

China Man-Made Fiber Corporation

Parent Company Only Financial Statements

for the Years Ended December 31, 2022 and 2021 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:

Auditor's opinions

We have audited the accompanying individual balance sheet of China Man-Made Fiber Co., Ltd. and subsidiary as of December 31, 2022 and 2021, 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 my 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, 2022 and 2021, 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 Co., Ltd. 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 Co., Ltd., and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believed that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 Co., Ltd. in 2022. 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 Co., Ltd. in 2022 included:

Authenticity of specific sales revenue

Notes to key audit matters

China Man-made Fibers Co., Ltd. recognizes sales income after the client obtains product control and assumes product risks. The accountant analyzed the sales income in 2022, taking into account sales amounts, gross profits, and other factors, to identify specific clients whose sales incomes are highlighted as key authenticity inspection items.

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 Year 2022 and select samples to check the shipping-related forms and documents to test the authenticity of the sales facts.
3. Verify the reasonableness of sales income recognition by mailing to specific clients to inquire about their sales transactions and by reviewing payment collection after the balance sheet date.

Adopt the equity method to assess the impairment of discounting and advances.

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 adopting the equity method was NT\$14,877,447 thousand, accounting for 38% of the total assets as of December 31, 2022. Therefore, the financial performance of Taichung Commercial Bank will significantly impact China Man-Made Fiber's number in subsidiaries, affiliates and joint ventures by equity method.

For discounts and balances of the loans, Taichung Commercial Bank Co., Ltd. amortized the anticipated credit losses in the Year 2022 in the amounts of NT\$514,112,826 thousand and NT\$969,901 thousand, respectively. In comprehensive consideration for a decision to determine the loss from impairment 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 outcome of the impairment evaluation would significantly affect the financial performance by Taichung Commercial Bank Co., Ltd. Accordingly, we, the certified public accountant, determine to take the anticipated credit loss for the Bank's discount and loans as the very key points in audit.

Audit response

1. Understand and test the internal control system adopted by Taichung Commercial Bank for assessing the expected credit loss from discounting and advances. The appropriated amount was inspected to check if it meets the requirements of related laws and regulations of the competent authority.
2. Focusing on Taichung Commercial Bank's discount and loan granting, an overall assessment of anticipated credit loss is conducted in order to comprehend and re-compute the important parameters of the impairment model (likelihood of default and default loss rate), thereby deriving an assessment of the reasonableness of anticipated credit loss.

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, 2022 and 2021 are NT\$1,076,723 thousand and NT\$1,128,072 thousand, respectively. The gains and losses from subsidiaries, affiliates and joint ventures and other sources adopting the equity method in the other auditors' reports for 2022 and 2021 are NT\$(51,348) thousand and NT\$24,638 thousand, respectively. Meanwhile, certain information related to the re-investees' business disclosed under Note 34 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 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.

Upon auditing in accordance with the auditing regulations, we exercised professional judgment and professional skepticism. 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 Co., Ltd..
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 Co., Ltd. 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 manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence on the financial information of business entities within the China Man-Made Fiber Co., Ltd. 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 Co., Ltd. of 2022 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 You

Owen-P Wang, CPA

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

To Financial Supervisory Commission Approval No.
Ching-Kuan-Cheng-Shen-Tze No. 1100356048

March 8, 2023

CHINA MAN-MADE FIBER CORPORATION
Individual Balance Sheets
December 31, 2022 and 2021

Unit: NTD thousand

Code	Assets	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 4, 6 and 29)	\$ 1,521,494	4	\$ 1,433,954	4
1110	Financial assets through profit and/or loss with measuring for the faire values-current (Note 4 and 7)	143,517	-	240,629	1
1150	Notes receivable (Note 4 and 10)	45,196	-	135,693	-
1170	Accounts receivable (Note 4 and 10)	837,840	2	1,682,749	4
1180	Accounts receivable - non-related parties (Note 4, 10 and 29)	263,275	1	130,201	-
1200	Other receivable (Note 4, 10 and 29)	48,085	-	30,753	-
1220	Current income tax asset (Notes 4 and 25)	1,042	-	1,081	-
130X	Inventory (Note 4 and 11)	1,269,151	3	1,228,413	3
1410	Prepaid (Note 12)	1,232,185	3	605,696	2
1470	Other current assets (Note 18 and 30)	147,148	1	133,331	-
11XX	Total current assets	<u>5,508,933</u>	<u>14</u>	<u>5,622,500</u>	<u>14</u>
	Non-Current assets				
1517	Financial assets at fair value through other comprehensive income- non-current (Note 3, 8 and 30)	2,588,158	6	2,300,736	6
1550	Investment by equity method (Note 4, 13 and 30)	19,188,614	49	18,882,429	48
1600	Real estates, plant and equipment - net (Notes 4, 14 and 30)	8,725,528	22	9,173,654	24
1755	Right-of-use assets (Note 4 and 15)	7,389	-	2,690	-
1760	Real estate investments - net (Note 4, 16 and 30)	2,772,783	7	2,043,503	5
1780	Intangible assets – net (Note 4 and 17)	-	-	-	-
1840	Deferred income tax assets – net (Note 4 and 25)	651,865	2	651,043	2
1990	Other current non-assets (Note 18)	67,746	-	238,701	1
15XX	Total non-current assets	<u>34,002,083</u>	<u>86</u>	<u>33,292,756</u>	<u>86</u>
1XXX	Total assets	<u>\$ 39,511,016</u>	<u>100</u>	<u>\$ 38,915,256</u>	<u>100</u>
Code	Liabilities and equity	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	Current liabilities				
2100	Short-term loans (Note 19 and 30)	\$ 7,567,585	19	\$ 6,548,247	17
2110	Short-term bills payable (Note 19)	847,840	2	848,431	2
2150	Payable notes	927	-	2,629	-
2160	Payable notes - related parties (Note 2)	-	-	5,587	-
2170	Accounts payable	533,735	1	689,548	2
2180	Accounts payable - related parties (Note 29)	281,658	1	361,746	1
2219	Other accounts payable (Note 20)	227,587	-	297,793	-
2280	Lease liabilities – current (Note 4 and 15)	5,879	-	1,531	-
2320	Long-term liability due in one year or one business cycle (Note 19 and 30)	1,047,528	3	1,869,028	5
2399	Other current liabilities	35,248	-	37,722	-
21XX	Total of current liabilities	<u>10,547,987</u>	<u>26</u>	<u>10,662,262</u>	<u>27</u>
	Non-current liabilities				
2540	Long-term loans (Note 19 and 30)	5,935,000	15	3,822,200	10
2550	Liability reserve (Note 4 and 21)	202,778	1	214,929	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	-	1,188	-
2670	Other liabilities (Note 4 and 22)	1,864	-	21,574	-
25XX	Total non-current liability	<u>7,007,256</u>	<u>18</u>	<u>4,925,910</u>	<u>13</u>
2XXX	Total liabilities	<u>17,555,243</u>	<u>44</u>	<u>15,588,172</u>	<u>40</u>
	Equity (Note 23)				
3110	Common stock capital	16,862,097	43	16,862,097	44
3200	Capital surplus	1,715,804	4	1,656,687	4
	Retained earnings				
3310	Legal reserve	949,064	3	946,448	2
3320	Special reserve	1,934,645	5	1,934,645	5
3350	Undistributed earnings	910,638	2	2,256,427	6
	Other equity				
3410	Exchange differences from the translation of financial statements of foreign operations	(96,538)	-	(112,220)	-
3420	Unrealized gain or loss on financial assets at fair value through other comprehensive profit or loss	816,865	2	919,802	2
3500	Treasury stock	(1,136,802)	(3)	(1,136,802)	(3)
3XXX	Total equity	<u>21,955,773</u>	<u>56</u>	<u>23,327,084</u>	<u>60</u>
	Total Liabilities and Equity	<u>\$ 39,511,016</u>	<u>100</u>	<u>\$ 38,915,256</u>	<u>100</u>

The notes attached shall constitute an integral part of this individual financial statement.
(Refer to Auditor's Report presented by Deloitte & Touche dated March 8, 2023)

Chairman Kuei-Shiang Wang

Manager: Chieh-Yi Wang

Accounting Supervisor: Tzu Wei Huang

CHINA MAN-MADE FIBER CORPORATION

Individual Income Statement

January 1 to December 31, 2022 and 2021

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

Code		2022		2021	
		Amount	%	Amount	%
4000	Operating income (Note 4 and 29)	\$ 8,331,419	100	\$ 10,685,164	100
5000	Operating expenses (Note 4, 11, 24 and 29)	(10,556,636)	(127)	(11,447,894)	(107)
5900	Gross losses	(2,225,217)	(27)	(762,730)	(7)
5910	Unrealized gain on the subsidiary, affiliated company and joint ventures (Note 4)	-	-	(960)	-
5920	Realized gain on the subsidiary, affiliated company and joint ventures (Note 4)	27	-	13	-
5950	Realized gross losses	(2,225,190)	(27)	(763,677)	(7)
	Operating expenses (Note 4, 10 and 24)				
6100	Marketing expenses	(409,815)	(5)	(383,568)	(4)
6200	Administrative and general affairs expenses	(141,041)	(1)	(147,776)	(1)
6450	Expected credit reversal benefit (loss)	22,681	-	1,022	-
6000	Total operating expenses	(528,175)	(6)	(532,366)	(5)
6900	Operating losses	(2,753,365)	(33)	(1,296,043)	(12)
	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)	1,371,093	16	1,345,350	13
7100	Interest revenues (Note 4 and 29)	9,919	-	8,037	-
7130	Dividend income (Note 4)	65,842	1	28,510	-
7190	Other gains and losses (Note 24 and 29)	41,583	-	84,138	1
7215	Capital gain from disposition of investment property (Note 16)	70,820	1	-	-
7230	Foreign exchange gain (loss) – net	149,084	2	(31,651)	-
7235	Gain (loss) on financial assets and liabilities at fair value through profit and loss (Note 4 and 24)	(73,650)	(1)	57,437	-
7610	Gain (loss) in disposal of real estate, plant buildings, equipment & facilities	(91)	-	915	-
7673	Impairment (Note 4, 14 and 24)	(28,272)	-	(44,244)	(1)
7510	Financial cost (Note 4 and 24)	(196,062)	(2)	(146,750)	(1)
7000	Total non-operating revenues and expenses	1,410,266	17	1,301,742	12
7900	Income (loss) before tax from continuing operations	(1,343,099)	(16)	5,699	-
7950	Income tax expenses (Note 4 and 25)	(9,154)	-	-	-
8200	Net income (loss) of the current year	(1,352,253)	(16)	5,699	-
	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)	(4,110)	-	(2,645)	-
8316	Unrealized valuation of the capital gain/loss from equity instrument at fair value through comprehensive income statement as other comprehensive income	211,250	3	324,684	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	34,016	-	231,140	2
8349	Income tax related to titles without reclassification (Notes 4 and 25)	822	-	529	-
8310		241,978	3	553,708	5
	Items that may be re-classified subsequently under profit or loss				
8361	Exchange differences from the translation of financial statements of foreign operations	15,682	-	4,021	-
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.	(336,814)	(4)	(63,126)	-
8360		(321,132)	(4)	(59,105)	-
8300	Other comprehensive income of the current year (net amount after taxation)	(79,154)	(1)	494,603	5
8500	Total amount of comprehensive income of the current year	(\$ 1,431,407)	(17)	\$ 500,302	5
	Earnings (losses) per share (Note 26)				
9750	Basic earnings per share (losses)	(\$ 1.01)		\$ -	
9850	Diluted earnings per share (losses)	(\$ 1.01)		\$ -	

