Stock Code: 1709

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

Annual Report 2023

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://mops.twse.com.tw
http://www.fucc.com.tw

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I. Letter to Shareholders

Dear Shareholders,

The Company's consolidated revenue of 2023 is NT$ 9,432,293 thousand, which is an 10.77% decrease from NT$10,571,226 thousand of 2022. As the global economy continues to be affected by wars, high inflation, and climate anomalies, most industries are facing great challenges. The petrochemical industry was particularly severe, with the upstream refining industry reducing production or even shutting down due to the failure of downstream demand to recover, resulting in a decline in sales prices. Overall sales volume was slightly lower than last year, and both turnover and profit were significantly lower than last year.

Looking ahead to this year, the international situation is volatile as a result, freight costs rose, further exacerbating the difficulties in export sales. Fortunately, the demand from customers in some areas showed signs of improvement, and shipments and inventory levels gradually returned to normal. How to make profits despite high costs will be the biggest issue this year. In terms of complying with environmental policies and reducing carbon emissions, the Company has completed third-party verification of the carbon footprints of its major products and is working toward improving production efficiency and resource reuse in order to achieve the goal of low carbon emissions.

With respect to the operations of the subsidiaries, UPM's resin products, in response to the increased demand driven by industrial and commercial activities and in anticipation of a market rebound, is still striving to develop related application products and expand the production of high value-added products in the market. For Great Victory Chemical Industry (GVCI), In addition to continuing to focus on the rice market, has also strengthened its sales and marketing efforts in vegetables, fruit trees and miscellaneous crops. HERSHEY Engineering Company, Ltd. continued to supply Kaohsiung oil refinery remediation project and other businesses, and newly developed pet products in this year's planned salesFor FUSUGAR INDUSTRY CORP, will develop its brown sugar sales business from this year onwards in preparation for the future production of granulated sugar and refined special granulated sugar. In addition, it will utilize its existing factory sites and lease out some of its idle factory buildings to increase revenue. The Nonylphenol Factory of Chang Chun Formosan Union Fine Chemical (Changshu) Co., Ltd. in Mainland China, the newly developed octylphenol product is expected to start trial production in June this year, and will be switched to produce nonylphenol and octylphenol in response to market demand in order to increase the overall yield of the production line.

Finally, I would like to thank all the shareholders, ladies and gentlemen, for your long-term support. Our management team and all staff members will continue to work tirelessly to generate long-term and stable profits for our shareholders.

1. Business Performance Report for 2023

(1) Results

a. Total production volume is 169,343 metric tons

The total production volume of 2023 reaches 169,343 metric tons, which is a decrease of 10,051 metric tons or 5.60％ from the 179,394 metric tons of 2022.

b. Total sales volume is 181,241 metric tons

The total sales of 2023 reach 181,241 metric tons, which is a decrease of 331 metric tons or 0.18 ％ from the 181,572 metric tons of 2022.

c. Total income is NT$9,556,778 thousand

(a) The operating income of 2023 reaches NT$9,432,293 thousand, which is a decrease of NT$1,138,933 thousand of 10.77％ from the NT$10,571,226 thousand of 2022.

(b) The total non-operating income of 2023 is NT$124,485 thousand.

d. Total expenditure is NT$9,061,328 thousand

The operating expenditure of 2023 is NT$8,276,340 thousand, of which the operating expenditure accounts for NT$722,258 thousand, and non-operating expenditure accounts for NT$62,730 thousand.

e. Surplus

For 2023, the pre-tax income is NT$495,450 thousand, which is a decrease of NT$846,456 thousand of 63.08 % from the NT$1,341,906 thousand of 2022. The income tax expense is NT$83,727 thousand, and the net income is NT$411,723 thousand. The net profit margin of 2023 is 4.37 %.

(2) Status of Implementation of Budgets in 2023

Unit: NT$1,000

Items	Actual Amount	Budgeted Amount	Reaching Rate
Net Operating Revenue	9,432,293	10,648,731	88.58%
Operating Costs	8,276,340	8,999,033	91.97%
Gross Profit	1,155,953	1,649,698	70.07%
Operating Expense	722,258	938,853	76.93%
Operating Income	433,695	710,845	61.01%
Non-operating Income and Expense	61,755	81,895	75.41%
Pre-tax Income	495,450	792,740	62.50%

(3) Analysis of Financial Revenue and Expenditure, and Profitability of 2022 and 2023:

Unit: NT$1,000

Items	2023	2022	Amount Increase/ Decrease	Rate of Increase/ Decrease
Net Operating Revenue	9,432,293	10,571,226	(1,138,933)	(10.77%)
Pre-tax Income	495,450	1,341,906	(846,456)	(63.08%)
Profitability	5.25	12.69	(7.44)	(58.63%)

(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 2024

(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	150,026MT
Hydrocarbon Resin Units	43,138MT
Other Units	2,036MT

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

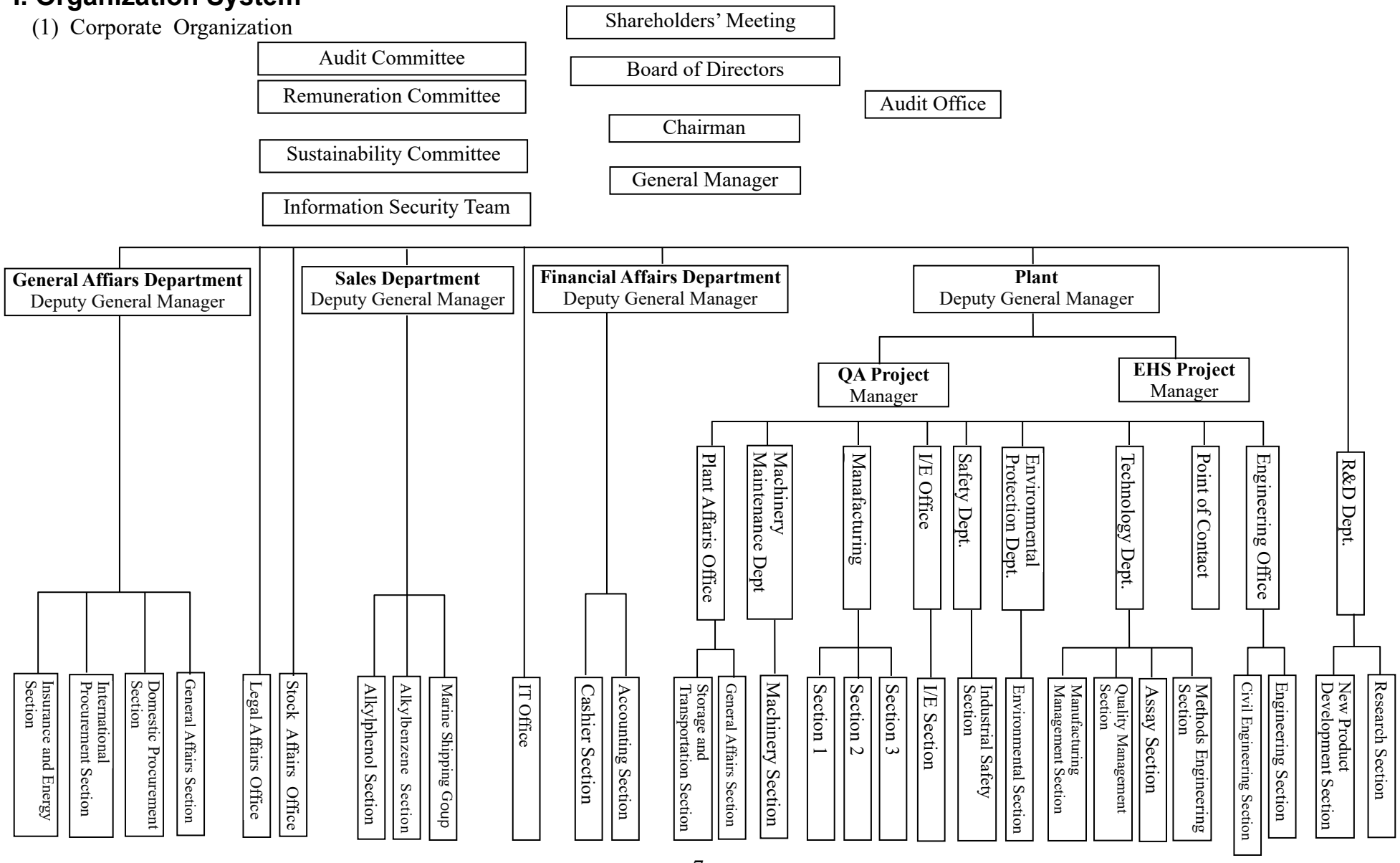
Jun. 1973	The Company was established in Taipei City with a registered capital of NT$50 million.
Apr. 1977	The construction of a plant in Linyuan, Kaohsiung County was completed to produce alkylbenzene for detergents.
Dec. 1980	The expansion of the second set of alkylation equipment was completed, which 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 15, 2024

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 16, 2023	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 /72	June 16, 2023	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 /70	June 16, 2023	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 / Cheng Meii Development Group	Chairman	Huang, Sheng-Cai	brothers	
Director	R.O.C.	Hemao Venture Investment Co., Ltd.	-	June 16, 2023	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 /73	June 16, 2023	3	Oct.08,2021	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 /42	June 16, 2023	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 16, 2023	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, Yan-Hui	Male /61	June 16, 2023	3	Jun 16, 2023	741	0.00	741	0.00	0	0	0	0	Ph.D. / Management National Central University	General Manager /Taiwan Biotech Co., Ltd.	N/A	N/A	N/A	
Director	R.O.C.	Sin Chang Construction Corp.	-	June 16, 2023	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 /66	June 16, 2023	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 /75	June 16, 2023	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 16, 2023	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	
Juridical person director representative	R.O.C.	Huang, Cheng-Fong	Male /38	June 16, 2023	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	

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	
Director	R.O.C.	Lion Home Products (Taiwan) Co., Ltd.	-	June 16, 2023	3	June 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 /73	June 16, 2023	3	June 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 /56	June 16, 2023	3	June 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 /72	June 16, 2023	3	June 13,2008	493,904	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.	Lee,Wen-Ling	Female /50	June 16, 2023	3	June.16, 2023	34,000	0.01	34,000	0.01	238,643	0.05	0	0	Department of Economics, Berkeley, California, USA	Chairman / Dah Chang International Co. Ltd.	N/A	N/A	N/A	
Director	R.O.C.	Chen, De-Fong	Male /69	June 16, 2023	3	June 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 16, 2023	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 /55	June 16, 2023	3	Dec 30,2021	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	
Director	R.O.C.	Lin, Chun-Cheng	Male /64	June 16, 2023	3	June 16, 2023	209,326	0.04	209,326	0.04	590	0	0	0	Chinese Culture University	Chairman / Fusugar Industry Corp.	N/A	N/A	N/A	
Independent Director	R.O.C.	Liao,Song-Yue	Male /68	June 16, 2023	3	June 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 /56	June 16, 2023	3	June 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 /69	June 16, 2023	3	June 16,2017	256,500	0.05	256,500	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 /71	June 16, 2023	3	June 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.

2. The date of election of directors (including independent directors) is June 16, 2023, and the date of appointment is July 1, 2023, for a term of three years.

1-2 Major Shareholders of Institutional Shareholders

Book closure date:April 15, 2024

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%、Taiwan Venture Capital Co., Ltd. 14.11%、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%、Zhang, Mei-feng 4.17%、Tong, Mei-zhen 4.17%、Hong, Qi-fu 4.09%
Lion Home Products (Taiwan) Co., Ltd.	Nichisho Lion Corporation 100%
Formosa Chemicals & Fiber Corp. (Note 1)	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 15, 2024

Names of Institutional Shareholders	Major Shareholders of Institutional Shareholders
Ho Tung Chemical Corporation. (Note 1)	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 Hsu, Yue-hua 19.18%、Peng Yi-ping 30.82%
Toku Garden Corporation.	Huang, Sheng-De 16.00%、Huang Lin Xue-yun 16.00%、Huang Zhen-jin 8.00%、Huang Fang-fen 8.00%、Huang Zhen-bin 8.00%、Huang Zhen-zheng 6.00%、Chen Ling-fen 6.00%、Wu Wen-hui 6.00%、Ye Min-hua 6.00%、Huang,Bo-Hao 3.00%
Huang Jia Buyer Co., Ltd.	Huang Zi-lun 96.61%、Chen Shu-Qing 3.39%。

Names of Institutional Shareholders	Major Shareholders of Institutional Shareholders
Given Investment Co., Ltd.	Lien Zheng-wei 62.50%。
Chang Gung Medical Foundation	Nan Ya Plastics Corporation 18.20%、Formosa Chemicals & Fiber Corp.14.01%、Formosa Plastics Corporation 13.44%、Wang Yung-tsai (Dead)11.38%、Wang Yung-Chin (Dead)7.44%。
Everred Corporate, Inc.	Everred Corporate, Inc. (100%)
Landmark Capital Holdings Inc.	Landmark Capital Holdings Inc.(100%)
Formosa Plastics Corporation (Note 1)	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.1.78%、Ming Chi University of Technology 1.43%、Labor Pension Fund（the Old Fund）1.29%。
Nan Ya Plastics Corporation (Note 1)	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. 1.50%、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

Note 1：The listed companies Taiwan Chemical Fiber Corporation, Ho Tong Chemical Corporation, Nan Ya Plastics Corporation, have not yet processed the suspension of share transfers, and thus are unable to provide information related to their major shareholders. The information provided above was obtained from the Annual Reports of each company for the year 2022.

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 Act.	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 Act. (6)Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority of the Board or voting rights.	N/A

Requirements / Name	Professional qualifications and experiences	Independence criteria (Note 2)	Concurrently serving as an Independent Director of another listed company
		(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 Act. (12)No government apparatus agency, juristic person, or its representative is elected under Article 27 of the Company Act.	
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 Act. (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	2

Requirements / Name	Professional qualifications and experiences	Independence criteria (Note 2)	Concurrently serving as an Independent Director of another listed company
		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 Act.	
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 Act. (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	N/A

Requirements / Name	Professional qualifications and experiences	Independence criteria (Note 2)	Concurrently serving as an Independent Director of another listed company
		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 Act.	
Director/ Ke,Yan-Hui	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 Act. (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,	N/A

Requirements / Name	Professional qualifications and experiences	Independence criteria (Note 2)	Concurrently serving as an Independent Director of another listed company
		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 Act.	
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 Act. (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	N/A

Requirements / Name	Professional qualifications and experiences	Independence criteria (Note 2)	Concurrently serving as an Independent Director of another listed company
		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 Act.	
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 Act. (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. (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.	N/A

Requirements / Name	Professional qualifications and experiences	Independence criteria (Note 2)	Concurrently serving as an Independent Director of another listed company
		(11)Not under any of the categories stated in Article 30 of the Company Act. (12)No government apparatus agency, juristic person, or its representative is elected under Article 27 of the Company Act.	
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 Act.	N/A
Director/ Lin,Chun-Cheng	Over five years of experience in areas of commerce, legal, finance, or related business of the Company	(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	N/A

Requirements / Name	Professional qualifications and experiences	Independence criteria (Note 2)	Concurrently serving as an Independent Director of another listed company
		2 of Article 27 of the Company Act. (6)Not a Director, Supervisor, or employee of a corporate shareholder who holds the majority of the Board or voting rights. (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 Act.	
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 Act. (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. (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 Act.	
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 Act. (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. (12)No government apparatus agency, juristic person, or its representative is elected under Article 27 of the Company Act.	
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 Act. (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. (12)No government apparatus agency, juristic person, or its representative is elected under Article 27 of the Company Act.	
Director/ Lee, Wen-Ling	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 Act. (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. (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 Act.	
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 Act. (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	N/A

Requirements / Name	Professional qualifications and experiences	Independence criteria (Note 2)	Concurrently serving as an Independent Director of another listed company
		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 Act.	
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 Act. (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	N/A

Requirements / Name	Professional qualifications and experiences	Independence criteria (Note 2)	Concurrently serving as an Independent Director of another listed company
		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 Act.	
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 Act. (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.	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

Requirements / Name	Professional qualifications and experiences	Independence criteria (Note 2)	Concurrently serving as an Independent Director of another listed company
Independent Director/ Zhuo, Xun-Rong	Over five years of experience in areas of commerce, legal, finance, or related business of 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 Act.	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 Act.

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

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

(1) Policy and Implementation of Diversity of the Board of Directors Menbers:

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 background (e.g. law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc.

Board members should generally possess the knowledge, skills and qualities necessary for the performance of their duties. In order to achieve the desired objectives of corporate governance, the Board of Directors as a whole should possess the following knowledge and abilities. The following is a summary of the competencies that should be possessed by the Board as a whole:

1. operational judgment skills.
2. accounting and financial analysis skills.
3. business management skills.
4. crisis management skills.
5. industry knowledge.
6. international market view.
7. leadership skills.

8 Decision-making ability.

The Company currently has a total of 19 members on the Board of Directors, including 4 independent directors, specializing in the fields of finance and accounting, law, marketing, chemical engineering, and business management. Among the board members, there are 3 female directors and 2 directors with employee status, and 4 of the 4 independent directors have been in office for more than 6 years. The Company has always been concerned about gender equality in its board of directors, and at this stage, the percentage of female directors is targeted to be more than 10%, and currently there are 3 female directors among the 19 directors, representing a percentage of 16%.

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, Yan-Hui	R.O.C.	male					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
	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
	Lee,Wen-Ling	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
	Lin,Chun-Cheng	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 15, 2024

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	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
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)		Whether remuneration from any reinvested other than subsidiaries is received? (Note 11)
		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)	Cash dividend	Stock dividend	Cash dividend	Stock dividend	the Company	Companies included in the financial statement(Note 7)	
Chairman	Huang, Sheng-Cai	—	—	—	—	1,830	1,830	540	540	0.57%	0.57%	9,132	9,132	—	—	—	—	—	—	2.75%	2.75%	None
Director	Huang, Sheng-Shun	—	—	—	—	610	610	180	180	0.19%	0.19%	—	—	—	—	—	—	—	—	0.19%	0.19%	None
Director	Guo, Jhen-Jhih	—	—	—	—	610	610	180	180	0.19%	0.19%	—	—	—	—	—	—	—	—	0.19%	0.19%	None
Director	Lion Home Products (Taiwan) Co., Ltd. Representative /He, Hao	—	—	—	—	610	610	180	180	0.19%	0.19%	—	—	—	—	—	—	—	—	0.19%	0.19%	None
Director	Chen, De-Fong	—	—	—	—	610	610	180	180	0.19%	0.19%	—	—	—	—	—	—	—	—	0.19%	0.19%	None
Director	Shi, Jia-An	—	—	—	—	610	610	180	180	0.19%	0.19%	—	—	—	—	—	—	—	—	0.19%	0.19%	None
Director	Guo, Jhih-Mao (Jan.01-Jun.30)	—	—	—	—	305	305	90	90	0.09%	0.09%	—	—	—	—	—	—	—	—	0.09%	0.09%	None
Director	Liao, Jia-Guo (Jan.01-Jun.30)	—	—	—	—	305	305	90	90	0.09%	0.09%	—	—	—	—	—	—	—	—	0.09%	0.09%	None
Director	Lian, De-Shih	—	—	—	—	610	610	180	180	0.19%	0.19%	—	—	—	—	—	—	—	—	0.19%	0.19%	None
Director	Huang, De-Lun	—	—	—	—	610	610	180	180	0.19%	0.19%	3,597	3,597	108	108	161	—	161	—	1.11%	1.11%	None
Director	Formosa Chemicals & Fiber Corp Representative / Wu, Xin-Chang	—	—	—	—	610	610	180	180	0.19%	0.19%	—	—	—	—	—	—	—	—	0.19%	0.19%	None
Director	Sin Chang Construction Corp. Representative / Guo, Jhih-Cyun	—	—	—	—	610	610	180	180	0.19%	0.19%	—	—	—	—	—	—	—	—	0.19%	0.19%	None
Director	Chi-Tong Investment Co., Ltd Representative / Huang, Cheng-Fong	—	—	—	—	610	610	180	180	0.19%	0.19%	—	—	—	—	—	—	—	—	0.19%	0.19%	None
Director	Ever-Prosperous Multitechnologies Enterprise Ltd. Representative / Ke, Chang-Ci	—	—	—	—	610	610	180	180	0.19%	0.19%	—	—	—	—	—	—	—	—	0.19%	0.19%	None
Director	Hemao Venture Investment Co., Ltd. Representative / Zhang Li-Qiu	—	—	—	—	610	610	180	180	0.19%	0.19%	—	—	—	—	—	—	—	—	0.19%	0.19%	None
Director	Lin,,Chun-cheng (Jul.01~Dec.31)	—	—	—	—	305	305	90	90	0.09%	0.09%	3,127	3,127	54	54	66	—	66	—	0.87%	0.87%	None
Director	Lee,Wen-Ling (Jul.01~Dec.31)	—	—	—	—	305	305	90	90	0.09%	0.09%	—	—	—	—	—	—	—	—	0.19%	0.19%	None

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)		Whether remuneration from any reinvested other than subsidiaries is received? (Note 11)
		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)	Cash dividend	Stock dividend	Cash dividend	Stock dividend	the Company	Companies included in the financial statement(Note 7)	
Independent Director	Liao, Song-Yue	—	—	—	—	610	610	180	180	0.19%	0.19%	—	—	—	—	—	—	—	—	0.19%	0.19%	None
Independent Director	Lin, Lai-Di	—	—	—	—	610	610	180	180	0.19%	0.19%	—	—	—	—	—	—	—	—	0.19%	0.19%	None
Independent Director	Chen, Hong-Wen	—	—	—	—	610	610	180	180	0.19%	0.19%	—	—	—	—	—	—	—	—	0.19%	0.19%	None
Independent Director	Zhuo, Xun-Rong	—	—	—	—	610	610	180	180	0.19%	0.19%	—	—	—	—	—	—	—	—	0.19%	0.19%	None

*Please describe the remuneration policy, system, standards, and structure for independent directors, and clarify the relationship between the remuneration amount and factors such as responsibilities borne, risks, and time invested: The remuneration of directors is determined by the Board of Directors with reference to the standards of similar industries, listed company levels, and the company's profits for the fiscal year. This policy takes into account the responsibilities, risks, and time commitments involved in serving as a director, ensuring that the remuneration amount is closely related to these factors.

*Additional remuneration details beyond the above disclosure for the latest fiscal year,in the most recent fiscal year, directors did not receive any additional compensation for services provided (such as serving as a consultant for the parent company or its subsidiaries, which are not employees) beyond what is disclosed in the financial reports.
None

*Directors only receive standard director fees and travel expenses. No other forms of remuneration are provided.

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
(Individual Disclosure of Names and Methods of Remuneration)

Unit：NTD thousand

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	3,280	3,280	108	108	2,877	2,877	133	—	133	—	1.53%	1.53%	None
Deputy General Manager	Lee, Hong-de	2,491	2,491	108	108	2,159	2,159	201	—	201	—	1.19%	1.19%	None
Deputy General Manager	Lin Yi-feng	1,516	1,516	95	95	1,586	1,586	125	—	125	—	0.79%	0.79%	None
Deputy General Manager	Hsu Li-hui	1,754	1,754	63	63	917	917	124	—	124	—	0.68%	0.68%	None

＊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.

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. Compensation of the top five highest paid executives in listed and over-the-counter companies (individual disclosure of names and methods of compensation) (Note 1)

Unit：NTD thousand

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	3,280	3,280	108	108	2,877	2,877	133	—	133	—	1.53%	1.53%	None
Deputy General Manager	Lin Yi-feng	2,491	2,491	108	108	2,159	2,159	201	—	201	—	1.19%	1.19%	None
Chairman's Special Assistant	Huang, De-Lun	1,983	1,983	108	108	1,454	1,454	161	—	161	—	0.89%	0.89%	None
Deputy General Manager	Lee, Hong-de	1,516	1,516	95	95	1,586	1,586	125	—	125	—	0.79%	0.79%	None
Deputy General Manager	Hsu Li-hui	1,754	1,754	63	63	917	917	124	—	124	—	0.68%	0.68%	None

＊Regardless of the job title, positions equivalent to General Manager or Deputy General Manager (such as President, CEO, Director, etc.) should all be disclosed.

Note 1: The term "top five highest paid executives" refers to the company's managers. The identification standard for relevant managers is based on the directives of the Securities and Futures Commission of the Ministry of Finance dated March 27, 2003, under document number 0920001301, which specifies the applicable scope of "managers." The calculation and identification principle for the "top five highest paid" is based on the total sum of salaries, retirement pensions, bonuses, special expenses, and employee compensation amounts received from all companies within the consolidated financial statements (i.e., the total amount of items A+B+C+D), and these are ranked to determine the top five. If a director also serves as one of the aforementioned managers, this should be recorded in this table and the above table (1-1).

Note 2: This refers to the filling in of the salaries, position allowances, and severance pay of the top five highest paid executives for the most recent fiscal year.

Note 3: This involves the filling in of various bonuses, incentive payments, travel expenses, special expenses, various allowances, provisions of dormitories, cars, and other physical items, and other remuneration amounts for the top five highest paid executives for the most recent fiscal year. If housing, cars, and other transportation vehicles or exclusive personal expenditures are provided, the nature and cost of the assets provided, the actual or fair market rent, fuel costs, and other benefits should be disclosed. If a driver is provided, the company's compensation for that driver should be noted, but not included in the

compensation. Salary expenses recognized under IFRS 2 "Share-based Payment," including obtaining employee stock options, restricted employee rights new shares, and participation in cash capital increases to subscribe for shares, should also be included in compensation.

Note 4: This refers to the filling in of the employee compensation amounts (including stocks and cash) of the top five highest paid executives approved by the board of directors for the most recent fiscal year. If an estimate is not possible, calculate the proposed distribution amount for this year based on the actual distribution amount ratio from last year, and also fill in the corresponding schedule.

Note 5: The total amount of compensation paid to the top five highest paid executives of the company by all companies (including the company itself) within the consolidated report should be disclosed.

Note 6: Net income after taxes refers to the net income after taxes of the individual or individual financial statements for the most recent fiscal year.

Note 7: a. This column should clearly list the compensation amounts received by the top five highest paid executives from investments in businesses other than subsidiaries or from the parent company (if none, please state "none").

b. Compensation refers to the remuneration, employee, director, and supervisor compensation, and business execution fees received by the top five highest paid executives of the company who serve as directors, supervisors, or managers in businesses other than subsidiaries or the parent company.

* 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.

5. Employee bonus amount paid to managerial officers

April 15, 2024

	Job title (Note 1)	Name (Note 1)	Stock	Cash	Total	Proportion to Earnings After Tax (%)
Manager Officer	General Manager	Lin, Chun-cheng	—	1,544,627	1,544,627	0.37%
	Deputy General Manager	Lee, Hong-de Lin Yi-feng Hsu Li-hui				
	Associate Manager/ Special Assistant to the Chairman	Tseng, Xiao-qian Huang, Jun-zhe Chen, Jian-nan Huang, Pin-xian Yu,Yu-Xin 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	2023 Remuneration / standalone net income ratio (%)	2022 Remuneration / standalone net income ratio (%)
Directors	7.85	5.26
Supervisors	—	—
Manager and Deputy General Manager	4.19	3.26

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 of Directors totally held**(A) 7** meetings in 2023.

The attendance records for Directors are as follows:

Job title	Name	Actual attendanceB	Attendance by proxy	Actual attendance rate (%) (B/A)	Remark
Chairman	Shin Shing Chemical Corp. Representative / Huang, Sheng-Cai	7	0	100%	Re-elected
Deputy Chairman	Huang, Sheng-Shun	6	0	85.71%	Re-elected
Director	Formosa Chemicals & Fiber Corp. Representative / Wu, Xin-Chang	5	0	71.43%	Re-elected
Director	Huang, De-Lun	5	0	71.43%	Re-elected
Director	Lion Home Products (Taiwan) Co., Ltd. Representative / He, Hao	7	0	100%	Re-elected
Director	Guo, Jhen-Jhih	6	0	85.71%	Re-elected
Director	Ever-Prosperous Multitechnologies Enterprise Ltd./ Guo,Jhih-Cyun	7	0	100%	Re-elected
Director	Chen, De-Fong	6	0	85.71%	Re-elected
Director	Hemao Venture Investment Co., Ltd. Representative / Zhang Li-Qiu	1	6	14.29%	Re-elected
Director	Lian, De-Shih	7	0	100%	Re-elected
Director	Li,Wen-Ling	3	0	75%	Newly-appointed
Director	Chi-Tong Investment Co., Ltd. Representative / Huang, Cheng-Fong	6	0	85.71%	Re-elected
Director	Shi, Jia-An	5	0	71.43%	Re-elected
Director	Ever-Prosperous Multitechnologies Enterprise Ltd Representative / Ke, Yan-Hui	3	1	75%	Newly-appointed
Director	Lin,Chun-Cheng	4	0	100%	Newly-appointed
Independent Director	Liao, Song-Yue	3	2	42.86%	Re-elected
Independent Director	Lin, Lai-Di	5	1	71.43%	Re-elected
Independent Director	Zhuo, Xun-Rong	6	1	85.71%	Re-elected
Independent Director	Chen, Hong-Wen	5	1	71.43%	Re-elected
Director	Guo, Jhih-Mao	3	0	100%	Resigned
Director	Ever-Prosperous Multitechnologies Enterprise Ltd Representative / Ke, Chang-Ci	3	0	100%	Resigned
Director	Liao, Jia-Guo	3	0	100%	Resigned

Note:On June 16, 2023, the Company's shareholders held a regular meeting to re-elect the directors, and the new directors were appointed on July 1, 2023, The Board of Directors' meeting was held 3 times before the re-election and 4 times after the re-election.

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 p42-p44.

(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

1.The Company has re-established the "Board of Directors and Functional Committee Performance Evaluation Rules" for the year 2023, which was approved by the Board of Directors on August 11, 2023.

2.The Board of Directors and the Functional Committee conducts a performance evaluation of the current year based on the evaluation indicators at the end of each year and completes the evaluation before the end of the first quarter of the following year to ensure that the operation of the Board of Directors is carried out in accordance with the relevant laws and regulations.

3.Among them, the Board of Directors' performance evaluation was conducted in November 2023 by appointing an external independent assessment organization, Taiwan Investor Relations Institute (hereinafter referred to as the external assessment organization). The external assessment organization and the experts and scholars conducting the assessment have no business dealings with the Company and are professional and independent.

Assessment method: Provide documents in accordance with the checklist provided by the external assessment organization, review the documents in writing and on file, and fill out the board performance evaluation questionnaire provided by the external assessment organization by all directors.

4.Both the 2023 External Assessment and Self-Assessment have been completed and are presented in the January 19, 2024 Board of Directors' Report with the Corporate Governance Officer describing the results of the assessmenThe scope and period of the external assessment is set out below:

The scope and period of the external assessment is set out below:

(1) External Organization Assessment - October 1, 2022 to September 30, 2023.

Five Key Components of Board Performance Evaluation (Full Score 5)

Assessment Oriented	Assessment Items	Assessment Results
A. Board Composition and Professional Development	12	4.74
B. Quality of Board Decisions	12	4.86
C. Board Operational Effectiveness	7	4.84
D. Internal Controls and Risk Management	7	4.80
E. Extent of Board Involvement in Corporate Social Responsibility	7	4.57
Total number of items assessed / Total average of assessment results	45	4.762

Functional Committee Performance Evaluation Five Dimensions (Full Score 5)

Assessment oriented	Assessment Items	Assessment Results
A. Degree of participation in company operations	4	4.75
B. Functional Committee awareness of responsibilities	8	4.67
C. Enhancing the quality of decision-making in functional committees	7	4.86
D. Composition and Election of Functional Committee Members	4	4.67
E. Internal Controls	3	4.67
Total number of items assessed / Total average of assessment results	26	4.724

Assessment Report Conclusion and Optimization Recommendations:

No more than two directors shall be related by consanguinity or affinity within two degree, planning for the number of independent directors to reach more than one-third of the total number of directors; More than half of the members of the "Sustainability Committee" are independent directors and have been approved by the Board of Directors, and disclosed in the Public Information Observation Post System (PIPOS); The Board of Trustees is responsible for planning the Board's annual continuing education program in advance; Formulate succession planning for board members and key management personnel; "Risk Management Policies and Procedures are adopted by the Board of Directors and are overseen by a functional committee at the Board level; Develop an Intellectual Property Management Program; The independence and suitability of the certified public accountants are assessed by reference to the Audit Quality Indicators (AQIs) and are disclosed in the Annual Report; The Company publishes an annual financial report that has been audited and certified by a certified public accountant within two months after the end of the fiscal year; The Board of Directors' Diversity Policy and its implementation are disclosed on the Company's website; To be invited (on its own) to hold at least two explanatory meetings of the corporation; Investing resources to support the development of domestic culture. The Company has taken their professional advice into account in optimizing the operation of the Board.

The scope and period of the internal assessment are as follows:

(2) Assessment of Internal Board Members - January 1, 2023 to December 31, 2023

Self-Assessment of Board Members' Performance Evaluation(Full Score 5)

Assessment oriented	Assessment Items	Assessment Results
A. Mastery of the company's goals and tasks	3	4.44
B. Recognition of Directors' Duties	3	4.58
C. Degree of Involvement in Company Operations	8	4.20
D Internal Relationship Management and Communication	3	4.32
E. Professional And Continuing Education of Directors	3	4.42
F. Internal Controls	3	4.40
Total number of items assessed / Total average of assessment results	23	4.39

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 3rd session of the audit committee was appointed by the board of directors on June 28, 2023.

2. The term of office of the current members: July 1, 2023 to June 30, 2026

The Audit Committee of 2023 had convened 5 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	2	1	40%	re-elected on Jul. 1, 2023
Independent Director	Lin, Lai-Di	4	1	80%	re-elected on Jul. 1, 2023
Independent Director	Chen, Hong-Wen	4	1	80%	re-elected on Jul. 1, 2023
Independent Director	Zhuo, Xun-Rong	4	1	80%	re-elected on Jul. 1, 2023

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.
Jan. 17, 2023 Session 11 of the 2nd Term	1. Approved the proposal of amendment of the Company's "Articles of Incorporation".	V	N/A
	2. Approval of the change of the internal audit supervisor of the Company.	V	N/A
	3. Approved the revision of the Company's "Integrity Management Operating Procedures and Behavioral Guidelines"	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.		

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. 14, 2023 Session 12 of the 2nd Term	1. Approved the financial statement and business report of FY2022	V	N/A
	2. Approved the proposal of distribution of surplus for FY2022	V	N/A
	3. Approved the proposal of amendment of the Company's "Articles of Incorporation".	V	N/A
	4. Approved the statement of internal control for FY2022.	V	N/A
	5. Approved the proposal of amendment of the Company's "Internal Control Standard Procedure for Shareholding Units".	V	N/A
	6. Approved the endorsement and guarantee for our 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.		
May. 15, 2023 Session 13 of the 2nd Term	1. Approval of the Consolidated Financial Statements for the 1st Quarter of FY2023	V	N/A
	2. Approved the establishment of a pre-approval policy for the provision of non-confidence services by the Company's certified public accounting firms	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, 2023 Session 1 of the 3rd Term	1. Approval of the Consolidated Financial Statements for the 2nd Quarter of FY2023	V	N/A
	2. Acquisition or disposal of asset disposal credits through the Company's investment in J&V Energy Technology Co., Ltd.	V	N/A
	3. Approved the amendment of the Company's "Internal Control System"	V	N/A
	4. Approved the endorsement and guarantee for the subsidiary, FUSUGAR INDUSTRY CORP. (Bank A)	V	N/A
	5. Approved the endorsement and guarantee for the subsidiary, FUSUGAR INDUSTRY CORP. (Bank B)	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, 2023 Session 2 of the 3rd Term	1. Approval of the Consolidated Financial Statements for the 3rd Quarter of FY2023	V	N/A
	2. Approval of the distribution of the first half-yearly surplus for FY2023	V	N/A
	3. Approved the proposal of amendment of the Company's "Internal Control Standard Procedure for Shareholding Units".	V	N/A
	4. Approved the proposal for the stipulation of the Company's "Audit Plans for FY2024".	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	results
Jan. 17, 2023	Board of Directors	Internal Audit Manager	Report on the implementation of the audit plan in September-October 2022	No objection
Mar. 14, 2023	Audit committee	Internal Audit Manager	2022 Internal Control Statement case	No objection
Mar. 14, 2023	Board of Directors	Internal Audit Manager	1. Report on the implementation of the audit plan from November 2022 to January 2023. 2. The 2022 internal control statement case.	1.No objection 2.Approve
May. 15, 2023	Board of Directors	Internal Audit Manager	Report on the implementation of the audit plan from February to March 2023	No objection
Jun. 28 2023	Board of Directors	Internal Audit Manager	Report on the implementation of the audit plan for April 2023	No objection
Jul. 17, 2023	Board of Directors	Internal Audit Manager	Report on the implementation of the audit plan for May 2023	No objection
Aug. 11, 2023	Board of Directors	Internal Audit Manager	Report on the implementation of the audit plan in June 2023.	No objection
Nov. 10, 2023	Audit committee	Internal Audit Manager	The 2024 annual audit program	No objection
Nov. 10, 2023	Board of Directors	Internal Audit Manager	Report on the actual implementation of the audit plan from July to August 2023. The 2024 annual audit program	1.No objection 2.Approve

(2) Communication between independent directors and CPAs:

Date	Mode of Communication	Object of Communication	Matter of Communication	results
Mar. 14, 2023	forum	Independent Directors, CPAs Internal audit supervisor and officers	1. 2022 Significant Component Individual Post-Check Analysis and Critical Checks. 2. 2022 audit results and related issues. 3. Pre-approval of non-confirmation services by the corporate governance unit. 4. AQI (Audit Quality Indicator) by the CPA firm 5. Report on the actual implementation of the 2022 annual audit program	No comments at this meeting
Nov. 10, 2023	forum	Independent Directors CPAs Internal audit supervisor and officers	1. Communication with Corporate Governance Units prior to the 2023 Annual Audit 2. 2023 Audit Program Comprehensive Report of Recent Results	No comments at this meeting

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)? (Note 1)	V		The Audit Committee of the Company evaluates the independence and suitability of its certified public accountants annually. In addition to requesting the certified public accountants to provide a "Statement of Transcendent Independence" and Audit Quality Indicators (AQIs), the Audit Committee evaluates the certified public accountants in accordance with the criteria set forth in Note 1 and the 13 AQIs. After confirming that the accountant and the Company have no financial interest or business relationship other than the fees for visa and tax cases, and that the members of the accountant's family do not violate the independence requirements, as well as referring to the information of the AQIs, we confirm that the accountant and the firm's audit experience and training hours are better than the average of the industry, and that we will continue to improve the quality of our audit by introducing the digital audit tool in the last three years. The results of	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	
			the latest annual assessment were discussed and approved by the Audit Committee on March 13, 2024, and were submitted to the Board of Directors on March 13, 2024, for approval of the assessment of the independence and suitability of the accountants.	
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 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.?	V		The Supervisor of Corporate Governance and the Stock Affairs Office 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
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		Since January 1,2024, the Company's stock affairs have been managed by the Stock Affairs Agency Department of Hua Nan Securities Co., Ltd.	No significant difference
7. Information Disclosure (1) Does the company set up a website to disclose financial business operation and corporate governance	V		The Company has disclosed financial business operation and corporate governance information on its official site.	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	
information? (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.)? (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 the business operating conditions of each month prior to the prescribed deadline?	V

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	
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 18th Board of Directors approved the establishment of a Board Performance Evaluation Method and its assessment process during its 3rd meeting. The performance evaluation was conducted in October,2022, and the results were reported to the Board of Directors on January 19,2024 ● **Priority Enhancements** To assist and encourage all directors to complete their study hours in accordance with the "Major Executive Summary of Continuing Education for Directors and Supervisors of Listed Issuers".				

Note 1: Criteria for assessing the independence of accountants

Assessment Items	Assessment Results	Compliance with Independence
Whether the accountant has a direct or material indirect financial interest in the Company	No	Yes
Whether the accountant is in a financing or guarantee relationship with the Company or a director of the Company	No	Yes
Whether the accountant has a close business relationship with the Company and potential employment relationship.	No	Yes
Whether the accountants and members of their audit team are currently, or have been in the last two years, serving as directors or managers of the Company or in positions of significant influence over the audit.	No	Yes
Whether the accountants have provided any non-audit service items to the Company that could directly affect the audit process	No	Yes
Whether the accountant has intermediated in the Company's stock or other securities issued by the Company.	No	Yes
Whether the accountant has acted as the Company's defender or represented the Company to coordinate conflicts with other third parties.	No	Yes
Whether the accountant is related to any of the Company's directors, managers, or other persons having significant influence on the audit.	No	Yes

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
Convener and Independent Director	Chen, Hong-Wen	Please refer to section 1-4, "Professional Qualifications of Directors and Information Disclosure of Independent Directors' Independence" on Page25	(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 Act. (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 Act.	0
Independent Director	Zhuo, Xun-Rong			0
Independent Director	Liao,Song-Yue	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 5th Company's Remuneration Committee was appointed by the Board of Directors on June 28, 2023.

(b)Current term of office: July 01, 2023~June 30, 2026.

*The 5th term of the 2023 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	Chen, Hong-Wen	3	0	100%	Reelected on Jul. 1, 2023
Committee Member	Zhuo, Xun-Rong	3	0	100%	Reelected on Jul. 1, 2023
Committee Member	Liao,Song-Yue	0	1	0%	Newly appointed on Jul. 1, 2023
Committee Member	Chen, Chang	2	0	100%	Resigned on Jul. 1, 2023

Note:The Board of Directors re-elected the Remuneration Committee on June 28, 2023, and the new committee members were elected on July 1, 2023. The new members took office on July 1, 2012. The Remuneration Committee held two meetings before the election and one meeting after the election.

