

China Man-Made Fiber Corporation

Parent Company Only Financial Statements

for the Years Ended December 31, 2023 and 2022 and Independent Auditors' Report

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

Independent Auditor's Audit Report

To CHINA MAN-MADE FIBER CORPORATION:

Audit opinions

We have audited the accompanying individual balance sheet of China Man-Made Fiber Corporation and subsidiary as of December 31, 2023 and 2022, and the related individual statement of income, individual statement of changes in shareholders equity, individual statement of cash flows, and Note of the individual financial statements (including major accounting policy) for the years then ended.

In our opinion, the financial statements as referred to, on the basis of my audit findings and the audit reports compiled by other certified public accountants, present fairly, in all material aspects, the financial position of China Man-Made Fiber Co., Ltd. as of December 31, 2023 and 2022, and the results of its operation and cash flows for the year then ended in conformity to the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

The basis for opinions

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial statements by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the separate financial statements. We are independent of China Man-Made Fiber Corporation in accordance with the Code of Ethics for certified public accountants in the part relevant to the audit of the financial statements of China Man-Made Fiber Corporation, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audit results and the audit reports of other CPAs, we are of the opinion that sufficient and appropriate audit evidence has been obtained to serve as the basis for our audit opinion.

Key audit matter

Key audit matters are those matter that, in our professional judgment, were of most significant in our audit of the individual financial statements of China Man-Made Fiber Corporation in 2023. These matters were addressed in the content of our audit of the individual financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on those matters.

Key audit procedures of the individual financial statements of China Man-Made Fiber Corporation in 2023 included:

Authenticity of specific sales revenue

Notes to key audit matters

Revenue from sales of China Man-made Fiber Corporation is recognized as revenue after the customer has obtained control of the product and assumed the risk of the product. We conducted an analysis of the revenue from sales in 2023 by taking into account the sales amount and gross profit of sales to identify particular sales customers, and include the authenticity of its revenue from sales as a key audit matter.

Please refer to Note 4 (14) of the financial statements for the accounting policies on sales revenue recognition.

Audit response

1. Awareness of the design and implementation of the internal control systems related to the recognition of sales revenues.
2. The efforts to obtain details of the sales revenues account for specific customers in 2023 and select samples to check the shipping-related forms and documents, and send letters for inquiries to sample check the authenticity of the sales recognition.

The ECL assessment of discounts and loans of investments under the equity method

Notes to key audit matters

As stated in Note 13 of the standalone financial statements, the amount of investment in Taichung Commercial Bank by China Man-Made Fiber Corporation adopting the equity method was NT\$16,443,070 thousand, accounting for 43% of the total assets as of December 31, 2023. Therefore, the financial performance of Taichung Commercial Bank will significantly impact China Man-Made Fiber Corporation's share in subsidiaries, associates and joint ventures by equity method.

For discounts and balances of the loans, Taichung Commercial Bank Co., Ltd. amortized the anticipated credit losses in 2023 in the amounts of NT\$541,844,103 thousand and NT\$1,361,659 thousand, respectively. Careful consideration for a decision to determine the ECLs by Taichung Commercial Bank Co., Ltd. involves the major estimate and judgment by its management, including the probability of default and the default loss rates where that Bank should faithfully comply with the laws and regulations concerned of the competent authority(ies) and the specifications of their decrees and letters, the higher amount shall be provided. For these reasons, the ECL of discounts and loans of Taichung Commercial Bank Co., Ltd. is determined as key audit matters.

Audit response

1. Understand the internal control system adopted by Taichung Commercial Bank Co., Ltd. and its subsidiaries for assessing the ECL from discounts and advances. Test whether the discounts and loans are classified according to relevant laws and regulations and letters/orders of the competent authority.
2. For the comprehensive evaluation of the ECL adopted by Taichung Commercial Bank Co., Ltd., understand and re-calculated key parameters used in the impairment model (probability of default and loss given default) in order to evaluate the reasonableness. In addition, examine whether the amount provided comply with relevant laws and regulations and letters/orders of the competent authority.

Other information

The financial statements of investees included in the standalone financial statements of China Man-Made Fiber adopting the equity method have not been audited by us. They are audited by other accountants. Therefore, we refer to the audited reports of other accountants in expressing our opinions in the standalone statement regarding the investments by equity method and subsidiaries, affiliates, joint ventures and other comprehensive gains and losses. The investments adopting the equity method in the other auditors' reports for years ended December 31, 2023 and 2022 are NT\$940,250 thousand and NT\$1,076,723 thousand, respectively. The gains and losses from subsidiaries, associates, and joint ventures and other sources adopting the equity method in the other auditors' reports for 2023 and 2022 are (NT\$136,473) thousand and (NT\$51,348) thousand, respectively. Meanwhile, certain information related to the re-investees' business disclosed under Note 33 of the individual financial statement is, as well, disclosed based on the audit reports of other certified public accountants.

Responsibilities of Management and Those in Charge with Governance of the Individual Financial Statements

Management is responsible for the preparation and fair presentation of the individual financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of individual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual financial statements, the management is responsible for assessing the ability of China Man-Made Fiber Co., Ltd. as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate China Man-Made Fiber Co., Ltd. or to create operations, or has no realistic alternative but to do so.

Those in charge of governance (including the Auditing Committee) are responsible for overseeing the reporting process of China Man-Made Fiber Co., Ltd..

Auditor's Responsibilities for the Audit of the Individual Financial Statements

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

As part of an audit in accordance with the accounting principles in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also perform the following works:

1. Identify and assess the risks of material misstatement of the individual financial statements, whether or not due to fraud or error, design and perform audit procedures responsive risks and obtain evidence that is sufficient and appropriate to provide a basis of our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control effective in China Man-Made Fiber Corporation.
3. Evaluate the appropriateness of accounting policies used and the reasonability of accounting estimates and related disclosures made by the management.
4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, and, based on the audit evidence obtained, whether or not a material uncertainty exists related to events or conditions that may cast significant doubt on China Man-Made Fiber Corporation and its ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual financial statements or, if such disclosure are inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause China Man-Made Fiber Co., Ltd. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the individual statements, including related notes, whether the individual statements represent the underlying transactions and events in a matter that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence on the financial information of business entities within the China Man-Made Fiber Corporation in order to express an opinion on the individual financial statements. The independent auditor is responsible for guiding, supervising, and implementing the audit of the China Man-Made Fiber Co., Ltd.; also, is responsible for forming an opinion on the audit of the China Man-Made Fiber Co., Ltd..

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

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

From the matters communicated with those in charge of governance, we determine those matters that were of most significance in the audit of the individual financial statements of China Man-Made Fiber Corporation of 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

Deloitte and Touche

CPA: Su-Huan Yu

CPA: Pan-Fa Wang

Securities and Futures Commission Approval No.
Tai-Cai-Zheng (6) No. 0920123784

Financial Supervisory Commission Approval No.
Jin-Guan-Zheng-Shen-Zi No. 1100356048

March 4, 2024

CHINA MAN-MADE FIBER CORPORATION
Individual Balance Sheets
December 31, 2023 and 2022

Unit: NTD thousand

| Code | Assets | December 31, 2023 | | December 31, 2022 | |
|------|--|----------------------|------------|----------------------|------------|
| | | Amount | % | Amount | % |
| | Current assets | | | | |
| 1100 | Cash and cash equivalents (Notes 4, 6, and 29) | \$ 872,282 | 2 | \$ 1,521,494 | 4 |
| 1110 | Financial assets through profit and/or loss with measuring for the fair value-current (Note 4 and 7) | 21,417 | - | 143,517 | - |
| 1150 | Notes receivable (Note 4 and 10) | 49,832 | - | 45,196 | - |
| 1170 | Accounts receivable (Note 4 and 10) | 486,415 | 1 | 837,840 | 2 |
| 1180 | Accounts receivable - related parties (Notes 4, 10, and 29) | 192,139 | 1 | 263,275 | 1 |
| 1200 | Other receivables (Notes 4, 10 and 29) | 11,566 | - | 48,085 | - |
| 1220 | Current income tax assets (Notes 4 and 25) | 1,668 | - | 1,042 | - |
| 130X | Inventory (Note 4 and 11) | 978,518 | 3 | 1,269,151 | 3 |
| 1410 | Prepaid (Note 12) | 672,047 | 2 | 1,232,185 | 3 |
| 1470 | Other current assets (Notes 18 and 30) | 137,413 | - | 147,148 | 1 |
| 11XX | Total current assets | 3,423,297 | 9 | 5,508,933 | 14 |
| | Non-Current assets | | | | |
| 1517 | Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 30) | 2,265,506 | 6 | 2,588,158 | 6 |
| 1550 | Investments accounted for using the equity method (Notes 4, 13 and 30) | 20,943,694 | 55 | 19,188,614 | 49 |
| 1600 | Property, plant and equipment - net (Notes 4, 14 and 30) | 7,479,610 | 20 | 8,725,528 | 22 |
| 1755 | Right-of-use assets (Note 4 and 15) | 1,556 | - | 7,389 | - |
| 1760 | Investment property - net (Notes 4, 16 and 30) | 2,912,770 | 8 | 2,772,783 | 7 |
| 1780 | Intangible assets - net (Notes 4 and 17) | - | - | - | - |
| 1840 | Deferred income tax assets - net (Note 4 and 25) | 654,790 | 2 | 651,865 | 2 |
| 1990 | Other current non-assets (Note 18) | 198,403 | - | 67,746 | - |
| 15XX | Total non-current assets | 34,456,329 | 91 | 34,002,083 | 86 |
| 1XX | Total assets | \$ 37,879,626 | 100 | \$ 39,511,016 | 100 |
| | Liabilities and equity | | | | |
| | Current liabilities | | | | |
| 2100 | Short-term borrowings (Notes 19 and 30) | \$ 8,874,167 | 23 | \$ 7,567,585 | 19 |
| 2110 | Short-term bills payable (Note 19) | 847,097 | 2 | 847,840 | 2 |
| 2150 | Payable notes | 1,280 | - | 927 | - |
| 2170 | Accounts payable | 406,249 | 1 | 533,735 | 1 |
| 2180 | Accounts payable - related parties (Note 29) | - | - | 281,658 | 1 |
| 2219 | Other payables (Note 20) | 219,810 | 1 | 227,587 | - |
| 2280 | Lease liabilities - current (Note 4 and 15) | 1,595 | - | 5,879 | - |
| 2320 | Long-term liabilities due in one year or one business cycle (Note 19 and 30) | 334,700 | 1 | 1,047,528 | 3 |
| 2399 | Other current liabilities | 43,893 | - | 35,248 | - |
| 21XX | Total of current liabilities | 10,728,891 | 28 | 10,547,987 | 26 |
| | Non-current liabilities | | | | |
| 2540 | Long-term borrowings (Notes 19 and 30) | 5,112,800 | 14 | 5,935,000 | 15 |
| 2550 | Liability reserve (Note 4 and 21) | 213,564 | 1 | 202,778 | 1 |
| 2570 | Deferred tax liabilities (Note 4 and 25) | 866,019 | 2 | 866,019 | 2 |
| 2580 | Lease liabilities - non-current (Note 4 and 15) | - | - | 1,595 | - |
| 2670 | Other liabilities (Note 4 and 22) | 1,824 | - | 1,864 | - |
| 25XX | Total non-current liability | 6,194,207 | 17 | 7,007,256 | 18 |
| 2XX | Total liabilities | 16,923,098 | 45 | 17,555,243 | 44 |
| | Equity (Note 23) | | | | |
| 3110 | Common stock capital | 16,859,057 | 44 | 16,862,097 | 43 |
| 3200 | Capital surplus | 1,712,776 | 4 | 1,715,804 | 4 |
| | Retained earnings | | | | |
| 3310 | Legal reserve | 949,064 | 3 | 949,064 | 3 |
| 3320 | Special reserve | 1,937,366 | 5 | 1,934,645 | 5 |
| 3350 | Undistributed earnings | (411,573) | (1) | 910,638 | 2 |
| | Other equity | | | | |
| 3410 | Exchange differences from the translation of financial statements of foreign operations | (108,195) | - | (96,538) | - |
| 3420 | Unrealized gain or loss on financial assets at fair value through other comprehensive profit or loss | 1,153,089 | 3 | 816,865 | 2 |
| 3500 | Treasury stock | (1,135,056) | (3) | (1,136,802) | (3) |
| 3XX | Total equity | 20,956,528 | 55 | 21,955,773 | 56 |
| | Total Liabilities and Equity | \$ 37,879,626 | 100 | \$ 39,511,016 | 100 |

The notes attached shall constitute an integral part of this individual financial statement.
(Please refer to the Independent Auditor's Report of Deloitte & Touche dated March 4, 2024)

Chairman Kuei-Shiang Wang

Manager: Chieh-Yi Wang

Accounting Supervisor: Tzu Wei Huang

CHINA MAN-MADE FIBER CORPORATION
Individual Income Statement
For the years ended December 31, 2023 and 2022

Unit: NTD thousands, except for (losses) earnings per share (NTD)

| Code | | 2023 | | 2022 | |
|------|--|----------------|---------|------------------|---------|
| | | Amount | % | Amount | % |
| 4000 | Operating revenue (Notes 4 and 29) | \$ 5,843,746 | 100 | \$ 8,331,419 | 100 |
| 5000 | Operating cost (Notes 4, 11, 24, and 29) | (7,766,133) | (133) | (10,556,636) | (127) |
| 5900 | Gross losses | (1,922,387) | (33) | (2,225,217) | (27) |
| 5910 | Unrealized losses on the subsidiaries, affiliates and joint ventures (Note 4) | (17,268) | - | - | - |
| 5920 | Realized gain on the subsidiary, affiliated company and joint ventures (Note 4) | 27 | - | 27 | - |
| 5950 | Realized gross losses | (1,939,628) | (33) | (2,225,190) | (27) |
| | Operating expenses (Note 4, 10 and 24) | | | | |
| 6100 | Marketing expenses | (222,969) | (4) | (409,815) | (5) |
| 6200 | Administrative and general affairs expenses | (117,949) | (2) | (141,041) | (1) |
| 6450 | Expected credit reversal benefit | 21,981 | - | 22,681 | - |
| 6000 | Total operating expenses | (318,937) | (6) | (528,175) | (6) |
| 6900 | Operating losses | (2,258,565) | (39) | (2,753,365) | (33) |
| | Non-operating revenues and expenses | | | | |
| 7070 | Amounts of profit and/or loss of subsidiaries recognized in equity method, associates and the share of the profit or loss of joint ventures (Note 4) | 1,560,252 | 27 | 1,371,093 | 16 |
| 7100 | Interest revenue (Notes 4 and 29) | 15,253 | - | 9,919 | - |
| 7130 | Dividend income (Note 4) | 52,154 | 1 | 65,842 | 1 |
| | Other gains and losses (Notes 24 and 29) | | | | |
| 7190 | | 35,294 | 1 | 41,583 | - |
| 7215 | Gain on disposal of investment property (Note 16) | - | - | 70,820 | 1 |
| 7230 | Foreign exchange gain - net | 7,372 | - | 149,084 | 2 |
| 7235 | Gains (losses) on financial assets at fair value through profit or loss (Notes 4 and 24) | 37,108 | 1 | (73,650) | (1) |
| 7610 | Losses from disposal of property or equipment | (9,338) | - | (91) | - |
| 7673 | Impairment loss (Notes 4, 10, 14, and 24) | (727,079) | (13) | (28,272) | - |
| 7510 | Financial cost (Note 4 and 24) | (289,412) | (5) | (196,062) | (2) |
| 7000 | Total non-operating revenues and expenses | 671,604 | 12 | 1,410,266 | 17 |
| 7900 | Net loss before tax from continuing operations | (1,586,961) | (27) | (1,343,099) | (16) |
| 7950 | Income tax expenses (Note 4 and 25) | (190) | - | (9,154) | - |
| 8200 | Net loss for the year | (1,587,151) | (27) | (1,352,253) | (16) |
| | Other comprehensive profit or loss | | | | |
| | The items that are not re-classified as profit or loss | | | | |
| 8311 | Determined Benefit Plan Reevaluation (Note 4 and 21) | (14,623) | - | (4,110) | - |
| 8316 | Unrealized valuation of the capital gain/loss from equity instrument at fair value through comprehensive income statement as other comprehensive income | 17,458 | - | 211,250 | 3 |
| 8330 | The proportion of other comprehensive incomes from subsidiaries, associates, and equity joint-ventures accounted for under the equity method - not reclassified as profit and loss | 358,026 | 6 | 34,016 | - |
| 8349 | Income tax related to titles without reclassification (Notes 4 and 25) | 2,925 | - | 822 | - |
| 8310 | Items that may be re-classified subsequently under profit or loss | 363,786 | 6 | 241,978 | 3 |
| 8361 | Exchange differences from the translation of financial statements of foreign operations | (11,657) | - | 15,682 | - |
| 8380 | The proportion of other comprehensive income of subsidiaries, associates, and equity joint ventures accounted for under the equity method - may be reclassified as profit and loss | 240,099 | 4 | (336,814) | (4) |
| 8360 | | 228,442 | 4 | (321,132) | (4) |
| 8300 | Other comprehensive income of the current year (net amount after taxation) | 592,228 | 10 | (79,154) | (1) |
| 8500 | Total amount of comprehensive income of the current year | (\$ 994,923) | (17) | (\$ 1,431,407) | (17) |
| | Loss per share (Note 26) | | | | |
| 9750 | Basic loss per share | (\$ 1.18) | | (\$ 1.01) | |

The notes attached shall constitute an integral part of this individual financial statement.
(Please refer to the Independent Auditor's Report of Deloitte & Touche dated March 4, 2024)

Chairman Kuei-Shiang Wang

Manager: Chieh-Yi Wang

Accounting Supervisor: Tzu Wei Huang

CHINA MAN-MADE FIBER CORPORATION
Individual Statements of Changes in Shareholders' Equity
For the years ended December 31, 2023 and 2022

Unit: NTD thousand

| Code | | Share capital | | Retained earnings | | | Other equity | | Treasury stock | Total equity |
|------|--|---------------|-----------------|-------------------|-----------------|------------------------|---|--|------------------|---------------|
| | | Common stock | Capital surplus | Legal reserve | Special reserve | Undistributed earnings | Exchange differences from the translation of financial statements of foreign operations | Unrealized gain or loss on financial assets at fair value through other comprehensive profit or loss | | |
| A1 | Balance on January 1, 2022 | \$ 16,862,097 | \$ 1,656,687 | \$ 946,448 | \$ 1,934,645 | \$ 2,256,427 | (\$ 112,220) | \$ 919,802 | (\$ 1,136,802) | \$ 23,327,084 |
| | The 2021 appropriation and distribution of earnings | | | | | | | | | |
| B1 | Legal reserve appropriated | - | - | 2,616 | - | (2,616) | - | - | - | - |
| C7 | Changes of the associates and joint ventures recognized under the Equity Method | - | - | - | - | (305) | - | 3,532 | - | 3,227 |
| D1 | Net loss in 2022 | - | - | - | - | (1,352,253) | - | - | - | (1,352,253) |
| D3 | Other comprehensive (loss) income after tax in 2022 | - | - | - | - | 20,649 | 15,682 | (115,485) | - | (79,154) |
| D5 | Total comprehensive income in 2022 | - | - | - | - | (1,331,604) | 15,682 | (115,485) | - | (1,431,407) |
| M7 | Changes in ownership interests in subsidiaries | - | 59,117 | - | - | (2,248) | - | - | - | 56,869 |
| Q1 | Disposal of equity instrument investments measured at fair value through other comprehensive income: | - | - | - | - | (9,016) | - | 9,016 | - | - |
| Z1 | Balance as of December 31, 2022 | 16,862,097 | 1,715,804 | 949,064 | 1,934,645 | 910,638 | (96,538) | 816,865 | (1,136,802) | 21,955,773 |
| | The 2022 appropriation and distribution of earnings | | | | | | | | | |
| B1 | Legal reserve appropriated | - | - | - | - | - | - | - | - | - |
| B3 | Special reserve appropriated | - | - | - | 2,721 | (2,721) | - | - | - | - |
| L3 | Cancellation of treasury shares | (3,040) | 1,294 | - | - | - | - | - | 1,746 | - |
| D1 | Net loss in 2023 | - | - | - | - | (1,587,151) | - | - | - | (1,587,151) |
| D3 | Other comprehensive (loss) income after tax in 2023 | - | - | - | - | (27,765) | (11,657) | 631,650 | - | 592,228 |
| D5 | Total comprehensive income in 2023 | - | - | - | - | (1,614,916) | (11,657) | 631,650 | - | (994,923) |
| M7 | Changes in ownership interests in subsidiaries | - | (4,322) | - | - | - | - | - | - | (4,322) |
| Q1 | Equity instrument at fair value through other comprehensive income statement | - | - | - | - | 295,426 | - | (295,426) | - | - |
| Z1 | Balance as of December 31, 2023 | \$ 16,859,057 | \$ 1,712,776 | \$ 949,064 | \$ 1,937,366 | (\$ 411,573) | (\$ 108,195) | \$ 1,153,089 | (\$ 1,135,056) | \$ 20,956,528 |

Chairman: Kuei-Hsien Wang

Manager: Chieh-Yi Wang

Accounting Supervisor: Tzu-Wei Huang

CHINA MAN-MADE FIBER CORPORATION
Individual Statement of Cash Flow
For the years ended December 31, 2023 and 2022

| Code | | 2023 | Unit: NTD thousand 2022 |
|--------|---|------------------|----------------------------|
| | Cash flow from operating activities | | |
| A10000 | Net loss before tax for the year | (\$ 1,586,961) | (\$ 1,343,099) |
| | Profits and loss | | |
| A20100 | Depreciation expenses | 578,068 | 570,325 |
| A20300 | Expected credit reversal gain | (21,981) | (22,681) |
| A23900 | Unrealized sales losses with subsidiaries, affiliates and joint ventures | 17,268 | - |
| A24000 | Realized sales gains with subsidiaries, affiliates and joint ventures | (27) | (27) |
| A20400 | Net (gain) loss of financial assets and liabilities at fair value through profit or loss | (37,108) | 73,650 |
| A20900 | Financial costs | 299,412 | 196,062 |
| A21200 | Interest revenue | (15,253) | (9,919) |
| A21300 | Dividend income | (52,154) | (65,842) |
| A22400 | Share of profit of subsidiaries, affiliates and joint ventures accounted for using the equity method | (1,560,252) | (1,371,093) |
| A22500 | Losses from disposal of property or equipment | 9,338 | 91 |
| A22700 | Capital gain from disposition of investment property | - | (70,820) |
| A23700 | Loss in impairment of non-financial assets | 649,298 | 120,159 |
| | Net change in operating assets and liabilities | | |
| A31115 | Financial assets mandatorily measured at fair value through profit or loss | 159,208 | 23,462 |
| A31180 | Accounts receivable | 476,290 | 830,261 |
| A31200 | Inventory | 368,414 | (132,625) |
| A31230 | Prepayments | 560,138 | (618,467) |
| A31240 | Other current assets | 7,253 | (2,756) |
| A32180 | Payables | (418,475) | (315,957) |
| A32200 | Liability reserve | - | (10,992) |
| A32230 | Other current liabilities | 8,745 | (21,684) |
| A32240 | Net determined benefit liability | (3,837) | (5,269) |
| A33000 | Cash outflow from operating activities | (562,616) | (2,177,221) |
| A33100 | Interest received | 15,388 | 11,089 |
| A33200 | Dividends received | 422,231 | 352,208 |
| A33300 | Interest paid | (297,505) | (193,501) |
| A33500 | Income tax paid | (816) | (9,115) |
| AAAA | Net cash outflow from operating activities | (423,318) | (2,016,540) |
| | Cash flow from investing activities | | |
| B00010 | Acquisition of financial assets at fair value through other comprehensive profit or loss | (802) | (88,413) |
| B00020 | Disposal of financial assets at fair value through other comprehensive profit or loss | 340,248 | 2,014 |
| B00030 | De-capitalization refunded monies of financial assets at fair value through other comprehensive profit or loss (decrease) | 664 | 1,211 |
| B01800 | Acquisition of investment under the equity method | - | (479,411) |
| B01900 | Disposal of long-term equity investments accounted for using the equity method | - | 10,711 |
| B05000 | Cash outflow due to merger | - | (761,912) |
| B02400 | Return of share payments due to the capital reduction of an investee accounted for using the equity method | - | 1,010,000 |
| B02700 | Acquisition of property, plant and equipment | (112,906) | (116,482) |
| B02800 | Disposal of property, plant and equipment | - | 46 |
| B03700 | Decrease in Refundable deposits | 20,368 | 85,362 |
| B05400 | Acquisition of investment property | (89,815) | (82,062) |
| B05500 | Disposition of investment property | - | 140,161 |
| B06800 | Decrease (increase) in other assets | (151,025) | 85,593 |
| B09900 | Decrease (increase) in restricted assets | 2,482 | (7,704) |
| BBBB | Net cash inflow (outflow) from investing activities | 9,214 | (200,886) |
| | Cash flow from financing activities | | |
| C00200 | Increase of short-term loans | 1,306,582 | 1,019,338 |
| C00500 | Decrease in short-term notes payable | (743) | (591) |
| C01600 | Proceeds from long-term loan | 3,085,000 | 5,691,540 |
| C01700 | Re-payments of long-term borrowings | (4,620,028) | (4,400,240) |
| C03100 | Decrease in guarantee deposits | (40) | (500) |
| C04020 | Payment of principal element of lease liabilities | (5,879) | (4,581) |
| CCCC | Net cash (outflow) inflow from financing activities | (235,108) | 2,304,966 |
| EEEE | Net increase (decrease) in cash and cash equivalents | (649,212) | 87,540 |
| E00100 | Cash and cash equivalents balance – beginning of year | 1,521,494 | 1,433,954 |
| E00200 | Cash and cash equivalents balance – end of year | \$ 872,282 | \$ 1,521,494 |

The notes attached shall constitute an integral part of this individual financial statement.
(Please refer to the Independent Auditor's Report of Deloitte & Touche dated March 4, 2024)

Chairman Kuei-Shiang Wang

Manager: Chieh-Yi Wang

Accounting Supervisor: Tzu Wei Huang

Notes to the Individual Financial Statements

For the years ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars, Unless Otherwise Noted)

1. Company Profile

- (1) The Company was founded on May 11, 1955 in accordance with the Company Act and other related regulations. The Company was approved to be traded on the TWSE on December 2, 1963. Over the years after several rounds of increase and decrease in cash capital, the paid-in capital as of December 31, 2023 is NT\$16,859,057 thousand.
- (2) The Company is primarily engaged in the following business lines:
 1. Manufacturing, processing and buying and selling of man-made fiber, cellophane, polyamine fiber, polyester fiber, chemicals and the raw materials.
 2. Development, manufacturing and buying and selling of machinery used for the above products.
 3. Manufacture and trading of ethylene glycol, ethylene oxide, nonylphenol, ethylene, LGP and petrochemical industry-related products.
 4. Lease and sale of national housing and commercial buildings constructed by commissioned contractors.
 5. Distribution, sorting and storage of various products.
 6. Management of supermarkets, trading of fresh foods, vegetables, fish, dried merchandise and various seasonings.
 7. Manufacturing and sales of steam and industrial and commercial electricity by cogeneration (electricity shall not be sold to energy users).
 8. Agency and distribution of cogeneration and pollution-prevention equipment, and contract of installation work.
 9. Manufacturing and sales of oxygen, liquid oxygen, nitrogen, liquid nitrogen, air argon, liquid argon, carbon dioxide and compressed air.
 10. Gas station.
- (3) This parent company only financial statement is denominated in NT Dollar, the functional currency of the Bank.

