiary certificate	—	Financial assets-current measured at fair value through profit or loss	6,057,310.20	99,249	-	99,249	Note 1

Note 1: The market price of fund beneficiary certificates is estimated according to the net value of fund asset on December 31, 2022

Note 2: Please refer to Table V and VI for the information of investment in subsidiaries, associates, and joint ventures.

Formosan Union Chemical Corporation and Subsidiaries

The amount of goods purchased from and sold to the related party exceeding NT$100 million or 20% of the paid-in capital

January 1 – December 31, 2022

Table IV

Unit: NT$ Thousand

Buying (selling) company	Name of counterparty	Relation	Transactions				Different from general trading conditions and the reasons		Notes and accounts receivable (payable)		Remarks
			Purchase (sale)	Amount	Ratio to total purchase (sale)	Credit period	Unit price	Credit period	Balance amount	Ratio to total notes and accounts receivable (payable)	
Formosan Union Chemical Corporation	United Performance Materials Corporation	Subsidiary	Sales	$ 387,746 (Note 1)	4.73%	1～2 months	Contract price / Equivalent to general trading conditions	1～2 months	$ 36,901	5.53%	
United Performance Materials Corporation	Formosan Union Chemical Corporation	Parent company	Purchase	387,746 (Note 2)	24.74%	1～2 months	Contract price / Equivalent to general trading conditions	1～2 months	(36,901)	36.83%	
Formosan Union Chemical Corporation	Hershey Environmental Technology Co., Ltd.	Subsidiary	Sales	157,321	1.92%	1～2 months	Equivalent to general trading conditions	1～2 months	125	0.02%	
Hershey Environmental Technology Co., Ltd.	Formosan Union Chemical Corporation	Parent company	Purchase	157,321	15.29%	1～2 months	Equivalent to general trading conditions	1～2 months	(125)	3.51%	
Formosan Union Chemical Corporation	Hershey Environmental Technology Co., Ltd.	Subsidiary	Purchase	213,524 (Note 3)	3.32%	1～2 months	Contract price / Equivalent to general trading conditions	1～2 months	(16,302)	2.32%	
Hershey Environmental Technology Co., Ltd.	Formosan Union Chemical Corporation	Parent company	Sales	213,524 (Note 4)	21.50%	1～2 months	Contract price / Equivalent to general trading conditions	1～2 months	16,302	13.95%	
Formosan Union Chemical Corporation	Chang Chun FUCC (Changshu)	Joint venture	Sales	288,900	3.52%	1 month	Equivalent to general trading conditions	1 month	-	-%	

Note 1. It includes processing income for NT$384,699 thousand and sales income for NT$3,047 thousand.

Note 2. It includes processing expense for NT$384,699 thousand and purchase for NT$3,047 thousand.

Note 3. It includes processing expense for NT$119,885 thousand and purchase for NT$93,639 thousand.

Note 4. It includes processing income for NT$119,885 thousand and sales income for NT$93,639 thousand.

Formosan Union Chemical Corporation and Subsidiaries

Invested company information, location, and other related information

January 1 – December 31, 2022

Table V

Unit: NT$ Thousand

Investing company	Invested company	Location	Main business operation	Original investment amount		Held at Yearend			Investment profit (loss) of the invested company in current year	Investment profit (loss) recognized in current year	Remarks
				End of this year	End of last year	Shares	Ratio (%)	Book amount			
Formosan Union Chemical Corporation	United Performance Materials Corporation	Taipei City	Manufacturing, processing, and trading of petroleum resins, polyester resins, Melamine resins, plaque resins, urea resins, alkyd resins, acetate resins, butyl acrylate resins, and aromatic hydrocarbon fluxes.	$ 603,812	$ 603,812	72,202,200	80.25%	$ 982,781	$ 15,619	$ 12,633	Note 1
Formosan Union Chemical Corporation	Hershey Environmental Technology Co., Ltd.	Taipei City	Planning and design of petrochemical engineering, installation and trading of mechanical equipment, distribution of domestic liquefied petroleum gas, repair and maintenance and inspection of steel cylinders.	510,211	510,211	50,000,000	100.00%	540,077	(26,731)	(50,323)	Note 1
Formosan Union Chemical Corporation	Fusugar Industry Corp.	Taichung City	Petrochemical raw materials, synthetic resins, rubber and plastics, other chemical products manufacturing and wholesale, and sugar manufacturing.	1,816,555	1,516,555	128,993,285	88.35%	814,995	(82,388)	(70,623)	Note 1
Formosan Union Chemical Corporation	Great Victory Chemical Industry Co., Ltd.	Taipei City	Manufacturing and sales of pesticides.	401,364	401,364	19,800,000	100.00%	977,848	60,480	60,480	Note 1
Formosan Union Chemical Corporation	Tanques Del Pacifico, S.A.	Guatemala	Warehouse silo lease	28,513	28,513	900	100.00%	29,707	672	(1,278)	Note 2
Formosan Union Chemical Corporation	Defia Co., Ltd.	Taipei City	Engaged in food trading and bakery.	3,000	3,000	300,000	20.00%	8,171	16,987	3,398	Note 2
Formosan Union Chemical Corporation	Sheng Hua Development Co., Ltd.	Taoyuan City	Engaged in the trade of residential and commercial property and land development.	30,000	20,000	30,000	10.00%	29,921	(467)	(47)	Note 2 & Note 3

Formosan Union Chemical Corporation	Pei Ting Energy Ltd.	Taichung City	Solar photovoltaic system construction, maintenance, and operation, and agent of Huawei products.	3,500	-	350,000	35.00%	6,291	7,974	2,791	Note 1
Formosan Union Chemical Corporation	Chang Chun FUCC (Changshu)	Changshu	Engaged in the production, processing, and sales of nonylphenol, dinonylphenol and olefin fuel oil products; also, provided technical and consulting services related to self-produced products; engaged in the wholesale, warehousing and commission agency of general chemicals (Except auctions), and import and export business.	620,562	689,513	-	50.00%	577,009	46,235	23,118	Note 1
Formosan Union Chemical Corporation	Soft Industry Corp.	Vietnam	Engaged in the manufacturing, processing, and trading of alkylbenzene and sulfonic acid.	97,779	97,779	-	50.00%	104,868	12,253	6,126	Note 1
Formosan Union Chemical Corporation	Soft Chemical Corp.	Vietnam	Engaged in the manufacturing, processing, and trading of alkylbenzene and sulfonic acid.	43,707	43,707	-	42.03%	64,259	4,381	1,841	Note 1

(Continuing to next page)

(Continuing from front page)