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**
8th Meeting of 4th Term Jan. 17, 2023	Approve the Company's Proposal of 2022 year-end bonuses of employees
	All Committees had attended and approved without any objection.
	Reported to the Board of Directors and approved unanimously
9th Meeting of 4th Term Mar 14, 2023	Approve the Company's the Proposal of distribution of 2022employee remuneration and Director compensation
	All Committees had attended and approved without any objection.
	Reported to the Board of Directors and approved unanimously
1st Meeting of 5th Term Jul 17, 2023	1. Approve the Proposal of distribution of 2022 employees' and Directors' remuneration and Director compensation
	2. Approve the Proposal of the Company's 2023salary adjustment
	All Committees 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		1. 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. 2.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 March 14, May 15, August 11, and November 10 of the year 2023. 3. For details of the members of the Promotion Group and the status of its implementation,please refer to the Organizational Chart section of the Company's annual ESG reports and the Organizational and Risk Determination of Sustainable Operations page of the Company's website (http://www.fucc.com.tw/fucc/fucc_index_csr2.asp)	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	V		1.This disclosure covers the Company's sustainability performance at its main locations from January 2023 to December 2023. The boundary of risk assessment is primarily based on the Company itself. 2.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	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	
formulate relevant risk management policies or strategies? (Note 2)			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. 3.The Sustainability Committee conducts analyses based on the materiality principle of the Sustainability Report, communicates with internal and external stakeholders, and evaluates significant ESG issues by reviewing domestic and international research reports, literature, and integrating assessment data from various departments and subsidiaries. Based on this, the committee formulates effective risk management policies for identification, measurement, monitoring, and control, and implements specific action plans to mitigate the impact of related risks. 4.In 2023, the company completed greenhouse gas inventory management and carbon footprint assessments, obtaining certifications such as "ISO 14064-1" and "ISO 14067". 5.For more information on the related risk management policies, please refer to the risk management section of our company's annual ESG reports and the organization and risk identification page on our sustainability website: http://www.fucc.com.tw/fucc/fucc_index_csr2.asp.	
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

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) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?			The Company actively promotes various energy reduction measures and has been implementing a fuel energy carbon reduction plan since 2011. The Company have gradually converted the fuel oil used in process heaters to liquefied natural gas, with all heaters having been replaced by 2017. The manufacturing department continues to improve process-related equipment, replacing older rotating pumps with sealless ones, adding variable frequency drives, insulating pipelines, using micro-thermal air dryers, and replacing aging public equipment with high energy efficiency and energy-saving designs to reduce both corporate and product energy consumption. Additionally, we have expanded the use of renewable energy in indirect emission sources to optimize energy use efficiency, with about 657,000 kWh of renewable energy newly purchased this year. These measures aim to reduce energy consumption or maintain energy efficiency, and the results are reported monthly in production and sales meetings. For more details on improving energy efficiency, the measures implemented, and achievements, please refer to the environmental and safety chapters of the Company's annual Sustainability Reports.	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		1.Each year, the Company develops management policies for significant topics, including identifying operational risks and incorporating recommendations for the disclosure of climate-related financial information published by the Financial Stability Board (FSB) under the TCFD framework into our operational management. This information is disclosed on the official website and in the Sustainability Report, aiming to help stakeholders understand and benefit from the impacts of climate change-related risks and opportunities, as well as the corresponding response measures. 2.The Company's assessment of and response measures to climate change-related risks and opportunities are listed in Appendix 2.2.3 of this year's annual report. For other related risk management policies, please refer to the risk management chapter of the Company's annual Sustainability Report and the organization and risk identification page on the Sustainability 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 company's Linyuan Factory has regularly commissioned BSI (British Standards Institution) to perform third-party verifications of greenhouse gas emissions, allowing us to more accurately monitor the emissions levels from various sources, as well as water usage and total waste weight. In 2023, our company completed an internal inventory, and the statistical data for the past two years are as follows:
<table><tr><th>Disclosure Items</th><th>2023</th><th>2022</th><th>Increase (Decrease) %</th></tr><tr><td>Direct GHG emissions (Scope 1/ton)</td><td>71,513.24</td><td>62,058.75</td><td>+15%</td></tr><tr><td>Indirect GHG emissions (Scope 2/ton)</td><td>19,254.36</td><td>19,646.10</td><td>-2%</td></tr><tr><td>Total GHG emissions (tons)</td><td>90,767.60</td><td>81,704.85</td><td>+11%</td></tr><tr><td>Total GHG emissions intensity (tons CO_2e/million turnover)</td><td>13.27</td><td>9.97</td><td>+33%</td></tr><tr><td>Total water consumption (ton)</td><td>91,651</td><td>105,050</td><td>-13%</td></tr><tr><td>Total water consumption intensity (ton/million turnover)</td><td>13.40</td><td>12.82</td><td>+4%</td></tr><tr><td>Waste (tons) - hazardous waste</td><td>0.02</td><td>0.06</td><td>-67%</td></tr><tr><td>Waste (tons)-non-hazardous waste</td><td>163.50</td><td>178.02</td><td>-8%</td></tr><tr><td>Total waste (tons) - hazardous + non-hazardous waste</td><td>163.52</td><td>178.08</td><td>-8%</td></tr><tr><td>Total waste (tons/million turnover</td><td>0.02</td><td>0.02</td><td>-</td></tr></table>2. The results of the Company's greenhouse gas inventory, assurance details, and reduction policies are listed in Appendix 2.2.3 of this year's Annual Report. For other policies regarding energy conservation, carbon reduction, greenhouse gas reduction, water usage reduction, or other waste management, please refer to our sustainability page on the Company's official website, the Environmental and Safety chapter of the Sustainability report, or the corporate ESG information disclosure on the Public Information Observatory.
3. State the verification status of each piece of information and the scope of coverage as of the printing date of the Annual Report:</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>
<table>
<tr><th>Disclosure Items</th><th>2023</th><th>2022</th></tr>
<tr><td>Total greenhouse gas emissions</td><td rowspan="3">The relevant data are internal statistics, and external verification is expected to be completed in August, 2024.</td><td>Verified by BSI (British Standards Institution)</td></tr>
<tr><td>Total water consumption (ton)</td><td rowspan="2">Self-disclosed statistics are disclosed in the 2022 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 statistical data, not verified by a third party</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.
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)</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		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. 3. Group agreement: Although the Company has established a labor union, the Company has not yet signed a group agreement because the labor union has not yet requested the Company to negotiate a group agreement. 4. 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

<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>(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?</td><td>V</td><td></td><td>1.In 2019, in response to the revision 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 that year and continued to passed the verification in 2023. 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 2023, there were 176 occupational safety and health employees with 985 hours of training. There were no occupational accidents, fires, or other incidents 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)</td><td>No significant difference</td></tr>
<tr><td>(4) Has the Company established effective career development training programs for employees?</td><td>V</td><td></td><td>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)
2. Average training hours per person in 2023:
<table>
<tr><th>Staff Training Program</th><th>Hours and Numbers</th></tr>
<tr><td>ISO 50001 and PSM education and training, TTQS manpower enhancement training.</td><td>348 persons with 304 hours</td></tr>
<tr><td>License Retraining</td><td>Retraining rate:100%</td></tr>
<tr><td>Various work and professional technical programs</td><td>176 persons with 8,302 hours</td></tr>
</table></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 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?	V		1.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. 2.Our company has established a personal data protection management system and policy. Through internal audits and educational training on personal information, we safeguard our customers' data.	No significant difference
(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?	V		The Company currently complies with ISO requirements for supplier evaluation and fully mandates that suppliers adhere to occupational safety and health standards in engineering contracts. Additionally, all personnel entering the facility must have labor and health insurance as well as accident insurance to ensure safety. The Company also require that waste disposal complies with relevant laws and regulations. Suppliers are required to sign a "Supplier Sustainability Commitment Statement." To ensure that raw materials meet the company's product and environmental safety quality system requirements, the method for evaluating suppliers is defined in the quality management system procedure manual. Suppliers are assessed based on the quality, timing, and quantity of deliveries.	No significant difference
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 has adopted the "Core option" of the latest "GRI Standards" and has prepared the sustainability report in accordance with the government's regulatory requirements for "Listed Companies to Prepare and Report Corporate Sustainability Reports" to align with the "United Nations Sustainable Development Goals" (SDGs). Additionally, the Company reference the standards of the Sustainability Accounting Standards Board (SASB) to disclose industry-specific information and index the report content corresponding to SASB indicators. 2. The 2022 Sustainability Report has been given a limited assurance by KPMG, in accordance with the assurance standard Bulletin No. 3000 "Engagements to Perform Assurance on Non-Historical Financial Information" published by the Accounting Research and Development Foundation of the Republic of China, which is based on the International Standard on Assurance Engagements ISAE 3000. 3. The Company anticipate completing the 2023 Sustainability Report by August 2024, with	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	
			the sustainability indicators relevant to the chemical industry within it to receive an assurance opinion from a third-party verification entity.	

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 May 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 Mutual Neighborhood Fund to the Linyuan Industrial Park Community Fund in 2023, 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 2023, the Company made a donation to organizations such as Kaohsiung City Stray Animals Association, Pingtung County Ching Yeh Elementary School Ching Yeh Lu Kai Song Choir, and Taipei Municipal Wanfang Hospital Meal Delivery Service for Elderly Singletons. In order to encourage students to develop a balanced development in the five areas of education and to support campus activities, we sponsored the filming costs of the Taipei Private Tsai Hsing Senior High School' Social Care Association's Hospice Documentary. Sports can strengthen the body and are the cornerstone of the development of the Five Education Sectors. Sponsored the Yilan County Athletic Association Men's Division Basketball Team in 2023 and congratulated the team for winning the silver medal in the team competition of that year's National Games.

(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 176 personnel with 985 hours participated in these programs in 2023. The Company also implemented the self-management of industrial safety, which included the following measures:

1. Daily inspection.
2. Monthly preventive maintenance.
3. Repair and replace equipment and pipelines every 2 years.

Items	Implementation (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Y	N	Summary description	
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. Climate-Related Information of TWSE/TPEx Listed Company

(1) Risks and opportunities for the Company arising from climate change and related measures taken by the Company.

<table>
<tr><th>Project</th><th>Implementation status</th></tr>
<tr><td>1.Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities</td><td>1. Discussions and management related to climate change in the Company are planned to be handled by the ESG Committee. After the issues are resolved by the chief of the committee, the Company will be executed in coordination with the various subcommittees.
2.The implementation of climate change risks and opportunities is planned to be reported to the Board of Directors annually.</td></tr>
<tr><td>2.Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).
3.Describe the financial impact of extreme weather events and transformative actions.</td><td>The Company is actively developing solutions aimed at reducing the operational and financial impacts of climate change and enhancing our organizational climate resilience. We have defined our strategic timelines as short-term (within 5 years), medium-term (6 to 10 years), and long-term (over 10 years) to assess the potential operational and financial impacts of related climate risks and opportunities. This evaluation guides our planning for various actions to address climate-related risks and opportunities. The strategic disclosures are as follows:
<table>
<tr><th>Climate Change Risk Issues</th><th>Risk Level</th><th>Time Frame</th></tr>
<tr><td>Increase in greenhouse gas pricing</td><td>High</td><td>Short-term, Mid-term</td></tr>
<tr><td>Strengthening emissions reporting obligations</td><td>Medium</td><td>Short-term, Mid-term, Long-term</td></tr>
<tr><td>Regulatory requirements for existing products and services</td><td>Medium</td><td>Short-term</td></tr>
<tr><td>Replacement of existing products and services with low-carbon alternatives</td><td>Medium</td><td>Mid-term, Long-term</td></tr>
<tr><td>Cost of transitioning to low-carbon technologies</td><td>High</td><td>Mid-term, Long-term</td></tr>
<tr><td>Changes in customer behavior</td><td>Medium</td><td>Short-term, Mid-term</td></tr>
<tr><td>Changes in rainfall patterns and extreme changes in climate models</td><td>Medium</td><td>Mid-term, Long-term</td></tr>
<tr><td>Increased severity of extreme weather events such as typhoons and floods</td><td>High</td><td>Mid-term, Long-term</td></tr>
<tr><td>Increase in raw material costs</td><td>Medium</td><td>Short-term, Mid-term, Long-term</td></tr>
<tr><td>Increase in average temperature</td><td>Medium</td><td>Mid-term, Long-term</td></tr>
<tr><td>Sea level rise</td><td>Medium</td><td>Mid-term, Long-term</td></tr>
</table>
<table>
<tr><th>Climate Change Opportunity Issues</th><th>Opportunity Level</th><th>Time Frame</th></tr>
<tr><td>Reduction in water usage and consumption</td><td>High</td><td>Mid-term, Long-term</td></tr>
<tr><td>Using more efficient production and distribution processes</td><td>Medium</td><td>Mid-term, Long-term</td></tr>
<tr><td>Recycling and reuse</td><td>Medium</td><td>Mid-term, Long-term</td></tr>
</table></td></tr>
</table>

Project	Implementation status

Climate Change Opportunity Issues	Opportunity Level	Time Frame
Switching to more efficient buildings	Medium	Mid-term, Long-term
Adopting more efficient modes of transport	Medium	Short-term, Mid-term, Long-term
Use of low-carbon energy	High	Mid-term, Long-term
Adoption of incentive policies	Medium	Mid-term, Long-term
Use of new technologies	Medium	Mid-term, Long-term
Participation in the carbon trading market	Medium	Mid-term, Long-term
Transition to decentralized energy sources	Low	Mid-term, Long-term

This table outlines the specific risks and opportunities associated with climate change that our company has identified, along with their estimated risk levels and applicable time frames. These are integral for guiding our strategic responses and planning for future scenarios.

1. Transformation Risks - Policy and Regulatory Aspects - Increased Pricing of Greenhouse Gas Emissions
   The Climate Change Response Act stipulates that the power industry and large-scale manufacturing industries that emit 25,000 tons of carbon dioxide equivalent (CO2-eq) of greenhouse gases annually will be subject to the fee, and from 2024 onwards, the annual greenhouse gas emissions of carbon fee targets will be included in the calculation of the fee. The Company considers this as an important climate risk. If a carbon fee of $300 per metric ton of carbon emissions is levied, based on the average annual carbon emissions in recent years, the Company may have to pay about $20-30 million per year. The company's countermeasures are as follows:
   (1) Include the cost of carbon emissions in the evaluation of new equipment purchases. We conduct a comprehensive evaluation, including the reduction of carbon emissions and the reduction of the price of carbon, as a basis for equipment procurement or investment. In addition, we estimate the cost of carbon emissions for each business region and update the default value once a year for reference.
   (2) Improve energy efficiency in the use of existing equipment, with a focus on on-site energy conservation, e.g., upgrading high-efficiency energy equipment, installing turbines, using lower carbon or higher calorific emission fuels, and keeping pipelines warm and cool.
2. Transformation Risk - Technical: Low Carbon Technology Transformation
   Carbon emissions from manufacturing processes are mainly due to process equipment. In order to achieve low-carbon processes and products, we continue to improve our equipment to save energy and reduce carbon emissions.
3. Entity Risk - Immediacy
   (1) The increase in the number of extreme weather events has led to an increase in the frequency of typhoons and rainstorms, which may result in flooding of the Kaohsiung factory, affecting the operation of the factory and

Project	Implementation status
	causing potential financial losses, but the factory has completed the waterproofing project, so the impact on the overall operation will not be too great. As a result, the impact on the overall operation will not be too severe. The Company will take measures to minimize the immediate risk by implementing regular cleaning, maintenance and repair of the drainage system and establishing emergency response plans for typhoons and rainstorms. (2) To address the risk of water restrictions, we are increasing the efficiency of water use through water recovery and recycling. 4. Resource Efficiency Opportunities - Reduced Water Use and Consumption In addition to cooperating with the government's water conservation policy, the Company has carried out water recycling system planning to reduce its reliance on raw water resources and reduce wastewater discharges, which may result in a slight increase in operating costs for financial purposes, but will not have a significant impact on the overall operational impact 5. Energy Source Opportunities - Use of Low Carbon Energy (1) Use of low carbon energy by replacing fuel oil with liquid natural gas. (2) Installation of solar energy or procurement of green power to gradually increase the proportion of renewable energy in the production of electricity.
4.Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	Through the Sustainability Committee, the Company held discussions at the "TCFD Climate Change Related Financial Disclosure Discussion Meeting", which brought together relevant members to discuss and identify climate change risks and opportunities. The discussions were guided by the TCFD's proposed framework, which focuses on transformation risks (policy and regulation, technology, market, reputation), physical risks (immediate risks, long-term risks), and opportunities (resource efficiency, energy sources, products/services, market, resilience). The details of the above items, please refer to pages 52-66 of the Sustainability Report, Risk Management, Climate Change Management, TCFD Risk Management Process, TCFD Climate Change Related Risks and Opportunities Disclosure Framework, or the Sustainability page on the website of FUCC.
5.If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described. 6.If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks. 7.If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	The 5th to 8th projects are still under planning.

Project	Implementation status
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	
9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below).	Tables 1-1 and 1-2 are shown below

1-1. Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

1-1.1. Greenhouse Gas Inventory Information.

Describe the emission volume (metric tons CO_2e), intensity (metric tons CO_2e/NT$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years.

1. The Company has established a greenhouse gas inventory mechanism in accordance with the Ministry of Environment's Greenhouse Gas Emission Inventory Registration Management Measures, the Greenhouse Gas Inventory Registration Operation Guidelines, and the International Organization for Standardization (ISO)'s ISO/CNS 14064-1. Since 2014, we have been conducting annual inventories of greenhouse gas emissions at the Linyuan plant to fully understand the usage and emission status of greenhouse gases and to verify the effectiveness of our reduction measures. Additionally, the greenhouse gas inventory data for the past two years have been compiled according to the operational control method to summarize the greenhouse gas emissions of the Linyuan plant, as detailed below:

Disclosure Items	2023	2022
Direct GHG emissions (Scope 1/ton)	71,513.24	62,058.75
Indirect GHG emissions (Scope 2/ton)	19,254.36	19,646.10
Total GHG emissions (tons)	90,767.60	81,704.85
Total GHG emissions intensity (tons CO_2e/million turnover)	13.27	9.97

2.Subsidiaries included in the consolidated financial statements should begin their greenhouse gas inventory starting from 2026.

1-1.2. Greenhouse Gas Assurance Information

The description of the assurance for the most recent two fiscal years up to the date of the annual report publication includes details on the scope of assurance, the assurance body, the assurance standards, and the assurance opinions. Here are the specifics:

The parent company should start assurance activities from 2027. the Company has been implementing third-party verification since 2015 and has obtained ISO/CNS 14064 certification. The boundary for the assurance of greenhouse gas data covers our Linyuan plant, with related assurance details as follows:

Disclosure Items	2023	2022
Greenhouse Gas Assurance Information	As of the printing date of the annual report, the relevant data are internal statistics. It is expected that the external verification will be completed in August 2024, and the complete assurance information will be disclosed in the sustainability report.	Of the total greenhouse gas emissions disclosed by the Company, 81,704.85 metric tons of CO2e (accounting for 100% of the total emissions) have been verified by the British Standards Institution (BSI), a certification body, in accordance with the Guidelines for GHG Emissions Inventory (May 2022) of the Environmental Protection Administration of the Executive Yuan, ISO 14064-3, the Administrative Measures for the Registration of GHG Emissions Inventory, and the regulations related to the control of greenhouse gases of the Environmental Protection Administration. We have verified the opinion as a reasonable assurance.

2.Subsidiaries included in the consolidated financial statements should begin their greenhouse gas inventory starting from 2028.

1-2. Greenhouse Gas Reduction Targets, Strategies, and Concrete Action Plans

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets.

Still under planning, please refer to the Disclosure of Corporate ESG Information on Market Observation Post System.

8. 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 ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	V		The Company has established the ethical corporate management policy approved by the Board of Directors, and clearly indicated the ethical operation policy and practice in work rules,conntracts and official website, 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 with a 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 established 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 established 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. And remind all units to take precautions.	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” adopted 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 in the business contracts?	V		The contracts or purchase orders signed by the Company and its counterparties have included 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 on its 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 19, 2024 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 for 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, the Audit Office conducts annual audits of the aforementioned internal control system to establish an audit program. In addition, the Company also abides by the laws and regulations to have the accountants be responsible for the verification of relevant accounting materials and documents.	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) Does the company provide internal and external ethical corporate management training programs on a regular basis?	V		Promotion of the Company's integrity management policy, workplace integrity and legal risks, etc; In 2023, the Company organized 3 seminars for all employees. Completed the revision and signing of the Company's Employment Contract and Integrity Pledge. In fiscal year 2023, the Company organized internal training on integrity management issues (practical analysis of insider trading/equity declaration) with 14 directors in attendance.	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 policies and 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 and revise relevant contents on its official web site in line with the environment and law.				

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

The Company has established 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)

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

11. Implementation Status of internal control system

(1) Declaration of the Internal Control System

FORMOSAN UNION CHEMICAL CORP.

Declaration of the Internal Control System

Date: Mar. 13, 2024

The Company inspected the 2023 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, 2023) 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 13, 2024 with with none of the 18 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) If CPA Was Engaged to Conduct a Special Audit of Internal Control System, Provide Its Audit Report : None

12.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

13.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 2023 Annual Shareholders' Meeting was held on June 16, 2023. The resolutions and implementation status are as follows:

Resolutions	implementation status
1. Aapprovee the 2022 financial statements.	Approve the 2022 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 2022 earnings (cash dividend to shareholders NT$ 1.80 per Share).	Accepted the proposal for the distribution of 2022 earnings, cash dividend to Shareholders NT$ 1.80 per Share) The board of directors is authorized to set the ex-dividend base date on September 01, 2023, and the cash dividend payment date on September 28, 22023.
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. Completed a comprehensive re-election of directors	In accordance with the resolutions of the shareholders meeting, some provisions of the company's " Rules of Procedure for Shareholders Meetings" were revised.' Election Results: Chairman:Shin Shing Chemical Corp. Representative: Huang, Sheng-Cai Director: Huang, Sheng-Shun Director: Hemao Venture Investment Co., Ltd. Representative :Zhang Li-Qiu Director :Huang, De-Lun Director:Ever-Prosperous Multitechnologies Enterprise Co., Ltd. Representative :Ke, Yan-Hui Director:Sin Chang Construction Corp. Representative : Guo, Jhih-Cyun Director :Chi-Tong Investment Co., Ltd Representative :Huang, Cheng-Fong Director :Lian, De-Shih Director :Lin,Chun-Cheng Director :Lion Home Products (Taiwan) Co., Ltd. Representative :He, Hao Director :Guo, Jhen-Jhih Director :Shi, Jia-An Director :Li,Wen-Ling Director :Chen, De-Fong Director :Formosa Chemicals & Fiber Corp Representative :Wu, Xin-Chang Independent Director :Chen, Hong-Wen Independent Director :Liao,Song-Yue Independent Director :Lin, Lai-Di Independent Director :Zhuo, Xun-Rong

Resolutions	implementation status
5. Approved the release of the Company's directors and their representatives from the prohibition of competing for business.	Removal of Directors and their Representatives from Competition Prohibition by Resolution of Shareholders' Meeting

2. Important Resolutions of the Board of Directors

Board Meeting	Discussions and Resolutions
18th Meeting of 17th Board Jan.17, 2023	1. Approved the payment of the year-end bonus for 2022 of the Company. 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 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.
20th Meeting of 17th Board May.15, 2023	1. Approval of financial statements for the first quarter of 2023 2. Approved the establishment of a pre-approval policy for the provision of non-confidence services by the Company's certified public accounting firms
1st Meeting of 18th Board Jun. 28, 2023	1. Approved Director Huang, Sheng-Cai as the Chairman of the Board of Directors of the Company. 2. Approve the appointment of Mr. Huang, Sheng-Shun as Deputy Chairman of the Company 3. Approved the continuation of the employment of Mr. Lin, Chun-Cheng as the General Manager of the Company. 4. Approved the appointment of Mr. Zhuo, Xun-Rong, Mr. Liao, Song-Yue and Mr. Chen, Hong-Wen as members of the Fifth Remuneration Committee of the Company. 5. Approved the appointment of four persons, namely, Mr. Liao, Song-Yue, Mr. Zhuo, Xun-Rong, Ms. Lin, Lai-Di and Mr. Chen, Hong-Wen, as members of the third session of the Audit Committee of the Company. 6. Approved the appointment of Mr. Chang,Yu-Hsu, Miss Chang, Tsui-Ling and Mr. Tseng,Yao-Cheng as the representatives of the corporate directors of Great Victory Chemical Industry Co., Ltd.; Ms. Tseng, Xiao-qian as the representative of the corporate supervisor of Great Victory Chemical Industry Co., Ltd.; Mr. Chen,Chin-Chun, Mr. Hong,-Sheng Yang and Mr. Huang,Chao-Kuei as the representatives of corporate directors of Hershey Environmental Technology Co., Ltd.; Mr. Huang,Jun-Zhe as the representative of the corporate supervisor of Hershey Environmental Technology Co., Ltd..

Board Meeting	Discussions and Resolutions
2nd Meeting of 18th Board Jul. 17, 2023	1. Approved the proposal to allocate the compensation to employees and directors for fiscal year 2022. 2. Approved the proposal of salary adjustment for 2023. 3. To approve the ex-dividend date of the Company's cash dividends and capital surplus for 2023. 4. Approved the assignment of one information security supervisor and one information security officer of the Company.
3rd Meeting of 18th Board Aug. 11, 2023	1. Approved the consolidated financial statements for the second quarter of 2023 2. Approved change of company's business registration address 3. 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 4. Approved the Reorganization of the Company's Board of Directors' Performance Evaluation Guidelines 5. Approved Amendments to the Company's " Internal Control System 6. Approved the appointment of corporate director and supervisory representative of Chang Chun FUCC Fine Chemicals (Changshu) Co., Ltd. 7. Approved the endorsement and guarantee for our subsidiary, Fusugar Industry Corp. (Bank A) 8. Approved the endorsement and guarantee for our subsidiary, Fusugar Industry Corp. (Bank B)
4th Meeting of 18th Board Nov. 10, 2023	1. Approved the consolidated financial statements for the third quarter of 2023. 2. Approved the distribution of surplus for the first half of 2023. 3. Approved the amendment of the " Internal Control System for Stock Affairs Office " of the Company. 4. Approved the establishment of the "2024 Audit Plan" of the Company. 5. Approved the establishment of the "Regulations Governing the Financial Operations of Related Parties" of the Compan 6. Approved the amendment of the Company's "Information Security Management Plan" 7. ApprovedThe Company's stock affairs committee is handled by a professional stock affairs agency.
5th Meeting of 18th Board Jan. 19, 2024	1. Approved the payment of the year-end bonus for 2023. 2. Approved the change of the head of information security of the Company.
6th Meeting of 18th Board Mar. 13, 2024	1. Approved the Company's financial statements and business report for fiscal year 2023 2. Approved the payment of remuneration to employees and directors for the year 2023 3. Approved the distribution of the Company's surplus for the second half of 2023 4. Approved the amendment of the Company's "Rules and Regulations Governing the Organization of the Audit Committee" 5. Approved the amendment of certain provisions of the Company's "Rules of Procedures of the Board of Directors" 6. Approved the amendment to the company's "Rules of Procedure for Shareholders' Meetings". 7. Approved the amendment of the Company's whistleblower system. 8. To approve the Company's Statement of Internal Control for 2023. 9. To approve the convening of the Company's 2024 Annual General Meeting of Shareholders. 10. Approved the acceptance of the shareholders' proposal for the 2024 Annual General Meeting.

14. 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。

15. 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 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				
Deloitte & Touche (Taiwan)	Zhuang, Wen-Yuan	Annual 2023	1,760	555	2,315	1.Non-audit fee: Employee Salary Information Checklist fee is $40 thousand,, Tax stamp printing fee is $95 thousand, XBRL operation fee is $60 thousand, Certification of Business/Income Tax fee is $360thousand
	Gong, Ze-Li	Annual 2023				

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 2023 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	2023		As of Apr. 15, 2024	
		Shares increase (decrease)	Pledge shares increase (decrease)	Shares increase (decrease)	Pledge shares increase (decrease)
Chairman	Shin Shing Chemical Corp.	—	—	—	—
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 (Jul. 1, 2023 resigned)	—	—	—	—
Legal Director Representative	Ke, Yan-Hui (Jul. 1, 2023 newly appointed)	—	—	—	—
Director	Sin Chang Construction Corp.	—	—	—	—
Director	Guo, Jhih-Cyun	—	—	—	—
Director	Chi-Tong Investment Co., Ltd.	—	—	—	—
Legal Director Representative	Huang, Cheng-Fong	—	—	—	—
Director	Lian, De-Shih	—	—	—	—
Director	Liao, Jia-Guo (Jul. 1, 2023 resigned)	—	—	—	—
Director	Lin,Chun-Cheng (Jul. 1, 2023 newly appointed)	—	—	—	—
Director	Lion Home Products (Taiwan) Co., Ltd.	—	—	—	—
Legal Director Representative	He, Hao	—	—	—	—
Director	Guo, Jhen-Jhih	—	—	—	—
Director	Shi, Jia-An	—	—	—	—
Director	Guo, Jhih-Mao (Jul. 1, 2023 resigned)	—	—	—	—
Director	Lee,Wen-Ling (Jul. 1, 2023 newly appointed)	—	—	—	—
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	—	—	—	—
Independent Director	Zhuo, Xun-Rong	—	—	—	—
General Manager	Lin Chun-cheng	—	—	—	—
Deputy General Manager	Hsu, Li-hui (Aug. 1, 2023 resigned)	—	—	—	—

Job title	Name	2023		As of Apr. 15, 2024	
		Shares increase (decrease)	Pledge shares increase (decrease)	Shares increase (decrease)	Pledge shares increase (decrease)
Deputy General Manager	Lee, Hong-de	—	—	—	
Associate Manager	Lin, Yi-feng	—	—	—	—
Associate Manager	Tseng, Xiao-qian	—	—	—	—
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 (Jan 20, 2024 resigned)	—	—	—	—
Associate Manager	Huang Jun-zhe	—	—	—	—
Accounting Supervisor	Lin, Li-ren	—	—	—	—
Financial Supervisor	Chen, Wei-cun	—	—	—	—

Note：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 15, 2024

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 —	6.12% —	— —	— —	— —	— —	— —	— —	— —
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 / Huang,Yung-Fu	23,858,145 —	5.00% —	— —	— —	— —	— —	— —	— —	— —
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%	3,218,971	3.57%	75,421,271	83.82%
Pacific Storage Tank Co., Ltd.	900	100.00%	—	—	900	100.00%
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%	7,605,460	5.21%	136,598,745	93.56%
Soft Industry corp	—	46.20%	—	—	—	46.20%
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%	293,909	19.59%	593,909	39.59%
J&V Energy Technology Co., Ltd.	9,927,318	8.54%	—	—	9,927,318	8.54%
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 15, 2024

Composition of Shareholders / Quantity	Government apparatus	Financial organization	Other juridical persons	Individuals	Foreign institution or foreigner	Total
Number of persons	1	5	208	40,917	76	41,207
Shares	469	322,928	199,179,202	265,780,898	11,732,775	477,016,272
%	0.00%	0.07%	41.76%	55.72%	2.46%	100.00%

III.Distribution Profile of Share Ownership

As of April 15, 2024

Shareholders Ownership		Number of Shareholders	Number of Shares Owned (Shares)	Shareholding ratio (%)	Shareholders Ownership	Number of Shareholders
1-	999	16,278	39.50	3,415,634	34,156,340	0.72
1,000-	5,000	17,871	43.37	39,277,689	392,776,890	8.23
5,001-	10,000	3,582	8.69	28,825,726	288,257,260	6.04
10,001-	15,000	1,089	2.64	13,742,708	137,427,080	2.88
15,001-	20,000	718	1.74	13,450,640	134,506,400	2.82
20,001-	30,000	564	1.37	14,380,958	143,809,580	3.01
30,001-	40,000	254	0.62	9,077,105	90,771,050	1.90
40,001-	50,000	163	0.40	7,548,881	75,488,810	1.58
50,001-	100,000	336	0.82	24,410,332	244,103,320	5.12
100,001-	200,000	157	0.38	22,183,262	221,832,620	4.65
200,001-	400,000	83	0.20	22,507,299	225,072,990	4.72
400,001-	600,000	33	0.08	15,998,536	159,985,360	3.35
600,001-	800,000	19	0.05	13,350,473	133,504,730	2.80
800,001-	1,000,000	13	0.03	11,866,306	118,663,060	2.49
1,000,001 up		47	0.11	236,980,723	2,369,807,230	49.68
Total		41,207	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 15, 2024

Major Shareholders \ Quantity of shares	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.	23,858,145	5.00%
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			2022	2023	As of March 31, 2024 (Note 9)
Market price per share (Note 1)	Highest		32.30	27.70	21.30
	Lowest		20.00	19.90	19.35
	Average		24.52	23.32	20.45
Net value per share (Note 2)	Before distribution		17.34	16.74	(Note 9)
	After distribution		15.54	—	—
Earnings per share	Weighted Average Outstanding Shares		477,016,272	477,016,272	477,016,272
	EPS	Before retrospective adjustment (Not 3)	2.27	0.88	(Note 9)
		Retrospectively adjusted (Not 4)	—	—	—
Dividends Per Share	Cash Dividend (Note 4)		1.80	0.60	—
	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)		10.80	26.50	—
	Price / Dividend Ratio(Note 7)		13.62	38.87	—
	Cash Dividend Yield Rate(Note 8)		7.34	2.57	—

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 2023 surplus distribution has not yet been approved by the 2024 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.

The Company may distribute profits or allocate losses after the end of each semi-annual accounting period. If there is a profit at the end of a semi-annual accounting period, it must first be used to offset accumulated losses, then to estimate and reserve for taxes, employee compensation, and director compensation. Next, 10% of the remaining profit should be appropriated as a statutory reserve, unless the statutory reserve has already reached the total amount of the Company's paid-in capital, in which case this requirement does not apply. Additionally, any special reserve required by law or regulatory authorities should be appropriated or reversed. If there is still profit remaining, this amount, combined with the undistributed earnings from the previous half-year, will be used to prepare a profit distribution proposal by the Board of Directors. If the distribution is to be made through the issuance of new shares, it must be approved by the shareholders' meeting; if the distribution is to be made in cash, it must be decided by the Board of Directors.

In accordance with Article 240 of the Company Act, the Company authorizes the Board of Directors to make a resolution with the attendance of more than two-thirds of the directors and the majority of the attending directors. This resolution allows for the distribution of dividends and bonuses or the entire or part of the statutory reserve and capital reserve stipulated under Article 241 of the Company Act, to be issued in cash. This action will subsequently be reported to the shareholders' meeting.

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 13, 2024, a cash dividend of NT$0.6 per for the second half of the year 2023. 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 2023 was NT$25,613,604 in total. The amount was proportionally estimated based on the current year's pro rata portion of the pre-tax income before the distribution of employees' and directors' remuneration, and was recognized as the operating cost and expense for 2023. 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 FY2024 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 2024 has no different from the original estimated amount of NT$25,613,604 specified in the financial statements of 2023.

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' and directors' remuneration in 2022:

	2022
	Resolution by the board of directors
Cash dividends for employees	$ 34,863,915
Directors' remuneration	$34,863,915

The amount of the Company's distributed employee dividends 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.

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	FY2023		FY2022	
	Amount	%	Amount	%
Alkylation Units (Note 1)	7,355,600	77.98	8,421,958	79.67
Resin Units (Note 2)	1,479,711	15.69	1,626,398	15.38
Agrochemicals and Other Units (Note 3)	596,982	6.33	522,870	4.95
Total	9,432,293	100.00	10,571,226	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 " International Market Analysis Research and Consulting Group" shows that the scale of the global LAB market will expand to 4.4 million tons by 2023, and the compound annual growth rate (CAGR) from 2024 to 2032 will reach 3.54%.

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

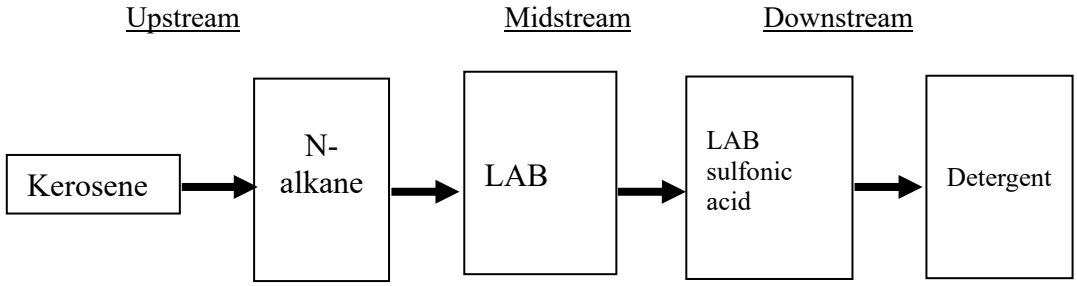
Hydrogenated hydrocarbon resin is a compound acquired from the hydrogenation reaction of a hydrocarbon resin. It is mainly used for providing additional viscosity and wetting and is currently used in products such as diapers, maxi pads, and hot-melt adhesives. Among them, the hot-melt adhesive has the 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

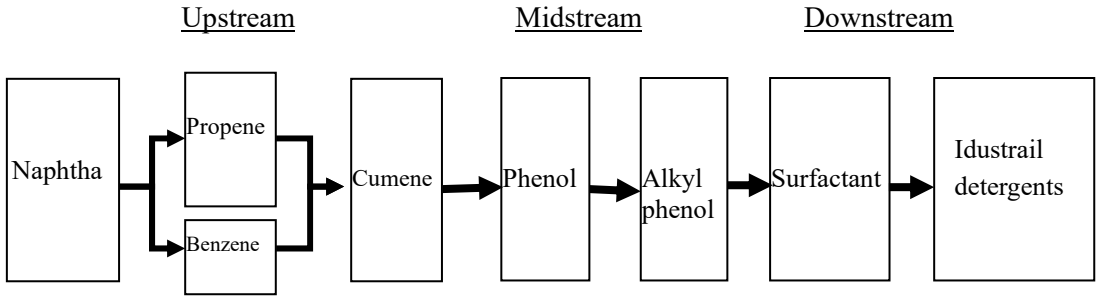
(a) Alkylbenzene

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.



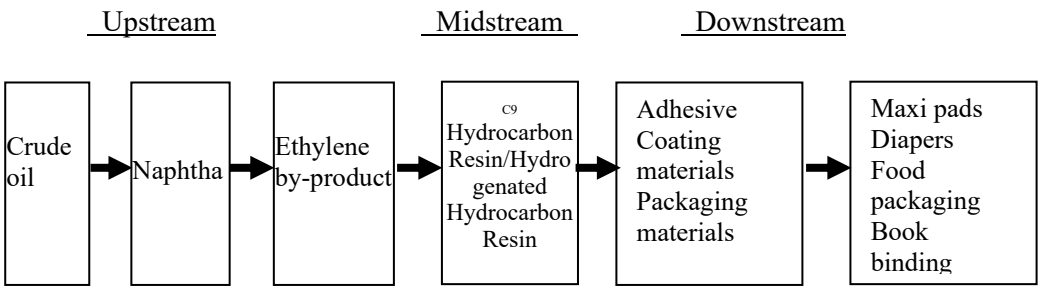
(b) Alkylphenol

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, CEPSA 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 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 FY2023 is NT$61,600 thousand.

R&D expense invested as of the the end of March, 2024 is NT$16,421 thousand.

(2) R&D Results

(a) Successfully synthesized octylphenol, which can replace nonylphenol and increase the yield of alkylphenol.

(b) Successfully Produced New FP-140, Significantly Improved Compatibility between Resin and Thermoplastic Elastomer Successfully Produced New FP-140, Significantly Improved Compatibility between Resin and Thermoplastic Elastomers.

(c) Thermal polymerization and hydrogenation of petroleum resin to reach FA-100 specification, which is expected to reduce cost.

