

Yong Shun Chemical Co., Ltd.

Parent Company Only
Financial Statements and
Independent Auditor's Report
2022 and 2021

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§Table of Contents§

	<u>Item</u>	<u>Page</u>	<u>Notes Number in the Financial Report</u>
I.	Cover	1	-
II.	Table of Contents	2	-
III.	Independent Auditor's Report	3~6	-
IV.	Parent Company Only Balance Sheet	7	-
V.	Parent Company Only Statement of Comprehensive Income	8~9	-
VI.	Parent Company Only Statement of Changes in Equity	10	-
VII.	Parent Company Only Statement of Cash Flow	11~12	-
VIII.	Notes to Parent Company Only Financial Statements		
(I)	Organization and Operations	13	I
(II)	Financial Statement Approval Date and Procedures	13	II
(III)	Application of new standards, amendments, and interpretations	13~16	III
(IV)	Summary of Significant Accounting Policies	16~25	IV
(V)	Sources of Uncertainty to Significant Accounting Judgments, Estimates, and Assumptions	25~26	V
(VI)	Notes to Major Accounts	26~49	VI~XXVII
(VII)	Related party transactions	50	XXVIII
(VIII)	Pledged Assets	51	XXIX
(IX)	Significant contingent liabilities and unrecognized contract commitments	51	XXX
(X)	Losses from Major Disasters	-	-
(XI)	Significant Subsequent Events	-	-
(XII)	Other	51~52	XXXI
(XIII)	Other Disclosures	52	XXXII
IX.	Statements of Major Accounts	56~68	-

Independent Auditor's Report

To Yong Shun Chemical Co., Ltd.:

Opinion

We have duly audited the individual balance sheet as of December 31, 2022 and 2021, and the individual comprehensive income statement, individual statement of changes in equity and individual cash flow statement from January 1 to December 31, 2022 and 2021 as well as notes to the individual financial statements (including the summary of significant accounting policies) of Yong Shun Chemical Co., Ltd.

In our opinion, the individual financial statements referred to above have been prepared, in all material respects, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and are fairly stated in terms of the individual financial position of Yong Shun Chemical Co., Ltd. as of December 31, 2022 and 2021, and the individual financial performance and individual cash flow from January 1 to December 31, 2022 and 2021.

Basis for Opinion

Certified Public Accountants conducted our audits in accordance with Regulations Governing Auditing and Attestation of Financial Statements using auditing principles. Our responsibilities as an auditor under the abovementioned standards are explained in the Responsibilities paragraph. All relevant personnel of the accounting firm have followed the CPA code of ethics and maintained independence from Yong Shun Chemical Co., Ltd. when performing their duties. We believe that the evidence obtained provides an adequate and appropriate basis for our opinion.

Key Audit Matters

Key audit matters are matters that we considered to be the most important, based on professional judgment, when auditing the 2022 individual financial statements of Yong Shun Chemical Co., Ltd. These issues were addressed when we audited and formed our opinions on the parent company only financial statements. Therefore, we do not provide opinions separately for individual matters.

The key audit items of the individual financial statements of Yong Shun Chemical Co., Ltd. for 2022 are as follows:

Key audit matter: Authenticity of sales, revenue and shipment to specific customers

Yong Shun Chemical Co., Ltd. are mainly engaged in the design, development, and manufacturing of resin products. Since changes in the major customers have a significant impact on the financial statements, and sales revenue is inherently subject to a high degree of risk, we have identified customers meeting specific criteria, and assessed the authenticity of the sales revenue transactions for these customers as a key audit matter. For the accounting policies and the information disclosed related to the revenue recognition, please refer to Notes 4 and 21 to the parent company only financial statements.

In response to the above important matters, the main audit procedures implemented by the CPAs are as follows:

1. Understanding and testing the revenue recognition of a specific sales target is critical to the design and execution of internal control.
2. For the aforementioned specific sales target revenue details, select an appropriate sample to check the relevant supporting documents and test the collection status to confirm that the sales transaction actually occurred.
3. We review whether material sales returns and discounts have occurred after the balance sheet date, in order to confirm whether there is material misstatement in the revenue of specific sales targets.

Responsibilities of the Management and Those Charged with Governance for Parent Company Only Financial Statements

Responsibilities of the management were to prepare and ensure fair presentation of the parent company only financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and to exercise proper internal control practices that are relevant to the preparation of the parent company only financial statements so that the parent company only financial statements are free of material misstatements, whether caused by fraud or error.

The management's responsibilities when preparing the parent company only financial statements also involved: assessing the ability of Yong Shun Chemical Co., Ltd. to operate, disclose information, and account for transactions as an ongoing concern unless the management intends to liquidate or cease business operations, or is compelled to do so with no alternative solution.

The governance units (including the Audit Committee) of Yong Shun Chemical Co., Ltd. are responsible for overseeing the financial reporting process.

Auditor's Responsibilities for the Audit of Parent Company Only Financial Statements

The purposes of our audit were to obtain reasonable assurance of whether the parent company only financial statements were prone to material misstatements, whether caused by fraud or error, and to issue a report of our audit opinions. We considered assurance to be reasonable only if it is highly credible. However, audit tasks conducted in accordance with auditing principles do not necessarily guarantee detection of all material misstatements within the parent company only financial statements. Misstatements can arise from fraud or error. Misstatements are considered material if the individual amount or aggregate total is reasonably expected to affect economic decisions of the financial statement user.

When conducting audits in accordance with auditing principles, we exercised judgments and raised doubts as deemed professionally appropriate. We also performed the following tasks as an auditor:

1. Identifying and assessing risk of material misstatement within the parent company only financial statements that are attributed to fraud or error; designing and executing appropriate response measures for the identified risks; and obtaining adequate and appropriate audit evidence to support audit opinions. Fraud may involve conspiracy, forgery, intentional omission, untruthful declaration, or breach of internal controls, and our audit did not find any material misstatement where the risk of fraud is greater than the risk of error.
2. Obtaining necessary understanding of internal controls relevant to audit and designing audit procedures that are appropriate under the prevailing circumstances, but not for the purpose of providing an opinion on the effectiveness of internal control system of Yong Shun Chemical Co., Ltd.
3. Assessing the appropriateness of accounting policies adopted by the management, and the rationality of accounting estimates and related disclosures.
4. Forming conclusions regarding the appropriateness of management's decision to account for the business as an ongoing concern, and whether there are doubts or uncertainties about the ability of Yong Shun Chemical Co., Ltd. to continue operating, based on the audit evidence obtained. We are bound to remind parent company only financial statement users to pay attention to relevant disclosures in the notes of statements within our audit report if material uncertainties exist in regards to the aforementioned events or circumstances, and amend audit opinions when the disclosures are no longer appropriate. Our conclusions are based on the audit evidence obtained up to the date of the audit report. However, future events or change of circumstances may still render Yong Shun Chemical Co., Ltd. no longer capable of continuing operations.
5. Assessing the overall presentation, structure, and contents of the parent company only financial statements (including related footnotes), and whether certain transactions and events are presented appropriately in the parent company only financial statements.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities within Yong Shun Chemical Co., Ltd. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and execution of the Company's audits, and for forming an audit opinion of the Company.

We have communicated with the governance body about the scope, timing, and significant findings (including significant defects in internal controls identified during the audit) of our audit.

We have also provided the governance body with a declaration of independence stating that all relevant personnel of the accounting firm have complied with the CPA code of ethics, and communicated with the governance body on all matters that may affect the auditor's independence (including relevant protection measures).

We have identified the key audit matters after communicating with the governance body regarding the parent company only financial statements from the year ended December 31, 2022 of Yong Shun Chemical Co., Ltd. These issues have been addressed in our audit report except for: 1. Certain topics that are prohibited by law from disclosing to the public; or 2. Under extreme circumstances, topics that we decide not to communicate in the audit report because they may cause higher negative effects than the benefits they bring to public interest.

Deloitte Taiwan
CPA Hsueh, Chun-Min

CPA Chih, Jui-Chuan

Financial Supervisory Commission approval
number
Letter referenced Jin-Guan-Cheng-Shen Zi
No. 1090358185

Financial Supervisory Commission approval
number
Letter referenced Jin-Guan-Cheng-Shen Zi No.
1060023872

March 28, 2023

Yong Shun Chemical Co., Ltd.
Parent Company Only Balance Sheet
December 31, 2021 and December 31, 2022

Unit: NTD thousands

Code	Asset	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
Current assets					
1100	Cash and cash equivalents (Notes 6 and 27)	\$ 327,373	27	\$ 345,073	26
1136	Financial assets measured at amortized costs - current (Notes 8, 9 and 27)	99,000	8	99,000	8
1150	Net notes receivable (Notes 10, 21 and 27)	34,415	3	40,248	3
1160	Notes receivable - related parties (Notes 10, 21, 27 and 28)	32,611	3	19,713	1
1170	Net accounts receivable (Notes 10, 21 and 27)	82,716	7	167,137	13
1180	Accounts receivable - related parties (Notes 10, 21, 27 and 28)	8,488	1	17,273	1
130X	Inventory (Note 11)	179,856	15	219,840	17
1410	Prepayments	1,993	-	4,148	-
1476	Income tax assets of the period (Note 23)	8,274	1	19	-
1479	Other current assets - others (Note 15)	82	-	572	-
11XX	Total current assets	<u>774,808</u>	<u>65</u>	<u>913,023</u>	<u>69</u>
Non-current assets					
1550	Investment by the equity method (Note 12)	62,558	5	61,129	5
1600	Property, plant and equipment (Notes 13, 25 and 29)	326,216	28	326,546	25
1780	Intangible assets	38	-	88	-
1840	Deferred income tax assets - non-current (Note 23)	22,701	2	18,993	1
1920	Refundable deposits (Note 27)	210	-	210	-
15XX	Total non-current assets	<u>411,723</u>	<u>35</u>	<u>406,966</u>	<u>31</u>
1XXX	Total assets	<u>\$ 1,186,531</u>	<u>100</u>	<u>\$ 1,319,989</u>	<u>100</u>
Liabilities and equity					
Current liabilities					
2100	Short-term borrowing (Notes 16, 25 and 27)	\$ -	-	\$ 913	-
2110	Short-term notes payable (Notes 16, 25 and 27)	12,714	1	30,005	2
2120	Financial liabilities at fair value through profit or loss (Notes 7 and 27)	344	-	184	-
2130	Contractual liabilities - current (Note 21)	6,093	-	1,183	-
2150	Notes payable (Notes 17 and 27)	3,392	-	4,517	1
2170	Accounts payable (Notes 17 and 27)	23,006	2	39,610	3
2219	Other payables (Notes 18, 25 and 27)	20,386	2	25,785	2
2230	Income tax liabilities of the period (Note 23)	-	-	14,546	1
2399	Other current liabilities	310	-	344	-
21XX	Total current liabilities	<u>66,245</u>	<u>5</u>	<u>117,087</u>	<u>9</u>
Non-current liabilities					
2570	Deferred income tax liabilities (Note 23)	45,841	4	45,866	4
2640	Net defined benefit liabilities - non-current (Note 19)	10,466	1	17,363	1
25XX	Total non-current liabilities	<u>56,307</u>	<u>5</u>	<u>63,229</u>	<u>5</u>
2XXX	Total liabilities	<u>122,552</u>	<u>10</u>	<u>180,316</u>	<u>14</u>
Equity (Note 20)					
Share capital					
3110	Common stock	610,560	51	610,560	46
3200	Capital surplus	53,309	5	53,309	4
Retained earnings					
3310	Legal reserve	210,483	18	202,902	15
3320	Special reserve	98,028	8	98,028	8
3350	Undistributed retained earnings	91,599	8	174,874	13
3300	Total retained earnings	<u>400,110</u>	<u>34</u>	<u>475,804</u>	<u>36</u>
3XXX	Total equity	<u>1,063,979</u>	<u>90</u>	<u>1,139,673</u>	<u>86</u>
Total liabilities and equity		<u>\$ 1,186,531</u>	<u>100</u>	<u>\$ 1,319,989</u>	<u>100</u>

The accompanying notes are an integral part of the individual financial statements.