Investing company	Invested company	Location	Main business operation	Original investment amount		Held at Yearend			Investment profit (loss) of the invested company in current year	Investment profit (loss) recognized in current year	Remarks
				End of this year	End of last year	Shares	Ratio (%)	Book amount			
United Performance Materials Corporation	Fusugar Industry Corp.	Taichung City	Manufacturing and wholesale of petrochemical raw materials, synthetic resins, rubber and plastics, and other chemical products, and sugar manufacturing	$ 29,913	$ 29,913	1,794,787	1.23%	$ 11,340	($ 82,388)	($ 1,242)	Note 1
Hershey Environmental Technology Co., Ltd.	United Performance Materials Corporation	Taipei City	Manufacturing, processing, and trading of petroleum resins, polyester resins, Melamine resins, plaque resins, urea resins, alkyd resins, acetate resins, butyl acrylate resins, and aromatic hydrocarbon fluxes.	23,858	23,858	1,216,088	1.35%	20,306	15,619	217	Note 1
Hershey Environmental Technology Co., Ltd.	Yongyao Energy Co., Ltd.	Taipei City	Manufacturing of batteries, electronic components, power generation, transmission, and power distribution machinery, and electronic materials trading (energy technology service)	85,500	85,500	8,550,000	100.00%	91,808	4,178	4,178	Note 1
Hershey Environmental Technology Co., Ltd.	Yongji Energy Co., Ltd.	Taipei City	Thermal energy supply industry, cleaning products wholesale industry, and installation and wholesale industry of electrical appliances, machinery, etc.	3,878	3,878	387,840	50.00%	6,438	280	140	Note 2
Great Victory Chemical Industry Co., Ltd.	United Performance Materials Corporation	Taipei City	Manufacturing, processing, and trading of petroleum resins, polyester resins, Melamine resins, plaque resins, urea resins, alkyd resins, acetate resins, butyl acrylate resins, and aromatic hydrocarbon fluxes.	8,472	8,472	436,800	0.49%	5,454	15,619	76	Note 1
Great Victory Chemical Industry Co., Ltd.	Fusugar Industry Corp.	Taichung City	Manufacturing and wholesale of petrochemical raw materials, synthetic resins, rubber and plastics, and other chemical products, and sugar manufacturing.	94,287	94,287	5,657,220	3.87%	35,743	(82,388)	(3,914)	Note 1

Great Victory Chemical Industry Co., Ltd.	Yung Sheng Green Power Co., Ltd.	Taipei City	Manufacturing of batteries, electronic components, power generation, transmission, and power distribution machinery, and electronic materials trading (energy technology service)	3,100	3,100	310,000	50.00%	5,705	713	356	Note 2
Great Victory Chemical Industry Co., Ltd.	Tecnica Cientifica De Guatemala S. A.	Guatemala	The trade of pesticides	9,043	9,043	2,360	73.75%	1,780	-	-	Note 2

Note 1: It is calculated according to the invested company's financial statements audited by independent auditors during the same period and the company's shareholding ratio. It also takes into account the amortization of discounts and premiums, the recognition of the difference in investment profit or loss proportionally to the new and old shareholding ratio of the subsidiary before the capital increase, unrealized gains or losses from inter-company transactions, the impact of right-of-use asset profit or loss, etc.

Note 2: It is calculated according to the invested company's financial statements not audited by independent auditors during the same period and the company's shareholding ratio. It also takes into account the amortization of discounts and premiums.

Note 3: Since the company is a corporate director of Sheng Hua Development Co., Ltd., accounted for 25% of Shenghua's director seats, the company also participates in operating decisions with material influence on Shenghua; therefore, Shenghua is an associate of the company, and is booked as an investment under the equity method.

Note 4: Please refer to Table VI for information of the invested companies in Mainland China.

Formosan Union Chemical Corporation and Subsidiaries

Information on Investment in Mainland China

January 1 – December 31, 2022

Table VI

Unit: NT$ Thousand, unless otherwise provided

Invested company in Mainland China	Main business operation	Paid-in capital (Note 2)	Investment	Cumulative investment amount remitted outward from Taiwan at the beginning of the year (Note 2)	Investment amount remitted inward or outward in current year		Cumulative investment amount remitted outward from Taiwan at yearend (Note 2)	Profit (loss) of the invested company in current year	Direct or indirect investment ratio of the company	Investment profit (loss) recognized in current year	Book value of investment at yearend	Investment profit or loss remitted inward at yearend	Remarks
					Remitted outward	Remitted inward							
Zhangjiagang Trans-Ocean Enterprise Co., Ltd.	The loading, unloading, storage, re-packaging, transfer, and sales of chemical oil esters and other products, and other related businesses.	$ 753,009 (US$24,520 thousand)	Invest in the companies in Mainland China through the company setup in the third region	$ 61,758 (US$2,011 thousand)	$	$ -	$ 61,758 (US$2,011 thousand)	$ 94,222 (RMB 21,308 thousand)	10.86%	$ -	$ 144,363	$ 131,138	Note 3
Chang Chun FUCC (Changshu)	Engaged in the production, processing, and sales of nonylphenol, dinonylphenol and olefin fuel oil products; also, providing technical and consulting services related to self-produced products; engaged in the wholesale, warehousing and commission agency of general chemicals (except auctions), and import and export business.	1,243,755 (US$40,500 thousand)	Directly invested in Mainland China.	690,975 (US$22,500 thousand)		69,097 (US$2,250 thousand)	621,878 (US$20,250 thousand)	46,235	50.00%	23,118 (Note 1)	577,009	-	

Cumulative investment amount remitted outward from Taiwan to Mainland China at the end of current period	Investment amount approved by the Investment Commission MOEA	Limits on the investment in Mainland China according to the Investment Commission MOEA
$ 683,636（US$22,261 thousand）	$ 721,716（US$23,501 thousand）	$ 4,963,915

Note 1: It is calculated according to the financial statements audited by independent auditors during the same period.

Note 2: Except for the investment profit or loss recognized in the current year is calculated at the average exchange rate from January 1 to December 31, 2022, the rest is calculated at the spot exchange rate at the end of December 2022.

Note 3: Since the investment in Zhangjiagang Trans-Ocean Enterprise Co., Ltd. is arranged through Kenwell Industrial Pte Ltd.; also, Kenwell Industrial Pte Ltd. is a financial asset measured at fair value through other comprehensive profit or loss; therefore, there is not any shareholding in the associates and joint ventures under the equity method nor is there any shareholding in other comprehensive profit or loss.

Formosan Union Chemical Corporation

December 31, 2022

Table VII

Name of major shareholders	Shareholdings	
	Shareholding (shares)	Shareholding ratio (%)
Ho Tung Chemical Corp.	29,234,040	6.12%
Chi-Tong Investment Co., Led.	28,924,000	6.06%
Eversoft Co., Ltd.	25,131,145	5.26%

Note 1: The main shareholder information in this table is prepared by Taiwan Depository & Clearing Corporation by calculating the company's common stock shares and preferred stock shares in a dematerialized form that have been completed with the registration and book-entry operation (including treasury shares) held by shareholders for more than 5% on the last business day at the end of the quarter. The capital stock recorded in the company's financial report and the actual number of shares in dematerialized form completed with registration and book-entry operation may be different due to the difference in calculation bases.