2. The date and procedures for the approval of the financial statements

The parent company only financial statements were approved for publication by the board of directors on March 14, 2022.

3. Application of new and revised standards and interpretation

- (1) The Company has applied the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC) Interpretations (collectively, the "IFRS Accounting Standards") recognized and endorsed into effect by the FSC (the "FSC Accounting Standards") for the first time. The IFRS Accounting Standards to which the amendment is applicable and recognized and promulgated to take effect by the Financial Supervisory Commission, R.O.C. (Taiwan) will not cause major changes in the company's accounting policy.
- (2) Applicable FSC-approved IFRSs as of 2024

| The new / amended / revised standards or interpretation | IASB publication effective date (Note 1) |
|---|--|
| Amendments to IFRS 16 "Lease Liabilities in a Sale and Leaseback" | January 1, 2024 (Note 2) |
| Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" | January 1, 2024 |
| Amendments to IAS 1 "Non-current Liabilities with Covenants" | January 1, 2024 |
| IAS 7 and IFRS 7 Amendments "Supplier Financing Arrangements" | January 1, 2024 (Note 3) |

Note 1: Unless otherwise stated, the aforementioned new/revised/amended standards or interpretations become effective in the year after the respective date stated.

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

Note 3: When these amendments are applied for the first time, part of the disclosure requirements are exempted.

The assessment of individual company on above IFRSs as of the day this individual financial statement was approved for release did not cause significant influence on the financial position and financial performance.
- (3) The IFRS Accounting Standards released by the IASB but not yet approved and announcement effective by the Financial Supervisory Commission

| The new / amended / revised standards or interpretation | IASB publication effective date (Note 1) |
|---|--|
| Amendment to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and Investment in Associates." | Undecided |
| IFRS 17 "Insurance Contracts" | January 1, 2023 |
| Amendment to IFRS 17 | January 1, 2023 |
| Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information" | January 1, 2023 |
| Amendments to IAS 21 "Lack of Exchangeability" | January 1, 2025 (Note 2) |

Note 1: Unless otherwise stated, the aforementioned new/revised/amended standards or interpretations become effective in the year after the respective date stated.

Note 2: Applicable to the annual reporting period commenced after January 1, 2025. When the amendment is applied for the first time, the effect is recognized in the retained earnings on the date of initial application. When the Company uses a non-functional currency as the presentation currency, it will affect the exchange differences of foreign operations under equity on the date of initial application.

The Company continues to assess the effect of the revision of other IFRSs on the individual financial position and performance as of the date this report was approved and released. Information on related influence will be disclosed on completion of the assessment.

4. Summary of important accounting policies

- (1) Statement of Compliance
The individual financial statements were prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."
- (2) Basis of Preparation
Except for the financial instruments on the basis of fair value and the recognition of net defined benefit liabilities on the basis of the present value of net defined benefit obligation net of the fair value of planned assets, this individual financial statement was compiled on the basis of historical cost. The evaluation of fair value could be classified into Level 1 to Level 3 by the observable intensity and importance of related input value:
 1. Level 1 input: Refer to the quotation of the same asset or liability in an active market as of the evaluation (before adjustment).
 2. Level 2 input: Refer to as those derived from 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 input: Refer to the unobservable input value of asset or liability.
- (3) Current and non-current assets and liabilities
Current assets include:
 1. Assets held mainly for the purpose of trading;
 2. Assets expected to be realized within 12 months after the balance sheet date; and
 3. Cash and cash equivalents (excluding those restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).
 Current liabilities include:
 1. Liabilities held primarily for the purpose of trading;
 2. Liabilities due to be settled within 12 months after the balance sheet date (even if the long-term refinancing or payment rearrangement agreement has been completed after the balance sheet date and before the financial statements are approved for release, they are classified as current liabilities); and
 3. Liabilities for which the settlement period cannot be unconditionally deferred to at least 12 months after the balance sheet date. Where the liabilities might be paid off at the discretion of the other party through the tools of the issuance equity, the classification would remain unaffected.

For those that are not current assets or liabilities above are classified as non-current assets or liabilities.

Notwithstanding, given that the Company is engaged in construction projects and the operating period thereof is more than one year, the assets and liabilities related to construction projects were classified into current and non-current items according to the operation period.

(4) Foreign currencies

In the process of compiling the parent company only financial statement, all transactions conducted other than the functional currency of the Bank shall be converted into the functional currency for bookkeeping as of the exchange rate effective on the transaction date.

Foreign currency monetary items are translated at the closing rate on each balance sheet date. The exchange differences arising from the settlement of monetary items or translating monetary items are recognized in the current profit or loss.

The foreign non-currency items measured at fair value are translated in accordance with the exchange rate on the fair value determination date and the exchange difference is booked as current profit or loss. However, for the changes in fair value recognized in the other comprehensive profit or loss, the exchange difference is recognized in the other comprehensive profit or loss.

The foreign non-currency items measured at historic cost are translated in accordance with the exchange rate on the transaction date without the need for a translation again.

Upon preparation of the Individual Financial Report, the assets and liabilities of the Company's and overseas operating institutions (including the subsidiaries, associates, joint ventures or branches in the countries of business operation or those using currencies different from the Company's) were converted to New Taiwan Dollars based on the exchange rate quoted on every balance sheet date. The profits and losses are translated in accordance with the current average exchange rates, and the exchange differences resulted is booked in other comprehensive income and attributable to the Company's shareholders and non-controlling equity, respectively.

When liquidating an offshore operating entity and which also results in losing control or with critical impact to said offshore operating entity, equity related to said offshore operating entity that can be classified to company owner's equity will be reclassified as loss or gain.

(5) Inventories

Inventories include raw materials, supplies, work-in-progress, products contracted to be processed, finished goods and products. Inventory is valued in accordance with the lower of cost or net cash value. When comparing cost and net cash value, except for the homogeneous inventories, it is based on the itemized lower of cost or net cash value. Net realizable value refers to the estimated sale price under normal circumstances net of the estimated cost needed to complete the project and the estimated expenses needed to complete the sale. Inventory cost is determined by the weighted-average method.

The construction inventories were stated at the cost invested actually. The cost for available-for-sale housing and land was amortized based on weighted-average building coverage method, and stated at the lower of cost or net realizable value at the end of the year.

(6) Investment under the equity method

The Company has the investment in subsidiaries and affiliated companies handled in accordance with the equity method.

1. Investment in subsidiaries

Subsidiaries are the entities controlled by the Company.

Under the equity method, investments were originally recognized at cost; the book value after the acquisition date fluctuates along with the distribution of profit or loss from the subsidiaries and other comprehensive income. In addition, for the changes in the affiliated company's equity, the Company is entitled to have it recognized proportionately to the shareholding.

When the Company's change in the ownership of the subsidiary does not result in loss of control, it is treated as an equity transaction. The difference between the book amount of the investment and the fair value of the consideration paid or received shall be directly recognized as equity.

If the company's loss share amount to a subsidiary equals to or exceeds said subsidiary's equity (including the subsidiary's book value amount using the equity method and said subsidiary's other long-term equity in its investment makeup portion tangibly belonging to the company), it pertains to continuing to recognize as a loss by shareholding ratio.

Acquisition costs in excess of the Company's share of net identifiable assets and liabilities (i.e., fair value) in a subsidiaries on the date of acquisition are recognized as goodwill. This goodwill includes book value of the investment and is not amortized. Share of net identifiable assets and liabilities (i.e., fair value) in subsidiaries that exceeds acquisition cost on the date of acquisition is recognized as gains for the current year. In the acquisition of a subsidiary that does not constitute business undertakings, the acquisition cost is allocated to identifiable assets acquired where appropriate (including intangible assets), as well as the share of liabilities assumed, without producing goodwill or current benefits.

In assessing impairment, the Company based on the cash drivers of the financial statements and compared the recoverable amount and book value. If the amount of recoverable assets increased in the future, the reversal of impairment shall be recognized as income. The book value of the reversal of impaired assets shall not exceed the book value before recognition for impairment net of amortization. Subsequent reversal of impairment loss is not allowed.

In the event of loss of control over the subsidiary, the Company shall measure the fair value of the residual investment in the subsidiary on the date loss of control over the subsidiary. The difference between the fair value of the residual investment and the amount of disposal and the book amount of the investment on the date loss of control over the subsidiary is recognized in the profit and loss of the year. In addition, the accounting treatment for the amounts recognized in the other consolidated gains and losses that are related to the subsidiary is same as the accounting principle to be complied with while the Company directly disposing the relevant assets or liabilities.

The unrealized concurrent trade between the company and the subsidiaries stated in the financial statement of individual entities shall be removed.

The profit or loss resulting from the countercurrent, and side-stream transactions between the Company and the subsidiary are recognized in the individual financial statement within the range irrelevant with the Company's interest in the subsidiary.

2. Investments in the associates

The term "associate" as set forth herein denotes an enterprise, which has significant effect upon the Company, but is not a subsidiary or a joint venture.

The Company adopts equity method for investment in associates.

Under the equity method, investments in the associates were originally recognized at cost; the book value after the acquisition date fluctuates along with the distribution of profit or loss from the associates and other comprehensive income. In addition, the changes in the equity of affiliates shall be recognized in proportion to the proportion of shareholding.

When the investee is an associate, the consolidated company chooses to adopt the treasury stock method to calculate the investment gain or loss from the associate.

When associates issue new shares, if the Company fails to subscribe stock share proportionally to their shareholding, resulting in changes in shareholding ratio and thus causing changes in net equity investment, the increase or decrease amount should be adjusted to the additional paid-in capital – recognizing changes in net equity of associates and joint under the equity method and investment under equity method. If the consolidated company did not subscribe to the new shares pro rata to the shareholding percentages and led to a decrease of the shareholding percentages subscribed to or obtained from the associates, nevertheless, the amount of other comprehensive income so recognized was reclassified pro rata to the decrease ratio in the associate. The accounting management was on the grounds same as the grounds the associate must comply with if it directly disposed assets or liabilities. If the aforementioned adjustment must be debited into capital reserve where the balance of capital reserve yielded by the investment in equity method, the difference was debited as retained earnings.

In the event that the Company's shares of loss in the associates equal to or exceed its equity in the associates (including the book value of investment in the associates in equity method and other long-term interest of the Company in the investment composition of the associates), the Company discontinued recognition of the further losses. The Company recognized extra losses and liabilities only in the event of occurrence of legal obligations, presumed obligations or within the scope that the Consolidated Company had made payment on behalf of the associate.

When the Company performs an impairment evaluation, the overall carrying amount of the investments are treated as one single asset and then the impairment test performed to compare its recoverable amount with the carrying amount. The recognized impairment loss will not be allocated to any asset that causes the components of the carrying amount of investments. Any reversal of the impairment loss can be recognized within the range of the recoverable amount of the subsequently increased investment.

Besides, all relevant amounts relevant to the associates recognized in other comprehensive income were managed on the accounting grounds same as the grounds which it should comply with if the associates directly disposed of the relevant assets or liabilities.

The profit or loss resulting from the countercurrent, downstream and side-stream transactions between the Company and the associate is recognized in the individual financial statement within the range that is irrelevant to the Company's interest in the associate.

(7) Property, plant and equipment

Real property, plant and equipment are recognized as costs, and they will be measured by the amount after the costs less the amount of accumulated depreciation and accumulated impairment afterwards.

The property, plant and equipment and facilities under construction were recognized at the amount of the costs after deducting the loss in the accumulated impairment. Costs include professional service expenses and loan costs that meet the capitalization conditions. When such assets are completed and reach expected use status, such assets will be classified to proper items under real property, plant and equipment and the provision of depreciation shall begin. Except for self-owned land, the property, plant, and equipment are depreciated by significant parts over their useful lives on a straight-line basis. The Company shall at least inspect the estimated service life, residual value and depreciation method by the day of the end of each year and postpone the effect of applying estimated accounting changes.

In the case of derecognizing property, plants and equipment, the difference between the net disposal price and the book value of the asset is recognized in profit or loss.

(8) Investment property

Investment property is the real property held for purpose of earning of rental income or appreciation or both. Investment property includes lands held at present without determination of future use.

Investment property is measured on the basis of initial cost (including transaction cost) and subsequent measurement shall be based on the subtraction of accumulated depreciations and accumulated impairment from cost. The Company has depreciation appropriated in accordance with the straight-line method

In removing investment property, the difference between the net proceeds of disposition and the book value shall be recognized as income.

(9) Intangible assets

1. Acquired separately

The intangible asset with limited useful life acquired separately was originally measured at cost and subsequently measured at cost, net of accumulated amortization and accumulated impairment losses. Intangible assets shall be subject to amortization under the straight-line method during its life span, and the estimation of life span, residual value and depreciation method shall be subject to review at least once a year and extend the effect of changes in applicable accounting policy.

2. Derecognition

In removing intangible assets, the difference between the net proceeds of disposition and the book value shall be recognized as income.

(10) The impairment of real estate, plants and equipment, right-of-use assets, and intangible assets (except goodwill)

The company evaluates whether there are any signs of impairment in real estate, plants and equipment, right-of-use assets and intangible assets (other than goodwill) on every balance sheet date. If there is any indication of impairment occurring, the recoverable amount of the asset should be estimated. If the recoverable amount of an individual asset cannot be estimated, the Company is to estimate the recoverable amount of the respective cash-generating unit. The common asset is amortized to each cash-generating unit in accordance with a consistent and reasonable sharing basis.

The intangible asset with indefinite useful lives and not yet available for use should be tested for impairment at least annually or should be tested when there is an indication of impairment.

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

When the impairment loss was reversed subsequently, the book amount of the asset or cash-generating unit is increased to the adjusted recoverable amount, but the increased book amount may not exceed the book amount of the asset or cash-generating unit without recognizing the impairment loss in prior periods (net of amortization or depreciation). The reversed impairment loss is recognized in the profit or loss.

(11) Financial instruments

When the Company has become a party to the instrument contract, the financial assets and financial liabilities are to be recognized in the individual balance sheet.

For the initial recognition of the financial assets and financial liabilities, if the financial assets or financial liabilities are not measured at fair value through profit or loss, it is measured at fair value plus transaction cost that is directly attributable to the acquisition or issuance of financial assets or financial liabilities. The transaction cost directly attributable to the acquisition or issuance of financial assets or financial liabilities that are measured at fair value through profit or loss is immediately recognized in the profit or loss.

1. Financial assets

The customary transaction of financial assets is recognized and de-recognized in accordance with the trade date accounting.

(1) Classification of measurement

The financial assets held by the Company are financial assets at fair value through income statements, financial assets on the basis of cost after amortization, investment of debt instruments at fair value through other comprehensive income statements, and equity instruments at fair value through other comprehensive income.

A. Financial assets at fair value through profit and loss

Financial assets measured at fair value through profits or losses are financial assets that are mandatorily measured at fair value through profits or losses. Financial instruments designated at fair value through income statements included the investment of equity instruments not designated at fair value through other comprehensive income and those not conforming to the standard of debt instruments on the basis of cost after amortization or at fair value through other comprehensive income.

The financial assets measured at fair value through profit or loss is measured at fair value; also, the profit or loss of revaluation (including any dividends or interest arising from the financial asset) is recognized in the profit and loss. Please refer to Note 28 for the determination of fair value.

B. Financial assets on the basis of cost after amortization

If the financial assets of the Company met both of the following conditions, classify as financial assets on the basis of cost after amortization:

- Financial assets held under particular mode of operation and the purpose of holding is for the collection of cash flow from contracts; and
- Cash flow generated on particular dates deriving from the contacts and the cash flow is wholly for the payment of principal and interest accrued from the outstanding amount of the principal.

Financial assets on the basis of cost after amortization (including cash and cash equivalents, notes receivable on the basis of cost after amortization, accounts receivable, other receivables, and restricted assets) shall be determined for the total book value under the effective interest rate method after the initial recognition net of the cost of any impairment after amortization for measurement. Any exchange gains or loss will be recognized as income.

Interest income will be the product of effective interest rate and total book value of financial assets except under the following two conditions:

- The interest income of financial assets procured or initiated under credit impairment will be the product of the effective interest rate after credit adjustment and the cost of financial assets after amortization.

- Financial asset that has subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

The term "credit-impaired financial assets" refers to financial assets whose active market has disappeared due to significant financial difficulty or breach of contract of the issuer or borrower, possible declaration of bankruptcy or other financial reorganization of the borrower, or any other financial difficulty.

Cash equivalents are time deposits within 3 months from the date of acquisition, with high liquidity, can be converted into cash with marginal risk on the change in value, and are used for the fulfillment of short-term commitment in cash settlement.

C. Debt instrument investments measured at fair value through other comprehensive income

if the investment of debt instruments by the Company met both the two conditions below, classify as financial instruments at fair value through comprehensive income:

- Financial assets held under the particular mode of operation and the purpose of holding being for collection of cash flow from contracts; and
- Cash flow generated on particular dates deriving from the contacts and the cash flow is wholly for the payment of principal and interest accrued from the outstanding amount of the principal.

Other investment of debt instruments at fair value through comprehensive income should be measured at fair value. Changes in the book value shall be recognized as income under the calculation of interest income under the effective interest rate method and exchange gain and loss and

impairment or reversal benefits shall be recognized as income. Other changes shall be recognized as other comprehensive income and reclassified as income at the disposition of investment.

D. Equity instrument investments measured at fair value through other comprehensive income

The Company may make an irrevocable choice at the time of initial recognition for designating the investment of equity instruments not available-for-sale and not recognized by the consolidated acquirer under corporate acquisition or with consideration at fair value through other comprehensive income for measurement.

The investment of equity instruments at fair value through other comprehensive income is measured at fair value. Subsequent changes in fair value will be recognized as other comprehensive income and accumulated into other equity. In the disposition of assets, accumulated gains or loss shall be directly transferred to retained earnings without classification as income.

The dividends of the investment of equity instruments at fair value through other comprehensive income shall be recognized as income when the right of the Company in the collection of dividends is ascertained, unless the dividend is obviously representing the recovery of the cost of investment in part.

(2) Impairment of financial assets

The company measures its amortized financial assets (including accounts receivable) measured by cost and other general loss or gain by fair value on investments' impairment loss measured by debt instruments with anticipated credit loss assessment on every balance sheet date.

Notes receivable and receivable accounts shall be recognized for provisions for loss on the basis of anticipated credit loss within the perpetuity of the assets. Other financial assets shall be evaluated for any significant increase of risk from the day of initial recognition. If none is found, recognize for provision for anticipated credit loss along a period of 12 months. If it is, recognize for provision of anticipated credit risk within the perpetuity of the assets.

Anticipated credit loss is the weighted average loss of credit on the basis of the weight of the risk of default. Anticipated credit loss in a period of 12 months means the expected loss of credit from the financial instruments within 12 months due to default. Anticipated credit loss with the perpetuity of the financial instruments means the expected loss of credit from the financial instruments within the perpetuity of these financial instruments.

For internal credit risk management purpose, the Company, without considering the collateral, determines the following circumstances indicating that a default has occurred on the financial instrument:

A. There is internal or external information indicating that the debtor is no longer able to pay off a debt.

B. Payments are overdue for more than 90 days, unless there are reasonable and supporting information showing that the delayed default benchmark is more appropriate.

All impairment of financial assets is recognized through the reduction of the book value of the provisioned account. However, the provision for loss of investment of debt instruments at fair value through comprehensive income shall be recognized as other comprehensive income without the reduction of its book value.

(3) Derecognition of financial assets

The Company's financial assets are de-recognized only when the contractual rights from the cash flows of a financial asset becomes invalid, or when the financial assets are transferred and almost all the risks and rewards of the asset ownership have been transferred to other enterprises.

Derecognition of financial asset measured at amortized costs in its entirety, the difference between the asset's carrying amount and the consideration received is recognized in profit or loss. When particular debt instruments measured at fair value through comprehensive income is entirely removed, the total sum of any other accumulated gains or loss of the difference between book value and consideration recognized as other comprehensive income shall be recognized as income. When particular equity instruments measured at fair value through comprehensive income are entirely removed, the accumulated gains of loss shall be directly transferred to retained earnings without being classified as income.

2. Financial Liabilities

(1) Subsequent measurement

All financial liabilities are evaluated at the amortized cost using the effective interest method.

(2) De-recognition of financial liabilities

When derecognizing financial liabilities, the difference between the book amount and the consideration paid (including any transferred non-cash assets or assumed liabilities) is recognized as profit or loss.

(12) Provision for liabilities

The recognized liability reserve amount is with the risk and uncertainty of the obligation considered, and it is the optimum estimate of the expenditure required to settle the obligations on the balance sheet date. Provision for liabilities shall be measured based on the discount value of the estimated cash flow for the settlement of obligation.

(13) Treasury stock

Treasury stock was stated at cost and shown as a deduction in shareholders' equity when the Company repurchased the stock, while it was stated at fair value if it was donation accepted by the Company.

The gains resulting from disposal of the treasury stock, if any, were higher than the book value, the difference thereof was stated under "capital surplus - treasury stock." If gains were lower than the book value, the difference should first be offset against capital surplus from the same class of treasury stock transactions, and the remainder, if any, should be debited to retained earnings.

When the Company retired treasury stock, the treasury stock was written off, and against the "capital surplus – stock premium" and "capital stock" on a pro rata basis. When the book value of the treasury stock exceeded the total of the "capital stock" and "capital surplus-capital stock premium", the difference was charged to capital surplus generated from the same class of treasury stock transactions and to retained earnings for any remaining amount. When the book value was lower than the total, the difference was credited to capital surplus arising from the same class of treasury stock transactions.