Chairman: Tsai, Cheng-Fung

Manager: Lin, Cheng-Chien

Head of Accounting: Chen, Fu-Mei

Yong Shun Chemical Co., Ltd.
Parent Company Only Statement of Comprehensive Income
For the years ended December 31, 2022 and December 31, 2021

Unit: NTD thousand, except earnings (losses) per share which is in NTD

Code		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (Notes 21 and 28)	\$ 974,263	100	\$ 1,021,713	100
5000	Operating costs (Notes 11 and 22)	(937,046)	(96)	(868,314)	(85)
5900	Operating margin	37,217	4	153,399	15
5910	Unrealized gains from subsidiaries, affiliated enterprises and joint ventures	(6)	-	(414)	-
5920	Realized gains from subsidiaries, affiliated enterprises and joint ventures	414	-	395	-
5950	Realized gross profit from operations	37,625	4	153,380	15
	Operating expenses (Note 22)				
6100	Selling expenses	(29,775)	(3)	(32,232)	(3)
6200	Administrative expenses	(33,323)	(3)	(35,782)	(3)
6300	Research and development expenses	(5,569)	(1)	(5,709)	(1)
6450	Expected credit impairment loss (reversal gain)	4,060	-	(900)	-
6000	Total operating expenses	(64,607)	(7)	(74,623)	(7)
6900	Operating income (loss)	(26,982)	(3)	78,757	8
	Non-operating income and expenses (Notes 22, 28 and 31)				
7100	Interest income	2,002	1	1,576	-
7010	Other income	675	-	717	-
7020	Other gains and losses	128	-	1,414	-
7070	Share of gains or losses of subsidiaries, affiliated enterprises and joint ventures by the equity method	1,021	-	10,672	1
7050	Finance costs	(183)	-	(19)	-
7000	Total non-operating income and expenses	3,643	1	14,360	1

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Code		2022		2021	
		Amount	%	Amount	%
7900	Net income before tax (loss)	(\$ 23,339)	(2)	\$ 93,117	9
7950	Income tax income (expense) (Note 23)	<u>4,148</u>	<u>-</u>	(<u>15,736</u>)	(<u>2</u>)
8200	Net profit (loss) for the year	(<u>19,191</u>)	(<u>2</u>)	<u>77,381</u>	<u>7</u>
	Other comprehensive income (Notes 19 and 23)				
	Items not reclassified into profit or loss:				
8311	Remeasurement of defined benefit obligation	5,691	-	(1,960)	-
8341	Income tax related to items not reclassified	(<u>1,138</u>)	<u>-</u>	<u>392</u>	<u>-</u>
8310		<u>4,553</u>	<u>-</u>	(<u>1,568</u>)	<u>-</u>
8300	Other comprehensive income of the period (net after tax)	<u>4,553</u>	<u>-</u>	(<u>1,568</u>)	<u>-</u>
8500	Comprehensive income of the period	(<u>\$ 14,638</u>)	(<u>2</u>)	<u>\$ 75,813</u>	<u>7</u>
	Earnings (losses) per share (Note 24)				
9750	Basic	(<u>\$ 0.31</u>)		<u>\$ 1.27</u>	
9850	Diluted	(<u>\$ 0.31</u>)		<u>\$ 1.27</u>	

The accompanying notes are an integral part of the individual financial statements.

Chairman: Tsai, Cheng-Fung

Manager: Lin, Cheng-Chien

Head of Accounting: Chen, Fu-Mei

Yong Shun Chemical Co., Ltd.
Parent Company Only Statement of Changes in Equity
For the years ended December 31, 2022 and December 31, 2021

Unit: NTD thousands

Code		Share capital		Retained earnings			Total equity	
		Number of shares (in thousands)	Amount	Capital surplus	Legal reserve	Special reserve		Undistributed retained earnings
A1	Balance on January 1, 2021	61,056	\$ 610,560	\$ 53,309	\$ 197,246	\$ 98,028	\$ 153,561	\$ 1,112,704
	Earnings distribution for 2020							
B1	Legal reserve	-	-	-	5,656	-	(5,656)	-
B5	Shareholders' cash dividends	-	-	-	-	-	(48,844)	(48,844)
D1	Net profit for 2021	-	-	-	-	-	77,381	77,381
D3	Other after-tax comprehensive income of 2021	-	-	-	-	-	(1,568)	(1,568)
D5	Total comprehensive income of 2021	-	-	-	-	-	75,813	75,813
Z1	Balance on December 31, 2021	61,056	610,560	53,309	202,902	98,028	174,874	1,139,673
	Earnings distribution for 2021							
B1	Legal reserve	-	-	-	7,581	-	(7,581)	-
B5	Shareholders' cash dividends	-	-	-	-	-	(61,056)	(61,056)
D1	Net loss for 2022	-	-	-	-	-	(19,191)	(19,191)
D3	Other after-tax comprehensive income of 2022	-	-	-	-	-	4,553	4,553
D5	Total comprehensive income of 2022	-	-	-	-	-	(14,638)	(14,638)
Z1	Balance on December 31, 2022	<u>61,056</u>	<u>\$ 610,560</u>	<u>\$ 53,309</u>	<u>\$ 210,483</u>	<u>\$ 98,028</u>	<u>\$ 91,599</u>	<u>\$ 1,063,979</u>

The accompanying notes are an integral part of the individual financial statements.

Chairman: Tsai, Cheng-Fung

Manager: Lin, Cheng-Chien

Head of Accounting: Chen, Fu-Mei

Yong Shun Chemical Co., Ltd.
Parent Company Only Statement of Cash Flow
For the years ended December 31, 2022 and December 31, 2021

Unit: NTD thousands

Code		2022	2021
	Cash flow from operating activities		
A10000	Net income (loss) before tax	(\$ 23,339)	\$ 93,117
A20010	Income, expenses and losses:		
A20100	Depreciation expenses	7,569	7,974
A20200	Amortization expenses	50	50
A20300	Expected credit impairment loss (reversal gain)	(4,060)	900
A20400	Net (gain) loss of financial liabilities at fair value through profit or loss	160	(495)
A20900	Finance costs	183	19
A22400	Share of gains or losses of subsidiaries, affiliated enterprises and joint ventures by the equity method	(1,021)	(10,672)
A21200	Interest income	(2,002)	(1,576)
A22500	Gain on disposal of property, plant, and equipment	(178)	(492)
A23700	Write-down of inventories	20,683	1,689
A23900	Unrealized gains from subsidiaries, affiliated enterprises and joint ventures	6	414
A24000	Realized gains from subsidiaries, affiliated enterprises and joint ventures	(414)	(395)
A29900	Inventory scrapping loss	1,254	983
A30000	Net change of operating assets and liabilities		
A31130	Notes receivable	(7,065)	15,117
A31150	Accounts receivable	97,266	(47,467)
A31200	Inventory	18,047	(66,507)
A31230	Prepayments	2,155	(816)
A31240	Other current assets	512	(518)
A32125	Contract liabilities - current	4,910	757
A32130	Notes payable	(1,125)	(422)
A32150	Accounts payable	(16,604)	10,745
A32180	Other payables	(6,581)	1,300
A32230	Other current liabilities	(34)	58
A32240	Net defined benefit liabilities	(<u>1,206</u>)	(<u>1,254</u>)
A33000	Cash from operations	89,166	2,509
A33100	Interest received	1,980	1,576

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Code		2022	2021
A33300	Interest paid	(\$ 183)	(\$ 19)
A33500	Income tax paid (refundable)	(<u>23,524</u>)	(<u>2,202</u>)
AAAA	Net cash inflow from operating activities	<u>67,439</u>	<u>6,268</u>
	Cash flow from investment activities		
B02700	Acquisition of property, plant and equipment	(6,057)	(5,963)
B02800	Proceeds from disposal of property, plant and equipment	<u>178</u>	<u>492</u>
BBBB	Net cash outflow from investments	(<u>5,879</u>)	(<u>5,471</u>)
	Cash flow from financial activities		
C00100	Increase in short-term borrowing	(913)	913
C00600	Decrease in short-term notes payable	(17,291)	(13,045)
C04500	Dividend payment	(<u>61,056</u>)	(<u>48,844</u>)
CCCC	Net cash outflow from financial activities	(<u>79,260</u>)	(<u>60,976</u>)
EEEE	Decrease in cash and cash equivalents	(17,700)	(60,179)
E00100	Cash and cash equivalents at the beginning of the year	<u>345,073</u>	<u>405,252</u>
E00200	Cash and cash equivalents at the end of the year	<u>\$ 327,373</u>	<u>\$ 345,073</u>

The accompanying notes are an integral part of the individual financial statements.

Chairman: Tsai, Cheng-Fung

Manager: Lin, Cheng-Chien

Head of Accounting: Chen, Fu-Mei

Yong Shun Chemical Co., Ltd.
Notes to Parent Company Only Financial Statements
For the years ended December 31, 2022 and December 31, 2021
(NTD thousand, Unless Stated Otherwise)

I. Organization and Operations

Yong Shun Chemical Co., Ltd. (hereinafter referred to as "the Company") was established in July 1965, mainly engaged in the manufacturing and sales of multi-component resins, special coating resins and fiber auxiliaries as well as the manufacturing, processing and trading of various reinforced plastic-steel products, the manufacturing of the auxiliary raw materials, the purchase of raw materials, and the import and export of finished products.

The Company's stock has been traded on the Taipei Exchange of the Republic of China since February 1999.

The parent company only financial statements of the Company are presented in the Company's functional currency, the New Taiwan dollar.

II. Financial Statement Approval Date and Procedures

This parent company only financial report was approved by the board meeting on March 13, 2023.

III. Application of new standards, amendments, and interpretations

- (I) Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (hereinafter referred to collectively as the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The application of the revised IFRSs approved and issued by the FSC will not result in a material change in the accounting policies of the Company.

- (II) FSC-approved IFRSs applicable from 2023 onwards

<u>New/amended/revised standards and interpretations</u>	<u>Effective date of IASB announcement</u>
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: The amendments apply to the annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments apply to changes in accounting estimates and in accounting policies that occur during the annual reporting period beginning on and after January 1, 2023.

Note 3: In addition to recognizing deferred income tax on the temporary difference between leases and decommissioning obligations on January 1, 2022, the amendment is applicable to transactions that occur after January 1, 2022.

1. Amendments to IAS 1 "Disclosure of Accounting Policies"

The amendments clearly stipulate that the Company shall determine the material accounting policy information to be disclosed based on the definition of materiality. If accounting policy information can be reasonably expected to affect the decisions made by the main users of general-purpose financial statements based on these financial statements, the accounting policy information is material. The amendments also clarify:

- Accounting policy information related to non-material transactions, other matters, or circumstances that are non-material, and the Company is not required to disclose such information.

- The Company may determine the relevant accounting policy information to be material due to the nature of transactions, other matters, or circumstances, even if the amount is not material.
- Not all accounting policy information related to the significant transaction, other matters, or circumstances is material.

In addition, the amendments also illustrate that if the accounting policy information is related to material transactions, other matters, or circumstances while in line with the following circumstances, the information may be material:

- (1) The Company changes its accounting policies during the reporting period, and the change results in a material change in financial statement information;
- (2) the Company selects its applicable accounting policies from the options allowed by the standards;
- (3) due to the lack of specific standards, the Company has formulated accounting policies in accordance with IAS 8 "Accounting Policies, Changes and Errors in Accounting Estimates";
- (4) The Company discloses the accounting policies that are determined using significant judgments or assumptions; or
- (5) complicated accounting treatment rules are involved and the user of the financial statements relies on the information to understand significant transactions or other matters or circumstances.