Note 2: If the information in the preceding paragraph is related to the shares put into trust by the shareholders, it is disclosed in the personal trust account of the trustor that is opened by the trustee. As for the shareholder's declaring insider's more than 10% shareholding in accordance with the Securities and Exchange Act, his/her shareholding includes principal's shareholding, the shares in trust, and the right to use the trust property. Please refer to the Market Observation Post System (MOPS) for the information on insider's equity declaration.

§List of important accounting items§

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Formosan Union Chemical Corporation

Statement of Cash and Cash Equivalents

December 31, 2022

Table I

Unit: NT$ Thousand, unless otherwise provided

Account	Amount
Petty cash	$ 125
Bank deposits	
Checking deposits	19,600
Demand deposits	105,661
Demand deposits in foreign currency (Note I & II)	144,829
Cash equivalents (Investment with original maturity date within 3 months)	
Bank time deposits	490,560
Total	$ 760,775

Note 1: It includes US$4,723,709.18 and JPY 44.00.

Note 2: The amount in foreign currency is converted based on the exchange rate at the end of 2022. The exchange rate with New Taiwan Dollar is summarized as follows:

Currency	Exchange rate
USD	30.6600
JPY	0.2304

Formosan Union Chemical Corporation

Statement of Changes in Financial Assets–Current Measured at Fair Value Through Profit or Loss

December 31, 2022

Table II

Unit: NT$ Thousand

Name	Number of shares or units	Acquisition cost	Fair value	
			Unit price	Total amount
J&V Energy Technology Co., Ltd.	1,721,000.00	$ 34,420	$ 75.91	$130,641
Uspace Tech Co., Ltd.	25,000.00	1,000	40.00	1,000
		$ 35,420		$131,641

Note: The aforementioned assets have not been mortgaged or pledged as collateral.

Formosan Union Chemical Corporation

Statement of Accounts Receivable

December 31, 2022

Table III

Unit: NT$ Thousand

Customer Name	Amount
Company A	$ 325,289
Company B	61,214
Company C	53,790
Company D	42,884
Others (Note)	146,392
Total	629,569
Less: Allowance for loss	-
Net amount	$ 629,569
Related Party	
United Performance Materials Corporation	$ 36,901
Others (Note)	125
	$ 37,026

Note: The balance amount of each customer does not exceed 5% of the balance of this account.

Formosan Union Chemical Corporation

Statement of Inventory

December 31, 2022

Table IV

Unit: NT$ Thousand

Item	Amount	
	Cost	Net cash value
Raw material	$ 1,331,857	$ 1,211,526
Substance	246,827	244,388
Work-in-process goods	35,410	45,231
Finished goods	1,218,821	1,381,156
Total	2,832,915	$ 2,882,301
Less: Allowance for loss and obsolescence of floss	15,248	
Net amount	$ 2,817,667	

Formosan Union Chemical Corporation

Statement of Changes in Financial Assets–Noncurrent Measured at Fair Value Through Other Comprehensive Profit or Los

2021

Table V

Unit: NT$ Thousand

Name	Balance - beginning		Increase in the current year		Decrease in the current year		Balance - ending		Mortgaged or pledged	Remarks
	Shares	Fair value	Shares	Amount	Shares	Amount	Shares	Fair value		
Kenwell Industrial Pte Ltd.	4,927,717.00	$ 111,684	-	$ 32,679	-	$ -	4,927,717.00	$ 144,363	No	Note 1
Daiwa Green Energy No. 7 GK	-	36,109	-	-	-	31,440	-	4,669	No	Note 2
J&V Energy Technology Co., Ltd.	8,393,318.00	209,077	-	428,060	-	-	8,393,318.00	637,137	No	Note 1
Forte Chemical Co., Ltd.	1,400,000.00	-	-	-	-	-	1,400,000.00	-	No	
Kolyn Technology Corporation	70,000.00	-	-	-	-	-	70,000.00	-	No	
Total		$ 356,870		$ 460,739		$ 31,440		$ 786,169		

Note 1: The increase in the current year is due to the evaluation in accordance with IFRS 9 “Financial Instruments.”

Note 2: The decrease in the current year is due to the evaluation in accordance with IFRS 9 “Financial Instruments” and the return of capital reduction.

Formosan Union Chemical Corporation
Statement of Changes in Investment under Equity Method
2022

Table VI

Unit: NT$ Thousand

Name	Balance - beginning		Increase in the current year		Decrease in the current year		Balance - ending			Mortgaged or pledged	Remarks
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Shareholding ratio (%)	Amount		
United Performance Materials Corporation	72,202,200	$ 988,997	-	$ 15,444	-	$ 21,660	72,202,200	80.25%	$ 982,781	No	Note 1
Hershey Environmental Technology Co., Ltd.	50,000,000	590,352	-	48	-	50,323	50,000,000	100.00%	540,077	No	Note 2
Fusugar Industry Corp.	98,993,285	601,499	30,000,000	300,000	-	86,504	128,993,285	85.35%	814,995	No	Note 3
Great Victory Chemical Industry Co., Ltd.	19,800,000	943,800	-	67,370	-	33,322	19,800,000	100.00%	977,848	No	Note 4
Tanques Del Pacifico, S.A. S. A.	900	30,097	-	888	-	1,278	900	100.00%	29,707	No	Note 5
Defia Co., Ltd.	300,000	5,673	-	3,398	-	900	300,000	20.00%	8,171	No	Note 6
Sheng Hua Development Co., Ltd.	20,000	19,968	10,000	10,000	-	47	30,000	10.00%	29,921	No	Note 7
Pei Ting Energy Ltd.	-	-	350,000	6,291	-	-	350,000	35.00%	6,291	No	Note 8
Chang Chun FUCC	-	612,556	-	33,404	-	68,951	-	50.00%	577,009	No	Note 9
Soft Industry Corp.	-	91,933	-	12,935	-	-	-	50.00%	104,868	No	Note 10
Soft Chemical Corp.	-	65,722	-	6,523	-	7,986	-	42.03%	64,259	No	Note 11
Total		$ 3,950,597		$ 456,301		$ 270,971			$ 4,135,927		

Note 1: The increase in the current year includes the effect of NT$1,345 thousand that is not recognized according to the shareholding ratio, NT$12,633 thousand that is recognized under the equity method, and actuarial benefits for an amount of NT$1,466 thousand. The decrease in the current year is due to the receipt of cash dividends for NT$21,660 thousand from subsidiaries.

Note 2: The increase in the current year includes the effect of NT$23,000 that is not recognized according to the shareholding ratio and the actuarial benefit for an amount of NT$25 thousand. The decrease in the current year is due to the investment loss under the equity method for an amount of NT$50,323 thousand.