(14) Recognition of revenue

The Company, after identifying the performance obligations, had the transaction price amortized to each performance obligation and recognized as income when the performance obligations were fulfilled.

Contracts of which the time interval between the transfer of goods or services and the consideration is less than one year shall not have its major financial components, such as transaction price, adjusted.

1. Revenue through sale of products

When income on goods sold having had a price and utilization right defined by the customer and who also shoulders the primarily resale liability and who also assumes the goods' shelving and dating risk, the Company recognizes the income and accounts receivable at said timing point.

When the material is supplied for processing, the ownership of the processed product is not transferred; therefore, the income is not recognized when the material is supplied.

2. Interest revenue

Interest income of financial assets is recognized when the economic benefit is likely to flow to the Company and the amount of revenues can be measured reliably. Dividend revenues are recognized by the outstanding capital by the passage of time and the applicable effective interest rate on an accrual basis.

For a single or a group of similar financial asset that is reduced due to impairment losses, the subsequently recognized interest income is calculated in accordance with the interest rate that is used for the discounting of future cash flow when measuring the impairment loss.

3. Labor service income

Labor service income is recognized at the time the service is provided.

Revenues yielded by the labor services rendered in accordance with the contract were recognized based on the progress degrees set forth under the contract.

4. Dividend income

Dividend income from investments is recognized when the shareholders' right to receive payment is established; however, it is under the pre-conditions that the economic benefits associated with the transaction system are likely to flow into the Company and the amount of revenues can be measured reliably.

(15) Leasing

The Company assesses whether or not the arrangement is (or includes) a lease arrangement on the agreement date

1. **The Company as the lessor**
When the lease term is to have all risks and returns attached to the ownership of assets transferred to the lessee, it is classified as a financing lease. All other leases are classified as operating leases. All lease agreements of the Company are currently operating leases. Lease payments for operating leases upon deduction of lease incentives are recognized as income on a straight-line basis in relevant lease periods. When leases include both land and building elements, the Company assesses whether or not different element categories are finance or operating leases based on whether almost all risks and returns associated with the ownership rights pertaining to each element have been transferred to the lessee. Lease payments are allocated proportionally to land and buildings based on the fair value of lease rights for land and buildings on the date of contract conclusion. If lease payments can be allocated to these two elements in a reliable manner, each element shall be handled in accordance with the applicable lease category. If lease payments cannot be allocated to these two elements in a reliable manner, the entire lease shall be classified as a finance lease. However, if it is evident that these two elements meet the operating lease standards, the entire lease shall be classified as an operating lease.
2. **The Company as the lessee**
Except for recognizing low-value asset leases applying to exemption and lease payments for short-term leases being recognized as an expense on a straight-line basis over the lease term, other leases will be recognized as right-of-use assets and lease liabilities at lease commencement date. The right-of-use asset is measured at cost (including the amount equal to the lease liability at its initial recognition, lease payments made before the commencement of the lease less any received, any incurred by the lessee, and an estimate of costs to be incurred by the restoring the underlying asset to the condition required) less any depreciation and any accumulated impairment losses, and the adjustments was made to the remeasurement of lease liabilities. Right-of-use assets are separately expressed on the individual balance sheet. The right-of-use assets were depreciated on a straight-line basis over the period from the commencement date of the lease to expiration of its useful life or expiration of the lease term, whichever date is earlier. Lease liabilities are measured initially based on the present value of lease payments (incl. fixed payments, in-substance fixed lease payments, and variable lease payments determined by indices or rates). If the implied interest rate of the lease is easily determined, the lease payments will be discounted to their present value using that interest rate. If such interest rate is not easily determined, the incremental borrowing rate will be used. Subsequently, the lease liabilities are measured at amortized cost using effective interest method and the interest expenses are amortized over the lease term. If changes in indices or rates utilized to determine lease payments lead to changes in future lease payments, the Company should remeasure lease liabilities and adjust right-of-use assets correspondingly. However, if right-of-use asset carrying amounts have already dropped to zero, remaining remeasurement amounts are recognized as profit or loss. For lease modifications that are not treated as a separate lease, the remeasurement of lease liabilities due to the reduced scope of the lease is to reduce the right-of-use assets, and to recognize the gain or loss of the partial or full termination of the lease; the remeasurement of the lease liabilities due to other modifications is to adjust the right-of-use assets. Lease liabilities are separately expressed on the individual balance sheet.
- (16) **Borrowing cost**
Borrowing costs directly belonging to acquiring, building or producing assets that meet the requirements are part of the costs of such assets until the completion of all necessary activities that the assets reaching the status of expected use or sale. The income of a temporary investment with a specific loan that has not yet met the essential requirement of capital expenditure is deducted from the loan cost that meets the essential requirement of capitalization. In addition to the transaction stated in the preceding paragraph, all other loan costs are recognized as profit and loss upon occurring.
- (17) **Governmental subsidies**
The government subsidies shall only be recognized, provided that it can be reasonably convicted the company will comply with the supplementary terms for government subsidies and that the subsidies can be received. If the government subsidies are used for compensating expenses or losses that have already incurred, or if the purpose is to provide the company with immediate financial support and if there are no related costs in the future, they shall be recognized as profit or loss during the collection period.
- (18) **Employee benefits**
 1. **Short-term employee benefits**
Liabilities relating to short-term employee benefits are measured by the non-discounted amount of the expected payment in exchange for employee services.
 2. **Retirement benefits**
Under the defined contribution pension plan, the pension amount appropriated during the service years of the employees is recognized as an expense. The determined cost of benefit for determined benefit retirement plan (including the cost of service, net interest, and reevaluation) is based on the actuary of projected unit method. The net interest arising from the cost of services (including current service costs and net defined benefit liabilities) is recognized as an employee benefits expense when incurred. The value of second measurement (including the profits and loss under actuary and the return on assets of the plan net or interest) shall be recognized as other comprehensive incomes and as retained earnings, if realized. No reclassification as profits and loss in subsequent periods. Net defined benefit liability (asset) is the appropriation deficit (surplus) of the defined benefit pension plan. Net determined benefit asset shall not exceed the refund of the appropriated fund or decrease the present value of appropriation of fund in the future.
- (19) **Income tax**
Income tax expense is the sum of the current income tax and deferred income tax.
 1. **Income tax expenses in the current period**
Based on the regulations set by each income tax reporting jurisdiction, the company shall determine the current income (loss), based on which the payable (recoverable) income tax is calculated. Additional income tax on unappropriated earnings is calculated in accordance with the provisions of the Income Tax Act of the Republic of China, to be recognized in the year of the shareholder resolution meeting. The adjustment to prior period income tax payable is booked as current income tax.
 2. **Deferred income tax**
Income tax is computed in accordance with the temporary differences between the book value of assets and liabilities and the tax bases of taxable income. Deferred income tax liabilities are generally recognized for all taxable temporary differences. Deferred income tax assets are recognized when there is a likelihood to have taxable income available for income tax credit resulting from the expenses of deductible temporary differences and tax loss carryforwards. The taxable temporary differences related to the investment in the equities of the subsidiaries, affiliates, and joint ventures are recognized as deferred income tax liabilities, except for those that the Company can control the timing of reversing the temporary difference and the temporary difference is unlikely reversible in the foreseeable future. The deferred income tax asset arising from deductible temporary differences associated with such investment and equity is recognized within the range of earnings that are with sufficient taxable income to realize temporary differences and are expected to be reversed in the foreseeable future. The book amount of deferred income tax asset must be reviewed at each balance sheet date. The book amount of those that no longer have any sufficient taxable income to recover all or part of the asset, should be adjusted down. Those that are not originally recognized as deferred income tax assets should also be reexamined at each balance sheet date. The book amount of those that are likely to generate taxable income in the future for the recovery of all or part of its assets should be adjusted up. Deferred income tax assets and liabilities are measured in accordance with the expected liability liquidation or the tax rate in the period when the asset is realized. The tax rate is based on the tax rate and tax laws that are legislated or substantively legislated at the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax effect resulting from the book amount of the assets and liabilities expected to be recovered or liquidated at the balance sheet date.
 3. **Current and deferred income taxes**
Current and deferred income taxes are recognized in the profit or loss, except for the current and deferred income taxes related to the items recognized in other comprehensive income or directly included in the equity are recognized in the other comprehensive income or directly included in the equity.

If the current period's income tax or deferred income tax is incurred from acquiring a subsidiary, the income tax impact sum is streamlined into the invested subsidiary's accounting processing.

5. Main source of significant accounting judgment, estimates and assumptions uncertainty

When the accounting policies stated in Note 4 adopted by the company, for the information that is hard to collect from other sources, the management should have the relevant judgments, estimates, and assumptions made in accordance with the historical experience and other relevant factors. Actual results may differ from the estimates.

When developing material accounting estimates, the Company includes possible effects in the cash flow projection, growth rate, lease liabilities, profitability and related significant accounting estimates. The management will continue to review the estimates and basic assumptions.

Estimates and assumptions with regard to the main source of uncertainty

Impairment of real property, plant and equipment

The evaluation of property, plant, and equipment impairment is based on the recoverable amount of the said equipment (i.e. the fair value of the said assets deducted by sales costs and higher value of use). The market price or changes in future cash flow will affect the recoverable amount of the said assets, which may result in the Company's need to recognize impairment costs or reverse recognized impairment losses.

6. Cash and cash equivalents

| | December 31, 2023 | December 31, 2022 |
|---------------------------------|-------------------|---------------------|
| Cash on hand | \$ 407 | \$ 407 |
| Bank checks and demand deposits | 871,875 | 1,521,087 |
| | <u>\$ 872,282</u> | <u>\$ 1,521,494</u> |

The market interest rate interval of bank deposit on the balance sheet date was as follows:

| | December 31, 2023 | December 31, 2022 |
|---------------|-------------------|-------------------|
| Bank deposits | 0% ~ 1.45% | 0% ~ 1.05% |

7. Financial instrument at fair value through profit and loss

| | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| <u>Financial assets - current</u> | | |
| Measured at fair value through income under compulsion | | |
| Non-derivative financial assets | | |
| - Shares traded on the Taiwan Stock Exchange or OTC exchange | \$ 12 | \$ 11 |
| - Beneficiary certificate | 21,405 | 143,506 |
| | <u>\$ 21,417</u> | <u>\$ 143,517</u> |

8. Financial instrument at fair value through other comprehensive income

| | December 31, 2023 | December 31, 2022 |
|--------------------|---------------------|---------------------|
| <u>Non-current</u> | | |
| Equity investment | \$ 2,155,506 | \$ 2,478,158 |
| Debt instrument | 110,000 | 110,000 |
| | <u>\$ 2,265,506</u> | <u>\$ 2,588,158</u> |

(1) Equity investment

| | December 31, 2023 | December 31, 2022 |
|---|---------------------|---------------------|
| <u>Non-current</u> | | |
| Listed stocks – domestic and emerging stock | \$ 1,872,587 | \$ 2,136,881 |
| Domestic unlisted stocks | 275,152 | 333,444 |
| Foreign unlisted stocks | 7,767 | 7,833 |
| | <u>\$ 2,155,506</u> | <u>\$ 2,478,158</u> |

1. The Company invested in the aforementioned common shares of companies in line with its long-term investment strategic objective with the anticipation of return from long-term investment. The management of the Company holds that the short-term fluctuation in the fair value of these investments shall be recognized as income or loss and is not congruent with the aforementioned long-term investment plan, therefore they chose to designate these investments as financial assets at fair value through other comprehensive income.
2. The Company continued to adjust its investment position starting from April 2023 to spread risks, and sold partial common shares at fair value of NT\$340,248 thousand. The other related interests – unrealized appraisal gains of financial assets measured at fair value through other comprehensive income in an amount of NT\$116,510 thousand was transferred into retained earnings.
3. The Company recognized dividend income in amounts of NT\$52,154 thousand and NT\$65,842 thousand in the years 2023 and 2022, respectively, both of which were related to the investments still held as of December 31, 2023 in 2022.
4. For more information on pledge of equity instrument investments measured at fair value through other comprehensive income, please refer to Note 30.

(2) Debt instrument

| | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| <u>Non-current</u> | | |
| Domestic investment | | |
| Bank debentures of Taichung Commercial Bank | <u>\$ 110,000</u> | <u>\$ 110,000</u> |

Refer to Note 9 for further information on investment of debt instruments measured at fair value through other comprehensive income and related risk management and evaluation of impairment.

9. Credit risk management for investment in debt instruments

The company has invested of debt instruments are classified as financial assets measured by fair value under other general loss or gain.

| | December 31, 2023 | December 31, 2022 |
|-------------------------|-------------------|-------------------|
| Total Book Value | \$ 110,000 | \$ 110,000 |
| Loss allowance | - | - |
| Cost after amortization | 110,000 | 110,000 |
| Fair value adjustment | - | - |
| | <u>\$ 110,000</u> | <u>\$ 110,000</u> |

The company has adopted of policy for merely investing in debt instruments with an investment grade or higher (inclusive) and with loss assessment being low in credit risk. Bonds are classified in accordance with the initial credit rating classification from MOODY's, FITCH, S&P and Taiwan Ratings. The company would continue to follow up on external assessment information, through which to monitor the credit risk fluctuations on its invested debt instruments, and also monitors the bond yield ratio curve and creditors' critical information among other information, to assess whether the debt instruments' credit risk has apparently increased following the initial recognition.

The company takes into consideration of outside assessment entities-supplied various levels of history default loss ratios, debtors' current financial standing and the industries' future forecasts, to measure the debt instrument investment's 12-month expectant credit loss or expectant credit loss during the sustaining period.

The current credit risk evaluation approach of the Company and the total carrying amount of debt instrument investments with various credit ratings are shown as below:

| Credit rating | Definition | Basis for recognizing expected credit losses | Expected credit loss rate | Total book value of December 31, 2023 |
|---------------|---|--|---------------------------|---------------------------------------|
| Normal | The debtors' credit risk is low and also has sufficient capability to pay off contractual cash flows. | Anticipated credit loss in 12 months | 0%-0.5% | \$ 110,000 |

| Credit rating | Definition | Basis for recognizing expected credit losses | Expected credit loss rate | Total book value of December 31, 2022 |
|---------------|---|--|---------------------------|---------------------------------------|
| Normal | The debtors' credit risk is low and also has sufficient capability to pay off contractual cash flows. | Anticipated credit loss in 12 months | 0%-0.5% | \$ 110,000 |

10. Notes receivable, accounts receivable and other receivables

| | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| <u>Notes receivable</u> | | |
| Measured on the basis of cost after amortization | | |
| Notes receivable | \$ 49,832 | \$ 45,196 |
| Less: Allowance for losses | () | () |
| | \$ 49,832 | \$ 45,196 |
| <u>Accounts receivable</u> | | |
| Measured on the basis of cost after amortization | | |
| Accounts receivable | \$ 553,273 | \$ 950,429 |
| Accounts receivable - related parties | 192,139 | 263,275 |
| Less: Allowance for losses | (66,858) | (112,589) |
| | \$ 678,554 | \$ 1,101,115 |
| <u>Other receivables</u> | | |
| Receivable tax refund | \$ 9,233 | \$ 10,364 |
| Other receivable - related parties | 204 | 204 |
| Others | 27,811 | 39,449 |
| Less: Allowance for losses | (25,682) | (1,932) |
| | \$ 11,566 | \$ 48,085 |

(1) Accounts receivable and notes receivable

The company's average credit period of product sales is 30-90 days. No interest will be calculated for accounts receivable; if the credit condition of 30 days is exceeded, the unpaid balances of some customers will be computed at 3% interest rate per annum. The company has adopted of policy pertains to merely conducting transactions with subjects surpassing company internal credit check, and would cease to ship the goods or obtain a guarantee check under necessary circumstances, through which to mitigate the risk of financial loss incurred due to overdue payment. The Company will use other publicly available financial information and historical transaction records to rate major customers. The company would continue to monitor credit exposure and the transaction opponents' credit rating, and would also spread transaction amounts to varied customers with satisfactory credit rating; in addition, company management would manage credit exposure per approved empowerment on revalidation and approving the transaction opponents' line of credit.

To mitigate credit risk, company management has assigned designated personnel to be responsible for determining the line of credit, credit approval and other monitoring procedures, through which to ascertain that adequate action has been taken on recalling overdue payments receivable. In addition, the Company will review the recoverable amount of receivables on each balance sheet date to ensure that appropriate impairment loss has been appropriated for the uncollectible receivables. Under the circumstance, the Company's management believes that the Company's credit risk is significantly reduced.

The Company adopts the preparation matrix to measure the allowance loss for notes and accounts receivable (including related party) as follows:

| December 31, 2023 | | | | | | |
|---|-------------|----------------------|-----------------------|------------------------|-----------------------|------------|
| | Not overdue | Overdue 1 to 30 days | Overdue 31 to 60 days | Overdue 61 to 120 days | Overdue over 120 days | Total |
| Expected credit loss rate | 0%-6% | 0%-20% | 0%-50% | 0% | 0% | |
| Total Book Value | \$690,997 | \$93,837 | \$10,410 | \$ - | \$ - | \$795,244 |
| Allowance for loss (expected credit loss of the given duration) | (42,680) | (19,010) | (5,168) | - | - | (66,858) |
| Cost after amortization | \$648,317 | \$74,827 | \$ 5,242 | \$ - | \$ - | \$728,386 |

| December 31, 2022 | | | | | | |
|---|-------------|----------------------|-----------------------|------------------------|-----------------------|-------------|
| | Not overdue | Overdue 1 to 30 days | Overdue 31 to 60 days | Overdue 61 to 120 days | Overdue over 120 days | Total |
| Expected credit loss rate | 0%-3% | 0%-20% | 0%-50% | 0% | 0% | |
| Total Book Value | \$ 931,310 | \$ 270,348 | \$ 57,242 | \$ - | \$ - | \$1,258,900 |
| Allowance for loss (expected credit loss of the given duration) | (29,898) | (54,070) | (28,621) | - | - | (112,589) |
| Cost after amortization | \$ 901,412 | \$ 216,278 | \$ 28,621 | \$ - | \$ - | \$1,146,311 |

Loss allowance of receivables (including related party and collection) as follows:

| | 2023 | 2022 |
|---------------------|------------|------------|
| Balance - beginning | \$ 117,459 | \$ 140,140 |

Reduction: Impairment reversal
benefits during the year
Balance - ending

(21,981)
\$ 95,478

(22,681)
\$ 117,459

The foresaid receivables' loss reserve includes loss reserve for notes receivable, accounts receivable, other receivables and collection.

11. Inventory

| | December 31, 2023 | December 31, 2022 |
|-----------------|-------------------|---------------------|
| Merchandise | \$ 98,729 | \$ 398,365 |
| Finished goods | 522,195 | 427,430 |
| Work in process | 127,542 | 51,479 |
| Raw materials | 201,860 | 359,229 |
| Supplies | <u>28,192</u> | <u>32,648</u> |
| | <u>\$ 978,518</u> | <u>\$ 1,269,151</u> |

- (1) The inventories of finished goods included the finished goods, by-products, supplies in transit by the Company, primarily the finished goods produced by Kaohsiung petrification plant, ethylene glycol, and the finished goods of the polyester plant, polyester silk, and others.
- (2) The Company's building/land available for sale on December 31, 2023 and 2022 are both are NT\$65,775 thousand, which pertains to the He Ti co-development case located in Sanchong District, New Taipei City, in a three-way joint collaboration among the company, Hung Chou Fiber Industrial Co., Ltd. and San Feng Construction Co., Ltd. in 1997, which has been completed in 2000. As appraised, the unsold part's net realizable value is nil, and the allowance for bad debt was provided in full.
- (3) The Company's cost of goods sold related to inventory in 2023 and 2022 were NT\$7,766,133 thousand and NT\$10,556,636 thousand, respectively. Cost of goods sold include (reversal gains) inventory losses of (NT\$77,781) thousand and NT\$91,887 thousand, respectively, and the loss from work stoppage were NT\$1,163,354 thousand and NT\$990,993 thousand, respectively.
- (4) As of December 31, 2023 and 2022, the allowance for inventory losses was NT\$186,000 thousand and NT\$263,781 thousand, respectively.

12. Pre-payments

| | December 31, 2023 | December 31, 2022 |
|------------------------------|-------------------|---------------------|
| Pre-paid expenses | \$ 345,087 | \$ 346,677 |
| Pre-paid materials purchases | 8,118 | 630,770 |
| Tax credit | <u>318,842</u> | <u>254,738</u> |
| | <u>\$ 672,047</u> | <u>\$ 1,232,185</u> |

13. Investment under the equity method

| | December 31, 2023 | December 31, 2022 |
|---------------------------------------|----------------------|----------------------|
| Investment in subsidiaries | \$ 20,003,444 | \$ 18,111,891 |
| Investments in the affiliated company | <u>940,250</u> | <u>1,076,723</u> |
| | <u>\$ 20,943,694</u> | <u>\$ 19,188,614</u> |

(I) Investment in subsidiaries

| | December 31, 2023 | December 31, 2022 |
|--|----------------------|----------------------|
| Listed (OTC) company | | |
| Taichung Commercial Bank | \$ 16,443,070 | \$ 14,877,447 |
| Pan Asia Chemical Corporation | 1,784,006 | 1,601,427 |
| Non-listed (OTC) company | | |
| Deh Hsing Investment Co., Ltd. | 1,007,675 | 923,241 |
| Chou Chin Industrial Co., Ltd. | 755,467 | 696,560 |
| Taichung Securities Investment Trust Co., Ltd. | <u>13,226</u> | <u>13,216</u> |
| | <u>\$ 20,003,444</u> | <u>\$ 18,111,891</u> |

The Company's ownership and voting rights in the equity of the subsidiary at the balance sheet date is as follows:

| | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Taichung Commercial Bank | 21% | 21% |
| Pan Asia Chemical Corporation | 44% | 44% |
| Deh Hsing Investment Co., Ltd. | 100% | 100% |
| Chou Chin Industrial Co., Ltd. | 47% | 47% |
| Taichung Securities Investment Trust Co., Ltd. | 3% | 3% |

1. The above ratio is indicated by individual shareholding percentage.
2. Deh Hsing Investment Co., Ltd. resolved to perform a capital reduction and return the share payments in May, July, and August 2022, with a reduction in investments in 25,000 thousand shares, 26,000 thousand shares, and 50,000 thousand shares and a reduction in investment cost of NT\$250,000 thousand, NT\$260,000 thousand, and NT\$500,000 thousand, respectively.
3. In 2022, the Company participated in the capital increase in cash of Taichung Commercial Bank, with an additional investment in 40,801 thousand shares at the investment cost of NT\$479,411 thousand. Please refer to Note 29(5) for details.
4. The 2023 and 2022 profit or loss and other comprehensive income of the subsidiary under the equity method was recognized in accordance with the audited financial statements during the same period of the subsidiary.
5. For the disclosure of the Company's disposal of subsidiary of indirect control, please refer to the Company's 2023 Consolidated Financial Statements, Note 17, 36, and 37.
6. Due to the business planning of the Group, the Company performed a simple merger with Jin Bang Ge Industrial Company Limited (Jin Bang Ge) and Hsiang Fong Development Company (Hsiang Fong Development), respective. The board of directors of both parties have resolved to approved the proposal for the simple merger in June 2022 and December 2022 with the Company as the surviving company and Jin Bang Ge and Hsiang Fong Development as the eliminated company. The base day for the merger was June 20 and December 26, 2022, respectively.
7. For subsidiaries the company invests in by designated mortgage lien as the loan guarantee, please refer to Note 30.

(II) Investments in the affiliated company

1. The balance the Company's investments in associates is as follows:

| | December 31, 2023 | December 31, 2022 |
|------------------------------------|-------------------|---------------------|
| Individual non-dominant associates | | |
| Nan Chung Petrochemical Corp. | \$ <u>940,250</u> | \$ <u>1,076,723</u> |

2. Summarized information of individually immaterial associates.

| | 2023 | 2022 |
|--|------|------|
|--|------|------|

| | | |
|---|-----------------------|----------------------|
| Share of the Company | | |
| Net loss of current period | (\$ 137,243) | (\$ 53,855) |
| Current period other comprehensive income | <u>770</u> | <u>2,507</u> |
| Total comprehensive loss | (\$ <u>136,473</u>) | (\$ <u>51,348</u>) |

The 2023 and 2022 profit or loss and other comprehensive income of the associate under the equity method was recognized in accordance with the audited financial statements during the same period of the associate.

3. For the share amount on associates the company designating mortgage lien as the loan guarantee, please refer to Note 30.