(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		FY2023		FY2022	
		Amount	Ratio	Amount	Ratio
Domestic Market		1,995,457	21.16%	2,180,587	20.63%
Export Destinations	China	1,709,046	18.12%	2,025,813	19.17%
	Vietnam	603,552	6.40%	584,562	5.53%
	The Philippines	658,043	6.98%	863,971	8.17%
	Guatemala	1,571,795	16.66%	1,515,184	14.33%
	Others	2,894,400	30.68%	3,401,109	32.17%
Net Sales		9,432,293	100.00%	10,571,226	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 95,000 metric tons for FY2024, it has a global market share of approximately 2.50%. International competitors include ISU, CEPSA, 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 2023 survey data, the total global hydrocarbon resin production capacity is about 3.21 million metric tons, and the UPM's annual production capacity of 48,000 tons represents 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 2023 is estimated to be 1.164 million metric tons, and FUCC produces 28,000 metric tons in 2023, accounting for 2.4% 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; %

	FY2022				FY2023				As of Mar. 31, 2024			
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	0002	1,363,213	20.64	N/A	0001	1,141,914	21.20	N/A	0001	328,059	19.01	N/A
2	0001	1,282,503	19.41	N/A	0002	837,884	15.55	N/A	0659	240,697	13.95	N/A
									0010	195,245	11.31	N/A
	Others	3,960,265	59.95	—	Others	3,406,761	63.25	—	Others	961,590	55.73	—
	Net Purchases	6,094,268	100.00	—	Net Purchases	5,386,559	100.00	—	Net Purchases	1,725,591	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 2022 to 2023, the proportion of the Company's purchase amount to company 0001 was 19.41% and 21.20% respectively, while for company 0002 it was 20.64% and 15.55% from 2022 to 2023. 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; %

	FY2022				FY2023				As of Mar. 31, 2024			
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	1,515,183	14.33	N/A	293	1,571,795	16.67	N/A	293	362,921	14.26	N/A
	Others	9,056,043	85.67	—	Others	7,860,498	83.33	—	Others	2,182,670	85.74	—
	Net Sales	10,571,226	100.00	—	Net Sales	9,432,293	100.00	—	Net Sales	2,545,591	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 FY2022 to 2023 was NT$10,571,226 thousand and NT$9,432,293 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 FY2022 to 2023 were NT$1,515,183 thousand and NT$1,571,795 thousand respectively, accounting for 14.33% and 16.67 % 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	2023			2022		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Alkylation Units	155,000	135,108	5,047,751	155,000	131,583	5,666,292
Resin Units	66,000	32,074	1,114,630	66,000	45,662	1,309,687
Pesticide and Other Units	166,960	2,161	326,772	166,960	2,149	380,099
Total	387,960	169,343	6,489,153	387,960	179,394	7,356,078

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	2023				2022			
	Domestic sales		**Export sales**		**Domestic sales**		**Export sales**	
	Q'ty	**Amount**	**Q'ty**	**Amount**	**Q'ty**	**Amount**	**Q'ty**	**Amount**
Alkylation Units	20,572	984,863	124,538	6,370,737	24,852	1,222,546	117,132	7,199,412
Resin Units	8,752	414,157	24,960	1,065,554	9,424	438,143	28,142	1,188,255
Pesticide and Other Units	2,350	596,437	69	545	2,014	519,898	8	2,972
Total	31,674	1,995,457	149,567	7,436,836	36,290	2,180,587	145,282	8,390,639

III. Human Resources

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

year		2022	2023	As of Mar. 06, 2024
No. of Employee	Direct labor	166	154	155
	Indirect labor	319	304	290
	Total	485	458	445
Average age		43	42	42
Average years of service		14	12	13
Academy Ratio(%)	Doctor	5	4	4
	Master	89	87	88
	College	295	274	268
	Senior High School	83	80	77
	Below high school	13	9	8

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	2023	NT$ 3.26 million	-	Prevention of public nuisance
2. Water pollution prevention	2023	NT$ 400 thousand	-	Prevention of public nuisance
3. Waste management	2023	NT$ 2.55 million	-	Prevention of public nuisance
4. Toxic materials management	2023	NT$120 thousand	-	Prevention of public nuisance
5. Greenhouse gas management	2023	NT$ 1 million	-	Prevention of public nuisance
6. Soil and water maintenance management	2023	NT$11.04million	-	Prevention of public nuisance
7. Safety and health equipment	2023	NT$11.52 million	-	Improve the operation safety of equipment
8. ISO system certification	2023	NT$350 thousand	-	Compliance with international standards and continuous improvement
9. Industrial safety and fire protection equipment	2023	NT$4.42 million	-	Improve OSH level
10. OSH inspection and physical examination for employees	2023	NT$600 thousand	-	Protect the health of employees

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

Items	FY2024	FY2025	FY2026
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 maintenance management 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 maintenance management 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 maintenance management 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	
N/A	N/A	N/A	N/A	N/A	N/A	N/A

(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

Apply for the project	License number	Effective date
Stationary Pollution Source Operation and Fuel Use Permit Management	(M04) Pingfu Huankong Operation Certificate No. T0681-06; Pingfu Huankong Fuel Use Certificate No. T0028-01	2024.01.22 ～ 2029.01.21
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. T0864-04; Pingfu Huankong Fuel Use Certificate No. T0031-01	2023.10.18 ～ 2028.10.17
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	(2008) Environmental Protection Agency Training Certificate No. FA240170	Huang, Yu-wen
Grade A waste disposal	(2009) Environmental Protection Agency Training Certificate No. HA290273	Huang, Yu-wen
Grade A wastewater treatment	(2008) Environmental Protection Agency Training Certificate No. GA200647	Huang, Yu-wen
Grade A Toxic Substances	(2017) Environmental Protection Agency Training Certificate No. JA070313	Huang, Yu-wen
Grade A Health Risk Assessment	(2023) Environmental Protection Agency Training Certificate No. EA030053	Huang, Yu-wen

(b) Outsourcing and co-processing expenses：

Unit: NT$ thousand

Item	Outsourcing and co-processing expenses	
	2022	2023
waste disposal	23,187	14,613

(c) Pay the government pollution fee

Unit: NT$ thousand

Item	2022	2023
Fixed source air pollution prevention and control fees	13	7.11
Soil and groundwater pollution remediation fee	1,429	669

(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	2022~2023	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	2022~2023	NT$ 300,000	1. Meet the requirements of environmental protection laws 2. Wastewater recycling
Additional waste treatment facilities	2022~2023	NT$ 3,300,000	1. Waste recycling 2. Reduce loss rate
Energy saving and carbon reduction, greenhouse gas reduction	2022~2023	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	2024	2025	2026
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.

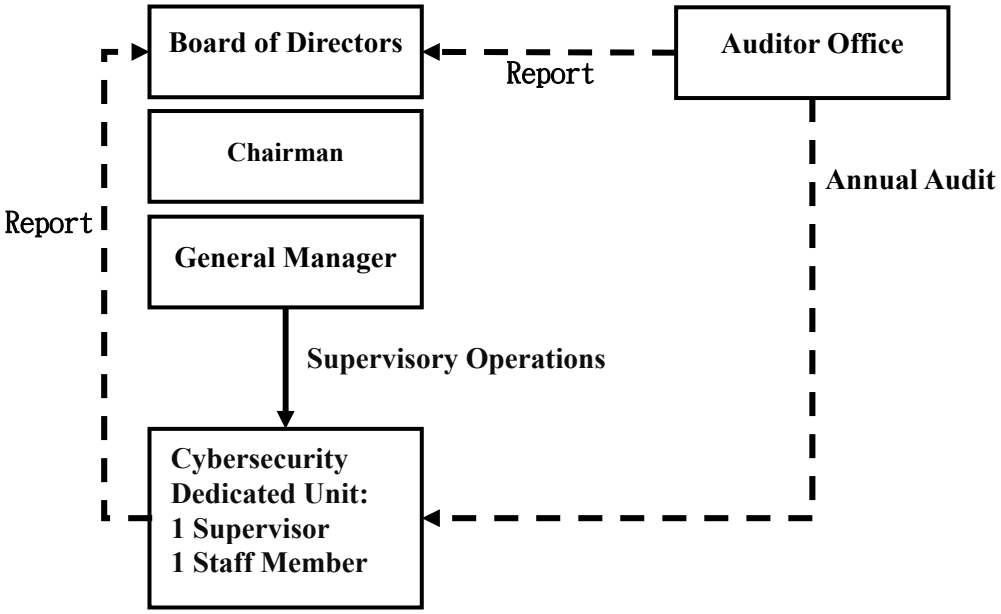
2. Since the establishment of the Company, there has been no loss due to labor disputes.

VI. Information Technology Security Management

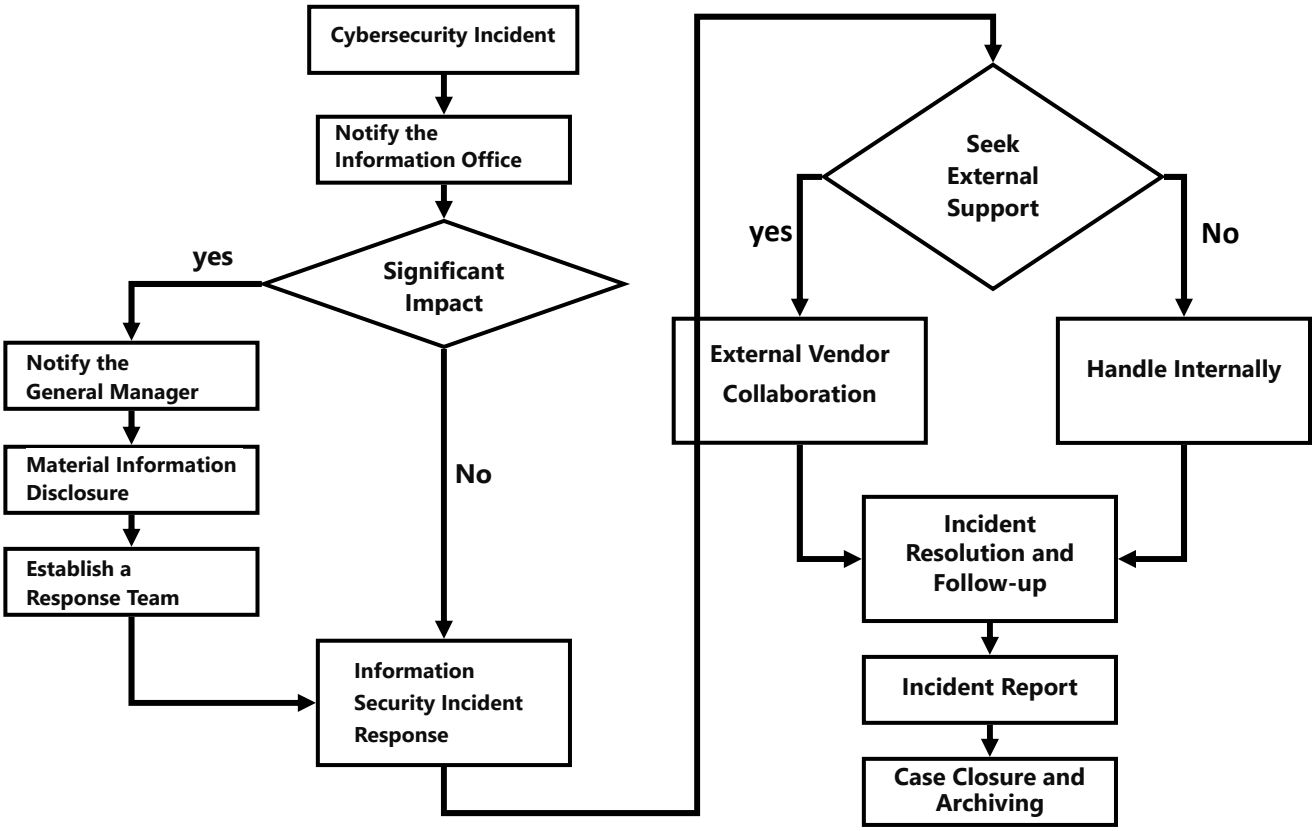
1. IT Security Risk Management Framework, IT Security Policy, Specific management procedures and resources invested in IT Security Management:

(1) IT Security Risk Management Framework

The IT Security Team 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.



Information Security Incident Reporting Procedure



(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

- 12 hours per year of external training courses or seminars for IT security related personnel
- Advanced HiNet network protection system services

- Sophos XG125 Hardware Firewall
- Sophos Endpoint Antivirus

2. Information Technology security management operations

The IT Department regularly conducts various information security related tests and evaluations every year. In 2023, the average rate and results of various information security tests and evaluations are as follows.

Project	Frequency of operation	2023 Annual operating period	Results
System Disaster Recovery Test	Once a year	2023/8	No significant risk profile
System Privilege Setting Check	Once a year	2023/8	No significant risk profile
AD login password change notification	Every 90 days	Automatic projection according to the set time	No significant risk profile
Cloud Email password change notification	Every 90 days	Automatic projection according to the set time	No significant risk profile
Information Security Promotion	Irregular, at least once a year	2023/12	No significant risk profile
Server Room Inspection	Daily	Excluding national holidays	No significant risk profile
Database Backup	Daily	Including National Holidays	No significant risk profile
Database and program off-site backup	Every Wednesday and Friday	Excluding national holidays	No significant risk profile

3. 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 FY2023.

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.	Jan. 01, 2023 ~ Dec. 31, 2023	Entrusted FUCC to carry out the hydrogenation processing of hydrogenated petroleum resin	None
Storage tank equipment lease contract	Taiwan Petroleum Corporation	Jan. 01, 2023 ~ Dec. 31, 2023	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
Warehouse Service Contract	Hershey Environmental Technology Co., Ltd.	Jan. 01, 2023 ~ Dec. 31, 2023	For the storage and loading/unloading of petroleum resin and hydrogenated petroleum resin	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)				
		2019	2020	2021	2022	2023
Current assets		4,721,833	4,725,195	5,533,678	6,757,383	5,288,212
Financial assets-non-current and long-term investments		1,265,375	1,227,490	1,392,647	1,777,990	1,951,262
Property, plant and equipment		4,630,139	4,419,613	3,897,733	3,765,307	3,607,069
Intangible assets		97,830	97,237	94,626	93,776	93,495
Other assets		599,594	650,618	669,004	875,876	1,151,103
Total assets		11,314,771	11,120,153	11,587,688	13,270,332	12,091,141
Current liabilities	Before distribution	3,221,134	2,850,864	3,150,881	3,879,351	2,767,219
	After distribution	3,459,642	3,423,284	3,961,808	4,737,980	Note2
Non-current liabilities		838,330	784,342	539,242	841,297	1,069,093
Total liabilities	Before distribution	4,059,464	3,635,206	3,690,123	4,720,648	3,836,312
	After distribution	4,297,972	4,207,626	4,501,050	5,579,277	Note2
Capital stock		4,770,163	4,770,163	4,770,163	4,770,163	4,770,163
Capital Surplus	Before distribution	187,880	182,565	181,715	77,090	77,090
	After distribution	187,880	182,565	86,312	77,090	Note2
Retailed earnings	Before distribution	1,771,450	2,082,397	2,454,446	2,817,431	2,373,761
	After distribution	1,532,942	1,509,977	1,738,922	1,958,802	Note2
Other equity		159,860	143,321	215,822	608,508	764,158
Non-controlling Interest		365,949	306,501	275,419	276,492	269,657
Total equities	Before distribution	7,255,307	7,484,947	7,897,565	8,549,684	8,254,829
	After distribution	7,016,799	6,912,527	7,086,638	7,691,055	Note2

Note 1：The financial data of the year 2019 to 2023 have been audit and issued an audit report by CPAs.
Note 2：The motion for allocation of cash dividend 2023 had not yet been resolved by the shareholders' meeting.

Condensed comprehensive income statement

unit: NT$ thousand

Item \ Year	Financial information for the last five years (Note 1)				
	2019	2020	2021	2022	2023
Operating income	8,797,162	8,481,829	9,199,154	10,571,226	9,432,293
Gross profit	996,791	1,490,143	2,138,515	1,949,393	1,155,953
Operating profit or loss	303,908	708,843	1,218,696	1,028,763	433,695
Non-Operating income and expense	(6,206)	4,600	(208,617)	313,143	61,755
Net income before tax	208,004	539,660	919,057	1,081,323	411,723
Net income of continuing operations	—	—	—	—	—
Loss of discontinued operation	208,004	539,660	919,057	1,081,323	411,723
Net income (loss)	43,283	(21,372)	69,505	386,946	123,964
Other comprehensive profit and loss (net)	251,287	518,288	988,562	1,468,269	535,687
Total comprehensive profit and loss	215,263	554,790	947,587	1,084,639	418,188
Net income attributable to parent company's shareholders	(7,259)	(15,130)	(28,530)	(3,316)	(6,465)
Net income attributable to noncontrolling interests	257,029	532,911	1,016,970	1,471,195	542,134
Total comprehensive profit and loss attributable to parent company's shareholders	(5,742)	(14,623)	(28,408)	(2,926)	(6,447)
Total comprehensive profit and loss attributable to noncontrolling interests	0.44	1.16	1.99	2.27	0.88

Note 1：The financial data of the year 2019 to 2023 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)				
		2019	2020	2021	2022	2023
Current assets		2,971,723	3,023,452	3,548,076	4,572,624	3,598,451
Financial assets-non-current and long-term investments		4,292,676	4,301,462	4,347,467	4,922,096	5,097,787
Property, plant and equipment		1,337,317	1,282,273	1,228,416	1,193,038	1,151,302
Intangible assets		329	206	1,522	1,256	1,447
Other assets		391,126	394,456	379,045	504,962	786,342
Total assets		8,993,171	9,001,849	9,504,526	11,193,976	10,635,329
Current liabilities	Before distribution	1,823,716	1,540,052	1,616,282	2,476,479	1,968,871
	After distribution	2,062,224	2,112,472	2,427,209	3,335,108	Note 2
Non-current liabilities		280,097	283,351	266,098	444,305	681,286
Total liabilities	Before distribution	2,103,813	1,823,403	1,882,380	2,920,784	2,650,157
	After distribution	2,342,321	2,395,823	2,693,307	3,779,413	Note 2
Capital stock		4,770,163	4,770,163	4,770,163	4,770,163	4,770,163
Capital surplus	Before distribution	187,880	182,565	181,715	77,090	77,090
	After distribution	187,880	182,565	86,312	77,090	Note 2
Retailed earnings	Before distribution	1,771,450	2,082,397	2,454,446	2,817,431	2,373,761
	After distribution	1,532,942	1,509,977	1,738,922	1,958,802	Note 2
Non-controlling Interest		159,865	143,321	215,822	608,508	764,158
Total equities	Before distribution	6,889,358	7,178,446	7,622,146	8,273,192	7,985,172
	After distribution	6,650,850	6,606,026	6,811,219	7,414,563	Note 2

Note 1：The financial data of the year 2019 to 2023 have been audit and issued an audit report by CPAs.
Note 2：The motion for allocation of cash dividend 2023 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)				
	2019	2020	2021	2022	2023
Operating Income	6,344,324	6,034,566	6,602,635	8,196,847	6,837,892
Gross profit	720,653	1,231,908	1,776,375	1,757,957	905,759
Operating profit or loss	267,978	720,644	1,158,537	1,083,986	404,708
Non-Operating income and expense	2,149	(18,430)	(134,338)	240,842	81,950
Net income of continuing operations	215,263	554,790	947,587	1,084,639	418,188
Loss of discontinued operation	—	—	—	—	—
Net income (losses)	215,263	554,790	947,587	1,084,639	418,188
Other comprehensive income (net after tax)	41,766	(21,879)	69,383	386,556	123,946
Total comprehensive income	257,029	532,911	1,016,970	1,471,195	542,134
Earnings per share	0.44	1.16	1.99	2.27	0.88

Note 1：The financial data of the year 2019 to 2023 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
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
2023	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
			2019	2020	2021	2022	2023	
Financial structure (%)	Liabilities to assets		35.88	32.69	31.85	35.57	31.73	
	Long-term fund for property, plant and equipment		174.80	187.10	216.45	249.41	258.49	
Liquidity analysis (%)	Current ratio		146.59	165.75	175.62	174.19	191.10	
	Quick ratio		49.76	80.21	67.45	70.36	74.12	
	Interest coverage ratio		11.80	27.12	46.78	41.41	11.49	1
Operation performance analysis	Receivables turnover (times)		7.85	7.47	7.94	9.41	7.99	
	Average collection days		46.49	48.86	45.96	38.78	45.68	
	Inventory turnover (times)		2.37	2.58	2.59	2.43	2.33	
	Payables turnover (times)		21.96	21.54	20.19	13.52	11.57	
	Average inventory turnover days		154.00	141.47	140.92	150.20	156.65	
	Property, plant and equipment turnover (times)		1.91	1.87	2.21	2.76	2.56	
	Total assets turnover (times)		0.78	0.76	0.81	0.85	0.74	
Profitability	Return on assets (%)		2.04	5.01	8.25	8.91	3.54	1
	Return on equity (%)		2.82	7.32	11.95	13.15	4.90	1
	to paid-in capital ratio (%)	Operation interest	6.37	14.86	25.55	21.57	9.09	1
		Net profit before tax	6.24	14.96	21.17	28.13	10.39	1
	Net income margin (%)		2.36	6.36	9.99	10.23	4.37	1
	EPS (NT$)		0.44	1.16	1.99	2.27	0.88	1
Cash flow (%)	Cash flow ratio (%)		28.99	50.64	19.35	29.07	28.78	
	Cash flow adequacy ratio (%)		74.05	72.58	63.93	75.66	81.92	
	Cash flow reinvestment ratio (%)		5.61	9.53	0.28	2.21	—	2
Leverage	Operating leverage		3.20	3.28	1.67	1.73	5.42	1
	Financial leverage		1.10	1.04	1.02	1.03	1.12	

Note 1：The financial data of the year 2019 to 2023 have been audit and issued an audit report by CPAs.

1. Mainly due to the decrease in profit in 2023.
2. Mainly due to the decrease in operating cash flow as a result of the decrease in profit in 2023.

2. Standalone financial analysis

Analysis Item \ Year			Financial analysis for the last five years (Note1)					Analysis Item
			2019	2020	2021	2022	2023	
Financial structure (%)	Liabilities to assets		23.39	20.26	19.81	26.09	24.92	
	Long-term fund for property, plant and equipment		536.11	581.92	642.15	730.70	752.75	
Liquidity analysis (%)	Current ratio		162.95	196.32	219.52	184.64	182.77	
	Quick ratio		47.79	95.65	84.28	66.34	56.11	
	Interest coverage ratio		26.10	86.78	189.97	118.89	25.66	1
Operation performance analysis	Receivables turnover (times)		10.30	9.55	9.21	11.43	9.94	
	Average collection days		35.44	38.22	39.63	31.93	36.72	
	Inventory turnover (times)		2.35	2.66	2.64	2.58	2.24	
	Payables turnover (times)		19.51	17.76	16.12	11.36	9.12	
	Average inventory turnover days		155	137	138	141	163	
	Property, plant and equipment turnover (times)		4.65	4.61	5.26	6.77	5.83	
	Total assets turnover (times)		0.70	0.67	0.71	0.79	0.63	2
Profitability	Return on assets (%)		2.46	6.24	10.29	10.57	3.98	1
	Return on equity (%)		3.08	7.89	12.80	13.65	5.14	1
	to paid-in capital ratio (%)	Operation interest	5.62	15.11	24.29	22.72	8.48	1
		Net profit before tax	5.66	14.72	21.47	27.77	10.20	1
	Net income margin (%)		3.39	9.19	14.35	13.23	6.12	1
	EPS (NT$)		0.44	1.16	1.99	2.27	0.88	1
Cash flow (%)	Cash flow ratio (%)		57.79	76.07	44.02	34.52	24.54	3
	Cash flow adequacy ratio (%)		74.69	71.55	65.45	85.86	102.86	
	Cash flow reinvestment ratio (%)		8.22	9.18	1.30	0.38	-	3
Leverage	Operating leverage		3.96	2.62	1.37	1.60	3.43	1
	Financial leverage		1.04	1.01	1.00	1.01	1.05	

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 decrease in 2023 earnings.
2. Mainly due to decrease in operating income in 2023.
3. Mainly attributable to the decrease in operating cash flow as a result of the decrease in profit in 2023.

＊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 2024 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 2023

To the 2024 General Shareholders' Meeting of Formosan Union Chemical Corp.,

The Board of Directors has prepared and submitted the Company's 2023 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 : Chen, Hong-Wen

March 13, 2024

IV. The Audited Consolidated Financial Statements of 2023

INDEPENDENT AUDITOR'S REPORT

To Formosan Union Chemical Corporation:

Opinion

We have audited the accompanying financial statements of Formosan Union Chemical Corporation (the Corporation) and the subsidiaries, which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement for January 1 - December 31, 2023 and 2022, and the notes to the consolidated financial statements (including a summary of significant accounting policies).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation and the subsidiaries as of December 31, 2023 and 2022, and the consolidated financial performance and consolidated cash flows for January 1 - December 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, , International Financial Reporting Standards recognized and announced by the Financial Supervisory Commission with validity, International Accounting Standards, and the consolidated financial statements explaining and the consolidated financial statements prepared with explanation with fair expression.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significant in our audit of the 2023 consolidated financial statements of Formosan Union Chemical Corporation and the subsidiaries. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate onion on the matters.

Key audit matters for the 2023 consolidated financial statements of Formosan Union Chemical Corporation and the subsidiaries are stated as follows:

Recognition of operating revenue from export clients

The main source of product sales revenue for Formosan Union Chemical Corporation and the subsidiaries come from selling Alkyl Benzene (DODECYL PHENOL), Olefins, hydrocarbon resin and Alkylphenol (Nonyl Phenol). In particular, the transaction criteria for export clients were recognized as revenue when loading cargo to the vessel and delivering the bill of lading to clients, pursuant to the agreement. The amount of sales revenue for that category of export in 2023 was material. The actual occurrence of the sales revenue for such export sales has significant impact on the 2023 consolidated financial statements. Hence, we recognized the sales as the key audit matters for 2023. Refer to Note 4 and Note 26 for more information on the accounting policy and information of revenue recognition.

With regards to such important matters, we took consideration of recognition policy and transaction criteria of the consolidated corporate revenue, which main audit procedures executed include the follows:

1. Understand and test the design of key internal control related to the recognition of operating revenue and execute the validity.
2. Random sampling from the transactions of operating revenue from the aforementioned export client and review Bill of Lading, Invoice and relevant shipping slips.
3. Ascertain whether there has been any material such as sales returns or allowances in the subsequent period after exporting to the export clients and as of the audit report date.

Other Matters

Formosan Union Chemical Corporation has prepared the 2023 and 2022 separate financial statements with the auditor report expressing unqualified opinion, archived for reference.

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

Management is responsible for the preparation of and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards recognized and announced by the Financial Supervisory Commission with validity, International Accounting Standards, the consolidated financial statements explaining and the consolidated financial statements prepared with explanation with fair expression, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud and error.

In preparing the consolidated financial statements, management is responsible for assessing the ability of Formosan Union Chemical Corporation and the subsidiaries to continue as a going concern, disclosing, applicable, matters related to going concern and using the going concern

basis of accounting unless management either intends to liquidate Formosan Union Chemical Corporation and the subsidiaries or to cease operations, or has realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Formosan Union Chemical Corporation and the subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's and subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Formosan Union Chemical Corporation and subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including the relevant notes), and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities formed in Formosan Union Chemical Corporation and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Corporation audit. We remain solely responsible for our audit opinion.

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

We provide those charged with governance with a statement that we have complied with The Norm of the Professional Ethics for Certified Public Accountant regarding the independence of personnel from our firm, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence (and where applicable, related safeguards).

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 2023 consolidated financial statements of Formosan Union Chemical Corporation and are therefore the audit key matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosures about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche

Auditor Kevin Chuang

Auditor

Jerry Gung

Securities and Futures Commission Approval Document
Jin-Guang-Zheng—Sheng-Zi No. 1090347472

Securities and Futures Commission Approval Document
Jin-Guang-Zheng—Sheng-Zi No. 1000028068

March 13, 2024

FORMOSAN UNION CHEMICAL CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 & 2022

Unit: NTD Thousand

Code	Assets	12/31/2023 Amount	%	12/31/ 2022 Amount	%
	Current Assets				
1100	Cash and cash equivalents (Note 4 & 6)	$ 488,048	4	$ 1,203,266	9
1110	Financial assets at fair value through profit or loss -Current (Note 4 & 7)	170,323	1	230,890	2
1136	Financial assets at amortized cost - current (Note 4 & 9)	66,000	1	132,660	1
1150	Notes receivable (Note 4, 10 & 26)	185,032	2	170,643	1
1170	Accounts receivable, net (Note 4, 10 & 26)	1,091,236	9	913,506	7
1180	Accounts receivable due from related parties (Note 4, 10 , 26 & 33)	259	-	-	-
1200	Other receivables (Note 4 & 10)	45,394	-	63,634	1
1210	Other receivables due from related parties (Note 4, 10 & 33)	3	-	3,252	-
1220	Current tax assets (Note 4 & 28)	33	-	4,176	-
130X	Current inventories, Net (Note 4 & 11)	3,156,521	26	3,888,504	29
1410	Prepayments (Note 19)	80,603	1	139,511	1
1470	Other current assets	4,760	-	7,341	-
11XX	Total Current Assets	5,288,212	44	6,757,383	51
	Non-current Assets				
1517	Financial assets at fair value through other comprehensive income - non-current (Note 4 & 8)	1,150,575	9	987,471	7
1550	Investments accounted for using equity method (Note 4 & 13)	800,687	7	790,519	6
1600	Property, plant and equipment (Note 4, 14, 33 & 34)	3,607,069	30	3,765,307	28
1755	Right-of-use assets (Note 4 & 15)	767,444	6	499,023	4
1760	Investment property, net (Note 4, 16 & 34)	9,067	-	9,220	-
1805	Goodwill (Note 4 & 17)	91,897	1	91,897	1
1821	Intangible assets (Note 4 & 18)	1,598	-	1,879	-
1840	Deferred tax assets (Note 4 & 28)	222,741	2	224,738	2
1915	Prepayments for business facilities (Note 19 & 33)	91,825	1	84,443	1
1920	Guarantee deposits paid (Note 4 & 19)	4,618	-	9,698	-
1975	Net defined benefit asset, non-current (Note 4 & 24)	10,715	-	7,633	-
1990	Other non-current assets (Note 19 & 34)	44,693	-	41,121	-
15XX	Total non-current assets	6,802,929	56	6,512,949	49
1XXX	Total Assets	$ 12,091,141	100	$ 13,270,332	100
Code	Liabilities and Equity				
	Current Liabilities				
2100	Current borrowings (Note 20, 33 & 34)	$ 1,526,740	13	$ 2,141,000	16
2150	Notes payable (Note 21)	11,203	-	9,856	-
2170	Accounts payable (Note 21)	629,875	5	779,937	6
2219	Other payables (Note 22)	368,612	3	654,518	5
2220	Other accounts payable to related parties (Note 22 & 33)	575	-	1,582	-
2230	Current tax liabilities (Note 4 & 28)	95,123	1	211,995	2
2250	Liability Reserve (Note 4 & 23)	25,013	-	26,260	-
2280	Current lease liabilities (Note 4 & 15)	76,043	1	23,313	-
2320	Long-term liabilities, current portion (Note 20 & 34)	104	-	4,146	-
2399	Other current liabilities (Note 22 & 26)	33,931	-	26,744	-
21XX	Total current liabilities	2,767,219	23	3,879,351	29
	Non-current liabilities				
2540	Non-current portion of non-current borrowings (Note 20 & 34)	-	-	104	-
2570	Deferred tax liabilities (Note 4 & 28)	335,290	3	330,133	2
2580	Non-current lease liabilities (Note 4 & 15)	716,587	6	486,852	4
2640	Net defined benefit liability, non-current (Note 4 & 24)	15,072	-	22,064	-
2670	Other non-current liabilities	2,144	-	2,144	-
25XX	Total non-current liabilities	1,069,093	9	841,297	6
2XXX	Tota Liabilities	3,836,312	32	4,720,648	35
	Equity attributable to FUCC owners				
3110	Ordinary share	4,770,163	39	4,770,163	36
3200	Capital surplus	77,090	1	77,090	1
	Retained earnings				
3310	Legal reserve	1,182,361	10	1,074,510	8
3320	Special reserve	251,175	2	251,175	2
3350	Unappropriated retained earnings	940,225	8	1,491,746	11
3300	Total retained earnings	2,373,761	20	2,817,431	21
	Other Equity				
3410	Exchange differences on translation of foreign financial statements	(6,158)	-	(25,070)	-
3420	Unrealized gains (losses) from financial assets at fair value through other comprehensive income	770,316	6	633,578	5
3400	Total Other Equity	764,158	6	608,508	5
31XX	Total equity attributable to FUCC owners	7,985,172	66	8,273,192	63
36XX	Non-controlling interests	269,657	2	276,492	2
3XXX	Total equity	8,254,829	68	8,549,684	65
	Total liabilities and stockholders' equity	$ 12,091,141	100	$ 13,270,332	100

Enclosed footnotes constitute part of the consolidated financial statements.

Chairman: Manager: Accountant in Charge: Accountant:

FORMOSAN UNION CHEMICAL CORPORATION AND SUBSIDIARIES

Consolidated Statement of Comprehensive Income

From January 1 to December 31, 2023 & 2022

Unit: NTD Thousand, EPS in NTD

		2023		2022	
Code		Amount	%	Amount	%
4100	Net sales revenue (Note 4, 26 & 33)	$ 9,432,293	100	$ 10,571,226	100
5110	Total cost of sales (Note 4, 11, 27 & 33)	8,276,596	88	8,622,732	82
5900	Gross profit (loss) from operations	1,155,697	12	1,948,494	18
5920	Realized profit (loss) on from sales	256	-	899	-
5950	Realized Gross profit (loss) from operations	1,155,953	12	1,949,393	18
	Operating expenses (Note 10 & 27)				
6100	Selling expenses	464,266	5	590,785	6
6200	Administrative expenses	196,434	2	258,191	2
6300	Research and development expenses	61,600	-	71,723	1
6450	Expected credit loss (gain) / Provision (reversal of provision) for bad debt expense	(42)	-	(69)	-
6000	Total Operating expenses	722,258	7	920,630	9
6900	Net operating income (loss)	433,695	5	1,028,763	9
	Non-operating income and expenses				
7100	Interest Income (note 27)	11,929	-	15,149	-
7010	Other income (Note 27 & 33)	64,574	1	58,235	1
7020	Other gains and losses, net (Note 27)	34,909	-	235,738	2
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method, net (Note 13)	(2,416)	-	37,227	-
7050	Financial Costs, net (Note 27&33)	(47,241)	(1)	(33,206)	-
7000	Total non-operating income and expenses	61,755	-	313,143	3
7900	Profit (loss) from continuing operations before tax	495,450	5	1,341,906	12
7950	Total tax expense (income) (Note 4 & 28)	83,727	1	260,583	2
8200	Profit (loss)	411,723	4	1,081,323	10

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Code		2023 Amount	2023 %	2022 Amount	2022 %
	Other comprehensive income				
8310	Components of other comprehensive income that will not be reclassified to profit or loss:				
8311	Gains (losses) on re-measurements of defined benefit plans (Note 24)	($ 31)	-	$ 10,759	-
8316	Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income (Note 8 & 25)	166,660	2	455,412	5
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss (Note 13)	(99)	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 28)	31,509	-	96,841	1
		135,021	2	369,330	4
8360	Components of other comprehensive income that will be reclassified to profit or loss:				
8361	Exchange differences on translation of foreign financial statements (Note 25)	(13,821)	-	22,004	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 28)	(2,764)	-	4,388	-
		(11,057)	-	17,616	-
8300	Total other comprehensive income	123,964	2	386,946	4
8500	Total comprehensive income	$ 535,687	6	$ 1,468,269	14

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Code		2023 Amount	2023 %	2022 Amount	2022 %
	Profit (loss) attributable to:				
8610	FUCC Owners	$ 418,188	4	$ 1,084,639	10
8620	Non-controlling interests	(6,465)	-	(3,316)	-
8600		$ 411,723	4	$ 1,081,323	10
	Comprehensive income attributable to:				
8710	FUCC Owners	$ 542,134	6	$ 1,471,195	14
8720	Non-controlling interests	(6,447)	-	(2,926)	-
8700		$ 535,687	6	$ 1,468,269	14
	Earnings per share (Note 29)				
9710	Basic	$ 0.88		$ 2.27	
9810	Diluted	$ 0.88		$ 2.27	

Enclosed footnotes constitute part of the consolidated financial statements.

Chairman: Manager: Accountant in Charge: Accountant:

FORMOSAN UNION CHEMICAL CORPORATION AND SUBSIDIARIES

Consolidated Statement of Changes in Equity

From January 1 to December 31, 2023 & 2022

Unit: NTD Thousand

		Equity attributable to FUCC owners												
		Share Capital (Note 25)			Retained earnings (Note 8 & 25)				Other Equity (Note 8 & 25)					
Code		Shares (Thousand Shares)	Amount	Capital surplus (Note 25 & 30)	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized Gain or Loss on Financial Assets at Fair value through other comprehensive income	Total	Grand Total	Non-controlling interests (Note 12, 25 & 30)	Total Equities
A1	Balance January 1, 2022	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
	2021 Appropriation and distribution of retained earnings													
B1	Legal reserve	-	-	-	94,447	-	(94,447)	-	-	-	-	-	-	-
B5	Cash Dividends	-	-	-	-	-	(715,524)	(715,524)	-	-	-	(715,524)	-	(715,524)
		-	-	-	94,447	-	(809,971)	(715,524)	-	-	-	(715,524)	-	(715,524)
C15	Cash dividends from capital surplus	-	-	(95,403)	-	-	-	-	-	-	-	(95,403)	-	(95,403)
D1	2022 Profit (Loss)	-	-	-	-	-	1,084,639	1,084,639	-	-	-	1,084,639	(3,316)	1,081,323
D3	2022 Other comprehensive income	-	-	-	-	-	8,280	8,280	17,553	360,723	378,276	386,556	390	386,946
D5	2022 Total comprehensive income	-	-	-	-	-	1,092,919	1,092,919	17,553	360,723	378,276	1,471,195	(2,926)	1,468,269
M7	Changes in ownership interests in subsidiaries	-	-	(9,222)	-	-	-	-	-	-	-	(9,222)	9,222	-
O1	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(5,223)	(5,223)
Q1	Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	(14,410)	(14,410)	-	14,410	14,410	-	-	-
Z1	Balance December 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
	2022 Appropriation and distribution of retained earnings													
B1	Legal reserve	-	-	-	107,851	-	(107,851)	-	-	-	-	-	-	-
B5	Cash Dividends	-	-	-	-	-	(858,629)	(858,629)	-	-	-	(858,629)	-	(858,629)
		-	-	-	107,851	-	(966,480)	(858,629)	-	-	-	(858,629)	-	(858,629)
D1	2023 Profit (Loss)	-	-	-	-	-	418,188	418,188	-	-	-	418,188	(6,465)	411,723
D3	2023 Other comprehensive income	-	-	-	-	-	(43)	(43)	(11,057)	135,046	123,989	123,946	18	123,964
D5	2023 Total comprehensive income	-	-	-	-	-	418,145	418,145	(11,057)	135,046	123,989	542,134	(6,447)	535,687
O1	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(388)	(388)
Q1	Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	(1,692)	(1,692)	-	1,692	1,692	-	-	-
T1	Others	-	-	-	-	-	(1,494)	(1,494)	29,969	-	29,969	28,475	-	28,475
Z1	Balance December 31, 2023	477,016	$ 4,770,163	$ 77,090	$ 1,182,361	$ 251,175	$ 940,225	$ 2,373,761	($ 6,158)	$ 770,316	$ 764,158	$ 7,985,172	$ 269,657	$ 8,254,829

Enclosed footnotes constitute part of the consolidated financial statements.

Chairman: Manager: Accountant in Charge: Accountant:

FORMOSAN UNION CHEMICAL CORPORATION AND SUBSIDIARIES

Consolidated Cash Flow Statement

From January 1 to December 31, 2023 & 2022

Unit: NTD Thousand

Code		2023	2022
	Cash flows from (used in) operating activities		
A00010	Profit (loss) from continuing operations before tax	$ 495,450	$ 1,341,906
A20010	Total adjustments to reconcile profit (loss)		
A20100	Depreciation expense	253,466	250,789
A20200	Amortization expense	1,178	1,549
A20300	Expected credit loss (gain) / Provision (reversal of provision) for bad debt expense	(42)	(69)
A20400	Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(31,543)	(106,127)
A20900	Interest Expense	47,241	33,206
A21200	Interest Income	(11,929)	(15,149)
A21300	Dividend income	(42,081)	(25,234)
A22300	Share of loss (profit) of associates and joint ventures accounted for using equity method	2,416	(37,227)
A22500	Loss (gain) on disposal of property, plant and equipment	(185)	1,131
A22700	Loss (gain) on disposal of investment properties	-	(7,556)
A23800	Reversal of impairment loss on non-financial assets	2,033	14,938
A24000	Realized loss (profit) on from sales with joint venture	(256)	(899)
A24100	Unrealized foreign exchange loss (gain)	18,337	8,969
A29900	Profit from lease modification	-	(1)
A30000	Total changes in operating assets and liabilities		
A31115	Decrease (increase) in financial assets at fair value through profit or loss, mandatorily at fair value	92,110	99,482
A31130	Notes receivable	(14,389)	1,712
A31150	Accounts receivable	(205,216)	67,876
A31160	Accounts receivable due from related parties	(259)	-
A31180	Other receivable	16,236	(12,678)
A31190	Other receivable due from related parties	3,249	(2,539)
A31200	Inventories	741,479	(738,489)
A31230	Prepayments	58,908	102,235
A31240	Other current assets	2,359	(3,599)
A31990	Net defined benefit asset	(3,082)	(7,633)
A32130	Notes payable	1,347	(2,791)
A32150	Accounts payable	(141,023)	320,284

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Code		2023	2022
A32160	Accounts payable to related parties	$ -	($ 12,308)
A32180	Other payables	(277,573)	(1,768)
A32190	Other payables to related parties	(1,007)	1,427
A32200	Liability Reserve	(1,247)	(1,441)
A32230	Other current liabilities	6,952	(30,634)
A32240	Net defined benefit liability	(7,023)	4,539
A33000	Cash inflow (outflow) generated from operations	1,005,906	1,243,901
A33100	Interest received	13,917	12,959
A33200	Dividends received	42,081	25,234
A33300	Interests paid	(47,518)	(32,563)
A33500	Income tax paid	(218,047)	(121,908)
AAAA	Net cash flows from (used in) operating activities	796,339	1,127,623
	Cash flows from (used in) investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	-	(5,000)
B00030	Proceeds from capital reduction of financial assets at fair value through other comprehensive income	3,556	29,736
B00040	Acquisition of financial assets at amortized cost	-	(108,700)
B00050	Proceeds from disposal of financial assets at amortized cost	66,660	40,000
B01800	Acquisition of investments accounted for using equity method	-	(13,500)
B02000	Increase in prepayments for investments	(17,520)	-
B02400	Proceeds from capital reduction of investments accounted for using equity method	-	68,951
B02700	Acquisition of property, plant and equipment	(46,076)	(55,768)
B02800	Proceeds from disposal of property, plant and equipment	530	1,261
B03700	Decrease (increase) in refundable deposits	5,302	(2,267)
B04500	Acquisition of intangible assets	(897)	(699)
B05500	Proceeds from disposal of investment properties	-	42,344
B06700	Decrease in other non-current assets	13,948	2,298
B07100	Increase in prepayments for business facilities	(12,302)	(30,823)
B07600	Dividends received from associates and joint venture	2,110	8,886
BBBB	Cash inflow (outflow) (used in) investing activities	15,311	(23,281)
	Cash flows from (used in) financing activities		
C00200	Increase (decrease) in short-term borrowings	(614,260)	513,555
C01700	Repayments of long-term debt	(4,146)	(211,435)
C03100	Increase in guarantee deposits received	304	2,032
C04020	Payments of lease liabilities	(49,837)	(38,931)

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Code		2023	2022
C04500	Cash Dividends Paid	($ 858,629)	($ 810,927)
C05800	Changes in non-controlling interests	(388)	(5,223)
CCCC	Net cash flows from (used in) financing activities	(1,526,956)	(550,929)
DDDD	Effect of exchange rate changes on cash and cash equivalents	88	739
EEEE	Net increase (decrease) in cash and cash equivalents	(715,218)	554,152
E00100	Cash and cash equivalents at beginning of period	1,203,266	649,114
E00200	Cash and cash equivalents at end of period	$ 488,048	$ 1,203,266

Enclosed footnotes constitute part of the consolidated financial statements.

Chairman: Manager: Accountant in Charge: Accountant:

FORMOSAN UNION CHEMICAL CORPORATION AND SUBSIDIARIES

Footnotes to Consolidated Financial Statements

From January 1 to December 31, 2023 & 2022

(Amounts expressed in Thousand New Taiwan Dollars, unless stated otherwise)

1. Company History

Formosan Union Chemical Corporation (hereinafter referred to as "the Company.") was founded on June 21, 1973. The Company mainly manufactures, reworks and buys/sells linear Alkyl Benzene (DODECYL PHENOL), Olefins, Alkylphenol (Nonyl Phenol), and the derivatives, and the management and investment in other related businesses.

The Company shares have been listed on Taiwan Stock Exchange Corporation since July, 1986 for stock trading.