Note 3: The increase in the current year is due to the investment in Fusugar Industry Corp. for an amount of NT$300,000 thousand. The decrease in the current year includes the effect of NT$15,881 thousand that is not recognized according to the shareholding ratio and the investment loss recognized under the equity method for an amount of NT$70,623 thousand.

Note 4: The increase in the current year includes the effect of NT$ 5,291 thousand that is not recognized according to the shareholding ratio, the investment interest recognized under the equity method for an amount of NT$60,480 thousand, the share of the conversion difference from the subsidiaries under the equity method for an amount of NT$140 thousand, and actuarial benefits of NT$1,459 thousand. The decrease in the current year includes the cash dividend NT$29,700 thousand received from the subsidiaries and the share of NT$3,622 thousand in the unrealized evaluation gains and losses of financial assets measured at fair value through other comprehensive profit or loss of the subsidiaries using the equity method.

Note 5 The increase in the current year is due to the share of conversion differences from the subsidiaries under the equity method for an amount of NT$ 888 thousand. The decrease in the current year is due to the investment loss recognized under the equity method for an amount of NT$1,278 thousand.

Note 6: The increase in the current year is due to the investment interests recognized under the equity method for an amount of 3,398 thousand. The decrease in the current year is due to the cash dividend received from the associate for an amount of NT$900 thousand.

Note 7: The increase in the current year is due to the investment in Sheng Hua Development Co., Ltd. for an amount of NT$10,000 thousand. The decrease in the current year is due to the investment loss of NT$47 thousand recognized under the equity method.

Note 8: The increase in the current year includes investment in Pei Ting Energy Ltd. for an amount of NT$ 3,500 thousand and investment interests recognized under the equity method for an amount of NT$ 2,791 thousand.

Note 9: The increase in the current year includes investment interests recognized under the equity method for an amount of NT$23,118 thousand, the realized sales benefits from the joint ventures for an amount of NT$899 thousand, and share of conversion differences from the joint ventures under the equity method for an amount of NT$ 9,387 thousand. The decrease in the current year is due to the refund from the decapitalization of Chang Chun FUCC (Changshu) and for an amount of NT$68,951 thousand.

Note 10: The increase in the current year includes investment interests recognized under the equity method for an amount of NT$6,126 thousand and the share of conversion differences from the joint ventures under the equity method for an amount of NT$6,809 thousand.

Note 11: The increase in the current year includes investment interests recognized under the equity method for an amount of NT$1,841 thousand and the share of conversion differences from the associates under the equity method for an amount of NT$4,682 thousand. The decrease in the current year is due to the cash dividends of NT$7,986 thousand received from the associates.

Formosan Union Chemical Corporation

Statement of Short-term Loans

December 31, 2022

Table VII

Unit: NT$ Thousand

Creditor	Type of loans	Balance - ending	Contract period	Interest rate	Loan commitments	Mortgaged or pledged
Hua Nan Bank	Credit loan	$ 150,000	Due within 1 year	1.85%	NTD 300,000	None
The Export-Import Bank of the Republic of China	Credit loan	500,000	Due within 1 year	1.59%	NTD 500,000	None
						None
First Bank	Credit loan	99,000	Due within 1 year	1.63%	NTD 200,000	None
						None
First Bank	Credit loan	101,000	Due within 1 year	1.63%	NTD 200,000	None
						None
Mizuho Bank, Ltd.	Credit loan	215,000	Due within 1 year	1.88%	NTD 700,000	None
		$ 1,065,000				

Formosan Union Chemical Corporation

Statement of Accounts Payable

December 31, 2022

Table VIII

Unit: NT$ Thousand

Company	Amount
Non-related party	
Company A	$199,533
Company B	134,686
Company C	133,298
Company D	62,737
Company E	43,579
Others (Note)	95,408
Total	$669,241
Related party	
United Performance Materials Corporation	$ 7,028
Hershey Environmental Technology Co., Ltd.	16,302
Total	$ 23,330

Note: The balance amount of each customer does not exceed 5% of the balance of this account.

Formosan Union Chemical Corporation

Statement of Net Operating Income

2022

Table IX

Unit: NT$ Thousand

Name	QTY（KG）	Amount
Total sales income		
Alkylbenzene	106,446,732	$ 5,825,820
Nonylphenol	13,727,341	987,633
Sulfonic acid	3,285,271	177,476
Dodecylphenol	3,596,070	257,592
Others	11,454,206	629,939
		7,878,460
Less: Sales return	16,800	925
Sales discount	-	65,387
Sales income - net		7,812,148
Processing income		384,699
Operating income - net		$ 8,196,847

Formosan Union Chemical Corporation

Statement of Operating Cost

2022

Table X

Unit: NT$ Thousand

Item	Amount
Direct raw material	
Raw materials - beginning	$ 1,093,808
Add (minus): Purchase in current year	6,135,185
Raw materials - ending	(1,578,684)
Sales of raw materials	(517,858)
Obsoleted by-product	(5,790)
Inventory profit	144
Inventory loss	(2,315)
Others	(479,654)
	4,644,836
Direct labor	78,063
Manufacturing expense	809,265
Manufacturing cost	5,532,164
Add (minus): Work-in-process goods - beginning	31,223
Work-in-process - ending	(35,410)
Others	(5,927)
Work-in-process goods cost	5,522,050
Add (minus): Finished goods - beginning	1,043,077
Finished goods - ending	(1,218,821)
Inventory profit	1,305
Inventory loss	(11,484)
Others	191,393
Production and sales cost	5,527,520
Processing cost	372,421
Loss in price of net realizable value of inventories	5,530
Sales of raw materials	517,858
Inventory loss - net	12,350
Obsoleted by-product	5,790
Income from sales of scraps and obsolescence	(1,680)
Total operating cost	$ 6,439,789

Formosan Union Chemical Corporation

Statement of Operating Expenses

2022

Table XI

Unit: NT$ Thousand

Item	Marketing expense	Managerial expense	R&D expense	Total
Freight charges	$240,179	$ 3,677	$ -	$243,856
Salary expense	26,112	114,522	21,840	162,474
Packaging expense	74,683	-	-	74,683
Director and supervisor remuneration	-	34,864	-	34,864
Others (Note)	109,803	45,830	2,461	158,094
	$450,777	$198,893	$ 24,301	$673,971

Note: The balance amount of each customer does not exceed 5% of the balance of this account.