14. Property, plant and equipment

| | December 31, 2023 | | | December 31, 2022 | | | |
|---|-------------------|--------------------|-----------------------|--------------------------|------------------|---|--------------|
| Book value of each category | | | | | | | |
| Land | \$ | 2,926,476 | | \$ | 2,926,476 | | |
| House and Building | | 867,758 | | | 922,995 | | |
| Machine and Equipment | | 3,566,440 | | | 4,560,057 | | |
| Transportation Equipment | | 4,880 | | | 6,124 | | |
| Office Equipment | | 101,039 | | | 118,087 | | |
| Construction in process and prepayment for machinery purchase | | 13,017 | | | 191,789 | | |
| | \$ | 7,479,610 | | \$ | 8,725,528 | | |
| | | | | | | | |
| | Land | House and Building | Machine and Equipment | Transportation Equipment | Office Equipment | Uncompleted construction and equipment pending inspection | Total |
| Cost | | | | | | | |
| | | \$ | | | | | |
| Balance on January 1, 2023 | \$2,926,476 | 2,346,917 | \$11,087,478 | \$ 20,486 | \$193,928 | \$191,789 | \$16,767,074 |
| Increase in current period | - | - | 70,737 | 177 | 1,150 | 40,842 | 112,906 |
| Decrease in current period | - | - | (27,499) | (304) | (1,421) | - | (29,224) |
| Reclassified to investment property | - | - | - | - | - | (51,389) | (51,389) |
| Reclassification | - | - | 168,225 | - | - | (168,225) | - |
| Balance as of December 31, 2023 | \$2,926,476 | 2,346,917 | \$11,298,941 | \$ 20,359 | \$193,657 | \$ 13,017 | \$16,799,367 |
| Accumulated depreciation | | | | | | | |
| | | \$ | | | | | |
| Balance on January 1, 2023 | \$ - | 1,038,269 | \$6,001,497 | \$ 13,188 | \$ 69,532 | \$ - | \$ 7,122,486 |
| Increase in current period | - | 55,237 | 504,587 | 1,097 | 10,097 | - | 571,018 |
| Decrease in current period | - | - | (17,399) | (289) | (1,338) | - | (19,026) |
| Balance as of December 31, 2023 | \$ - | 1,093,506 | \$6,488,685 | \$ 13,996 | \$ 78,291 | \$ - | \$ 7,674,478 |
| Accumulated impairment | | | | | | | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance on January 1, 2023 | - | 385,653 | 525,924 | 1,174 | 6,309 | - | 919,060 |
| Increase in current period | - | - | 718,654 | 324 | 8,101 | - | 727,079 |
| Decrease in current period | - | - | (762) | (15) | (83) | - | (860) |
| Balance as of December 31, 2023 | \$ - | 385,653 | 1,243,816 | 1,483 | 14,327 | \$ - | 1,645,279 |
| Net as of January 1, 2023 | \$2,926,476 | \$ 922,995 | \$4,560,057 | \$ 6,124 | \$118,087 | \$191,789 | \$ 8,725,528 |
| Net amount as of Dec. 31, 2023 | \$2,926,476 | \$ 867,758 | \$3,566,440 | \$ 4,880 | \$101,039 | \$ 13,017 | \$ 7,479,610 |
| Cost | | | | | | | |
| | | \$ | | | | | |
| Balance on January 1, 2022 | \$2,926,476 | 2,346,060 | \$11,121,285 | \$ 18,946 | \$191,097 | \$136,973 | \$16,740,837 |
| Increase in current period | - | 857 | 56,288 | 1,540 | 1,090 | 56,707 | 116,482 |
| Decrease in current period | - | - | (90,095) | - | (150) | - | (90,245) |
| Reclassification | - | - | - | - | 1,891 | (1,891) | - |
| Balance as of December 31, 2022 | \$2,926,476 | 2,346,917 | \$11,087,478 | \$ 20,486 | \$193,928 | \$191,789 | \$16,767,074 |
| Accumulated depreciation | | | | | | | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance on January 1, 2022 | - | 983,043 | 5,592,842 | 12,104 | 59,427 | - | 6,647,416 |
| Increase in current period | - | 55,226 | 498,033 | 1,084 | 10,128 | - | 564,471 |
| Decrease in current period | - | - | (89,378) | - | (23) | - | (89,401) |
| Balance as of December 31, 2022 | \$ - | 1,038,269 | \$6,001,497 | \$ 13,188 | \$ 69,532 | \$ - | \$7,122,486 |
| Accumulated impairment | | | | | | | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance on January 1, 2022 | - | 385,653 | 526,631 | 1,174 | 6,309 | - | 919,767 |
| Decrease in current period | - | - | (707) | - | - | - | (707) |
| Balance as of December 31, 2022 | \$ - | 385,653 | 525,924 | 1,174 | 6,309 | \$ - | 919,060 |
| Net amount as of Jan. 1, 2022 | \$2,926,476 | \$ 977,364 | \$5,001,812 | \$ 5,668 | \$125,361 | \$136,973 | \$9,173,654 |
| Net amount as of Dec. 31, 2022 | \$2,926,476 | \$ 922,995 | \$4,560,057 | \$ 6,124 | \$118,087 | \$191,789 | \$8,725,528 |

- (1) The Company anticipates reduced future economic benefits from the equipment in the chemical industry sector in 2023. As a result, the recoverable amount will fall below the book value. The 2023 recognized impairment loss amounted to NT\$727,079 thousand. The impairment loss has been included under other income and expenses in the consolidated income statement.

The Company determines the recoverable amount of the equipment in the chemical industry sector after deducting the fair value from cost of disposal. Relevant fair values are determined through comprehensive evaluation using the cost method and market approach. The main assumptions include replacement cost under cost method, market approach functionality, economic loss, and other necessary adjustments, which fall under Level 3 fair value measurement.

- (2) Property, plant and equipment are depreciated in accordance with the straight-line method over the following respective useful years:

| | |
|--------------------------|----------------|
| House and Building | |
| Buildings | 20 to 60 years |
| Renovation engineering | 8 to 30 years |
| Machine and Equipment | 3 to 47 years |
| Transportation Equipment | 5 to 15 years |
| Miscellaneous equipment | 5 to 30 years |

- (3) The Company's uncompleted construction and equipment pending inspection as of December 31, 2023 and 2022 were primarily the low-temperature waste heat recovery system construction of the Cogeneration Plant.

- (4) In 2023 and 2022, the capitalized financial cost of property, plant and equipment of the Company in 2023 and 2022 was NT\$4,874 thousand and NT\$6,226 thousand, respectively, with the yearly capitalization interest rates at 2.04% - 2.17% and 1.27% - 1.95%, respectively.

- (5) Buildings belonging to the Company are leased out as operating leases for a period of 1-2 years. The lessee has no preferential purchase option with regard to the asset when the lease period ends. Total receivable lease payments for operating leases are as follows:

| | December 31, 2023 | December 31, 2022 |
|-------------|-------------------|-------------------|
| First year | \$ 4,607 | \$ 4,002 |
| Second year | 10,076 | 13,620 |
| | <u>\$ 14,683</u> | <u>\$ 17,622</u> |

- (6) For the state of property, plant and equipment pledged as collateral guarantee, please refer to Note 30.

15. Lease agreement

- (1) Right-of-use assets

| | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Carrying amount of the right-of-use asset | | |
| Transportation Equipment | <u>\$ 1,556</u> | <u>\$ 7,389</u> |
| Addition of right-of-use assets | <u>2023</u> | <u>2022</u> |
| | <u>\$ -</u> | <u>\$ 9,336</u> |
| Depreciation expense of the right-of-use asset | | |
| Land | \$ - | \$ 22 |
| Transportation Equipment | <u>5,833</u> | <u>4,615</u> |
| | <u>\$ 5,833</u> | <u>\$ 4,637</u> |

- (2) Lease liabilities

| | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Carrying amount of the lease liabilities | | |
| Current | <u>\$ 1,595</u> | <u>\$ 5,879</u> |
| Non-current | <u>\$ -</u> | <u>\$ 1,595</u> |

The range of discount rates for lease liabilities is as follows:

| | December 31, 2023 | December 31, 2022 |
|--------------------------|-------------------|-------------------|
| Transportation Equipment | 3.00% | 1.80%~3.00% |

- (3) Main lease activities and provisions

The Company has leased different types of transportation equipment for production and operations for an original period of 2 years. The lease agreement does not stipulate renewal of the lease or purchase options at the time of expiry of the lease.

- (4) Other lease-related information

For more details on operating lease agreements for self-owned buildings and investment property of the Company, please refer to Note 14 and 16.

| | 2023 | 2022 |
|-------------------------------|---------------------|----------------------|
| Short-term lease expense | <u>\$ 95</u> | <u>\$ 5,799</u> |
| Low-value asset lease expense | <u>\$ 245</u> | <u>\$ 232</u> |
| Total cash of leases outflow | <u>(\$ 6,339)</u> | <u>(\$ 10,798)</u> |

The Company chose the machinery and transportation equipment qualifying for short-term lease and office equipment qualifying for low-value asset lease to apply the recognition exemption, and did not recognize such leases as related right-of-use assets and lease liabilities.

16. Investment property

| | Land at Chihsing Section, Wanhua, Taipei City | Land in Yunlin Spinning Industrial Park | Real estate at Toulou Section, Yunlin | House and land at Erh Chung Pu Section, Sanchung District, New Taipei City | Land in Xiaogang, Kaohsiung | Buildings in Xiaogang, Kaohsiung | Total |
|------------------------------------|---|---|---------------------------------------|--|-----------------------------|----------------------------------|---------------------|
| Cost | | | | | | | |
| Balance on January 1, 2023 | \$ 855,279 | \$ 34,943 | \$ 18,094 | \$ 1,450,125 | \$ 390,563 | \$ 45,824 | \$ 2,794,828 |
| Increase in current period | - | - | - | 89,815 | - | - | 89,815 |
| From property, plant and equipment | - | - | - | 51,389 | - | - | 51,389 |
| Balance as of December 31, 2023 | <u>\$ 855,279</u> | <u>\$ 34,943</u> | <u>\$ 18,094</u> | <u>\$ 1,591,329</u> | <u>\$ 390,563</u> | <u>\$ 45,824</u> | <u>\$ 2,936,032</u> |
| Accumulated depreciation | | | | | | | |
| Balance on January 1, 2023 | \$ - | \$ - | \$ - | \$ 1,156 | \$ - | \$ 2,795 | \$ 3,951 |
| Increase in current period | - | - | - | 99 | - | 1,118 | 1,217 |
| Balance as of December 31, 2023 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,255</u> | <u>\$ -</u> | <u>\$ 3,913</u> | <u>\$ 5,168</u> |
| Accumulated impairment | | | | | | | |

| | Land at Chihsing Section, Wanhua, Taipei City | Land in Yunlin Spinning Industrial Park | Real estate at Toulou Section, Yunlin | House and land at Erh Chung Pu Section, Sanchung District, New Taipei City | Land in Xiaogang, Kaohsiung | Buildings in Xiaogang, Kaohsiung | Total |
|---|---|---|---|--|-----------------------------------|--|--------------|
| Balance on January 1, 2023 | \$ - | \$ - | \$ 18,094 | \$ - | \$ - | \$ - | \$ 18,094 |
| Increase in current period | - | - | - | - | - | - | - |
| Balance as of December 31, 2023 | \$ - | \$ - | \$ 18,094 | \$ - | \$ - | \$ - | \$ 18,094 |
| Net as of January 1, 2023 | \$ 855,279 | \$ 34,943 | \$ - | \$ 1,448,969 | \$ 390,563 | \$ 43,029 | \$ 2,772,783 |
| Net amount as of Dec. 31, 2023 | \$ 855,279 | \$ 34,943 | \$ - | \$ 1,590,074 | \$ 390,563 | \$ 41,911 | \$ 2,912,770 |
| Cost | | | | | | | |
| Balance on January 1, 2022 | \$ 156,712 | \$ 34,943 | \$ 18,094 | \$ 1,418,195 | \$ 390,563 | \$ 45,824 | \$ 2,064,331 |
| Increase in current period | 152,154 | - | - | 101,271 | - | - | 253,425 |
| Acquired by the merger with subsidiaries | 546,413 | - | - | - | - | - | 546,413 |
| Decrease in current period | - | - | - | (69,341) | - | - | (69,341) |
| Balance as of December 31, 2022 | \$ 855,279 | \$ 34,943 | \$ 18,094 | \$ 1,450,125 | \$ 390,563 | \$ 45,824 | \$ 2,794,828 |
| Accumulated depreciation | | | | | | | |
| Balance on January 1, 2022 | \$ - | \$ - | \$ - | \$ 1,057 | \$ - | \$ 1,677 | \$ 2,734 |
| Increase in current period | - | - | - | 99 | - | 1,118 | 1,217 |
| Balance as of December 31, 2022 | \$ - | \$ - | \$ - | \$ 1,156 | \$ - | \$ 2,795 | \$ 3,951 |
| Accumulated impairment | | | | | | | |
| Balance on January 1, 2022 | \$ - | \$ - | \$ 18,094 | \$ - | \$ - | \$ - | \$ 18,094 |
| Increase in current period | - | - | - | - | - | - | - |
| Balance as of December 31, 2022 | \$ - | \$ - | \$ 18,094 | \$ - | \$ - | \$ - | \$ 18,094 |
| Net amount as of Jan. 1, 2022 | \$ 156,712 | \$ 34,943 | \$ - | \$ 1,417,138 | \$ 390,563 | \$ 44,147 | \$ 2,043,503 |
| Net amount as of Dec. 31, 2022 | \$ 855,279 | \$ 34,943 | \$ - | \$ 1,448,969 | \$ 390,563 | \$ 43,029 | \$ 2,772,783 |

Investment property is leased out for a period of 1-2 years. Upon closure of the leasehold duration, the lessee was not entitled to preferential leasehold power over the real estate.

As of December 31, 2023 and 2022, total receivable lease payments for operating leases of investment property are as follows:

| | December 31, 2023 | December 31, 2022 |
|-------------|-------------------|-------------------|
| First year | \$ 161 | \$ 258 |
| Second year | 6 | 24 |
| | \$ 167 | \$ 282 |

The Company has adopted general risk management policies to reduce residual asset risks of leased out investment property at the time of lease expiry. Investment property of the appreciated in accordance with the straight line method over the useful years as follows:

| | |
|------------------------|----------------|
| House and Building | |
| Buildings | 30 to 60 years |
| Renovation engineering | 2 to 29 years |

- (1) The Company obtained part of at Zhixing Rd. Sec., Wanhua, with certain land No. due to the simple merger in June 2022 and December 2022, respectively, and the acquisition cost was NT\$175,699 and NT\$370,714, respectively.
- (2) The Company disposed of land with certain land Nos. in Sanchong Dist., Taipei City in September 2021, and the transaction was completed in January 2022. The disposal consideration was NT\$140,192 thousand. After deducting relevant fees of NT\$31 thousand, disposal gains of NT\$70,820 thousand were recorded.
- (3) The assessed fair value of the investment property as of December 31, 2023 and 2022 was NT\$3,995,661 and 3,533,405, respectively, (NT\$877,662 and NT\$735,795 were not valued by independent appraisers; the remaining value was classified by an independent appraisal company as Level 3 inputs on December 31, 2023 and 2022, respectively; valuations were carried out with reference to market evidence of similar property transaction prices). Key assumptions and valuated fair values are as follows:

| | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Asset earning power | 10%~20% | 10%~20% |
| The overall capital interest rate during development | 2.00% | 1.81% |

- (4) All investment properties of the Company are self-owned assets. For the amounts of the Company's investment in real estate, which had been pledged by the Consolidated Company' to collateralize loans, please refer to Note 30.

17. Intangible assets

Intangible assets were recorded because the Company entered into the patent license agreement for Shell EO/EG Method with Shell Research Limited to acquire the relevant patented technology to build the ethylene glycol plant with a consideration of NT\$159,052 thousand. The patent license period was valid from the date of agreement and expired after five years. Notwithstanding, in consideration of the environment protection issue about the construction site and other issues, the progress of the ethylene glycol plant project was behind the schedule badly. Though Shell Research Limited agreed to continue licensing the patent, the Company still stated the royalty as impairment in whole upon evaluation.

18. Other assets

| | December 31, 2023 | December 31, 2022 |
|--------------------|-------------------|-------------------|
| Restricted assets | \$ 136,100 | \$ 138,582 |
| Refundable deposit | 11,715 | 32,083 |
| Others | 188,001 | 44,229 |
| Collections - Net | - | - |
| | \$ 335,816 | \$ 214,894 |
| Current | \$ 137,413 | \$ 147,148 |
| Non-current | 198,403 | 67,746 |
| | \$ 335,816 | \$ 214,894 |

The collection detail is as follows:

| | December 31, 2023 | December 31, 2022 |
|---------------------------------|-------------------|-------------------|
| Overdue receivables | \$ 2,938 | \$ 2,938 |
| Less: Loss reserve – collection | (2,938) | (2,938) |
| | <u>\$ -</u> | <u>\$ -</u> |

- (1) Restricted current assets are earmarked for Customs Office clearance procedures and pledged collateral for short-term loans – please refer to Note 30.
(2) Other assets - Others are mainly catalysts.
(3) For loss allowances for non-accrual loans, please refer to Note 10.

19. Borrowings

(1) Shot-term borrowings

| | December 31, 2023 | December 31, 2022 |
|---------------------------|---------------------|---------------------|
| <u>Secured loans</u> | | |
| Bank loan | \$ 4,860,000 | \$ 2,860,000 |
| <u>Unsecured loans</u> | | |
| Credit loan | 2,915,000 | 2,615,000 |
| Material procurement loan | 1,099,167 | 2,092,585 |
| | <u>4,014,167</u> | <u>4,707,585</u> |
| | <u>\$ 8,874,167</u> | <u>\$ 7,567,585</u> |

1. The bank loan interest rate in 2023 and 2022 is at between 1.85% - 2.25% and 1.54% - 2.13%, respectively.

2. For the foresaid loan collateral information, please refer to Note 30.

(2) Short-term notes payable

| | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Payable commercial paper | \$ 850,000 | \$ 850,000 |
| Less: Discount of short-term notes and bills payable | (2,903) | (2,160) |
| | <u>\$ 847,097</u> | <u>\$ 847,840</u> |
| Interest rate | 2.11%~2.16% | 2.14%~2.29% |

(3) Long-term borrowings

| | December 31, 2023 | | December 31, 2022 | |
|--|---------------------------------------|-------------|---------------------|---------------------|
| | Collateral | Amount | Amount | |
| <u>Secured loans</u> | | | | |
| Taiwan Business Bank | Land and buildings | 1.87% | \$ 250,000 | \$ 181,200 |
| Land Bank of Taiwan | Land and buildings | 1.97% | 175,000 | 175,000 |
| Union Bank of Taiwan | Stock of Taichung | 2.14%~2.16% | 375,000 | 700,000 |
| | Commercial Bank | | | |
| Bank of Panshin | Land and buildings | 1.94% | 300,000 | 798,828 |
| Sunny Bank | Stock of Taichung | 2.17% | 600,000 | 600,000 |
| | Commercial Bank | | | |
| Taipei Fubon Bank (Note 1) | - | - | - | 1,025,000 |
| The Shanghai Commercial & Savings Bank | Land, buildings and Stock of Taichung | 2.00%~2.05% | 512,500 | 677,500 |
| | Commercial Bank | | | |
| Bank of Kaohsiung | Stock of Taichung | 2.00% | 500,000 | 100,000 |
| | Commercial Bank | | | |
| Shin Kong Commercial Bank | Land and buildings | 2.05%~2.13% | 1,525,000 | 1,575,000 |
| Taiwan Cooperative Bank | Land and buildings | 1.95%~2.10% | 960,000 | 650,000 |
| <u>Unsecured loans</u> | | | | |
| Bank of Kaohsiung | - | 1.85%~2.00% | 100,000 | 500,000 |
| Mizuho Bank | - | 2.14% | 150,000 | - |
| | | | <u>5,447,500</u> | <u>6,982,528</u> |
| Less: Amount due in one year | | | (334,700) | (1,047,528) |
| | | | <u>\$ 5,112,800</u> | <u>\$ 5,935,000</u> |

Note 1: The initial lender was JihSun Bank, and its merge with Taipei Fubon Bank was completed on April 1, 2023.

Note 2: Please refer to Note 30 for the collateral of the long-term borrowings:

20. Other payables

| | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Payable salary and bonus | \$ 83,018 | \$ 96,588 |
| Payable repair and maintenance expense | 37,682 | 21,408 |
| Payable export expense | 4,331 | 16,095 |
| Payable unloading fee | 14,246 | 16,898 |
| Payable insurance premium | 8,058 | 8,544 |
| Payable utilities expense | 3,632 | 4,045 |
| Payable pension | 4,823 | 5,219 |
| Others | 64,020 | 58,790 |
| | <u>\$ 219,810</u> | <u>\$ 227,587</u> |

21. Provision for liabilities

| | December 31, 2023 | December 31, 2022 |
|--------------------------------------|-------------------|-------------------|
| Net determined benefit liability | \$ 159,648 | \$ 148,862 |
| Pending litigation reserve (Note 31) | 53,916 | 53,916 |
| | <u>\$ 213,564</u> | <u>\$ 202,778</u> |

(1) Defined contribution plan

The pension system of the "Labor Pension Act" that is applicable to the Company is a defined contribution pension plan subject to government management with an amount equivalent to 6% of the monthly salary appropriated and contributed to the personal account with the Bureau of Labor Insurance. In 2023 and 2022, Company recognized NT\$16,625 thousand and NT\$17,552 thousand in the statement of comprehensive income in accordance with the appropriation proportion specified in the defined contribution pension plan.

(2) Defined benefit plan

The Company's pension system under the "Labor Standards Act" of the R.O.C. is a defined benefit pension plan. Pension payment is calculated in accordance with the years of service and the average salary six months prior to the authorized retirement date. The Company has a pension appropriated for an amount equivalent to 2% of the monthly salary and the proceeds are deposited in the designated account with the Bank of Taiwan in the name of the Labor Pension Reserve Commission. If the account balance before yearend is expected to be insufficient for paying the retiring employees of the year, the amount of difference should be appropriated in a lump sum before the end of March in the following year. The special account has been commissioned to the Bureau of Labor Fund of the Ministry of Labor Affairs for management. The Company contained in the financial statements exercises no influence on the right of the bureau in its investment management strategy.

The amount of determined benefit plan recognized in the individual balance sheet is shown below:

| | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Present value of the defined benefit obligations | \$ 222,696 | \$ 229,897 |
| The fair value of plan assets | (63,048) | (81,035) |
| Appropriation shortage | 159,648 | 148,862 |
| Net determined benefit liability | <u>\$ 159,648</u> | <u>\$ 148,862</u> |

Change in net determined benefit liability is shown below

| | Present value of the defined benefit obligations | The fair value of plan assets | Net determined benefit liability |
|--|--|-------------------------------|----------------------------------|
| January 1, 2022 | <u>\$ 252,308</u> | (\$ 102,287) | <u>\$ 150,021</u> |
| Service cost | | | |
| Current service cost | 2,443 | - | 2,443 |
| Interest expenses (revenues) | 1,892 | (792) | 1,100 |
| Recognized in profit or loss | <u>4,335</u> | (792) | <u>3,543</u> |
| Reevaluation | | | |
| Return on plan assets | - | (7,911) | (7,911) |
| Actuarial gain – change in financial assumptions | (11,097) | - | (11,097) |
| Actuarial loss – adjustment through experience | <u>23,118</u> | - | <u>23,118</u> |
| Recognized in the other comprehensive income | <u>12,021</u> | (7,911) | <u>4,110</u> |
| Employer appropriation | - | (6,563) | (6,563) |
| Benefits paid | (36,518) | 36,518 | - |
| Company account payment | (2,249) | - | (2,249) |
| December 31, 2022 | <u>229,897</u> | (81,035) | <u>148,862</u> |
| Service cost | | | |
| Current service cost | 1,996 | - | 1,996 |
| Interest expenses (revenues) | 3,218 | (1,180) | 2,038 |
| Recognized in profit or loss | <u>5,214</u> | (1,180) | <u>4,034</u> |
| Reevaluation | | | |
| Return on plan assets | - | (617) | (617) |
| Actuarial gain – change in financial assumptions | 1,619 | - | 1,619 |
| Actuarial loss – adjustment through experience | <u>13,621</u> | - | <u>13,621</u> |
| Recognized in the other comprehensive income | <u>15,240</u> | (617) | <u>14,623</u> |
| Employer appropriation | - | (6,274) | (6,274) |
| Benefits paid | (26,058) | 26,058 | - |
| Company account payment | (1,597) | - | (1,597) |
| December 31, 2023 | <u>\$ 222,696</u> | (\$ 63,048) | <u>\$ 159,648</u> |

The pension fund system of the company contained in the financial statements is exposed to the following risks due to the "Labor Standards Act":

1. Investment risk: The Bureau of Labor Fund of the Ministry of Labor Affairs uses the labor pension fund for investment in domestic and foreign equity securities and debt securities, and as bank deposits through proprietary trade or commissioned third parties. However, the amount attributable to the planned asset of the Company shall not fall below the interest rate offered by the banks in the regions or countries of investment for 2-year time deposit as return.
2. Interest risk: the decline of the interest rate for government and corporate bonds will cause an increase in the present value of determined benefit obligation. However, the ROI of the debt of the planned assets will also increase accordingly. The effect of the two on net determined benefit liability is mutually offsetting.
3. Salary risk: the calculation of the present value of determined benefit obligation is based on the salaries of the members in the plan of the future. As such, an increase of the salaries of the members of the plan is bound to increase the present value of determined benefit obligation.