The notes attached shall constitute an integral part of this individual financial statement.
(Refer to Auditor's Report presented by Deloitte & Touche dated March 8, 2023)

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
January 1 to December 31, 2022 and 2021

Unit: NTD thousand

Code		Capital stock		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 as of January 1, 2021	\$ 16,213,672	\$ 1,663,531	\$ 855,476	\$ 1,940,822	\$ 3,125,590	(\$ 116,241)	\$ 451,962	(\$ 1,136,802)	\$ 22,998,010
	The 2020 appropriation and distribution of earnings									
B1	Legal reserve appropriated	-	-	90,972	-	(90,972)	-	-	-	-
B5	Cash dividends	-	-	-	-	(162,106)	-	-	-	(162,106)
B9	Stock dividends	648,425	-	-	-	(648,425)	-	-	-	-
B17	Reversal of special reserve	-	-	-	(6,177)	6,177	-	-	-	-
C7	Changes of the associates and joint ventures recognized under the Equity Method	-	-	-	-	606	-	(463)	-	143
D1	110 Profit	-	-	-	-	5,699	-	-	-	5,699
D3	Other comprehensive net income in 2021 (after tax)	-	-	-	-	(3,187)	4,021	493,769	-	494,603
D5	Total comprehensive profit and loss in 2021	-	-	-	-	2,512	4,021	493,769	-	500,302
M1	Dividends distributed to the subsidiaries adjusted to the additional paid-in capital	-	15,826	-	-	-	-	-	-	15,826
M7	Changes in the ownership equity on a subsidiary	-	(22,670)	-	-	(2,421)	-	-	-	(25,091)
Q1	Disposal of equity instrument investments measured at fair value through other comprehensive income:	-	-	-	-	25,466	-	(25,466)	-	-
Z1	Balance as of December 31, 2021	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 income (loss) in 2022	-	-	-	-	(1,352,253)	-	-	-	(1,352,253)
D3	Other comprehensive net income in 2022 (after tax)	-	-	-	-	20,649	15,682	(115,485)	-	(79,154)
D5	Total comprehensive profit and loss in 2022	-	-	-	-	(1,331,604)	15,682	(115,485)	-	(1,431,407)
M7	Changes in the ownership equity on a subsidiary	-	59,117	-	-	(2,248)	-	-	-	56,869
Q1	Equity instrument at fair value through other comprehensive income statement	-	-	-	-	(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 notes attached shall constitute an integral part of this individual financial statement.
(Refer to Auditor's Report presented by Deloitte & Touche dated March 8, 2023)

Chairman Kuei-Shiang Wang

Manager: Chieh-Yi Wang

Accounting Supervisor: Tzu Wei Huang

CHINA MAN-MADE FIBER CORPORATION
Individual Statements of Cash Flow
January 1 to December 31, 2022 and 2021

				Unit: NTD thousand
Code		2022		2021
	Cash flow from operating activities			
A10000	Current year net profit (loss) before taxation	(\$ 1,343,099)	\$	5,699
	Profits and loss			
A20100	Depreciation expenses	570,325		587,305
A20300	Expected credit reversal benefit (loss)	(22,681)		1,022
A23900	Unrealized sales gain (loss) on the subsidiary, affiliated company and joint ventures	(27)		947
A20400	Loss (gain) on financial assets and liabilities at fair value through profit and loss	73,650	(	57,437)
A20900	Financial costs	196,062		146,750
A21200	Interest revenue	(9,919 )	(	8,037)
A21300	Dividend income	(65,842 )	(	28,510)
A22400	Shareholding in profit of subsidiaries, affiliated company and joint ventures under the equity method	(1,371,093 )	(	1,345,350)
A22500	Gain (loss) in disposal of real estate, plant buildings, equipment & facilities	91	(	915)
A22700	Capital gain from disposition of investment property	(70,820)		-
A23700	Loss in impairment of non-financial assets	120,159		51,676
	Net change in operating assets and liabilities			
A31115	Financial assets mandatorily measured at fair value through profit or loss	23,462		217,086
A31180	Accounts receivable	830,261	(	1,131,963)
A31200	Inventory	(132,625 )	(	401,271)
A31230	Prepayments	(618,467 )	(	112,253)
A31240	Other current assets	(2,756)		826
A32180	Payables	(315,957)		321,681
A32200	Liability reserve	(10,992)		-
A32230	Other current liabilities	(21,684 )	(	6,722)
A32240	Net determined benefit liability	(5,269 )	(	6,955)
A33000	Cash generated from operating activities	(2,177,221 )	(	1,766,421)
A33100	Interest received	11,089		9,060
A33200	Dividends received	352,208		284,662
A33300	Interest payment	(193,501 )	(	146,273)
A33500	(Payment) Refunded income tax	(9,115)		572
AAAA	Net cash outflow from operating activities	(2,016,540 )	(	1,618,400)
	Cash flow from investing activities			
B00010	Acquisition of financial assets at fair value through other comprehensive profit or loss	(88,413 )	(	59,925)
a	Disposal of financial assets at fair value through other comprehensive profit or loss	2,014		12,622
B00030	De-capitalization refunded monies of financial assets at fair value through other comprehensive profit or loss (decrease)	1,211		12,187
B01800	Acquisition of investment under the equity method	(479,411 )	(	617,998)
B01900	Disposal of long-term equity investments under the equity method	10,711		34,015
B05000	Cash outflow resulting from merger	(761,912)		-
B02400	Capital returned due to capital reduction by investee using the equity method	1,010,000		-
B02700	Acquisition of property, plant and equipment	(116,482 )	(	172,796)
B02800	Disposal of property, plant and equipment	46		1,669
B03700	Decrease in Refundable deposits	85,362		1,280
B05400	Acquisition of investment property	(82,062 )	(	194,797)
B05500	Disposition of investment property	140,161		-
B06800	Decrease in other assets	85,593		85,592
B09900	Decrease (increase) in restricted assets	(7,704)		1,192
BBBB	Net cash outflow from investing activities	(200,886 )	(	896,959)
	Cash flow from financing activities			
C00200	Increase of short-term loans	1,019,338		2,234,558
C00500	Increase (decrease) in short-term notes and bills payable	(591)		99,607
C01600	Proceeds from long-term loan	5,691,540		3,285,000
C01700	Re-payments of long-term borrowings	(4,400,240 )	(	3,040,584)
C03100	Decrease in guarantee deposits	(500 )	(	497)
C04020	Repayment of rental principal	(4,581 )	(	10,057)
C04500	Cash dividend released	-	(	162,106)
CCCC	Net cash inflow from financing activities	2,304,966		2,405,921
EEEE	Net increase (decrease) in cash and cash equivalents	87,540	(	109,438)
E00100	Cash and cash equivalents balance – beginning of year	1,433,954		1,543,392
E00200	Cash and cash equivalents balance – end of year	\$ 1,521,494	\$	1,433,954

The notes attached shall constitute an integral part of this individual financial statement.
(Refer to Auditor's Report presented by Deloitte & Touche dated March 8, 2023)

Chairman Kuei-Shiang Wang

Manager: Chieh-Yi Wang

Accounting Supervisor: Tzu Wei Huang

Notes to the Individual Financial Statements

January 1 to December 31, 2022 and 2021
(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, 2022 is NT\$16,862,097 thousand.
- (2) The Company is primarily engaged in the following business lines:
 1. Manufacture, processing and trading of artificial fiber, glass paper, polyamine fiber, polyester fiber, chemical products and raw materials thereof;
 2. Development, manufacture and trading of the machines referred to in the preceding paragraph;
 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, handling and storage of various products;
 6. Management of supermarkets, trading of fresh foods, vegetables, fish, dried merchandise and various seasonings;
 7. Production and sale of steam and industrial power generated by cogeneration (no power may be sold to energy users);
 8. Agency and distribution of cogeneration and pollution-prevention equipment, and contract of installation work;
 9. Manufacture and trading of oxygen, liquid oxygen, nitrogen, argon, liquid argon, CO₂ 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. Financial reporting date and procedures

The individual financial statements were approved for publication by the board of directors on March 8, 2023.

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 (abbreviated collectively as “IFRSs”) endorsed and published by the Financial Supervisory Commission (abbreviated as “the FSC” in the following context) for the first time.

The IFRSs 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 2023

The new / amended / revised standards or interpretation	Effective Date per IASB
IAS 1 amended “Disclosure of accounting policies.”	January 1, 2023 (Note 1)
IAS 8 amended “Definition of accounting estimations.”	January 1, 2023 (Note 2)
Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023 (Note 3)

Note 1: This amendment will be applicable for annual reporting periods beginning after January 1, 2023.

Note 2: This amendment is applicable for changes in accounting estimation and accounting policy occurring during the annual reporting period after January 1, 2023.

Note 3: Except for temporary differences recognized under deferred income taxes between leases and ex-service obligations as of January 1, 2022, this amendment applies to transactions occurred after January 1, 2022.

1. IAS 1 amended “Disclosure of accounting policies.”

The said amendment expressly stipulates that the Company should determine the significant accounting policy information that should be disclosed based on the definition of materiality. If the accounting policy information can be reasonably expected to affect the main users of financial statements for general purpose who use the said financial statements as the basis for making decisions. Amendment and Clarification:

- The accounting policy information related to non-significant transactions, other issues or circumstances is attributed as non-significant and the Company is not required to disclose such information.
- The Company may judge and determine that the relevant accounting policy information is significant as a result of the attribute of the transaction, other issues or circumstances even if the amount is not significant.
- All accounting policy information not related to major transactions, other matters, or situations is considered major.

In addition, the amendment also cites examples to explain if the accounting policy information is related to major transactions or others matters or situations and that the following situations occur, the said information may be considered major:

- (1) The Company changed its accounting policy during the reporting period where such change resulted in a significant change in the financial statement information;
- (2) The Company selects its own applicable accounting policy from the provided options allowed by the standard;
- (3) Amidst the inadequate specific standards, the Company has established accounting policies in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors;”
- (4) The Company discloses relevant accounting policies where it shall adopt significant judgments or assumptions to determine; or
- (5) Involves complex accounting disposal regulations and financial statement users’ dependence on information on the said information to understand major transactions, or other matters or situations.