2. Amendments to IAS 8 "Definition of Accounting Estimates"

The amendments define accounting estimates as the currency amount affected by measurement uncertainty in the financial statements. When applying accounting policies, the Company may need to measure the items in the financial statements using the currency amount that cannot be observed directly and must be estimated. When measuring the effect of the changes in technique or input value on accounting estimates, they shall be the changes in accounting estimates if they are not the correction of the previous errors.

In addition to the impacts referred to above, as of the date the parent company only financial report was authorized for issue, the Company has assessed the possible impact that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

(III) IFRSs issued by the IASB but not yet approved and released by the FSC

<u>New/amended/revised standards and interpretations</u>	<u>Effective date announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
Amendments to IFRS 16 "Lease Liabilities under Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "First-time Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Contractual Clauses"	January 1, 2024

Note 1: Unless stated otherwise, the new/amended/revised standards and interpretations above are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee should apply the amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (Amended in 2020) and “Non-current Liabilities with Contractual Clauses” (Amended in 2022)

Amended in 2020 to clarify that when determining whether a liability is classified as non-current, it is necessary to assess whether the Company has the right to defer the settlement period to at least 12 months after the reporting period at the end of the reporting period. If the Company has the right at the end of the reporting period, regardless of whether the Company expects to exercise the right, the liabilities are classified as non-current.

The 2020 amendments further specify that if the Company must comply with certain conditions before it has the right to defer payment of its liabilities, the Company must have complied with certain conditions at the end of the reporting period, even if the lender is testing whether the Company has complied with those conditions at a later date. The 2022 amendments further clarify that only the contractual terms that must be followed before the end of the reporting period will affect the classification of liabilities. Although the terms of the contract to be followed within 12 months after the reporting period do not affect the classification of liabilities, relevant information must be disclosed to enable users of the financial statements to understand that the Company may not be able to comply with the contractual terms and be required to make repayments within 12 months after the reporting period.

The 2020 amendments provide that, for the purpose of liability classification, the aforementioned settlement refers to the extinguishment of liabilities due to the transfer of cash, other economic resources, or equity instruments of the Company to the counterparty. However, if the terms of the liability may be based on the choice of the counterparty, resulting in the settlement of the equity instrument of the Company, and if the choice is separately recognized in equity according to IAS 32 "Financial Instruments: Presentation", the aforementioned clauses do not affect the classification of liabilities.

As of the date the parent company only financial report authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of preparation

In addition to financial instruments measured at fair value and net defined benefit liabilities recognized at the present value of defined benefit obligations less the fair value of planned assets, the parent company only financial statements are prepared based on historical cost.

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

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

The Company adopts the equity method for investment subsidiaries when preparing the parent company only financial statements. In order to make the current year's profit and loss, other comprehensive income and equity in the parent company only financial report identical to the current year's profit and loss, other comprehensive income and equity attributable to the owners of the Company in its parent company only financial statements, certain accounting treatment differences between the individual basis and the consolidated basis are handled by adjusting investments by the equity method, share of profit or loss of subsidiaries by the equity method, share of other comprehensive income of subsidiaries by the equity method, and related equity items.

(III) Criteria for distinguishing current and non-current assets and liabilities

Current assets include:

1. Assets held primarily for trading purposes;
2. Assets expected to be realized within 12 months of the balance sheet date, and
3. Cash and cash equivalents (other than those restricted from being exchanged or settled more than 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for trading purposes;
2. Liabilities due for settlement within 12 months of the balance sheet date (long-term refinancing or rescheduled agreements completed after the balance sheet date and before the issuance of the financial report are also current liabilities), and
3. Liabilities that cannot be unconditionally deferred until at least 12 months after the balance sheet date. If the terms of the liability may be settled by issuing equity instruments at the choice of the counterparty, the classification will not be affected.

Assets or liabilities that are not classified as current assets or liabilities are classified as non-current assets or non-current liabilities.

(IV) Foreign currency

When the Company prepares the financial report, transactions in currencies other than the Company's functional currency (in foreign currencies) shall be converted into the functional currency based on the exchange rate on the transaction date.

Monetary items denominated in foreign currencies are converted at the closing rate on the balance sheet date. Exchange differences arising from the settlement of monetary items or the conversion of monetary items are recognized in profit or loss in the period they occur.

Non-monetary items denominated in foreign currencies that are measured at fair value are converted at the prevailing exchange rates on the date when the fair values are determined, and the resulting exchange differences are recognized in profit or loss for the current period, except for those arising from changes in fair value that should be recognized in other comprehensive income.

Non-monetary items denominated in foreign currencies measured at historical cost are converted at the exchange rates prevailing on the dates of transactions and are not re-converted.

When preparing the parent company only financial statements, the assets and liabilities of foreign operating institutions (including subsidiaries, affiliates, joint ventures or branches that operate in foreign countries or use currencies different from those of the Company) are converted into New Taiwan dollars at the exchange rate on each balance sheet date. Items of income and expenses are converted at the average exchange rate of the current period, and the resulting exchange differences are included in other comprehensive income.

(V) Inventory

Inventory includes raw materials, supplies, finished goods and work-in-progress. Inventories are measured at a lower cost or net realizable value. Comparisons between cost and net realizable value are made on an item-by-item basis, except for inventories of the same type. The net realizable value is the estimated selling price under normal circumstances less the estimated costs still to be invested to completion and the estimated costs required to complete the sale. The cost of inventories is calculated using the weighted-average method.

- (VI) Investments in subsidiaries
- The Company adopts the equity method to handle investments in subsidiaries. Subsidiaries are entities over which the Company has control.
- Under the equity method, the investment is initially recognized at cost, and the carrying amount after the acquisition increases or decreases with the Company's share of the subsidiary's profit and loss and other comprehensive income and profit distribution. In addition, changes in other equities that the Company can enjoy in subsidiaries are recognized in proportion to its shareholding.
- When the change of the Company's ownership interest in the subsidiary does not lead to the loss of control, it is treated as an equity transaction. The difference between the carrying amount of the investment and the fair value of the consideration paid or received is recognized directly as equity.
- When assessing impairment, the Company considers the cash-generating units as a whole in the financial report and compares the recoverable amount with the carrying amount. If the recoverable amount of the asset increases subsequently, the reversal of the impairment loss shall be recognized as a profit, but the carrying amount of the asset after the reversal of the impairment loss shall not exceed the amount of the asset, before the recognition of the impairment loss, minus the carrying amount after amortization. Impairment losses attributable to goodwill cannot be reversed in subsequent periods.
- Unrealized gains and losses from downstream transactions between the Company and its subsidiaries are eliminated from the parent company only financial statements. Profits and losses arising from upstream and side-stream transactions between the Company and its subsidiaries are recognized in the parent company only financial statements only to the extent not related to the Company's interests in subsidiaries.
- (VII) Property, plant, and equipment
- Property, plant and equipment are recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.
- Property, plant and equipment are depreciated separately over their useful lives on a straight-line basis for each significant component. The Company reviews the estimated useful life, residual value and depreciation method at least at the end of each year and defers the effect of changes in applicable accounting estimates.
- When property, plant and equipment are de-recognized, the difference between the net disposal price and the carrying amount of the assets is recognized in profit or loss.
- (VIII) Intangible assets
1. Single acquisition
- Individually acquired intangible assets with finite useful lives are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized on a straight-line basis over their useful lives. The Company reviews the estimated useful lives, residual values and amortization methods at least at the end of each year and defers the effect of changes in applicable accounting estimates. Intangible assets with uncertain useful lives are presented at cost less accumulated impairment losses.
 2. Derecognition

When intangible assets are de-recognized, the difference between the net disposal price and the carrying amount of the assets is recognized in the current profit or loss.

(IX) Impairment loss of property, plant and equipment, and intangible assets.

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment, and intangible assets may have been impaired. If any indication of impairment exists, the recoverable amount of the asset is estimated. If the recoverable amount of an individual asset cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Common assets are allocated to the group of minimum cash-generating units on a reasonable and consistent basis.

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

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount, provided that the increased carrying amount does not exceed the carrying amount (net of amortization or depreciation) that would have been determined if the impairment loss had not been recognized in prior years for that asset or cash-generating unit. Reversal of impairment loss is recognized in profit or loss.

(X) Financial instruments

Financial assets and financial liabilities are recognized in the balance sheet when the Company becomes a party to the contractual provisions of the instrument.

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

1. Financial assets

Regular transactions of financial assets are recognized and de-recognized using trade date accounting.

(1) Type of measurements

The types of financial assets held by the Company are financial assets measured at amortized cost.

Financial assets measured at amortized costs

If the Company's investment in financial assets is classified as financial assets carried at amortized cost if both of the following two conditions are met:

- A. It is held under an operating model in which financial assets are held for the purpose of receiving contractual cash flows; and
- B. The terms of the contract give rise to cash flows on specific dates that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost (including cash and cash equivalents, notes receivable, accounts receivable and other receivables measured at amortized cost, and refundable deposits), after initial recognition, are measured at amortized cost using the effective interest method to determine the total carrying amount less any impairment loss, and any foreign currency exchange gain or loss is recognized in profit or loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of the financial assets, except for the following two cases:

- A. For credit-impaired financial assets purchased or established, interest income is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial assets.
- B. For financial assets that are not acquired or created but subsequently become impaired, interest income should be computed by multiplying the effective interest rate by the amortized cost of the financial assets from the next reporting period after the impairment is applied.

Credit-impaired financial assets are those for which the issuer or the debtor has experienced significant financial difficulties or defaulted, or where it is probable that the debtor will declare bankruptcy or other financial reorganization, or where an active market for the financial assets has disappeared due to financial difficulties.

Cash equivalents include time deposits that are highly liquid, readily convertible into fixed deposits with minimal risk of changes in value within 3 months from the date of acquisition and are used to meet short-term cash commitments.

(2) Impairment of financial assets

The Company assesses impairment losses on financial assets (including accounts receivable) measured at amortized cost based on expected credit losses at each balance sheet date.

Accounts receivable are recognized as a loss provision based on the expected credit loss over the period of survival. Other financial assets are first evaluated to determine whether there is a significant increase in credit risk since initial recognition. If there is no significant increase, an allowance for loss is recognized based on the expected credit loss over 12 months. If there is a significant increase, a loss provision is recognized based on the expected credit loss over the remaining period.

Expected credit loss is a weighted average credit loss weighted by the risk of default. The 12-month expected credit loss represents the expected credit loss arising from possible defaults within 12 months after the reporting date of the financial instrument, and the ongoing, expected credit loss represents the expected credit loss arising from all possible defaults during the expected life of the financial instrument.

For the purpose of internal credit risk management, the Company, without taking into account the collateral held, determines that the following circumstances represent the default of financial assets:

- A. There is internal or external information that indicates that the debtor is unlikely to be able to pay its debts.
- B. Financial assets are more than 365 days past due, unless there is reasonable and supportable information indicating that the basis for delayed default is more appropriate.

All impairment losses on financial assets are reversed by reducing the carrying amount through the provision account. However, the loss provision on investments in debt instruments at fair value through other comprehensive income are recognized in other comprehensive income without reducing their carrying amount.

(3) De-recognition on financial assets

The Company derecognizes financial assets only when the contractual rights to the cash flows from the financial assets lapse or when the financial assets have been transferred and substantially all the risks and rewards of ownership of the assets have been transferred to other enterprises.

When the financial asset is de-recognized as a whole at amortized cost, the difference between the carrying amount of the financial asset and the consideration received is recognized in profit or loss. When investments in debt instruments at fair value through other comprehensive income are de-recognized as a whole, the difference between the carrying amount of the investments and the sum of the consideration received and any accumulated gain or loss recognized in other comprehensive income is recognized in profit or loss. When investments in equity instruments measured at fair value through other comprehensive income are de-recognized as a whole, the cumulative gain or loss is transferred directly to retained earnings and is not reclassified as profit or loss.