Formosan Union Chemical Corporation
Summary of current employee benefits, depreciation, and amortization expenses by functions
2022 and 2021

Table XII

Unit: NT$ Thousand

	2022			2021		
	Attributable to operating cost	Attributable to operating expense	Total	Attributable to operating cost	Attributable to operating expense	Total
Employee benefit expenses						
Salary expense	$ 291,569	$ 162,474	$ 454,043	$ 314,430	$ 157,281	$ 471,711
Labor and health insurance	17,730	8,007	25,737	18,218	7,936	26,154
Pension expense	7,647	3,539	11,186	(1,289)	(627)	(1,916)
Director remuneration	-	39,007	39,007	-	31,141	31,141
Other employee benefit expense	15,198	4,511	19,709	13,504	3,974	17,478
	$ 332,144	$ 217,538	$ 549,682	$ 344,863	$ 199,705	$ 544,568
Depreciation expense	$ 66,219	$ 32,491	$ 98,710	$ 77,803	$ 29,182	$ 106,985
Amortization expense	$ 395	$ 238	$ 633	$ 169	$ 198	$ 367

Note:

1. The number of employees in the current year and the previous year is 258 persons and 256 persons, respectively, of which, 17 directors and 18 directors are not an employee of the company concurrently.
2. The average employee welfare expense of the current year is NT$2,119 thousand (“Total employee benefit expenses for the year - total director remuneration” / “Number of employees for the year - number of directors who are not employees concurrently”).
3. The average employee benefit expense in the previous year was NT$2,157 thousand (“total employee benefit expenses in the previous year - total director remuneration” / “Number of employees in the previous year - number of directors who were not employees concurrently”).
4. The average employee salary expense for the year is NT$1,884 thousand (Total salary expense for the year/ “Number of employees for the year - number of directors who are not employees concurrently”).
5. The average salary expense of employees in the previous year was NT$1,982 thousand (Total salary expense in the previous year / “Number of employees in the previous year - number of directors who were not employees concurrently”).
6. Changes in the adjustment to the average employee salary expenses - 4.94% (“Average employee salary expenses for the current year - average employee salary expenses for the previous year” / average employee salary expenses for the previous year).
7. The company has no supervisor appointed, and an Audit Committee is established to replace the supervisor in accordance with relevant laws and regulations.
8. Remuneration policy (including directors, independent directors, managerial officers, and employees):

   Remuneration to directors and independent directors: The remuneration to directors and independent directors is appropriated according to the company’s Articles of Incorporation, formulated by the Remuneration Committee, and paid after the resolution of the board of directors and the acknowledgement of the shareholders meeting.

   Remuneration to managerial and employees: Arrange pay raise or bonus distribution for employees according to their job responsibility, education, expertise, and other standards, the company’s operating conditions, employee performance, etc. The managerial officers’ remuneration is resolved by the Remuneration Committee and submitted to the board of directors for approval.

VI. Financial difficulties encountered by the Company and/or its affiliates in the recent year and as of the publication date of the annual report, and its impact on the Company's financial status

N/A

VII. Review and Analysis of Financial Status and Performance and Risk Management

I. Analysis of Financial Status

(1)Analysis of Financial Status in the last two years

Unit：NT$ thousands

Item \ Year	2022	2021	Discretion		Analysis Item
			Amount	%	
Current Asset	6,757,383	5,533,678	1,223,705	22.11	1
Property, Plant and Equipment	3,765,307	3,897,733	(132,426)	(3.40)	
Other Assets	2,747,642	2,156,277	591,365	27.43	2
Total Asset	13,270,332	11,587,688	1,682,644	14.52	
Current Liabilities	3,879,351	3,150,881	728,470	23.12	3
Non-Current Liabilities	841,297	539,242	302,055	56.01	4
Total Liabilities	4,720,648	3,690,123	1,030,525	27.93	3、4
Capital Stock	4,770,163	4,770,163	—	—	
Capital Surplus	77,090	181,715	(104,625)	(57.58)	5
Retained Earnings	2,817,431	2,454,446	362,985	14.79	
Total Equities	8,549,684	7,897,565	652,119	8.26	

Explanation of the reason, impact and future response plan of the increase or decrease ratio:

1.Mainly due to bank deposits ,the increase in the raw material costs and the increase in inventories in 2022.

2.Mainly due to the increase in fair value of financial assets measured at fair value through other comprehensive income in 2022.

3. Mainly due to the capital redeployment plan and the increase in short-term borrowings in 2022.

4. Mainly due the increase in lease contracts, as result to the increase in lease liabilities - non-current in 2022.

5. Mainly due to the cash dividends from capital surplus in 2022.

Analysis basis: The rate of increase or decrease is more than 20% and the amount of change is more than NT$10 millions.

II. Analysis of Financial Performance

(1) Comparison and Analysis of Operating Results in the last two years

Unit：NT$ thousand

Item \ Year	2022	2021	Amount Increase (decrease)	Ratio (%)	Analysis Item
Operating Revenue	10,571,226	9,199,154	1,372,072	14.92	
Operating cost	8,622,732	7,061,389	1,561,343	22.11	1
Unrealized sales loss (profit)	-	-	-	-	
Realised sales profit (loss)	899	750	149	19.87	
Realized operating margin	1,949,393	2,138,515	(189,122)	(8.84)	
Operating expenses	920,630	919,819	811	0.09	
Operating Profit	1,028,763	1,218,696	(189,933)	(15.58)	
Other income	73,384	53,871	19,513	36.22	2
Other benefits and losses	235,738	(298,873)	534,611	178.88	3
Share of profits and losses of affiliated companies and joint ventures using the equity method	37,227	58,447	(21,220)	(36.31)	4
Financial costs	33,206	22,062	11,144	50.51	5
Net income before tax	1,341,906	1,010,079	331,827	32.85	3
Income tax expense	260,583	91,022	169,561	186.29	6
Net income (Losses)	1,081,323	919,057	162,266	17.66	
Other comprehensive gains and losses	386,946	69,505	317,441	456.72	7
Total comprehensive income of the current period	1,468,269	988,562	479,707	48.53	3、7

Main reasons of material variations

1. Mainly due to the increase in raw material cost in 2022.
2. Mainly due to the increase in bank deposits in 2022, so the interest income also increased.
3. Mainly dto the significant appreciation of the U.S. dollar in 2022, so the increase in foreign currency exchange gain and recognition of valuation gain on financial assets at fair value through profit or loss.
4. Mainly due to the decrease in profits from affiliated companies in 2022.
5. Mainly due to the increase in short-term borrowings in 2022.
6. Mainly due to the increase in profit in 2022.
7. Mainly due to the increase in unrealized appraisal losses of equity instrument investment measured at fair value through other comprehensive gains and losses in 2022

Analysis basis: Analysis of variations exceeding 20% and amounting exceeding NT$10 million

(2) Estimated sales volume of the coming fiscal year and the basis of estimation

Unit: Metric ton

Year	Estimated Sales Volume	Basis for Estimation	Main Reasons of the Plateau
2023	199,944 (Total sales volume of all peration department)	The estimation is mainly based on previous annual sales and market demand estimates for FY2023	The economy has not yet recovered significantly

(3) Analysis of changes in operating gross profit:

Unit：NT$ thousand

Items	Changes between the Previous and Next Periods	Reasons for the Difference			
		Difference in Price	Difference in Cost	Difference in Sales Mix	Difference in Quantity
Gross Profit	(189,122)	3,171,799	(2,997,390)	26,267	(389,798)
Notes	1.The difference in price is due to the increase of prices of products in 2022 because of the increase of crude oil prices, which led to an amount lower than one in 2021 and resulted in favorable differences in sales price. 2.The difference in cost is due to the increase of costs of raw materials in 2022 because of the increase of crude oil prices, which resulted in unfavorable differences in the amounts of costs. 3.The difference in sales mix is mainly due to the increase in the proportion of sales of products with higher gross profit in the current period, which resulted in favorable differences in sales mix. 4.The difference in quantity is mainly due to the decrease in sales volume in 2022 and resulted in favorable differences in sales volume. 5.Overall, the increase of products prices in 2022 was higher than the one in raw material costs, the overall sales volume was lower than last year ,which resulted in the unfavorable total difference for the current period.				