The determined benefit obligation of the company contained in the financial statements is based on the actuarial calculation of the actuary and the major assumption as of the evaluation day is shown below:

| | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Discount rate | 1.30% | 1.40% |
| The expected rate of increase in salaries | 2% | 2% |

In case of reasonable and possible change in the major actuarial assumptions, and other assumptions remained unchanged, the amount of increase (decrease) in the present value of determined benefit obligation will be:

| | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Discount rate | | |
| Increase by 0.25% | (\$ 4,134) | (\$ 4,355) |
| Decrease by 0.25% | \$ 4,261 | \$ 4,493 |
| The expected rate of increase in salaries | | |
| Increase by 0.25% | \$ 4,097 | \$ 4,323 |
| Decrease by 0.25% | (\$ 3,996) | (\$ 4,211) |

Actuarial assumptions may be inter-related. The possibility of change in specific assumption is not high. The aforementioned sensitivity analysis may not be able to reflect the actual change in the present value of determined benefit obligation.

| | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Amount projected for appropriation in 1 year | \$ 6,274 | \$ 6,563 |
| Average maturity of determined benefit obligation | 8 years | 9 years |

22. Other liabilities

| | December 31, 2023 | December 31, 2022 |
|-----------------------------|-------------------|-------------------|
| Guarantee deposits received | \$ 1,824 | \$ 1,864 |

23. Equity

(1) Paid-in capital

| | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Authorized number of shares (thousand shares) | 2,100,000 | 2,100,000 |
| Authorized capital | \$ 21,010,000 | \$ 21,010,000 |
| Number of shares issued with fully paid-in capital (thousand shares) | 1,685,906 | 1,686,210 |
| Outstanding capital | \$ 16,859,057 | \$ 16,862,097 |

Common stock shares issued at NTD 10 Par and each share is entitled to one voting right and dividends.

In August 2023, the Board of CMFC resolved to cancel 304 thousand treasury shares in August, with a base day for the capital reduction on August 11, 2023, to reduce capital of NT\$3,040 thousand, and the alteration registration was completed on August 30, 2023. As of December 31, 2023 and 2022, the paid-in capital of the Company was NT\$16,859,057 thousand and NT\$16,862,097 thousand, divided into 1,685,906 thousand common shares and 1,686,210 common shares with a par value of NT\$10 per share.

(2) Capital surplus

| | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| For covering loss carried forward, payment in cash or capitalization as equity shares (Note) | | |
| Shares issued in excess of par value | \$ 589,895 | \$ 590,001 |
| Assets received | 2,129 | 2,129 |
| Treasury stock transactions | 773,594 | 772,194 |
| Invalid ESO | 2,600 | 2,600 |
| For covering loss carried forward only | | |
| Changes in the ownership equity on a subsidiary | 175,356 | 179,678 |
| Transaction of treasury stock (cash dividends paid to subsidiaries) | 169,202 | 169,202 |
| | \$ 1,712,776 | \$ 1,715,804 |

Note: Such additional paid-in capital can be used to make up for losses; also, when the company is without any loss, it can be applied for cash distribution or capitalization. However, it is limited to a certain percentage of the annual paid-in capital for the purpose of capitalization.

(3) Retained earnings and Dividend Policy

According to the Articles of Incorporation, the policy for the distribution of earnings stated that if there is a surplus after account settlement of the fiscal year, the company shall pay applicable taxes and cover loss carried forward, followed by the allocation of 10% of the remainder as legal reserve, and appropriate for special reserve or reverse special reserve. If there is still a balance, it will be pooled up with the undistributed earnings carried forward from previous years for distribution as shareholder dividends under a proposal prepared by the Board subject to the final approval of the General Meeting of Shareholders. The policy of remuneration to employees and Directors and Supervisors to the Articles of Incorporation is elaborated in Note 24 (7) to the financial statement, on Remuneration to Employees and Directors and Supervisors.

The Company's dividend policy shall be drafted subject to the Company's future investment environment and long-term financial planning, and also takes the shareholders' equity into consideration. The dividends shall be allocated in the form of cash dividend as the first priority per year, and may be allocated in the form of stock dividend, provided that the ratio of allocation of stock dividends shall be no more than 95% of the total dividends.

The Company has a special reserve appropriated and reversed in accordance with FSC Certificate Issue Tzi No. 1010012865 Letter, FSC Certificate Issue Tzi No. 1010047490 Letter, and "Special reserve appropriation Q&A after the adoption of International Financial Reporting Standards (IFRSs)." If the amount debited to the other shareholders' equity is reversed subsequently, the reversed amount can be distributed.

The legal reserve should be contributed until its balance reaches the Company's total paid-in capital. The legal reserve may be applied to make up loss. If there is no loss, the amount of legal reserve in excess of the paid-in capital by 25% could be allocated as capital stock and paid out as cash dividend.

The Company held its annual shareholders' meetings on June 9, 2023 and June 16, 2022, which adopted resolutions with regard to the 2022 and 2021 surplus distribution proposals as follows:

| | Earnings Distribution Proposal | |
|-----------------|--------------------------------|----------|
| | 2022 | 2021 |
| Legal reserve | \$ - | \$ 2,616 |
| Special reserve | 2,721 | - |

The Board resolved the proposal for loss compensation for 2023 on March 4, 2024 as follows:

| | 2023 |
|--|------------|
| Loss compensation with the legal reserve | \$ 411,573 |

The proposal for loss compensation for 2023 is to be resolved at the shareholders' meeting to be convened on June 12, 2024.

For more information on the proposal approved by the board of directors of the Company and the surplus distribution proposal adopted by resolution of the General Shareholders' Meeting, please refer to the TWSE Market Observation Post System.

(4) Other equity

1. Exchange differences from the translation of financial statements of foreign operations

| | 2023 | 2022 |
|---|---------------|---------------|
| Balance - beginning | (\$ 96,538) | (\$ 112,220) |
| Subsidiaries' conversion differential amount adopting the equity method | (11,657) | 15,682 |
| Balance - ending | (\$ 108,195) | (\$ 96,538) |

2. Unrealized gain or loss on financial assets at fair value through other comprehensive income

| | 2023 | 2022 |
|-------------------------|------------|------------|
| Balance - beginning | \$ 816,865 | \$ 919,802 |
| Accrued in current year | | |
| Unrealized gain or loss | | |

| | | |
|--|---------------------|-------------------|
| Debt instruments | 240,099 | (336,814) |
| Equity instruments | 391,551 | 221,329 |
| Recognized share of the subsidiary adopting the equity method. | - | 3,532 |
| The accumulated gain/loss from the disposition of equity instruments will be transferred to retained earnings. | (295,426) | 9,016 |
| Balance - ending | <u>\$ 1,153,089</u> | <u>\$ 816,865</u> |

(5) Treasury stock

The details and changes of the treasury stocks of the Company in 2023 and 2022 are shown as follows:

| Cause | Transferring stocks to employees (thousand shares) | Shares of parent company held by subsidiaries (in thousand shares) | Total (thousand shares) |
|--|--|--|-------------------------|
| Number of shares on January 1, 2023 | 304 | 344,226 | 344,530 |
| Increase in current period | - | - | - |
| Decrease in current period | (304) | - | (304) |
| Number of shares as of December 31, 2023 | <u>-</u> | <u>344,226</u> | <u>344,226</u> |
| Number of shares on January 1, 2022 | 304 | 344,226 | 344,530 |
| Increase in current period | - | - | - |
| Decrease in current period | - | - | - |
| Number of shares as of December 31, 2022 | <u>304</u> | <u>344,226</u> | <u>344,530</u> |

1. As of December 31, 2023 and 2022, the Company's shares held by the subsidiaries are as follows:

| Name of Subsidiary | Shareholding ratio % | Number of shares held (thousand shares) | Book Value | Market Value |
|--------------------------------|----------------------|---|---------------------|---------------------|
| <u>December 31, 2023</u> | | | | |
| Pan Asia Chemical Corporation | 44% | 261,501 | \$ 879,074 | \$ 948,589 |
| Deh Hsing Investment Co., Ltd. | 100% | 11,619 | 25,787 | 94,932 |
| Chou Chin Industrial Co., Ltd. | 50% | 61,488 | 195,060 | 238,267 |
| Chou Chang Corporation | 38% | <u>9,618</u> | <u>35,136</u> | <u>29,538</u> |
| | | <u>344,226</u> | <u>\$ 1,135,057</u> | <u>\$ 1,311,326</u> |
| <u>December 31, 2022</u> | | | | |
| Pan Asia Chemical Corporation | 44% | 261,501 | \$ 879,074 | \$ 999,676 |
| Deh Hsing Investment Co., Ltd. | 100% | 11,619 | 25,787 | 100,044 |
| Chou Chin Industrial Co., Ltd. | 50% | 61,488 | 195,060 | 251,099 |
| Chou Chang Corporation | 38% | <u>9,618</u> | <u>35,136</u> | <u>31,129</u> |
| | | <u>344,226</u> | <u>\$ 1,135,057</u> | <u>\$ 1,381,948</u> |

2. The Company's Treasury stock may not be pledged in accordance with the Security and Exchange Law; moreover, it is without the privilege of dividend and voting right. Company shares held by its subsidiaries are deemed as shares held in vault in processing, and besides regulations set forth under the Corporate Law article 167 and article 179, the rest of which are the same as general shareholders' entitlements.

24. Net profit of continuing operations

Net profit of continuing operations includes the following items:

(1) Other income and earnings and expense and loss

| | 2023 | 2022 |
|---|------------------|------------------|
| Income derived from sales of substandard goods and scraps | \$ 1,875 | \$ 2,493 |
| Rental revenue | 6,765 | 5,058 |
| Others | <u>26,654</u> | <u>34,032</u> |
| | <u>\$ 35,294</u> | <u>\$ 41,583</u> |

(2) Gain (loss) on financial assets and liabilities at fair value through profit and loss

| | 2023 | 2022 |
|---|--------------|------------------|
| <u>The realized gain (loss) of financial assets and liabilities measured at fair value through profit or loss</u> | | |
| Stock | \$ - | (\$ 1,391) |
| Bonds | - | 30 |
| Beneficiary certificate | <u>1,934</u> | (<u>4,412</u>) |
| | <u>1,934</u> | (<u>5,773</u>) |
| <u>Valuation gains (losses) of financial assets and liabilities measured at fair value through profit or loss</u> | | |
| Stock | \$ 1 | (\$ 10,266) |

| | | | |
|---|-----------------------|---------------------------|-------------------|
| Bonds | - | (316) | |
| Beneficiary certificate | <u>35,173</u> | (<u>57,295</u>) | |
| | <u>35,174</u> | (<u>67,877</u>) | |
| | <u>\$ 37,108</u> | (<u>\$ 73,650</u>) | |
| (3) Financial costs | | | |
| | <u>2023</u> | <u>2022</u> | |
| Interest from bank borrowings | \$ 304,166 | \$ 202,102 | |
| Lease liability interest expenses | <u>120</u> | <u>186</u> | |
| | 304,286 | 202,288 | |
| Less: classified real estate, plant and equipment (Note 14) | (<u>4,874</u>) | (<u>6,226</u>) | |
| | <u>\$ 299,412</u> | <u>\$ 196,062</u> | |
| (4) Reversal gains on financial assets (included in operating expenses) | | | |
| | <u>2023</u> | <u>2022</u> | |
| Accounts receivable | (\$ 45,731) | (\$ 22,681) | |
| Other receivables | <u>23,750</u> | <u>-</u> | |
| | (<u>\$ 21,981</u>) | (<u>\$ 22,681</u>) | |
| (5) Depreciation and amortization | | | |
| | <u>2023</u> | <u>2022</u> | |
| Property, plant and equipment | \$ 571,018 | \$ 564,471 | |
| Right-of-use assets | <u>5,833</u> | <u>4,637</u> | |
| Investment property | <u>1,217</u> | <u>1,217</u> | |
| | <u>\$ 578,068</u> | <u>\$ 570,325</u> | |
| Consolidation of depreciation expenses based on functions | | | |
| Operating cost | \$ 566,249 | \$ 559,693 | |
| Operating expenses | <u>11,819</u> | <u>10,632</u> | |
| | <u>\$ 578,068</u> | <u>\$ 570,325</u> | |
| (6) Employee benefits expenses | | | |
| <u>2023</u> | | | |
| | <u>Operating cost</u> | <u>Operating expenses</u> | <u>Total</u> |
| Short-term employee benefits | | | |
| Salary & wage | \$ 341,577 | \$ 53,465 | \$ 395,042 |
| Expenses for labor insurance and the National Health Insurance | 37,703 | 5,957 | 43,660 |
| Remuneration to Directors | - | 6,723 | 6,723 |
| Other employee benefits expenses | <u>17,479</u> | <u>15,466</u> | <u>32,945</u> |
| | <u>396,759</u> | <u>81,611</u> | <u>478,370</u> |
| Pension expenses (Note 21) | | | |
| Defined contribution pension plan | 14,086 | 2,539 | 16,625 |
| Defined benefit plan | <u>3,172</u> | <u>862</u> | <u>4,034</u> |
| | <u>17,258</u> | <u>3,401</u> | <u>20,659</u> |
| Total employee benefits expenses | <u>\$ 414,017</u> | <u>\$ 85,012</u> | <u>\$ 499,029</u> |
| <u>2022</u> | | | |
| | <u>Operating cost</u> | <u>Operating expenses</u> | <u>Total</u> |
| Short-term employee benefits | | | |
| Salary & wage | \$ 380,506 | \$ 58,152 | \$ 438,658 |
| Expenses for labor insurance and the National Health Insurance | 39,792 | 6,292 | 46,084 |
| Remuneration to Directors | - | 6,400 | 6,400 |
| Other employee benefits expenses | <u>19,545</u> | <u>16,471</u> | <u>36,016</u> |
| | <u>439,843</u> | <u>87,315</u> | <u>527,158</u> |
| Pension expenses (Note 21) | | | |
| Defined contribution pension plan | 14,976 | 2,576 | 17,552 |
| Defined benefit plan | <u>2,830</u> | <u>713</u> | <u>3,543</u> |
| | <u>17,806</u> | <u>3,289</u> | <u>21,095</u> |
| Total employee benefits expenses | <u>\$ 457,649</u> | <u>\$ 90,604</u> | <u>\$ 548,253</u> |

The average numbers of company employees in 2023 and 2022 accounted for 622 and 660 people, respectively. Among them, seven Directors are not concurrently serving as employees.

In 2023 and 2022 average employee benefit expenses amounted to NT\$801 thousand and NT\$830 thousand, respectively; employee salary expenses amounted to NT\$643 thousand and NT\$672 thousand, which represents an adjustment by (4.32%).

The company has set up the Audit committee. No supervisors are hired. Therefore, no remunerations for supervisors are allocated.

The company's remuneration policy is as follows:

- The remunerations of Directors are in accordance with provisions in Article 22 and Article 40 of the Articles of Incorporation.
 - The Board shall authorize remunerations for Directors based on their level of participation in company operations and value contributed. Remunerations are set with reference to the standard of payment adopted by companies in the same trade.
 - If the company has made profits during the year, remunerations for directors not exceeding 0.3% shall be granted upon resolution by the board of directors and shall be resolved at the shareholders' meeting

2. Remunerations for managers and employees are conducted in accordance with the Article 40 of the Articles of Incorporation, the Company Remuneration Committee Organizational Rules and related company regulations (including the Remunerations Management Guidelines, Assessment Guidelines, End-of-Year Bonus Distribution Guidelines, etc.)
- (1) Remunerations for managers are set by the company's Remuneration Committee and are periodically assessed. In reference to the usual payment standard of the same industry, considerations are also given to personal performance, corporate operation performance, and the reasonability of association with future risks, which shall be submitted to the board of directors for resolution.
- (2) Remunerations for employees are conducted in accordance with the company's regulations. In addition, considerations are given to personal work performance, and degree of corporate operation contribution. The reasonability of remunerations are periodically assessed.
- (3) If the company has made profits during the year, 1%–5% will be allocated as remunerations for employees. The distribution ratio and distribution in shares or cash shall be resolved by the board of directors and shall be submitted to the shareholders' meeting for resolution.
- (7) Remuneration of employees and Directors
- The Company appropriated 1% to 5% and no more than 0.3% of the earnings before tax before the deduction of remuneration to the employees and Directors of the same year. Loss before tax was recorded in 2023 and 2022; therefore, no remuneration of employees or Directors was appropriated. In addition, the remuneration of employees and Directors for 2021 was resolved by the Board on March 14, 2022 as follows:

| | 2021 | |
|---------------------------|--------|-------------------|
| | Amount | Estimate on ratio |
| Remuneration to employees | \$ 58 | 1.0% |
| Remuneration to Directors | 17 | 0.3% |

The actual amount for remuneration to employees and Directors in 2022 and 2021 did not vary from the amount recognized in the individual financial statements of 2022 and 2021.

For further information on the appropriation of remuneration to the employees and Directors by the Board of Company, visit the "MOPS" website of Taiwan Stock Exchange Corporation.

- (8) Reversal gains (impairment losses) of non-financial assets

| | 2023 | 2022 |
|---|----------------|----------------|
| Inventory (included in the operating costs) | \$ 77,781 | (\$ 91,887) |
| Investment under the equity method | - | (28,272) |
| Property, plant and equipment | (727,079) | - |
| | (\$ 649,298) | (\$ 120,159) |

25. Income tax of continuing operations

- (1) Main components of income tax expense recognized in profit or loss:

| | 2023 | 2022 |
|--|--------|------------|
| Income tax expenses in the current period | | |
| Prior years' adjustment | \$ 190 | (\$ 190) |
| Land revaluation increment tax | - | 9,344 |
| Income tax expenses recognized in profit or loss | \$ 190 | \$ 9,154 |

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

| | 2023 | 2022 |
|--|------------------|------------------|
| Net loss before tax from continuing operations | (\$ 1,586,961) | (\$ 1,343,099) |
| Income tax expenses calculated based on net profit before tax calculated at the statutory tax rate (20%) | (\$ 317,392) | (\$ 268,620) |
| Non-deductible expenses and losses for tax purposes | 204 | 60 |
| Non-taxable income | (61,403) | (59,104) |
| Unrecognized deductible temporary differences and loss credit | 378,591 | 327,664 |
| Land revaluation increment tax | - | 9,344 |
| Adjustments to current income tax gains (expenses) of prior years during the year | 190 | (190) |
| Income tax expenses recognized in profit or loss | \$ 190 | \$ 9,154 |

- (2) Income tax gains recognized in the other comprehensive income

| | 2023 | 2022 |
|--|----------|--------|
| Deferred tax | | |
| Accrued in current year | | |
| - Re-evaluation of determined benefit plan | \$ 2,925 | \$ 822 |

- (3) Current income tax asset

| | December 31, 2023 | December 31, 2022 |
|--------------------------|-------------------|-------------------|
| Current income tax asset | | |
| Tax refund receivable | \$ 1,668 | \$ 1,042 |

- (4) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

2023

| | Balance - beginning | Recognized in profit or loss | Recognized in the other comprehensive income | Balance - ending |
|-------------------------------|---------------------|------------------------------|--|------------------|
| Deferred income tax assets | | | | |
| Temporary difference | | | | |
| Property, plant and equipment | \$ 18,318 | \$ - | \$ - | \$ 18,318 |

| | Balance - beginning | Recognized in profit or loss | Recognized in the other comprehensive income | Balance - ending |
|----------------------------------|------------------------|---------------------------------|---|---------------------|
| Inventory | 23,134 | - | - | 23,134 |
| Defined benefit pension plans | 64,461 | - | 2,925 | 67,386 |
| Loss allowance | 39,256 | - | - | 39,256 |
| Others | 38,291 | - | - | 38,291 |
| | 183,460 | - | 2,925 | 186,385 |
| Loss credit | 468,405 | - | - | 468,405 |
| | <u>\$ 651,865</u> | <u>\$ -</u> | <u>\$ 2,925</u> | <u>\$ 654,790</u> |

Deferred tax liabilities

| | | | | |
|---|-------------------|-------------|-------------|-------------------|
| Temporary difference | | | | |
| Allowance for land increment value tax | <u>\$ 866,019</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 866,019</u> |

2022

| | Balance - beginning | Recognized in profit or loss | Recognized in the other comprehensive income | Balance - ending |
|----------------------------------|------------------------|---------------------------------|---|---------------------|
| Deferred income tax assets | | | | |
| Temporary difference | | | | |
| Property, plant and equipment | \$ 18,318 | \$ - | \$ - | \$ 18,318 |
| Inventory | 23,134 | - | - | 23,134 |
| Defined benefit pension plans | 63,639 | - | 822 | 64,461 |
| Loss allowance | 39,256 | - | - | 39,256 |
| Others | 38,291 | - | - | 38,291 |
| | 182,638 | - | 822 | 183,460 |
| Loss credit | 468,405 | - | - | 468,405 |
| | <u>\$ 651,043</u> | <u>\$ -</u> | <u>\$ 822</u> | <u>\$ 651,865</u> |

Deferred tax liabilities

| | | | | |
|---|-------------------|-------------|-------------|-------------------|
| Temporary difference | | | | |
| Allowance for land increment value tax | <u>\$ 866,019</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 866,019</u> |

- (5) The deductible temporary differences of deferred income tax assets not recognized on the balance sheet

| | December 31, 2023 | December 31, 2022 |
|--|---------------------|---------------------|
| Deductible temporary differences | | |
| Allowance to reduce inventory to market | \$ 114,314 | \$ 114,314 |
| Defined benefit pension plans | 7,550 | 7,550 |
| Loss credit | 5,759,380 | 4,593,503 |
| | <u>\$ 5,881,244</u> | <u>\$ 4,715,367</u> |

- (6) Unused losses credit related information

As of December 31, 2023, information on loss carryforwards is as follows:

| Uncredited balance | Last year of credit |
|---------------------|---------------------|
| \$ 505,260 | 2026 |
| 1,743,326 | 2029 |
| 1,474,481 | 2030 |
| 534,925 | 2031 |
| 1,666,140 | 121 years |
| 2,177,285 | 122 years |
| <u>\$ 8,101,417</u> | |

- (7) Income tax audit

The declared cases before 2021 have been approved by the taxation collection agency before the deadline of the Company's business income tax declaration.

26. Losses per share

Unit: NTD per share

| | 2023 | 2022 |
|---|------------------|------------------|
| Basic loss per share | (\$ 1.18) | (\$ 1.01) |
| The net loss and weighted average common stock shares used for calculating losses per share are as follows: | | |
| <u>Net loss of current period</u> | | |
| Net loss attributable to owners of the Company | (\$ 1,587,151) | (\$ 1,352,253) |
| <u>Unit: thousand shares</u> | | |
| Weighted average common stock shares used to calculate basic losses per share | <u>1,341,680</u> | <u>1,341,680</u> |

27. Capital risk management

Under the premise of capital management for assuring sustainable operation, the Company seeks to maximize return to shareholders through the optimization of debts and equity balance.

The company capital structure is made up of company net debt (meaning the borrowing minus cash and cash equivalent) and those belonging to company owner's equity (meaning its capitalization, capital reserve, retained earnings and other equity items).

The Company's management reviews the capital structure yearly, and the reviews include taking into consideration the cost of capital and the risks associated with each class of capital. The Company based on the suggestions of management has the overall capital structure balanced by paying dividends, issuing new shares, buying back shares and issuing new debts or paying back old debts.