2. Financial liabilities

(1) Subsequent measurements

All financial liabilities are measured at amortized cost using the effective interest method, except for the following.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include those held for trading and designated as measured at fair value through profit or loss.

(2) De-recognition of financial liabilities

When a financial liability is de-recognized, the difference between the carrying amount and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

3. Derivatives

The derivative instruments entered into by the Company include forward foreign exchange contracts used to manage the Company's exchange rate risks.

Derivatives are initially recognized at fair value upon entering into derivative contracts and subsequently remeasured at fair value at the balance sheet date, with gains or losses arising from subsequent measurements recognized directly in profit or loss. However, for derivatives that are designated and are effective hedging instruments, the timing of their recognition in profit or loss will depend on the nature of the hedging. When the fair value of a derivative is positive, it is classified as a financial asset; when the fair value is negative, it is classified as a financial liability.

Derivatives that are embedded in asset master contracts within the scope of IFRS 9, "Financial Instruments", are used as a whole to determine the classification of financial assets. A derivative is considered to be a separate derivative if it is embedded in a master contract of an asset that is not within the scope of IFRS 9 (e.g., embedded in a master contract of a financial liability) and the embedded derivative meets the definition of a derivative, the risks and characteristics of which are not closely related to those of the master contract and the hybrid contract is not measured at fair value through profit or loss.

(XI) Revenue recognition

The Company allocates the transaction price to each performance obligation after the performance obligation is identified in the customer contract and recognizes revenue when each performance obligation is satisfied.

Revenue from product sales

Revenue from product sales is from the manufacturing and sale of multi-resins. The Company recognizes revenue when the product is delivered and control of ownership is transferred. Advance receipt of payments for the sale of goods are recognized as contract liabilities before the products are delivered.

(XII) Leases

The Company assesses whether a contract is (or contains) a lease at the contract inception date.

Company as lessee

Right-of-use assets and lease liabilities are recognized at the lease commencement date for all leases, except for leases of low-value underlying assets and short-term leases to which the recognition exemption applies, where lease payments are recognized as expenses on a straight-line basis over the lease term.

(XIII) Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that meet the criteria are included as part of the cost of the asset until substantially all of the activities necessary to bring the asset to its intended use or sale condition have been completed.

Investment income earned on the temporary investment from specific borrowings pending the occurrence of qualifying capital expenditures is deducted from the qualifying borrowing costs for capitalization.

Except for the above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(XIV) Employee benefits

1. Short-term employee benefits

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

2. Post-employment benefits

Payments to the defined contribution pension plan is an expense that recognizes the amount of pension benefits to be contributed during the employees' service period.

The defined benefit cost (including service cost, net interest and re-measurement) of the defined benefit pension plan is actuarially determined using the projected unit benefit method. The service cost (including the current service cost and previous service cost and settlement gains or losses) and the net interest of net defined benefit liabilities (assets) are recognized as employee benefit expenses as they occur.

Re-measurements (including actuarial gains and losses and return on plan assets, net of interest) are recognized in other comprehensive income as incurred and included in retained earnings, and are not reclassified to profit or loss in subsequent periods.

The net defined benefit liability (asset) represents the appropriation deficit (surplus) of the defined benefit pension plan. The net defined benefit asset must not exceed the present value of the refund of appropriation from the plan or of the reduction of future appropriation.

3. Severance benefits

The Company recognizes a severance benefit liability when it can no longer withdraw its offer of severance benefits, or recognizes the associated restructuring costs, whichever is earlier.

(XV) Income tax

Income tax expense represents the sum of the current tax payable and deferred tax.

1. Current tax payable

The Company determines the current income (loss) in accordance with the regulations of each income tax filing jurisdiction and calculates the income tax payable (recoverable) accordingly.

Income tax on undistributed earnings calculated in accordance with the ROC Income Tax Act is recognized in the year when the shareholders resolve to retain the earnings.

Adjustments to prior years' income tax payable are to be included in the current period's income tax.

2. Deferred tax

Deferred income tax is computed on temporary differences between the carrying amounts of assets and liabilities and the tax basis of taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, and deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which income tax credits can be utilized for temporary differences.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company can control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets are recognized for deductible temporary differences associated with such investments only to the extent that it is probable that sufficient taxable income will be available to allow the temporary differences to be realized and to the extent that a reversal is expected in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient tax assets will be available to allow recovery of all or part of the asset. Deferred income tax assets that have not been recognized are reviewed at each balance sheet date and the carrying amount is increased to the extent that it is probable that future taxable income will be available to recover all or part of the asset.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled or the asset is realized, which are based on tax rates and tax laws that have been legislated or substantively legislated at the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequences of the manner in which the Company expects to recover or settle the carrying amounts of its assets and liabilities at the balance sheet date.

3. Income tax of the current period and deferred income tax

Current and deferred income taxes are recognized in profit or loss, except for current and deferred income taxes related to items recognized in other comprehensive income or directly in equity, which are recognized in other comprehensive income or directly in equity, respectively.

V. Sources of Uncertainty to Significant Accounting Judgments, Estimates, and Assumptions

In adopting accounting policies, the Company's management is required to make judgments, estimates and assumptions that are based on historical experience and other relevant factors when relevant information is not readily available from other sources. Actual results may differ from estimates.

The Company takes the recent development of COVID-19 and the possible impact on the economic environment into the consideration of major accounting estimates such as cash flow estimates, growth rates, discount rates, profitability, etc. Management will review estimates and underlying assumptions on an ongoing basis. If a revision of an estimate affects only the current period, it is recognized in the period in which it is revised. If a revision of an accounting estimate affects both the current and future periods, it is recognized in the period in which it is revised and in the future period.

The accounting policies, estimates and basic assumptions adopted by the Company have been assessed by the management of the Company, and there is no significant uncertainty in accounting judgments, estimates or assumptions.

VI. Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and working capital	\$ 80	\$ 80
Checking accounts and demand deposits	77,356	75,175
Cash equivalents		
Commercial paper	249,937	269,818
	<u>\$ 327,373</u>	<u>\$ 345,073</u>

VII. Financial instruments at fair value through profit or loss

	December 31, 2022	December 31, 2021
<u>Financial liabilities - current</u>		
Derivative instruments		
(not specified for hedging)		
- FX forward contracts	\$ 344	\$ 184

The FX forward contracts on the balance sheet date that are not subject to hedge accounting and have not yet matured are as follows:

	Currency	Maturity period	Contract amount (NTD thousand)
<u>December 31, 2022</u>			
Purchase of FX forward contract	NTD to USD	November 7, 2022 ~ January 30, 2023	NTD7,704/USD240
Purchase of FX forward contract	NTD to USD	December 09, 2022 ~ March 01, 2023	NTD5,310/USD174

	Currency	Maturity period	Contract amount (NTD thousand)
<u>December 31, 2021</u>			
Purchase of FX forward contract	NTD to USD	November 1, 2021 ~ April 21, 2022	NTD9,468/USD340
Purchase of FX forward contract	NTD to USD	December 13, 2021 ~ June 2, 2022	NTD20,695/USD744

The purpose of the engagement in FX forward contracts by the Company in 2022 and 2021 was to avoid the risk of foreign currency assets and liabilities arising from exchange rate fluctuations. The FX forward contracts held by the Company do not meet the effective hedging conditions, so hedge accounting is not applicable.

VIII. Financial assets measured at amortized costs

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Domestic investment		
Time deposits with original maturity over 3 months	\$ 99,000	\$ 99,000

As of December 31, 2022 and December 31, 2021, the interest rate range of time deposits with original maturity over 3 months is 1.2~1.325% and 0.755% per annum.

The Company has no pledge of financial assets measured at amortized cost.

IX. Credit risk management of debt instrument investment

The debt instruments invested by the Company are financial assets measured at amortized cost:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
		At amortized cost
Total book value		\$ 99,000
Loss provision		-
Amortized cost		\$ 99,000
		At amortized cost
Total book value		\$ 99,000
Loss provision		-
Amortized cost		\$ 99,000

The credit risk of bank deposits and other financial instruments is measured and monitored by the financial departments of the Company. As the trading counterparties and performing parties of the Company are all banks with good credit ratings and financial institutions or corporate organizations of investment grade or above, there is no major doubt of default, so there is no major credit risk.

The current credit risk rating mechanism of the Company and the total carrying amount of debt instrument investments of various credit ratings are as follows:

Credit rating	Definition	Recognition basis of expected credit loss	Expected credit loss rate	Total book amount on December 31, 2022	Total book amount on December 31, 2021
Normal	The debtor's credit risk is low, and the debtor is fully capable of paying off the contractual cash flow.	12-month expected credit loss	0%	\$ 99,000	\$ 99,000

X. Notes receivable, accounts receivable and collection

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Notes receivable</u>		
At amortized cost		
Arising from business		
Non-related parties	\$ <u>34,415</u>	\$ <u>40,248</u>
Related party	\$ <u>32,611</u>	\$ <u>19,713</u>
 <u>Accounts receivable</u>		
At amortized cost		
Total book value		
Non-related parties	\$ 83,016	\$ 170,897
Less: Loss allowance	(<u>300</u>)	(<u>3,760</u>)
	\$ <u>82,716</u>	\$ <u>167,137</u>
Related party	\$ <u>8,488</u>	\$ <u>17,273</u>

(I) Accounts receivable

The Company's average credit period for product sales is 90 days, and no interest is calculated for accounts receivable. The Company's policy is to only conduct transactions with objects of investment grade or above (inclusive), and in necessary circumstances obtain sufficient collaterals to mitigate the risk of financial loss due to default. The Company will use other publicly available financial information and historical transaction records to rate its major customers. The Company continuously monitors the credit risk and the credit rating of the counterparty, and manages the credit risk through the annual review and approval of the counterparty's credit limit.

In order to mitigate the credit risk, the management of the Company assigned dedicated personnel to be responsible for the credit line decision, credit approval and other monitoring procedures to ensure that appropriate actions have been taken for the recovery of overdue receivables. In addition, the Company will review the recoverable amount of the receivables one by one on the balance sheet date to ensure that the unrecoverable receivables have been provided with appropriate impairment losses.

The Company recognizes the loss provision of accounts receivable based on the expected credit loss during the existence period. The expected credit loss during the duration is calculated using the preparation matrix, which takes into account customers' past default records and current financial situation, the industrial economic situation, the GDP forecast and the industrial outlook. Because the historical experience of credit loss of the Company shows that there is no significant difference between the loss types of different customer groups, the Company matrix does not further distinguish customer groups, and only sets the expected credit loss rate based on the number of days of accounts receivable.

If there is evidence that the counterparty is facing serious financial difficulties and the Company cannot reasonably expect the recoverable amount, for example, the counterparty to the transaction is in liquidation or the debt has been established for more than 365 days, the Company will directly write off the relevant accounts receivable, but will continue the recovery activities. The amount recovered due to the recovery is recognized in profit or loss.

The Company measures the loss provision of accounts receivable according to the preparation matrix as follows:

December 31, 2022

	Account established for 1 to 90 days	Account established for 91 to 180 days	Account established for 181 to 365 days	Account established for over 365 days	Total
Total book value	\$ 84,849	\$ 6,655	\$ -	\$ -	\$ 91,504
Loss allowance (lifetime ECLs)	-	(300)	-	-	(300)
Amortized cost	<u>\$ 84,849</u>	<u>\$ 6,355</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,204</u>

December 31, 2021

	Account established for 1 to 90 days	Account established for 91 to 180 days	Account established for 181 to 365 days	Account established for over 365 days	Total
Total book value	\$ 174,927	\$ 13,243	\$ -	\$ -	\$ 188,170
Loss allowance (lifetime ECLs)	-	(3,760)	-	-	(3,760)
Amortized cost	<u>\$ 174,927</u>	<u>\$ 9,483</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 184,410</u>

The provision for losses of accounts receivable is calculated according to the expected credit loss rate of each age range, and the expected credit loss rate for the years ended December 31, 2022 and December 31, 2021 is 0.05% and 0.28%, respectively.