2. IAS 8 amended “Definition of accounting estimations.”

The said amendment expressly specifies that the accounting estimate refers to the monetary amount affected by measurement uncertainty amidst the financial statements. Where the Company is subject to the accounting policies, it might possibly be required to measure financial statement items with monetary amounts that cannot be directly observed and must be estimated instead. Accordingly, it is necessary to use measurement techniques and input values to establish accounting estimates to accomplish such purpose. Where the impact of changes in measurement technology or input values on accounting estimates is not a correction toward a preceding error, these changes are attributed to changes in accounting estimates.

Further to the above effects, the assessment of Company on other IFRSs as of the day this individual financial statement was approved for release did not cause significant influence on the financial position and consolidated financial performance.

- (3) The IFRSs 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.”	Undefined
Amendments to IFRS 16, “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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 1 “Classification of Liabilities as Current or	January 1, 2024

The new / amended / revised standards or interpretation	IASB publication effective date (Note 1)
Non-current”	
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

Note 1: Unless otherwise specified, the aforementioned newly corrected/amended standards or interpretations come to effect during the annual reporting period starting after respective dates.

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

The Company continues to assess the effect of the revision of other IFRSs on the financial position and performance as of the date this individual financial 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 value: refers to the quotation of the same asset or liability in an active market as of the evaluation (before adjustment).
2. Level 2 input: Referred 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 value: the unobservable input value of asset or liability.

(3) Current and non-current assets and liabilities

Current assets including:

1. Assets held mainly for trading purpose;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash and cash equivalents (not including those that are limited to exchange or repay liabilities exceeding 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held for trading purposes;
2. The liabilities to be liquidated upon due within 12 months after the balance sheet date (those with long-term refinancing or payment term rearrangement completed from the balance sheet date to the financial reports approved and published date are also classified as current liabilities), and
3. Liabilities with the repayment deadline that 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 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 profit and loss 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 period.

(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 profit or loss. 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 affiliated company

The company has a significant influence on an affiliated company that is not a subsidiary or joint venture.

The Company adopts equity method for investment in associates.

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

When the invested company is a related enterprise, the treasury stock method is utilized to determine the investment gain or loss.

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 associate, 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 Consolidated 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 the relevant assets or liabilities.

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

(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.

Those real estate, plant buildings, equipment & facilities under construction were recognized at the amount of the costs after deducting the loss in the accumulated impairment. Costs include professional service expanses 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 review the estimation of life span, residual value and depreciation method at least once a year and extend the effect of changes in applicable accounting policy.

In the case of delisting real estate, 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. de-recognition

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:

- a. Financial assets held under particular mode of operation and the purpose of holding is for the collection of cash flow from contracts; and
- b. Cash flow generated on particular dates deriving from the contracts 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 and other receivables) 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:

- a. 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.
- b. 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:

- a. Financial assets held under the particular mode of operation and the purpose of holding being for collection of cash flow from contracts; and
- b. 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) The de-recognition 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 or 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 de-recognizing 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 revenue

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. Dividends 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 is 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 is 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. Additionally, the cost is subsequently adjusted for any . 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. 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 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 profit or loss or directly included in the equity are recognized in the other comprehensive profit or loss 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.

The management will continue to review the estimates and basic assumptions. If the amendment affects only the current estimates, it is recognized in the current period. If the amendment of accounting estimates affects both current and future periods, it is recognized in the respective current and future periods.

Estimates and assumptions with regard to the main source of uncertainty

Impairment of real property, plant and equipment

The evaluation of real-estate, 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, 2022	December 31, 2021
Cash on hand	\$ 407	\$ 603
Bank checks and demand deposits	1,521,087	1,433,351
	<u>\$ 1,521,494</u>	<u>\$ 1,433,954</u>

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

	December 31, 2022	December 31, 2021
Bank deposits	0%~1.05%	0%~0.05%

7. Financial instrument at fair value through profit and loss

	December 31, 2022	December 31, 2021
<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	\$ 11	\$ 8
- Beneficiary certificate	143,506	240,621
	<u>\$ 143,517</u>	<u>\$ 240,629</u>

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

	December 31, 2022	December 31, 2021
<u>Non-current</u>		
Equity investment	\$ 2,478,158	\$ 2,190,736
Debt instrument	110,000	110,000
	<u>\$ 2,588,158</u>	<u>\$ 2,300,736</u>

(1) Equity investment

	December 31, 2022	December 31, 2021
<u>Non-current</u>		
Listed stocks – domestic and emerging stock	\$ 2,136,881	\$ 1,890,380
Domestic non-listed (OTC) stocks	333,444	292,849
Foreign TSEC/GTSM unlisted shares	7,833	7,507
	<u>\$ 2,478,158</u>	<u>\$ 2,190,736</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. For more information on pledge of equity instrument investments measured at fair value through other comprehensive gains and losses, please refer to Note 30.

(2) Debt instrument

	December 31, 2022	December 31, 2021
<u>Non-current</u>		
Domestic investment		
Bank debentures of Taichung	<u>\$ 110,000</u>	<u>\$ 110,000</u>

Commercial Bank

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, 2022	December 31, 2021
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, 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%	<u>\$ 110,000</u>

Credit rating	Definition	Basis for recognizing expected credit losses	Expected credit loss rate	Total book value of December 31, 2021
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%	<u>\$ 110,000</u>

10. Notes receivable, accounts receivable and other receivables

	December 31, 2022	December 31, 2021
<u>Notes receivable</u>		
Measured on the basis of cost after amortization		
Notes receivable	\$ 45,196	\$ 135,693
Less: Allowance for losses	-	-

	December 31, 2022	December 31, 2021
	<u>\$ 45,196</u>	<u>\$ 135,693</u>
<u>Accounts receivable</u>		
Measured on the basis of cost after amortization		
Accounts receivable	\$ 950,429	\$ 1,818,019
Accounts receivable - related parties	263,275	130,201
Less: Allowance for losses	(<u>112,589</u>)	(<u>135,270</u>)
	<u>\$ 1,101,115</u>	<u>\$ 1,812,950</u>
<u>Other receivables</u>		
Receivable tax refund	\$ 10,364	\$ 12,769
Other receivable - related parties	204	204
Others	39,449	19,712
Less: Allowance for losses	(<u>1,932</u>)	(<u>1,932</u>)
	<u>\$ 48,085</u>	<u>\$ 30,753</u>

(1) Accounts receivable and notes receivable

The company's average credit period on goods sold falls between 30-90 days, with no interest calculated on accounts receivable, and if exceeding the credit term of 30 days, the unpaid balance has the interest calculated at the annual interest rate of 3%. 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:

	<u>December 31, 2022</u>					
	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%~10%	20%~50%	50%~100%	75%~100%	100%	
Total Book Value	\$931,310	\$270,348	\$ 57,242	\$ -	\$ -	\$1,258,900
Allowance for loss (expected credit loss of the given duration)	(<u>29,898</u>)	(<u>54,070</u>)	(<u>28,621</u>)	_____	_____	(<u>112,589</u>)
Cost after amortization	<u>\$901,412</u>	<u>\$216,278</u>	<u>\$ 28,621</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$1,146,311</u>

December 31, 2021

	Not overdue	Overdue 1 ~ 30 days	Overdue 31 to 60 days	Overdue 61 to 120 days 75%~100 %	Overdue over 120 days 100%	Total
Expected credit loss rate	0%~10%	20%~50%	50%~100%			
Total Book Value	\$1,569,347	\$465,099	\$ 49,467	\$ -	\$ -	\$ 2,083,913
Allowance for loss (expected credit loss of the given duration)	(<u>17,517</u>)	(<u>93,020</u>)	(<u>24,733</u>)	-	-	(<u>135,270</u>)
Cost after amortization	<u>\$1,551,830</u>	<u>\$372,079</u>	<u>\$ 24,734</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,948,643</u>

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

	2022	2021
Balance - beginning	\$ 140,140	\$ 139,118
Add: Impairment loss appropriated in current period	-	1,022
Reduction: Impairment reversal benefits in the current year	(<u>22,681</u>)	-
Balance - ending	<u>\$ 117,459</u>	<u>\$ 140,140</u>

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

11. Inventory

	December 31, 2022	December 31, 2021
Merchandise	\$ 398,365	\$ 505,774
Finished goods	427,430	359,112
Work in process	51,479	114,860
Raw materials	359,229	229,004
Supplies	32,648	19,663
Available-for-sale housing	-	-
	<u>\$ 1,269,151</u>	<u>\$ 1,228,413</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, i>et al.
- (2) The company's building/land available for sale on December 31, 2022 and 2021 are both are NT\$65,775 thousand, which pertains to the He Ti co-development case located in Sanchung 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 and provided as allowance for bad debt in whole.
- (3) The Company's cost of goods sold related to inventory in 2022 and 2021 were NT\$10,556,636 thousand and NT\$11,447,894 thousand, respectively. Cost of goods sold include inventory losses of NT\$91,887 thousand and NT\$7,432 thousand, respectively, and the loss from work stoppage were NT\$990,993 thousand and NT\$702,062 thousand, respectively.
- (4) As of December 31, 2022 and 2021, the allowance inventory loss accounted for NT\$329,556 thousand and \$237,669 thousand, respectively.

12. Prepayments

	December 31, 2022	December 31, 2021
Pre-paid expenses	\$ 346,677	\$ 329,173
Pre-paid material purchases	630,770	83,550
Tax credit	<u>254,738</u>	<u>192,973</u>
	<u>\$ 1,232,185</u>	<u>\$ 605,696</u>

Prepayments are typically used to purchase catalyst and coal.

13. Investment under the equity method

	December 31, 2022	December 31, 2021
Investment in subsidiaries	\$ 18,111,891	\$ 17,754,357
Investments in the affiliated company	<u>1,076,723</u>	<u>1,128,072</u>
	<u>\$ 19,188,614</u>	<u>\$ 18,882,429</u>

(1) Investment in subsidiaries

	December 31, 2022	December 31, 2021
Listed (OTC) company		
Taichung Commercial Bank	\$ 14,877,447	\$ 13,837,165
Pan Asia Chemical Corporation	1,601,427	1,487,752
Non-listed (OTC) company		
Deh Hsing Investment Co., Ltd.	923,241	1,778,230
Chou Chin Industrial Co., Ltd.	696,560	627,825
Taichung Securities Investment Trust Co., Ltd.	13,216	12,664
Melasse	-	10,721
	<u>\$ 18,111,891</u>	<u>\$ 17,754,357</u>

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

	December 31, 2022	December 31, 2021
Taichung Commercial Bank	21%	22%
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%
Melasse	-	50%

1. The above ratio is indicated by individual shareholding percentage.
2. In September of 2021, the company participated in the capital increase of Technic Investment (International) Limited, investing an additional NT\$250,000 thousand to purchase 25,000 thousand additional shares. In addition, the capital reduction and return of payment of shares were resolved on May, July, and August, 2022, decreasing by 25,000 thousand shares, 26,000 thousand shares and 50,000 thousand shares, respectively. The investment costs decreased by NT\$250,000 thousand, NT\$260,000 thousand and NT\$500,000 thousand respectively.
3. In 2022 and 2021, the company participated in the capital increase of Taichung Commercial Bank, an additional investment of 40,801 thousand shares and 33,004 thousand shares, respectively. The investment costs amounted to NT\$479,411 thousand and \$367,998 thousand, respectively. Refer to Note 29(5).
4. The shareholders resolved to dissolve Melasse Co., Ltd. on December 6, 2021, and the company formally requested the approval on December 14, 2021. The liquidation base date

was March 14, 2022. The declaration of business income tax liquidation was completed on March 25, 2022.