The consolidated financial statements of the Company are expressed in functional currency – New Taiwan Dollars.

2. Date and Procedures of the Authorization of Financial Statement

The consolidated financial statement was authorized by the Board of Directors on March 13, 2024.

3. Applicability of New and Revised Standards and Interpretations

(1) The company has adopted International Financial Reporting Standards (IFRSs) that were recognized by the Financial Supervisory Commission (hereinafter referred to as FSC), International Accounting Standards (IAS), I Interpretation (IFRIC), and Interpretative Announcement (SIC) (the standards are hereinafter referred to as "IFRS Accounting Policies," for the first time.

The applicable amended International Financial Reporting Standards (IFRSs) was recognized and announced by the Financial Supervisory Commission will not have material changes on the accounting policies of the company and the business entities controlled by the company (hereinafter referred to as "the consolidated company").

(2) Applicable IFRSs recognized by the Financial Supervisory Commission in 2024

Newly announced/revised/amended regulations and interpretations	Effective date for the announcement of the IASB (Note 1)
Amendment to IFRS 16 “Lease liability in a sale and leaseback”	Jan. 1, 2024 (Note 2)
Amendment to IAS 1 “Classifying liabilities as current or non-current.”	Jan. 1, 2024
Amendment to IAS 1 “Non-current liabilities with covenants.”	Jan. 1, 2024
Amendment to IAS 7 & IFRS 7 “Supplier Financing Arrangements“	Jan. 1, 2024 (Note 3)

Note1: Unless otherwise stated, the aforementioned newly announced/revised/amended regulations and interpretations shall come into force during the annual report period after the start of each date.

Note2: The seller-lessee is required to trace the revision of applicable IFRS 16 for a sale and leaseback signed after the first applicability of IFRS16.

Note3: Regulations governing the disclosure of exemption when applying this amendment for the first time.

The consolidated company has evaluated the aforementioned standards and amendments to interpretations, which would not have material impact on the financial status and financial performance as of the date the consolidated financial statements were passed and announced.

(3) 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)
Amendment to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.”	Undetermined
IFRS 17 “Insurance Contracts”	Jan. 1, 2023
Amendment to IFRS 17	Jan. 1, 2023
Amendment to IFRS 17 “Initial Application of IFRS 17 and IFRS 9－Comparative Information”	Jan. 1, 2023
Amendment to IAS 21 “Lack of Exchangeability.”	Jan. 1, 2025 (Note 2)

Note1:Unless otherwise stated, the aforementioned newly announced/revised/amended regulations and interpretations shall come into force during the annual report period after the start of each date.

Note2:Applicability during the annual report period after the start from January 1, 2025. The initial application of such revision shall recognize the effects in the retained earnings on the initial applicable date. When the consolidated company adopts non-functional currency as the presentation currency, the effects will be adjusted with the exchange differences on translation of foreign financial statements, under the interests of the initial applicable date.

The consolidated 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.

4. Summary of Significant Accounting Policies

(1) Statement of compliance

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS accounting policies recognized and announced for effect by the FSC.

(2) Preparation Basis

Except for the financial instruments 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.

(3) Classification criteria for classifying 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 12 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 has been completed after the balance sheet date and before the financial report is issued, is also classified as a “current liability”), and;
3. Liabilities that cannot be unconditionally deferred for at least 12 months after the balance sheet date; however, at the clause choice of the counterparty, the classification of the liabilities that could be liquidated by issuing equity instruments are not affected.

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

(4) Consolidation basis

This consolidated financial report includes the financial statements of the company and the entities (subsidiaries) controlled by the company. The consolidated statement of comprehensive income includes the operating profit and loss of the acquired or disposed subsidiary companies 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 consolidated 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 income of subsidiaries are attributable to FUCC owners 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 consolidated company do not result in the loss of control, it is treated as an equity transaction. The book amount of the consolidated company and non-controlling interests have 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 FUCC owners.

When the consolidated company loses control of the subsidiary, the disposal profit, and 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 total 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. For all amounts previously recognized in other comprehensive income and profit related to the subsidiary, the basis of accounting treatment is the same as the mandatory basis for the

consolidated company if it directly disposes of the relevant assets or liabilities.

Please refer to Note 12 and Appendix 6 for the subsidiaries, shareholding ratio, and business items in detail.

(5) 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 the functional currency at the exchange rate on the trading 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 settlement or exchange transaction should be recognized as profit and 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 and loss. However, if the change in fair value is recognized in other comprehensive income, the resulted exchange difference is recognized in the other comprehensive income.

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

The assets and liabilities of a foreign operating institution (including the subsidiaries, associates, or joint venture operations 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. Profit and loss items are converted at the current average exchange rate, and the resulted exchange difference is recognized in the other comprehensive income and is attributable to the shareholder's equity and non-controlling interests of the company.

When the consolidated 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 and loss.

(6) Inventories

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 the 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.

(7) Investment in associates and joint ventures

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

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

Under the equity method, investments in associates and joint ventures are initially recognized at cost; also, the book amount after the acquisition date increases or decreases along with the share of profits and losses in the associates and joint ventures and other comprehensive income. In addition, changes in the equity of 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 consolidated 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 consolidated company owns on the acquisition date

exceeding the amount of the acquisition cost is recognized as profit and loss.

If the consolidated company does not subscribe the new shares issued by 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 recognized and accounted for using equity method. However, if the equity in the associates and the joint venture is decreased due to not subscribing the news shares issued by associates and joint ventures proportionally to the shareholding ratio, the amount related to the associates and joint venture recognized in the other comprehensive income should be reclassified proportionally to the decreased amount. Its accounting treatment basis is the 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 consolidated company's share of losses in 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 consolidated company in the associates and joint ventures), the recognition of further losses will be ceased. The consolidated 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 consolidated company at the time of assessing impairment regards the overall book value of the investment (including goodwill) as a single asset and conducts an 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 consolidated company ceases the adoption of equity method on the day when its investment ceases to be in an associate or a joint venture; also, its retained equity of the original associates and the joint venture is 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 and loss. In addition, for the amount related to the associates and joint venture recognized in the other comprehensive income, its accounting treatment basis is the 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 consolidated company will continue to adopt the equity method without re-evaluating the retained equity.

The profits and losses arising from the clockwise, counterclockwise, and side-stream transactions between the consolidated 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 consolidated company's equity in the associates and the joint venture.

(8) Property, plant and equipment

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

Property, plant, and equipment are depreciated on a straight-line basis within the service life for each significant part separately. The consolidated 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 and loss at the time of having them delisted.

(9) Investment property

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

Proprietary 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 and loss at the time of having it delisted.

(10) 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 allocated to each cash-generating unit or group (referred to as “cash-generating unit”) that the consolidated company expects to benefit from the synergy of the merger.

The cash-generating unit receiving amortized goodwill performs an 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 allocated to the cash-generating unit is obtained from a business merger of 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 allocated 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.

(11) Intangible assets

1. Acquired Separately

Intangible assets acquired separately with limited useful life 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 consolidated 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 and loss at the time of having intangible assets delisted.

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

The consolidated 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 consolidated 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 use-value. 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 and 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 and loss.

(13) Financial instruments

Financial assets and financial liabilities are recognized on the consolidated balance sheets when the consolidated 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 at fair value through profit and loss, they are 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 at fair value through profit and loss are immediately recognized in profit and loss.

1. Financial Assets

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

(1) Types of Measurement

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

A. Financial assets at fair value through profit or loss

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

Financial assets at fair value through profit and loss are at fair value, and the profit or loss resulting from re-measurement is recognized in profit and loss. Please refer to Note 32 for the fair value determination method.

B. Financial assets at amortized cost

If the financial assets invested by the consolidated company meet the following two conditions concurrently, they are classified as financial assets measured at 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 on a specific date according to the contract signed; also, such cash flows are all paying for the principal and the interest of the outstanding principal.

Financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable, notes receivable, other receivables, refundable deposits, and other financial assets) after initial recognition are subsequently measured at the amortized cost -the book value less any impairment loss using the effective interest method. The profit and loss of any foreign exchange is recognized in profit and 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 financial assets with the purchase or original credit impairment, 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 the 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 major financial difficulties, defaulted, the debtor who is likely to apply for bankruptcy or other financial reorganization, or the active market for financial assets disappears due to financial difficulties.

C. Equity instruments investment at fair value through other comprehensive income

The consolidated 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 or with considerations paid at fair value through other comprehensive income.

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

Dividends from equity instrument investment at fair value through other comprehensive income are instantly recognized in the profit and 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 consolidated company assesses the impairment loss of financial assets (including accounts receivable) measured at 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, assess 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 loss of debt instrument investment at fair value through other comprehensive income is recognized in other comprehensive income without causing a decrease in the book amount.

(3) Delisting of financial assets

The consolidated 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 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 is at fair value through

other comprehensive income 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 income is recognized in profit and loss. When equity instrument investments at fair value through other comprehensive income are delisted entirely, the accumulated profit and loss is directly transferred to retained earnings without having it reclassified as profit and loss.

2. Equity instruments

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

The equity instruments issued by the consolidated 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, which book value is calculated by the weighted average of 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 at fair value through profit and loss, all financial liabilities are measured at the amortized cost in accordance with the effective interest method.

(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.

(14) 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 estimated cash flows needed for liquidating the current obligation.

(15) Income recognition

The consolidated company after identifying the performance obligations in the contract will have the transaction price amortized 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 services, which are recognized when labor services are provided.

(16) Lease

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

1. The consolidated 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 consolidated 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, the exemption is 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 the restored underlying asset), and is subsequently measured at the cost net of the accumulated depreciation and accumulated impairment loss; also, adjust the re-measurement amount of the lease liability. The right-of-use assets are separately expressed on the consolidated balance sheets.

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 an 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 occurring in the lease period, the consolidated 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 re-measurement amount is recognized in the profit and loss. For lease betterment that is not treated as separate leases, the re-measurement 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 and loss arising from the partial or full termination of the lease is recognized. The re-measurement 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 sheets.

(17) Borrowing Cost

The borrowing 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 borrowings are applied to invest temporarily for earning investment income before being applied for capital expenditures that meet the requirements, such borrowings are deducted from the borrowing costs that meet the conditions of capitalization.

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

(18) 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 an 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 re-measurement) 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 re-measurement amount (including actuarial profit and loss and remuneration of planned assets net of interest) is recognized in other comprehensive income upon the occurrence and included in retained earnings, which will not be reclassified to profit and 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 reduced appropriation in the future.

(19) Income Tax

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

1. Current income tax

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

The income tax to be levied on the undistributed earnings that are 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 consolidated 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 and tax law that has been legislated or substantively legislated on the balance sheet date. The measurement of the deferred income tax liabilities and assets reflects the tax consequences arising from the manner in which the consolidated 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 and loss; however, current and deferred income taxes related to items recognized in other comprehensive income or directly included in equity are recognized in other comprehensive income or directly included in equity, respectively.

5. Key Sources of Significant Accounting Judgments, Estimations, and Assumptions Uncertainties

When the consolidated 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.

When developing its major accounting estimates, the consolidated company takes the possible impacts of climate changes and related government policies and regulations, Russia-Ukraine military conflicts and the related international sanctions, inflation, market interest rate and volatility in financial markets, on the economic environment into consideration. The management also continues to review the estimates and basic assumptions by taking into consideration of related major accounting estates, including the estimates on cashflows, growth rate, depreciation rate, profitability, and others.

6. Cash and Cash Equivalents

	12/31/2023	12/31/2022
Cash on hand and petty cash	$ 997	$ 1,016
Bank checking deposit and saving	406,051	650,370
Cash Equivalents		
Time deposits with original maturity date for more than 3 months	81,000	551,880
	$ 488,048	$ 1,203,266

The interest rates of banks savings on the date of balance sheets are expressed below:

	12/31/2023	12/31/2022
Banks' cheques and demand deposits	0.001%~1.45%	0.001%~3.80%
Banks' time deposits	1.16%	4.46%~4.70%

7. Financial assets at fair value through profit or loss

	12/31/2023	12/31/2022
Financial Assets - Current		
At fair value through profit and loss mandatorily		
Non-derivative financial assets		
— Taiwan Innovation Board listing stock	$ 145,116	$ -
— Domestic non-TWSE/TPEx listing stock	1,000	131,641
— Fund beneficiary certificate	24,207	99,249
	$ 170,323	$ 230,890

8. Financial assets at fair value through other comprehensive income

	12/31/2023	12/31/2022
Non-Current		
Domestic Investment		
Taiwan Innovation Board listing stock		
J & V Energy Technology Co., Ltd. Ordinary Shares	$ 794,008	$ -
Non-listing (OTC) shares		
J & V Energy Technology Co., Ltd. Ordinary Shares	-	637,137
Sino-Japan Chemical Co., Ltd. Ordinary Shares	207,080	196,302
Global Cooperation Development Corp. Ordinary Shares	5,000	5,000
Subtotal	1,006,088	838,439
Foreign investment		
Non-listing (OTC) shares		
Kenwell Industrial Pte Ltd Ordinary Shares	144,487	144,363
Anonymous portfolio investment		
Daiwa Green Energy No.7 GK	-	4,669
Subtotal	144,487	149,032
	$ 1,150,575	$ 987,471

The consolidated company has invested 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, based on its mid-term and long-term strategies, with the expectation to make profits through long-term investment. The management of the consolidated company believes that if the short-term fluctuation of the fair value of the investment is included in the profit and loss, it is inconsistent with the aforementioned long-term investment plan; therefore, the management chooses to have such investments at fair value through other comprehensive income.

In August of 2023 and 2022 respectively, Daiwa Green Energy No.7 GK underwent capital reduction and returned share amount of NT$3,556 thousand and NT$29,736 thousand respectively. The other relevant equity – unrealized valuation impairment of financial assets at fair value measured through other comprehensive income, NT$1,692 thousand and NT$14,410 thousand, was transferred to retained earnings.

The fair value of non-TWSE-TPEx stocks of financial assets at fair value through other comprehensive income is based on the evaluation performed by independent appraisers at the end of December 2023 and 2022. Such evaluation was performed with the considerations of the business scale, product type, and similar industries of the appraised company. The valuation profits of NT$10,902 thousand and NT$455,412 thousand were adjusted to the unrealized profit and loss (booked in the "other equity" account) of financial assets at fair value through other comprehensive income, respectively.

9. Financial assets at amortized cost

	12/31/2023	12/31/2022
Current		
Domestic investment		
Time deposits with original maturity date for more than 3 months	$ 66,000	$ 132,660

As of December 31, 2023 and 2022, the interest rate range of time deposits with an original maturity of more than 3 months was 0.54%~1.58%, and 1.21%~3.60% per annum, respectively.

10. Notes receivable, Accounts receivable and Other receivable

	12/31/2023	12/31/2022
Notes receivable		
Measured at amortized cost		
Total book amount — Non-related party	$ 185,032	$ 170,643
Accounts receivable		
Measured at amortized cost		
Total book amount — Non-related party	$ 1,091,236	$ 913,548
Total book amount—Related party	259	-
	1,091,495	913,548
Less: Allowance for loss	-	(42)
	$ 1,091,495	$ 913,506
Other receivable		
Non-related party	$ 45,394	$ 63,634
Related party	3	3,252
	$ 45,397	$ 66,886

The consolidated company grants 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.

Before accepting a new customer, the consolidated company will take consideration of the customer's basic information and pay the customer a visit to collect data and evaluate before determining the credit line.

The consolidated company adopts the simplified approach to recognize the allowance for loss for the accounts receivable according to the expected credit loss throughout the duration. The expected credit loss throughout the duration is calculated according to the preparation matrix that takes into account the default records of the customer, the current financial status, and the industrial economic situation. The credit loss history of the consolidated company shows that there is no significant difference in the loss patterns of different customer groups; therefore, the customer group has not been further classified in the preparation matrix,

and instead, the expected credit loss rate is based on the number of days overdue of the accounts receivable.

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

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

12/31/2023

	Not Overdue	Overdue 1～30 days	Overdue 31～180 days	Overdue 181～364 days	Overdue Over 365 days	Total
Expected credit loss rate	0%	0%	0%	-%	-%	
Total Book Amount	$ 1,178,789	$ 96,599	$ 1,139	$ -	$ -	$ 1,276,527
Allowance for loss (expected credit loss in the duration)	-	-	-	-	-	-
Amortized cost	$ 1,178,789	$ 96,599	$ 1,139	$ -	$ -	$ 1,276,527

12/31/2022

	Not Overdue	Overdue 1～30 days	Overdue 31～180 days	Overdue 181～364 days	Overdue Over 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 in the duration)	(35)	(7)	-	-	-	(42)
Amortized cost	$ 982,944	$ 100,997	$ 208	$ -	$ -	$ 1,084,149

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

	2023	2022
Beginning balance	$ 42	$ 111
Less: Expected credit impairment losses reversed for the current year	(42)	(69)
Ending balance	$ -	$ 42

11. Inventory - Net

	12/31/2023	12/31/2022
Raw materials	$ 1,216,673	$ 1,590,688
Substances	325,291	332,756
Work-in-process goods	117,082	116,460
Finished goods	1,489,359	1,838,524
Commodities	8,116	10,076
	$ 3,156,521	$ 3,888,504

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

	2023	2022
Cost of inventory sold	$ 8,255,782	$ 8,588,029
Reversal of impairment loss on non-financial assets	2,033	14,938
	$ 8,257,815	$ 8,602,967

12. Subsidiaries

(1) Subsidiaries included in the consolidated financial report

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

Name of Investing Company	Name of Subsidiary	Nature of Business	Shareholder's Equity ratio 12/31/2023	Shareholder's Equity ratio 12/31/2022	Remarks
FORMOSAN UNION CHEMICAL CORPORATION (FUCC)	Hershey Environmental Technology Co., Ltd. (Hershey Env. Tech)	◦ lanning 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, rework and buying/selling hydrocarbon resin, polyester polyo1, and others	80.25%	80.25%	
Hershey Env. Tech			1.35%	1.35%	
Great Victory Chemical Industry Co., Ltd. (Great Victory Chemical)			0.49%	0.49%	
FUCC	Great Victory Chemical	◦ 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. (FIC)	Sugar and condiment manufacturing.	88.35%	88.35%	3
Great Victory Chemical			3.87%	3.87%	3
UPM			1.23%	1.23%	3
FUCC	Tanques Del Pacifico, S.A. (TDP)	Lease business for warehousing management and liquid oil tank.	100.00%	100.00%	

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Name of Investing Company	Name of Subsidiary	Nature of Business	Shareholder's Equity ratio 12/31/2023	Shareholder's Equity ratio 12/31/2022	
Great Victory Chemical	Yung Sheng Green Power Co., Ltd. (Yung Sheng Green Power)	Main business operations include battery manufacturing, power generation, power transmission, power distribution machinery manufacturing, and energy technological services.	50.00%	50.00%	1
Great Victory Chemical	Tecnica Cientifica De Guatemala S. A.（TCDG）	Mainly operating pesticide and fertilizer sales.	73.75%	73.75%	
Hershey Env. Tech	Yongji Energy Co., Ltd. (Yongji Energy	Thermal energy supply industry, cleaning products wholesale industry, and installation and wholesale industry of electrical appliances, machinery, etc.	50.00%	50.00%	2
Hershey Env. Tech	Yongyao Energy Co., Ltd. (Yongyao Energy)	Main business operations include battery manufacturing, power generation, power transmission, power distribution machinery manufacturing, and energy technological services	100.00%	100.00%	

Remarks:

1. Great Victory Chemical Industry Co., Ltd. holds 50% shareholdings of Yongsheng Energy 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 Yongsheng Energy Co., Ltd.; therefore, the company has it classified as a subsidiary.
2. Hershey Environmental Technology Co., Ltd. holds 50% of shareholdings of Yongj 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 the company had subscribed 30,000 thousand shares and NT$300,000 thousand in total. The shareholding ratio after the subscription was 88.35%. Additionally, Great Victory Chemical

and UPM did not subscribe to the capital increase in cash according to the shareholding ratio in Fusugar Industry Corp," which declined to 3.87% and 1.23% respectively, as of December 31, 2022.

(2) Subsidiaries excluded in the consolidated financial report: None.

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

Name of Subsidiary	Main Business Premises	The ratio of equity and voting rights held by non-controlling interests	
		12/31/2023	12/31/2022
UPM	Pingtung, Taiwan	17.91%	17.91%
FIC	Taichung Taiwan	6.77%	6.77%

Name of Subsidiary	Profit and loss distributed to non-controlling interest		Non-controlling interests	
	2023	2022	12/31/2023	12/31/ 2022
UPM	($ 2,356)	$ 2,798	$ 201,010	$ 203,348
FIC	(5,098)	(6,610)	55,270	60,368
合 計	($ 7,454)	($ 3,812)	$ 256,280	$ 263,716

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

UPM

	12/31/2023	12/31/2022
Current Assets	$ 629,388	$ 1,139,303
Non-current assets	710,936	733,489
Current liabilities	(228,779)	(746,380)
Non-current liabilities	(1,153)	(2,966)
Equity	$ 1,110,392	$ 1,123,446
Equity Ownership:		
FUCC Owners	$ 909,382	$ 920,098
Non-controlling interests	201,010	203,348
	$ 1,110,392	$ 1,123,446

	2023	2022
Operating Income	$ 1,539,563	$ 1,694,384
Profit (loss)	($ 13,155)	$ 15,619
Total comprehensive income	($ 13,054)	$ 17,446
Net income attributable to:		
FUCC Owners	($ 10,799)	$ 12,821
Non-controlling interests	(2,356)	2,798
	($ 13,155)	$ 15,619
Comprehensive income attributable to:		
FUCC Owners	($ 10,716)	$ 14,321
Non-controlling interests	(2,338)	3,125
	($ 13,054)	$ 17,446
Cash Flows		
Operating activities	$ 333,968	$ 50,932
Investment Activities	(15,928)	(12,735)
Fund raising	(460,825)	161,094
Net Cash inflow (outflow)	($ 142,785)	$ 199,291
Dividend paid to non-controlling interest	$ -	$ 4,835

FIC

	12/31/2023	12/31/2022
Current Assets	$ 27,886	$ 63,287
Non-current Assets	1,397,797	1,456,148
Current liabilities	(201,624)	(211,633)
Non-current liabilities	(379,516)	(385,356)
Equity	$ 844,543	$ 922,446
Equity attributed to:		
FUCC Owners	$ 789,273	$ 862,078
Non-controlling interests	55,270	60,368
	$ 844,543	$ 922,446

	2023	2022
Operating Income	$ 1,500	$ -
Net loss of this year	($ 77,903)	($ 82,388)
Total comprehensible profit/loss.	($ 77,903)	($ 82,388)
Net loss attributed to:		
FUCC Owners	($ 72,805)	($ 75,778)
Non-controlling interests	(5,098)	(6,610)
	($ 77,903)	($ 82,388)
Comprehensive income attributable to:		
FUCC Owners	($ 72,805)	($ 75,778)
Non-controlling interests	(5,098)	(6,610)
	($ 77,903)	($ 82,388)
Cash Flows		
Operating Activities	($ 35,629)	($ 35,896)
Investment Activities	12,042	22,976
Fund Raising	(11,393)	48,448
Net cash inflow (outflow)	($ 34,980)	$ 35,528
Dividend paid to non-controlling interests	$ -	$ -

13. Investments accounted for using equity method

	12/31/2023	12/31/2022
Investment in associates	$ 54,250	$ 108,642
Investment in Joint Venture	746,437	681,877
	$ 800,687	$ 790,519

(1) Investment in associates

	12/31/2023	12/31/2022
Individually insignificant Associate	$ 54,250	$ 108,642

Information summary of Individually insignificant Associate

	2023	2022
Profit ratio attributable to the consolidated company		
Total Profit (loss) and total comprehensive income	$ 10,983	$ 7,983

(2) Investment in joint venture

	12/31/2023	12/31/2022
Individually insignificant joint ventures	$ 746,437	$ 681,877

Information summary of individually insignificant joint ventures

	2023	2022
Profit ratio attributable to the joint venture		
Total Profit (loss) and total comprehensive income	($ 13,498)	$ 29,244

Please refer to Appendix 6 “Invested company information, location and other related Information” and Appendix 7 “Information on Investment in Mainland China” for the national information on the business nature, main business premise, and registration country of the aforementioned associates and joint ventures.

14. Property, plant and equipment

	12/31/2023	12/31/2022
Self-Use	$ 3,607,069	$ 3,765,307

	Proprietary Land	House and Building	Machinery equipment	Transportation equipment	Other equipment	Construction in-progress & equipment to be tested	Total
Cost							
Balance January 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
Disposal	-	-	(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 December 31, 2022	$ 898,339	$ 1,194,263	$ 6,562,421	$ 76,781	$ 485,790	$ 10,629	$ 9,228,223
Cumulative depreciation and impairment							
Balance January 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
Disposal	-	-	(18,182)	(5,273)	(2,249)	-	(25,704)
Reclassification	-	-	-	-	250	-	250
Net exchange difference	-	-	1,746	34	-	-	1,780
Balance December 31, 2022	$ -	$ 422,065	$ 4,644,838	$ 63,835	$ 332,178	$ -	$ 5,462,916
Balance, December 31, 2022	$ 898,339	$ 772,198	$ 1,917,583	$ 12,946	$ 153,612	$ 10,629	$ 3,765,307
Cost							
Balance January 1, 2023	$ 898,339	$ 1,194,263	$ 6,562,421	$ 76,781	$ 485,790	$ 10,629	$ 9,228,223
Addition	-	1,313	18,198	1,518	7,326	9,473	37,828
Disposal	-	-	(11,071)	(2,729)	(355)	-	(14,155)
Reclassification	-	-	27,496	-	8,323	(17,990)	17,829
Net exchange difference	-	-	82	(4)	-	-	78
Balance December 31, 2023	$ 898,339	$ 1,195,576	$ 6,597,126	$ 75,566	$ 501,084	$ 2,112	$ 9,269,803
Cumulative depreciation and impairment							
Balance January 1, 2023	$ -	$ 422,065	$ 4,644,838	$ 63,835	$ 332,178	$ -	$ 5,462,916
Depreciation expense	-	24,828	164,012	2,174	22,565	-	213,579
Disposal	-	-	(10,786)	(2,705)	(319)	-	(13,810)
Net exchange difference	-	-	44	5	-	-	49
Balance December 31, 2023	$ -	$ 446,893	$ 4,798,108	$ 63,309	$ 354,424	$ -	$ 5,662,734
Net, December 31, 2023	$ 898,339	$ 748,683	$ 1,799,018	$ 12,257	$ 146,660	$ 2,112	$ 3,607,069

The consolidated company determines the recoverable amount of property and mobility equipment at the fair value of reducing disposal. The relevant fair value was determined by cost estimation. The main assumptions of property include the estimation of re-establishment costs (building price plus expense and interest rate) and the physical depreciation, under the level 3 fair value measurement. The main assumptions of mobility equipment include estimation of re-establishment (manufacturing) cost, physical depreciation and economic depreciation belonging to 3rd level fair value.

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 consolidated 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 consolidated 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	
Main factory building	2~60 years
Pipeline equipment	5~50 years
Partition and fence/ walls	2~50 years
Machinery equipment	2~50 years
Transportation equipment	2~30 years
Other equipment	2~30 years

Please refer to Note 34 for the property, plant and equipment that are pledged as collateral for loans.

15. Lease Agreement

(1) Right-of-use assets

	12/31/2023	12/31/2022
Book amount of right-of-use assets		
Land	$ 463,160	$ 480,484
Building	6,034	7,842
Machinery equipment	291,551	6,747
Transportation equipment	6,699	3,950
	$ 767,444	$ 499,023

	2023	2022
Addition of Right-of-use assets	$ 332,302	$ 245,785
Depreciation expense of right-of-use assets		
Land	$ 17,324	$ 11,623
Building	1,808	1,808
Machinery equipment	17,343	14,693
Transportation equipment	3,259	3,269
	$ 39,734	$ 31,393

(2) Lease Liability

	12/31/2023	12/31/2022
Book amount of lease liability		
Current	$ 76,043	$ 23,313
Non-current	$ 716,587	$ 486,852

The discount rate ranges for lease liabilities are as follows:

	12/31/2023	12/31/2022
Land	0.85%~2.48%	0.85%~2.48%
Building	1.20%~2.29%	0.67%~2.29%
Machinery equipment	1.60%~1.76%	0.67%~1.10%
Transportation equipment	0.85%~2.29%	0.67%~2.29%

(3) Other Lease Information

	2023	2022
Short-term lease expense	$ 14,286	$ 3,766
Low-value assets lease expense	$ 329	$ 333
Variable lease expense excluding from the measurement of the lease liability	$ 8,253	$ 12,712
Total lease cash (outflow)	($ 86,894)	($ 62,133)

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

16. Investment property

	Land	Building	Total
Cost			
Balance January 1, 2022	$ 26,022	$ 20,355	$ 46,377
Disposal	(20,704)	(15,458)	(36,162)
Balance December 31, 2022	$ 5,318	$ 4,897	$ 10,215
Cumulative depreciation and impairment			
Balance January 1, 2022	$ -	$ 2,067	$ 2,067
Depreciation expense	-	302	302
Disposal	-	(1,374)	(1,374)
Balance December 31, 2022	$ -	$ 995	$ 995
Net, December 31, 2022	$ 5,318	$ 3,902	$ 9,220
Cost			
Balance January 1, 2023	$ 5,318	$ 4,897	$ 10,215
Balance December 31, 2023	$ 5,318	$ 4,897	$ 10,215
Cumulative depreciation and impairment			
Balance January 1, 2023	$ -	$ 995	$ 995
Depreciation expense	-	153	153
Balance December 31, 2023	$ -	$ 1,148	$ 1,148
Net, December 31, 2023	$ 5,318	$ 3,749	$ 9,067

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

Building	
Main factory building	32 years

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

	12/31/2023	12/31/2022
1st Year	$ 325	$ 464
2nd Year	297	-
	$ 622	$ 464

The fair value of the investment property of the consolidated company was based on the market price in nearby areas. The fair values are as follows:

	12/31/2023	12/31/2022
Proprietary Land and Building	$ 24,808	$ 19,568

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

Please refer to Note 34 for the investment property that is pledged as collateral for loans.

17. Goodwill

	2023	2022
Cost		
Beginning and ending Balance	$ 94,799	$ 94,799
Cumulative impairment loss		
Beginning and ending Balance	$ 2,902	$ 2,902
Ending Balance	$ 91,897	$ 91,897

(1) Goodwill is allocated to the identified cash-generating units by the operating departments of the consolidated company:

	12/31/2023	12/31/2022
Hydrocarbon resin Department	$ 91,897	$ 91,897

(2) Goodwill is allocated to the identified cash-generating units of the consolidated 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. The recoverable amount of the value in use for the hydrocarbon resin department exceeds the book amount; therefore, there is no impairment occurred to the goodwill of the

consolidated Company. It is evaluated that the recoverable number of other departments is smaller than the book value and hence the goodwill impairment in 2021 was recognized by NT$2,902 thousand.

18. Intangible assets

	Computer Software	Others	Total
Cost			
Balance January 1, 2022	$ 5,476	$ 3,267	$ 8,743
Acquired separately	699	-	699
Disposal	(312)	-	(312)
Balance December 31, 2022	$ 5,863	$ 3,267	$ 9,130
Accumulated Amortization			
Balance January 1, 2022	$ 3,769	$ 2,245	$ 6,014
Amortization expense	896	653	1,549
Disposal	(312)	-	(312)
Balance December 31, 2022	$ 4,353	$ 2,898	$ 7,251
Net, December 31, 2022	$ 1,510	$ 369	$ 1,879
Cost			
Balance January 1, 2023	$ 5,863	$ 3,267	$ 9,130
Acquired separately	897	-	897
Disposal	(1,531)	(2,513)	(4,044)
Balance December 31, 2023	$ 5,229	$ 754	$ 5,983
Accumulated Amortization			
Balance January 1, 2023	$ 4,353	$ 2,898	$ 7,251
Amortization expense	809	369	1,178
Disposal	(1,531)	(2,513)	(4,044)
Balance December 31, 2023	$ 3,631	$ 754	$ 4,385
Net, December 31, 2023	$ 1,598	$ -	$ 1,598

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

19. Other assets

	12/31/2023	12/31/2022
Current		
Prepayments		
Prepayments	$ 32,327	$ 91,242
Others	48,276	48,269
	$ 80,603	$ 139,511

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	12/31/2023	12/31/2022
Non-current		
Prepayments for business facilities	$ 91,825	$ 84,443
Guarantee deposits paid	$ 4,618	$ 9,698
Pledged time deposit (note 34)	$ 27,000	$ 41,000
Other	17,693	121
	$ 44,693	$ 41,121

20. Borrowing

(1) Current borrowings

	12/31/2023	12/31/2022
Guaranteed Borrowing		
Bank Loan (1)	$ 109,000	$ 90,000
Unguaranteed borrowing		
Bank Loan (1)	1,417,740	2,051,000
	$ 1,526,740	$ 2,141,000

The aforementioned guaranteed borrowings were secured with the collateral of the consolidated company's proprietary land, buildings, and machinery equipment (see Note 34).

1. The interest rates of bank revolving loans were 0.50% ~ 3.10% and 1.11% ~ 2.85% on December 31, 2023 and 2022, respectively.

(2) Non-current portion of non-current borrowings

	12/31/2023	12/31/2022
Guaranteed		
Bank Loan	$ -	$ 313
Unguaranteed		
Bank Loan	104	3,937
	104	4,250
Less: Long-term loans due in 1 year	(104)	(4,146)
	$ -	$ 104
Effective annual interest rate	2.40%	2.17%-3.23%

The aforementioned guaranteed borrowings were secured with the collateral of the consolidated company's proprietary machinery equipment (see Note 34).

The balance of the non-current borrowings on December 31, 2023 and 2022 was settled with a monthly payment arranged for due day on January 1, 2024 and a period from November 2023 to January 2024.

21. Notes payable and Accounts payable

	12/31/2023	12/31/2022
Notes payable		
Derived from operating activities	$ 11,203	$ 9,856
Accounts payable		
Non-related party	$ 629,875	$ 779,937

22. Other Liabilities

	12/31/2023	12/31/2022
Current		
Other payables		
Salary payable	$ 172,169	$ 352,372
Remuneration payable to directors and supervisors	17,758	35,782
Remuneration payable to employees	20,555	35,422
Interest payable	1,156	1,433
Labor service payable	3,083	5,963
Other payables	129,623	176,663
Equipment payables	15,764	23,721
Others	8,504	23,162
	$ 368,612	$ 654,518
Other payables to related parties	$ 575	$ 1,582
Other liabilities		
Contract liability	$ 25,443	$ 18,574
Refund liability	2,378	5,510
Temporary credit	6	5
Others	6,104	2,655
	$ 33,931	$ 26,744

23. Liability Reserve

	12/31/2023	12/31/2022
Employee benefits	$ 25,013	$ 26,260

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

24. Retirement pension plan

(1) Defined contribution plan

The company and the domestic subsidiaries have established a 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.

(2) Defined benefit plan

The consolidated 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 consolidated company appropriates an amount equivalent to 2%~15% of the monthly salary as a 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 consolidated 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:

	12/31/2023	12/31/2022
Present value of the defined benefit obligation	$ 79,335	$ 82,574
Fair value of the planned assets	(74,978)	(68,143)
Net defined benefit liability	$ 4,357	$ 14,431

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	12/31/2023	12/31/2022
Defined benefit assets	($ 10,715)	($ 7,633)
Defined benefit liabilities	15,072	22,064
Net defined benefit liability	$ 4,357	$ 14,431

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 January 1, 2022	$ 87,808	($ 59,524)	$ 28,284
Service Cost			
Current service cost	1,181	-	1,181
Interest expense (income)	570	(376)	194
Recognized in profit and 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 and loss –changes in demography statistical assumption	-	(1,493)	(1,493)
Actuarial profit and loss –changes in financial assumption	(3,565)	-	(3,565)
Actuarial profit and loss – adjustment by experience	56	-	56
Booked in other comprehensive income	(3,509)	(7,250)	(10,759)
Appropriation of employer benefit paid	-	(4,009)	(4,009)
Liquidation	(3,476)	3,016	(460)
Balance December 31, 2022	82,574	(68,143)	14,431
Service Cost			
Current Service Cost	1,063	-	1,063
Interest expense (income)	983	(815)	168
Recognized in profit and loss	2,046	(815)	1,231
Re-measurement amount			
Return on planned assets (except for the amount included in net interest)	-	(644)	(644)
Actuarial profit and loss –changes in financial assumption	241	-	241
Actuarial profit and loss – adjustment by experience	434	-	434
Booked in other comprehensive income	675	(644)	31
Appropriation of employer benefit paid	-	(11,336)	(11,336)
Liquidation	(5,960)	5,960	-
Balance December 31, 2023	$ 79,335	($ 74,978)	$ 4,357

The consolidated 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 consolidated company's planned assets is an amount not less than the income generated from a 2-year time deposit interest rate of local banks.
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 accordingly, 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 consolidated company is actuarially calculated by a qualified actuary. The major assumptions made on the measurement date are as follows:

	12/31/2023	12/31/2022
Discount rate	1.10%~1.20%	1.15%~1.25%
Future salary increase rate	2.70%~3.00%	2.70%~3.00%

If the major 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:

	12/31/2023	12/31/2022
Discount rate		
Increased by 0.25%	($ 1,188)	($ 1,448)
Decreased by 0.25%	$ 1,225	$ 1,493
Future salary increase rate		
Increased by 0.25%	$ 1,200	$ 1,464
Decreased by 0.25%	($ 1,170)	($ 1,427)

Since actuarial assumptions may be correlated, it is unlikely that there is only one single assumption changing, so the aforementioned sensitivity analysis may not be able to reflect the actual changes in the present value of the defined benefit obligations.

	12/31/2023	12/31/2022
Amount expected to be appropriated in 1 year	$ 2,453	$ 2,350
Average due date of the defined benefit obligation	2~8 years	3~8 years

25. Equity

(1) Ordinary shares

	12/31/2023	12/31/2022
Authorized stock shares (thousand shares)	900,000	900,000
Authorized capital stock	$ 9,000,000	$ 9,000,000
Stock shares issued and paid in full (thousand shares)	477,016	477,016
Outstanding capital stock	$ 4,770,163	$ 4,770,163

(2) Capital surplus

	12/31/2023	12/31/2022
Applicable for making up for losses, distributing cash, or capitalization (1)		
Stock issuance with premium	$ 50,085	$ 50,085
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		
Recognized changes in ownership interests in subsidiaries (2)	6,180	6,180
	$ 77,090	$ 77,090

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 company, or it is the adjustment to the paid-in capital of the subsidiary under the equity method used by the company.

(3) Retained earnings and dividend policy

The Company resolved at the shareholders' meeting on June 16, 2023 to amend the articles of incorporation by stipulating the distribution of corporate earnings or appropriation of loss at the end of accounting half-year.

According to the earnings distribution policy of the company's Articles of Incorporation after amendment, the distribution of corporate earnings or appropriation of loss is at the end of accounting half-year. The surplus from the annual closing of accounting half-year, if any, shall be applied to make up for losses, estimate and reserve the payable taxation, employee remuneration, and director remuneration, followed by appropriating 10% as legal reserve. However, the legal reserve reaching the total capital of the company, the appropriation or reversed special reserve in accordance with the law or regulations stipulated by the competent authority, are excluded. The board of directors shall draft up an earnings distribution proposal based on the balance plus the accumulated undistributed earnings from the first accounting half-year, if any, through the issuance of news years. The Board of Directors shall propose to the shareholders meeting for a resolution to distribute. The distribution in cash shall require the resolution reached by the Board of Directors.

For any surplus from the annual account closing of the Company, the distribution of corporate earnings shall apply to tax payment by law and make up the annual losses from the past, followed by appropriating ten percent (10%) as legal reserve. Nonetheless, the legal reserve reaching the total paid-in capital is excluded. Moreover, the appropriation or reversed special reserve in accordance with the regulations shall be applied as cumulative surplus for distribution

together with the undistributed surplus from the beginning of the same period. The appropriation shall set up no less than 1% of the distribution to shareholders dividends, which shall be drafted up by the Board of Directors in a surplus distribution proposal for new shares issuance. The proposal shall be submitted to the shareholders meeting for resolution before distribution.

Pursuant Article 240 of Company Act, the Company authorizes the distributable dividends and bonuses of the legal reserves and capital reserves stipulated in Article 241 of the Company Act, in whole or in part to be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition, a report of such distribution shall be submitted to the shareholders' meeting.

According to the earnings distribution policy of the company's Articles of Incorporation before the amendment, the yearend earnings, if any, shall be applied to pay tax and make up for losses lawfully, and then appropriated 10% legal reserve. Nonetheless, the legal reserve reaching the total paid-in capital is excluded. Appropriated or reversed special reserve in accordance with the law can be cumulated with the beginning undistributed surplus from the same period for proposal of distributing earnings to shareholders. Moreover, the board of directors shall draft up an earnings distribution proposal of no less than 1% of distribution, in addition to submitting the earning distribution proposal to the shareholders meeting for resolution on the distribution.

Please refer to Note 27 (7) employee remuneration and directors' remuneration for the employee and director remuneration distribution policy stipulated in the corporate 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 losses, the part of the legal reserve exceeding 25% of the total paid-up capital can be capitalized or applied for the distribution in the form of cash.

When adopting IFRSs for the first time, since the exemption of IFRSs No. 1 "First-time Adoption of International Financial Reporting Standards" is selected, the unrealized re-evaluation value under the account of shareholders' equity and the cumulative conversion of adjustment (profits) are converted into the retained earnings. The same quantity of special reserve is appropriated. When applying, disposing or re-classifying the relevant assets later, the proportion of previous special reserve may be revered to distribute surplus. When distributing the surplus, the other net equity reduction of the account incurred in current period and difference with the aforementioned special reserve shall be provisioned from the current profit and loss and current unappropriated retained earnings as special reserve. The net other equity reduction accumulated from previous periods shall be appropriated from the undistributed surplus of previous period as the special reserve and may not be distributed. If there is any reversal of net other equity reduction, the reversal may be distributed with surplus as special reserve.

The company held regular shareholder meetings on June 16, 2023 and June 17, 2022, to resolve the 2022 and 2021 earnings distribution proposals as follows:

	2022	2021
Legal reserve	$ 107,851	$ 94,447
Cash Dividends	$ 858,629	$ 715,524
Cash dividend per share (NT$)	$ 1.80	$ 1.50

The Company resolved at the shareholders' meeting to distribute the 2021 capital reserve of NT$95,403 thousand in cash dividends.