Changes in loss provision on accounts receivable:

	2022	2021
Beginning balance	\$ 3,760	\$ 2,360
Add: Provision for impairment loss (reversal) for the current year	(3,460)	1,400
Ending balance	<u>\$ 300</u>	<u>\$ 3,760</u>

(III) Collections (listed under other non-current assets)

Information on the change in provision for bad debts from collections is as follows:

	2022	2021
Beginning balance	\$ 25,219	\$ 25,719
Less: Reversal of impairment losses for the year	(600)	(500)
Ending balance	<u>\$ 24,619</u>	<u>\$ 25,219</u>

As of December 31, 2022 and December 31, 2021, the amount of loss provision included individual impaired accounts receivable in significant financial difficulties, amounting to NTD 24,619 thousand and NTD 25,219 thousand, respectively, which had been transferred to collections (listed under other non-current assets). The Company does not hold any collateral for these receivable balances.

XI. Inventory

	December 31, 2022	December 31, 2021
Raw materials	\$ 120,972	\$ 138,607
Materials	6,294	5,471
Work-in-progress	4,390	9,378
Finished goods	<u>48,200</u>	<u>66,384</u>
	<u>\$ 179,856</u>	<u>\$ 219,840</u>

The nature of cost of goods sold is as follows:

	2022	2021
Cost of inventory sold	\$ 916,363	\$ 866,625
Inventory write-downs	<u>20,683</u>	<u>1,689</u>
	<u>\$ 937,046</u>	<u>\$ 868,314</u>

The Company has no inventory pledged as loan collateral.

XII. Investments using the equity method
Investments in subsidiaries

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Sun Yang Global Co., Ltd.	<u>\$ 62,558</u>	<u>\$ 61,129</u>

On the balance sheet date, the Company's ownership interest and voting right percentage in subsidiaries are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Sun Yang Global Co., Ltd.	100%	100%

In 2022 and 2021, the profit and loss and other comprehensive income share of subsidiaries by the equity method are recognized based on the financial report of each subsidiary that has been audited by CPAs during the same period.

The Company does not have any amount of borrowing with its investment in subsidiaries as the collateral.

XIII. Property, plant, and equipment

	<u>Land</u>	<u>Building</u>	<u>Machinery equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Total</u>
<u>Cost</u>							
Balance on January 1, 2022	\$ 276,190	\$ 148,382	\$ 367,962	\$ 12,781	\$ 11,636	\$ 46,671	\$ 863,622
Increase	-	314	2,495	1,790	1,456	1,184	7,239
Disposals	-	-	(1,695)	(2,532)	(749)	(289)	(5,265)
Balance on December 31, 2022	<u>\$ 276,190</u>	<u>\$ 148,696</u>	<u>\$ 368,762</u>	<u>\$ 12,039</u>	<u>\$ 12,343</u>	<u>\$ 47,566</u>	<u>\$ 865,596</u>
<u>Cumulative depreciation</u>							
Balance on January 1, 2022	\$ -	\$ 108,002	\$ 362,482	\$ 12,456	\$ 8,987	\$ 45,149	\$ 537,076
Depreciation expenses	-	3,853	1,598	293	1,218	607	7,569
Disposals	-	-	(1,695)	(2,532)	(749)	(289)	(5,265)
Balance on December 31, 2022	<u>\$ -</u>	<u>\$ 111,855</u>	<u>\$ 362,385</u>	<u>\$ 10,217</u>	<u>\$ 9,456</u>	<u>\$ 45,467</u>	<u>\$ 539,380</u>
Net on December 31, 2022	<u>\$ 276,190</u>	<u>\$ 36,841</u>	<u>\$ 6,377</u>	<u>\$ 1,822</u>	<u>\$ 2,887</u>	<u>\$ 2,099</u>	<u>\$ 326,216</u>
<u>Cost</u>							
Balance on January 1, 2021	\$ 276,190	\$ 146,912	\$ 369,227	\$ 13,185	\$ 12,583	\$ 46,501	\$ 864,598
Increase	-	1,470	825	211	1,365	170	4,041
Disposals	-	-	(2,090)	(615)	(2,312)	-	(5,017)
Balance on December 31, 2021	<u>\$ 276,190</u>	<u>\$ 148,382</u>	<u>\$ 367,962</u>	<u>\$ 12,781</u>	<u>\$ 11,636</u>	<u>\$ 46,671</u>	<u>\$ 863,622</u>
<u>Cumulative depreciation</u>							
Balance on January 1, 2021	\$ -	\$ 103,490	\$ 362,844	\$ 12,842	\$ 10,343	\$ 44,600	\$ 534,119
Depreciation expenses	-	4,512	1,728	229	956	549	7,974
Disposals	-	-	(2,090)	(615)	(2,312)	-	(5,017)
Balance on December 31, 2021	<u>\$ -</u>	<u>\$ 108,002</u>	<u>\$ 362,482</u>	<u>\$ 12,456</u>	<u>\$ 8,987</u>	<u>\$ 45,149</u>	<u>\$ 537,076</u>
Net on December 31, 2021	<u>\$ 276,190</u>	<u>\$ 40,380</u>	<u>\$ 5,480</u>	<u>\$ 325</u>	<u>\$ 2,649</u>	<u>\$ 1,522</u>	<u>\$ 326,546</u>

The Company's property, plant and equipment listed on December 31, 2021 and December 31, 2022 have been evaluated and there was no indication of impairment.

There was no interest capitalization on the property, plant and equipment of the Company in 2022 and 2021.

Depreciation expense is accrued on a straight-line basis according to the following useful lives:

Building	
Main buildings	20 to 50 years
Decoration work, etc.	3 to 10 years
Machinery equipment	3 to 16 years
Transportation equipment	3 to 7 years
Office equipment	3 to 5 years
Other equipment	2 to 10 years

Please refer to note 29 for the amount of property, plant and equipment pledged as collaterals for loans.

XIV. Lease arrangements

Other lease agreements

	<u>2022</u>	<u>2021</u>
Short term lease expense	\$ <u>300</u>	\$ <u>278</u>
Total cash outflow from lease	(\$ <u>300</u>)	(\$ <u>278</u>)

The Company chooses to apply the recognition exemption to the leases of houses and buildings that meet the short-term lease criteria, and does not recognize the relevant right-of-use assets and lease liabilities for such leases.

XV. Other assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Other receivables		
Interest receivable	\$ 54	\$ 32
Tax refund receivable	-	534
Provisional payment	<u>28</u>	<u>6</u>
	<u>\$ 82</u>	<u>\$ 572</u>
<u>Non-current</u>		
Collection	\$ 24,619	\$ 25,219
Less: Provision for bad debts	(<u>24,619</u>)	(<u>25,219</u>)
	<u>\$ -</u>	<u>\$ -</u>

XVI. Borrowings

(I) Short-term borrowing

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Secured loans	\$ <u>-</u>	\$ <u>913</u>

The interest rate of bank revolving loans was 1.23% as of 31 December, 2021.

(II) Short-term notes payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bank acceptances	\$ <u>12,714</u>	\$ <u>30,005</u>

Outstanding short-term notes payable were as follows:

December 31, 2022

<u>Guarantee/acceptance institution</u>	<u>Book value</u>	<u>Original currency amount (USD)</u>	<u>Name of collateral</u>	<u>Book value of collateral</u>
<u>Bank acceptances</u>				
Mega International Commercial Bank	\$ 5,344	\$ 174	None	\$ -
Taiwan Cooperative Bank	<u>7,370</u>	<u>240</u>	None	<u>-</u>
	<u>\$ 12,714</u>	<u>\$ 414</u>	None	<u>\$ -</u>

December 31, 2021

<u>Guarantee/acceptance institution</u>	<u>Book value</u>	<u>Original currency amount (USD)</u>	<u>Name of collateral</u>	<u>Book value of collateral</u>
<u>Bank acceptances</u>				
Hua Nan Bank	<u>\$ 30,005</u>	<u>\$ 1,084</u>	None	<u>\$ -</u>

Please refer to note 30 for guaranteed notes payable issued for bank borrowings.

XVII. Notes and accounts payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Notes payable</u>		
Arising from business	<u>\$ 3,392</u>	<u>\$ 4,517</u>
<u>Accounts payable</u>		
Arising from business	<u>\$ 23,006</u>	<u>\$ 39,610</u>

Accounts payable are paid at the agreed time in the contract. The Company has a financial risk management policy to ensure that all payables are repaid within the pre-agreed credit period.

XVIII. Other liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
<u>Other payables</u>		
Directors' and supervisors' remuneration payable	\$ -	\$ 2,480
Employees' remuneration payable	-	1,643
Salary and bonus payable	13,791	14,353
Equipment payables	1,182	-
Other	<u>5,413</u>	<u>7,309</u>
	<u>\$ 20,386</u>	<u>\$ 25,785</u>

XIX. Retirement benefit plans

(I) Defined contribution plan

The pension system of the "Labor Pension Act" applicable to the Company is a government managed defined contribution retirement plan, in which 6% of an employee's monthly salary is allocated to an individual account at the Labor Insurance Bureau.

(II) Defined benefit plans

The pension system of the Company in accordance with the country's "Labor Standards Act" is a government-administered defined-benefit retirement plan. The employee's pension is calculated based on the length of service and the average salary for the six months before the approved retirement date. The Company allocates 10% of the total monthly salary of the employees to the pension, and hands it over to the Labor Retirement Reserve Supervision Committee to deposit it into the special account of the Bank of Taiwan in the name of the committee. Before the end of the year, if it is estimated that the balance of the special account is not sufficient to pay the workers who are expected to meet the retirement conditions in the next year, the difference will be provided in one go by the end of March of the next year. The special account is entrusted to the Bureau of Labor Fund of the Ministry of Labor for management, and the Company has no right to influence the investment management strategy.

The amounts of defined benefit plans included in the parent company's balance sheet are listed as follows:

	December 31, 2022	December 31, 2021	
Present value of defined benefit obligations	\$ 66,019	\$ 73,393	
Fair value of plan assets	(55,553)	(56,030)	
Net defined benefit liabilities	<u>\$ 10,466</u>	<u>\$ 17,363</u>	
Changes to net defined benefit liabilities (assets) are as follows:			
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities (assets)
Balance on January 1, 2022	<u>\$ 73,393</u>	(\$ 56,030)	<u>\$ 17,363</u>
Service cost			
Service costs for the current period	624	-	624
Interest expense (revenue)	<u>459</u>	(<u>356</u>)	<u>103</u>
Recognized as loss (profit)	<u>1,083</u>	(<u>356</u>)	<u>727</u>
Re-measurement			
Compensation for planned assets (excluding the amount included in net interest)	-	(4,898)	(4,898)
Actuarial (gain) loss	-	-	-
Changes in financial assumptions Adjustment based on past experience	(2,317)	-	(2,317)
	<u>1,524</u>	<u>-</u>	<u>1,524</u>
Recognized in other comprehensive income	(<u>793</u>)	(<u>4,898</u>)	(<u>5,691</u>)
Employer contribution	<u>-</u>	(<u>1,933</u>)	(<u>1,933</u>)
Benefit paid	(<u>7,664</u>)	<u>7,664</u>	<u>-</u>
Balance on December 31, 2022	<u>\$ 66,019</u>	(<u>\$ 55,553</u>)	<u>\$ 10,466</u>
Balance on January 1, 2021	<u>\$ 80,927</u>	(<u>\$ 64,270</u>)	<u>\$ 16,657</u>
Service cost			
Service costs for the current period	741	-	741
Interest expense (revenue)	<u>291</u>	(<u>232</u>)	<u>59</u>
Recognized as loss (profit)	<u>1,032</u>	(<u>232</u>)	<u>800</u>
Re-measurement			
Compensation for planned assets (excluding the amount included in net interest)	-	(890)	(890)
Actuarial loss (gain)	-	-	-
Changes in demographic assumptions	1,804	-	1,804
Changes in financial assumptions Adjustment based on past experience	(1,372)	-	(1,372)
	<u>2,418</u>	<u>-</u>	<u>2,418</u>
Recognized in other comprehensive income	<u>2,850</u>	(<u>890</u>)	<u>1,960</u>
Employer contribution	<u>-</u>	(<u>2,054</u>)	(<u>2,054</u>)
Benefit paid	(<u>11,416</u>)	<u>11,416</u>	<u>-</u>
Balance on December 31, 2021	<u>\$ 73,393</u>	(<u>\$ 56,030</u>)	<u>\$ 17,363</u>