5. The 2022 and 2021 profit or loss and other comprehensive profit or loss of the subsidiary under the equity method was recognized in accordance with the audited financial statements during the same period of the subsidiary.
 6. 7. For the disclosure of the Company's disposal of subsidiary of indirect control, please refer to the Company's 2022 Consolidated Financial Statements, Note 37 and 35.
 7. With regard to the Group's operational planning involving the company, Jin-Bang-Ge Industry Co., Ltd. (henceforth Jingbange) and Xiangfeng Development Co., Ltd. (henceforth Xiangfeng), the parent-subsidiary merger proposal was approved by the boards of both sides on June 2022 and December 2022. The company is the remainder enterprise; Jinbange and Xiangfeng are the elimination enterprises. The merger base dates are June 20, 2022 and December 26, 2022, respectively.
 8. For subsidiaries the company invests in by designated mortgage lien as the loan guarantee, please refer to Note 30.
- (2) Investments in the affiliated company

1. The balance the company investing in affiliated enterprises is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
A major affiliated company		
Nan Chung Petrochemical Corp.	\$ 1,076,723	\$ 1,128,072

2. A major affiliated company

Company name	Nature of the operations	Main places of business operations	<u>Shareholding and voting right ratio</u>	
			December 31, 2022	December 31, 2021
Nan Chung Petrochemical Corp.	Petrochemical business	Yunlin County	50%	50%

Summary financial information of Nan-Chung Petrochemical:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Total assets	\$ 3,098,812	\$ 3,157,477
Total Liabilities	(945,366)	(901,334)
Equity	2,153,446	2,256,143
The company's shareholding ratio	50%	50%
Book value of investment	\$ 1,076,723	\$ 1,128,072
	<u>2022</u>	<u>2021</u>
Operating income - current	\$ 4,055,325	\$ 6,326,962
Net income or loss for current period	(\$ 107,710)	\$ 51,560
Current period other comprehensive profit or loss	\$ 5,014	(\$ 2,285)

The 2022 and 2021 profit or loss and other comprehensive profit or loss of the affiliated company under the equity method was recognized in accordance with the audited financial statements during the same period of the affiliated company.

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

14. Property, plant and equipment

	December 31, 2022					December 31, 2021	
The book amount of each category							
Land	\$ 2,926,476					\$ 2,926,476	
House and Building	922,995					977,364	
Machine and Equipment	4,560,057					5,001,812	
Transportation Equipment	6,124					5,668	
Office Equipment	118,087					125,361	
Construction in process and prepayment for machinery purchase	191,789					136,973	
	<u>\$ 8,725,528</u>					<u>\$ 9,173,654</u>	
						<u>Uncompleted construction and equipment pending inspection</u>	
	<u>Land</u>	<u>House and Building</u>	<u>Machine and Equipment</u>	<u>Transportation Equipment</u>	<u>Office Equipment</u>	<u>pending inspection</u>	<u>Total</u>
<u>Cost</u>							
Balance as of 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	<u>\$ 2,926,476</u>	<u>\$ 2,346,917</u>	<u>\$ 11,087,478</u>	<u>\$ 20,486</u>	<u>\$ 193,928</u>	<u>\$ 191,789</u>	<u>\$ 16,767,074</u>
<u>Accumulated depreciation</u>							
Balance as of 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	<u>\$ -</u>	<u>\$ 1,038,269</u>	<u>\$ 6,001,497</u>	<u>\$ 13,188</u>	<u>\$ 69,532</u>	<u>\$ -</u>	<u>\$ 7,122,486</u>
<u>Accumulated impairment</u>							
Balance as of January 1, 2022	\$ -	\$ 385,653	\$ 526,631	\$ 1,174	\$ 6,309	\$ -	\$ 919,767
Increase in current period	-	-	-	-	-	-	-
Decrease in current period	-	-	(707)	-	-	-	(707)
Balance as of December 31, 2022	<u>\$ -</u>	<u>\$ 385,653</u>	<u>\$ 525,924</u>	<u>\$ 1,174</u>	<u>\$ 6,309</u>	<u>\$ -</u>	<u>\$ 919,060</u>
Net amount - January 1, 2022	<u>\$ 2,926,476</u>	<u>\$ 977,364</u>	<u>\$ 5,001,812</u>	<u>\$ 5,668</u>	<u>\$ 125,361</u>	<u>\$ 136,973</u>	<u>\$ 9,173,654</u>
Net amount - December 31, 2022	<u>\$ 2,926,476</u>	<u>\$ 922,995</u>	<u>\$ 4,560,057</u>	<u>\$ 6,124</u>	<u>\$ 118,087</u>	<u>\$ 191,789</u>	<u>\$ 8,725,528</u>
<u>Cost</u>							
Balance as of January 1, 2021	\$ 2,926,476	\$ 2,339,577	\$ 11,013,859	\$ 20,816	\$ 191,609	\$ 85,897	\$ 16,578,234
Increase in current period	-	6,483	112,232	2,330	675	51,076	172,796
Decrease in current period	-	-	(4,806)	(4,200)	(1,187)	-	(10,193)
Balance as of December 31, 2021	<u>\$ 2,926,476</u>	<u>\$ 2,346,060</u>	<u>\$ 11,121,285</u>	<u>\$ 18,946</u>	<u>\$ 191,097</u>	<u>\$ 136,973</u>	<u>\$ 16,740,837</u>
<u>Accumulated depreciation</u>							
Balance as of January 1, 2021	\$ -	\$ 925,658	\$ 5,088,998	\$ 15,365	\$ 50,650	\$ -	\$ 6,080,671
Increase in current period	-	57,385	507,860	939	9,964	-	576,148
Decrease in current period	-	-	(4,016)	(4,200)	(1,187)	-	(9,403)
Balance as of December 31, 2021	<u>\$ -</u>	<u>\$ 983,043</u>	<u>\$ 5,592,842</u>	<u>\$ 12,104</u>	<u>\$ 59,427</u>	<u>\$ -</u>	<u>\$ 6,647,416</u>
<u>Accumulated impairment</u>							
Balance as of January 1, 2021	\$ -	\$ 385,478	\$ 482,988	\$ 784	\$ 6,309	\$ -	\$ 875,559
Increase in current period	-	175	43,679	390	-	-	44,244
Decrease in current period	-	-	(36)	-	-	-	(36)
Balance as of December 31, 2021	<u>\$ -</u>	<u>\$ 385,653</u>	<u>\$ 526,631</u>	<u>\$ 1,174</u>	<u>\$ 6,309</u>	<u>\$ -</u>	<u>\$ 919,767</u>
Net amount - January 1, 2021	<u>\$ 2,926,476</u>	<u>\$ 1,028,441</u>	<u>\$ 5,441,873</u>	<u>\$ 4,667</u>	<u>\$ 134,650</u>	<u>\$ 85,897</u>	<u>\$ 9,622,004</u>

Net amount - December
31, 2021

\$2,926,476 \$ 977,364 \$ 5,001,812 \$ 5,668 \$ 125,361 \$ 136,973 \$ 9,173,654

- (1) As mentioned in Note 32, the company adjusted the 2021 capacity based on market conditions. The company anticipates reduced future economic benefits from plants and equipment. As a result, the recoverable amount will fall below the book value. The 2021 recognized impairment loss amounted to NT\$44,244 thousand. The impairment loss has been included under other income and expenses in the consolidated income statement.

The company determines the recoverable amount of plants and equipment 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	2 to 47 years
Transportation Equipment	5 to 15 years
Miscellaneous equipment	3 to 30 years

- (3) On December 31, 2022 and 2021, the company's uncompleted construction and equipment pending inspection mainly include: low-temperature waste heat recovery system engineering for steam power plants.
- (4) In 2022 and 2021, the company's real-estate, factories, and equipment capital financial costs include: NT\$6,226 thousand and NT\$5,448 thousand, with the capitalized annual interest rates of 1.27%~1.95% and 1.27%~1.52%, 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, 2022	December 31, 2021
First year	\$ 4,002	\$ 4,028
Second year	13,620	419
	<u>\$ 17,622</u>	<u>\$ 4,447</u>

- (6) Please see Note 30 for the status on property, plant and equipment provided as pledge collaterals.

15. Lease Agreements

- (1) Right-of-use assets

	December 31, 2022	December 31, 2021
Carrying amount of the right-of-use asset		
Land	\$ -	\$ 22
Transportation Equipment	7,389	2,668
	<u>\$ 7,389</u>	<u>\$ 2,690</u>
	2022	2021
Addition of right-of-use assets	<u>\$ 9,336</u>	<u>\$ -</u>
Depreciation expense of the right-of-use asset		
Land	\$ 22	\$ 360
Transportation Equipment	4,615	9,579
	<u>\$ 4,637</u>	<u>\$ 9,939</u>

(2) Lease liabilities

	December 31, 2022	December 31, 2021
Carrying amount of the lease liabilities		
Current	\$ 5,879	\$ 1,531
Non-current	\$ 1,595	\$ 1,188

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

	December 31, 2022	December 31, 2021
Land	-	1.53%
Transportation Equipment	1.80%~3.00%	1.65%~1.85%

(3) Main lease activities and provisions

The Company has leased different types of transportation equipment for production and operations for an original period of 2–3 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.