The Board of Directors meeting was held on November 10, 2023 and resolved not to distribute the first-half annual earnings of 2023.

The Board of Directors drafted the 2023 earnings distribution proposal on March 13, 2024, as shown in the follows:

	2023
Legal reserve	$ 41,496
Cash Dividends	$ 286,210
Cash dividend per share (NT$)	$ 0.60

The 2023 earnings distribution proposal is yet to be resolved at the regular shareholders meeting scheduled for June 13, 2024.

(4) Other Equities

1. Exchange differences on translation of foreign financial statements

	2023	2022
Beginning balance	($ 25,070)	($ 42,623)
Incurred in the current year		
Conversion difference of foreign operating agencies	(13,821)	21,941
Income tax effect	2,764	(4,388)
Other comprehensive income of current year	(11,057)	17,553
Others	29,969	-
Ending balance	($ 6,158)	($ 25,070)

2. Unrealized gains (losses) from financial assets at fair value through other comprehensive income

	2023	2022
Beginning Balance	$ 633,578	$ 258,445
Incurred in the current year		
Unrealized profit and loss Equity instrument	166,660	455,412
Share of associates accounted for using equity method	(99)	-
Income tax effect	(31,515)	(94,689)
Other comprehensive income of current year	135,046	360,723
Accumulated profit/loss from the disposal of equity instrument transferred to retained earnings	1,692	14,410
Ending Balance	$ 770,316	$ 633,578

(5) Non-controlling interests

	2023	2022
Beginning balance	$ 276,492	$ 275,419
Current net loss	(6,465)	(3,316)
Other comprehensive income of current year		
Exchange differences on translation of foreign financial statements	-	63
Re-measurement amount of defined benefit plan	18	327
Changes in ownership interests in subsidiaries	-	9,222
Subsidiaries distributing cash dividend to non-controlling interests	(388)	(5,223)
Ending balance	$ 269,657	$ 276,492

26. Income

	2023	2022
Income from customer contract		
Commodity sales income	$ 9,405,692	$ 10,546,735
Labor Service Income	6,763	5,882
Power income	19,838	18,609
	$ 9,432,293	$ 10,571,226

(1) Contract balance

	12/31/2023	12/31/2022	1/1/2022
Notes receivable (Note 10)	$ 185,032	$ 170,643	$ 172,355
Total Accounts receivable (Note 10)	$1,091,236	$ 913,548	$ 990,673
Accounts receivable due from related parties (Note 10)	$ 259	$ -	$ -
Contract liability (Note 22)			
Commodity sales	$ 25,443	$ 18,574	$ 50,893

(2) Classification of income from customer contract

Please refer to Note 40 for the classification of income in details.

27. Net Income

(1) Interest Income

	2023	2022
Bank Deposits	$ 11,899	$ 15,103
Others	30	46
	$ 11,929	$ 15,149

(2) Other income

	2023	2022
Lease income		
Operating lease	$ 5,283	$ 5,343
Dividend income		
Financial assets at fair value through profit or loss	3,442	377
Equity instrument investment at fair value through other comprehensive income	38,639	24,857
Others	17,210	27,658
	$ 64,574	$ 58,235

(3) Other profit and loss

	2023	2022
Financial assets and profit and loss		
Decrease (increase) in financial assets at fair value through profit or loss, mandatorily at fair value	$ 31,543	$ 106,127
Profit (Loss) from the disposal of property, plant, and equipment	185	(1,131)
Loss (gain) on disposal of investment properties	-	7,556
Net gain from foreign currency exchange	16,254	136,324
Others	(13,073)	(13,138)
	$ 34,909	$ 235,738

(4) Interest Expense

	2023	2022
Interest expense		
Borrowings	$ 33,020	$ 26,863
Lease liability	14,189	6,339
Others	32	4
	$ 47,241	$ 33,206

(5) Depreciation and Amortization

	2023	2022
Depreciation expenses summarized by function		
Total Cost of Sales	$ 217,714	$ 218,393
Operating expenses	35,752	32,396
	$ 253,466	$ 250,789
Amortization expenses summarized by function		
Total cost of sales	$ 931	$ 1,284
Operating expenses	247	265
	$ 1,178	$ 1,549

(6) Employee benefit expense

	2023	2022
Benefit after retirement		
Defined appropriation plan	$ 19,466	$ 20,107
Defined benefit plan (Note 24)	1,231	1,375
Other employee benefit	665,483	895,156
Total	$ 686,180	$ 916,638
Summarization by function		
Total cost of sales	$ 458,994	$ 602,479
Operating expenses	227,186	314,159
	$ 686,180	$ 916,638

(7) Remuneration to employees and directors

FUCC 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 2023 and 2022 were resolved by the Board of Directors on March 13, 2024 and March 14, 2023, respectively, as follows:

Estimation Ratio

	2023	2022
Remuneration to employees	2.50%	2.50%
Remuneration to directors	2.50%	2.50%

Amount

	2023	2022
	Cash	Cash
Remuneration to employees	$ 12,807	$ 34,864
Remuneration to directors	12,807	34,864

Any change 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 employees and directors and supervisors in 2022 and 2021 and the amount recognized in the 2022 and 2021 consolidated financial reports.

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

(8) Foreign exchange profit and loss

	2023	2022
Total foreign exchange profit	$ 95,569	$ 251,905
Total foreign exchange loss	(79,315)	(115,581)
Net profit (loss)	$ 16,254	$ 136,324

28. Income Tax

(1) Income tax recognized in profit and loss

The main composition items of income tax expense are as follows:

	2023	2022
Current income tax		
Incurred in the current year	$ 100,518	$ 275,173
Levied on unappropriated earnings	9,223	8,496
Adjustment of prior periods	(1,513)	7,442
Investment credit	(2,910)	(3,645)
	105,318	287,466
Deferred income tax		
Incurred in the current year	(21,591)	(26,883)
Income tax expense recognized in profit and loss	$ 83,727	$ 260,583

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

	2023	2022
Profit (loss) from continuing operations before tax	$ 495,450	$ 1,341,906
Income tax expense calculated according to statutory tax rate for net income before tax	$ 99,244	$ 263,475
Tax-exempt income	(17,647)	(27,120)
Share of profit (loss) accounted for using equity method, net method	(18,288)	(6,789)
Expense loss that could not be deducted for tax	37	18
Levied on unappropriated retained earnings	9,223	8,496
Investment credit	(2,910)	(3,645)
Loss credit available	15,581	16,478
Current income tax expense of previous periods adjusted in the current year	(1,513)	7,442
Unrecognized deductible temporary difference.	-	2,228
Income tax expense recognized in profit and loss	$ 83,727	$ 260,583

(2) Income tax recognized in other comprehensive income

	2023	2022
Deferred income tax		
Incurred in the current year		
― Conversion through overseas operating agencies	$ 2,764	$ 4,388
― Unrealized profit and loss of financial assets at fair value through other comprehensive income	(31,515)	94,689
― Defined benefit plan re-measurement quantity	6	2,152
Income tax recognized in other comprehensive income	($ 28,745)	$ 101,229

(3) Current income tax assets and liabilities

	12/31/2023	12/31/2022
Current income tax assets		
Income tax refund receivable	$ 33	$ 4,176
Current tax liabilities		
Income tax payable	$ 95,123	$ 211,995

(4) Deferred income tax assets and liabilities

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

2023

	Beginning Balance	Recognized in profit and loss	Recognized in other comprehensive income	Ending Balance
Deferred tax assets				
Temporary difference				
Early recognition of sales income for tax purpose	$ 24,089	($ 18,437)	$ -	$ 5,652
Unrealized exchange loss	6,622	(1,058)	-	5,564
Unrealized sales cost	21,990	(5,837)	-	16,153
Unrealized Inventory write-off for market price decline	5,652	407	-	6,059
Unrealized vacation benefit payable	5,234	(253)	-	4,981
Investment loss accounted for using equity method	102,347	18,242	-	120,589
Profit from the disposal of overseas investment	5,027	-	-	5,027
Unrealized gross profit (loss) from sales	72	(51)	-	21
Investment impairment from accounted for using equity method Loss	580	-	-	580
Loss credit	5,030	2,332	-	7,362
Exchange loss from the conversion of financial statements of foreign operating institution	9,654	-	2,768	12,422
Defined pension plan	38,325	-	6	38,331
Unrealized valuation loss of financial assets at fair value of other comprehensive income	116	-	(116)	-
	$ 224,738	($ 4,655)	$ 2,658	$ 222,741
Deferred tax liabilities				
Temporary difference				
Early recognition of sales cost for tax purpose	$ 21,025	($ 16,732)	$ -	$ 4,293
Unrealized exchange profit	393	1,462	-	1,855
Investment profit under equity method	14,068	(10,976)	-	3,092
Unrealized valuation profit at fair value of other comprehensive income	122,218	-	31,399	153,617
Unrealized valuation profit at fair value of other comprehensive income	-	-	4	4
Land value increment in revaluation	172,429	-	-	172,429
	$ 330,133	($ 26,246)	$ 31,403	$ 335,290

2022

	Beginning Balance	Recognized in profit/ loss	Recognized in other comprehensive profit/loss	Ending Balance
Deferred tax assets				
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 Inventory write-off for market price decline	2,663	2,989	-	5,652
Unrealized vacation benefit payable	5,509	(275)	-	5,234
Investment loss accounted for using equity method	91,805	10,542	-	102,347
Profit from the disposal of overseas investment	5,027	-	-	5,027
Unrealized gross loss in sales	252	(180)	-	72
Impairment loss of investment accounted for using 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 pension plan	40,477	-	(2,152)	38,325
Unrealized valuation loss of financial assets at fair value of other comprehensive income	2,657	-	(2,541)	116
	$ 208,780	$ 25,039	($ 9,081)	$ 224,738
Deferred tax liabilities				
Temporary difference				
Early recognition of sales cost for tax purpose	$ 22,516	($ 1,491)	$ -	$ 21,025
Unrealized exchange profit	487	(94)	-	393
Investment profit accounted for using equity method	14,327	(259)	-	14,068
Unrealized valuation profit of financial assets at fair value of other comprehensive income	30,070	-	92,148	122,218
Land value increment in revaluation	172,429	-	-	172,429
	$ 239,829	($ 1,844)	$ 92,148	$ 330,133

(5) The amount of deductible temporary differences not recognized as deferred income tax assets.

	12/31/2023	12/31/2022
Loss credit	$ 940,081	$ 763,856

(6) Information on available loss credit

Information on the loss credit as of December 31, 2021 is as follows:

Balance of Available credit	Last year for deduction
$ 20,113	2024
21,044	2025
30,242	2026
55,169	2027
94,367	2028
170,484	2029
206,833	2030
131,270	2031
120,128	2032
90,431	2033
$ 940,081	

(7) Income tax audit

The tax collection agencies have the income tax returns of FUCC, UPM, Hershey Environmental Tech, Yongji Energy, Fusugar Industry Corp., Great Victory Chemical, and Yung Sheng Green Power, audited up to the year before 2021.

The local tax collection agencies have the income tax returns of Tanques Del Pacifico and TCDG audited up to the year before 2023.

29. Earnings per share (Note 29)

Unit: NT$/Share

	2023	2022
Basic earnings per share	$ 0.88	$ 2.27
Diluted earnings per share	$ 0.88	$ 2.27

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

Profit (loss)

	2023	2022
Net income attributable to FUCC owners	$ 418,188	$ 1,084,639

Shares

Unit: Thousand Shares

	2023	2022
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	897	1,761
Weighted average number of common stock shares for the calculation of diluted earnings per share	477,913	478,777

If the Company chooses 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.

30. Equity transactions with non-controlling interests

The consolidated company did not subscribe the new shares issued from a cash capital increase of Fusugar Industry Corp. proportionally to the shareholding ratio in November, 2022, resulting in an increase in its shareholding ratio from 91.49% to 93.23%.

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

2022

	F I C
Subsidiary's net assets book amount transferred from (to) the non-controlling interest according to the changes in relative equity.	($ 9,222)

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	F I C
Equity trade difference adjustments	
Capital reserve — Recognized changes in ownership equity in subsidiaries	($ 9,222)

31. Capital Risk Management

The consolidated company initiates capital management to 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; and thereby securing the company's sustainable operation, the pursuit of long-term profits for shareholders, and the stabilization in business performance, as well as to maximize the return of shareholders' equity.

32. Financial Instrument

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

1. Fair value level

12/31/2023

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
—Taiwan Innovation Board listing stock	$ -	$ 145,116	$ -	$ 145,116
—Domestic non-TWSE/TPEx listing stock	-	1,000	-	1,000
—Fund beneficiary certificate	24,207	-	-	24,207
Total	$ 24,207	$ 146,116	$ -	$ 170,323
Financial assets at fair value through other comprehensive income - non-current				
Equity instrument investment				
—Taiwan Innovation Board listing stock	$ -	$ 794,008	$ -	$ 794,008
—Domestic non-TWSE/TPEx listing stock	-	-	212,080	212,080
—Foreign non- listing OTC stock	-	-	144,487	144,487
Total	$ -	$ 794,008	$ 356,567	$ 1,150,575

12/31/ 2022

	Level 1	Level 2	Level 3	Total
Financial assets 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 at fair value through other comprehensive income - non-current				
Equity instrument investment				
—Domestic non-TWSE/TPEx listing stock	$ -	$ 637,137	$ 201,302	$ 838,439
—Foreign Non-listing (OTC) shares	-	-	144,363	144,363
—Anonymous portfolio investment	-	4,669	-	4,669
Total	$ -	$ 641,806	$ 345,665	$ 987,471

There was no transfer between Level 1 and Level 2 fair value measurements in 2023 and 2022.

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

Taiwan Innovation Board listing stock, domestic non-TWSE/TPEx listing stock, and anonymous portfolio investment adopt the market approach to evaluate the fair value.

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

2023

Financial Assets	Financial assets at fair value through other comprehensive income Equity Instrument
Balance beginning	$345,665
Recognized in other comprehensive income (unrealized profit and loss of financial assets at fair value through other comprehensive income)	10,902
Ending balance	$356,567

2022

Financial Assets	Financial assets at fair value through other comprehensive income Equity Instrument
Beginning balance	$311,609
Purchase	5,000
Recognized in other comprehensive income (unrealized profit and loss of financial assets at fair value through other comprehensive income)	29,056
Ending balance	$345,665

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

(1) Financial assets at fair value through other comprehensive income - domestic non-TWSE/TPEx listing company's equity investments is with its fair value estimated by referring to the comparable TWSE/TPEx listing companies. The significant 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 accordingly.

	12/31/2023	12/31/2022
Weighted average Cost of capital rate	9.75%	10.57%
Final value growth rate	2.00%	2.00%
Discount adjustment	30.00%	20.00%

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:

	12/31/2023	12/31/2022
Weighted average cost of capital rate		
Increased by 1%	($ 17,846)	($ 15,019)
Decreased by 1%	$ 23,146	$ 18,994

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	12/31/2023	12/31/2022
Final value growth rate		
Increased by 1%	$ 18,552	$ 11,927
Decreased by 1%	($ 14,224)	($ 9,453)
Discount adjustment		
Increased by 1%	($ 3,004)	($ 2,827)
Decreased by 1%	$ 2,915	$ 2,827

(2) Financial assets - foreign non-listed (OTC) company's equity investments, at fair value through other comprehensive income, are estimated in accordance with the cash flow discount method. The significant unobservable input values are long-term revenue growth rate, weighted average cost of capital, and discount for lack of marketability. When the weighted average capital cost increases, the fair value of these investments will decrease.

	12/31/2023	12/31/2022
Long-term revenue growth rate	2.00%	2.00%
Weighted cost of capital rate	8.66%	8.78%
Discount for marketability rate	30.00%	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:

	12/31/2023	12/31/2022
Long-term revenue growth rate		
Increased by 1%	$ 17,291	$ 16,128
Decreased by 1%	($ 12,776)	($ 11,982)
Weighted cost of capital rate		
Increased by 1%	($ 12,679)	($ 12,666)
Decreased by 1%	$ 17,152	$ 17,042

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	12/31/2023	12/31/2022
Discount for marketability rate		
Increased by 1%	($ 2,064)	($ 2,062)
Decreased by 1%	$ 2,064	$ 2,062

(2) Types of financial instruments

	12/31/2023	12/31/2022
Financial Assets		
At fair value through profit and loss		
At fair value through profit and loss mandatorily	$ 170,323	$ 230,890
Measured at the amortized cost (Note 1)	1,908,720	2,539,011
At fair value through other comprehensive income		
Value measurement Equity instrument investment	1,150,575	987,471
Financial Liabilities		
Measured at the amortized cost (Note 2)	2,537,109	3,591,143

Note 1: The balance amount includes cash and cash equivalents, financial assets measured at amortized cost, notes receivable, net accounts receivable, accounts receivable from related parties, other receivables, other receivables from related parties, guarantee deposits paid, and other financial assets, and financial assets that are measured at the amortized cost.

Note 2: The balance amount includes short-term borrowings, notes payable, accounts payable, other payables, other payables-related parties, long-term borrowings due within a year, current position and non-current borrowings, and other financial liabilities that are measured at the amortized cost.

(3) Objectives and Policies of Financial risk Management

The main financial instruments of the consolidated company include cash and cash equivalents, equity instrument investment,

accounts receivable, accounts payable, borrowings, and lease liabilities. The financial management department of the consolidated company provides services to all business units, plans and coordinates the access to operations in the domestic and international financial markets, and thereby analyzes internal risk report supervision manages the financial risks related to the consolidated company according to the degree and breadth of risks. Such 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 arising from the operating activities of the consolidated 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 consolidated 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 consolidated company is mainly for the purpose of risk hedging, 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 38 for the book value of monetary assets and monetary liabilities denominated in non-functional currencies of the consolidated 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 consolidated company is mainly affected by fluctuations in the exchange rates of the US dollar, Eur and Japanese Yen.

The exchange risks associated with the monetary items of the consolidated company mainly come from the bank deposits, accounts receivables, other receivables, and bank loans priced in foreign currencies that are still outstanding without hedging through cash flow on the date of preparation of balance sheet. The exchange profit/loss incurs at the exchange of foreign currency. The sensitivity ratio referred to when reporting the exchange rate risks to the internal management of the consolidated company is appreciated or depreciated by 1%, which also represents the management's assessment of the reasonably possible range of changes in foreign currency exchange rates. With all other factors remain unchanged, the inflation of New Taiwan Dollar relative to foreign currency by 1% will decrease the net income before tax or equity by NT$5,602 thousand and NT$10,801 thousand in 2023 and 2022 respectively. On contrary, the deflation of New Taiwan Dollar relative to foreign currency by 1% will result in the negative number of same amounts for the net income before tax or equity. The analysis of the two periods adopts the same basis.

The management believes that the 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 business entities in the consolidated company borrow funds at fixed and floating interest rates at the same time, which results in interest rate risk.

The book amount of the financial assets and financial liabilities of the consolidated company with interest rate risk exposure on the balance sheet date are as follows:

	12/31/2023	12/31/2022
With fair value interest rate risk		
—Financial Assets	$ 166,500	$ 637,672
— Financial Liabilities	1,640,734	1,209,221
With cash flow interest rate risk		
—Financial Assets	338,302	677,889
— Financial Liabilities	678,740	1,446,194

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 in circulation on the balance sheet date was outstanding throughout the reporting period. The rate of change used when reporting interest rates internally to the management of the consolidated company is an increase or decrease by 100 base points, which also represents the management's assessment of the reasonably possible range of changes in interest rates.

If the interest rate increases by 100 base points and all other variables remain unchanged, the consolidated company's 2023 and 2022 net income before tax will decrease by NT$3,404 thousand and NT$7,683 thousand, respectively. On contrary, if the interest rate decreases by 100 base points, the net income before tax will decrease by the negative number of the same amount respectively, mainly due to the consolidated company's variable interest rate deposits and net position of variable interest rate loans.

(3) Other Price Risks

The consolidated company incurs equity price risk exposure due to equity securities investment. The equity securities investment is not held for trading but rather a strategic investment. The consolidated company does not actively trade these investments but assign personnel in charge to monitor price risks and assess 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 increases/decreases by 1%, the comprehensive income before tax in 2023 and 2022 will increase/decrease by NT$1,703 thousand and NT$2,309 thousand, respectively, due to the increase/decrease in the fair value of financial assets at fair value through comprehensive income. The other comprehensive income before tax in 2023 and 2022 will increase/decrease by NT$11,506 thousand and NT$9,875 thousand, respectively, due to the increase/decrease in the fair value of financial assets at fair value through other comprehensive income.

2. Credit Risk

Credit risk refers to the risk that the counterparty of the transaction defaults on contractual obligations and causes financial losses to the consolidated company. As of the balance sheet date, the maximum credit risk exposure of the consolidated company that may cause financial losses due to the counterparty's failure to perform its obligations is mainly derived from the book amount of financial assets recognized in the consolidated balance sheets.

The accounts receivable is to be collected from many customers distributed in different industries and geographic regions. The consolidated company constantly evaluates the financial status of accounts receivable customers.

In addition, since the counterparties of liquid funds and derivative financial instruments are financial institutions and corporate organizations with good credit ratings, the credit risk is limited.

3. Liquidity Risk

The consolidated company manages and maintains sufficient cash and cash equivalents to support the consolidated company's operations and reduce the impact of cash flow fluctuations. The management of the consolidated company supervises the use of bank loan commitments and ensures compliance with the terms of the loan contracts.

Bank loans are important source of liquidity to the consolidated company. Please refer to the description of (2) loan commitments below for the loan commitments available to the consolidated company as of December 31, 2023 and 2022.

(1) Liquidity and interest rate risk list of non-derivative financial liabilities

The following table describes the analysis of payment period agreed for the remaining non-derivative financial liabilities of the consolidated company. It is based on the earliest possible repayment date of the consolidated company and the undiscounted cash flow of financial liabilities, including the cash flow from the interest and principal.

The bank loans of the consolidated 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.

12/31/2023

	Immediate payment or paying within 1 year	1~2 Years	2~5 Years	Over 5 Years
Non-derivative financial liabilities				
Non-interest-bearing liabilities	$ 1,010,265	$ -	$ -	$ -
Lease liabilities	91,246	83,005	249,165	607,763
Floating interest rate instrument	680,177	-	-	-
Fixed interest rate instrument	849,073	-	-	-
	$ 2,630,761	$ 83,005	$ 249,165	$ 607,763

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

(2) Loan Commitments

	12/31/2023	12/31/2022
Unguaranteed bank loan commitments		
－Loan commitments applied	$ 1,417,844	$ 2,054,937
－Loan commitments not applied	3,630,491	2,679,398
	$ 5,048,335	$ 4,734,335
Guaranteed bank loan commitments		
－Loan commitments applied	$ 109,000	$ 90,313
－Loan commitments not applied	140,000	142,087
	$ 249,000	$ 232,400

33. Related-Party Transactions

The transactions, account balances, and income and expenses between the consolidated companies shall all be eliminated at the time of consolidation, which are thereby not disclosed in this note. The

transactions between the consolidated company and other related parties are as follows.

(1) Name and relationship of related parties

Name of related parties	Relation with consolidated company
Defia Co., Ltd. (Defia)	Associate
Pei Ting Energy Co., Ltd. (Pei Ting Energy)	Associate
Chang Chun Formosan Union Fine Chemical (Changshu) Co., Ltd.	Joint Venture
Shinben Enterprise Co., Ltd. (Shinben Enterprise)	Other related party (FUCC chairman acting as the director of Shinben)
Meiluan Investment Co., Ltd.	Other related party (FUCC chairman acting as the director of Meiluan)

(2) Operating Income

Accounts	Classification of related party	2023	2022
Sales Income	Joint Venture	$ 171,588	$ 288,900
Rework Income	Associate	$ 1,500	$ -

The transactions conducted with the related party are with a price and payment term equivalent to other non-related parties, except for the 1~2-month credit term.

(3) Purchase

Accounts	Classification of related party	2023	2022
Purchase	Joint Venture	$ 19,720	$ 22,017

The transactions conducted with the related party are with a price and payment term equivalent to other non-related parties, except for the 1-month credit term.

(4) Accounts receivables from related parties

Accounts	Classification of related party/Title	12/31/2023	12/31/2022
Account receivables from related party	Associate/Defia	$ 259	$ -
Other receivables from related party	Associate/Defia	$ 3	$ 3,252

No guarantee is received for the outstanding accounts receivable from related parties. The 2023 and 2022 receivables from the related parties were not appropriated as allowance for loss.

(5) Payables to related parties (excluding borrowings from related parties)

Account	Classification or related party/Title	12/31/2023	12/31/2022
Other payables to related parties	Associate/Defia	$ 240	$ 1,180
	Associate / Pei Ting Energy	335	402
		$ 575	$ 1,582

Outstanding accounts payables to related party do not provide security.

(6) Prepayment for houses and land (under account of prepayment of business facilities)

Classification of Related Party / Title	12/31/2023	12/31/2022
Other related party / Shinben Enterprise Co., Ltd.	$ 50,155	$ 50,155

The Company purchased land and building in Wanghua District of Taipei City from other related party – Shinben Enterprise in 2020 and shall pay the project payment according to the contract terms and construction schedule.

(7) Disposal of property, plant and equipment

	Disposal Price		Disposal (Loss) Profit	
Classification of Related Party	2023	2022	2023	2022
Associate	$ -	$ 138	$ -	$ -

(8) Lease Agreement

Operating Lease

The total amount of lease payment to be collected in the future is summarized below:

Classification of Related Party	2023	2022
Associates	$ -	$ 80

The lease income is summarized below:

Classification of Related Party	2023	2022
Associates	$ 80	$ 160

(9) Other Income

Accounts	Classification of Related Party	2023	2022
Other Income	Associates	$ 56	$ 2,377

(10) Borrowings from related parties

Interest expenses

Classification of Related Party	2023	2022
Other Related Parties	$ -	$ 1

The borrowing interest rate for the consolidated company to borrow from the related parties in December 2021 was based on the base interest rate of 2.37% issued by the Bank of Taiwan. The borrowing from related parties was unsecured loans.

(11) Endorsements/guarantees

Please refer to Note 35-2.

(12) Remunerations to the key management personnel

	2023	2022
Short-term employee benefits	$ 96,858	$ 151,470
Pensions after retirement	2,414	2,453
	$ 99,272	$ 153,923

The remuneration to directors and other key management personnel is determined in accordance with individual performance evaluation and market trends.

34. Collateral Assets

The following assets of the consolidated company have been provided as the bid bonds of purchase and the collateral of financial borrowing and financing credit of loans:

	12/31/2023	12/31/2022
Property, plant and equipment		
Proprietary Land	$ 825,787	$ 825,787
House and building	676,974	686,637
Machinery equipment	-	409,064
Investment property		
Proprietary Land	983	983
Other non-current assets—		
Collateral time deposit	27,000	41,000
	$ 1,530,744	$ 1,963,471

35. Contractual Commitment with Material or Liabilities without Recognition

The material commitments and contingencies of the consolidated company on the balance sheet date are as follows:

(1) As of December 31, 2023 and 2022, respectively, the consolidated company has issued a letter of credit for material procurement with an outstanding balance of NT$236,000 thousand and NT$260,000 thousand, and US$2,764 thousand and US$1,646 thousand, and Japanese Yen in the amount of JPY66,942 thousand and JPY86,540 thousand.

(2) Making of notes endorsement and guarantee:

1. As of December 31, 2023 and 2022, FUCC issued bills of endorsements /guarantees for Fusugar Industry Corp (FIC) in the amount of NT$69,000 thousand and NT$50,000 thousand, respectively. The amount was approved by the FUCC Board of Directors and the actual amounts used were NT$69,000 thousand and NT$50,000 thousand.
2. As of December 31, 2023 and 2022, Hershey Environmental Tech issued bills of endorsements /guarantees for FUCC in the amount of NT$3,950 thousand. It was approved by Hershey Environmental Tech Board of directors that the actual amount used was NT$3,950 thousand.

(3) As of December 31, 2023 and 2022, the consolidated company has signed contract for the property, plant and equipment, with an outstanding unpaid amount of NT$289,291 thousand Please refer to Note 34-6.

36. Other Matters

None.

37. Material Post-Period Matters

None.

38. Information on Assets and Liabilities in Foreign Currency with Material Impact

The following information is summarized and expressed in foreign currencies other than the functional currencies of each business entity in the consolidated companies. The disclosed exchange rates refer to the

exchange rates for the conversion of the foreign currencies into functional currencies. The assets and liabilities in foreign currency with material impact are as follows:

12/31/2023

	Foreign Currency	Exchange Rate		Book Value
Assets in foreign currency				
Monetary items				
USD	$ 30,560	30.6550	(USD: NTD)	$ 936,832
JPY	89,352	0.2152	(JPY: NTD)	19,229
Non-monetary items				
Financial assets at fair value through other comprehensive income - non-current				
RMB	33,392	4.3270	(RMB: NTD)	144,487
Associate and joint venture accounted for using equity method				
VND	132,317,477	0.0015	(VND: NTD)	196,885
RMB	126,765	4.3352	(RMB: NTD)	549,552
Liabilities in foreign currency				
Monetary items				
USD	12,429	30.7550	(USD: NTD)	382,252
EUR	399	34.1800	(EUR: NTD)	13,653

12/31/ 2022

	Foreign Currency	Exchange Rate		Book Value
Assets 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 at fair value through other comprehensive income - non-current				
RMB	32,750	4.4080	(RMB: NTD)	144,363
JPY	20,090	0.2324	(JPY: NTD)	4,669

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	Foreign Currency	Exchange Rate		Book Value
Associate and joint venture accounted for using 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

The consolidated 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 foreign exchange profit and loss of material impact (realized and unrealized) is as follows:

	2023		2022	
Functional currency	Functional currency to expressing currency	Net exchange Profit	Functional currency to expressing currency	Net exchange Profit
NTD	1 (NTD : NTD)	$ 16,254	1 (NTD : NTD)	$ 136,324

39. Notes to Disclosure

(1) Material Transaction Related Information:

1. Loaning of funds（Appendix 1）.
2. Making of endorsements/guarantees (Appendix 2).
3. The valuable securities held at yearend (excluding investment in the equity of the subsidiaries, associates, and joint venture) (Appendix 3).
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 (Appendix 4).
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 the amount, between the parent company and subsidiaries (Appendix 5).

(2) Reinvestment Related Information: (Appendix 6)

(3) Investments in Mainland China:

1. The name of the invested company in mainland China, main business operations, paid-in capital, investment methods, capital remittances inwards and outwards, shareholding ratio, investment profit and loss, year-end investment book amount, investment profit and loss remitted inward, and limits of investment in Mainland China (Appendix 7).
2. The following major transactions, prices, payment terms, and unrealized profit and loss, occurred directly or indirectly with the invested company in mainland China through the third region: (Appendix 4)
   (1) The purchase amount and percentage and the year-end balance and percentage of related payables;
   (2) The amount and percentage of sales and the year-end balance and percentage of related receivables;
   (3) The amount of property transactions and the amount of profit and loss resulted;
   (4) The endorsement/guarantee of the bill or the year-end balance of the collateral provided and its purpose;
   (5) The maximum balance, year-end balance, interest rate range, and total current interest of financing;

(6) Other transactions that have a significant impact on the current profit and loss or financial status, such as the labor service provided or received... etc.

(4) Major Shareholders: The name, shares held, and shareholding ratio of the shareholders with 5% or more of the equity ratio (Appendix 8)

40. Department Information

The information is provided to the business decision makers for allocating resources and evaluating departmental performance, which focuses on each type of product or service delivered or provided. The Alkylation Manufacturing Department and the Hydrocarbon Resin Manufacturing Department of the consolidated company must be reported. The Alkylation Manufacturing Department mainly produces alkylbenzene and Nonyl Phenol. The Hydrocarbon Resin Manufacturing Department mainly produces hydrocarbon 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, and the processing and manufacturing of petrochemical engineering.

(1) Departmental income and operating results

The income and operating results of the business unit of the consolidated company are analyzed according to the reporting department as follows:

2023

	Alkylation	Hydrocarbon resin	Others	Total
Income from external customers	$ 7,355,600	$ 1,479,711	$ 596,982	$ 9,432,293
Interdepartmental income	353,091	239,607	17,133	609,831
Departmental income	$ 7,708,691	$ 1,719,318	$ 614,115	10,042,124
Internal write-off				(609,831)
Consolidated income				$ 9,432,293
Departmental profit and loss	$ 596,025	($ 97,716)	($ 443)	$ 497,866
Share of profit (loss) of associates and joint ventures accounted for using equity method, net (Note 13)				(2,416)
Profit (loss) from continuing operations before tax				$ 495,450

2022

	Alkylation	Hydrocarbon resin	Others	Total
Income from external customers	$ 8,421,958	$ 1,626,398	$ 522,870	$10,571,226
Interdepartmental income	383,504	452,686	11,883	848,073
Departmental income	$ 8,805,462	$ 2,079,084	$ 534,753	11,419,299
Internal write-off				(848,073)
Consolidated income				$10,571,226
Departmental profit and loss	$ 1,272,101	$ 33,731	($ 1,153)	$ 1,304,679
Share of profit (loss) of associates and joint ventures accounted for using equity method, net (Note 13)				37,227
Profit (loss) from continuing operations before tax				$ 1,341,906

(2) Total departmental assets

Departmental Assets	12/31/2023	12/31/2022
Operating Department		
Alkylation Manufacturing Department	$ 7,474,393	$ 8,026,633
Hydrocarbon Resin Department	1,975,647	2,514,210
Other Departments	2,641,101	2,729,489
Total Consolidated Assets	$ 12,091,141	$ 13,270,332

(3) Income from main products

The income analysis of the main products of the parent company and its subsidiaries is as follows:

	2023	2022
Alkylation	$ 7,355,600	$ 8,421,958
Hydrocarbon resin	1,479,711	1,626,398
Others	596,982	522,870
	$ 9,432,293	$ 10,571,226

(4) Regional information

The operating income of the consolidated company from external customers is classified by the country where the customers are located as follows:

	Income generated from external customers	
	2023	2022
Taiwan	$ 1,995,457	$ 2,180,587
China	1,709,046	2,025,813
Guatemala	1,571,795	1,515,184
The Philippines	658,043	863,971
Vietnam	603,552	584,562
U.S.A.	592,037	554,025
Others	2,302,363	2,847,084
	$ 9,432,293	$ 10,571,226

(5) Major customer information

The direct sales income amounted to NT$9,432,293 thousand and NT$10,571,226 thousand in 2023 and 2022, respectively, of which, NT$1,571,795 thousand and NT$1,515,184 thousand were generated from the largest customers of the consolidated company.

FORMOSAN UNION CHEMICAL CORPORATION AND SUBSIDIARIES

Loaning of funds

January 1 to December 31, 2023

Appendix 1

Unit: NTD Thousand

No.	Lending company	Borrower	Account	A related party	Maximum balance - current	Ending Balance	Actual Loan Amount	Interest rate range	Nature of loaning of funs	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	Remark
													Name	Value			
1	United Performance Materials Corporation	Fusugar Industry Corp.	Other receivable due from related parties	Yes	$ 110,000	$ 90,000	$ -	Note 7	Needs for short-term loans	$ -	Working capital	$ -	-	$ -	$ 111,039 (Note 1)	$ 222,078 (Note 2)	
2	Great Victory Chemical Industry Co., Ltd.	Fusugar Industry Corp.	Other receivable due from related parties	Yes	94,000	90,000	8,000 (Note 8)	3.119%	Needs for short-term loans	-	Working capital	-	-	-	104,135 (Note 3)	208,270 (Note 4)	
2	Great Victory Chemical Industry Co., Ltd.	Hershey Environmental Technology Co., Ltd.	Other receivable due from related parties	Yes	80,000	80,000	-	Note 7	Needs for short-term loans	-	Working capital	-	-	-	104,135 (Note 3)	208,270 (Note 4)	
3	Hershey Environmental Technology Co., Ltd.	Fusugar Industry Corp.	Other receivable due from related parties	Yes	55,000	40,000	-	Note 7	Needs for short-term loans	-	Working capital	-	-	-	56,540 (Note 5)	113,080 (Note 6)	

Note 1: The loaning of fund limit for one single company is no more than 10% of the net equity value of UPM, namely $1,110,392×10%＝$111,039.

Note 2: The total loaning of fund limit is no more than 20% of the net equity value of UPM, namely $1,110,392×20%＝$222,078.

Note 3: The loaning of fund limit for one single company is no more than 10% of the net equity value of Great Victory Chemical, namely $1,041,352×10%＝$104,135.

Note 4: The total loaning of fund limit is no more than 20% of the net equity value of Great Victory Chemical, namely $1,041,352×20%＝$208,270.

Note 5: The loaning of fund limit for one single company is no more than 10% of the net equity value of Hershey Env. Tech, namely $565,398×10%＝$56,540.

Note 6: The total loaning of fund limit is no more than 20% of the net equity value of Hershey Env. Tech, namely $565,398×20%＝$113,080.

Note 7: Calculated using the base interest rate from Bank of Taiwan on the day of drawing.

Note 8: Written-off at the time of preparing the consolidated financial statements.

FORMOSAN UNION CHEMICAL CORPORATION AND SUBSIDIARIES

Making of Endorsements/Guarantees

January 1 to December 31, 2023

Appendix 2

Unit: NTD 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/Guaranteed 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 the parent company for subsidiary	Making of endorsement/guarantee by subsidiary for parent company	Endorsement/guarantee attributable to mainland China	Remark
		Company Name	Relation (Note 1)											
0	FORMOSAN UNION CHEMICAL CORPORATION	Fusugar Industry Corp.	2	$ 1,597,034 (Note 2)	$ 69,000	$ 69,000	$ 69,000	$ -	0.86%	$ 3,992,586 (Note 3)	Yes	No	No	
1	Hershey Environmental Technology Co., Ltd.	FORMOSAN UNION CHEMICAL CORPORATION	3	113,080 (Note 4)	3,950	3,950	3,950	3,950	0.70%	282,699 (Note 5)	No	Yes	No	

Note 1: There are 7 types of relationships between the endorsing/guaranteeing company and the endorsed/guaranteed company. Please indicate the type of relationship:

(1) 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 endorsement/guarantee amount for one single enterprise is limited to no more than 20% of the company's net worth, namely $7,985,172×20%＝$1,597,034.

Note 3: The total endorsement/guarantee amount is limited to no more than 50% of the company's net worth, namely $7,985,172×50%＝$3,992,586.

Note 4: The endorsement/guarantee amount for one single enterprise is limited to no more than 20% of the net worth of Hershey Env. Tech, $565,398×20%＝$113,080.

Note 5: The total endorsement/guarantee amount is limited to no more than 50% of the net worth of Hershey Env. Tech, namely $565,398×50%＝$282,699.

FORMOSAN UNION CHEMICAL CORPORATION AND SUBSIDIARIES

Securities Held at Yearend

December 31, 2023

Appendix 3

Unit: NTD Thousand

Shareholding company	Type and name of marketable securities	Relationship with security issuer	Accounts	Year end				Remark
				Shares/Units	Book Value	Shareholding Ratio (%)	Market Price	
FORMOSAN UNION CHEMICAL CORPORATION	Kenwell Industrial Pte Ltd / Shares	—	Financial assets at fair value through other comprehensive income - non-current	4,927,717.00	$ 144,487	19.74%	$ 144,487	
FORMOSAN UNION CHEMICAL CORPORATION	J & V Energy Technology Co., Ltd. / Shares	—	Financial assets at fair value through other comprehensive income - non-current	8,393,318.00	794,008	7.22%	794,008	
FORMOSAN UNION CHEMICAL CORPORATION	SHUN JU ENTERPRISE CO., LTD. / Shares	—	Financial assets at fair value through other comprehensive income - non-current	1,400,000.00	-	3.14%	-	
FORMOSAN UNION CHEMICAL CORPORATION	Kolyn Technology Corporation /Shares	—	Financial assets at fair value through other comprehensive income - non-current	70,000.00	-	1.06%	-	
FORMOSAN UNION CHEMICAL CORPORATION	J & V Energy Technology Co., Ltd. / Shares	—	Financial assets at fair value through profit or loss - Current	1,534,000.00	145,116	1.32%	145,116	
FORMOSAN UNION CHEMICAL CORPORATION	Uspace Tech Co., Ltd. / Shares	—	—Financial assets at fair value through profit or loss -Current	25,000.00	1,000	0.14%	1,000	
Great Victory Chemical Industry Co., Ltd.	Sino-Japan Chemical Co., Ltd. / Shares	—	Financial assets at fair value through other comprehensive income - non-current	88,345.00	207,080	6.10%	207,080	
Great Victory Chemical Industry Co., Ltd.	Global Cooperation Development Corp. / Shares	—	Financial assets at fair value through other comprehensive income - non-current	500,000.00	5,000	21.74%	5,000	
Great Victory Chemical Industry Co., Ltd.	Capital Money Market Fund/ Beneficiary certificate	—	Financial assets at fair value through profit or loss—Current	1,459,905.50	24,207	-	24,207	註 1

Note 1: The market price of fund beneficiary certificates is estimated according to the net value of fund assets on December 31, 2023.

Note 2: Please refer to Appendix 6 and Appendix 7 for the information of investment in subsidiaries, associates, and joint ventures.