III. Analysis of Cash Flow

(1)Cash Flow Analysis for the Current Year: Analysis of variations exceeding 20%

Item \ Year	December 31, 2022	December 31, 2021	Amount increase (decrease) ％
Cash flow ratio ％	29.07	19.35	50.23
Allowable cash flow ratio ％	67.18	63.93	5.08
Cash reinvestment ratio ％	2.21	0.28	689.29
Analysis and explanation of the increase and decrease ratio: 1. Cash flow ratio and Cash reinvestment ratio：It was mainly due to the increase in income before tax in 2022, so the net cash inflow from operating activities increased.			

(2) Cash Flow Analysis for the Coming Year:

Unit：NT$ thousand

Balance of cash-beginning (1)	Net Cash Inflows from Operating Activities all year round (2)	Cash outflow over the year (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Remedy for Deficit in Cash	
				Investment Plan	Financing Plan
1,203,266	332,305	1,237,648	297,923	—	—

1. The analysis of cash flow variations this year:
   (1) Operating activities: It is estimated that the increase in profit in 2023 will result in the decrease in cash inflow.
   (2) Investing activities: Mainly carry out acquisition of assets.
   (3) Financing activities: Mainly for issuing cash dividends and repaying loans.
2. Improvement plan for inadequate currency: N /A

IV. The impact of major capital expenditures in the most recent fiscal year on financial operations: N/A

V. Reinvestment policies in the most recent fiscal year, the main reasons for the gains or losses, and the plans for improvement and investment plan for next fiscal year

The following table presents the reinvested affiliates whose amounts of long-term investment exceed 5% of their paid-in capital in FY2022

Unit：NT$ thousand

Notes / Items	Amount	Policies	Main Reasons for Gains or Losses	Improvement	Future Investment Plans
Hershey Environmental Technology Co., Ltd.	510,211	Steady development towards a diversified business operation to create maximum profits.	Trade volume and turnover increased, but due to the impact of the epidemic, operating costs increased and profits decreased.	In FY2023, we will continue to develop high-value processed products, improve the production of pesticide precursors, increase the sales volume of triangular trade, and continue to develop the pharmaceutical business related to the remediation of polluted soil and groundwater.	1. R&D of technical materials for pesticides. 2. R&D of high-carbon alkyl benzene sulfonic acid. 3. Additionally establish an environmental rehabilitation research center to develop soil remediation agents.
United Performance Materials Corporation	603,812	Steady business operation, implement the Process Safety Management (PSM), enhance environmental safety and health policies, improve	After three years of the he COVID-19 pandemic ravaging the world, countries are gradually returning to normal life under the popularization of vaccination, but	1.Actively develop related special application products and expand the market. 2.As for existing products, we must also try to improve the quality and	1.Continue to ensure the smooth operation of equipment, and strive to reduce production costs, so as to strengthen environmental protection and industrial safety, and

Items \ Notes	Amount	Policies	Main Reasons for Gains or Losses	Improvement	Future Investment Plans
		production efficiency, continue to develop new products, and enhance product features.	Asia is still controlled by the rising temperature of the epidemic, currency devaluation and thus economic recession, and the market demand suddenly shrinks. The war between Russia and Ukraine at the beginning of the year caused oil prices to rise, raising the price of raw materials. However, the rising crude oil prices, coupled with the high shipping price of first half year, still deeply affected the sales of our resin products. Fortunately, our colleagues have worked hard to cope with many unfavorable factors and can still maintain a profit.	competitiveness in order to surpass the peers.	maintain corporate responsibility. 2. Promote ESG corporate sustainability policies, align with international ISO standards, and use "standards" to implement carbon reduction and net zero initiatives.
Great Victory Chemical Industry Co., LTD	401,364	Quality first, innovative R&D, and continuous improvement of customer satisfaction.	Increased revenue due to new product listing	1.Adjust the sales product mix to accelerate the progress of registration of new products. 2.Increase the distribution and sales of fertilizer products and registration-free plant protection materials to improve business performance.	1.Accelerate the development and registration of products in Southeast Asian countries. 2. Expand the export market.
Fusugar Industry Corp.	1,816,555	Product safety, and customer satisfaction.	Reduce production costs and develop new markets	Evaluate the feasibility of cooperation with Taiwan Sugar Corporation.	None, for the time being.

Note: As of the publication date of the annual report.

VI. Analysis and Assessment of Risks

(1)The impact of interest rates, changes in exchange rates, and inflation on the Company's gains and losses and future countermeasures:

a. Changes in interest rates:

i. The short-term borrowings of the Company are mostly fixed-rate debts, and the current market funds are sufficient, and hence it is assessed that the cash flow risk of changes in interest rates is not significant.

ii. The long-term borrowings of the Company are financial products with floating interest rates. Therefore, changes in market interest rates will cause the effective interest rates of debt financial products to change accordingly, which would cause fluctuation of future cash flows.

b. Changes in exchange rates:

The Company's purchases and sales are mainly denominated in U.S. dollars, and the Company's foreign currency assets are greater than the positions of foreign currency liabilities, and the foreign currency collection period is slightly longer than the payment period. Therefore, it is expected that the fluctuation of market exchange rates would cause relatively significant market risk.

c. Inflation:

Due to the impact of global oil prices and fluctuation of prices of other related resources prices of recent years, the overall economic development has shown a trend of slight inflation. However, the transaction prices between the Company and customers and suppliers are mostly adjusted by the market mechanism and are less affected by inflation. In addition, the Company always focuses on economic development and timely adopt countermeasures. The product price would still cover the cost. Therefore, the Company has not been significantly affected by inflation so far.

(2)Policies for engaging in high-risk, high-leverage investments, fund loans to other third parties, endorsements and guarantee, and derivatives transactions, the main reasons for gains or losses, and the future countermeasures:

The Company does not engage in high-risk, high-leverage investments and derivatives transactions in the most recent years. The funds are loaned and the endorsement and guarantee are all provided to affiliates or reinvested companies of the Company, none of which has encountered financial difficulties that would damage the Company's creditor's rights or required the Company to cover the debts which such affiliate or reinvested company could not repay on its own.