28. Financial instruments

- (1) Fair value information- Financial instruments that are not measured at fair value
The management of the Company believes that the carrying amount of financial assets and liabilities not measured by fair values approaches their fair values.

- (2) Information on fair value – financial instruments at fair value on repetition.

1. Fair value hierarchy

December 31, 2023

| | Level 1 | Level 2 | Level 3 | Total |
|--|---------------------|-------------------|-------------------|---------------------|
| <u>Financial assets at fair value through profit and loss</u> | | | | |
| Shares traded on the Taiwan Stock Exchange or OTC exchange | \$ 12 | \$ - | \$ - | \$ 12 |
| Beneficiary certificates of funds | 21,405 | - | - | 21,405 |
| <u>Financial assets at fair value through other comprehensive profit or loss</u> | | | | |
| <u>Equity investment</u> | | | | |
| - Domestic stocks listed on TPWE (TPEx) and Emerging Stock Market | 1,872,587 | - | - | 1,872,587 |
| - Domestic non-listed (OTC) stocks | - | - | 275,152 | 275,152 |
| - Foreign TSEC/GTSM unlisted shares | - | - | 7,767 | 7,767 |
| <u>Debt instrument</u> | | | | |
| - Domestic corporate bonds | - | 110,000 | - | 110,000 |
| | <u>\$ 1,894,004</u> | <u>\$ 110,000</u> | <u>\$ 282,919</u> | <u>\$ 2,286,923</u> |

December 31, 2022

| | Level 1 | Level 2 | Level 3 | Total |
|--|---------------------|-------------------|-------------------|---------------------|
| <u>Financial assets at fair value through profit and loss</u> | | | | |
| Shares traded on the Taiwan Stock Exchange or OTC exchange | \$ 11 | \$ - | \$ - | \$ 11 |
| Beneficiary certificates of funds | 143,506 | - | - | 143,506 |
| <u>Financial assets at fair value through other comprehensive profit or loss</u> | | | | |
| <u>Equity investment</u> | | | | |
| - Domestic stocks listed on TPWE (TPEx) and Emerging Stock Market | 2,136,881 | - | - | 2,136,881 |
| - Domestic non-listed (OTC) stocks | - | - | 333,444 | 333,444 |
| - Foreign TSEC/GTSM unlisted shares | - | - | 7,833 | 7,833 |
| <u>Debt instrument</u> | | | | |
| - Domestic corporate bonds | - | 110,000 | - | 110,000 |
| | <u>\$ 2,280,398</u> | <u>\$ 110,000</u> | <u>\$ 341,277</u> | <u>\$ 2,731,675</u> |

In 2023 and 2022, there was no transfer of fair values measures in Level 1 and Level 2.

2. Reconciliation of financial instruments at Level 3 fair value:

2023

| Financial Assets | Financial assets at fair value through other comprehensive profit or loss | | Total |
|--|---|------------------|-------------------|
| | Equity instruments | Debt instruments | |
| Balance - beginning | \$ 341,277 | \$ - | \$ 341,277 |
| Recognized in the other comprehensive income | (58,497) | - | (58,497) |
| - Purchase | 802 | - | 802 |
| - Disposal | (663) | - | (663) |
| Balance - ending | <u>\$ 282,919</u> | <u>\$ -</u> | <u>\$ 282,919</u> |

2022

| Financial Assets | Financial assets at fair value through other comprehensive profit or loss | | Total |
|--|---|------------------|-------------------|
| | Equity instruments | Debt instruments | |
| Balance - beginning | \$ 300,356 | \$ - | \$ 300,356 |
| Recognized in the other comprehensive income | 50,685 | - | 50,685 |
| - Purchase | 1,211 | - | 1,211 |
| - Disposal | (10,975) | - | (10,975) |
| Balance - ending | <u>\$ 341,277</u> | <u>\$ -</u> | <u>\$ 341,277</u> |

3. Evaluation techniques and input value of Level 2 fair value measurement

| Categories of financial instruments | Evaluation techniques and input values |
|-------------------------------------|---|
| Non-derivatives | The bid price in active markets is not taken as fair value. |

4. Evaluation techniques and input value of Level 3 fair value measurement

| Categories of financial instruments | Evaluation techniques and input values |
|---|--|
| Investment equity not listed at TWSE (TPEx) | Market multiple method: The fair value of the subject matter may be evaluated by comparison with the bid price of the stocks in the industry in the active market with liquidity discount ratio taken into account and the corresponding net value of multiples. |

5. The measurement of Level 3 fair value is the sensitivity analysis of the reasonable substituted assumption of fair value
The significant unobservable input value under the market multiple method adopted by the company is the liquidity discount ratio. When the ratio increases, the fair value of the investment decreases. Sensitivity analysis is compiled as follows:

| Risk factors | Changes | Effects |
|--------------------------|---------|---------------|
| Liquidity Discount Ratio | 10% | (\$ 11,821) |

(3) Categories of financial instruments

| | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| <u>Financial Assets</u> | | |
| Measured at fair values through profit and/or loss | | |
| Measured at fair value through income under compulsion | \$ 21,417 | \$ 143,517 |
| Financial assets on the basis of cost after amortization (Note 1) | 1,750,816 | 2,876,191 |
| Financial assets at fair value through other comprehensive profit or loss | | |
| Equity investment | 2,155,506 | 2,478,158 |
| Debt instrument | 110,000 | 110,000 |
| <u>Financial Liabilities</u> | | |
| Measured at cost after amortization (Note 2) | 15,797,927 | 16,443,724 |

Note 1: The balance includes cash and cash equivalent, notes receivable, accounts receivable, other receivables (excluding tax rebates receivable), withheld guarantee (classified as other asset in the account) and restricted asset – liquid (classified as other liquid asset in the account) and related financial assets measured by cost.

Note 2: The balances included short-term loans, short-term bills payable, notes payable, accounts payable, other payables, long-term loans, refundable deposits, and such financial liabilities measured at post-amortization costs.

(4) Purpose and policy of financial risk management

The main financial tools of the Company include equity and debt investments, accounts receivable, other receivables, accounts payable, loans and other payables. The Company's financial management department shall provide services to each business unit, to plan and coordinate operations in the domestic financial markets, and to monitor and manage the company's operation-related financial risks with the internal risk report, with the risk exposure analyzed in accordance with the degree and breadth of risks. The risks include market risk, credit risk and liquidity risk.

1. Market risk

The company's operating activities subjecting the company to shoulder key financial risks being the foreign exchange rate fluctuation risk, interest rate fluctuation risk and equity securities pricing fluctuation risk.

The exposure of market risk of the financial instruments of the Company and the management and measurement of this risk remained unchanged.

(1) Exchange rate risk

The company incurs exchange rate fluctuation exposure for engaging in foreign currency-priced sales transactions. Approximately 38% of the company's sales amount is priced by nonfunctional currency. The Company's exchange rate exposure management is within the permitted scope of the policies and with the use of forward foreign exchange contract to manage risk.

Sensitivity analysis

The Company is mainly affected by the changes in the exchange rate of USD.

THE COMPANY'S SENSITIVITY ANALYSIS FOR THE EXCHANGE RATE OF NT DOLLAR (THE FUNCTIONAL CURRENCY) TO EACH RELEVANT FOREIGN CURRENCY INCREASED OR DECREASED BY 3% IS DETAILED AS FOLLOWS. THE 3% SENSITIVITY RATE IS USED FOR THE COMPANY'S REPORTING EXCHANGE RATE RISK TO MANAGEMENT; ALSO, IT IS MANAGEMENT'S REASONABLE ESTIMATION OF THE POSSIBLE FLUCTUATION IN EXCHANGE RATES.

THE SENSITIVITY ANALYSIS INCLUDES ONLY THE OUTSTANDING FOREIGN CURRENCY MONETARY ITEMS; ALSO, THE TRANSLATION AT THE END OF THE YEAR IS ADJUSTED WITH THE CHANGE IN EXCHANGE RATE BY 3%. THE POSITIVE FIGURES IN THE BELOW TABLE INDICATE THAT WHEN VARIOUS RELEVANT CURRENCIES DEVALUATING AT 3%, WHICH WILL AFFECT THE PRETAX NET EARNINGS' AMOUNT; WHEN NTD APPRECIATING BY 3% TO VARIOUS RELEVANT CURRENCIES, ITS IMPACT TO THE PRETAX NET EARNINGS WILL BE AT THE SAME AMOUNT BUT IN A NEGATIVE FIGURE.

| | The impact of the U.S. dollar | |
|-----------------|-------------------------------|-----------|
| | 2023 | 2022 |
| Profit and loss | \$ 9,860 | \$ 13,494 |

(2) Interest rate risk

The Company is exposed to interest rate risks due to funds borrowed at floating interest.

The carrying amount of financial assets and liabilities of the Company under interest rate exposure on balance sheet date is as follows:

| | December 31, 2023 | December 31, 2022 |
|--------------------------------------|-------------------|-------------------|
| With fair value interest rate risk | | |
| - Financial Assets | \$ 136,100 | \$ 138,582 |
| - Financial Liabilities | 1,595 | 7,474 |
| Contain cash flow interest rate risk | | |
| - Financial Assets | 110,000 | 110,000 |
| - Financial Liabilities | 15,168,764 | 15,397,953 |

Sensitivity analysis

The following sensitivity analyses are based on the interest rate risk exposure of the derivative and non-derivative instruments on the balance sheet date. For liabilities with floating rate, it is analyzed by assuming the liabilities on the balance sheet date are outstanding throughout the reporting period. The fluctuation rate used on the interest rate in company internal report to key management level is at the interest rate plus or minus 100 base points, which also represents company management's assessment on rational probable fluctuation range on the interest rate.

If the interest rate increases/decreases by 100 base points, and under the circumstance that all other variables remain unchanged, and the Company's pretax net earnings in 2023 and 2022 will decrease/increase by NT\$150,588 thousand and NT\$152,880 thousand.

(3) Other price oriented risks.

The company has incurred equity pricing exposure for investing in OTC equity securities investment and beneficiary certificates. The equity investments (except for financial assets at fair value through profit or loss) are not held for trading and are considered strategic. The Company has not actively traded such investments. The company's equity pricing risk primarily concentrates on equity instructions at Taiwan Stock Exchange.

Sensitivity analysis

The below listed sensitivity analysis has been sought by equity pricing exposure on the balance sheet date.

If equity prices rise/fall by 15%, pre-tax profits/losses of the Company in 2023 and 2022 will increase/decrease by NT\$ 3,213 thousand and NT\$21,528 thousand, and the equity will increase/decrease by NT\$323,326 thousand and NT\$371,724 thousand, respectively.

2. Credit risk

Credit risk refers to the risk that the customer or counter party fails to perform the contractual obligation resulting in the financial loss of the Company. As of the balance sheet date, the Company's maximum credit risk exposure of financial loss due to the counterparty's failure in fulfilling contractual obligations is mainly derived from the book value of the financial assets recognized on the individual balance sheet.

To mitigate the credit risk, the company management has assigned designated personnel responsible for determining the line of credit cap, loan approval and adopting other adequate monitoring procedure, through which to ascertain that adequate action has been taken on recalling overdue receivables. In addition, the Company will review the recoverable amount of receivables on each balance sheet date to ensure that appropriate impairment loss has been appropriated for the uncollectible receivables. Under the circumstance, the Company's management believes that the Company's credit risk is significantly reduced.

The Company continues to assess the financial condition of the customers of accounts receivable.

Except for the major customer Company A of the consolidated company, the company does not have a significant credit exposure to any single counterparty or any group counterparty with similar characteristics. When the counterparty is an affiliated company, the company has it defined as a counterparty with similar characteristics. The state of credit risk concentration on Company A in 2023 and 2022 are at 12% and 7% respectively to the total monetary-based assets; state of other transaction opponents' credit risk concentration in 2023 and 2022 are at 19% and 23% to the total monetary-based assets, respectively.

3. Liquidity risk

The Company has supported the Group's business operations and mitigated the impact of changes in cash flow by managing and maintaining sufficient cash and cash equivalent position. The Company's management monitors the use of banking facilities and ensures the compliance of loan agreement. Bank loan is a main source of liquidity to the company. Please refer to Note (2) "introduction of financing quota" for the Company's unused financial quota as of December 31, 2023 and 2022.

(1) Liquidity risk table for non-derivative financial liabilities

Non-derivative financial liabilities remaining contract maturity analysis is prepared in accordance with the consolidated company's undiscounted cash flow of financial liabilities on the possible earliest repayment date upon request. The following table shows the earliest times that the Company may be demanded to make immediate repayment of bank loans, without considering the likelihood of such demands. Maturity analysis of other non-derivative financial liabilities is prepared based on the agreed repayment date.

December 31, 2023

| | 0 - 30 days | 31 - 90 days | 91~180 days | 181 days to 1 year | More than 1 year | Total |
|---|--------------|--------------|--------------|--------------------|------------------|--------------|
| <u>Non-derivative financial liabilities</u> | | | | | | |
| Shot-term borrowings | \$ 1,831,000 | \$ 3,383,265 | \$ 2,059,902 | \$ 1,600,000 | \$ - | \$ 8,874,167 |
| Short-term notes payable | - | 850,000 | - | - | - | 850,000 |
| Long-term borrowings | - | 4,300 | 106,800 | 223,600 | 5,112,800 | 5,447,500 |
| Payables | 527,260 | 53,945 | 46,134 | - | - | 627,339 |
| Guarantee deposits received | - | - | - | - | 1,824 | 1,824 |
| Lease liabilities | 400 | 801 | 400 | - | - | 1,601 |

December 31, 2022

| | 0 - 30 days | 31 - 90 days | 91~180 days | 181 days to 1 year | More than 1 year | Total |
|---|--------------|--------------|--------------|--------------------|------------------|--------------|
| <u>Non-derivative financial liabilities</u> | | | | | | |
| Shot-term borrowings | \$ 2,186,000 | \$ 2,238,645 | \$ 2,092,940 | \$ 1,050,000 | \$ - | \$ 7,567,585 |
| Short-term notes payable | 150,000 | 700,000 | - | - | - | 850,000 |
| Long-term borrowings | - | 4,300 | 106,800 | 936,428 | 5,935,000 | 6,982,528 |
| Payables | 953,790 | 48,534 | 41,583 | - | - | 1,043,907 |
| Guarantee deposits received | - | - | - | - | 1,864 | 1,864 |
| Lease liabilities | 529 | 1,038 | 1,557 | 2,876 | 1,601 | 7,601 |

(2) Financing amount

| | December 31, 2023 | December 31, 2022 |
|--|----------------------|----------------------|
| Bank loan amount (renewal must be with the mutual agreement) | | |
| The loan quota used | \$ 15,171,667 | \$ 15,400,113 |
| The loan quota not yet used | <u>4,177,831</u> | <u>4,132,787</u> |
| | <u>\$ 19,349,498</u> | <u>\$ 19,532,900</u> |

29. Transactions with related parties

(1) Names of related parties and their relationships

| Name | Affiliation |
|--|--|
| Taichung Commercial Bank | Subsidiary of the Company |
| Pan Asia Chemical Corporation | Subsidiary of the Company |
| Deh Hsing Investment Co., Ltd. | Subsidiary of the Company |
| Taichung Securities Investment Trust Co., Ltd. | Subsidiary of the Company |
| Chou Chin Industrial Co., Ltd. | Subsidiary of the Company |
| Precious Wealth Internal Limited | Indirect subsidiary of the Company |
| Hebei Hanoshi Contact Lens Co., Ltd. | Indirect subsidiary of the Company |
| Taichung Bank Insurance Agency Co., Ltd. | Indirect subsidiary of the Company |
| Taichung Commercial Bank Lease Enterprise | Indirect subsidiary of the Company |
| Taichung Commercial Bank Consolidated Securities Co., Ltd. | Indirect subsidiary of the Company |
| TCCBL Co., Ltd. | Indirect subsidiary of the Company |
| Taichung Commercial Bank Leasing (Suzhou) Ltd. | Indirect subsidiary of the Company |
| Taichung Bank Venture Capital Co., Ltd. | Indirect subsidiary of the Company |
| GREENWORLD FOOD CO., LTD. | Indirect subsidiary of the Company |
| Chou Chang Corporation | Indirect subsidiary of the Company |
| Bomy Enterprise | Indirect subsidiary of the Company |
| Bomy Shanghai | Indirect subsidiary of the Company |
| Yuju Universal Corporation | Indirect subsidiary of the Company |
| Noble House Glory | Indirect subsidiary of the Company |
| Shanghai Bangyi International Trading Co., Ltd. | Indirect subsidiary of the Company |
| Shanghai Bomy Consultancy Management Co., Ltd. | Indirect subsidiary of the Company |
| Chung Chien Investment Co., Ltd. | Investors with control |
| Pan Asia Investment Co., Ltd. | Investors with control |
| Nan Chung Petrochemical Corp. | Affiliated enterprises |
| WK Taipei Co., Ltd. | Affiliated enterprises |
| Storm Model Management Co., Ltd. | Affiliated enterprises |
| Hua Nan Financial Holding | Substantial related party |
| Hua Nan Bank | Substantial related party |
| South China Insurance Company, Ltd. | Substantial related party |
| TAIWAN FILAMENT WEAVING DEVELOPMENT CO., LTD | Substantial related party |
| Hsu Tian Investment Co., Ltd. | Substantial related party |
| Yu Hwei Technology Co., LTD. | Substantial related party |
| Formosa Imperial Wineseller Corp. | Substantial related party |
| Formosawine Vintners Corporation | Substantial related party |
| Da Fa Investment Company | Substantial related party |
| Sheng Jen Knitted Textiles Co., Ltd. | Substantial related party |
| Reliance Consolidated Securities Co., Ltd. | Substantial related party |
| Wang Wan Chin Education Foundation | Substantial related party |
| Sheng Yuan Zhe Investment | Substantial related party |
| Chao Qing Investment Co., Ltd. | Substantial related party |
| Peng Hsu Investment Company | Substantial related party |
| General Pride Enterprise Co., Ltd. | Substantial related party |
| Feng Chi Investment Co., Ltd. | Substantial related party |
| Lei Fu Life Enterprise Co., Ltd. | Substantial related party |
| Key Wisdom Technology Co., Ltd. | Substantial related party |
| Shen Ching Investment Co., Ltd. | Substantial related party |
| Yao Shang Investment Co., Ltd. | Substantial related party |
| Chi Ta Investment Co., Ltd. | Substantial related party |
| Hsu Yi Investment Co., Ltd. | Substantial related party |
| Chung Chien Recreation Investment Co., Ltd. | Substantial related party |
| Shield Bright Investment Limited | Substantial related party |
| Bang Yu Co., Ltd. | Substantial related party |
| Ri Yao United Trading Co., Ltd. | Substantial related party |
| Taichung Commercial Bank Cultural and Educational Foundation, Taichung Commercial Bank Workers' Welfare Commission | Substantial related party |
| Others | Key management personnel of the merged company and their spouses and relatives within the second degree of kinship |

(2) Important transactions between the Company and related parties:

Except as disclosed in other notes, transactions between the Companies and related parties, are also as follows:

1. Sales

| Name | 2023 | 2022 |
|-------------------------------|------------|------------|
| Pan Asia Chemical Corporation | \$ 613,503 | \$ 835,889 |

- The terms and conditions of the Company's sale to said related parties are as same as that to the general customers, other than some sales which no similar sales may be comparable to. The general customers apply the A/R settlement from 1 month ~2 months.
- The Company's sales to Pan Asia Chemical Corporation primarily refer to the to ethylene oxide and nonylphenol produced by the Company's Kaohsiung Plant.
- The Company entered into the sale contract for the to ethylene oxide, which is outlined as following:
 - Contract period: from July 1, 2020 to June 30, 2025, subject to renegotiation upon expiry.

B. Quantity: To be supplied based on the scheduled quantity requested by Pan Asia Chemical Corporation, provided that the Company may adjust the quantity subject to its production.

C. Purchasing price: to be settled based on the pricing method agreed by both parties.

2. Purchase

| Name | 2023 | 2022 |
|-------------------------------|-------------------|---------------------|
| Nan Chung Petrochemical Corp. | \$ 778,593 | \$ 1,946,821 |
| Pan Asia Chemical Corporation | - | 23 |
| | <u>\$ 778,593</u> | <u>\$ 1,946,844</u> |

The terms and conditions of the Company's purchase from said related parties are as same as that to the general suppliers. The general suppliers apply the A/R settlement 1 month~2 months.

3. Bank deposits and interest revenue

| Name | 2023 | | 2022 | |
|--------------------------|-------------------|------------------|-------------------|------------------|
| | Balance - ending | Interest revenue | Balance - ending | Interest revenue |
| Hua Nan Bank | \$ 55,187 | \$ 309 | \$ 86,595 | \$ 93 |
| Taichung Commercial Bank | 98,070 | 5,276 | 126,235 | 4,505 |
| | <u>\$ 153,257</u> | <u>\$ 5,585</u> | <u>\$ 212,830</u> | <u>\$ 4,598</u> |

4. Receivables from related parties

| Name | December 31, 2023 | December 31, 2022 |
|-------------------------------|-------------------|-------------------|
| Accounts receivable | | |
| Pan Asia Chemical Corporation | <u>\$ 192,139</u> | <u>\$ 263,275</u> |
| Other receivables | | |
| Subsidiaries | <u>\$ 204</u> | <u>\$ 204</u> |

5. Payables to related parties

| Name | December 31, 2023 | December 31, 2022 |
|-------------------------------|-------------------|-------------------|
| Payable accounts and notes | | |
| Nan Chung Petrochemical Corp. | \$ - | \$ 281,658 |
| Other payables | | |
| Substantial related party | \$ - | \$ 853 |
| Subsidiaries | 19 | 132 |
| | <u>\$ 19</u> | <u>\$ 985</u> |

6. Rental revenue

| Name | 2023 | 2022 |
|-------------------------------|-----------------|-----------------|
| Pan Asia Chemical Corporation | \$ 3,187 | \$ 3,187 |
| Others | 409 | 294 |
| | <u>\$ 3,596</u> | <u>\$ 3,481</u> |

The rental was negotiated and agreed based on the rental prevailing in the neighborhood and payable per month.

7. Other income

| Name | 2023 | 2022 |
|---|------------------|------------------|
| Hua Nan Bank | \$ 9,701 | \$ 9,647 |
| Pan Asia Chemical Corporation | 8,047 | 8,047 |
| TAIWAN FILAMENT WEAVING DEVELOPMENT CO., LTD. | 96 | 96 |
| Chou Chin Industrial Co., Ltd. | 240 | 240 |
| | <u>\$ 18,084</u> | <u>\$ 18,030</u> |

In 2023 and 2022, the Company's other income from Hua Nan Commercial Bank Company pertains to the Company serving as Hua Nan Commercial Bank Co.'s institutional director has received of director's remuneration and director/auditor attendance travel expense income.

8. Dividend income

| Name | 2023 | 2022 |
|---|------------------|------------------|
| Hua Nan Bank | \$ 42,738 | \$ 54,643 |
| TAIWAN FILAMENT WEAVING DEVELOPMENT CO., LTD. | 254 | - |
| | <u>\$ 42,992</u> | <u>\$ 54,643</u> |

(3) Lease agreements

| Name | 2023 | 2022 |
|-------------------------------|------|-------|
| Interest expenses | | |
| Pan Asia Chemical Corporation | \$ - | \$ 26 |

(4) Remuneration to the management

| | 2023 | 2022 |
|------------------------------|------------------|------------------|
| Short-term employee benefits | \$ 16,042 | \$ 18,662 |
| Retirement benefits | 380 | 447 |
| | <u>\$ 16,422</u> | <u>\$ 19,109</u> |

The salaries and remunerations to directors and other key management were determined by the Salary Committee in accordance with the personal performances and trends in the markets:

(5) Other related party transaction

- In 2022, the Company participated in the capital increase in cash of Taichung Commercial Bank, with an additional investment of NT\$479,411 thousand. Due to non-subscription in accordance with the shareholding ratio, the shareholding ratio decreased from 21.76% to 21.49%.
- Deh Hsing Investment Co., Ltd. resolved to perform a capital reduction and return the share payments in May, July, and August 2022, with a reduction in investments in 25,000 thousand shares, 26,000 thousand shares, and 50,000 thousand shares and a reduction in investment cost of NT\$250,000 thousand, NT\$260,000 thousand, and NT\$500,000 thousand, respectively. The shareholding ratio remained unchanged.