The amounts recognized in profit or loss for defined benefit plans are summarized by function as follows:

	<u>2022</u>	<u>2021</u>
Operating costs	\$ 452	\$ 491
Operating expenses	<u>275</u>	<u>309</u>
	<u>\$ 727</u>	<u>\$ 800</u>

The Company is exposed to the following risks as a result of the "Labor Standards Act" pension system:

1. Investment risk: The Bureau of Labor Fund of the Ministry of Labor invests labor pension funds in domestic (foreign) equity and debt securities and bank deposits through self-operation and entrusted management, but the Company's distributable amount of the plans' assets is the income calculated at not lower than the 2-year fixed deposit interest rate of the local bank.
2. Interest rate risk: The decrease in interest rates of government/corporate bonds will increase the present value of the defined benefit obligation, but the return on the debt investment of the planned assets will also increase; the impact of the two on the net defined benefit liabilities is partially offset.
3. Salary risk: For the calculation of the present value of defined benefit obligations, reference is made to the future salaries of the members of the plans. Therefore, increases in plan members' salaries will result in an increase in the present value of the defined benefit obligation.

The present value of the Company's defined benefit obligation was actuarially determined by a qualified actuary with the following significant assumptions as of the measurement date.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate	1.375%	0.625%
Expected rate of salary increase	2.250%	2.000%

If there are reasonable possible changes in significant actuarial assumptions, the amount by which the present value of the defined benefit obligation would increase (decrease), with all other assumptions held constant, is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate		
0.25% increase	(<u>\$ 1,094</u>)	(<u>\$ 1,352</u>)
0.25% decrease	<u>\$ 1,126</u>	<u>\$ 1,394</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 1,099</u>	<u>\$ 1,354</u>
0.25% decrease	(<u>\$ 1,073</u>)	(<u>\$ 1,320</u>)

The sensitivity analysis above may not reflect actual changes in the present value of the defined benefit obligation, because the actuarial assumptions may be correlated and changes in only one assumption are not probable.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Amount expected to be appropriated within 1 year	<u>\$ 1,920</u>	<u>\$ 1,900</u>
Average period of defined benefit obligation to maturity	6.8 years	7.5 years

XX. Equity

(I) Common share capital

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Authorized ordinary shares (in thousands)	<u>61,056</u>	<u>61,056</u>
Authorized capital	<u>\$ 610,560</u>	<u>\$ 610,560</u>
Issued and paid ordinary shares (in thousands)	<u>61,056</u>	<u>61,056</u>
Issued capital	<u>\$ 610,560</u>	<u>\$ 610,560</u>

The par value of each issued common share is NTD10; each share has one voting right and the right to receive dividends.

(II) Capital surplus

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>May be used to offset a deficit, distributed cash dividend or transferred to shares</u> (1)		
Treasury stock trading	\$ 52,541	\$ 52,541
Donated assets	<u>768</u>	<u>768</u>
	<u>\$ 53,309</u>	<u>\$ 53,309</u>

- Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

(III) Retained earnings and dividends policy

According to the provisions of the earnings distribution policy in the Company's articles of association, if there is a surplus in the annual final accounts, taxes shall be paid in accordance with the law, and after making up the cumulative loss, 10% shall be set aside as the legal reserve, and the rest shall be appropriated as or reversed from special reserve according to laws and regulations. If there is still a balance, the board meeting shall formulate an earnings distribution proposal for it together with the cumulative undistributed surplus, and submit it to the shareholders' meeting for a resolution to distribute dividends to shareholders. Please refer to note 22(7) employees' remuneration and directors' and supervisors' remuneration for the distribution policy of employees' remuneration and directors' and supervisors' remuneration stipulated in the Articles of Association.

The Company adopts a fixed and residual dividend policy for sustainable operation, sustainable growth and long-term financial planning based on the overall environment and the characteristics of the industrial development. Shareholders' dividends are distributed annually from the distributable surplus. The cash dividends are maintained between 10% and 90%, but may be adjusted according to changes in the internal and external business environment.

Distribution of earnings to the legal reserve shall be made until the reserve equals the Company's paid-in capital. Legal reserves may be used to offset the deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Company sets aside and reverses special reserves in accordance with the requirements of the letters referenced Jin-Guan-Cheng-Fa No. 1010012865 and Jin-Guan-Cheng-Fa No. 1010047490, and "Questions and Answers on the Applicability of Appropriation of Special Reserves After Adoption of International Financial Reporting Standards (IFRSs)".

The Company's general shareholders' meeting on June 9, 2022 and July 1, 2021 respectively passed resolutions on the following earnings distribution schemes for 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Legal reserve	<u>\$ 7,581</u>	<u>\$ 5,656</u>
Cash dividends	<u>\$ 61,056</u>	<u>\$ 48,844</u>
Cash dividends per share (NTD)	<u>\$ 1.00</u>	<u>\$ 0.80</u>

The Company's board meeting on March 13, 2023 proposed the following earnings distribution of 2022:

	<u>2022</u>
Cash dividends	<u>\$ 30,528</u>
Cash dividends per share (NTD)	<u>\$ 0.5</u>

The earnings distribution scheme for 2022 is pending the resolution of the general shareholders' meeting expected to be held in June 2023.

XXI. Revenue

	<u>2022</u>	<u>2021</u>
Revenues from sale of merchandise	<u>\$ 974,263</u>	<u>\$ 1,021,713</u>

Contract balance

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Notes receivable (Note 10)	<u>\$ 34,415</u>	<u>\$ 40,248</u>	<u>\$ 37,391</u>
Notes receivable - related parties (Note 10)	<u>\$ 32,611</u>	<u>\$ 19,713</u>	<u>\$ 37,687</u>
Accounts receivable (Note 10)	<u>\$ 82,716</u>	<u>\$ 167,137</u>	<u>\$ 124,971</u>
Accounts receivable - related parties (Note 10)	<u>\$ 8,488</u>	<u>\$ 17,273</u>	<u>\$ 12,872</u>
Contractual liabilities			
Goods sold	<u>\$ 6,093</u>	<u>\$ 1,183</u>	<u>\$ 426</u>

XXII. Net (loss) profit for the year

(I) Interest income

	<u>2022</u>	<u>2021</u>
Bank interest income	<u>\$ 1,010</u>	<u>\$ 837</u>
Financial assets measured at amortized costs	<u>992</u>	<u>739</u>
	<u>\$ 2,002</u>	<u>\$ 1,576</u>

(II) Other income

	<u>2022</u>	<u>2021</u>
Grant revenue	<u>\$ 604</u>	<u>\$ 681</u>
Other	<u>71</u>	<u>36</u>
	<u>\$ 675</u>	<u>\$ 717</u>

(III)	Other gains and losses		
		<u>2022</u>	<u>2021</u>
	Gain on disposal of property, plant, and equipment	\$ 178	\$ 492
	Net foreign currency exchange benefits	110	427
	Net gain (loss) of financial liabilities at fair value through profit or loss	(<u>160</u>)	<u>495</u>
		<u>\$ 128</u>	<u>\$ 1,414</u>
(IV)	Finance costs		
		<u>2022</u>	<u>2021</u>
	Interest on bank loans	<u>\$ 183</u>	<u>\$ 19</u>
(V)	Depreciation and amortization		
		<u>2022</u>	<u>2021</u>
	An analysis of depreciation by function		
	Operating costs	\$ 5,575	\$ 6,041
	Operating expenses	<u>1,994</u>	<u>1,933</u>
		<u>\$ 7,569</u>	<u>\$ 7,974</u>
	An analysis of amortization by function		
	Operating expenses	<u>\$ 50</u>	<u>\$ 50</u>
(VI)	Employee benefits expense		
		<u>2022</u>	<u>2021</u>
	Short-term employee benefits	\$ 74,906	\$ 80,681
	Post-employment benefits		
	Defined contribution plans	2,242	2,130
	Defined benefit plan (note 19)	727	800
	Other employee benefits	<u>3,796</u>	<u>3,776</u>
	Total employee benefits expense	<u>\$ 81,671</u>	<u>\$ 87,387</u>
	An analysis by function		
	Operating costs	\$ 44,709	\$ 47,428
	Operating expenses	<u>36,962</u>	<u>39,959</u>
		<u>\$ 81,671</u>	<u>\$ 87,387</u>
(VII)	Employees' compensation and remuneration of directors and supervisors		
	In accordance with the Articles of Association, the Company appropriates 1% to 3% of the balance as the employees' remuneration, and no more than 4% as the directors' and supervisors' remuneration. The resolutions on the employees' remuneration and directors' and supervisors' remuneration for 2021 by the board meetings on March 17, 2022 are as follows:		
	<u>Ratio</u>		<u>2021</u>
	Employees' remuneration		1.69%
	Remuneration of directors and supervisors		2.55%

Amount

	2021	
	Cash	Stocks
Employees' remuneration	\$ 1,643	\$ -
Remuneration of directors and supervisors	2,480	-

As the Company suffered a loss before tax in 2022, remuneration to employees and remuneration to directors/supervisors were not estimated.

If there is still any change in the amount after the annual parent company only financial statements is approved and issued, it shall be handled according to the change of accounting estimates and adjusted and recorded in the next year.

There is no difference between the actual allotment amounts of employees' remuneration and directors' and supervisors' remuneration in 2020 and 2021 and the amount recognized in the parent company only financial statements in 2020 and 2021.

For information on the employees' remuneration and directors' and supervisors' remuneration in accordance with the resolutions of the board meeting of the Company in 2021 and 2022, please visit the "MOPS" of the Taiwan Stock Exchange.