FORMOSAN UNION CHEMICAL CORPORATION AND SUBSIDIARIES

NT$100 million in purchase amount or sales amount with related party or 20% of the paid-in capital

January 1 to December 31, 2023

Appendix 4

Unit: NTD Thousand

Buying (selling) company	Name of counterparty	Relation	Transactions				Different trade terms from general trading conditions and the reasons		Notes and accounts receivable (payable)		Remark
			Purchase (sale)	Amount	Ratio to total purchase (sale)	Credit period	Unit Price	Credit period	Balance	Ratio to total notes and accounts receivable (payable)	
FORMOSAN UNION CHEMICAL CORPORATION	United Performance Materials Corporation	Subsidiary	Sale	$ 196,068 (Note 1)	2.87%	1～2 months	Contract price/ Equivalent to general trade terms	1～2 months	$ 19,819	2.80%	Note 5
United Performance Materials Corporation	FORMOSAN UNION CHEMICAL CORPORATION	Parent Company	Purchase	196,068 (Note 2)	13.36%	1～2 months	Contract price/ Equivalent to general trade terms	1～2 months	(19,819)	41.04%	Note 5
FORMOSAN UNION CHEMICAL CORPORATION	Hershey Environmental Technology Co., Ltd.	Subsidiary	Sale	107,517	1.57%	1～2 months	Equivalent to general trade terms	1～2 months	17,155	2.42%	Note 5
Hershey Environmental Technology Co., Ltd.	FORMOSAN UNION CHEMICAL CORPORATION	Parent Company	Purchase	107,517	10.70%	1～2 months	Equivalent to general trade terms	1～2 months	(17,155)	87.99%	Note 5
FORMOSAN UNION CHEMICAL CORPORATION	Hershey Environmental Technology Co., Ltd.	Subsidiary	Purchase	217,928 (Note 3)	3.67%	1～2 months	Contract price/ Equivalent to general trade terms	1～2 months	(22,162)	3.70%	Note 5
Hershey Environmental Technology Co., Ltd.司	FORMOSAN UNION CHEMICAL CORPORATION	Parent Company	Sale	217,928 (Note 4)	20.74%	1～2 months	Contract price/ Equivalent to general trade terms	1～2 months	22,162	9.80%	Note 5
FORMOSAN UNION CHEMICAL CORPORATION	Chang Chun Formosan Union Fine Chemical (Changshu) Co., Ltd.	Joint Venture	Sale	171,588	2.51%	1 month	Equivalent to general trade terms	1 month	-	-%	

Note 1: Including processing income of NT$179,755 thousand and sales income of NT$16,313 thousand.

Note 2: Including processing expense of NT$179,755 thousand and purchase NT$16,313 thousand.

Note 3: Including processing expense of NT$124,280 thousand and purchase NT$93,648 thousand.

Note 4: Including processing income of NT$124,280 thousand and sales income of NT$93,648 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 to December 31, 2023

Appendix 5

Unit: NTD Thousand

No. (Note 1)	Name of counterparty	Counterparty	Relationship with the counterparty (Note 2)	Transactions			
				Account	Amount	Trade Terms	Ratio to consolidated total income or total assets (%)
0	FORMOSAN UNION CHEMICAL CORPORATION	United Performance Materials Corporation	1	Accounts receivable	$ 19,819	Equivalent to general trade terms	-
0	FORMOSAN UNION CHEMICAL CORPORATION	United Performance Materials Corporation	1	Other receivable	2,589	Equivalent to general trade terms	-
0	FORMOSAN UNION CHEMICAL CORPORATION	United Performance Materials Corporation	1	Accounts payable	2,793	Equivalent to general trade terms	-
0	FORMOSAN UNION CHEMICAL CORPORATION	United Performance Materials Corporation	1	Sale	16,313	Equivalent to general trade terms	-
0	FORMOSAN UNION CHEMICAL CORPORATION	United Performance Materials Corporation	1	Processing income	179,755	Contract Price	2%
0	FORMOSAN UNION CHEMICAL CORPORATION	United Performance Materials Corporation	1	Purchase	61,740	Equivalent to general trade terms	1%
0	FORMOSAN UNION CHEMICAL CORPORATION	Hershey Environmental Technology Co., Ltd.	1	Accounts receivable	17,155	Equivalent to general trade terms	-
0	FORMOSAN UNION CHEMICAL CORPORATION	Hershey Environmental Technology Co., Ltd.	1	Accounts payable	22,162	Equivalent to general trade terms	-
0	FORMOSAN UNION CHEMICAL CORPORATION	Hershey Environmental Technology Co., Ltd.	1	Other payables	3,437	Equivalent to general trade terms	-
0	FORMOSAN UNION CHEMICAL CORPORATION	Hershey Environmental Technology Co., Ltd.	1	Sale	107,517	Equivalent to general trade terms	1%
0	FORMOSAN UNION CHEMICAL CORPORATION	Hershey Environmental Technology Co., Ltd.	1	Purchase	93,648	Equivalent to general trade terms	1%
0	FORMOSAN UNION CHEMICAL CORPORATION	Hershey Environmental Technology Co., Ltd.	1	Processing expense	124,280	Contract Price	1%
0	FORMOSAN UNION CHEMICAL CORPORATION	Hershey Environmental Technology Co., Ltd.	1	Rental Income	10,696	Contract Price	-
0	FORMOSAN UNION CHEMICAL CORPORATION	Hershey Environmental Technology Co., Ltd.	1	Rental Expense	32,704	Contract Price	-
0	FORMOSAN UNION CHEMICAL CORPORATION	Great Victory Chemical Industry Co., Ltd.	1	Other Income	4,359	Equivalent to general trade terms	-
1	United Performance Materials Corporation	Hershey Environmental Technology Co., Ltd.	3	Accounts payable	19,819	Equivalent to general trade terms	-
1	United Performance Materials Corporation	Hershey Environmental Technology Co., Ltd.	3	Other payables	1,105	Equivalent to general trade terms	-
1	United Performance Materials Corporation	Hershey Environmental Technology Co., Ltd.	3	Sale	(1,888)	Equivalent to general trade terms	-

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No. (Note 1)	Name of counterparty	Counterparty	Relationship with the counterparty (Note 2)	Transactions			
				Account	Amount	Trade Terms	Ratio to consolidated total income or total assets (%)
1	United Performance Materials Corporation	Hershey Environmental Technology Co., Ltd.	3	Purchase	2,333	Equivalent to general trade terms	-
1	United Performance Materials Corporation	Hershey Environmental Technology Co., Ltd.	3	Rental Expense	20,233	Contract Price	-
2	Hershey Environmental Technology Co., Ltd.	Great Victory Chemical Industry Co., Ltd.	3	Accounts receivable	3,000	Equivalent to general trade terms	-
2	Hershey Environmental Technology Co., Ltd.	Great Victory Chemical Industry Co., Ltd.	3	Sale	9,000	Equivalent to general trade terms	-
3	Fusugar Industry Corp.	Great Victory Chemical Industry Co., Ltd.	3	Other payables	8,021	Equivalent to general trade terms	-
4	Tanques Del Pacifico, S.A.	FORMOSAN UNION CHEMICAL CORPORATION	2	Rental Income	17,133	Contract Price	-

Note 1: The business transaction information between the parent company and its subsidiaries should be indicated in the respective column. The method of filling in the respective column is as follows:

(1) Fill in “0” for the parent company.

(2) Subsidiaries are numbered sequentially starting from Arabic numeral “1” in an orderly sequence.

Note 2: “1” represents the parent company to the subsidiary, “2” represents the subsidiary to the subsidiary, and “3” represents the subsidiary to subsidiary.

Note 3: All the aforementioned transactions have been written off when the consolidated financial statements are prepared.

FORMOSAN UNION CHEMICAL CORPORATION AND SUBSIDIARIES

Invested company information, location and other related Information

January 1 to December 31, 2023

Appendix 6

Unit: NTD Thousand

Name of Investing Company	Name of invested company	Location	Main Business Lines	Beginning investment amount		Shareholding end of the year			Current Profit (Loss) of Invested Company	Investment Profit (Loss) Recognized in Current Period	Remark
				End of this year	End of last year	Shares	Ratio (%)	Book Value			
FORMOSAN UNION CHEMICAL CORPORATION	United Performance Materials Corporation	Taipei City	Manufacturing, rework and buying/selling hydrocarbon resin, polyester polyo1, Melamine resin, resin clay, Urea resin, alkyd resin, acetate resin, butyric acid resin, and aromatics solvent. .	$ 603,812	$ 603,812	72,202,200	80.25%	$ 972,400	($ 13,155)	($ 10,462)	Note 1
FORMOSAN UNION CHEMICAL CORPORATION	Hershey Environmental Technology 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%	567,122	26,620	27,044	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	1,816,555	128,993,285	88.35%	746,167	(77,903)	(68,828)	Note 1
FORMOSAN UNION CHEMICAL CORPORATION	Great Victory Chemical Industry Co., Ltd.	Taipei City	Pesticide manufacturing and sales.	401,364	401,364	19,800,000	100.00%	1,041,351	52,466	52,466	Note 1
FORMOSAN UNION CHEMICAL CORPORATION	Tanques Del Pacifico, S.A.	Guatemala	Warehouse silo lease.	28,513	28,513	900	100.00%	31,565	3,691	1,741	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%	12,585	29,120	5,824	Note 2
FORMOSAN UNION CHEMICAL CORPORATION	Sheng Hua Develop Co., Ltd.	Taoyuan City	Engaged in the trading and holding of residential and commercial real estate and land development operations.	30,000	30,000	30,000	10.00%	29,875	(458)	(46)	Note 2 and Note 3
FORMOSAN UNION CHEMICAL CORPORATION	Pei Ting Energy Co., Ltd.	Taichung City	The establishment of Photovoltaics system, operation maintenance and agency of Huawei products.	3,500	3,500	350,000	35.00%	11,790	17,993	6,298	Note 1
FORMOSAN UNION CHEMICAL CORPORATION	Chang Chun Formosan Union Fine Chemical (Changshu) Co., Ltd.	Changshou	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.	620,562	620,562	-	50.00%	549,552	(36,723)	(18,362)	Note 1

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Name of Investing Company	Name of invested company	Location	Main Business Lines	Beginning investment amount		Shareholding end of the year			Current Profit (Loss) of Invested Company	Investment Profit (Loss) Recognized in Current Period	Remark
				End of this year	End of last year	Shares	Ratio (%)	Book Value			
FORMOSAN UNION CHEMICAL CORPORATION	Soft Industry Corp.	Vietnam	Engaged in the manufacturing, processing, and trading of alkylbenzene and sulfonic acid.	192,414	97,779	-	46.20%	196,885	10,372	4,864	Note 1 and Note 4
FORMOSAN UNION CHEMICAL CORPORATION	Soft Chemical Corp.	Vietnam	Engaged in the manufacturing, processing, and trading of alkylbenzene and sulfonic acid.	-	43,707	-	-	-	(2,364)	(994)	Note 1 and Note 4
United Performance Materials Corporation	Fusugar Industry Corp.	Taichung City	Petrochemical raw materials, synthetic resins, rubber and plastics, other chemical products manufacturing and wholesale, and sugar manufacturing.	$ 29,913	$ 29,913	1,794,787	1.23%	$ 10,382	($ 77,903)	($ 958)	Note 1
Hershey Environmental Technology Co., Ltd.	United Performance Materials Corporation	Taipei City	Manufacturing, rework and buying/selling hydrocarbon resin, polyester polyo1, Melamine resin, resin clay, Urea resin, alkyd resin, acetate resin, butyric acid resin, and aromatics solvent.	23,858	23,858	1,216,088	1.35%	20,136	(13,155)	(172)	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).	68,400	85,500	6,840,000	100.00%	75,587	4,299	4,299	Note 1
Hershey Environmental Technology Co., Ltd.	Yongji Energy Co., Ltd.	Taipei City	Thermal energy supply industry, cleaning product wholesale industry, and installation and wholesale industry of electrical appliances, machinery…etc.	3,878	3,878	387,840	50.00%	6,544	988	494	Note 2
Great Victory Chemical Industry Co., Ltd.	United Performance Materials Corporation	Taipei City	Manufacturing, rework and buying/selling hydrocarbon resin, polyester polyo1, Melamine resin, resin clay, Urea resin, alkyd resin, acetate resin, butyric acid resin, and aromatics solvent.	8,472	8,472	436,800	0.49%	5,391	(13,155)	(64)	Note 1
Great Victory Chemical Industry Co., Ltd.	Fusugar Industry Corp.	Taichung City	Petrochemical raw materials, synthetic resins, rubber and plastics, other chemical products manufacturing and wholesale, and sugar manufacturing.	94,287	94,287	5,657,220	3.87%	32,724	(77,903)	(3,019)	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%	6,201	990	495	Note 2
Great Victory Chemical Industry Co., Ltd.	Tecnica Cientifica De Guatemala S. A.	Guatemala	Pesticide trading.	9,043	9,043	2,360	73.75%	1,780	-	-	Note 2

Note 1: The calculation is based on the financial statements audited by CPA during the same period of the invested company and the shareholding ratio of the Company, which takes consideration of discount/premium amortization, unrealized profit (loss) from the transactions between companies, the effect of right-to-use assets, and recognized investment profit (loss) between new and old shareholding ratio.

Note 2: The calculation is based on the financial statements unaudited by CPA during the same period of the invested company and the shareholding ratio of the Company, which takes consideration of discount/premium amortization.

Note 3: FUCC is the corporate director of Sheng Hua Develop Co., Ltd. and accounts for one fourth of the members of Board of Directors of Sheng Hua Develop Co., Ltd., with significant impact in its participation of the operational decision-making. Sheng Hua is an affiliated enterprise and hence the investment accounted for using equity method.

Note 4: Soft Industry Corp. (SIC) and Soft Chemical Corp. (SCC) are merged for purpose of resource integration, whereas SIC is the surviving company as indicated on the joint venture agreement, the Company holds shareholding of 46.20% in SIC shares after the M&A, causing the shareholding ratio to decline.

Note 5: Please refer to Appendix 7 for more information on invested companies in mainland China.

FORMOSAN UNION CHEMICAL CORPORATION AND SUBSIDIARIES

Investments in Mainland China

January 1 – December 31, 2023

Appendix 7

Unit: NT$ Thousand, unless otherwise noted

Invested company in Mainland China	Main business lines	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 the current year		Cumulative investment amount remitted outward from Taiwan at yearend (Note 2)	Profit (loss) of the invested company in the current year	Direct or indirect investment ratio of the company	Investment profit (loss) recognized in the current year	Book value of the investment at year end	Investment profit and loss remitted inward at year end	Remarks
					Outward Remittance	Inward Remittance							
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 business.	$ 752,887 (US$24,520 thousand)	Invest in the companies in Mainland China through company setup in third region.	$ 61,748 (US$2,011 thousand)	$ -	$ -	$ 61,748 (US$2,011 thousand)	$ 82,502 (RMB18,770 thousand)	10.86%	$ -	$ 144,487	$ 141,158	Note 3
Chang Chun Formosan Union Fine Chemical (Changshu) Co., Ltd.	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.	1,243,553 (US$40,500 thousand)	Direct investment in Mainland China.	621,776 (US$22,500 thousand)	-	-	621,776 (US$22,500 thousand)	(36,723)	50.00%	(18,362) (Note 1)	549,552	-	

Cumulative investment amount remitted outward from Taiwan to Mainland China at the end of the current period	Investment amount approved by the Investment Commission MOEA	Limits on the investment in Mainland China according to the Investment Commission MOEA
$ 683,524 (US$22,261 thousand)	$ 721,598 (US$23,501 thousand)	$ 4,791,103

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 and loss recognized in the current year that is calculated by the average exchange rate from January 1 to December 31, 2023, the rest is calculated at the spot exchange rate at the end of December 2023.

Note 3： Zhangjiagang Trans-Ocean Enterprise Co., Ltd. was invested by Kenwell Industrial Pte Ltd. and hence the financial asset of Kenwell Industrial Pte Ltd. was at fair value through other comprehensive income and not accounted for using equity method for the recognition of shareholding in associate and joint ventures and the share of other comprehensive income.

FORMOSAN UNION CHEMICAL CORPORATION

Major Shareholders

December 31, 2023

Appendix 8

Name of major shareholders	Shareholding	
	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.	24,693,145	5.17%

Note 1: The major 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 the dematerialized form completed with registration and book-entry operation may vary 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 the principal's shareholding, the shares in the 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 2023

Independent Auditors' Report

To: Formosan Union Chemical Corporation:

Independent Auditors' opinion

We have audited the accompanying separate balance sheets of Formosan Union Chemical Corporation as of December 31, 2023 and 2022 and the related separate statements of comprehensive income, changes in separate equity, and separate cash flows, and notes (including the summary of major accounting policies) to the separate financial statements from January 1 to December 31, 2023 and 2022.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of Formosan Union Chemical Corporation as of December 31, 2023 and 2022, and its separate financial performance and separate cash flows for January 1 - December 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Key Audit Matters

Key audit matters refer to matters that , in our professional judgment, were of most significance in our audit of the 2023 separate financial statements of Formosan Uni on Chemical

Corporation. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide an independent onion on the matters.

The independent auditors determined that the key audit matters of Formosan Union Chemical Corporation to be communicated in the 2023 separate 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), 1-Butene, and Alkylphenol (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 amount of income from the said export sales in 2023 was material and the occurrence of the aforementioned export sales income had material impact on the 2023 separate financial statements. Therefore, the independent auditors classified the income as a key audit matter in 2023. Please refer to Notes 4 and Note 24 for the accounting policies and information on income recognition.

The independent auditors consider the income recognition policy and trade conditions for such key matter with the main auditing procedures implemented as follows:

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

The responsibility of the management and governance unit for the separate 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.” Moreover, the necessary internal controls related to the financial statements is maintained to ensure that the financial statements are free of any material misstatement arising from fraud 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 related 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 no actually feasible solution other than the liquidation or discontinuation.

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

The independent auditors' responsibility for auditing separate financial statements

The purpose of the independent auditors' auditing of separate financial statements is to obtain reasonable assurance about whether the separate financial statements are free of material misstatement arising from fraud 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 detecting any material misstatements in the separate financial statements. 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 separate 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 to provide the basis of audit opinion. Frauds may involve conspiracy, forgery, deliberate omission, false declaration, or violation of internal control, and therefore, the risk of material misstatement arising from fraud higher than that caused by errors may not be detected.
2. Obtain the necessary understanding of the internal control related to the audit 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. Based on the audit evidence obtained, draw conclusion on the suitability of the continuing operation accounting base adopted by the management and whether 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 evidence on the financial information of the individual business entity within Formosan Union Chemical Corporation to express an opinion on the separate 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 significant deficiency 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 determined the key audit matters to be performed on the 2023 separate financial statements of Formosan Union Chemical Corporation, based on the communications with the governance unit. The independent auditors shall state such key audit matters in the audit report, except for the specific matters prohibited from being disclosed by law and regulations, or, under rare circumstances, the independent auditors may 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

Auditor Kevin Chuang

Auditor Jerry Gung

Securities and Futures Commission Approval Document
Jin-Guang-Zheng—Sheng-Zi No. 1090347472

Securities and Futures Commission Approval Document
Jin-Guang-Zheng—Sheng-Zi No. 1000028068

March 13, 2024

FORMOSAN UNION CHEMICAL CORPORATION

Separate Balance Sheet

December 31, 2023 and 2022

Unit: NTD Thousand

Code	Assets	12/31/2023 Amount	%	12/31/2022 Amount	%
	Current Assets				
1100	Cash and cash equivalents (Note 4 & 6)	$ 208,332	2	$ 760,775	7
1110	Financial assets measured at fair value through profit or loss – current (Note 4 & 7)	146,116	2	131,641	1
1136	Financial assets measured at the amortized cost – current (Note 4 & 9)	-	-	30,660	-
1160	Notes receivable-Related Party (Note 4, 10, 24, & 31)	852	-	617	-
1170	Accounts receivable (Note 4, 10 and 24)	670,919	6	629,569	6
1180	Accounts receivable -Related Party (Note 4, 10, 24, & 31)	36,974	-	37,026	-
1200	Other accounts receivable (Note 4 & 10)	35,460	-	43,520	-
1210	Other accounts receivable -Related Party (Note 4 & 10, & 31)	3,109	-	3,678	-
130X	Net inventory (Note 4 & 11)	2,441,960	23	2,817,667	25
1410	Prepayment (Note 17 & 31)	51,733	1	112,162	1
1470	Other current assets (Note 17)	2,996	-	5,309	-
11XX	Total current liabilities	3,598,451	34	4,572,624	40
	Noncurrent Assets				
1517	Financial Assets at Fair Value through Other Comprehensive Income－Noncurrent (Note 4 & 8)	938,495	9	786,169	7
1550	Investments accounted for using equity method (Note 4 & 12)	4,159,292	39	4,135,927	37
1600	Property, plant and equipment (Note 4, 13, 31, and 32)	1,151,302	11	1,193,038	11
1755	Right-of-use asset (Note 4, 14 & 31)	404,577	4	122,842	1
1760	Net Investment Property (Note 4, 15 & 32)	139,638	1	141,262	1
1780	Intangible Assets (Note 4 & 16)	1,447	-	1,256	-
1840	Deferred income tax assets (Note 4 & 26)	183,075	2	186,630	2
1990	Other noncurrent assets (Note 17 & 32)	59,052	-	54,228	1
15XX	Total noncurrent assets	7,036,878	66	6,621,352	60
1XXX	Total Assets	$ 10,635,329	100	$ 11,193,976	100
Code	Liabilities & Shareholders' Equity				
	Current liabilities				
2100	Short-term borrowings (Note 18)	$ 930,000	9	$ 1,065,000	10
2150	Notes Payable (Note 19)	11,174	-	9,821	-
2170	Accounts Payable (Note 19)	562,181	6	669,241	6
2180	Accounts payable -Related Party (Note 19 & 31)	24,955	-	23,330	-
2219	Other Accounts Payable (Note 20)	231,440	2	454,246	4
2220	Other Accounts Payable – Related Party (Note 20 & 31)	3,691	-	2,982	-
2230	Current income tax liabilities (Note 4 and 26)	83,904	1	190,010	2
2250	Current Liability Reserve (Note 4 and 21)	13,451	-	13,617	-
2280	Current lease liabilities (Note 4, 14 & 31)	87,532	1	32,529	-
2399	Other current liabilities (Note 20 & 24)	20,543	-	15,703	-
21XX	Total liabilities	1,968,871	19	2,476,479	22
	Noncurrent liabilities				
2570	Deferred income tax liabilities (Note 4 & 26)	333,833	3	326,847	3
2580	Lease liabilities – noncurrent (Note 4 & 14)	330,237	3	93,250	1
2640	Net defined benefit liabilities – noncurrent (Note 4 & 22)	15,072	-	22,064	-
2670	Other noncurrent liabilities	2,144	-	2,144	-
25XX	Total noncurrent liabilities	681,286	6	444,305	4
2XXX	Total Liabilities	2,650,157	25	2,920,784	26
	Equity				
3110	Common Stock Capital	4,770,163	45	4,770,163	42
3200	Additional Paid-in Capital	77,090	1	77,090	1
	Retained Earnings				
3310	Legal Reserve	1,182,361	11	1,074,510	10
3320	Special Reserve	251,175	2	251,175	2
3350	Unappropriated Earnings	940,225	9	1,491,746	13
3300	Total retained earnings	2,373,761	22	2,817,431	25
	Other Equities				
3410	Exchange difference from the conversion of financial statements of foreign operation institution.	(6,158)	-	(25,070)	-
3420	Unrealized profit or loss in valuation of financial assets measured at fair value through other comprehensive profit or loss	770,316	7	633,578	6
3400	Total Other Equities	764,158	7	608,508	6
3XXX	Total Equity	7,985,172	75	8,273,192	74
	Total Liabilities and Shareholders' Equity	$ 10,635,329	100	$ 11,193,976	100

The notes enclosed are an integral part of the Separate Financial Statements.

Chairman: Manager: Accountant in Charge: Accountant:

FORMOSAN UNION CHEMICAL CORPORATION

Separate Statement of Comprehensive Income

From January 1 to December 31, 2023 & 2022

Unit: NTD Thousand, EPS in NTD

Code		2023 Amount	2023 %	2022 Amount	2022 %
4100	Net sales revenue (Note 4, 24 & 31)	$ 6,837,892	100	$ 8,196,847	100
5110	Total cost of sales (Note 4, 11 25, & 31)	5,932,389	87	6,439,789	79
5900	Gross profit (loss) from operations	905,503	13	1,757,058	21
5920	Realized profit (loss) on from sales	256	-	899	-
5950	Realized Gross profit (loss) from operations	905,759	13	1,757,957	21
	Operating expenses (Note 25 & 31)				
6100	Selling expenses	346,836	5	450,777	6
6200	Administrative expenses	134,817	2	198,893	2
6300	Research and development expenses	19,398	-	24,301	-
6000	Total Operating expenses	501,051	7	673,971	8
6900	Net operating income (loss)	404,708	6	1,083,986	13
	Non-operating income and expenses				
7100	Interest Income (Note 25)	7,866	-	12,127	-
7010	Other income (Note 25 &31)	57,606	1	43,989	-
7020	Other gains and losses, net (Note25)	36,669	-	207,848	3
7070	Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method, net (Note 12)	(455)	-	(11,884)	-

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Code		2023 Amount	2023 %	2022 Amount	2022 %
7050	Financial Costs, net (Note 25 &31)	($ 19,736)	-	($ 11,238)	-
7000	Total Non-operating income and expenses	81,950	1	240,842	3
7900	Profit (loss) from continuing operations before tax	486,658	7	1,324,828	16
7950	Total tax expense (Note 4 & 26)	68,470	1	240,189	3
8200	Profit (loss)	418,188	6	1,084,639	13
	Other comprehensive income				
8310	Components of other comprehensive income that will not be reclassified to profit or loss:				
8311	Gains (losses) on re-measurements of defined benefit plans (Note 22)	(481)	-	6,663	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (Note 8 & 23)	155,882	2	459,035	6
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, net (Note 23)	11,020	-	(672)	-

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Code		2023 Amount	2023 %	2022 Amount	2022 %
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 23 & 26)	$ 31,418	-	$ 96,023	1
		135,003	2	369,003	5
8360	Components of other comprehensive income that will be reclassified to profit or loss:				
8361	Exchange differences on translation of foreign financial statements (Note 23)	(13,821)	-	21,766	-
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, net (Note 23)	-	-	140	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 23 & 26)	(2,764)	-	4,353	-
		(11,057)	-	17,553	-
8300	Total Other comprehensive income	123,946	2	386,556	5
8500	Total comprehensive income	$ 542,134	8	$ 1,471,195	18

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Code		2023 Amount	%	2022 Amount	%
	Earnings per share (Note 27)				
9710	Basic	$ 0.88		$ 2.27	
9810	Diluted	$ 0.88		$ 2.27	

Enclosed footnotes constitute part of the separate financial statements.

Chairman: Manager: Accountant in Charge: Accountant:

FORMOSAN UNION CHEMICAL CORPORATION

Separate Statement of Changes in Equity

From January 1 to December 31, 2023 & 2022

Unit: NTD Thousand

Code		Share Capital (Note 23)			Retained earnings (Note 8 & 23)				Other Equity (Note 8 & 23)			
		Shares (Thousand Shares)	Amount	Capital Surplus (Note 23)	Legal reserve	Special Reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial	Unrealized Gain or Loss on Financial Assets at Fair value through other Comprehensive Income	Total	Total Equity
A1	Balance, January 1, 2022	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
	2021 Appropriation and distribution of retained earnings											
B1	Legal reserve	-	-	-	94,447	-	(94,447)	-	-	-	-	-
B5	Cash Dividends	-	-	-	-	-	(715,524)	(715,524)	-	-	-	(715,524)
		-	-	-	94,447	-	(809,971)	(715,524)	-	-	-	(715,524)
C15	Cash dividends from capital surplus	-	-	(95,403)	-	-	-	-	-	-	-	(95,403)
D1	2022 Profit (Loss)	-	-	-	-	-	1,084,639	1,084,639	-	-	-	1,084,639
D3	2022 Other comprehensive income	-	-	-	-	-	8,280	8,280	17,553	360,723	378,276	386,556
D5	2022 Total comprehensive income	-	-	-	-	-	1,092,919	1,092,919	17,553	360,723	378,276	1,471,195
M7	Changes in ownership interests in subsidiaries	-	-	(9,222)	-	-	-	-	-	-	-	(9,222)
Q1	Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	(14,410)	(14,410)	-	14,410	14,410	-
Z1	Balance, December 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
	2022 Appropriation and distribution of retained earnings											
B1	Legal reserve	-	-	-	107,851	-	(107,851)	-	-	-	-	-
B5	Cash Dividends	-	-	-	-	-	(858,629)	(858,629)	-	-	-	(858,629)
		-	-	-	107,851	-	(966,480)	(858,629)	-	-	-	(858,629)
D1	2023 Profit (Loss)	-	-	-	-	-	418,188	418,188	-	-	-	418,188
D3	2023 Other comprehensive income	-	-	-	-	-	(43)	(43)	(11,057)	135,046	123,989	123,946
D5	2023 Total comprehensive income	-	-	-	-	-	418,145	418,145	(11,057)	135,046	123,989	542,134
Q1	Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	(1,692)	(1,692)	-	1,692	1,692	-
T1	Others	-	-	-	-	-	(1,494)	(1,494)	29,969	-	29,969	28,475
Z1	Balance, December 31, 2023	477,016	$ 4,770,163	$ 77,090	$ 1,182,361	$ 251,175	$ 940,225	$ 2,373,761	($ 6,158)	$ 770,316	$ 764,158	$ 7,985,172

Enclosed footnotes constitute part of the separate financial statements

Chairman: Manager: Accountant in Charge: Accountant:

FORMOSAN UNION CHEMICAL CORPORATION

Separate Cash Flow Statement

From January 1 to December 31, 2023 & 2022

Unit: NTD Thousand

Code		2023	2022
	Cash flows from (used in) operating activities		
A00010	Profit (loss) from continuing operations before tax	$ 486,658	$ 1,324,828
A20010	Total adjustments to reconcile profit (loss)		
A20100	Depreciation expense	106,067	98,710
A20200	Amortization expense	666	633
A20400	Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(31,079)	(105,766)
A20900	Financial Costs, net	19,736	11,238
A21200	Interest Income	(7,866)	(12,127)
A21300	Dividend income	(30,249)	(9,860)
A22400	Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method, net	455	11,884
A22500	Loss (gain) on disposal of property, plant and equipment	(7)	1,303
A23700	Loss for market price decline and obsolete and slow-moving inventories	3,879	5,530
A24000	Realized loss (profit) on from sales with joint venture	(256)	(899)
A24100	Unrealized foreign exchange loss (gain)	11,029	7,618
A30000	Total changes in operating assets and liabilities		
A31115	Decrease (increase) in financial assets at fair value through profit or loss, mandatorily measured at fair value	16,604	34,637
A31140	Notes receivable-Related Party	(235)	(115)
A31150	Accounts receivable	(60,901)	90,393
A31160	Accounts receivable -Related Party	52	1,597
A31180	Other accounts receivable	6,367	(11,746)
A31190	Other accounts receivable -Related Party	569	(2,283)
A31200	Inventories	383,358	(673,658)
A31230	Prepayment	60,429	(84,728)
A31240	Other current assets	2,313	(3,806)

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Code		2023	2022
A32130	Notes Payable	$ 1,353	($ 2,810)
A32150	Accounts payable	(98,590)	292,264
A32160	Accounts payable -Related Party	1,625	(16,956)
A32180	Other Accounts Payable	(214,158)	27,863
A32190	Other Accounts Payable – Related Party	709	482
A32200	Liability reserve	(166)	(2,912)
A32230	Other current liabilities	4,840	(25,726)
A32240	Net defined benefit liability	(7,473)	(582)
A33000	Cash inflow (outflow) generated from operations	655,729	955,006
A33100	Interest received	9,532	10,480
A33200	Dividends received	30,249	9,860
A33300	Interest paid	(19,755)	(11,020)
A33500	Income tax paid	(192,689)	(109,371)
AAAA	Net cash flows from (used in) operating activities	483,066	854,955
	Cash flows from (used in) investing activities		
B00030	Proceeds from capital reduction of financial assets at fair value through other comprehensive income	3,556	29,736
B00040	Acquisition of financial assets at amortized cost	-	(31,700)
B00050	Proceeds from disposal of financial assets at amortized cost	30,660	40,000
B01800	Acquisition of investments accounted for using equity method	-	(13,500)
B02400	Proceeds from capital reduction of investments accounted for using equity method	-	68,951
B02700	Acquisition of property, plant and equipment	(14,434)	(7,104)
B02800	Proceeds from disposal of property, plant and equipment	215	208
B03800	Decrease (increase) in refundable deposits	1,040	(2,203)
B04500	Acquisition of intangible assets	(857)	(367)
B05400	Acquisition of investment properties	-	(810)
B07100	Increase in prepayments for business facilities	(5,691)	(21,881)
B07600	Dividends received from subsidiaries, associates, and joint venture	2,110	60,246
BBBB	Net Cash inflow (outflow) (used in) investing activities	16,599	121,576

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Code		2023	2022
	Cash flows from (used in) financing activities		
C00200	Increase (decrease) in Short-term borrowings	($ 135,000)	$ 427,383
C03000	Increase in guarantee deposits received	-	2,144
C04020	Payments of principal of lease liabilities	(58,479)	(36,032)
C04500	Cash Dividends Paid	(858,629)	(810,927)
C05400	Acquisition of ownership interests in subsidiaries	-	(300,000)
CCCC	Net cash outflow from (used in) financing activities	(1,052,108)	(717,432)
EEEE	Net increase (decrease) in cash and cash equivalents	(552,443)	259,099
E00100	Cash and cash equivalents at beginning of period	760,775	501,676
E00200	Cash and cash equivalents at end of period	$ 208,332	$ 760,775

Enclosed footnotes constitute part of the separate financial statements.

Chairman: Manager: Accountant in Charge: Accountant:

FORMOSAN UNION CHEMICAL CORPORATION

Footnotes to Separate Financial Statements

From January 1 to December 31, 2023 & 2022

(Amounts expressed in Thousand New Taiwan Dollars, unless stated otherwise)

1. Company History

Formosan Union Chemical Corporation (hereinafter referred to as "the Company.") was founded on June 21, 1973. The Company mainly manufactures, reworks and buys/sells linear Alkyl Benzene (DODECYL PHENOL), Olefins, Alkylphenol (Nonyl Phenol), and the derivatives, and the management and investment in other related businesses.

The Company shares have been listed on Taiwan Stock Exchange Corporation since July, 1986 for stock trading.

The consolidated financial statements of the Company are expressed in functional currency – New Taiwan Dollars.

2. Date and Procedures of the Authorization of Financial Statement

The separate financial statement was authorized by the Board of Directors on March 13, 2024.

3. Applicability of New and Revised Standards and Interpretations

(1) The company has adopted International Financial Reporting Standards (IFRSs) that were recognized by the Financial Supervisory Commission (hereinafter referred to as FSC), International Accounting Standards (IAS), I Interpretation (IFRIC), and Interpretative Announcement (SIC) (the standards are hereinafter referred to as "IFRS Accounting Policies," for the first time.

The applicable amended International Financial Reporting Standards (IFRSs) was recognized and announced by the Financial Supervisory Commission will not have material changes on the accounting policies of the company.

(2) Applicable IFRSs recognized by the Financial Supervisory Commission in 2024

Newly announced/revised/amended	Effective date for the announcement of the IASB (Note 1)
Amendment to IFRS 16 “Lease liability in a sale and leaseback”	Jan. 1, 2024 (Note 2)
Amendment to IAS 1 “Classifying liabilities as current or non-current.”	Jan. 1, 2024
Amendment to IAS 1 “Non-current liabilities with covenants.”	Jan. 1, 2024
Amendment to IAS 7 & IFRS 7 “Supplier Financing Arrangements“	Jan. 1, 2024 (Note 3)

Note1:Unless otherwise stated, the aforementioned newly announced/revised/amended regulations and interpretations shall come into force during the annual report period after the start of each date.

Note2: The seller-lessee is required to trace the revision of applicable IFRS 16 for a sale and leaseback signed after the first applicability of IFRS16.

Note3:Regulations governing the disclosure of exemption when applying this amendment for the first time.

The company has evaluated the aforementioned standards and amendments to interpretations, which would not have material impact on the financial status and financial performance as of the date the separate financial statements were passed and announced.

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

Newly announced/revised/amended	Effective date for the announcement of the IASB (Note 1)
Amendment to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.”	Undetermined
IFRS 17 “Insurance Contracts”	Jan. 1, 2023
Amendment to IFRS 17	Jan. 1, 2023
Amendment to IFRS 17 “Initial Application of IFRS 17 and IFRS 9－Comparative Information”	Jan. 1, 2023
Amendment to IAS 21 “Lack of Exchangeability.”	Jan. 1, 2025 (Note 2)

Note1:Unless otherwise stated, the aforementioned newly announced/revised/amended regulations and interpretations shall come into force during the annual report period after the start of each date.

Note2:Applicability during the annual report period after the start from January 1, 2025. The initial application of such revision shall recognize the effects in the retained earnings on the initial applicable date. When the consolidated company adopts non-functional currency as the presentation currency, the effects will be adjusted with the exchange differences on translation of foreign financial statements, under the interests of the initial applicable date.

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 separate financial statements were passed and announced; also, the said impact will be disclosed upon the completion of the evaluation.

4. Summary of Significant Accounting Policies

(1) Statement of compliance

The separate financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Preparation Basis

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 separate 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 equity method for the investment in subsidiaries, associates or joint ventures in the preparation of separate financial statements. To conform the annual income, other comprehensive income and equity of the separate financial statement with the annual income, other comprehensive income, and equity of the separate financial statement in the Company's consolidated financial statements attributable to FUCC owners, the discretions of the following accounting processing are adjusted under separate basis and consolidated basis, including "Investments Accounted for Using the Equity Method," "Share of Profit or Loss of Subsidiaries, Associates & Joint Ventures Accounted for Using Equity Method," "Share of Other Comprehensive Profit or Loss of Subsidiaries, Associates & Joint Ventures Accounted for Using Equity Method," and equity-related items.

(3) Classification criteria for classifying 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 12 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 has been completed after the

balance sheet date and before the financial report is issued, is also classified as a “current liability”), and;

3. Liabilities that cannot be unconditionally deferred for at least 12 months after the balance sheet date; however, at the clause choice of the counterparty, the classification of the liabilities that could be liquidated by issuing equity instruments are not affected.

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

(4) 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 the functional currency at the exchange rate on the trading 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 settlement or exchange transaction should be recognized as profit and 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 and loss. However, if the change in fair value is recognized in other comprehensive income, the resulted exchange difference is recognized in the other comprehensive income.

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

The assets and liabilities of a foreign operating institution (including the subsidiaries, associates, or joint venture operations 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 separate financial report is prepared. Profit and loss items are converted at the current average exchange rate, and the resulted exchange difference is recognized in the other comprehensive income.

(5) Inventories

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 the 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.

(6) Investment in Subsidiaries

The company adopts the equity method for investments in subsidiaries.

A subsidiary refers to a business entity controlled by the company.

Under the equity method, investments are initially recognized at cost. The book amount after the acquisition date increases or decreases along with the company's share of profits or losses in the subsidiaries, the share of other comprehensive profit or loss, and profit distribution. In addition, changes in the other equities of the subsidiaries owned by the company are recognized in proportion to the shareholding ratio.

When the changes in equity of the subsidiary owned by the company do not result in the loss of control, they are treated as an equity transaction. The difference between the fair value of consideration paid or received and the investment book value 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 composition of the company in the subsidiaries), the recognition of further losses will be continued in proportion 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 constituting the business 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 constituting the business that the company owns on the acquisition date exceeding the amount of the acquisition cost is recognized as current profit.

When the company evaluates impairment, it is based 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 separate financial statements. The profits or losses arising from the counterclockwise and side-stream transactions between the company and the subsidiaries are recognized in the separate financial report to the extent that it has nothing to do with the company's equity in the subsidiaries.

(7) Investment in associates and joint ventures

An associate refers to a company that is significantly influenced by the consolidated 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 associates and joint ventures.

Under the equity method, investments in associates and joint ventures are initially recognized at cost; also, the book amount after the acquisition date increases or decreases along with the share of profits and losses in the associates and joint ventures and the share of other comprehensive income, and the profit distribution. In addition, changes in the equity of associates and joint ventures are recognized in proportion 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. Such goodwill 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 consolidated company owns on the acquisition date exceeding the amount of the acquisition cost is recognized as profit and loss.

Investments accounted for using equity method ◦ If the company does not subscribe the new shares issued by associates and joint ventures in proportion 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 recognized under equity method. However, if the equity in the associates and the joint venture is decreased due to not subscribing the news shares issued by associates and joint ventures in proportion to the shareholding ratio, the amount related to the associates and joint venture recognized in the other comprehensive income should be reclassified in proportion to the decreased amount. Its accounting treatment basis is the 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 accounted for using equity method, the difference amount should be debited to the retained earnings.

When the company's share of losses in 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 composition 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 of the investment (including goodwill) as a single asset and conducts an 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 equity method on the day when its investment ceases to be in an associate or a joint venture; also, its retained equity of the original associates and the 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 and loss. In addition, for the amount related to the associates and joint venture recognized in the other comprehensive income, its accounting treatment basis is the 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-evaluating the retained equity.

The profits and losses arising from the clockwise and counterclockwise transactions between the company and associates and

between the company and joint ventures are recognized in the separate financial report to the extent that it has nothing to do with the consolidated company's equity in the associates and the joint venture.

(8) Property, plant and equipment

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

Property, plant, and equipment are depreciated on a straight-line basis within the service life for each significant part separately. The consolidated 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 and loss at the time of having them delisted.

(9) Investment property

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

Proprietary 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 and loss at the time of having it delisted.

(10) Intangible Assets

1. Acquired Separately

Intangible assets acquired separately with limited useful life 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 intangible asset is recognized in profit and loss at the time of having intangible assets delisted.

(11) 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 use-value. 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 and 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 and loss.

(12) Financial instruments

Financial assets and financial liabilities are recognized on the separate balance sheets 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 and 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 and loss are immediately recognized in profit and loss.

1. Financial Assets

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

(1) Types of Measurement

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

A. Financial assets at fair value through profit or loss

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

Financial assets measured at fair value through profit and loss are measured at fair value, and the profit or loss resulting from re-measurement is recognized in profit and loss. Please refer to Note 30 for the fair value determination method.

B. Financial assets at amortized cost

If the financial assets invested by the company meet the following two conditions concurrently, they are classified as financial assets measured at 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 on a specific date according to the contract signed; also, such cash flows are all paying for the principal and the interest of the outstanding principal.

Financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable, notes receivable, other receivables, refundable deposits, and other financial assets) after initial recognition are subsequently measured at the amortized cost -the book value less any impairment loss using the effective interest method. The profit and loss of any foreign exchange is recognized in profit and 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 financial assets with the purchase or original credit impairment, 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 the 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 major financial difficulties, defaulted, the debtor who is likely to apply for bankruptcy or other financial reorganization, or the active market for financial assets disappears due to financial difficulties.

C. Equity instruments investment measured at fair value through other comprehensive income

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 or with considerations paid measured at fair value through other comprehensive income.

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

Dividends from equity instrument investment measured at fair value through other comprehensive income are instantly recognized in the profit and 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 assesses the impairment loss of financial assets (including accounts receivable) measured at 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, assess 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 loss of debt instrument investment measured at fair value through other comprehensive income is recognized in other comprehensive income 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 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 is measured at fair value through other comprehensive income 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 income is recognized in profit and loss. When equity instrument investments measured at fair value through other comprehensive income are delisted entirely, the accumulated profit and loss is directly transferred to retained earnings without having it reclassified as profit and loss.