30. Pledged assets

The details of the company pledging its assets as bank loan's mortgaging collateral, import duty guarantee payment, guarantee for hiring foreign workers is as follows (shown by book value):

| | December 31, 2023 | December 31, 2022 |
|---|----------------------|----------------------|
| Other current assets | | |
| Restricted assets - Pledged time deposit | \$ 136,100 | \$ 138,582 |
| The financial assets measured for the fair values through other comprehensive income- non-current | 25,658 | 344,523 |
| Investment under the equity method | 8,908,885 | 7,304,240 |
| Investment property | 634,637 | 634,738 |
| Property, plant and equipment | | |
| Land | 2,863,895 | 2,863,895 |
| House and Building | 282,963 | 301,052 |
| | <u>\$ 12,852,138</u> | <u>\$ 11,587,030</u> |

The fund and investment-common stock furnished as security is stated as following:

| | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| The financial assets measured for the fair values through other comprehensive income- non-current | | |

| | | |
|------------------------------------|-------------------------|-------------------------|
| Hua Nan Financial Holding | 1,148 thousand shares | 1,148 thousand shares |
| Taiwan Tea Corporation | - | 15,000 thousand shares |
| Investment under the equity method | | |
| Nan Chung Petrochemical Corp. | 10,000 thousand shares | 10,000 thousand shares |
| Taichung Commercial Bank | 602,050 thousand shares | 521,350 thousand shares |

31. Significant contingent liabilities and unrecognized contractual commitments

In addition to those disclosed in other notes, the significant commitments and contingencies of the Company as of balance sheet date were as follows:

- (1) As of December 31, 2023 and 2022, the Company had issued unused letter of credit limit of NT\$987,501 thousand and NT\$2,055,800 thousand, respectively.
- (2) The company and Air Liquide Company have signed of gas purchasing contract, where the contract specifies a minimum purchasing volume for oxygen and nitrogen, with purchasing price, besides at monthly cost of approximately \$13,800 thousand, which is subject to adjustment per wholesale price index in April every year, and is calculated at the contract price on oxygen and nitrogen purchasing volumes, with said purchasing contract period set to 240 months and will be automatically extended for 36 months at contract expiry if the two parties made no contest, and if the contract needs to be terminated, 24-month advance notice is required, with the two parties determining said contract's starting date as July 1, 2014.
- (3) O-Bank and Yuanta Bank filed a litigation in February and November, 2020 by reason of several employees receiving the aforementioned bank's assignment of claim notice and serving as the contact window in cooperation with the New Site Industries Inc., resulting in bank clerks' error and mistakenly believing the company, Yijinyang Industries Co., Ltd. and New Brite Industries Inc. incurred transactions and continuing to lend and allocate funds, and claiming the company and employees shall be jointly and severally liable for compensation. The Company has commissioned a defense attorney to represent the Company in this lawsuit. Based on the lawyer's opinion, this case subjectively possesses no external form of duties performed by employed persons. After the trial, the court deemed the bank's entitlement to seek compensation from the company. If the bank is at fault shall also be determined, which will reduce or exempt the company from compensation liability (i.e., the compensation amount). The Company has provisioned for liability reserve for the pending litigation. See Note 21.

32. Information about foreign exchange of foreign currency financial assets and liabilities

The information about foreign currency financial assets and liabilities rendering material effect on the Company:

| December 31, 2023 | | | |
|-------------------------|------------------|-----------------------|--------------|
| | Foreign Currency | Foreign Exchange Rate | Book Value |
| <u>Financial Assets</u> | | | |
| <u>Monetary Items</u> | | | |
| USD | \$ 17,635 | 30.71 | \$ 541,571 |
| EURO | 1,112 | 33.98 | 37,786 |
| JPY | 22,575 | 0.22 | 4,907 |
| December 31, 2022 | | | |
| | Foreign Currency | Foreign Exchange Rate | Book Value |
| <u>Financial Assets</u> | | | |
| <u>Monetary Items</u> | | | |
| USD | \$ 36,348 | 30.71 | \$ 1,116,247 |
| EURO | 1,723 | 32.72 | 56,377 |
| JPY | 79,032 | 0.23 | 18,177 |

The Company's gain on foreign currency exchange (realized and unrealized) in 2023 and 2022 were NT\$7,372 thousand and NT\$149,084 thousand, respectively. Due to the wide variety of foreign currency transactions, it is difficult to disclose all exchange gains or losses based impact significance.

33. Disclosures

1. Holding of marketable securities at the end of the period

Unit: Thousand shares/NT\$ thousand

| Account Title | Type and Name of Securities | Holder of Securities | Affiliation with Securities Issuer | Ending | | | | Remark |
|---|---|----------------------------------|--|----------|--------------|----------------|--------------|-------------------------------|
| | | | | Quantity | Book Value | Shareholding % | Fair value | |
| Financial assets at fair value through profit or loss- current | Shares traded on the Taiwan Stock Exchange or OTC exchange <u>Taiwan Business Bank</u> | CHINA MAN-MADE FIBER CORPORATION | N/A | 1 | \$ 12 | - | \$ 12 | |
| | Non listed (OTC) domestic stock <u>EVERSOL CORP.</u> | " | N/A | 35 | - | 1 | - | |
| | Beneficiary certificate <u>The RSIT Digital Fund</u> | " | Fund managed by Taichung Securities Investment Trust Co., Ltd. | 200 | 13,710 | - | 13,710 | |
| | TCB Taiwan High Dividend Fund A (Note) | " | " | 500 | 7,695 | - | 7,695 | |
| | Shares traded on the Taiwan Stock Exchange or OTC exchange | | | | | | | |
| | <u>Hua Nan Financial Holding</u> | CHINA MAN-MADE FIBER CORPORATION | CHINA MAN-MADE FIBER CORPORATION is its corporate director. | 72,437 | \$ 1,618,970 | 1 | \$ 1,618,970 | 1,148 thousand shares pledged |
| Equity instrument investments measured at fair value through other comprehensive income-non-current | <u>Maxigen Biotech Inc.</u> | " | N/A | 646 | 31,262 | 1 | 31,262 | |

(cont'd)

(Continued)

| Account Title | Type and Name of Securities | Holder of Securities | Affiliation with Securities Issuer | Ending | | | | Remark |
|---|---|----------------------------------|--|----------|------------|----------------|------------|--------|
| | | | | Quantity | Book Value | Shareholding % | Fair value | |
| | <u>Taiwan Tea Corporation</u> | " | Chou Chin Industrial Co., Ltd., a subsidiary of China Man-Made Fiber Corporation | 7,900 | 171,825 | 1 | 171,825 | |
| | <u>Bank of Kaohsiung Preferred Stock A Tonlin Department Store Co., Ltd.</u> | " | N/A | 1,200 | 25,380 | 3 | 25,380 | |
| | | " | " | 895 | 25,150 | - | 25,150 | |
| | Non listed (OTC) domestic stock <u>Sunny Bank</u> | " | N/A | 3,192 | 29,596 | - | 29,596 | |
| | <u>Formosa Imperial Wineseller Corp.</u> | " | Affiliate | 1,900 | - | 10 | - | |
| | <u>Taiwan Silk & Filament Weaving Development Co. (common shares)</u> | " | CHINA MAN-MADE FIBER CORPORATION is its corporate director. | 10,878 | 22,736 | 18 | 22,736 | |
| | <u>Taiwan Silk and Filament Weaving Development Co. (Preferred shares)</u> | " | CHINA MAN-MADE FIBER CORPORATION is its corporate director. | 199 | 416 | 6 | 416 | |
| | <u>Minchali Metal Industrial Co., Ltd.</u> | " | N/A | 7,193 | 123,716 | 3 | 123,716 | |
| | <u>TWSE</u> | " | " | 2,057 | 96,591 | - | 96,591 | |
| | <u>Everterminal Co., Ltd.</u> | " | " | 149 | 2,097 | - | 2,097 | |
| | <u>China Trade and Development Corp.</u> | " | " | 756 | - | 1 | - | |
| | <u>Chia Hsin Food and Synthetic Fiber Co., Ltd.</u> | " | " | 103 | - | - | - | |
| | <u>Taitung Business Bank</u> | " | " | 4,027 | - | 1 | - | |
| Debt instrument investments measured at fair value through other comprehensive income-non-current | Non-listed (OTC) overseas stock <u>UNION CONSTRUCTION CO., LTD (Hong Kong)</u> | " | Affiliate | 3,250 | 7,767 | 18 | 7,767 | |
| | Domestic corporate bonds <u>Taichung Commercial Bank financial bonds</u> | CHINA MAN-MADE FIBER CORPORATION | A subsidiary of CHINA MAN-MADE FIBER CORPORATION | 11 | \$ 110,000 | - | \$ 110,000 | |

Note: Taichung Commercial Bank and its subsidiaries are exempt from disclosure due to that they are in the financial, insurance and securities businesses.

2. Cumulative amount of the same marketable securities purchased or sold reaching NT\$300 million or more than 20% of the Paid-in shares capital.

Unit: NTD thousand\ thousand shares

| Buyer/Seller | Type and Name of Securities | Account Title | Trading Counterpart (Note 2) | Affiliation (Note 2) | Beginning | | Purchased (Note 3) | | Sold (Note 3) | | | Ending | |
|--------------|-----------------------------|---------------|------------------------------|----------------------|-----------------------------|--------|----------------------------|--------|----------------------------|--------|------|---------------------------|----------------------------|
| | | | | | Shares (in Thousand shares) | Amount | Quantity (Thousand Shares) | Amount | Quantity (Thousand Shares) | Amount | Cost | Gain (loss) from disposal | Quantity (Thousand Shares) |

| | | | | | | | | | | | | | | |
|----------------------------------|---------------------------------|---|---|---|--------|------------|---|------|--------|-----------|------------|--|-------|-----------|
| China Man-made Fiber Corporation | Stock Taiwan Tea Corporation | Financial assets at fair value through other comprehensive income | - | - | 20,130 | \$ 427,762 | - | \$ - | 12,230 | \$340,248 | \$ 223,738 | Gain (loss) from disposal of NT\$116,510 Valuation gains or losses of NT\$84,311 (Note 5) | 7,900 | \$171,825 |
|----------------------------------|---------------------------------|---|---|---|--------|------------|---|------|--------|-----------|------------|--|-------|-----------|

Note 1: Securities mentioned in the table refer to stocks, bonds, beneficiary certificates and marketable securities derived from the above items.

Note 2: Investors whose securities are accounted for using the equity method are required to complete these two columns, and the remainder can be left blank.

Note 3: Whether the cumulative amount purchased and sold that is calculated separately based on the market price has reached NT\$300 million or 20% of the paid-in capital.

Note 4: Paid-in capital refers to the paid-in capital of the parent company. If the stocks of an issuer has no par value or the par value per shares is not NT\$10, the requirements related to the transaction amount of 20% of the paid-in capital shall be calculated based on 10% equity attributable to owners of the parent company in the balance sheet.

Note 5: The valuation gains or losses of the outstanding portion at the end of the period.

3.Amount on purchase from and sale to related parties reaching NT\$100 million or more than 20% of the Paid-in shares capital

Unit: NT\$ thousand

| Purchaser/Seller | Trading Counterpart | Affiliation | Status | | | | Distinctive terms and conditions of trade and the reasons | | Receivable (payable) accounts/notes | | Remark |
|----------------------------------|----------------------------------|--|-----------------|-------------|--|--------------|---|---|-------------------------------------|---|--------|
| | | | Purchase (sale) | Amount | Percentage in total purchase (sale) amount % | Duration | Unit Price | Duration | Balance | Percentage in total receivable (payable) accounts/notes % | |
| CHINA MAN-MADE FIBER CORPORATION | Nan Chung Petrochemical Corp. | Investments in investees of CMFC under the equity method | Purchase | \$ 778,593 | 13% | 30 - 60 days | Not distinctive | 30-90 days for the general transactions | \$ - | - | |
| CHINA MAN-MADE FIBER CORPORATION | Pan Asia Chemical Corporation | A subsidiary of CHINA MAN-MADE FIBER CORPORATION | Sale | (613,503) | (10%) | 30 - 60 days | " | " | 192,139 | 26% | |
| Pan Asia Chemical Corporation | CHINA MAN-MADE FIBER CORPORATION | Parent company of Pan Asia Chemical Corporation | Purchase | 613,503 | 61% | 30 - 60 days | " | " | (192,139) | (82%) | |

4. Accounts receivable-related party reaching NT\$100 million or more than 20% of the Paid-in shares capital.

Unit: NT\$ thousand

| Company of receivables on book | Trading Counterpart | Affiliation | Balance of receivables with related party | Turnover Rate | Overdue receivables with related party | | Receivables with related party after period collection | Amount of allowance for bad debt |
|----------------------------------|-------------------------------|--|---|---------------|--|--------------------|--|----------------------------------|
| | | | | | Amount | Mode of Processing | | |
| CHINA MAN-MADE FIBER CORPORATION | Pan Asia Chemical Corporation | A subsidiary of CHINA MAN-MADE FIBER CORPORATION | \$ 192,139 | 2.69 | \$ - | - | \$ 192,139 | \$ - |

5. Information about the investee's name, location, and others

Unit: NT\$ thousand

| Investor | Investor | Location | Major Business Lines | Initial Investment Amount | | Equity Ownership by the Company | | | Current period net gain (loss) of the investee | Investment gain (loss) recognized in current period | Remark |
|----------------------------------|---|-----------------|--------------------------------------|---------------------------|------------------------|---------------------------------|--------------|--------------|--|---|---------------------------------|
| | | | | Current period-ending | Previous period-ending | Quantity | Percentage % | Book Value | | | |
| CHINA MAN-MADE FIBER CORPORATION | Investee in which the Company has substantial control | Taichung City | Banking business | \$ 7,649,576 | \$ 7,649,576 | 1,123,053 | 21 | \$16,443,070 | \$ 6,821,434 | \$ 1,465,913 | 602,050 thousand shares pledged |
| | Pan Asia Chemical Corporation | Taipei City | Petrochemical business | 968,472 | 968,472 | 168,318 | 44 | 1,784,006 | 347,380 | 154,238 | |
| | Dch Hsing Investment Co., Ltd. | Taipei City | General investment business | 790,000 | 790,000 | 79,000 | 100 | 1,007,675 | 24,632 | 24,632 | |
| | Taichung Securities Investment Trust Co., Ltd. | Taipei City | Securities investment trust business | 14,400 | 14,400 | 922 | 3 | 13,226 | (3,571) | (105) | |
| | Chou Chin Industrial Co., Ltd. | Changhua County | Manufacturing and trading | 195,262 | 195,262 | 38,759 | 47 | 755,467 | 105,191 | 52,817 | |
| | | | | | | | | \$20,943,694 | | \$1,560,252 | |

6. Information about investment in Mainland China:

1. Name of the investee in the Mainland Area, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains and limit on the amount of investment in the Mainland Area

Unit: NTD thousand and foreign currency thousand

| Investee | Major Business Lines | Paid-in capital | Mode of investment | Amount remitted from Taiwan in accumulation at | Investment Remittance or Regain during the current period | | Amount remitted from Taiwan in accumulation at ending of the present term | Current period net gain (loss) of the investee | The Company's Direct or Indirect Investment Holding Ratio % | Investment (loss) gain recognized during the period (Note 6) | Book Value of Investment at the End of the Period | Investment return already remitted back as of the present term |
|----------|----------------------|-----------------|--------------------|--|---|--------|---|--|---|--|---|--|
| | | | | | Remittance | Regain | | | | | | |

| | | | | beginning of the present term | | | | | | | | |
|---|---|----------------------------|--|----------------------------------|------|------|-----------------------------|---------------------------|-----------------|-----------------------------------|---------------------------|------|
| Bomy Shanghai | OEM, production and marketing of canned vegetable and fruit juice and beverages | \$ 645,000 (US\$20,000) | Invested through the third area | \$ 638,972 (US\$19,850) | \$ - | \$ - | NT\$638,972 (US\$19,850) | (NT\$15,141) (US\$486) | 28% (Note 1) | (NT\$4,265) (US\$137) (2) C | \$ 103,648 (US\$3,376) | \$ - |
| Shanghai Bomy Consultancy Management Co., Ltd. | Consultation service | - | Self-owned capital investment of Shanghai Bomy Foodstuff Co., Ltd. | - | - | - | - | - | 28% (Note 2) | - | - | - |
| Shanghai Bangyi International Trading Co., Ltd. | International trade | 4,305 (CNY 1,000) | " | - | - | - | - | (1,269) (CNY 289) | 28% (Note 2) | (360) (CNY 82) (2) C | (257) (CNY 59) | - |
| Chou Chin Shanghai | Manufacturing, processing and sale of modem, PC, computer shell and related metal stamping, interface, main frame and fiber optical system appliances | 30,355 (US\$1,001) | Invested through the third area | 14,486 (US\$450) | - | - | 14,486 (US\$450) | - | 49% (Note 3) | - | - | - |
| Hebei Hanoshi Contact Lens Co., Ltd. | Manufacturing and trading | 470,685 (US\$15,000) | " | 470,685 (US\$15,000) | - | - | 470,685 (US\$15,000) | (10,489) (CNY 2,386) | 28% (Note 4) | (2,937) (CNY 668) (2) C | 90,190 (CNY 20,843) | - |
| Qian Teng PR Planning (Shanghai), Co., Ltd. (Note 11) | Exhibition design, corporate marketing consultation and advertising copy planning | 7,408 (US\$250) | " | 3,147 (US\$100) | - | - | 3,147 (US\$100) | (1,130) (CNY 257) | 40% (Note 4) | (452) (CNY 103) | - | - |
| Taichung Bank Leasing (Suzhou) | Financing leasing and investments | 893,373 (CNY 186,329) | " | 893,373 (CNY 186,329) | - | - | 893,373 (CNY 186,329) | 74,646 (CNY 16,998) | 29% (Note 5) | 21,647 (CNY 4,929) (2)B | 263,685 (CNY 60,939) | - |
| Shanghai Nianjia Cultural Diffusion Co., Ltd. (Note 11) | Culture and art exchanges and PR activity planning | 419 (CNY 100) | Investment in the Chinese company was made with Qian Teng PR Planning (Shanghai)'s own funds | - | - | - | - | (86) (CNY 20) | 40% (Note 4) | (34) (CNY 8) | - | - |

| Amount accumulated, remitted from Taiwan for investment in Mainland China at the end of the current term | Investment Amount Approved by Investment Commission of MOEA | Mainland China Investment Ceiling As Regulated by Investment Commission of MOEA (Note 4) |
|--|---|--|
| \$2,020,663 (US\$35,400 and CNY 186,329) | \$ 2,204,953 (US\$ 41,400 and RMB\$ 186,329) | \$3,138,102 |

Note 1: The consolidated shareholding calculated based on the reinvestment by Chou Chin Industrial Co., Ltd. and GREENWORLD FOOD CO., LTD. through Bomy Enterprise.

Note 2: The comprehensive shareholding ratio of Bomy International Co., Ltd. And Shanghai Bomy Foodstuff Co., Ltd. Calculated based on the reinvestment method.

Note 3: The consolidated shareholding calculated based on the reinvestment by Chou Chin Industrial Co., Ltd. and Chou Chang Corporation through a third area.

Note 4: Percentage of comprehensive cross holding of Chou Chin Industrial Co., Ltd. through investment in companies in the third region.

Note 5: Percentage of comprehensive cross holding of Taichung Bank Leasing through investment in companies in the third region.

Note 6: Recognized as gains or losses on investment in current period:

(1) Please note if the investee is still under preparation and there was no investment gain or loss.

(2) The basis of recognition of investment income is classified into following three types, which should be marked out:

A. Financial statements audited and attested by an international accounting firm that has a cooperative relationship with a certified public accounting firm registered in the Republic of China.

B. Financial statements audited and attested by the independent accounts of the parent company.

C. Others: Conduct analytical procedures based on the provisions of the Standards on Auditing No. 20 regarding the determination of key composition.

(3) Not audited by a CPA

Note 7: The ceiling calculated by the applicant, Chou Chin Industrial Co., Ltd., Taichung Commercial Bank Lease Enterprise and Deh Hsing Investment Co., Ltd. according to the "Regulations Governing the Review of Investment or Technical Cooperation in Mainland China" of Investment Commission, MOEA.

Note 8: The foreign currency, if any, has been translated into NTD (USD1 = NT\$30.71, USD1 = NT\$31.15, CNY1 = NT\$4.33, CNY1 = \$4.40) at the foreign exchange rate-ending and average foreign exchange rate prevailing on the date of the financial statement.

Note 9: Any financing with investees in Mainland China, either directly or indirectly through a third area: For details, please refer to Table 1.

Note 10: Any endorsement, guarantee or collateral with investees in Mainland China, either directly or indirectly through a third area: For details, please refer to Table 2.

Note 11: Chou Chin Industrial Co., Ltd. disposed of the equity of Bonwell Parise Co., Ltd. on December 11, 2023; therefore, the investment gain or loss from investees is only recognized up to the time of the disposal.

7. Information of key shareholders:

December 31, 2023

| Name of Principle shareholder | Shares | |
|-------------------------------|--------------------|--------------------|
| | Quantity of Shares | Shareholding ratio |
| Pan Asia Chemical Corporation | 261,500,828 | 15.51% |

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CHINA MAN-MADE FIBER CORPORATION

Statement of Cash and Cash Equivalents

December 31, 2023

Statement 1

Unit: Unless otherwise specified,
in NTD thousand

| Item | Memo | Amount |
|-----------------|---|-------------------|
| Cash | | |
| Cash on hand | | \$ 107 |
| Revolving fund | | 300 |
| Bank deposits | | |
| Check deposits | | 380,013 |
| Demand deposits | Include foreign currencies of US\$10,704 thousand at the rate of 30.71, JPY22,575 thousand at the rate of 0.22, and EUR1,112 thousand Euro at the rate of 33.98. | <u>491,862</u> |
| | | <u>\$ 872,282</u> |

CHINA MAN-MADE FIBER CORPORATION

Statement of Financial Assets and Liabilities at Fair Value through Profit or Loss - Current

December 31, 2023

Statement 2

Units: Unless otherwise specified, in NTD
thousand/thousand shares/thousand units

| Financial instrument | Memo | Number of shares or units | Face value | Total amount | Acquisition cost | Fair Value | |
|---|------|------------------------------|------------|-----------------|------------------|------------|------------------|
| | | | | | | Unit Price | Total amount |
| Financial assets at fair value through profit and loss | | | | | | | |
| Shares traded on the Taiwan Stock Exchange or OTC exchange | | | | | | | |
| Taiwan Business Bank | | 1 | 10 | \$ 10 | \$ 4 | 13.7 | \$ 12 |
| Non listed (OTC) domestic stock EVERSOL CORP. | | 35 | 10 | 350 | 990 | - | - |
| Beneficiary certificates of funds | | | | | | | |
| The RSIT Digital Fund | | 200 | 10 | 2,000 | 3,973 | 68.55 | 13,710 |
| TCB Taiwan High Dividend Fund A (Note) | | <u>500</u> | 10 | <u>5,000</u> | <u>6,519</u> | 15.39 | <u>7,695</u> |
| | | <u>736</u> | | <u>\$ 7,360</u> | <u>\$ 11,486</u> | | <u>\$ 21,417</u> |

Note: During the period, Taiwan Main Stream Sm & Md Cap was incorporated into the TCB Taiwan High Dividend Fund A; the base date of the consolidation was June 26, 2023. The net worth of each beneficiary unit of the eliminated fund was NT\$37.78, and the net worth of each beneficiary unit of the survival fund was NT\$13.58. The number of units converted was 2,782 thousand units, and the investment cost obtained was NT\$37,780 thousand.

CHINA MAN-MADE FIBER CORPORATION

Statement of Notes Receivable

December 31, 2023

Statement 3

Unit: NTD thousand

| <u>Customer Name</u> | <u>Memo</u> | <u>Amount</u> |
|----------------------------|-------------------|------------------|
| Company E | Payment for goods | \$ 10,279 |
| Company F | ” | 10,202 |
| Company G | ” | 7,866 |
| Company H | ” | 5,540 |
| Company I | ” | 3,464 |
| Company J | ” | 2,801 |
| Others (Note) | ” | <u>9,680</u> |
| | | 49,832 |
| Less: Allowance for losses | | <u>-</u> |
| | | <u>\$ 49,832</u> |

Note: A compiled presentation for accounts with a respective balance of less than 5% of the total amount.