XXIII. Income tax

(I) The main components of income tax expenses recognized in profit/loss

	2022	2021
Current tax payable		
Generated in the current period	\$ -	\$ 16,599
R&D expenditures offset in the current year	-	(856)
Income tax on undistributed earnings	154	103
Adjustments of prior years	<u>569</u>	<u>-</u>
	<u>723</u>	<u>15,846</u>
Deferred tax		
Generated in the current period	(<u>4,871</u>)	(<u>110</u>)
Income tax expenses recognized in profit or loss	(<u>\$ 4,148</u>)	(<u>\$ 15,736</u>)

Adjustment of accounting income and income tax (gain) expense is as follows:

	2022	2021
Net profit (loss) before tax	(<u>\$ 23,339</u>)	(<u>\$ 93,117</u>)
Income tax on net profit (loss) before tax at the statutory tax rate	(\$ 4,667)	\$ 18,623
Tax-free income	(204)	(2,134)
Income tax on undistributed earnings	154	103
R&D expenditures offset in the current year	-	(856)
Adjustments to income tax expenses of prior years	<u>569</u>	<u>-</u>
Income tax expenses recognized in profit or loss	(<u>\$ 4,148</u>)	(<u>\$ 15,736</u>)

(II)	Income tax recognized in other comprehensive income		
		<u>2022</u>	<u>2021</u>
	<u>Deferred tax</u>		
	Generated in the current period		
	- Remeasurement of defined benefit obligation	\$ <u>1,138</u>	(\$ <u>392</u>)
	Income tax recognized in other comprehensive income	\$ <u>1,138</u>	(\$ <u>392</u>)

(III)	Income tax assets and liabilities of the current period		
		<u>December 31, 2022</u>	<u>December 31, 2021</u>
	Current tax assets		
	Income tax receivable	\$ <u>8,274</u>	\$ <u>19</u>
	Income tax liabilities of the period		
	Income tax payable	\$ <u>-</u>	\$ <u>14,546</u>

(IV)	Deferred income tax assets and liabilities				
	Changes in deferred income tax assets and liabilities:				
	<u>2022</u>				
		<u>Beginning balance</u>	<u>Recognized as loss (profit)</u>	<u>Recognized in other comprehensive income</u>	<u>Ending balance</u>
	<u>Deferred income tax assets</u>				
	Temporary difference				
	Financial liabilities at fair value through profit or loss	\$ 37	\$ 32	\$ -	\$ 69
	Provision for bad debts	5,248	(631)	-	4,617
	Impairment loss	136	-	-	136
	Write-down of inventories	1,902	4,136	-	6,038
	Unrealized gross sales profit of inventory in transit	523	(277)	-	246
	Unrealized gross profit of goods sold to subsidiaries	83	(82)	-	1
	Financial assets measured at cost	7,591	-	-	7,591
	Unrealized exchange loss	-	79	-	79
	Loss deduction	-	1,528	-	1,528
	Defined-benefit retirement plan	<u>3,473</u>	<u>(242)</u>	<u>(835)</u>	<u>2,396</u>
		<u>\$ 18,993</u>	<u>\$ 4,543</u>	<u>(\$ 835)</u>	<u>\$ 22,701</u>
	<u>Deferred income tax liabilities</u>				
	Temporary difference				
	Property, plant, and equipment	\$ 45,365	\$ -	\$ -	\$ 45,365
	Unrealized gross sales profit of inventory in transit	481	(308)	-	173
	Defined-benefit retirement plan	-	-	303	303
	Unrealized exchange gains	<u>20</u>	<u>(20)</u>	<u>-</u>	<u>-</u>
		<u>\$ 45,866</u>	<u>(\$ 328)</u>	<u>\$ 303</u>	<u>\$ 45,841</u>

2021

	Beginning balance	Recognized as loss (profit)	Recognized in other comprehensive income	Ending balance
<u>Deferred income tax assets</u>				
Temporary difference				
Financial liabilities at fair value through profit or loss	\$ 136	(\$ 99)	\$ -	\$ 37
Provision for bad debts	5,133	115	-	5,248
Impairment loss	136	-	-	136
Write-down of inventories	1,564	338	-	1,902
Unrealized gross sales profit of inventory in transit	689	(166)	-	523
Unrealized gross profit of goods sold to subsidiaries	79	4	-	83
Financial assets measured at cost	7,591	-	-	7,591
Defined-benefit retirement plan	<u>3,331</u>	<u>(250)</u>	<u>392</u>	<u>3,473</u>
	<u>\$ 18,659</u>	<u>(\$ 58)</u>	<u>\$ 392</u>	<u>\$ 18,993</u>
<u>Deferred income tax liabilities</u>				
Temporary difference				
Property, plant, and equipment	\$ 45,365	\$ -	\$ -	\$ 45,365
Unrealized gross sales profit of inventory in transit	557	(76)	-	481
Unrealized exchange gains	<u>112</u>	<u>(92)</u>	<u>-</u>	<u>20</u>
	<u>\$ 46,034</u>	<u>(\$ 168)</u>	<u>\$ -</u>	<u>\$ 45,866</u>

- (V) Unused investment offset of deferred income tax not recognized in the parent company-only balance sheet

December 31, 2022

Investment offsets

R&D expenditures \$ 557

- (VI) Information on the unused loss deduction

As of December 31, 2022, the relevant information on loss deduction is as follows:

<u>Undeducted balance</u>	<u>Last deduction year</u>
<u>\$7,639</u>	2032

- (VII) Income tax assessments

The Company's profit-seeking enterprise income tax declaration has been approved by the tax collection authority up to and including 2020.

XXIV. Earnings (losses) per share

	2022	Unit: NTD Per Share 2021
Basic earnings (loss) per share	<u>(\$ 0.31)</u>	<u>\$ 1.27</u>
Diluted (loss) per share	<u>(\$ 0.31)</u>	<u>\$ 1.27</u>

The earnings (loss) and the weighted average number of common shares issued for the calculation of earnings (loss) per share are as follows:

Net profit of the period

	<u>2022</u>	<u>2021</u>
Net profit (loss) used to calculate basic earnings (loss) per share	(\$ 19,191)	\$ 77,381
Net profit (loss) used to calculate diluted earnings (loss) per share	(\$ 19,191)	\$ 77,381

Number of shares

Unit: Thousand Shares

	<u>2022</u>	<u>2021</u>
Weighted average number of ordinary shares in the computation of basic (losses) earnings per share	61,056	61,056
Effect of potentially dilutive ordinary shares:		
Employees' remuneration	<u>19</u>	<u>100</u>
Weighted average number of ordinary shares in the computation of diluted (losses) earnings per share	<u>61,075</u>	<u>61,156</u>

If the Company has the option to pay employees' remuneration in shares or cash, the calculation of diluted earnings per share is based on the assumption that the employees' remuneration will be issued in shares, and the weighted average number of outstanding shares will be included in the calculation of diluted (losses) earnings per share when the potential common shares are diluted. Such a dilutive effect of the potential shares is included in the employees' compensation of diluted earnings per share until the shareholders resolve the number of ordinary shares to be distributed to employees at their meeting in the following year.

XXV. Cash flow information

(I) Non-cash transactions

The Company conducted the following non-cash investment and financial activities in 2022 and 2021:

- In 2022, the Company acquired NTD7,239 thousand of property, plant and equipment. Among other payables, the total amount of equipment payables decreased by NTD1,182 thousand. The total amount of cash paid for the purchase of property, plant and equipment was NTD6,057 thousand (please refer to Notes 13 and 18).
- In 2021, the Company acquired NTD4,041 thousand of property, plant and equipment. Among other payables, the total amount of equipment payables decreased by NTD1,922 thousand. The total amount of cash paid for the purchase of property, plant and equipment was NTD5,963 thousand (please refer to Notes 13 and 18).

(II) Changes in liabilities from financial activities
2022

	<u>January 1, 2022</u>	<u>Cash flow</u>	<u>December 31, 2022</u>
Short-term borrowing	\$ 913	(\$ 913)	\$ -
Short-term notes payable	<u>30,005</u>	<u>(17,291)</u>	<u>12,714</u>
	<u>\$ 30,918</u>	<u>(\$ 18,204)</u>	<u>\$ 12,714</u>

2021

	<u>January 1, 2021</u>	<u>Cash flow</u>	<u>December 31, 2021</u>
Short-term borrowing	\$ -	\$ 913	\$ 913
Short-term notes payable	<u>43,050</u>	<u>(13,045)</u>	<u>30,005</u>
	<u>\$ 43,050</u>	<u>(\$ 12,132)</u>	<u>\$ 30,918</u>

XXVI. Capital management

The Company conducts capital management to ensure that it can maximize shareholder returns by optimizing debt and equity balances on the premises of continuing operation.

The Company adopts a prudent risk management strategy and conducts regular reviews, and makes an overall plan based on business development strategies and operational needs to determine the appropriate capital structure for the Company.

XXVII. Financial instruments

(I) Fair value information - financial instruments not measured at fair value

The management of the Company considers that as the maturity date of the carrying amount of financial assets and financial liabilities not measured at fair value is near, or that the future payment price is equivalent to the carrying amount, the carrying amount is close to its fair value.

(II) Fair value information - financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial liabilities at fair value through profit or loss				
Derivatives	<u>\$ -</u>	<u>\$ 344</u>	<u>\$ -</u>	<u>\$ 344</u>

December 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial liabilities at fair value through profit or loss				
Derivatives	<u>\$ -</u>	<u>\$ 184</u>	<u>\$ -</u>	<u>\$ 184</u>

There was no transfer between level I and level II fair value measurements in 2021 and 2022.

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

<u>Types of financial instruments</u>	<u>Evaluation technology and input value</u>
Derivative instrument - FX forward contract	Discounted cash flow method: The future cash flow is estimated at the observable forward exchange rate at the end of the period and the exchange rate set in the contract, and discounted respectively at a discount rate that can reflect the credit risk of each counterparty.

(III) Categories of financial instruments

	December 31, 2022	December 31, 2021
<u>Financial assets</u>		
Financial assets measured at amortized costs		
Cash and cash equivalents	\$ 327,373	\$ 345,073
Financial assets measured at amortized costs - current		
Notes receivable	99,000	99,000
Notes receivable - related parties	34,415	40,248
Accounts receivable	32,611	19,713
Accounts receivable - related parties	82,716	167,137
Refundable deposits	8,488	17,273
	210	210
<u>Financial liabilities</u>		
Measured at cost after amortization		
Short-term borrowing	-	913
Short-term notes payable	12,714	30,005
Notes payable	3,392	4,517
Accounts payable	23,006	39,610
Other payables	20,386	25,785
Financial liabilities measured at fair value through profit or loss	344	184

(IV) Financial risk management objective and policies

The financial instruments of the Company include equity investment, accounts receivable, accounts payable and loans. The Company is committed to ensuring sufficient and cost-effective working capital when necessary. The Company prudently manages the foreign currency exchange rate risk, interest rate risk, equity instrument price risk, credit risk and liquidity risk related to operating activities, in order to reduce the potential adverse impact of market uncertainty on the Company's finance.

The important financial planning of the Company has been reviewed by the board meeting in accordance with relevant norms and internal control systems. In carrying out financial planning, the Finance Department of the Company strictly abides by the relevant financial operation procedures related to the overall financial risk management and the division of rights and responsibilities.

1. Market risk

The financial risk caused by the operating activities of the Company to itself are the foreign currency exchange rate change risk and the interest rate change risk. The Company uses derivative financial instruments to manage the risk of foreign currency exchange rate changes.

(1) Foreign currency risk

The Company engages in sales and purchase transactions denominated in foreign currencies, thus causing it to be exposed to foreign currency exchange rate changes. In order to avoid fluctuations in future cash flows due to changes in foreign currency exchange rates, the Company uses FX forward contracts to avoid foreign currency exchange rate risks. The Company also borrows short-term foreign currency loans to offset part of the foreign currency exchange rate risks arising from transaction conversion. The use of derivative financial instruments such as FX forward contracts can help the Company reduce but still cannot completely exclude the impact of foreign currency exchange rate changes.

Please refer to Note 31 for the carrying amounts of monetary assets and monetary liabilities denominated in non-functional currencies of the Company on the balance sheet date.

Sensitivity analysis

The sensitivity analysis of the foreign currency exchange rate risk is mainly calculated for foreign currency monetary items at the end of the reporting period. When the New Taiwan dollar appreciates by 5% against foreign currencies, the Company's net loss before tax in the years 2022 and 2021 will decrease by NTD74 thousand and net profit before tax will decrease by NTD430 thousand, respectively; when the New Taiwan dollar depreciates by 5% against the foreign currency, the impact on the Company's net profit (loss) before tax in the years 2022 and 2021 will be a negative number of the same amount.

(2) Interest rate risk

Interest rate exposure occurs because the Company borrows funds at both fixed and floating interest rates.

The carrying amounts of the financial assets and financial liabilities of the Company exposed to interest rate exposure on the balance sheet date are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fair value interest rate risk		
-Financial assets	\$ 348,937	\$ 368,818
-Financial liabilities	12,714	30,005
Cash flow interest rate risk		
-Financial assets	77,356	75,175
-Financial liabilities	-	913

Sensitivity analysis

The following sensitivity analysis is based on the interest rate exposure of derivative and non-derivative instruments on the balance sheet date. For floating rate liabilities, the analysis method assumes that all the amount of liabilities circulating on the balance sheet date is circulating during the reporting period. The rate of change used by the Company when reporting interest rates internally to the key management is an increase or decrease of one basis point (1%) in the interest rate, which also represents the management's assessment of the reasonably possible range of changes in interest rates.