	2022	2021
Short-term lease expense	\$ 5,799	\$ 18,169
Low-value asset lease expense	\$ 232	\$ 252
Total cash of leases outflow	(\$ 10,798)	(\$ 28,589)

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
<u>Cost</u>							
Balance as of 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
Acquisition of a subsidiary through merger	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
<u>Accumulated depreciation</u>							
Balance as of January 1, 2022	\$ -	\$ -	\$ -	\$ 1,057	\$ -	\$ 1,677	\$ 2,734
Increase in current period	-	-	-	99	-	1,118	1,217
Balance as of	\$ -	\$ -	\$ -	\$ 1,156	\$ -	\$ 2,795	\$ 3,951

	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
December 31, 2022							
<u>Accumulated</u> <u>impairment</u>							
Balance as of January 1, 2022	\$ -	\$ -	\$ 18,094	\$ -	\$ -	\$ -	\$ 18,094
Increase in current period	-	-	-	-	-	-	-
Balance as of December 31, 2022	\$ -	\$ -	\$ 18,094	\$ -	\$ -	\$ -	\$ 18,094
Net amount - January 1, 2022	\$ 156,712	\$ 34,943	\$ -	\$ 1,417,138	\$ 390,563	\$ 44,147	\$ 2,043,503
Net amount - December 31, 2022	\$ 855,279	\$ 34,943	\$ -	\$ 1,448,969	\$ 390,563	\$ 43,029	\$ 2,772,783
<u>Cost</u>							
Balance as of January 1, 2021	\$ 156,712	\$ 34,943	\$ 18,094	\$ 1,223,398	\$ 390,563	\$ 45,824	\$ 1,869,534
Increase in current period	-	-	-	194,797	-	-	194,797
Balance as of December 31, 2021	\$ 156,712	\$ 34,943	\$ 18,094	\$ 1,418,195	\$ 390,563	\$ 45,824	\$ 2,064,331
<u>Accumulated</u> <u>depreciation</u>							
Balance as of January 1, 2021	\$ -	\$ -	\$ -	\$ 957	\$ -	\$ 559	\$ 1,516
Increase in current period	-	-	-	100	-	1,118	1,218
Balance as of December 31, 2021	\$ -	\$ -	\$ -	\$ 1,057	\$ -	\$ 1,677	\$ 2,734
<u>Accumulated</u> <u>impairment</u>							
Balance as of January 1, 2021	\$ -	\$ -	\$ 18,094	\$ -	\$ -	\$ -	\$ 18,094
Increase in current period	-	-	-	-	-	-	-
Balance as of December 31, 2021	\$ -	\$ -	\$ 18,094	\$ -	\$ -	\$ -	\$ 18,094
Net amount - January 1, 2021	\$ 156,712	\$ 34,943	\$ -	\$ 1,222,441	\$ 390,563	\$ 45,265	\$ 1,849,924
Net amount - December 31, 2021	\$ 156,712	\$ 34,943	\$ -	\$ 1,417,138	\$ 390,563	\$ 44,147	\$ 2,043,503

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, 2022 and 2021, total receivable lease payments for operating leases of investment property are as follows:

	December 31, 2022	December 31, 2021
First year	\$ 258	\$ 86
Second year	24	-
	\$ 282	\$ 84

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 paid a total of NT\$175,699 and NT\$370,714 to acquire a portion of the land number on Wenhua Zhixing Road Section in June 2022 and in December 2022, respectively, as a result of a parent-subsidiary merger between the parent company and the subsidiary.
- (2) In September 2021, the company sold a number of parcels of land in the Stanching District of New Taipei City. The transaction was finalized in January 2022. Disposal benefits totaled NT\$70,820 thousand off a sales price of NT\$140,192 thousand after deducting NT\$31 thousand in costs associated with the sale.
- (3) The fair values of the company's investment real estate amounted to NT\$3,533,405 thousand and NT\$2,642,403 thousand on December 31, 2022 and 2021 respectively. In particular, the amounts not evaluated by independent evaluators were NT\$735,795 thousand and NT\$634,504 thousand. The remaining was evaluated by an independent evaluation company using the level 3 input value in on December 31, 2022 and 2021. The evaluation is in reference to the market proof of real estate trading prices. The important assumptive and evaluated fair values are as follows:

	December 31, 2022	December 31, 2021
Asset earning power	10%~20%	15%~22%
The overall capital interest rate during development	1.81%	1.17%

- (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 asset

Intangible assets, was incurred 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. 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, 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, 2022	December 31, 2021
Restricted assets	\$ 138,582	\$ 130,878
Refundable deposit	32,083	117,445
Others	44,229	123,709
Collections - Net	<u>-</u>	<u>-</u>
	\$ 214,894	\$ 372,032
Current	\$ 147,148	\$ 133,331
Non-current	<u>67,746</u>	<u>238,701</u>
	\$ 214,894	\$ 372,032

The collection detail is as follows:

	December 31, 2022	December 31, 2021
Delinquent Accounts	\$ 2,938	\$ 2,938
Less: loss reserve – collection	(<u>2,938</u>)	(<u>2,938</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) For loss allowances for non-accrual loans, please refer to Note 10.

19. Borrowing

- (1) Short-term borrowings

	December 31, 2022	December 31, 2021
<u>Secured loans</u>		
Bank loan	\$ 2,860,000	\$ 1,700,000
<u>Unsecured loans</u>		
Credit loan	2,615,000	2,105,000
Material procurement loan	2,092,585	2,743,247
	<u>4,707,585</u>	<u>4,848,247</u>
	<u>\$ 7,567,585</u>	<u>\$ 6,548,247</u>

1. The bank loan interest rate in 2022 and 2021 are at between 1.54%~2.13% and 1.10%~1.50% respectively.
 2. For the foresaid loan collateral information, please refer to Note 30.
- (2) Short-term notes payable

	December 31, 2022	December 31, 2021
Payable commercial paper	\$ 850,000	\$ 850,000
Less: Discount of short-term notes and bills payable	(2,160)	(1,569)
	<u>\$ 847,840</u>	<u>\$ 848,431</u>

The commercial notes payable's interest rate as of December 31, 2022 and 2021 are at between 2.14%~2.29% and 1.07%~1.10% respectively.

- (3) Long-term borrowings

	December 31, 2022	December 31, 2021
<u>Secured loans</u>		
Bank loan	\$ 6,482,528	\$ 5,291,228
<u>Unsecured loans</u>		
Credit loan	500,000	400,000
Less: Amount due in one year	(1,047,528)	(1,869,028)
Long-term borrowings	<u>\$ 5,935,000</u>	<u>\$ 3,822,200</u>

1. Mizuho Bank provided the company with a NT\$300,000 thousand long-term loan at a loan interest rate of 1.22% on December 31, 2021; the loan was paid in full by August 2022.
2. The company's long-term loan from Taiwan Cooperative Bank on December 31, 2021 amounted to NT\$1,721,500 thousand, the interest rate for the loan was between 1.80% and 1.85%. The loan was paid in full in June 2022. The company's factory land and buildings in the Kaohsiung factory were pledged as collateral for the loan.
3. The company's Taiwan Business Bank intermediate- and long as of December 31, 2022 and 2021 are at \$181,200 thousand and \$198,400 thousand respectively, with loan interest rate currently at 1.74%, with repayment by period per the loan contract in each year, with \$181,200 thousand becoming due in the future one year, where said loan pertains to posting company headquarters and related land and building as the collateral.
4. As of December 31, 2022 and 2021, CMFC had long-term borrowings from Land Bank of Taiwan at NT\$175,000 thousand, with the borrowing interest rate currently at 1.70%, paid by monthly. The contract is renewed every three months. The land and buildings of headquarters in Taipei are used as the collateral for the borrowing.
5. As of December 31, 2022 and 2021, the Company had intermediate-term borrowings from Union Bank of Taiwan at NT\$700,000 thousand and NT\$450,000 thousand, respectively, with the borrowing rate currently at 1.89~1.93%. The Company has repaid the borrowings

periodically based on the loan agreement and a total of \$162,500 will be due in the next year. The shares of Taichung Commercial Bank are used as the collateral for the borrowing.

6. The company's long-term borrowing from the Bank of Panhsin as of December 31, 2022 and 2021 amounted to NT\$798,828 thousand and NT\$728,828 thousand. The borrowing rate of interest is currently 1.70%–2.10%. The borrowing is to be repaid on schedule every year according to the loan contract. Within the next year, NT\$498,828 thousand will mature within one year. The land and buildings in Sanchong District, New Taipei City are provided as borrowing collateral.
7. The long-term borrowing of China Man-Made Fiber Corporation from the Sunny Bank as of December 31, 2022 and 2021 amounted to NT\$600,000 thousand. The borrowing rate of interest is currently 1.82%, paid by monthly. The contract is renewed every year. 95,000,000 shares of the Taichung Commercial Bank Co., Ltd. shall be provided as borrowing collateral.
8. The long-term borrowing of China Man-Made Fiber Corporation from the Jih Sun International Bank as of December 31, 2022 and 2021 amounted to NT\$1,025,000 thousand. The borrowing rate of interest is currently 1.76%, paid by monthly. The contract is renewed every year. 130,000 thousand shares of the Taichung Commercial Bank Co., Ltd. and 150,000 thousand shares of the Taiwan Tea Corporation shall be provided as borrowing collateral.
9. The borrowing of China Man-Made Fiber Corporation from the Shanghai Commercial Bank as of December 31, 2022 and 2021 amounted to NT\$677,500 thousand and NT\$392,500 thousand. The borrowing rates of interest currently stand at 1.88%–1.93%, with repayment by period per the loan contact in each year. NT\$115,000 thousand will mature within one year. China Man-Made Fiber Corporation's 55,550 thousand shares from the Taichung Commercial Bank Co., Ltd. and the land and building premises in Xiaogang District, Kaohsiung City are provided as borrowing collateral.
10. The company's long-term borrowing from the Sunny Bank as of December 31, 2022 and 2021 amounted to NT\$600,000 thousand and NT\$100,000 thousand. The borrowing rate of interest is currently 1.59%–1.88%, paid by monthly. The contract is renewed every three months to one year. The 67,800 thousand shares of Taichung Commercial Bank Co., Ltd. are provided as borrowing collateral.
11. The company's long-term loan from the Shin Kong Commercial Bank on December 31, 2022 amounted to NT\$1,575,000 thousand. The interest rate for the loan was between 1.73% and 1.77%. The interest was paid monthly, and term-based payments were made beginning December 2022. Due the following year was a total of 50,000 thousand. The land and buildings in Dashe, Kaohsiung were pledged as collateral for the loan.
12. The company's loan from Taiwan Cooperative Bank on December 31, 2022 amounted to NT\$650,000 thousand. The interest rate for the loan was between 1.70% and 1.85%. Interest was paid monthly, and the contract was renewed once a year. Due the following year was a total of 40,000 thousand. The land and buildings in Dashe, Kaohsiung were pledged as collateral for the loan.
13. Please refer to Note 30 for the collateral of the long-term borrowings:

20. Other payables

	December 31, 2022	December 31, 2021
Payable salary & bonus	\$ 96,588	\$ 118,531
Payable repair and maintenance expense	21,408	25,718
Payable export expense	16,095	25,699
Payable unloading fee	16,898	25,665
Payable insurance premium	8,544	8,623
Payable utilities expense	4,045	6,304
Payable pension	5,219	5,099
Others	58,790	82,154
	<u>\$ 227,587</u>	<u>\$ 297,793</u>