2. Equity instruments

The debt and equity instruments issued by the company are classified as financial liabilities or equity according to the 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, which book value is calculated by the weighted average of 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 and loss, all financial liabilities are measured at the amortized cost in accordance with the effective interest method.

(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.

(13) 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 estimated cash flows needed for liquidating the current obligation.

(14) Income recognition

◦ The company after identifying the performance obligations in the contract will have the transaction price amortized 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 services, which are recognized when labor services are provided.

(15) Lease

The company assesses whether it is (or includes) 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, the exemption is 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 the restored underlying asset), and is subsequently measured at the cost net of the accumulated depreciation and accumulated impairment loss; also, adjust the re-measurement amount of the lease liability. The right-of-use assets are separately expressed on the separate balance sheets.

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 an 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 occurring 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 re-measurement amount is recognized in the profit and loss. For lease betterment that is not treated as separate leases, the re-measurement 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 and loss arising from the partial or full termination of the lease is recognized. The re-measurement of the lease liability due to other betterment is applied to adjust the right-of-use asset. Lease liabilities are separately expressed in the separate balance sheets.

(16) Borrowing Cost

The borrowing 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 borrowings are applied to invest temporarily for earning investment income before being applied for capital expenditures that meet the requirements, such borrowings are deducted from the borrowing costs that meet the conditions of capitalization.

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

(17) 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 an 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 re-measurement) 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 re-measurement amount (including actuarial profit and loss and remuneration of planned assets net of interest) is recognized in other comprehensive income upon the occurrence and included in retained earnings,

which will not be reclassified to profit and 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 reduced appropriation in the future.

(18) 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 to calculate the income tax payable accordingly.

The income tax to be levied on the undistributed earnings that are 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 consolidated 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 who 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 and tax law that has been legislated or substantively legislated on the balance sheet date. The measurement of the deferred income tax liabilities and assets reflects the tax consequences arising from the manner in which the consolidated 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 and loss; however, current and deferred income taxes related to items recognized in other comprehensive income or directly included in equity are recognized in other comprehensive income or directly included in equity, respectively.

5. Key Sources of Significant Accounting Judgments, Estimations, and Assumptions 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.

When developing its major accounting estimates, the company takes the possible impacts of climate changes and related government policies and regulations, Russia-Ukraine military conflicts and the related international sanctions, inflation, market interest rate and volatility in financial markets, on the economic environment into consideration. The management also continues to review the estimates and basic assumptions by taking into consideration of related major accounting estates, including the estimates on cashflows, growth rate, depreciation rate, profitability, and others.

6. Cash and Cash Equivalents

	12/31/2023	12/31/2022
Cash on hand and petty cash	$ 125	$ 125
Bank checking deposit and saving	208,207	270,090
Cash Equivalents		
Time deposits with original maturity date for more than 3 months	-	490,560
	$ 208,332	$ 760,775

The interest rates of banks savings on the date of balance sheets are expressed below:

	12/31/2023	12/31/2022
Banks' cheques and demand deposits	0.001%~1.45%	0.001%~1.05%
Banks' time deposits	-	4.46%~4.70%

7. Financial assets at fair value through profit or loss

	12/31/2023	12/31/2022
Financial Assets - Current		
Measured at fair value through profit and loss mandatorily		
Non-derivative financial assets		
－Taiwan Innovation Board listing stock	$ 145,116	$ -
－Domestic on-TWSE/TPEx listing stock	1,000	131,641
	$ 146,116	$ 131,641

8. Financial assets at fair value through other comprehensive income

	12/31/2023	12/31/2022
Non-current		
Domestic Investment		
Taiwan Innovation Board listing stock		
J & V Energy Technology Co., Ltd. Ordinary Shares	$ 794,008	$ -
Non-listing (OTC) shares		
J & V Energy Technology Co., Ltd. Ordinary Shares	-	637,137
Subtotal	794,008	637,137
Foreign investment		
Non-listing (OTC) shares		
Kenwell Industrial Pte Ltd Ordinary Shares	144,487	144,363
Anonymous portfolio investment		
Daiwa Green Energy No.7 GK	-	4,669
Subtotal	144,487	149,032
	$ 938,495	$ 786,169

The company has invested in the stocks of J & V Energy Technology Co., Ltd., Kenwell Industrial Pte Ltd, and Daiwa Green Energy No.7 GK, based on its mid-term and long-term strategies, with the expectation to make profits through long-term investment. The management of the company believes that if the short-term fluctuation of the fair value of the investment is included in the profit and 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 income.

In August of 2023 and 2022 respectively, Daiwa Green Energy No.7 GK underwent capital reduction and returned share amount of NT$3,556 thousand and NT$29,736 thousand respectively. The other relevant equity – unrealized valuation impairment of financial assets at fair value measured through other comprehensive income, NT$1,692 thousand and NT$14,410 thousand, was transferred to retained earnings.

The fair value of non-TWSE-TPEx stocks of financial assets measured at fair value through other comprehensive income is based on the evaluation performed by independent appraisers at the end of December 2023 and 2022. Such evaluation was performed with the considerations of the business scale, product type, and similar industries of the appraised company. The valuation profits of NT$124 thousand and NT$459,035 thousand were adjusted to the unrealized profit and loss (booked in the "other equity" account) of financial assets measured at fair value through other comprehensive income, respectively.

9. Financial assets at amortized cost

	12/31/2023	12/31/2022
Current		
Domestic Investment		
Time deposits with original maturity date for more than 3 months	$ -	$ 30,660

As of December 31, 2022, the interest rate range of time deposits with an original maturity of more than 3 months was 3.60% per annum

10. Notes receivable, Accounts receivable and Other receivable

	12/31/2023	12/31/2022
Notes receivable		
Measured at amortized cost		
Total book amount－Related party	$ 852	$ 617

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	12/31/2023	12/31/2022
Accounts receivable		
Measured at amortized cost		
Total book amount — Non-related party	$ 670,919	$ 629,569
Total book amount—Related party	36,974	37,026
	$ 707,893	$ 666,595
Other accounts receivable		
Non-related party	$ 35,460	$ 43,520
Related party	3,109	3,678
	$ 38,569	$ 47,198

The company grants 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.

Before accepting a new customer, the company will take into consideration the customer's basic information and pay the customer a visit to collect data and evaluate before determining the credit line.

The company adopts the simplified approach to recognize the allowance for loss for the accounts receivable according to the expected credit loss throughout the duration. The expected credit loss throughout the duration is calculated according to the preparation matrix that takes into account the default records of the customer, the current financial status, and the industrial economic situation. The credit loss history of the consolidated company shows that there is no significant difference in the loss patterns of different customer groups; therefore, the customer group has not been further classified in the preparation matrix, and instead, the expected credit loss rate is based on the number of days overdue of the accounts receivable.

If there is evidence that the counterparty is facing serious financial difficulties and the consolidated company cannot reasonably expect the recoverable amount, the consolidated company will directly write-off the

relevant accounts receivable, but will continue the recourse activities with the recovered amount recognized in profit and loss.

The company measures the allowance for loss for the notes and accounts receivable (including accounts receivable – related party) according to the preparation matrix as follows:

12/31/2023

	Not Overdue	Overdue1～30 days	Overdue 31～180 days	Total
Expected credit loss rate	-%	0%	0%	
Total Book Amount	$ 628,245	$ 79,462	$ 1,038	$ 708,745
Allowance for loss (expected credit loss in the duration)	-	-	-	-
Amortized Cost	$ 628,245	$ 79,462	$ 1,038	$ 708,745

12/31/2022

	Not Overdue	Overdue1～30 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 in the duration)	-	-	-	-
Amortized Cost	$ 569,397	$ 97,815	$ -	$ 667,212

11. Inventory – Net

	12/31/2023	12/31/2022
Raw Materials	$ 980,756	$ 1,326,921
Substances	250,759	244,388
Work-in-process goods	32,666	34,713
Finished Goods	1,177,779	1,211,645
	$ 2,441,960	$ 2,817,667

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

	2023	2022
Cost of inventory sold	$ 5,665,542	$ 6,061,838
Inventory Write-off for market price decline	3,879	5,530
	$ 5,669,421	$ 6,067,368

12. Investments accounted for using equity method

	12/31/2023	12/31/2022
Investment in Subsidiaries	$ 3,358,605	$ 3,345,408
Investment in Associates	54,250	108,642
Investment in Joint Venture	746,437	681,877
	$ 4,159,292	$ 4,135,927

(1) Investment in Subsidiaries

	12/31/2023	12/31/2022
United Performance Materials Corporation (UPM)	$ 972,400	$ 982,781
Hershey Environmental Technology Co., Ltd. (Hershey Env. Tech)	567,122	540,077
Fusugar Industry Corp. (FIC)	746,167	814,995
Great Victory Chemical Industry Co., Ltd. (Great Victory Chemical)	1,041,351	977,848
Tanques Del Pacifico, S.A. (TDP)	31,565	29,707
	$ 3,358,605	$ 3,345,408

	Ratio of equity and voting rights	
Name of Subsidiaries	12/31/2023	12/31/2022
UPM	80.25%	80.25%
Hershey Env. Tech	100.00%	100.00%
FIC (Note 1)	88.35%	88.35%
Great Victory Chemical	100.00%	100.00%
TDP	100.00%	100.00%

Note 1: FIC made a cash capital increase in November, 2022 and the company had subscribed 30,000 thousand shares and NT$300,000 thousand in total. The shareholding ratio after the subscription was 88.35%.

(2) Investment in Associates

	12/31/2023	12/31/2022
Individually insignificant associates	$ 54,250	$ 108,642

Information summary of Individually insignificant associates

	2023	2022
Profit ratio attributable to the company		
Total Profit (loss) and total comprehensive income	$ 10,983	$ 7,983

(3) Investment in joint venture

	12/31/2023	12/31/2022
Individually insignificant joint ventures	$ 746,437	$ 681,877

Information summary of individually insignificant joint ventures

	2023	2022
Profit ratio attributable to the company		
Total Profit (loss) and total comprehensive income	($ 13,498)	$ 29,244

Please refer to Appendix 5 “Invested company information, location and other related Information” and Appendix 6 “Information on Investment in Mainland China” for the national information on the business nature, main business premise, and registration country of the aforementioned subsidiaries, associates and joint ventures.

13. Property, plant and equipment

	12/31/2023	12/31/2022
Self-Use	$ 1,151,302	$ 1,193,038

	Proprietary Land	House and Building	Machinery equipment	Transportation equipment	Other equipment	Construction in--progress & equipment to be tested	Total
Cost							
Balance January 1, 2022	$ 572,411	$ 141,747	$ 3,168,052	$ 51,556	$ 124,755	$ 60	$ 4,058,581
Addition	-	-	5,396	-	10,193	-	15,589
Disposal	-	-	(2,109)	(2,928)	(1,674)	-	(6,711)
Reclassification (Note 1)	-	-	12,384	-	2,040	-	14,424
Balance December 31, 2022	$ 572,411	$ 141,747	$ 3,183,723	$ 48,628	$ 135,314	$ 60	$ 4,081,883
Cumulative depreciation							
Balance January 1, 2022	$ -	$ 104,887	$ 2,563,280	$ 49,376	$ 112,622	$ -	$ 2,830,165
Depreciation expenses	-	1,933	58,312	579	3,056	-	63,880
Disposal	-	-	(1,245)	(2,613)	(1,342)	-	(5,200)
Balance December 31, 2022	$ -	$ 106,820	$ 2,620,347	$ 47,342	$ 114,336	$ -	$ 2,888,845
Net, December 31, 2022	$ 572,411	$ 34,927	$ 563,376	$ 1,286	$ 20,978	$ 60	$ 1,193,038
Cost							
Balance January 1, 2023	$ 572,411	$ 141,747	$ 3,183,723	$ 48,628	$ 135,314	$ 60	$ 4,081,883
Addition	-	800	2,807	701	1,403	-	5,711
Disposal	-	-	(4,208)	(1,369)	-	-	(5,577)
Reclassification (Note 1)	-	-	4,420	-	8,198	-	12,618
Balance December 31, 2023	$ 572,411	$ 142,547	$ 3,186,742	$ 47,960	$ 144,915	$ 60	$ 4,094,635
Cumulative Depreciation							
Balance January 1, 2023	$ -	$ 106,820	$ 2,620,347	$ 47,342	$ 114,336	$ -	$ 2,888,845
Depreciation Expense	-	1,960	54,453	306	3,138	-	59,857
Disposal	-	-	(4,003)	(1,366)	-	-	(5,369)
Balance December 31, 2023	$ -	$ 108,780	$ 2,670,797	$ 46,282	$ 117,474	$ -	$ 2,943,333
Net, December 31, 2023	$ 572,411	$ 33,767	$ 515,945	$ 1,678	$ 27,441	$ 60	$ 1,151,302

Note 1: From material purchased.

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

House and building	
Main factory building	3 to 60 years
Pipeline equipment	25 years
Partition and fence/ walls	10 to 15 years
Machinery equipment	3 to 30 years
Transportation equipment	3 to 10 years
Other equipment	3 to 20 years

Please refer to Note 32 for the property, plant and equipment that are pledged as collateral for loans.

14. Lease Agreement

(1) Right-of-use asset

	12/31/2023	12/31/2022
Book amount of right-of-use assets		
Land	$ 89,571	$ 97,416
Building	-	179
Machinery Equipment	310,909	24,105
Transportation Equipment	4,097	1,142
	$ 404,577	$ 122,842

	2023	2022
Addition of Right-of-use assets	$ 350,469	$ 133,629
Depreciation expense of right-of-use assets		
Land	$ 7,845	$ 4,627
Building	179	179
Machinery Equipment	34,701	26,765
Transportation Equipment	1,861	1,802
	$ 44,586	$ 33,373

(2) Lease Liability

	12/31/2023	12/31/2022
Book amount of lease liability		
Current	$ 87,532	$ 32,529
Non-current	$ 330,237	$ 93,250

The discount rate ranges for lease liabilities are as follows:

	12/31/2023	12/31/2022
Land	0.85%	0.85%
Building	-	0.67%
Machinery Equipment	1.60%～1.76%	0.67%～1.10%
Transportation Equipment	0.85%～1.58%	0.67%～0.90%

(3) Other Lease Information

	2023	2022
Short-term lease expense	$ 7,912	$ 163
Low-value assets lease expense	$ 102	$ 102
Variable lease expense excluding from the measurement of the lease liability	$ 40,832	$ 33,154
Total lease cash (outflow)	($ 111,844)	($ 70,092)

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

15. Investment Property

	Land	Building	Total
Cost			
Balance January 1, 2022	$ 124,859	$ 39,826	$ 164,685
Addition	-	810	810
Balance December 31, 2022	$ 124,859	$ 40,636	$ 165,495
Cumulative Depreciation			
Balance January 1, 2022	$ -	$ 22,776	$ 22,776
Depreciation Expense	-	1,457	1,457
Balance December 31, 2022	$ -	$ 24,233	$ 24,233
Net, December 31, 2022	$ 124,859	$ 16,403	$ 141,262
Cost			
Balance January 1, 2023	$ 124,859	$ 40,636	$ 165,495
Balance December 31, 2023	$ 124,859	$ 40,636	$ 165,495
Cumulative Depreciation			
Balance January 1, 2023	$ -	$ 24,233	$ 24,233
Depreciation Expense	-	1,624	1,624
Balance December 31, 2023	$ -	$ 25,857	$ 25,857
Net, December 31, 2023	$ 124,859	$ 14,779	$ 139,638

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

Building	
Main factory building	27 to 32 years

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

	12/31/2023	12/31/2022
1st Year	$ 12,425	$ 11,052
2nd Year	297	12,100
	$ 12,722	$ 23,152

The fair value of the investment property of the company is based on the market price in nearby areas. The fair values are as follows:

	12/31/2023	12/31/2022
Proprietary Land and Building	$ 1,235,162	$ 983,549

All investment property of the company is a proprietary equity.

Please refer to Note 32 for the investment property that is pledged as collateral for loans.

16. Intangible Assets

	Computer Software
Cost	
Balance January 1, 2022	$ 1,884
Acquired separately	367
Disposal	(313)
Balance December 31, 2022	$ 1,938
Cumulative Amortization	
Balance January 1, 2022	$ 362
Amortization expense	633
Disposal	(313)
Balance December 31, 2022	$ 682
Net, December 31, 2022	$ 1,256
Cost	
Balance January 1, 2023	$ 1,938
Acquired Separately	857
Disposal	(331)
Balance December 31, 2023	$ 2,464
Cumulative Amortization	
Balance January 1, 2023	$ 682
Amortization Expense	666
Disposal	(331)
Balance December 31, 2023	$ 1,017
Net, December 31, 2023	$ 1,447

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

17. Other Assets

	12/31/2023	12/31/2022
Current		
Prepayment		
Prepayments	$ 28,009	$ 89,549
Others	23,724	22,613
	$ 51,733	$ 112,162
Temporary Payments	$ 2,996	$ 5,309
Non-current		
Prepayments for business facilities	$ 36,315	$ 30,451
Guarantee deposits paid	2,737	3,777
Pledged Time Deposit (Note 32)	20,000	20,000
	$ 59,052	$ 54,228

18. Short-Term Borrowings

	12/31/2023	12/31/2022
Unguaranteed borrowing		
Bank Loan	$ 930,000	$ 1,065,000

The interest rates of bank revolving loans were 1.75% ~ 1.92% and 1.59% ~ 1.88% on December 31, 2023 and 2022, respectively.

19. Notes Payable and Accounts Payable

	12/31/2023	12/31/2022
Notes Payable		
Derived from operating activities		
Non-related Party	$ 11,174	$ 9,821
Accounts Payable		
Derived from operating activities		
Non-Related Party	$ 562,181	$ 669,241
Related Party	24,955	23,330
	$ 587,136	$ 692,571

20. Other Liabilities

	12/31/2023	12/31/2022
Current		
Other Accounts Payable		
Salary payable	$ 110,179	$ 225,718
Remuneration payable to directors	13,117	35,174
Remuneration payable to employees	12,807	34,864
Interest payable	530	549
Labor service payable	2,222	4,261
Equipment payables	710	9,261
Other payables	87,402	140,565
Others	4,473	3,854
	$ 231,440	$ 454,246
Other Accounts Payable – Related Party	$ 3,691	$ 2,982
Other liabilities		
Contract liability	$ 20,236	$ 14,774
Others	307	929
	$ 20,543	$ 15,703

21. Liability Reserve

	12/31/2023	12/31/2022
Employee Benefits	$ 13,451	$ 13,617

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

22. Retirement pension plan

(1) Defined contribution plan

The company has established a 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.

(2) 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 a 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 separate balance sheet is as follows:

	12/31/2023	12/31/2022
Present value of the defined benefit obligation	$ 46,718	$ 47,335
Fair value of the planned assets	(31,646)	(25,271)
Net defined benefit liability	$ 15,072	$ 22,064

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 January 1, 2022	$ 51,955	($ 22,646)	$ 29,309
Service Cost			
Current service cost	747	-	747
Interest expense (income)	359	(155)	204
Recognized in profit and loss	1,106	(155)	951

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	Present value of the defined benefit obligation	Fair value of the planned assets	Net defined benefit liability
Re-measurement amount			
Return on planned assets (except for the amount included in net interest)	$ -	($ 4,413)	($ 4,413)
Actuarial profit and loss –changes in financial assumption	(2,332)	-	(2,332)
Actuarial profit and loss – adjustment by experience	82	-	82
Booked in other comprehensive income	(2,250)	(4,413)	(6,663)
Appropriation of employer benefit paid	-	(1,073)	(1,073)
Liquidation	(3,476)	3,016	(460)
Balance December 31, 2022	47,335	(25,271)	22,064
Service Cost			
Current Service Cost	640	-	640
Interest expense (income)	584	(315)	269
Recognized in profit and loss	1,224	(315)	909
Re-measurement amount			
Return on planned assets (except for the amount included in net interest)	-	(245)	(245)
Actuarial profit and loss –changes in financial assumption	149	-	149
Actuarial profit and loss – adjustment by experience	577	-	577
Booked in other comprehensive income	726	(245)	481
Appropriation of employer	-	(8,382)	(8,382)
Benefit Paid	(2,567)	2,567	-
Balance December 31, 2023	$ 46,718	($ 31,646)	$ 15,072

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 consolidated company's planned assets is an amount not less than the income generated from a 2-year time deposit interest rate of local banks.

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 accordingly, 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 major assumptions made on the measurement date are as follows:

	12/31/2023	12/31/2022
Discount rate	1.20%	1.25%
Future salary increase rate	3.00%	3.00%

If the major 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:

	12/31/2023	12/31/2022
Discount rate		
Increased by 0.25%	($ 734)	($ 937)
Decreased by 0.25%	$ 758	$ 969
Future salary increase rate		
Increased by 0.25%	$ 743	$ 950
Decreased by 0.25%	($ 723)	($ 924)

Since actuarial assumptions may be correlated, it is unlikely that there is only one single assumption changing, so the aforementioned

sensitivity analysis may not be able to reflect the actual changes in the present value of the defined benefit obligations.

	12/31/2023	12/31/2022
Amount expected to be appropriated in 1 year	$ 1,400	$ 1,200
Average due date of the defined benefit obligation	8 years	8 years

23. Equity

(1) Ordinary Shares

	12/31/2023	12/31/2022
Authorized stock shares (thousand shares)	900,000	900,000
Authorized capital stock	$ 9,000,000	$ 9,000,000
Stock shares issued and paid in full (thousand shares)	477,016	477,016
Outstanding capital stock	$ 4,770,163	$ 4,770,163

(2) Capital Surplus

	12/31/2023	12/31/2022
Applicable for making up for losses, distributing cash, or capitalization (1)		
Stock issuance with premium	$ 50,085	$ 50,085
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		
Recognized changes in ownership interests in subsidiaries (2)	6,180	6,180
	$ 77,090	$ 77,090

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 company, or it is the adjustment to the paid-in capital of the subsidiary under the equity method used by the company.

(3) Retained earnings and dividend policy

The Company resolved at the shareholders' meeting on June 16, 2023 to amend the articles of incorporation by stipulating the distribution of corporate earnings or appropriation of loss at the end of accounting half-year.

According to the earnings distribution policy of the company's Articles of Incorporation after amendment, the distribution of corporate earnings or appropriation of loss is at the end of accounting half-year. The surplus from the annual closing of accounting half-year, if any, shall be applied to make up for losses, estimate and reserve the payable taxation, employee remuneration, and director remuneration, followed by appropriating 10% as legal reserve. However, the legal reserve reaching the total capital of the company, the appropriation or reversed special reserve in accordance with the law or regulations stipulated by the competent authority, are excluded. The board of directors shall draft up an earnings distribution proposal based on the balance plus the accumulated undistributed earnings from the first accounting half-year, if any, through the issuance of news years. The Board of Directors shall propose to the shareholders meeting for a resolution to distribute. The distribution in cash shall require the resolution reached by the Board of Directors.

For any surplus from the annual account closing of the Company, the distribution of corporate earnings shall apply to tax payment by law and make up the annual losses from the past, followed by appropriating ten percent (10%) as legal reserve. Nonetheless, the legal reserve reaching the total paid-in capital is excluded. Moreover, the appropriation or reversed special reserve in accordance with the regulations shall be applied as cumulative surplus for distribution

together with the undistributed surplus from the beginning of the same period. The appropriation shall set up no less than 1% of the distribution to shareholders dividends, which shall be drafted up by the Board of Directors in a surplus distribution proposal for new shares issuance. The proposal shall be submitted to the shareholders meeting for resolution before distribution.

Pursuant Article 240 of Company Act, the Company authorizes the distributable dividends and bonuses of the legal reserves and capital reserves stipulated in Article 241 of the Company Act, in whole or in part to be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition, a report of such distribution shall be submitted to the shareholders' meeting.

According to the earnings distribution policy of the company's Articles of Incorporation before the amendment, the yearend earnings, if any, shall be applied to pay tax and make up for losses lawfully, and then appropriated 10% legal reserve. Nonetheless, the legal reserve reaching the total paid-in capital is excluded. Appropriated or reversed special reserve in accordance with the law can be cumulated with the beginning undistributed surplus from the same period for proposal of distributing earnings to shareholders. Moreover, the board of directors shall draft up an earnings distribution proposal of no less than 1% of distribution, in addition to submitting the earning distribution proposal to the shareholders meeting for resolution on the distribution.

Please refer to Note 25 (7) employee remuneration and directors' remuneration for the employee and director remuneration distribution policy stipulated in the corporate 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 losses, the part of the legal reserve exceeding 25% of the total paid-up capital can be capitalized or applied for the distribution in the form of cash.

When adopting IFRSs for the first time, since the exemption of IFRSs No. 1 "First-time Adoption of International Financial Reporting Standards" is selected, the unrealized re-evaluation value under the account of shareholders' equity and the cumulative conversion of adjustment (profits) are converted into the retained earnings. The same quantity of special reserve is appropriated. When applying, disposing or re-classifying the relevant assets later, the proportion of previous special reserve may be revered to distribute surplus. When distributing the surplus, the other net equity reduction of the account incurred in current period and difference with the aforementioned special reserve shall be provisioned from the current profit and loss and current unappropriated retained earnings as special reserve. The net other equity reduction accumulated from previous periods shall be appropriated from the undistributed surplus of previous period as the special reserve and may not be distributed. If there is any reversal of net other equity reduction, the reversal may be distributed with surplus as special reserve.

The company held regular shareholder meetings on June 16, 2023 and June 17, 2022, to resolve the 2022 and 2021 earnings distribution proposals as follows:

	2022	2021
Legal reserve	$ 107,851	$ 94,447
Cash Dividends	$ 858,629	$ 715,524
Cash dividend per share (NT$)	$ 1.80	$ 1.50

The Company resolved at the shareholders' meeting to distribute the 2021 capital reserve of NT$95,403 thousand in cash dividends.

The Board of Directors meeting was held on November 10, 2023 and resolved not to distribute the first-half annual earnings of 2023.

The Board of Directors drafted the 2023 earnings distribution proposal on March 13, 2024, as shown in the follows:

	2023
Legal reserve	$ 41,496
Cash Dividends	$ 286,210
Cash dividend per share (NT$)	$ 0.60

The 2023 earnings distribution proposal is yet to be resolved at the regular shareholders meeting scheduled for June 13, 2024.

(4) Other Equities

1. Exchange differences on translation of foreign financial statements

	2023	2022
Beginning Balance	($ 25,070)	($ 42,623)
Incurred in the current year		
Conversion difference of foreign operating agencies	(13,821)	21,766
Share of subsidiaries, associates, and joint ventures accounted for using equity method	-	140
Income tax effect	2,764	(4,353)
Other comprehensive income of current year	(11,057)	17,553
Others	29,969	-
Ending Balance	($ 6,158)	($ 25,070)

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

	2023	2022
Beginning Balance	$ 633,578	$ 258,445
Incurred in the current year		
Unrealized profit and loss equity instrument	155,882	459,035
Share of subsidiaries, associates, and joint ventures accounted for using equity method	10,679	(3,622)
Income tax effect	(31,515)	(94,690)
Other comprehensive income of current year	135,046	360,723
Accumulated profit/loss from the disposal of equity instrument transferred to retained earnings	1,692	14,410
Ending Balance	$ 770,316	$ 633,578

24. Income

	2023	2022
Income from customer contract		
Commodity sales income	$ 6,658,137	$ 7,812,148
Labor service income	179,755	384,699
	$ 6,837,892	$ 8,196,847

(1) Contract Balance

	12/31/2023	12/31/2022	1/1/2022
Notes receivable-Related Party (Note 10)	$ 852	$ 617	$ 502
Accounts receivable (Note 10)	$ 670,919	$ 629,569	$ 727,895
Accounts receivable -Related Party (Note 10)	$ 36,974	$ 37,026	$ 38,623
Contract liability (Note 20)			
Commodity Sales	$ 20,236	$ 14,774	$ 41,082

(2) Classification of income from customer contract

2023

	Reporting Department		
	Alkylation	Hydrocarbon Resin	Total
Type of Commodities or Labor Service			
Commodity Sales	$ 6,658,137	$ -	$ 6,658,137
Income from Labor Service	-	179,755	179,755
	$ 6,658,137	$ 179,755	$ 6,837,892

2022

	Reporting Department		
	Alkylation	Hydrocarbon Resin	Total
Type of Commodities or Labor Service			
Commodity Sales	$ 7,812,148	$ -	$ 7,812,148
Income from Labor Service	-	384,699	384,699
	$ 7,812,148	$ 384,699	$ 8,196,847

25. Net Income

(1) Interest Income

	2023	2022
Bank Deposits	$ 7,841	$ 12,113
Others	25	14
	$ 7,866	$ 12,127

(2) Other income

	2023	2022
Lease Income		
Operating Lease		
－Investment property	$ 11,052	$ 10,440
－Others	4,771	4,814
Dividend Income		
Financial assets at fair value through profit or loss	3,442	376
Equity instrument investment at fair value through other comprehensive income.	26,807	9,484
Others	11,534	18,875
	$ 57,606	$ 43,989

(3) Other gains and losses, net

	2023	2022
Financial assets and profit and loss		
Decrease (increase) in financial assets at mandatorily fair value through profit or loss	$ 31,079	$ 105,766
Gain (loss) on disposal of investment property, plant and equipment	7	(1,303)
Net gain from foreign currency exchange	9,816	103,385
Others	(4,233)	-
	$ 36,669	$ 207,848

(4) Financial Costs, net

	2023	2022
Interest Expense		
Bank loans	$ 15,185	$ 10,593
Lease liability	4,519	641
Others	32	4
	$ 19,736	$ 11,238

(5) Depreciation and Amortization

	2023	2022
Depreciation expenses summarized by function		
Total cost of sales	$ 64,836	$ 66,219
Operating expenses	41,231	32,491
	$ 106,067	$ 98,710
Amortization expenses summarized by function		
Total cost of sales	$ 441	$ 395
Operating expenses	225	238
	$ 666	$ 633

(6) Employee benefit expense

	2023	2022
Benefit after retirement		
Defined appropriation plan	$ 10,124	$ 10,235
Defined benefit plan (Note 22)	909	951
Other employee benefit	365,450	538,496
Total	$ 376,483	$ 549,682
Summarization by function		
Total Cost of sales	$ 241,296	$ 332,144
Operating expenses	135,187	217,538
	$ 376,483	$ 549,682

(7) Remuneration to employees and directors

FUCC 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 2023 and 2022 were resolved by the Board of Directors on March 13, 2024 and March 14, 2023, respectively, as follows:

Estimation Ratio

	2023	2022
Remuneration to employees	2.50%	2.50%
Remuneration to directors	2.50%	2.50%

Amount

	2023	2022
	Cash	Cash
Remuneration to employees	$ 12,807	$ 34,864
Remuneration to directors	12,807	34,864

Any change 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 employees and directors in 2022 and 2021 and the amount recognized in the 2022 and 2021 separate 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.

(8) Foreign exchange profit and loss

	2023	2022
Total foreign exchange profit	$ 69,874	$ 198,407
Total foreign exchange loss	(60,058)	(95,022)
Net profit (loss)	$ 9,816	$ 103,385

26. Income Tax

(1) Income tax recognized in profit and loss

The main composition items of income tax expense are as follows:

	2023	2022
Current income tax		
Incurred in the current year	$ 82,983	$ 254,240
Levied on unappropriated earnings	5,601	5,184
Adjustment of prior periods	909	1,997
Investment credit	(2,910)	(3,645)
	86,583	257,776
Deferred income tax		
Incurred in the current year	(18,113)	(17,587)
Income tax expense recognized in profit and loss	$ 68,470	$ 240,189

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

	2023	2022
Profit (loss) from continuing operations before tax	$ 486,658	$ 1,324,828
Income tax expense calculated according to statutory tax rate for net income before tax	$ 97,332	$ 264,966
Tax-exempt income	(15,188)	(22,517)
Share of profit (loss) accounted for using equity method, net	(17,277)	(5,796)
Expense loss that could not be deducted for tax	3	-

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	2023	2022
Levied on unappropriated retained earnings	$ 5,601	$ 5,184
Investment Credit	(2,910)	(3,645)
Current income tax expense of previous periods adjusted in the current year	909	1,997
Income tax expense recognized in profit and loss	$ 68,470	$ 240,189

(2) Income tax recognized in other comprehensive income

	2023	2022
Deferred income tax		
Incurred in the current year		
－Defined benefit plan re-measurement quantity	($ 97)	$ 1,333
－Unrealized profit and loss of financial assets at fair value through other comprehensive income	31,515	94,690
－Conversion through overseas operating agencies	(2,764)	4,353
Income tax recognized in other comprehensive income	$ 28,654	$ 100,376

(3) Current income tax liabilities

	12/31/2023	12/31/2022
Current income tax liabilities		
Income tax payable	$ 83,904	$ 190,010

(4) Deferred income tax assets and liabilities

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

2023

	Beginning Balance	Recognized in profit and loss	Recognized in other comprehensive income	Ending Balance
Deferred income tax assets				
Temporary difference				
Early recognition of sales income for tax purpose	$ 19,887	($ 16,093)	$ -	$ 3,794
Unrealized exchange loss	5,275	(1,359)	-	3,916
Unrealized sales cost	14,027	(6,986)	-	7,041
Unrealized Inventory Write-off for market price decline	3,050	776	-	3,826
Unrealized vacation benefit payable	2,724	(34)	-	2,690
Investment loss accounted for using equity method	93,319	17,447	-	110,766
Profit from the disposal of overseas investment	5,027	-	-	5,027
Unrealized gross profit (loss) from sales	72	(51)	-	21
Defined pension plan	33,474	-	97	33,571
Unrealized valuation loss of financial assets at fair value of other comprehensive income	116	-	(116)	-
Loss from Exchange differences on translation of foreign financial statements	9,659	-	2,764	12,423
	$ 186,630	($ 6,300)	$ 2,745	$ 183,075
Deferred income tax liabilities				
Temporary difference				
Early recognition of sales cost for tax purpose	$ 17,757	($ 14,784)	$ -	$ 2,973
Unrealized exchange profit	375	1,346	-	1,721
Investment profits accounted for using equity method	14,067	(10,975)	-	3,092
Unrealized valuation profit at fair value of other comprehensive income	122,219	-	31,399	153,618
Land value increment in revaluation	172,429	-	-	172,429
	$ 326,847	($ 24,413)	$ 31,399	$ 333,833

2022

	Beginning Balance	Recognized in profit and loss	Recognized in other comprehensive income	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 sales cost	5,918	8,109	-	14,027
Unrealized Inventory Write-off for market price decline	1,944	1,106	-	3,050
Unrealized vacation benefit payable	3,306	(582)	-	2,724

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	Beginning Balance	Recognized in profit and loss	Recognized in other comprehensive income	Ending Balance
Investment loss accounted for using equity method	$ 83,809	$ 9,510	$ -	$ 93,319
Profit from the disposal of overseas investment	5,027	-	-	5,027
Unrealized gross profit (loss) from sales	252	(180)	-	72
Defined pension plan	34,807	-	(1,333)	33,474
Unrealized valuation loss of financial assets at fair value of other comprehensive income	2,657	-	(2,541)	116
Loss from Exchange differences on translation of foreign financial statements	14,012	-	(4,353)	9,659
	$ 178,737	$ 16,120	($ 8,227)	$ 186,630
Deferred Income Tax Liabilities				
Temporary difference				
Early recognition of sales cost for tax purpose	$ 18,952	($ 1,195)	$ -	$ 17,757
Unrealized exchange profit	387	(12)	-	375
Investment profits accounted for using equity method	14,327	(260)	-	14,067
Unrealized valuation profit at fair value of other comprehensive income	30,070	-	92,149	122,219
Land value increment in revaluation	172,429	-	-	172,429
	$ 236,165	($ 1,467)	$ 92,149	$ 326,847

(5) Income Tax Audit

The tax collection agencies have the income tax returns of FUCC audited up to the year before 2021.

27. Earnings per share

Unit: NT$/Share

	2023	2022
Basic Earnings per share	$ 0.88	$ 2.27
Diluted Earnings per share	$ 0.88	$ 2.27

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

Profit (loss)

	2023	2022
Profit (loss)	$ 418,188	$ 1,084,639

Shares

Unit: Thousand Shares

	2023	2022
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	897	1,761
Weighted average number of common stock shares for the calculation of diluted earnings per share	477,913	478,777

If the Company chooses 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.

28. Separately acquired or disposal of investment in subsidiaries – no change of control

The company did not subscribe the new shares issued from a cash capital increase of Fusugar Industry Corp. proportionally to the shareholding ratio in November, 2022, resulting in an increase in its shareholding ratio from 85.34% to 88.35%.

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

29. Capital Risk Management

The company initiates capital management to 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; and thereby securing the company's sustainable operation, the pursuit of long-term profits for shareholders,

and the stabilization in business performance, as well as to maximize the return of shareholders' equity.

30. Financial Instrument

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

1. Fair value level

12/31/2023

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
—Taiwan Innovation Board listing stock	$ -	$ 145,116	$ -	$ 145,116
—Domestic non-TWSE/TPEx listing stock	-	1,000	-	1,000
Total	$ -	$ 146,116	$ -	$ 146,116
Financial assets at fair value through other comprehensive income				
Equity instrument investment				
—Taiwan Innovation Board listing stock	$ -	$ 794,008	$ -	$ 794,008
—Foreign non-listing OTC stock	-	-	144,487	144,487
Total	$ -	$ 794,008	$ 144,487	$ 938,495

12/31/2022

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Domestic non-TWSE/TPEx listing stock	$ -	$ 131,641	$ -	$ 131,641
Financial assets at fair value through other comprehensive income				
Equity instrument investment				
—Domestic non-TWSE/TPEx listing stock	$ -	$ 637,137	$ -	$ 637,137
—Foreign non-listing OTC stock	-	-	144,363	144,363
—Anonymous portfolio investment	-	4,669	-	4,669
Total	$ -	$ 641,806	$ 144,363	$ 786,169

There was no transfer between Level 1 and Level 2 fair value measurements in 2023 and 2022.

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

Taiwan Innovation Board listing stock, domestic non-TWSE/TPEx listing stock, and anonymous portfolio investment adopt the market approach to evaluate the fair value.

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

2023

Financial Assets	Financial assets at fair value through other comprehensive income Equity Instrument
Beginning Balance	$ 144,363
Recognized in other comprehensive income (Unrealized profit or loss in valuation of financial assets measured at fair value through other comprehensive profit or loss)	124
Ending Balance	$ 144,487

2022

Financial Assets	Financial assets at fair value through other comprehensive income Equity Instrument
Beginning Balance	$ 111,684
Recognized in other comprehensive income (Unrealized profit or loss in valuation of financial assets measured at fair value through other comprehensive profit or loss)	32,679
Ending Balance	$ 144,363

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

Financial assets at fair value through other comprehensive income – foreign non-listing (OTC) company's equity investment estimates its fair value by adopting the discounted cash flow (DCF) method, applying the significant unobservable input values as the long-term revenue growth rate, weighted average cost of capital (WACC), and discount for lack of marketability. When the weighted average cost of capital (WACC) increases, the fair value of such investment decreases accordingly.

	12/31/2023	12/31/2022
Long-term revenue growth rate	2.00%	2.00%
Weighted Average Cost of Capital Rate	8.66%	8.78%
Discount for Lack of Marketability	30.00%	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:

	12/31/2023	12/31/2022
Long-term revenue growth rate		
Increased by 1%	$ 17,291	$ 16,128
Decreased by 1%	($ 12,776)	($ 11,982)
Weighted Average Cost of Capital Rate		
Increased by 1%	($ 12,679)	($ 12,666)
Decreased by 1%	$ 17,152	$ 17,042
Discount for Lack of Marketability		
Increased by 1%	($ 2,064)	($ 2,062)
Decreased by 1%	$ 2,064	$ 2,062

(2) Types of Financial Instruments

	12/31/2023	12/31/2022
Financial Assets		
At fair value through profit and loss		
At fair value through profit and loss mandatorily	$ 146,116	$ 131,641
Measured at the amortized cost (Note 1)	978,383	1,529,622
At fair value through other comprehensive income		
Equity instrument investment	938,495	786,169
Financial Liabilities		
Measured at the amortized cost (Note 2)	1,763,441	2,224,620

Note 1: The balance amount includes cash and cash equivalents, financial assets measured at amortized cost, notes receivable-related party, accounts receivables, accounts receivable – related party, other receivables, other receivables – related party, guarantee deposits paid, and other financial assets, and financial assets that are measured at the amortized cost.

Note 2: The balance amount includes short-term borrowings, notes payable, accounts payable, other payables, other payables-related parties, and other financial liabilities that are measured at the amortized cost.

(3) Objectives and Policies of Financial risk Management

The main financial instruments of the company include cash and cash equivalents, equity instrument investment, accounts receivable, accounts payable, borrowings, and lease liabilities. The financial management department of the company provides services to all business units, plans and coordinates the access to operations in the domestic and international financial markets, and thereby analyzes internal risk report supervision manages the financial risks related to the company according to the degree and breadth of risks. Such 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 risk hedging, 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 36 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 is mainly affected by fluctuations in the exchange rates of the US dollar, Eur and Japanese Yen.

The exchange risks associated with the monetary items of the company mainly come from the bank deposits, accounts receivables, other receivables, and bank loans priced in foreign currencies that are still outstanding without hedging through cash flow on the balance sheet date. The exchange profit/loss incurs at the exchange of foreign currency. The sensitivity ratio referred to when reporting the exchange rate risks to the internal management of the company is appreciated or depreciated by 1%, which also represents the management's assessment of the reasonably

possible range of changes in foreign currency exchange rates. With all other factors remain unchanged, the inflation of New Taiwan Dollar relative to foreign currency by 1% will decrease the net income before tax or equity by NT$2,421 thousand and NT$7,449 thousand in 2023 and 2022 respectively. On contrary, the deflation of New Taiwan Dollar relative to foreign currency by 1% will result in the negative number of same amounts for the net income before tax or equity. The analysis of the two periods adopts the same basis.

The management believes that the 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 and floating interest rates at the same time, which results in interest rate risk.