If the interest rate increases/decreases by one hundred basis points (1%), with all other variables remain unchanged, the Company's net profit before tax in the years 2022 and 2021 will increase by NTD774 thousand and NTD743 thousand respectively, mainly because of the interest rate change position risk arising from the bank borrowings of the Company with floating interest rates.

(3) Other price risks

The Company has an equity price exposure due to its investment in TWSE and TPEX listed equity securities and fund beneficiary certificates. The equity investments are not held for trading but mainly for earning dividend income. The Company does not actively trade these investments, and regularly evaluates the impact of market price risk in order to minimize the risk.

Sensitivity analysis

Sensitivity analysis is based on equity price risk on at the balance sheet date. If the equity price increases/decreases by 5%, the pre-tax net profit of 2022 and 2021 will increase/decrease by NTD17 thousand NTD9 thousand and respectively due to the increase/decrease in the fair value of the investments held for trading.

2. Credit risk

Credit risk refers to the potential impact of the counterparty's failure to perform its contractual obligations on the Company's financial losses. As of the balance sheet date, the maximum credit risk exposure of the Company's that may result in financial losses due to the counterparty's failure to perform its obligations is mainly from the book value of financial assets recognized in the parent company only balance sheet.

The receivables of the Company cover many customers, and most of the receivables do not have collaterals. The Company continuously evaluates the financial status of customers with accounts receivable to reduce the credit risk of accounts receivable, and reviews the recoverable amount of accounts receivable one by one on the balance sheet date to ensure appropriate impairment losses have been provided for uncollectable receivables.

3. Liquidity risk

The Company manages and maintains sufficient cash and cash equivalents to meet operating needs and mitigate the impact of cash flow fluctuations. The management of the Company supervises the use of banks' financing lines and ensures compliance with the terms of the loan contract.

Bank borrowings are an important source of liquidity for the Company. As of December 31, 2021 and December 31, 2022, the Company's unused short-term bank facilities were NTD970,126 thousand and NTD939,801 thousand, respectively.

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

The remaining contractual maturity analysis of non-derivative financial liabilities is prepared based on the earliest date on which the Company may be required to repay, and the undiscounted cash flows (including principal and estimated interest) of financial liabilities. Therefore, the bank loans which the Company may be required to repay immediately are listed in the earliest period in the table below, regardless of the probability of the banks' immediate execution of the right; the maturity analysis of other non-derivative financial liabilities is prepared according to the agreed repayment dates.

December 31, 2022

	Effective interest rate (%)	Less than One Year	1 to 5 years	More than 5 years	Total
<u>Non-derivative financial liabilities</u>					
Short-term notes payable	-	\$ 12,714	\$ -	\$ -	\$ 12,714
Notes payable	-	3,392	-	-	
Accounts payable	-	23,006	-	-	23,006
Other payables	-	20,386	-	-	20,386

December 31, 2021

	Effective interest rate (%)	Less than One Year	1 to 5 years	More than 5 years	Total
<u>Non-derivative financial liabilities</u>					
Short-term borrowing	1.20%	\$ 924	\$ -	\$ -	\$ 924
Short-term notes payable	-	30,005	-	-	30,005
Notes payable	-	4,517	-	-	4,517
Accounts payable	-	39,610	-	-	39,610
Other payables	-	25,785	-	-	25,785

(2) Liquidity and interest rate risk table of derivative financial liabilities

Regarding the liquidity analysis of derivative financial instruments, it is prepared on the basis of undiscounted net contractual cash inflows and outflows for derivatives delivered on a net basis; for derivatives settled in the aggregate amount, it is prepared on the basis of total undiscounted cash inflows and outflows. When the amount payable or receivable is not fixed, the disclosed amount is determined based on the expected interest rate estimated by the yield curve on the balance sheet date.

December 31, 2022

	Immediate repayment or in less than 1 month	1~3 months	3 months to 1 year	1~5 Years	More than 5 years
<u>Aggregate amount settlement</u>					
FX forward contracts					
- Inflow	\$ -	\$ 12,671	\$ -	\$ -	\$ -
- Outflow	-	(13,015)	-	-	-
	<u>\$ -</u>	<u>(\$ 344)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2021

	Immediate repayment or in less than 1 month	1~3 months	3 months to 1 year	1~5 Years	More than 5 years
<u>Aggregate amount settlement</u>					
FX forward contracts					
- Inflow	\$ -	\$ -	\$ 29,979	\$ -	\$ -
- Outflow	-	-	(30,163)	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 184)</u>	<u>\$ -</u>	<u>\$ -</u>

XXVIII. Related party transactions

In addition to those disclosed in other notes, the transactions between the Company and related parties are as follows:

(I) Related party name and category

Related Party Name	Relationship with the Company
Sun Yang Global Co., Ltd.	Subsidiary

(II) Sale

Line Item	Related Party Name	2022	2021
Sale	Sun Yang Global Co., Ltd.	<u>\$ 181,398</u>	<u>\$ 145,422</u>

The transaction price and payment period for the purchase and sale of the Company's related parties are comparable to those of ordinary customers.

(III) Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Name	December 31, 2022	December 31, 2021
Notes receivable - related parties	Sun Yang Global Co., Ltd.	<u>\$ 32,611</u>	<u>\$ 19,713</u>
Accounts receivable - related parties	Sun Yang Global Co., Ltd.	<u>\$ 8,488</u>	<u>\$ 17,273</u>

There is no collateral for receivables from related parties in circulation. Expected credit losses are not included in accounts receivable from related parties in 2022 and 2021.

(IV) Other related party transactions

Miscellaneous income

Related Party Name	2022	2021
Sun Yang Global Co., Ltd.	<u>\$ 20</u>	<u>\$ 18</u>

(V) Compensation of key management personnel

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 11,280	\$ 13,426
Post-employment benefits	<u>510</u>	<u>722</u>
	<u>\$ 11,790</u>	<u>\$ 14,148</u>

The remuneration of directors and other key management is determined by the Remuneration Committee in accordance with individual performance and market trends.

XXIX. Pledged Assets

The following assets of the Company have been provided as collateral for bank loans:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Property, plant, and equipment		
Land	\$ 126,840	\$ 126,840
Building	<u>30,212</u>	<u>31,219</u>
	<u>\$ 157,052</u>	<u>\$ 158,059</u>

XXX. Significant contingent liabilities and unrecognized contract commitments

The Company has the following major commitments and contingencies on the balance sheet date:

- (I) As of December 31, 2021 and December 31, 2022, the amount of customs duty guarantee issued by the Company to banks for imported goods was NTD8,000 thousand.
- (II) As of December 31, 2021 and December 31, 2022, the amount of unused letters of credit issued by the Company for imported raw materials was USD158 thousand and USD744 thousand.
- (III) The guarantee notes payable issued by the Company for bank loans are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
USD	\$ 4,000	\$ 4,000
NTD	160,000	160,000

XXXI. Significant assets and liabilities denominated in foreign currencies

The following information is aggregated and expressed in foreign currencies other than the Company's functional currency, and the exchange rates disclosed refer to the exchange rates at which these foreign currencies are converted to the functional currency. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2022

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Book value</u>
Foreign currency asset			
<u>Monetary item</u>			
USD	\$ 257	30.71 (USD:NTD)	\$ 7,892
RMB	1,431	4.408 (RMB: NTD)	<u>6,309</u>
			<u>\$ 14,201</u>
Foreign currency liabilities			
<u>Monetary item</u>			
USD	414	30.71 (USD:NTD)	<u>\$ 12,714</u>

<u>December 31, 2021</u>			
	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>Book value</u>
<u>Foreign currency asset</u>			
<u>Monetary item</u>			
USD	\$ 565	27.68 (USD:NTD)	\$ 15,629
RMB	1,538	4.344 (RMB: NTD)	<u>6,681</u>
			<u>\$ 22,310</u>
<u>Foreign currency liabilities</u>			
<u>Monetary item</u>			
USD	1,117	27.68 (USD:NTD)	<u>\$ 30,919</u>

The foreign currency exchange gains (realized and unrealized) of the Company in 2022 and 2021 were NTD110 thousand and NTD427 thousand, respectively. Due to the wide variety of foreign currency transactions, it is not possible to disclose the exchange gains and losses according to the major influences of the foreign currencies.

XXXII. Other Disclosures

- (I) Material transaction.
1. Loans to others: None.
 2. Endorsements/guarantees for others: None.
 3. Securities held at period end: None.
 4. The cumulative amount of the same securities purchased or sold reaches NTD300 million or 20% of the paid-in capital: None.
 5. The amount of real estate acquired reaches NTD300 million or 20% of the paid-in capital: None.
 6. The amount of real estate disposed of reaches NTD300 million or 20% of the paid-in capital: None.
 7. The amount of goods purchased or sold with related parties reaches NTD100 million or 20% of the paid-in capital. (Table 1)
 8. The amount of accounts receivable from related parties reaches NTD100 million or 20% of the paid-in capital: None.
 9. Engagement in derivative trading. (Note 7)
- (II) Information related to investees. (Table 2)
- (III) Mainland China investment information: None.
- (IV) Information of major shareholders: name, number of shares held and proportion of shareholders with 5% shareholding or more. (Table 3)

Yong Shun Chemical Co., Ltd.
The amount of goods purchased and sold with related parties reaching NTD100 million or 20% of the paid-in capital.
2022

Table 1

Unit: NTD thousands

Buyer/Seller	Counterparty	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Remarks
			Purchase/Sale	Amount	Ratio (%) of Total Purchase (Sales)	Credit Period	Unit Price (note)	Credit Period (note)	Balance	Ratio (%) of Total Notes and Accounts Receivable (Payable)	
Yong Shun Chemical Co., Ltd.	Sun Yang Global Co., Ltd.	Subsidiaries	Sales	\$ 181,398	18.62%	100 days monthly settlement	—	—	\$ 41,099	25.93%	

Note: The transaction price and collection period between the Company and related parties are comparable to those of ordinary customers.

Yong Shun Chemical Co., Ltd.
Invested company information, location... etc.
2022

Table 2

Unit: NTD thousand; (share)

Name of the investor	Name of investee	Location	Main business activities	Original Investment Amount		Shares held as at end of the period			Net profit (loss) of the investee of current period	Investment gain/loss recognized in the current period	Remarks
				End of the current period	End of the previous year	Number of shares	Ratio (%)	Book value			
Yong Shun Chemical Co., Ltd.	Sun Yang Global Co., Ltd.	Taiwan	Subsidiary for manufacturing and sales of synthetic resins, plastics, coatings, paints and industrial additives	\$ 50,000	\$ 50,000	5,000,000	100	\$ 62,558	\$ 1,021	\$ 1,021	Subsidiaries

Yong Shun Chemical Co., Ltd.
Information on major shareholders
December 31, 2022

Table 3

Name of major shareholder	Shares	
	Shareholding	Percentage of shareholding
Lin, Tsyrr-Huan	6,057,327	9.92%
Lin, Tsyrr-Hung	4,469,367	7.32%
Lin, Tsyrr-Hsi	4,457,788	7.30%
Lin, Cheng-Chien	4,205,821	6.88%
Tsai, Cheng-Fung	3,492,490	5.72%

Note 1: The information on major shareholders in this table is calculated by TDCC on the last business day at the end of the current quarter for shareholders who hold more than 5% of the ordinary shares and special shares that have been delivered by the Company without physical registration (including treasury shares). The share capital recorded in the Company's parent company only financial statements and the actual number of scripless shares delivered may be different due to the calculation basis for the report preparation.