CHINA MAN-MADE FIBER CORPORATION
Statement of Accounts Receivable (including Related Parties)
December 31, 2023

Statement 4

Unit: NTD thousand

| <u>Customer Name</u> | <u>Memo</u> | <u>Amount</u> |
|----------------------------|-------------------|-------------------|
| Related party | | |
| Pan Asia | Payment for goods | <u>\$ 192,139</u> |
| Non-related party | | |
| Company A | Payment for goods | 194,603 |
| Company B | ” | 100,850 |
| Company C | ” | 36,969 |
| Company D | ” | 34,799 |
| Others (Note) | ” | 186,052 |
| Less: Allowance for losses | | (<u>66,858</u>) |
| | | <u>486,415</u> |
| | | <u>\$ 678,554</u> |

Note: A compiled presentation for accounts with a respective balance of less than 5% of the total amount.

CHINA MAN-MADE FIBER CORPORATION

Statement of Inventories

December 31, 2023

Statement 5

Unit: NTD thousand

| Item | Memo | Cost | Net realizable value |
|---|------|--------------------|----------------------|
| Merchandise | | \$ 121,626 | \$ 98,729 |
| Finished goods | | 626,794 | 522,195 |
| Work in process | | 141,452 | 127,542 |
| Raw materials | | 240,413 | 201,860 |
| Supplies | | <u>34,233</u> | <u>28,192</u> |
| | | 1,164,518 | <u>\$ 978,518</u> |
| Less: Allowance to reduce inventory to market | | (<u>186,000</u>) | |
| | | <u>978,518</u> | |
| Available-for-sale housing | | 65,775 | |
| Less: Allowance to reduce inventory to market | | (<u>65,775</u>) | |
| | | <u>-</u> | |
| | | <u>\$ 978,518</u> | |

CHINA MAN-MADE FIBER CORPORATION
Statement of Changes in Financial Assets at Fair Value through Other Comprehensive Income - Non-current
2023

Statement 6

Unit: NTD thousand

| Name | Beginning | | Increase in current period | | Decrease in current period | | Ending | | Provide guarantee or Pledge status |
|--|----------------------------|---------------------|----------------------------|------------------|----------------------------|-------------------|----------------------------|---------------------|------------------------------------|
| | Number of shares or shares | Fair value | Number of shares or shares | Amount | Number of shares or shares | Amount | Number of shares or shares | Fair value | |
| Shares traded on the Taiwan Stock Exchange or OTC exchange | | | | | | | | | |
| Hua Nan Financial Holdings Co., Ltd. (Note 1) | 72,437 | \$ 1,626,214 | - | \$ - | - | \$ 7,244 | 72,437 | \$ 1,618,970 | (Note 1) |
| Maxigen Biotech Inc. (Note 2) | 615 | 29,312 | 31 | 1,950 | - | - | 646 | 31,262 | |
| Taiwan Tea Corporation (Note 3) | 20,130 | 427,762 | - | - | 12,230 | 255,937 | 7,900 | 171,825 | |
| Bank of Kaohsiung Preferred Stock A (Note 4) | 1,200 | 26,520 | - | - | - | 1,140 | 1,200 | 25,380 | |
| Tonlin Department Store Co., Ltd. (Note 5) | 895 | 27,073 | - | - | - | 1,923 | 895 | 25,150 | |
| Non listed (OTC) domestic stock | | | | | | | | | |
| Sunny Bank (Note 6) | 3,112 | 29,911 | 80 | 802 | - | 1,117 | 3,192 | 29,596 | |
| Minchali Metal Industrial Co., Ltd. (Note 7) | 7,193 | 116,164 | - | 7,552 | - | - | 7,193 | 123,716 | |
| Taiwan Silk & Filament Weaving Development Co. common shares (Note 8) | 10,878 | 24,150 | - | - | - | 1,414 | 10,878 | 22,736 | |
| Taiwan Silk & Filament Weaving Development Co. preferred shares (Note 9) | 266 | 589 | - | 490 | 67 | 663 | 199 | 416 | |
| Taiwan Stock Exchange (Note 10) | 1,820 | 158,653 | 237 | - | - | 62,062 | 2,057 | 96,591 | |
| Everterminal Co., Ltd. (Note 11) | 149 | 3,977 | - | - | - | 1,880 | 149 | 2,097 | |
| China Trade and Development Co., Ltd. | 756 | - | - | - | - | - | 756 | - | |
| Formosa Imperial Wineseller Corp. | 1,900 | - | - | - | - | - | 1,900 | - | |
| Chia Hsin Food & Synthetic Fiber Co., Ltd. | 103 | - | - | - | - | - | 103 | - | |
| Taitung Business Bank | 4,027 | - | - | - | - | - | 4,027 | - | |
| Non-listed (OTC) overseas stock | | | | | | | | | |
| Sanfeng International Technology Co., Ltd. (Note 12) | 3,250 | 7,833 | - | - | - | 66 | 3,250 | 7,767 | |
| Domestic listed bonds | | | | | | | | | |
| Taichung Commercial Bank | 110,000 | <u>110,000</u> | - | <u>-</u> | - | <u>-</u> | 110,000 | <u>110,000</u> | |
| | | <u>\$ 2,588,158</u> | | <u>\$ 10,794</u> | | <u>\$ 333,446</u> | | <u>\$ 2,265,506</u> | |

- Note 1: The increase during the period was unrealized losses of financial assets at fair value through other comprehensive income recognized at fair value of NT\$7,244 thousand. In addition, 1,148 thousand common shares were provided as collateral.
- Note 2: The increase during the period was 31 thousand shares due to the receipt of stock dividends. The increase during the period was unrealized valuation gains of financial assets at fair value through other comprehensive income recognized at fair value of NT\$1,950 thousand.
- Note 3: The increase during the period was unrealized valuation losses of financial assets at fair value through other comprehensive income recognized at fair value of NT\$32,199 thousand. The decrease during the period was the disposal of investments in the amount of 12,230 shares, the decrease in the investment costs of NT\$223,738 thousand, and the disposal gains of NT\$116,510 thousand were adjusted and presented in retained earnings.
- Note 4: The decrease during the period was unrealized losses of financial assets at fair value through other comprehensive income recognized at fair value of NT\$1,140 thousand.
- Note 5: The decrease during the period was unrealized losses of financial assets at fair value through other comprehensive income recognized at fair value of NT\$1,923 thousand.
- Note 6: The increase during the period was the increase in 80 thousand shares and the share payments of NT\$802 thousand based on the proportion due to the capital increase of Sunny Bank and unrealized losses of financial assets at fair value through other comprehensive income recognized at fair value of NT\$1,117 thousand.
- Note 7: The increase during the period was unrealized gains of financial assets at fair value through other comprehensive income recognized at fair value of NT\$7,552 thousand.
- Note 8: The decrease during the period was unrealized losses of financial assets at fair value through other comprehensive income recognized at fair value of NT\$1,414 thousand.
- Note 9: The decrease during the period was the decrease in 66 thousand shares and the redeemed share payments of NT\$663 thousand due to the redemption of preferred shares of Taiwan Silk & Filament Weaving Development Co. and the unrealized gains of financial assets at fair value through other comprehensive income recognized at fair value of NT\$490 thousand.
- Note 10: The increase during the period was 237 thousand shares due to the receipt of stock dividends and the unrealized valuation losses of financial assets at fair value through other comprehensive income recognized at fair value of NT\$62,062 thousand.
- Note 11: The decrease during the period was unrealized losses of financial assets at fair value through other comprehensive income recognized at fair value of NT\$1,880 thousand.
- Note 12: The decrease during the period was unrealized losses of financial assets at fair value through other comprehensive income recognized at fair value of NT\$66 thousand.

CHINA MAN-MADE FIBER CORPORATION
Statement of Changes in Long-term Equity Investment under the Equity Method
2023

Statement 7

Unit: Unless otherwise specified, in
NTD thousand/thousand shares

| Name | Balance - beginning | | Increase during the period | | Decrease during the period | | Share of profit or loss of subsidiaries, affiliates and joint ventures accounted for using the equity method | (Unrealized) realized gross profit of subsidiaries | Quantity | Shareholding % | Amount | Market price/ Net worth of equity |
|---|---------------------|----------------------|----------------------------|-------------------|----------------------------|-----------------------|--|--|-----------|----------------|----------------------|-----------------------------------|
| | Quantity | Amount | Quantity | Amount | Quantity | Amount | | | | | | |
| Taichung Commercial Bank (Note 1) | 1,077,785 | \$ 14,877,447 | 45,267 | \$ 448,897 | - | (\$ 349,187) | \$ 1,465,913 | \$ - | 1,123,052 | 21 | \$ 16,443,070 | \$ 17,856,535 |
| Pan Asia Chemical Co. (Note 2) | 156,575 | 1,601,427 | 11,743 | 70,371 | - | (24,789) | 154,238 | (17,241) | 168,318 | 44 | 1,784,006 | 2,137,637 |
| Nan Chung Petrochemical Corp. (Note 3) | 100,000 | 1,076,723 | - | 770 | - | - | (137,243) | - | 100,000 | 50 | 940,250 | 940,250 |
| Deh Hsing Investment Co., Ltd. (Note 4) | 79,000 | 923,241 | - | 97,782 | - | (37,980) | 24,632 | - | 79,000 | 100 | 1,007,675 | 1,007,675 |
| Chou Chin Industrial Co., Ltd. (Note 5) | 38,759 | 696,560 | - | 37,146 | - | (31,056) | 52,817 | - | 38,759 | 47 | 755,467 | 755,467 |
| Taichung Securities Investment Trust Co., Ltd. (Note 6) | 922 | <u>13,216</u> | - | <u>121</u> | - | (<u>6</u>) | (<u>105</u>) | <u>-</u> | 922 | 3 | <u>13,226</u> | <u>13,226</u> |
| | | <u>\$ 19,188,614</u> | | <u>\$ 655,087</u> | | <u>(\$ 443,018)</u> | <u>\$ 1,560,252</u> | <u>(\$ 17,241)</u> | | | <u>\$ 20,943,694</u> | <u>\$ 22,710,790</u> |

Note 1: The market price refers to the closing price at the end of the period in December 2023; the net worth of equity was mainly calculated based on the financial statements of the investees and the Company's shareholding ratio.

Note 2: An increase of NT\$655,114 thousand was recorded during the period. The increase was 57,010 thousand shares due to the receipt of stock dividends, the gains on the disposal of investments in equity instruments at fair value through profit or loss adjusted and presented in retained earnings of NT\$179,197 thousand, unrealized gains of financial products recognized of NT\$472,890 thousand, actuarial gains of defined benefit plans recognized using the equity method of NT\$1,316 thousand, and accumulated conversion adjustments recognized using the equity method of NT\$1,684 thousand.

Note 3: A decrease of NT\$443,018 thousand was recorded during the period, which was the gains on the disposal of investments in equity instruments at fair value through profit or loss adjusted and presented as a reduction item in retained earnings of NT\$281 thousand, unrealized losses of financial products recognized of NT\$37,614 thousand, actuarial gains of defined benefit plans recognized using the equity method of NT\$17,383 thousand, accumulated conversion adjustments recognized using the equity method of NT\$13,341 thousand, capital reserve recognized using the equity method, and the receipt of cash dividends from investees of NT\$370,077 thousand.

CHINA MAN-MADE FIBER CORPORATION

Statement of Short-term Borrowings

December 31, 2023

Statement 8

Unit: Unless otherwise specified,
in NTD thousand

| Type of borrowings and creditors | Balance - ending | Contract period | Interest rate collars (%) | Financing amount | Pledge or guarantee |
|------------------------------------|---------------------|-------------------------|---------------------------|---------------------|--|
| Credit loan | | | | | |
| Bank of Kaohsiung | \$ 300,000 | 2023.12.22 - 2024.12.22 | 1.85 | \$300,000 | Kuei-Hsien Wang |
| Entie Commercial Bank | 200,000 | 2023.04.24 - 2024.03.31 | 2.12 | 300,000 | Kuei-Hsien Wang |
| Shin Kong Bank | 100,000 | 2023.07.06 - 2024.07.06 | 2.05 | 100,000 | Kuei-Hsien Wang |
| Taiwan Business Bank | 1,450,000 | 2024.09.27 - 2024.09.27 | 2.05 | 1,450,000 | Kuei-Feng Wang and Kuei-Hsien Wang |
| Chang Hwa Commercial Bank | 300,000 | 2023.06.09 - 2024.05.31 | 1.86 | 300,000 | Kuei-Hsien Wang |
| Mega International Commercial Bank | 165,000 | 2023.04.28 - 2024.04.27 | 2.04 | 300,000 | Kuei-Hsien Wang |
| Far Eastern International Bank | 100,000 | 2023.08.31 - 2024.08.31 | 1.88 | 100,000 | Kuei-Hsien Wang |
| Bank of Taiwan | <u>300,000</u> | 2023.05.26 - 2024.05.26 | 1.97 | <u>300,000</u> | Kuei-Feng Wang and Kuei-Hsien Wang |
| | <u>2,915,000</u> | | | <u>3,150,000</u> | |
| Secured borrowings | | | | | |
| CTBC Bank | 360,000 | 2023.06.30 - 2024.06.30 | 2.25 | 360,000 | 48,000 thousand shares of Taichung Commercial Bank |
| Cathay United Bank | 200,000 | 2013.11.12 - 2024.11.12 | 1.88 | 300,000 | 28,000 thousand shares of Taichung Commercial Bank |
| KGI Bank | 200,000 | 2023.10.13 - 2024.10.13 | 2.03 | 200,000 | 22,700 thousand shares of Taichung Commercial Bank |
| Taipei Fubon Bank | 1,050,000 | 2023.08.31 - 2024.05.09 | 2.01 | 1,050,000 | 149,000 thousand shares of Taichung Commercial Bank |
| Union Bank of Taiwan | 400,000 | 2023.05.25 - 2024.06.02 | 2.18-2.20 | 400,000 | 97,000 thousand shares of Taichung Commercial Bank |
| Bank of Panshin | 400,000 | 2023.11.23 - 2024.11.23 | 2.20 | 400,000 | 39,000 thousand shares of Taichung Commercial Bank |
| Taiwan Cooperative Bank | 1,450,000 | 2023.05.23 - 2024.12.28 | 1.85 | 1,500,000 | Building No. [*], buildings 149, 151-153, 941, 1000-1, 1000-3 to 1000-6, 1000-15 to 1000-40, and 1000-47, priority of land 1084, 1084-2, and 1084-3, Sannaitan Sec., Shida Community, Kaohsiung City |
| Land Bank of Taiwan | 300,000 | 2023.06.10 - 2024.06.10 | 1.97 | 300,000 | 10,000 thousand shares of Nan Chung Petrochemical and 1,148 thousand shares and certificates of deposit NTS68,000 thousand of Hua Nan Financial Holdings Co., Ltd. |
| First Commercial Bank | <u>500,000</u> | 2023.04.27 - 2024.04.27 | 1.96 | <u>800,000</u> | Kuei-Feng Wang and Kuei-Hsien Wang and certificates of deposits of NTS 10,017 thousand |
| | <u>4,860,000</u> | | | <u>5,310,000</u> | |
| Material procurement loan | | | | | |
| Bank of Taiwan | 165,776 | 2023.05.26 - 2024.05.26 | 1.97 | 900,000 | Kuei-Feng Wang and Kuei-Hsien Wang |
| Land Bank of Taiwan | 197,349 | 2023.06.10 - 2024.06.10 | 1.97 | 1,000,000 | 10,000 thousand shares of Nan Chung Petrochemical and 1,148 thousand shares and certificates of deposit NTS68,000 thousand of Hua Nan Financial Holdings Co., Ltd. |
| Chang Hwa Commercial Bank | 211,747 | 2023.06.09 - 2024.05.31 | 1.86 | 800,000 | Kuei-Hsien Wang |
| Taiwan Cooperative Bank | 404,295 | 2023.08.15 - 2024.06.12 | 1.85 | 2,000,000 | Building No. [*], buildings 149, 151-153, 941, 1000-1, 1000-3 to 1000-6, 1000-15 to 1000-40, and 1000-47, priority of land 1084, 1084-2, and 1084-3, Sannaitan Sec., Shida Community, Kaohsiung City |
| Shin Kong Bank | <u>120,000</u> | 2023.07.06 - 2024.07.06 | 2.00 | <u>300,000</u> | Kuei-Feng Wang and Kuei-Hsien Wang |
| | <u>1,099,167</u> | | | <u>5,000,000</u> | |
| | <u>\$ 8,874,167</u> | | | <u>\$13,460,000</u> | |

CHINA MAN-MADE FIBER CORPORATION

Statement of Accounts Payable

December 31, 2023

Statement 9

Unit: NTD thousand

| Customer Name | Memo | Amount |
|-------------------|-------------------|-------------------|
| Non-related party | | |
| Company A | Payment for goods | \$ 30,040 |
| Company B | " | 16,227 |
| Company C | " | 13,245 |
| Company D | " | 10,012 |
| Company E | " | 9,213 |
| Others (Note) | " | <u>327,512</u> |
| | | <u>\$ 406,249</u> |

Note: A compiled presentation for accounts with a respective balance of less than 5% of the total amount.

CHINA MAN-MADE FIBER CORPORATION

Statement of Long-term Borrowings

December 31, 2023

Statement 10

Unit: Unless otherwise specified,
in NTD thousand

| Lending bank | Memo | Contract period | Interest rate per annum (%) | Amount | | | Pledge or guarantee |
|--|---|-------------------------|-----------------------------|---------------------|-------------------|--------------|--|
| | | | | Due within one year | Due over one year | Total | |
| Taiwan Business Bank | Mid-to-long-term secured borrowings (Note 19) | 2023.12.28 - 2028.12.28 | 1.87 | \$ 17,200 | \$ 232,800 | \$ 250,000 | Land and buildings of Taipei HQ |
| Shin Kong Bank | Mid-to-long-term secured borrowings (Note 19) | 2022.06.09 - 2027.06.09 | 2.05~2.13 | 50,000 | 1,475,000 | 1,525,000 | Eight entries of land and 17 buildings, including 1085-13 to 14, 1085-17 to 19, 1085-21 to 22, and 1085-36 at Dashe, Kaohsiung |
| Taiwan Cooperative Bank | Mid-to-long-term secured borrowings (Note 19) | 2022.03.07 - 2027.11.11 | 2.10 | 40,000 | 520,000 | 560,000 | Six entries of land and 10 buildings, including 1084-1, 1085, 1085-26 to 28, and 1085-35 at Dashe, Kaohsiung |
| Taiwan Cooperative Bank | Mid-to-long-term secured borrowings (Note 19) | 2022.09.13 - 2025.09.13 | 1.95 | - | 400,000 | 400,000 | Shared the collateral above provided to Taiwan Cooperative Bank |
| Union Bank of Taiwan | Mid-to-long-term secured borrowings (Note 19) | 2022.05.25 - 2027.05.25 | 2.16 | 62,500 | 112,500 | 175,000 | 97,000 thousand shares of Taichung Commercial Bank |
| Union Bank of Taiwan | Mid-to-long-term secured borrowings (Note 19) | 2022.06.27 - 2027.05.25 | 2.16 | - | 100,000 | 100,000 | Shared the collateral above provided to Union Bank of Taiwan |
| Union Bank of Taiwan | Mid-to-long-term secured borrowings (Note 19) | 2022.07.08 - 2027.05.25 | 2.14 | - | 100,000 | 100,000 | Shared the collateral above provided to Union Bank of Taiwan |
| The Shanghai Commercial & Savings Bank | Mid-to-long-term secured borrowings (Note 19) | 2022.04.08 - 2025.04.08 | 2.00 | 150,000 | 100,000 | 250,000 | 55,550 thousand shares of Taichung Commercial Bank |
| The Shanghai Commercial & Savings Bank | Mid-to-long-term secured borrowings (Note 19) | 2020.05.25 - 2030.05.25 | 2.05 | 15,000 | 247,500 | 262,500 | Land and buildings in Xiaogang Dist., Kaohsiung |
| Land Bank of Taiwan | Mid-to-long-term secured borrowings (Note 19) | 2023.06.21 - 2026.06.21 | 1.97 | - | 175,000 | 175,000 | Land and buildings of Taipei HQ |
| Sunny Bank | Mid-to-long-term secured borrowings (Note 19) | 2023.08.31 - 2025.08.31 | 2.17 | - | 600,000 | 600,000 | 95,000 thousand shares of Taichung Commercial Bank |
| Bank of Panshin | Mid-to-long-term secured borrowings (Note 19) | 2022.08.22 - 2025.08.22 | 1.94 | - | 300,000 | 300,000 | Land and buildings at Sec. 1, Wuguwang, Sanchong Dist., New Taipei City |
| Bank of Kaohsiung | Mid-term credit borrowings (Note 19) | 2023.12.22 - 2025.12.22 | 1.85 | - | 100,000 | 100,000 | Credit limit |
| Bank of Kaohsiung | Mid-to-long-term secured borrowings (Note 19) | 2023.12.22 - 2025.12.22 | 2.00 | - | 100,000 | 100,000 | 67,800 thousand shares of Taichung Commercial Bank |
| Bank of Kaohsiung | Mid-to-long-term secured borrowings (Note 19) | 2022.05.13 - 2025.05.13 | 2.00 | - | 400,000 | 400,000 | Shared the collateral above provided to the Bank of Kaohsiung |
| Mizuho Bank | Mid-term credit borrowings (Note 19) | 2023.04.20 - 2025.04.20 | 2.14 | - | 150,000 | 150,000 | Credit limit |
| | | | | \$ 334,700 | \$ 5,112,800 | \$ 5,447,500 | |

CHINA MAN-MADE FIBER CORPORATION

Statement of Operating Income

2023

Statement 11

Unit: NTD thousand

| Item | Amount |
|--------------------|---------------------|
| Ethylene glycol | \$ 2,218,498 |
| NP | 776,071 |
| DTY | 564,309 |
| POY | 582,160 |
| EO | 441,062 |
| Chip | 447,847 |
| SDY | 437,381 |
| Electricity | 278,347 |
| Others (Note) | <u>117,776</u> |
| Less: Sales return | (490) |
| Sales discount | (<u>19,215</u>) |
| | <u>\$ 5,843,746</u> |

Note: A compiled presentation for items with a respective balance of less than 5% of the total amount.

CHINA MAN-MADE FIBER CORPORATION

Statement of Operating Cost

2023

Statement 12

Unit: NTD thousand

| Item | Amount |
|--|---------------------|
| Cost of sales of self-made products | |
| Raw materials at the beginning of the period | \$ 453,204 |
| Add: Materials purchased during the period | 4,193,746 |
| Less: Raw materials sold | (1,183) |
| Raw materials at the end of the period | (274,646) |
| Transfer to other items | (61,183) |
| Direct consumption of raw materials | 4,309,938 |
| Direct labor | 137,359 |
| Manufacturing expenses | <u>1,522,236</u> |
| Manufacturing cost | 5,969,533 |
| Add: Work-in-progress at the beginning of the period | 54,470 |
| Inward transfer of spare parts | 4,340 |
| Transfer to other items | 5 |
| Less: Work-in-progress at the end of the period | (<u>141,452</u>) |
| Cost of finished goods | 5,886,896 |
| Add: Finished goods at the beginning of the period | 564,710 |
| Purchases during the period | 962,602 |
| Less: Finished goods at the end of the period | (626,794) |
| Transfer to other items | (<u>62,198</u>) |
| Cost of sales of self-made products | <u>6,725,216</u> |
| Cost of sales of purchased goods | |
| Goods at the beginning of the period | 460,548 |
| Add: Purchases during the period | 778,593 |
| Less: Goods at the end of the period | (<u>121,626</u>) |
| Cost of sales of purchased goods | <u>1,117,515</u> |
| Losses (recovery gains) on inventory valuation | (<u>77,781</u>) |
| Raw materials sold directly | <u>1,183</u> |
| | <u>\$ 7,766,133</u> |

CHINA MAN-MADE FIBER CORPORATION

Statement of Sales and Marketing Expenses

2023

Statement 13

Unit: NTD thousand

| <u>Item</u> | <u>Memo</u> | <u>Amount</u> |
|----------------------------|-------------|-------------------|
| Import/export expenses | | \$ 136,982 |
| Freight charges | | 57,649 |
| Employee benefits expenses | | 21,984 |
| Others (Note) | | <u>6,354</u> |
| | | <u>\$ 222,969</u> |

Note: A compiled presentation for items with a respective balance of less than 5% of the total amount.

CHINA MAN-MADE FIBER CORPORATION
Statement of Administrative and General Affairs Expenses
2023

Statement 14

Unit: NTD thousand

| <u>Item</u> | <u>Memo</u> | <u>Amount</u> |
|----------------------------|-------------|-------------------|
| Employee benefits expenses | | \$ 63,028 |
| Depreciation | | 11,819 |
| Others (Note) | | <u>43,102</u> |
| | | <u>\$ 117,949</u> |

Note: A compiled presentation for items with a respective balance of less than 5% of the total amount.