21. Provision for liabilities

December 31, 2022	December 31, 2021
-------------------	-------------------

Net determined benefit liability	\$ 148,862	\$ 150,021
Pending litigation reserve (Note 31)	<u>53,916</u>	<u>64,908</u>
	\$ <u>202,778</u>	\$ <u>214,929</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 2022 and 2021, the company allocated NT\$17,552 thousand and NT\$17,584 thousand, respectively, for recognition in the Consolidated Profit and Loss Statement in accordance with the proportion specified in the confirmed allocation 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 Taiwan Bank 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, 2022	December 31, 2021
Present value of the defined benefit obligations	\$ 229,897	\$ 252,308
The fair value of plan assets	(<u>81,035</u>)	(<u>102,287</u>)
Appropriation shortage	<u>148,862</u>	<u>150,021</u>
Net determined benefit liability	\$ <u>148,862</u>	\$ <u>150,021</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, 2021	\$ <u>256,823</u>	(\$ <u>102,492</u>)	\$ <u>154,331</u>
Service cost			
Current service cost	2,433	-	2,433
Interest expenses (revenues)	<u>899</u>	(<u>371</u>)	<u>528</u>
Recognized in the profit or loss	<u>3,332</u>	(<u>371</u>)	<u>2,961</u>
Reevaluation			
Return on plan assets	-	(1,409)	(1,409)
Actuarial loss – change in the assumption of the census	11,347	-	11,347
Actuarial gain – change in financial assumptions	(7,878)	-	(7,878)
Actuarial loss – adjustment through experience	<u>585</u>	-	<u>585</u>
Recognized in the other comprehensive profit of loss	<u>4,054</u>	(<u>1,409</u>)	<u>2,645</u>
Employer appropriation	-	(6,551)	(6,551)
Benefits paid	(8,536)	8,536	-

	Present value of the defined benefit obligations	The fair value of plan assets	Net determined benefit liability
Company account payment	(<u>3,365</u>)	<u>-</u>	(<u>3,365</u>)
December 31, 2021	<u>252,308</u>	(<u>102,287</u>)	<u>150,021</u>
Service cost			
Current service cost	2,443	-	2,443
Interest expenses (revenues)	<u>1,892</u>	(<u>792</u>)	<u>1,100</u>
Recognized in the profit or loss	<u>4,335</u>	(<u>792</u>)	<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>-</u>	<u>23,118</u>
Recognized in the other comprehensive profit of loss	<u>12,021</u>	(<u>7,911</u>)	<u>4,110</u>
Employer appropriation	\$ -	(\$ 6,563)	(\$ 6,563)
Benefits paid	(36,518)	36,518	-
Company account payment	(<u>2,249</u>)	<u>-</u>	(<u>2,249</u>)
December 31, 2022	<u>\$ 229,897</u>	(<u>\$ 81,035</u>)	<u>\$ 148,862</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 contained in the financial statements 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/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, 2022	December 31, 2021
Discount rate	1.40%	0.75%
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, 2022	December 31, 2021
Discount rate		
Increase by 0.25%	(\$ <u>4,355</u>)	(\$ <u>5,017</u>)
Decrease by 0.25%	<u>\$ 4,493</u>	<u>\$ 5,183</u>

The expected rate of

increase in salaries		
Increase by 0.25%	\$ 4,323	\$ 4,963
Decrease by 0.25%	(\$ 4,211)	(\$ 4,830)

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, 2022	December 31, 2021
Amount projected for appropriation in 1 year	\$ 6,564	\$ 6,551
Average maturity of determined benefit obligation	9 years	9 years

22. Other liabilities

	December 31, 2022	December 31, 2021
Deferred loan item	\$ -	\$ 19,210
Deposits received	1,864	2,364
	<u>\$ 1,864</u>	<u>\$ 21,574</u>

Deferred loan item pertains to the company and its second subsidiary company's downstream trading's deferred unearned profit, with relevant details as follows:

	December 31, 2022	December 31, 2021
Jin Bang Ge Industrial Company Limited.	\$ -	\$ 19,210

23. Equity

(1) Paid-in capital

	December 31, 2022	December 31, 2021
Authorized number of shares (thousand shares)	2,100,000	2,100,000
Authorized capital	<u>\$ 21,010,000</u>	<u>\$ 21,010,000</u>
Number of shares issued with fully paid-in capital (thousand shares)	1,686,210	1,686,210
Outstanding capital	<u>\$ 16,862,097</u>	<u>\$ 16,862,097</u>

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

On July 29th, 2021, the shareholder meeting resolved to recapitalize the undistributed earnings of NT\$648,425 thousand to 64,843 thousand shares, at a par value of NT\$10 per share, all of which were common stocks. As of December 31, 2021, the paid-in capital of the Company has increased to NT\$16,862,097 thousand, consisting of 1,686,210 thousand shares of common stock at a par value of NT\$10 per share.

(2) Capital surplus

	December 31, 2022	December 31, 2021
For covering loss carried forward, payment in cash or capitalization as equity shares (Note)		
Shares issued in excess of par value	\$ 590,001	\$ 590,001
Assets received	2,129	2,129

Treasury stock transactions	772,194	772,194
Invalid ESO	2,600	2,600
<u>For covering loss carried forward only.</u>		
Changes in the ownership equity on a subsidiary	179,678	120,561
Transaction of treasury stock (cash dividends paid to subsidiaries)	<u>169,202</u>	<u>169,202</u>
	<u>\$ 1,715,804</u>	<u>\$ 1,656,687</u>

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 General Shareholders Meetings on June 16, 2022 and July 29, 2021, which adopted resolutions with regard to the 2021 and 2020 surplus distribution proposals as follows:

	Earnings Distribution Proposal		Dividends Per Share (NTD)	
	2021	2020	2021	2020
Legal reserve	\$ 2,616	\$ 90,972		
Special reserve	-	(6,177)		
Cash dividends	-	162,106	\$ -	\$ 0.1
Stock dividends	-	648,425	-	0.4

The Company had resolved in the board meeting the earnings distribution of 2022 on March 8, 2023 as follows:

	Earnings Distribution Proposal	Dividends Per Share (NTD)
	\$	\$
Special reserve	2,721	-

The proposal for the distribution of earnings in 2022 is pending on the resolution of the General Meeting of shareholders scheduled to be held in June 2023.

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

	2022	2021
Balance - beginning	(\$ 112,220)	(\$ 116,241)
Subsidiaries' conversion differential amount adopting the equity method	<u>15,682</u>	<u>4,021</u>
Balance - ending	(\$ <u>96,538</u>)	(\$ <u>112,220</u>)

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

	2022	2021
Balance - beginning	\$ 919,802	\$ 451,962
Accrued in current year		
Unrealized gain or loss		
Debt instruments	(336,814)	(63,126)
Equity instruments	221,329	556,895
Recognized share of the subsidiary adopting the equity method.	3,532	(463)
The accumulated gain/loss from the disposition of equity instruments will be transferred to retained earnings.	<u>9,016</u>	(<u>25,466</u>)
Balance - ending	<u>\$ 816,865</u>	<u>\$ 919,802</u>

(5) Treasury stock

The statement and changes of the Company's treasury stock in 2022 and 2021:

Cause	Transfer of shares to employees (Thousand shares)	Shares of parent company held by subsidiaries (in thousand shares)	Total (thousand shares)
Number of shares as of 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>
Number of shares on January 1, 2021	304	330,985	331,289
Increase in current period	-	13,241	13,241
Decrease in current period	-	-	-
Number of shares as of December 31, 2020	<u>304</u>	<u>344,226</u>	<u>344,530</u>

1. As of December 31, 2022 and 2021, relevant information on company shares held by its subsidiaries is as follows:

Name of Subsidiary	Ratio of Shareholdings %	Number of shares held (thousand shares)	Book Value	Market Value
<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 (subsidiary of Chou Chin Industrial CO., LTD.)	38%	<u>9,618</u>	<u>35,136</u>	<u>31,129</u>
		<u>344,266</u>	<u>\$ 1,135,057</u>	<u>\$ 1,381,948</u>
<u>December 31, 2021</u>				
Pan Asia Chemical Corporation	44%	261,501	\$ 879,074	\$ 1,178,479
Deh Hsing Investment Co., Ltd.	100%	11,619	25,787	117,938
Chou Chin Industrial Co., Ltd.	50%	61,488	195,060	307,744
Chou Chang Corporation (subsidiary of Chou Chin Industrial CO., LTD.)	38%	<u>9,618</u>	<u>35,136</u>	<u>36,697</u>
		<u>344,266</u>	<u>\$ 1,135,057</u>	<u>\$ 1,640,858</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. Business units in continuing operation income

Income from continuing operations department includes the following items

- (1) Other income and earnings and expense and loss

	<u>2022</u>	<u>2021</u>
Income derived from sales of substandard goods and scraps	\$ 2,493	\$ 13,276
Rental revenue	5,058	5,103
Others	<u>34,032</u>	<u>65,759</u>
	<u>\$ 41,583</u>	<u>\$ 84,138</u>

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

	<u>2022</u>	<u>2021</u>
<u>The realized gain (loss) of financial assets and liabilities measured at fair value through profit or loss</u>		
Stock	(\$ 1,391)	\$ 3,184
Bonds	30	-
Beneficiary certificate	(<u>4,412</u>)	<u>2,456</u>
	(<u>5,773</u>)	<u>5,640</u>
<u>The valuation gain (loss) of financial assets and liabilities measured at fair value through profit or loss</u>		
Stock	(\$ 10,266)	\$ 2,122
Bonds	(316)	-
Beneficiary certificate	(<u>57,295</u>)	<u>49,675</u>
	(<u>67,877</u>)	<u>51,797</u>
	(\$ <u>73,650</u>)	<u>\$ 57,437</u>

(3) Financial costs

	<u>2022</u>	<u>2021</u>
Interest from bank borrowings	\$ 202,102	\$ 152,087
Lease liability interest expenses	<u>186</u>	<u>111</u>
	202,288	152,198
Less: classified real estate, plant and equipment (Note 14)	(<u>6,226</u>)	(<u>5,448</u>)
	<u>\$ 196,062</u>	<u>\$ 146,750</u>

(4) Financial assets impairment loss (reversal gain)

	<u>2022</u>	<u>2021</u>
Accounts receivable (included in operating expenses)	(\$ <u>22,681</u>)	\$ <u>1,022</u>

(5) Depreciation and amortization

	<u>2022</u>	<u>2021</u>
Property, plant and equipment	\$ 564,471	\$ 576,148
Investment property	1,217	1,218
Right-of-use assets	<u>4,637</u>	<u>9,939</u>
	<u>\$ 570,325</u>	<u>\$ 587,305</u>
Consolidation of depreciation expenses based on functions		
Operating cost	\$ 559,693	\$ 571,797
Operating expenses	<u>10,632</u>	<u>15,508</u>
	<u>\$ 570,325</u>	<u>\$ 587,305</u>

(6) Employee benefits expenses

2022

	<u>Operating cost</u>	<u>Operating expenses</u>	<u>Total</u>
Short-term employee benefits			
Salary & wage	\$ 380,506	\$ 58,152	\$ 438,658
Labor insurance and 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 31)			
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>

2021

	<u>Operating cost</u>	<u>Operating expenses</u>	<u>Total</u>
Short-term employee benefits			
Salary & wage	\$ 364,792	\$ 59,163	\$ 423,955
Labor insurance and national health insurance	39,874	5,915	45,789
Remuneration to Directors	-	6,143	6,143
Other employee benefits expenses	<u>21,160</u>	<u>16,916</u>	<u>38,076</u>
	<u>425,826</u>	<u>88,137</u>	<u>513,963</u>
Pension expenses (Note 31)			
Defined contribution pension plan	15,180	2,404	17,584
Defined benefit plan	<u>2,312</u>	<u>649</u>	<u>2,961</u>
	<u>17,492</u>	<u>3,053</u>	<u>20,545</u>
Total employee benefits expenses	<u>\$ 443,318</u>	<u>\$ 91,190</u>	<u>\$ 534,508</u>

The average numbers of company employees in 2022 and 2021 accounted for 660 and 657 people respectively. Among them, seven are board of directors not concurrently serving as employees.