(3) Future plans and estimated expenses of R&D:

Unit：NT$ thousand

R&D Plans	Current Status	Required R&D Investment	Estimated Timing to Achieve Mass Production
R&D of high-value products	Pilot test to pesticide technical material production	3,000	The commercialization evaluation will be continuing in 2023.
Research of DCPDC/C9 hydrogenated resin	Research of thermal hydrocarbon resin	5,000	The on-site trial production evaluation will be conducted in 2024.
Development of hydrogenated products	Batch / fixed bed testing in Lab	8,000	To be evaluated after obtaining the testing results 2024

Factors of Influence: Source of raw materials, costs after mass production, and market acceptance.

(4) The impact of changes of domestic and foreign policies and legal amendments on the Company's financial business operation and countermeasures: None.

(5) The impact of technological and industrial changes on the Company's financial business operation and countermeasures:

With the advancement of information technology, the Company's various operations are gradually computerized, which is slightly helpful to improve efficiency and reduce operating costs.

(6) The impact of changes of the corporate image on corporate crisis management and countermeasures:

The Company has always been operating steadily and attaching importance to the corporate image. It has received ISO9001 and 14001 certifications and been recognized by financial institutions, which allows lower financing costs.

(7) Expected benefits, potential risks, and countermeasures of mergers and acquisitions: N/A.

(8) Expected benefits, potential risks, and countermeasures of expanding the plants: N/A..

(9) Risks from the consolidation of purchase or sales and countermeasures: Not applicable.

(10) The impact and risk of significant transferring of stocks by the directors, supervisors, or shareholders with a shareholding of more than 10% on the Company and countermeasures: N/A.

(11) The impact, risks, and countermeasures for the changes in the management of the Company: N/A.

(12) Litigation or non-litigious proceedings: None.

(13) Other major risks and countermeasures:

The impact of information system damage on the Company's business operation and countermeasures: In order to manage its business operations, production and sales, R&D, and accounting tasks, the Company have established a control mechanism and continuously updated the network and computer security protection system to protect the safety. In addition, for important system program data, an automatic data backup mechanism has been established to ensure that data loss can be minimized and can recover as soon as possible upon the occurrence of any particular conditions. Currently, additional hard disks and USBs are adopted for backup, and the backup media is delivered for off-site storage on a weekly basis to ensure the normal operation of important information systems and data preservation, which can reduce the risk of system disruption caused by sudden natural disasters and human error. The exercise of host recovery shall be performed at least once a year to verify whether the emergency response plan is effective and enforceable. The emergency response plan is expected to be continuously refined and updated to enhance the ability to ensure continuous business operations.

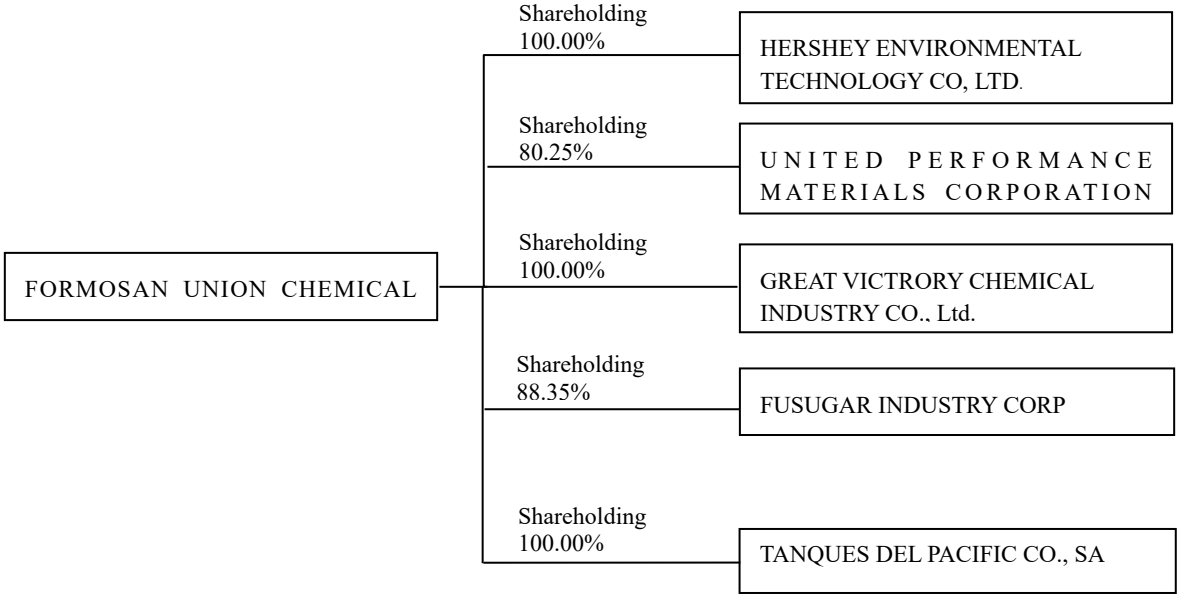
VII. Other major matters: None.

VIII. Special Disclosure

I. Affiliated Companies

(1) Affiliates Consolidated Business Report

i. Organizational chart of affiliations



ii. The basic information of affiliated companies

Unit：NT$ thousand

Name of Company	Date of incorporation	Address	Paid-in capital	Main Business Items
Hershey Environmental Technology Co., Ltd.	August 13, 1993	14th Floor, No. 206, Section 2, Nanjing East Road, Taipei City	500,000	1. Planning and design of petrochemical engineering, installation and trading of mechanical equipment, 2. Petrochemical raw materials and synthetic resin manufacturing, wholesale and retail 3. Chemical processing and fractionation business. 4. Manufacture of pesticide progenitor.
United Performance Materials Corporation	September 15, 1995	13th~5 Floor, No. 206, Section 2, Nanjing East Road, Taipei City	919,372	Manufacturing, processing and trading of petroleum resin and refined resin liquid.
Great Victory Chemical Industry Co., Ltd.	October 22, 1985	14th~1 Floor, No. 206, Section 2, Nanjing East Road, Taipei City	198,000	1. Manufacturing and import and export sales of pesticides. 2. Manufacturing and sales of fertilizers.

Name of Company	Date of incorporation	Address	Paid-in capital	Main Business Items
Fusugar Industry Corp.	April 01, 2011	No. 11, North 1st Road, Haibinli, Qingshui District, Taichung City	1,460,000	1. Sugar Manufacturing 2. Wholesale food 3. Petrochemical raw material manufacturing industry. 4. Synthetic resin and plastic manufacturing.
Tanques Del Pacific Co., SA	July 13, 2000	Guatemala	3,626	Warehouse lease

iii. Shareholders concluded as the existence of the controlling and subordinate company relation：None.

iv. Industries covered by all the affiliates: Refer to the basic information of affiliated companies.

v. The profiles of Directors, Supervisors and Chairman of affiliates.