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:

	12/31/2023	12/31/2022
With fair value interest rate risk		
－Financial Assets	$ 20,000	$ 541,220
－Financial Liabilities	1,097,769	275,779
With cash flow interest rate risk		
－Financial Assets	186,745	250,490
－Financial Liabilities	250,000	915,000

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 in circulation on the balance sheet date was

outstanding throughout the reporting period. The rate of change used when reporting interest rates internally to the management of the company is an increase or decrease by 100 base points, which also represents the management's assessment of the reasonably possible range of changes in interest rates.

If the interest rate increases by 100 base points and all other variables remain unchanged, the company's 2023 and 2022 net income before tax will decrease by NT$633 thousand and NT$6,645 thousand, respectively. On contrary, if the interest rate decreases by 100 base points, the net income before tax will decrease by the negative number of the same amount respectively, mainly due to the company's variable interest rate deposits and net position of variable interest rate loans.

(3) Other Price Risks

The company incurs equity price risk exposure due to equity securities investment. The equity securities investment is not held for trading but rather a strategic investment. The company does not actively trade these investments but assign personnel in charge to monitor price risks and assess 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 increases/decreases by 1%, the comprehensive income before tax in 2023 and 2022 will increase/decrease by NT$1,461 thousand and NT$1,316 thousand, respectively, due to the increase/decrease in the fair value of financial assets at fair value through comprehensive income. The other comprehensive income before tax in 2023 and 2022 will increase/decrease by NT$9,385 thousand and NT$7,862 thousand, respectively,

due to the increase/decrease in the fair value of financial assets at fair value through other comprehensive income.

2. Credit Risk

Credit risk refers to the risk that the counterparty of the transaction defaults on contractual obligations and causes financial losses to the consolidated 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 to perform its obligations is mainly derived from the book amount of financial assets recognized in the consolidated balance sheets.

The accounts receivable is to be collected from many customers distributed in different industries and geographic regions. The company constantly evaluates the financial status of accounts receivable customers.

In addition, since the counterparties of liquid 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 and cash equivalents 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 compliance with the terms of the loan contracts.

Bank loans are 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, 2023 and 2022.

(1) Liquidity and interest rate risk list of non-derivative financial liabilities

The following table describes the analysis of payment period agreed for the remaining non-derivative financial liabilities of the company. 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.

12/31/2023

	Immediate payment or paying within 1 year	1~2 Years	2~5 Years	Over 5 Years
Non-derivative financial liabilities				
Non-interest-bearing liabilities	$ 833,441	$ -	$ -	$ -
Lease liabilities	93,315	66,464	200,741	76,572
Floating interest rate instrument	250,168	-	-	-
Fixed interest rate instrument	680,588	-	-	-
	$ 1,857,512	$ 66,464	$ 200,741	$ 76,572

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	$ 1,159,620	$ -	$ -	$ -
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

(2) Loan Commitments

	12/31/2023	12/31/2022
Unguaranteed bank loan commitments		
－Loan commitments applied	$ 930,000	$ 1,065,000
－Loan commitments not applied	2,145,835	1,960,835
	$ 3,075,835	$ 3,025,835

31. Related-Party Transactions

Except for those already disclosed by other notes, the transactions conducted between the Company and the related parties are described below:

(1) Name and relationship of related parties

Name of Related Party	Relation with the Company
UPM	Subsidiary
Hershey Env. Tech	Subsidiary
Yongyao Energy Co., Ltd. (Yongyao Energy)	Subsidiary
Yongji Energy Co., Ltd. (Yongji Energy)	Subsidiary
FIC	Subsidiary
Great Victory Chemical	Subsidiary
Yung Sheng Green Power Co., Ltd. (Yung Sheng Green Power)	Subsidiary
TDP	Subsidiary
Defia Co., Ltd. (Defia)	Associate
Pei Ting Energy Co., Ltd. (Pei Ting Energy)	Associate
Chang Chun Formosan Union Fine Chemical (Changshu) Co., Ltd.	Joint Venture

(2) Operating Income

Accounts	Classification of related party / Title	2023	2022
Sales Income	Subsidiary	$ 123,830	$ 160,368
	Joint Venture	171,588	288,900
		$ 295,418	$ 449,268
Rework Income	Subsidiary/UPM	$ 179,755	$ 384,699

The transactions between the company and the related parties are conducted according to the agreed price and terms and conditions, with approximately 1-month credit term.

(3) Purchase

Accounts	Classification of related party	2023	2022
Purchase	Subsidiary	$ 155,468	$ 148,927
	Joint Venture	19,720	22,017
		$ 175,188	$ 170,944

The purchase made by the company from related parties is conducted on the general purchase terms and conditions (market price), with approximately 1-month credit term.

(4) Accounts receivables from related parties (excluding lending to related parties)

Accounts	Classification of related party/Title	12/31/2023	12/31/2022
Notes receivable — Related Party	Subsidiary/Great Victory Chemical	$ 852	$ 617
Accounts receivable — Related PArty	Subsidiary/UPM	$ 19,819	$ 36,901
	Subsidiary/Hershey Env. Tech	17,155	125
		$ 36,974	$ 37,026
Other accounts receivable -Related Party	Subsidiary/UPM	$ 2,589	$ 6
	Subsidiary/Hershey Env. Tech	369	314
	Subsidiary	151	138
	Associate/Defia	-	3,220
		$ 3,109	$ 3,678

No guarantee is received for the outstanding accounts receivable from related parties. The 2023 and 2022 receivables from the related parties were not appropriated as allowance for loss.

(5) Payables to related parties (excluding borrowings from related parties)

Accounts	Classification of related party/Title	12/31/2023	12/31/2022
Accounts Payable —		$ 2,793	$ 7,028
	Subsidiary/UPM		
Related Party	Subsidiary/ Hershey Env. Tech	22,162	16,302
		$ 24,955	$ 23,330
Other Accounts Payable —	Subsidiary/Hershey Env. Tech	$ 3,437	$ 2,233
Related Party	Associate	55	-
	Associate/Defia	199	749
		$ 3,691	$ 2,982

(6) Disposal of Property, plant and equipment

	Disposal Price		Disposal (Loss) Profit	
Classification of Related Party	2023	2022	2023	2022
Subsidiary	$ 159	$ 5	$ -	$ -
Associate	-	138	-	-
	$ 159	$ 143	$ -	$ -

(7) Lease Agreement

Classification of Related Party/Title	2023	2022
Right-of-use asset acquired		
Subsidiary	$ -	$ 3,983
Subsidiary/TDP	19,358	18,819
	$ 19,358	$ 22,802

Accounts	Classification of Related Party/Title	12/31/2023	12/31/2022
Lease liabilities -current	Subsidiary	$ -	$ 333
	Subsidiary/TDP	19,358	17,026
		$ 19,358	$ 17,359

Classification of Related Party/Title	2023	2022
Interest Expense		
Subsidiary	$ 107	$ 60
Lease Expense		
Subsidiary/Hershey Env. Tech	$ 32,704	$ 20,443
Subsidiary	-	205
	$ 32,704	$ 20,648

(8) Lease Agreement

Operating Lease

The Company leased the right to use the land and house located in Pingnan Industrial Park through operating lease to the subsidiary, Hershey Env. Tech, with a remaining lease term of 1 year; and leased the Taipei Office and parking lot to subsidiaries through operating lease, with a remaining lease term of 9 months.

The total amount of lease payment to be collected in the future is summarized below:

Classification of Related Party/Title	12/31/2023	12/31/2022
Subsidiary/Hershey Env. Tech	$ 12,181	$ 22,796
Subsidiary	495	732
	$ 12,676	$ 23,528

The lease income is summarized below:

Classification of Related Party/Title	2023	2022
Subsidiary/Hershey Env. Tech	$ 10,696	$ 10,119
Subsidiary	838	848
	$ 11,534	$ 10,967

(9) Manufacturing Expense

Accounts	Classification of Related Party/Title	2023	2022
Manufacturing Expense－Rework Expense	Subsidiary/Hershey Env. Tech	$ 124,280	$ 119,885
Manufacturing Expense－Other Expense	Associates	$ 52	$ -

(10) Operating expenses

Accounts	Classification of related party	2023	2022
Administrative expenses - Other expenses	Subsidiary	$ 40	$ 40

(11) Other income

Accounts	Classification of Related Party	2023	2022
Other income	Subsidiary	$ 1,721	$ 2,766
	Subsidiary/Great Victory Chemical	4,359	5,062
	Associate	56	2,377
		$ 6,136	$ 10,205

(12) Prepayment

Accounts	Classification of Related Party	12/31/2023	12/31/2022
Prepayment	Subsidiary	$ 452	$ -

(13) Endorsements/guarantees

Please refer to Note 33-2

(14) Remunerations to the key management personnel

	2023	2022
Short-term employee benefits	$ 61,584	$ 109,416
Pensions after retirement	1,762	1,752
	$ 63,346	$ 111,168

The remuneration to directors and other key management personnel is determined in accordance with individual performance evaluation and market trends.

32. Collateral Assets

The following assets of the company have been provided as the bid bonds of purchase and the collateral of financial borrowing:

	12/31/2023	12/31/2022
Property, plant and equipment (including investment property)		
Proprietary Land	$ 666,141	$ 666,141
House and building	31,545	34,275
Other noncurrent assets－collateral time deposit	20,000	20,000
	$ 717,686	$ 720,416

33. Contractual Commitment with Material or Liabilities without Recognition

The material commitments and contingencies of the company on the balance sheet date are as follows:

(1) As of December 31, 2023 and 2022, respectively, the company has issued a letter of credit for material procurement with an outstanding balance of NT$204,000 thousand and NT$213,000 thousand, and US$2,400 thousand and US$1,450 thousand, respectively.

(2) Making of notes endorsement and guarantee:

1. As of December 31, 2023 and 2022, FUCC issued bills of endorsements /guarantees for Fusugar Industry Corp (FIC) in the amount of NT$69,000 thousand and NT$50,000 thousand, respectively. The amount was approved by the FUCC Board of Directors and the actual amounts used were NT$69,000 thousand and NT$50,000 thousand.
2. As of December 31, 2023 and 2022, Hershey Environmental Tech issued bills of endorsements /guarantees for FUCC in the amount of NT$3,950 thousand. It was approved by Hershey Environmental Tech Board of directors that the actual amount used was NT$3,950 thousand.

34. Other Matters

None.

35. Material Post-Period Matters

None.

36. Information on Assets and Liabilities in Foreign Currency with Material Impact

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 assets and liabilities in foreign currency with material impact are as follows:

12/31/2023

	Foreign Currency	Exchange Rate	Book Value
Assets in foreign currency			
Monetary items			
USD	$ 19,479	30.6550 (USD: NTD)	$ 597,142
JPY	9,352	0.2152 (JPY: NTD)	2,013
Financial Assets at Fair Value through Other Comprehensive Income－Noncurrent			
RMB	33,392	4.3270 (RMB: NTD)	144,487
Subsidiaries, associate and joint venture accounted for using equity method			
USD	1,028	30.705 (USD: NTD)	31,565
VND	132,317,477	0.0015 (VND: NTD)	196,885
RMB	126,765	4.3352 (RMB: NTD)	549,552
Liabilities in foreign currency			
Monetary Items			
USD	11,164	30.7550 (USD: NTD)	343,357
EUR	399	34.1800 (EUR: NTD)	13,653

12/31/2022

	Foreign Currency	Exchange Rate	Book Value
Assets in foreign currency			
Monetary Items			
USD	$ 38,860	30.6600 (USD: NTD)	$ 1,191,433
EUR	211	32.5200 (EUR: NTD)	6,853

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	Foreign Currency	Exchange Rate	Book Value
Financial Assets at Fair Value through Other Comprehensive Income－Noncurrent			
RMB	$ 32,750	4.4080 (RMB: NTD)	$ 144,363
JPY	20,090	0.2324 (JPY: NTD)	4,669
Subsidiaries, associate and joint venture accounted for using 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
EURO	226	32.9200 (EUR: NTD)	7,425
JPY	41,569	0.2344 (JPY: NTD)	9,744

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 foreign exchange profit and loss of material impact (realized and unrealized) is as follows

	2023		2022	
Functional Currency	Functional currency to expressing currency	Net exchange Profit	Functional currency to expressing currency	Net exchange Profit
NTD	1 (NTD: NTD)	$ 9,816	1 (NTD: NTD)	$ 103,385

37. Notes to Disclosure

(1) Material Transaction Related Information:

1. Loaning of funds (Appendix 1).
2. Making of endorsements/guarantees (Appendix 2).
3. The valuable securities held at yearend (excluding investment in the equity of the subsidiaries, associates, and joint venture) (Appendix 3).
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 (Appendix 4).
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).

(2) Reinvestment Related Information: (Appendix 5)

(3) Investments in Mainland China:

1. The name of the invested company in mainland China, main business operations, paid-in capital, investment methods, capital remittances inwards and outwards, shareholding ratio, investment profit and loss, year-end investment book amount, investment profit and loss remitted inward, and limits of investment in Mainland China (Appendix 6).
2. The following major transactions, prices, payment terms, and unrealized profit and loss, occurred directly or indirectly with the invested company in mainland China through the third region: (Appendix 4).
   (1) The purchase amount and percentage and the year-end balance and percentage of related payables;

(2) The amount and percentage of sales and the year-end balance and percentage of related receivables;

(3) The amount of property transactions and the amount of profit and loss resulted;

(4) The endorsement/guarantee of the bill or the year-end balance of the collateral provided and its purpose;

(5) ◦ The maximum balance, year-end balance, interest rate range, and total current interest of financing;

(6) Other transactions that have a significant impact on the current profit and loss or financial status, such as the labor service provided or received... etc.

(4) Major Shareholders: The name, shares held, and shareholding ratio of the shareholders with 5% or more of the equity ratio (Appendix 7).

FORMOSAN UNION CHEMICAL CORPORATION AND SUBSIDIARIES

Loaning of funds

January 1 to December 31, 2023

Appendix 1

Unit: NTD Thousand

No.	Lending Company	Borrower	Account	A related party	Maximum balance - current	Ending Balance	Actual Loan Amount	Interest rate range	Nature of loaning of funs	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	Remark
													Name	Value			
1	United Performance Materials Corporation	Fusugar Industry Corp.	Other accounts receivable -Related Party	Yes	$ 110,000	$ 90,000	$ -	Note 7	Needs for short-term loans	$ -	Working capital	$ -	-	$ -	$ 111,039 (Note 1)	$ 222,078 (Note 2)	
2	Great Victory Chemical Industry Co., Ltd.	Fusugar Industry Corp.	Other accounts receivable -Related Party	Yes	94,000	90,000	8,000	3.119%	Needs for short-term loans	-	Working capital	-	-	-	104,135 (Note 3)	208,270 Note 14)	
2	Great Victory Chemical Industry Co., Ltd.	Hershey Environmental Technology Co., Ltd.	Other accounts receivable -Related Party	Yes	80,000	80,000	-	Note 7	Needs for short-term loans	-	Working capital	-	-	-	104,135 (Note 3)	208,270 (Note 4)	
3	Hershey Environmental Technology Co., Ltd.	Fusugar Industry Corp.	Other accounts receivable -Related Party	Yes	55,000	40,000	-	Note 7	Needs for short-term loans	-	Working capital	-	-	-	56,540 (Note5)	113,080 (Note 6)	

Note 1: The loaning of fund limit for one single company is no more than 10% of the net equity value of UPM, namely $1,110,392×10%＝$111,039.

Note 2: The total loaning of fund limit is no more than 20% of the net equity value of UPM, namely $1,110,392×20%＝$222,078.

Note 3: The loaning of fund limit for one single company is no more than 10% of the net equity value of Great Victory Chemical, namely $1,041,352×10%＝$104,135.

Note 4: The total loaning of fund limit is no more than 20% of the net equity value of Great Victory Chemical, namely $1,041,352×20%＝$208,270.

Note 5: The loaning of fund limit for one single company is no more than 10% of the net equity value of Hershey Env. Tech, namely $565,398×10%＝$56,540.

Note 6: The total loaning of fund limit is no more than 20% of the net equity value of Hershey Env. Tech, namely $565,398×20%＝$113,080.

Note 7: Calculated using the base interest rate from Bank of Taiwan on the day of drawing.

FORMOSAN UNION CHEMICAL CORPORATION AND SUBSIDIARIES

Making of Endorsements/Guarantees

January 1 to December 31, 2023

Appendix 2

Unit: NTD 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 the parent company for subsidiary	Making of endorsement/ guarantee by subsidiary for parent company	Endorsement/ guarantee attributable to mainland China	Remark
		Company Name	Relation (Note 1)											
0	FUCC	Fusugar Industry Corp.	2	$ 1,597,034 (Note 2)	$ 69,000	$ 69,000	$ 69,000	$ -	0.86%	$ 3,992,586 (Note 3)	Yes	No	No	
1	Hershey Environmental Technology Co., Ltd.	FUCC	3	113,080 (Note 4)	3,950	3,950	3,950	3,950	0.70%	282,699 (Note 5)	No	Yes	No	

Note 1: There are 7 types of relationships between the endorsing/guaranteeing company and the endorsed/guaranteed company. Please indicate the type of relationship:

(1)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 endorsement/guarantee amount for one single enterprise is limited to no more than 20% of the company's net worth, namely $7,985,172×20%＝$1,597,034.

Note 3: The total endorsement/guarantee amount is limited to no more than 50% of the company's net worth, namely $7,985,172×50%＝$3,992,586.

Note 4: The endorsement/guarantee amount for one single enterprise is limited to no more than 20% of the net worth of Hershey Env. Tech, $565,398×20%＝$113,080.

Note 5: The total endorsement/guarantee amount is limited to no more than 50% of the net worth of Hershey Env. Tech, namely $565,398×50%＝$282,699.

FORMOSAN UNION CHEMICAL CORPORATION AND SUBSIDIARIES

Securities Held at Yearend

December 31, 2023

Appendix 3

Unit: NTD Thousand

Shareholding company	Type and name of marketable securities	Relationship with security issuer	Accounts	Yearend				Remarks
				Shares/Units	Book Value	Shareholding Ratio (%)	Market Price	
FUCC	Kenwell Industrial Pte Ltd / Shares	—	Financial Assets at Fair Value through Other Comprehensive Income－Noncurrent	4,927,717.00	$ 144,487	19.74%	$ 144,487	
FUCC	J & V Energy Technology Co., Ltd./Shares	—	Financial Assets at Fair Value through Other Comprehensive Income－Noncurrent	8,393,318.00	794,008	7.22%	794,008	
FUCC	SHUN JU ENTERPRISE CO., LTD. / Shares	—	Financial Assets at Fair Value through Other Comprehensive Income－Noncurrent	1,400,000.00	-	3.14%	-	
FUCC	Kolyn Technology Corporation /Shares	—	Financial Assets at Fair Value through Other Comprehensive Income－Noncurrent	70,000.00	-	1.06%	-	
FUCC	J & V Energy Technology Co., Ltd. / Shares	—	Financial assets at fair value through profit or loss－Current	1,534,000.00	145,116	1.32%	145,116	
FUCC	Uspace Tech Co., Ltd. / Shares	—	Financial assets at fair value through profit or loss－Current	25,000.00	1,000	0.14%	1,000	
Great Victory Chemical Industry Co., Ltd.	Sino-Japan Chemical Co., Ltd. / Shares	—	Financial Assets at Fair Value through Other Comprehensive Income－Noncurrent	88,345.00	207,080	6.10%	207,080	
Great Victory Chemical Industry Co., Ltd.	Global Cooperation Development Corp. / Shares	—	Financial Assets at Fair Value through Other Comprehensive Income－Noncurrent	500,000.00	5,000	21.74%	5,000	
Great Victory Chemical Industry Co., Ltd.	Capital Money Market Fund/ Beneficiary certificate	—	Financial assets at fair value through profit or loss －Current	1,459,905.50	24,207	-	24,207	Note 1

Note 1: The market price of fund beneficiary certificates is estimated according to the net value of fund assets on December 31, 2023.

Note 2: Please refer to Appendix 5 and Appendix 6 for the information of investment in subsidiaries, associates, and joint ventures.

FORMOSAN UNION CHEMICAL CORPORATION AND SUBSIDIARIES

NT$100 million in purchase amount or sales amount with related party or 20% of the paid-in capital

January 1 to December 31, 2023

Appendix 4

Unit: NTD Thousand

Buying (selling) company	Name of counterparty	Relation	Transactions				Different trade terms 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	Ratio to total notes and accounts receivable (payable)	
FUCC	United Performance Materials Corporation	Subsidiary	Sale	$ 196,068 (Note 1)	2.87%	1～2 months	Contract price/ Equivalent to general trade terms	1～2 months	$ 19,819	2.80%	
United Performance Materials Corporation	FUCC	Parent Company	Purchase	196,068 (Note 2)	13.36%	1～2 months	Contract price/ Equivalent to general trade terms	1～2 months	(19,819)	41.04%	
FUCC	Hershey Environmental Technology Co., Ltd.	Subsidiary	Sale	107,517	1.57%	1～2 months	Equivalent to general trade terms	1～2 months	17,155	2.42%	
Hershey Environmental Technology Co., Ltd.	FUCC	Parent Company	Purchase	107,517	10.70%	1～2 months	Equivalent to general trade terms	1～2 months	(17,155)	87.99%	
FUCC	Hershey Environmental Technology Co., Ltd.	Subsidiary	Purchase	217,928 (Note 3)	3.67%	1～2 months	Contract price/ Equivalent to general trade terms	1～2 months	(22,162)	3.70%	
Hershey Environmental Technology Co., Ltd.	FUCC	Parent Company	Sale	217,928 (Note 4)	20.74%	1～2 months	Contract price/ Equivalent to general trade terms	1～2 months	22,162	9.80%	
FUCC	Chang Chun Formosan Union Fine Chemical (Changshu) Co., Ltd.	Joint Venture	Sale	171,588	2.51%	1 month	Equivalent to general trade terms	1 month	-	-%	

Note 1: Including processing income of NT$179,755 thousand and sales income of NT$16,313 thousand.

Note 2: Including processing expense of NT$179,755 thousand and purchase NT$16,313 thousand.

Note 3: Including processing expense of NT$124,280 thousand and purchase NT$93,648 thousand.

Note 4: Including processing income of NT$124,280 thousand and sales income of NT$93,648 thousand.

FORMOSAN UNION CHEMICAL CORPORATION AND SUBSIDIARIES

Invested company information, location and other related Information

January 1 to December 31, 2023

Appendix 5

Unit: NTD Thousand

Name of Investing Company	Name of invested company	Location	Main Business Lines	Beginning investment amount		Shareholding end of the year			Current Profit (Loss) of Invested Company	Investment Profit (Loss) Recognized in Current Period	Remark
				End of this year	End of last year	Shares	Ratio (%)	Book Value			
FUCC	United Performance Materials Corporation	Taipei City	Manufacturing, rework and buying/selling hydrocarbon resin, polyester polyo1, Melamine resin, resin clay, Urea resin, alkyd resin, acetate resin, butyric acid resin, and aromatics solvent. .	$ 603,812	$ 603,812	72,202,200	80.25%	$ 972,400	($ 13,155)	($ 10,462)	Note 1
FUCC	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%	567,122	26,620	27,044	Note 1
FUCC	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	1,816,555	128,993,285	88.35%	746,167	(77,903)	(68,828)	Note 1
FUCC	Great Victory Chemical Industry Co., Ltd.	Taipei City	Pesticide manufacturing and sales.	401,364	401,364	19,800,000	100.00%	1,041,351	52,466	52,466	Note 1
FUCC	Tanques Del Pacifico, S.A.	Guatemala	Warehouse silo lease.	28,513	28,513	900	100.00%	31,565	3,691	1,741	Note 2
FUCC	Defia Co., Ltd.	Taipei City	Engaged in food trading and bakery.	3,000	3,000	300,000	20.00%	12,585	29,120	5,824	Note 2
FUCC	Sheng Hua Develop Co., Ltd.	Taoyuan City	Engaged in the trading and holding of residential and commercial real estate and land development operations.	30,000	30,000	30,000	10.00%	29,875	(458)	(46)	Note 2 and Note 3
FUCC	Pei Ting Energy Co., Ltd.	Taichung City	The establishment of Photovoltaics system, operation maintenance and agency of Huawei products	3,500	3,500	350,000	35.00%	11,790	17,993	6,298	Note 1
FUCC	Chang Chun Formosan Union Fine Chemical (Changshu) Co., Ltd.	Changshou	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.	620,562	620,562	-	50.00%	549,552	(36,723)	(18,362)	Note 1
FUCC	Soft Industry Corp.	Vietnam	Engaged in the manufacturing, processing, and trading of alkylbenzene and sulfonic acid.	192,414	97,779	-	46.20%	196,885	10,372	4,864	Note 1 and Note 4
FUCC	Soft Chemical Corp.	Vietnam	Engaged in the manufacturing, processing, and trading of alkylbenzene and sulfonic acid.	-	43,707	-	-	-	(2,364)	(994)	Note 1 and Note 4
United Performance Materials Corporation	Fusugar Industry Corp.	Taichung City	Petrochemical raw materials, synthetic resins, rubber and plastics, other chemical products manufacturing and wholesale, and sugar manufacturing.	29,913	29,913	1,794,787	1.23%	10,382	(77,903)	(958)	Note 1

(Continued on next page)

(Continued from previous page)

Name of Investing Company	Name of invested company	Location	Main Business Lines	Beginning investment amount		Shareholding end of the year			Current Profit (Loss) of Invested Company	Investment Profit (Loss) Recognized in Current Period	Remarks
				End of this year	End of last year	Shares	Ratio (%)	Book Value			
Hershey Environmental Technology Co., Ltd.	United Performance Materials Corporation	Taipei City	Manufacturing, rework and buying/selling hydrocarbon resin, polyester polyo1, Melamine resin, resin clay, Urea resin, alkyd resin, acetate resin, butyric acid resin, and aromatics solvent.	$ 23,858	$ 23,858	1,216,088	1.35%	$ 20,136	($ 13,155)	($ 172)	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).	68,400	85,500	6,840,000	100.00%	75,587	4,299	4,299	Note 1
Hershey Environmental Technology Co., Ltd.	Yongji Energy Co., Ltd.	Taipei City	Thermal energy supply industry, cleaning product wholesale industry, and installation and wholesale industry of electrical appliances, machinery…etc.	3,878	3,878	387,840	50.00%	6,544	988	494	Note 2
Great Victory Chemical Industry Co., Ltd.	United Performance Materials Corporation	Taipei City	Manufacturing, rework and buying/selling hydrocarbon resin, polyester polyo1, Melamine resin, resin clay, Urea resin, alkyd resin, acetate resin, butyric acid resin, and aromatics solvent.	8,472	8,472	436,800	0.49%	5,391	(13,155)	(64)	Note 1
Great Victory Chemical Industry Co., Ltd.	Fusugar Industry Corp.	Taichung City	Petrochemical raw materials, synthetic resins, rubber and plastics, other chemical products manufacturing and wholesale, and sugar manufacturing.	94,287	94,287	5,657,220	3.87%	32,724	(77,903)	(3,019)	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%	6,201	990	495	Note 2
Great Victory Chemical Industry Co., Ltd.	Tecnica Cientifica De Guatemala S. A.	Guatemala	Pesticide trading	9,043	9,043	2,360	73.75%	1,780	-	-	Note 2

Note 1: The calculation is based on the financial statements audited by CPA during the same period of the invested company and the shareholding ratio of the Company, which takes consideration of discount/premium amortization, unrealized profit (loss) from the transactions between companies, the effect of right-to-use assets, and recognized investment profit (loss) between new and old shareholding ratio.

Note 2: The calculation is based on the financial statements unaudited by CPA during the same period of the invested company and the shareholding ratio of the Company, which takes consideration of discount/premium amortization.

Note 3: FUCC is the corporate director of Sheng Hua Develop Co., Ltd. and accounts for one fourth of the members of Board of Directors of Sheng Hua Develop Co., Ltd., with significant impact in its participation of the operational decision-making. Sheng Hua is an affiliated enterprise and hence the investment accounted for using equity method.

Note 4: Soft Industry Corp. (SIC) and Soft Chemical Corp. (SCC) are merged for purpose of resource integration, whereas SIC is the surviving company as indicated on the joint venture agreement, the Company holds shareholding of 46.20% in SIC shares after the M&A, causing the shareholding ratio to decline.

Note 5: Please refer to Appendix 6 for more information on invested companies in mainland China.

FORMOSAN UNION CHEMICAL CORPORATION AND SUBSIDIARIES

Investments in Mainland China

January 1 to December 31, 2023

Appendix 6

Unit: NT$ Thousand, unless otherwise noted

Invested company in Mainland China	Main business lines	Paid-in capital (Note 2)	Investment Mode	Cumulative investment amount remitted outward from Taiwan at the beginning of the year (Note 2)	Investment amount remitted inward or outward in the current year		Cumulative investment amount remitted outward from Taiwan at yearend (Note 2)	Profit (loss) of the invested company in the current year	Direct or indirect investment ratio of the company	Investment profit (loss) recognized in the current year	Book value of the investment at year end	Investment profit and loss remitted inward at year end	Remarks
					Outward Remittance	Inward Remittance							
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 business.	$ 752,887 (US$24,520 thousand)	Invest in the companies in Mainland China through company setup in third region.	$ 61,748 (US$2,011 thousand)	$ -	$ -	$ 61,748 (US$2,011 thousand)	$ 82,502 (RMB 18,770 thousand)	10.86%	$ -	$ 144,487	$ 141,158	Note 3
Chang Chun Formosan Union Fine Chemical (Changshu) Co., Ltd.	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.	1,243,553 (US$40,500 thousand)	Direct investment in Mainland China.	621,776 (US$20,250 thousand)	-	-	621,776 (US$20,250 thousand)	(36,723)	50.00%	(18,362) (Note 1)	549,552	-	

Cumulative investment amount remitted outward from Taiwan to Mainland China at the end of the current period	Investment amount approved by the Investment Commission MOEA	Limits on the investment in Mainland China according to the Investment Commission MOEA
$ 683,524 (US$22,261 thousand)	$ 721,598 (US$23,501 thousand)	$ 4,791,103

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 and loss recognized in the current year that is calculated by the average exchange rate from January 1 to December 31, 2023, the rest is calculated at the spot exchange rate at the end of December 2023.

Note 3：Zhangjiagang Trans-Ocean Enterprise Co., Ltd. was invested by Kenwell Industrial Pte Ltd. and hence the financial asset of Kenwell Industrial Pte Ltd. was at fair value through other comprehensive income and not accounted for using equity method for the recognition of shareholding in associate and joint ventures and the share of other comprehensive income.

FORMOSAN UNION CHEMICAL CORPORATION

Major Shareholders

December 31, 2023

Appendix 7

Name of major shareholders	Shares	
	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.	24,693,145	5.17%

Note 1：The major 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 separate financial report and the actual number of shares in the dematerialized form completed with registration and book-entry operation may vary 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 the principal's shareholding, the shares in the 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.

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$ thousand

Item \ Year	2023	2022	Discretion		Analysis Item
			Amount	%	
Current Asset	5,288,212	6,757,383	(1,469,171)	(21.74)	1
Property, Plant and Equipment	3,607,069	3,765,307	(158,238)	(4.20)	
Other Assets	3,195,860	2,747,642	448,218	16.31	
Total Asset	12,091,141	13,270,332	(1,179,191)	(8.89)	
Current Liabilities	2,767,219	3,879,351	(1,112,132)	(28.67)	2
Non-Current Liabilities	1,069,093	841,297	227,796	27.08	3
Total Liabilities	3,836,312	4,720,648	(884,336)	(18.73)	
Capital Stock	4,770,163	4,770,163	—	—	
Capital Surplus	77,090	77,090	—	—	
Retained Earnings	2,373,761	2,817,431	(443,670)	(15.75)	
Other Equities	764,158	608,508	155,650	25.58	4
Non-Controlling Interests	269,657	276,492	(6,835)	(2.47)	
Total Equities	8,254,829	8,549,684	(294,855)	(3.45)	

Explanation of the reason, impact and future response plan of the increase or decrease ratio:

1. Mainly due to bank deposits ,the ~~increase~~ decrease in the raw material costs and the ~~increase~~ decrease in inventories in 2023.
2. Mainly due to the repayment of short-term loans in 2023, the current liabilities decreased.
3. Mainly due the increase in lease contracts, as result to the increase in lease liabilities - non-current in 2023
4. Mainly due to the increase in fair value of financial assets measured at fair value through other comprehensive income in 2023.

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	2023	2022	Amount Increase (decrease)	Ratio (%)	Analysis Item
Operating Revenue	9,432,293	10,571,226	(1,138,933)	(10.77)	
Operating cost	8,276,596	8,622,732	(346,136)	(4.01)	
Unrealized sales loss (profit)	—	—	—	—	
Realised sales profit (loss)	256	899	(643)	(71.52)	
Realized operating margin	1,155,953	1,949,393	(793,440)	(40.70)	1
Operating expenses	722,258	920,630	(198,372)	(21.55)	1
Operating Profit	433,695	1,028,763	(595,068)	(57.84)	1
Other income	76,503	73,384	3,119	4.25	
Other benefits and losses	34,909	235,738	(200,829)	85.19	2
Share of profits and losses of affiliated companies and joint ventures using the equity method	(2,416)	37,227	(39,643)	(106.49)	3
Financial costs	47,241	33,206	14,035	42.27	4
Net income before tax	495,450	1,341,906	(846,456)	(63.08)	5
Income tax expense	83,727	260,583	(176,856)	(67.87)	5
Net income (Losses)	411,723	1,081,323	(669,600)	(61.92)	5
Other comprehensive gains and losses	123,964	386,946	(262,982)	(67.96)	6
Total comprehensive income of the current period	535,687	1,468,269	(932,582)	(63.52)	5、6

Main reasons of material variations

1. Mainly due to the decrease in sales volume in 2023 driven by the downturn in the economy.
2. Mainly due to the significant depreciation of the U.S. dollar in 2023, which resulted in a decrease in foreign currency exchange gains
3. Mainly due to the decrease in profits from affiliated companies in 2023.
4. Mainly due to the increase in interest expense on lease obligations as a result of the increase in the number of lease contracts in 2023.
5. Mainly due to the decrease in profit in 2023.
6. Mainly due to the ~~increase~~ decrease in unrealized appraisal losses of equity instrument investment measured at fair value through other comprehensive gains and losses in 2023.

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
2024	195,200 (Total sales volume of all peration department)	The estimation is mainly based on previous annual sales and market demand estimates for FY2024	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	(793,440)	(1,260,159)	459,323	10,950	(3,554)
Notes	1.The difference in price is due to the decrease of prices of products in 2023 because of the decrease of crude oil prices, which led to an amount higher than one in 2022 and resulted in unfavorable differences in sales price. 2.The difference in cost is due to the increase of costs of raw materials in 2023 because of the decrease 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 2023 and resulted in favorable differences in sales volume. 5.Overall, although the cost of raw materials decreased in the 112th year and the proportion of products with higher gross margins increased, the decline in selling prices was greater than the reduction in the cost of raw materials, resulting in an overall unfavorable variance for the period.				

III. Analysis of Cash Flow

(1)Cash Flow Analysis for the Current Year: Analysis of variations exceeding 20%

Year / Item	December 31, 2023	December 31, 2022	Amount increase (decrease) %
Cash flow ratio %	28.78	29.07	(1.00)
Allowable cash flow ratio %	81.92	75.66	8.27
Cash reinvestment ratio %	—	2.21	(100.00)

Analysis and explanation of the increase and decrease ratio:

1. Cash reinvestment ratio: Mainly due to a decrease in operating cash flow as a result of a decrease in earnings in 2023.

(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
488,048	1,244,103	1,231,608	500,543	—	—

1. The analysis of cash flow variations this year:
   (1) Operating activities: It is estimated that the increase in profit in 2024 will result in the ~~decrease~~ increase in cash inflow.
   (2) Investing activities: Mainly for sale of financial assets and 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 FY2023

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 the maximum profits.	Increase in profit due to increase in trading volume, processing volume and turnover as compared to FY2022	continue to supply Kaohsiung factory remediation project, CPC Shimen oil supply center, 53.5K of Taiwan 15 line, and the new No. 7 remediation project. At the same time, we are planning to sell newly-developed pet products this year and develop deodorant, shampooing essence, and medicinal pet skin disease care products.	1.Planning and sales of newly developed pet products. 2.Increase the number of environmental rehabilitation and soil restoration agents, and seek a diversified strategy to develop in the direction of air control, agricultural soil improvement, agricultural probiotics and multi-functional slow-release fertilizers
United Performance Materials Corporation	603,812	Steady business operation, implement the Process Safety Management (PSM), enhance	Although activities in various countries have returned to normal, the economic damage caused by the pandemic cannot be	1.Actively develop related special application products and expand the market of high quality	1.Continue to ensure the smooth operation of equipment, so as to strengthen environmental protection and

Notes / Items	Amount	Policies	Main Reasons for Gains or Losses	Improvement	Future Investment Plans
		environmental safety and health policies, improve production efficiency, continue to develop new products, and enhance product features.	quickly recovered. The upstream raw material suppliers, particularly light cracker plants, face operational losses leading to reduced start-up rates or shutdowns, making it difficult to obtain raw materials and causing a decrease in resin production capacity. This has led to increased production costs. Furthermore, the ongoing war in Ukraine and Russia, along with renewed conflicts in Israel-Palestine and the Red Sea, have led to a rise in oil prices. This increase in raw material costs, coupled with impacts on shipping to Europe and congestion at the Panama Canal, has led to higher shipping costs for long-distance routes, affecting profitability. Amid these global challenges, our company's resin product sales have faced several disadvantages, but our colleagues have worked hard to minimize losses.	products. 2.As for existing products, we must also try to further reduce costs and enhance competitiveness in order to surpass the peers.	industrial safety, and reduce waste outputan to maintain corporate responsibility. 2. Promote ESG corporate sustainability policies improve manufacturing processes to reduce carbon emissions to implement progressive 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 the additional agency for new overseas products	1. Strive to represent the sales of foreign products to enhance the performance. 2. Enhance the automation of production lines to increase production capacity.	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 at the moment.

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	Pesticide Progenitor Yield Enhancement & Pilot Testing	3,000	The commercialization process will be planned in 2024.
Research of DCPDC/C9 hydrogenated resin	Research of thermal hydrocarbon resin	5,000	The on-site trial production evaluation will be conducted in 2025.
Development of hydrogenated products	Batch / fixed bed testing in Lab	8,000	To be evaluated after obtaining the testing results 2025

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.

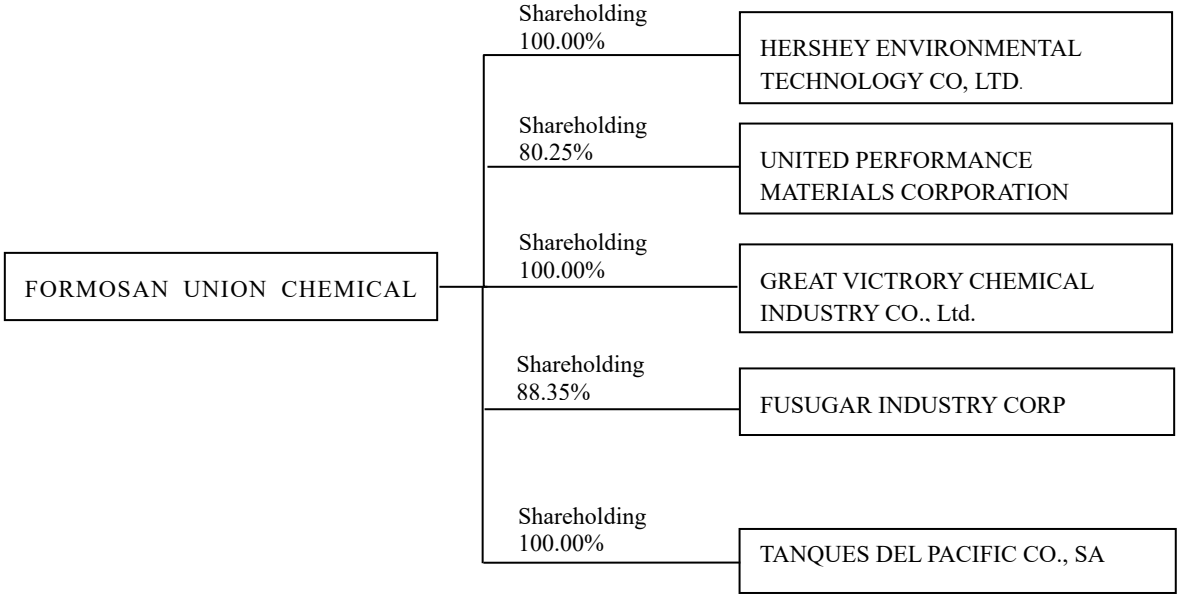
VII. Other major matters: None.

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	899,706	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 / Huang Jun-zhe	50,000,000 0	100 0
	General Manager	Hong, Sheng-yang (twofold)	0	0
United Performance Materials Corporation	Chairman	Formosan Union Chemical Corp. Representative / Tseng Zhi-jing	72,202,200 7,062	80.25 0.01
	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 0.05
	Director	Cao, Zong-yi	0	0
	Director	Huang, De-Lun	173,627	0.19
	Supervisor	Huang, Zheng-cun	0	0
	General Manager	Tseng Zhi-jing (twofold)	7,062	0.01
Great Victory Chemical Industry Co., Ltd.	Chairman	Formosan Union Chemical Corp. Representative / Chang, Yu-Hsu	19,800,000 0	100 0

Name of Company	Job title	Name or Representative	Shareholding	
			Shares (Investment Amount)	Shares (Investment Amount)
	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 / Tseng, Xiao-qian	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	Lee, Hong-de	3,415	100
	Director	Lin Chun-cheng	3,415	100
	Director	Hong, Sheng-yang	3,415	100

vi. Overview of affiliates FY2023 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	942,335	376,937	565,398	1,050,554	(28,118)	26,620	0.53
United Performance Materials Corporation	899,706	1,340,324	229,932	1,110,392	1,539,563	(14,933)	(13,155)	(0.15)
Great Victory Chemical Industry Co., Ltd.	198,000	1,145,312	103,960	1,041,352	577,251	51,570	52,466	2.65
Fusugar Industry Corp.	1,460,000	1,425,683	581,140	844,543	1,500	(57,028)	(77,903)	(0.53)
Tanques Del Pacific Co., SA	3,626	13,362	324	13,038	15,526	4,467	3,691	4,100.59

(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, 2023 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 13, 2024

(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:

N/A

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**

Registered address: 14F, No. 206, Sec 2, Nanking E. Road, Taipei City, Taiwan, R.O.C.
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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.