In 2022 and 2021 average employee benefit expenses amounted to NT\$ 830 thousand and NT\$ 813 thousand, respectively; employee salary expenses amounted to NT\$ 672 thousand and NT\$652 thousand, which represents an adjustment by 3.07%.

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:

1. The remunerations for directors are in accordance with provisions in Article 22 and Article 40 of the company charter.
 - (1) The board of directors shall authorize remunerations for directors based on their level of participation in company operations and value contributed. Remunerations are set in reference to the standard of payment adopted by companies in the same trade.
 - (2) 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 company's Charter Article 40, 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 to employees and Directors

The Company appropriated 1% to 5% and no more than 0.3% of the earnings before taxation before the deduction of remuneration to the employees and Directors of the same year. No remuneration for employees and directors were allocated because of the pre-tax loss in 2022.

China Man-Made Fiber Corporation held board meetings on March 8, 2022 and March 15, 2021, which adopted resolutions to approve the 2018 and 2017 employee and director compensations as follows:

	2021		2020	
	Amount	Estimate on ratio	Amount	Estimate on ratio
Remuneration to employees	\$ 58	1.0%	\$ 10,778	1.0%
Remuneration to Directors	17	0.3%	3,234	0.3%

The actual amount for remuneration to employees, 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 Taichung Commercial Bank, visit the "MOPS" website of Taiwan Stock Exchange Corporation.

(8) Loss in impairment of non-financial assets

	2022	2021
Inventory (included in the operating costs)	(\$ 91,887)	(\$ 7,432)
Property, plant and equipment	-	(44,244)
Investment under the equity method	(28,272)	-
	(\$ 120,159)	(\$ 51,676)

25. Continuing department income tax

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

	2022	2021
Income tax expenses in the current period		
Accrued in current year	\$ -	\$ -
Prior years adjustment	(190)	-
Land revaluation increment tax	9,344	-
	9,154	-
Income tax expense recognized in the profit or loss	\$ 9,154	\$ -

Adjustment of accounting income and income tax expense are as follows:

	2022	2021
Income before tax from continuing operations	(\$ 1,343,099)	\$ 5,699
Income tax expense of net income before tax at the statutory tax rate (20%)	(\$ 268,620)	\$ 1,140
Non-deductible expenses and losses for tax purposes	60	26
Non-taxable income	(59,104)	(138,168)
Additional levy on undistributed earnings	-	-
Unrecognized deductible temporary differences and loss credit	327,664	137,002
Land revaluation increment tax	9,344	-
Income tax expense of prior years adjusted in the current year	(190)	-
Income tax expense recognized in the profit or loss	\$ 9,154	\$ -

(2) Income tax benefits recognized in the other comprehensive profit or loss

	2022	2021
<u>Deferred tax</u>		
Accrued in current year		
- Re-evaluation of determined benefit plan	\$ 822	\$ 529

(3) Current income tax asset

	December 31, 2022	December 31, 2021
Current income tax asset		
Tax refund receivable	\$ 1,042	\$ 1,081

(4) Deferred income tax assets and liabilities

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

2022

	Balance - beginning	Recognized in the profit or loss	Recognized in the other comprehensive profit of loss	Balance - ending
<u>Deferred income tax assets</u>				
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	<u>38,291</u>	<u>-</u>	<u>-</u>	<u>38,291</u>
	182,638	-	822	183,460
Loss credit	<u>468,405</u>	<u>-</u>	<u>-</u>	<u>468,405</u>
	<u>\$651,043</u>	<u>\$ -</u>	<u>\$ 822</u>	<u>\$651,865</u>
<u>Deferred tax liabilities</u>				
Temporary difference				
Allowance for land increment value tax	<u>\$866,019</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$866,019</u>

2021

	Balance - beginning	Recognized in the profit or loss	Recognized in the other comprehensive profit of loss	Balance - ending
<u>Deferred income tax assets</u>				
Temporary difference				
Property, plant and equipment	\$ 18,318	\$ -	\$ -	\$ 18,318
Inventory	23,134	-	-	23,134
Defined benefit pension plans	63,110	-	529	63,639
Loss allowance	39,256	-	-	39,256
Others	<u>38,291</u>	<u>-</u>	<u>-</u>	<u>38,291</u>
	182,109	-	529	182,638
Loss credit	<u>468,405</u>	<u>-</u>	<u>-</u>	<u>468,405</u>
	<u>\$ 650,514</u>	<u>\$ -</u>	<u>\$ 529</u>	<u>\$ 651,043</u>
<u>Deferred tax liabilities</u>				
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, 2022	December 31, 2021
Deductible temporary differences		
Allowance to reduce inventory to market	\$ 114,314	\$ 114,314
Defined benefit pension plans	7,550	7,550
Loss credit	<u>4,593,503</u>	<u>2,955,185</u>
	<u>\$ 4,715,367</u>	<u>\$ 3,077,049</u>

(6) Unused losses credit related information

Loss deduction as at December 31, 2022:

Uncredited balance	Last year of credit
\$ 505,260	2026
1,743,326	2029
1,474,481	2030
534,925	2031
2,677,538	2032
<u>\$ 6,935,530</u>	

(7) Income tax audit

The declared cases before 2020 have been approved by the taxation collection agency before the deadline of the company's business income tax declaration.

26. Earnings (losses) per share

	2022	Unit: NTD per share 2021
Basic earnings per share (losses)	(\$ 1.01)	\$ -
Diluted earnings per share (losses)	(\$ 1.01)	\$ -

The net income (loss) and weighted average common stock shares used for calculating earnings (deficit) per share are as follows:

Net income (loss) for current period

	2022	2021
Net profit (loss) attributable to the company	(\$ 1,352,253)	\$ 5,699

Quantity

	2022	2021
Weighted average common stock shares used to calculate basic earnings (losses) per share	1,341,680	1,341,680
Effect of dilutive potential common stock:		
Remuneration to employees	-	220
Weighted average common stock shares used to calculate diluted earnings (losses) per share	1,341,680	1,341,900

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, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value</u> <u>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</u> <u>through other comprehensive</u> <u>profit or loss</u>				
Equity investment				
- Listed stocks – domestic and emerging stock	\$2,136,881	\$ -	\$ -	\$2,136,881
- Domestic non-listed (OTC) stocks	-	-	333,444	333,444
- Foreign TSEC/GTSM unlisted shares	-	-	7,833	7,833
Debt instrument				
- 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>

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value</u> <u>through profit and loss</u>				
Shares traded on the Taiwan Stock Exchange or OTC exchange	\$ 8	\$ -	\$ -	\$ 8
Beneficiary certificates of funds	240,621	-	-	240,621
<u>Financial assets at fair value</u> <u>through other comprehensive</u> <u>profit or loss</u>				
Equity investment				
- Listed stocks – domestic and emerging stock	1,890,380	-	-	1,890,380
- Domestic non-listed (OTC) stocks	-	-	292,849	292,849
- Foreign TSEC/GTSM unlisted shares	-	-	7,507	7,507
Debt instrument				
- Domestic corporate bonds	-	110,000	-	110,000
	<u>\$2,131,009</u>	<u>\$ 110,000</u>	<u>\$ 300,356</u>	<u>\$2,541,365</u>

The transfer between Level 1 and Level 2 fair value did not occur in 2022 and 2021.

2. Financial instruments are adjusted according to Level 3 fair value.

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 profit of loss			
- Purchase	50,685	-	50,685
- Disposition	1,211	-	1,211
	(10,975)	-	(10,975)
Balance - ending	\$ 341,277	\$ -	\$ 341,277

2021

Financial Assets	Financial assets at fair value through other comprehensive profit or loss		Total
	Equity instruments	Debt instruments	
Balance - beginning	\$ 274,129	\$ -	\$ 274,129
Recognized in the other comprehensive profit of loss			
- Purchase	37,533	-	37,533
- Capital reduction and return	881	-	881
	(12,187)	-	(12,187)
Balance - ending	\$ 300,356	\$ -	\$ 300,356

3. Evaluation techniques and an 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. Techniques and input value for measurement of Level 3 fair value

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%	(\$ 14,320)

(3) Categories of financial instruments

	December 31, 2022	December 31, 2021
<u>Financial Assets</u>		
Measured at fair values through profit and/or loss		
Measured at fair value through income under compulsion	\$ 143,517	\$ 240,629
Financial assets on the basis of cost after amortization (Note 1)	2,886,555	3,661,673
Financial assets at fair value through other comprehensive profit or loss		
Equity investment	2,478,158	2,190,736
Debt instrument	110,000	110,000
<u>Financial Liabilities</u>		
Measured at cost after amortization (Note 2)	16,443,724	14,447,573

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 (including those with one-year to maturity) and deposits received 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 40% 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 Branch'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 Branch'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 yearend 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		
	2022	2021
Profit and loss	\$ 13,494	\$ 19,976

(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, 2022	December 31, 2021
With fair value interest rate risk		
- Financial Assets	\$ 138,582	\$ 130,878
- Financial Liabilities	7,474	2,719
Contain cash flow interest rate risk		
- Financial Assets	110,000	110,000
- Financial Liabilities	15,397,953	13,087,906

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 increasing/decreasing by 100 base points, and under the circumstance that all other variables remain unchanged, the company's pretax net earnings in 2022 and 2021 will also be decreased/increased by NT\$152,880 thousand and NT\$129,779 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 2022 and 2021 will increase/decrease by NT\$ 21,528 thousand and NT\$ 36,094 thousand, while equity will increase/decrease by NT\$ 371,724 thousand and NT\$ 328,610 thousand, respectively.