Unit: NT$ thousand ; share; %

Name of Company	Job title	Name or Representative	Shareholding	
			Shares (Investment Amount)	Shares (Investment Amount)
Hershey Environmental Technology Co., Ltd.	Chairman	Formosan Union Chemical Corp. Representative / Chen, Qin-jun	50,000,000 0	100 0
	Director	Formosan Union Chemical Corp. Representative / Huang, Zhao-gui	50,000,000 0	100 0
	Director	Formosan Union Chemical Corp. Representative / Hong, Sheng-yang	50,000,000 0	100 0
	Supervisor	Formosan Union Chemical Corp. Representative / Hsu Li-hui	50,000,000 0	100 0
	General Manager	Hong, Sheng-yang (twofold)	0	0
United Performance Materials Corporation	Chairman (Note 1)	Formosan Union Chemical Corp. Representative / Tseng Zhi-jing	72,202,200 7,062	80.25 0.01
	Chairman (Note 1)	Formosan Union Chemical Corp. Representative / Liao, Jia-Guo	72,202,200 63,560	80.25 0.07
	Director	Formosan Union Chemical Corp. Representative / Lin Chun-cheng	72,202,200 0	80.25 0
	Director	Formosan Union Chemical Corp. Representative / Chen, Qin-jun	72,202,200 48,031	80.25 0.07
	Director	Cao, Zong-yi	0	0
	Director	Huang, De-Lun	173,627	0.19
	Supervisor	Huang, Zheng-cun	0	0
	General Manager(Note 1)	Tseng Zhi-jing (twofold)	7,062	0.01
	General Manager(Note 1)	Liao, Jia-Guo(twofold)	63,560	0.07

Name of Company	Job title	Name or Representative	Shareholding	
			Shares (Investment Amount)	Shares (Investment Amount)
Great Victory Chemical Industry Co., Ltd.	Chairman	Formosan Union Chemical Corp. Representative / Chang, Yu-Hsu	19,800,000 0	100 0
	Director	Formosan Union Chemical Corp. Representative / Chang, Tsui-ling	19,800,000 0	100 0
	Director	Formosan Union Chemical Corp. Representative / Tseng, Yao-zheng	19,800,000 0	100 0
	Supervisor	Formosan Union Chemical Corp. Representative / Lee, Zhi-feng	19,800,000 0	100 0
	General Manager	Chang, Yu-Hsu (twofold))	0	0
Fusugar Industry Corp.	Chairman	Formosan Union Chemical Corp. Representative / Lin Chun-cheng	128,993,285 24,000	88.35 0.02
	Deputy Chairman	Formosan Union Chemical Corp. Representative / Chen, Qin-jun	128,993,285 180,000	88.35 0.12
	Director	Formosan Union Chemical Corp. Representative / Liao, Jia-Guo	128,993,285 33,839	88.35 0.02
	Director	Formosan Union Chemical Corp. Representative / Lee, Zhi-feng	128,993,285 19,989	88.35 0.01
	Director	Formosan Union Chemical Corp. Representative / Ke, Yen-hui	128,993,285 0	88.35 0
	Director	Formosan Union Chemical Corp. Representative / Huang, Jun-zhe	128,993,285 0	88.35 0
	Director	Chuang, Zheng-yu	1,452,000	0.99
	Director	Lee, Ming-hsu	120,000	0.08
	Director	Chen, Jian-nan	0	0
	Supervisor	Lin, Yan-fu	0	0
Tanques Del Pacific Co., SA	Director	Du, Yue-lun	3,415	100
	Director	Lin Chun-cheng	3,415	100
	Director	Hong, Sheng-yang	3,415	100

Note 1: The chairman of the Board of Directors (also servers as general manager) of United Performance Materials Corporation was Mr. Liao, Jia-Guo, and the Board of Directors approved the replacement of the chairman of the Board of Directors (also servers as General Manager) with Mr. Tseng Zhi-jing on July 21, 2022.

vi. Overview of affiliates FY2022 operation:

Unit: NT$ thousand

Name of Company	Paid-in Capital	Total Assets	Total Liabilities	Net value	Operating Revenue	Operating Profit	Net Income	EPS (after Tax)
Hershey Environmental Technology Co., Ltd.	500,000	957,941	419,164	538,777	993,314	(88,604)	(26,731)	(0.53)
United Performance Materials Corporation	919,372	1,872,792	749,346	1,123,446	1,694,384	664	15,619	0.17
Great Victory Chemical Industry Co., Ltd.	198,000	1,107,343	129,494	977,849	504,943	48,880	60,480	3.05
Fusugar Industry Corp.	1,460,000	1,519,435	596,989	922,446	-	(57,186)	(82,388)	(0.56)
Tanques Del Pacific Co., SA	3,626	10,058	828	9,230	11,201	1,206	672	746.84

(2) Consolidated financial statement of affiliates

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2022 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standards No. 10, "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Hereby declare

FORMOSAN UNION CHEMICAL CORP.

Chairman：Huang, Sheng-Cai

March 14,2023

(3) Affiliate Report: N/A

II. Private placement of securities over past year and up to the date of publication of the annual report: N/A

III. Status of company stock held or disposed of by subsidiaries over past year and up to the date of publication of the annual report:

Unit: NT$ thousand; share;%

Name of Company (Note 1)	Paid-in Capital	Funds Source	The company's shareholding ratio	Date of acquisition or punishment	Number and amount of shares acquired (Note 2)	Disposal of shares and amount (Note 2)	Investment gains and losses	Number and amount of shares held as of the publication date of the annual report (Note 3)	Setting the pledge situation	The company endorses the guarantee amount for the subsidiary (Note 4)	Amount of the company's loan to the subsidiary
Hershey Environmental Technology Co., Ltd.	500,000	private capital	100%	—	—	—	—	—	—	—	—
United Performance Materials Corporation	919,372	private capital	80.25%	—	—	—	—	—	—	—	—
Great Victory Chemical Industry Co., Ltd.	198,000	private capital	100%	—	—	—	—	—	—	—	—
Fusugar Industry Corp.	1,460,000	private capital	88.35%	—	—	—	—	—	—	$50,000	—
Tanques Del Pacific Co., SA	3,626	private capital	100%	—	—	—	—	—	—	—	—

Note 1: Please list separately by subsidiary.
Note 2: The amount referred to the amount actually obtained or disposed of.
Note 3: The holding and disposal situation should be listed separately.
Note 4: Explain its impact on the company's financial performance and financial status.

IV. Other Supplementary Information: None

IX. Material Event Impact, pursuant to Article 36-3-2 of the Securities and Exchange Act, on Shareholders' Equity or Share Price from Last Year up to the Annual Report being Published：N/A

FORMOSAN UNION CHEMICAL CORP.

Chairman: **HUANG, SHENG-CAI**

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Notice to readers

This English version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.