2. Credit risk

Credit risk refers the risk that the company will incur a financial loss if its clients or counterparties fail to fulfill their contractual obligations. 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. State of credit risk concentration on Company A in 2022 and 2021 are at 7% and 6% respectively to the total monetary-based assets; state of other transaction opponents' credit risk concentration in 2022 and 2021 are at 23% and 40% to the total monetary-based assets respectively.

3. Liquidity risk

The company has supported the Group's business operation 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, 2022 and 2021.

(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, 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
Deposits received	-	-	-	-	1,864	1,864
Lease liabilities	529	1,038	1,557	2,876	1,601	7,601

December 31, 2021

	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	\$ 693,368	\$2,908,357	\$ 515,096	\$2,431,426	\$ -	\$6,548,247
Short-term notes payable	150,000	700,000	-	-	-	850,000
Long-term borrowings	25,000	963,800	196,300	683,928	3,822,200	5,691,228
Payables	1,248,144	57,025	45,334	6,800	-	1,357,303
Deposits received	-	-	-	-	2,364	2,364
Lease liabilities	151	257	386	771	1,196	2,761

(2) Financing amount

	December 31, 2022	December 31, 2021
Bank loan amount (renewal must be with the mutual agreement)		
The loan quota used	\$ 15,397,953	\$ 13,087,906
The loan quota not yet used	<u>4,132,787</u>	<u>3,457,361</u>
	<u>\$ 19,530,740</u>	<u>\$ 16,545,267</u>

29. Related Party Transactions

(1) Name and affiliation of related parties

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
IOLITE COMPANY LTD.	Indirect subsidiary of the Company
Precious Wealth International Limited	Indirect subsidiary of the Company
Hammock (Hong Kong) Company 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 Lease Enterprise (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
BONWELL PRAISE Co., Ltd	Affiliated enterprises
Qian Teng PR Planning (Shanghai), Co., Ltd.	Affiliated enterprises
Shanghai Nianjia Cultural Diffusion Co., Ltd.	Affiliated enterprises
Hua Nan Financial Holding	Substantial related party
Hua Nan Bank	Substantial related party
Hua Nan Insurance	Substantial related party
Hsu Tian Investment Co., Ltd.	Substantial related party
TAIWAN FILAMENT WEAVING DEVELOPMENT CO., LTD	Substantial related party
TA YI DEVELOPMENT 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

Name	Affiliation
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
Shield Bright Investment Limited	Substantial related party
Feng Chi Investment Co., Ltd.	Substantial related party
Lei Fu Life Enterprise Co., Ltd.	Substantial related party
KeyWisdom 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
Others	Key management personnel of the 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. Goods sold

Name	2022	2021
Pan Asia Chemical Corporation	\$ 835,889	\$ 790,366

(1) 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.

(2) The Company's sales to Pan Asia Chemical Corporation primarily refer to the eto ethylene oxide and nonylphenol produced by the Company's Kaohsiung Plant.

(3) The Company entered into the sale contract for the eto ethylene oxide, which is outlined as following:

A. 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. Purchases

Name	2022	2021
Nan Chung Petrochemical Corp.	\$ 1,946,821	\$ 3,132,235
Pan Asia Chemical Corporation	23	851
	\$ 1,946,844	\$ 3,133,086

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	2022		2021	
	Balance - ending	Interest revenue	Balance - ending	Interest revenue
Hua Nan Bank	\$ 86,595	\$ 93	\$ 73,683	\$ 10
Taichung Commercial Bank	<u>126,235</u>	<u>4,505</u>	<u>79,817</u>	<u>4,303</u>
	<u>\$ 212,830</u>	<u>\$ 4,598</u>	<u>\$ 153,500</u>	<u>\$ 4,313</u>

4. Related party receivables

Name	December 31, 2022	December 31, 2021
Accounts receivable		
Pan Asia Chemical Corporation	<u>\$ 263,275</u>	<u>\$ 130,201</u>
Other receivables		
Subsidiaries	<u>\$ 204</u>	<u>\$ 204</u>

5. Payable accounts from related parties

Name	December 31, 2022	December 31, 2021
Payable accounts and notes		
Pan Asia Chemical Corporation	\$ -	\$ 164
Nan Chung Petrochemical Corp.	<u>281,658</u>	<u>367,169</u>
	<u>\$ 281,658</u>	<u>\$ 367,333</u>
Other payables		
Substantial related party	\$ 853	\$ -
Subsidiaries	<u>132</u>	<u>59</u>
	<u>\$ 985</u>	<u>\$ 59</u>

6. Rental revenue

Name	2022	2021
Pan Asia Chemical Corporation	\$ 3,187	\$ 3,187
Others	<u>294</u>	<u>176</u>
	<u>\$ 3,481</u>	<u>\$ 3,363</u>

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

7. Disposal of property, plant and equipment

Name	Disposal price		Disposal profit	
	2022	2021	2022	2021
Pan Asia Chemical Corporation	<u>\$ -</u>	<u>\$ 960</u>	<u>\$ -</u>	<u>\$ 960</u>

The Company's Board has decided on the sale of houses and buildings on No. 8, Jingjian Rd., Dashe Dist., Kaohsiung City 815 to Pan Asia Chemical Corporation on January 18th, 2021. The contract price is \$960,000, and the transfer registration has been completed on July 13th, 2021.

8. Other income

Name	2022	2021
Hua Nan Bank	\$ 9,647	\$ 4,989
Pan Asia Chemical Corporation	8,047	3,847
TAIWAN FILAMENT WEAVING DEVELOPMENT CO., LTD.	96	96
Chou Chin Industrial Co., Ltd.	240	240
	<u>\$ 18,030</u>	<u>\$ 9,172</u>

The company's 2022 and 2021 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/auditor remuneration and director/auditor attendance travel expense income.

9. Dividends income

Name	2022	2021
Hua Nan Bank	\$ 54,643	\$ -

10. Pre-paid expenses

Name	<i>December 31, 2022</i>	<i>December 31, 2021</i>
Substantial related party	\$ -	\$ 981

(3) Lease agreements

Name	2022	2021
Interest expenses		
Pan Asia Chemical Corporation	\$ 26	\$ 3

(4) Remuneration to the management

	2022	2021
Short-term employee benefits	\$ 18,662	\$ 17,550
Retirement benefits	447	443
	<u>\$ 19,109</u>	<u>\$ 17,993</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

1. The company participated in the cash capital increase of Taichung Commercial Bank in 2022 and 2021. The new investment in the amount of NT\$479,411 thousand and NT\$367,998 thousand respectively. The shareholding ratio decreased from 21.76% to 21.76% and 22% to 21.76% respectively due to failure to subscribe according to the shareholding ratio.
2. The company participated in the 2021 cash capital increase of Technic Investment (International) Limited by purchasing an additional 25,000 thousand shares at a cost of NT\$250,000 thousand. Additionally, in May, July, and August 2022, capital decrease and return of payment of shares were resolved, accounting for 25,000 thousand shares, 26,000 thousand shares, and 50,000 thousand shares, respectively. The investment costs decreased by NT\$250,000 thousand, NT\$260,000 thousand, and NT\$500,000 thousand, respectively, and the shareholdings ratios 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, 2022	December 31, 2021
Restricted assets-current-pledged time deposit	\$ 138,582	\$ 130,878
Common share investment (financial asset classified in the account as other general loss or gain, measured by fair value – non-liquid)	344,523	328,838
Investment under the equity method	7,304,240	4,975,286
Investment-based real estate – the land and building at Erchungpu Section, Sanchung District	634,738	704,177
Property, plant and equipment- Land	2,863,895	2,863,895
Real estate, plant and equipment – property and building	301,052	319,166

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

	December 31, 2022	December 31, 2021
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
The financial assets measured for the fair values through other comprehensive income- non-current- Taiwan Tea Corporation	15,000 thousand shares	15,000 thousand shares
Investment adopting the equity method – Nan Chung Petrochemical Corp.	10,000 thousand shares	10,000 thousand shares
Investment adopting the equity method – Taichung Commercial Bank Company, Limited	521,350 thousand shares	347,050 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, 2022 and 2021, the Company had opened unused credit line of letter of credit at NT\$2,055,800 thousand and NT\$1,911,489 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, a 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 seeking 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. Other matters

The company has been impacted by the recent worldwide outbreak of COVID-19. Although the textile industry's downstream sector has recovered, demand has not yet returned to pre-pandemic levels because the pandemic situation in different countries varies, mainly the result of the continuous adjustments in the supply and demand of ethylene glycol in 2022.

In coping with the impact of the pandemic, the company has adjusted its operational strategies and has implemented strict control on inventory. In terms of raw materials, procurements are made based on order demand quantity, while the safe stock is reduced. In addition, production is scheduled based on actual orders placed by customers or agents, thereby reducing finished product stock and timely adjusting price strategies to achieve balanced production and sales. Furthermore, the company plans to actively differentiate products on some production lines to increase revenues and profits. This is to avoid the price disadvantages of bulk specifications and competition from China and ASEAN countries. Meanwhile, impacts brought about by oil price fluctuations are reduced, including planned exports to make up for impacts arising from short-term domestic work suspension.

In view of the above, the company shall evaluate the business and financial aspects have not been subject to major impacts. In addition to the above-mentioned measures, the company shall continue to evaluate its ability to continue operating and possible effects arising from impairment of assets and funding risks.

33. 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, 2022

	<u>Foreign Currency</u>	<u>Foreign Exchange Rate</u>	<u>Book Value</u>
<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

December 31, 2021

	<u>Foreign Currency</u>	<u>Foreign Exchange Rate</u>	<u>Book Value</u>
<u>Financial Assets</u>			
<u>Monetary Items</u>			
USD	\$ 72,235	27.68	\$ 1,999,465
EURO	1,928	31.32	60,385
JPY	9,952	0.24	2,388

The merged company's 2022 and 2021 foreign currency exchange loss or gain (loss) (including realized and unrealized) is at NT\$149,084 thousand and NT\$(31,651) thousand respectively, and since the foreign currency transaction types are innumerable, thus it is unable to disclose the impact of loss or gain by foreign currency type.

34. Disclosures

1. Loans to others:

Unit: NTD thousand, unless otherwise noted

Item No. (Note 1)	Lender	Borrower	Transaction title (Note 2)	Are they related parties	Maximum Balance in Current Period (Note 3)	Balance - ending (Note 8)	The actual amounts disbursed	Interest Rate Collars	Nature of Loan (Note 4)	Amount of Business Transaction (Note 5)	Reasons necessary for offering short-term loan (Note 6)	Amount of allowance for bad debt	Collateral		Limit of loan to particular borrower (Note 7)	Total limit of financing (Note 7)	Remark
													Name	Value			
1	Taichung Commercial Bank Lease Enterprise	Megaful Co., Ltd.	Other receivables	No	\$51,018	\$ -	\$ -	4%-10%	Necessary for offering short-term loan	\$	Working capital	\$ -	Property	\$ 86,610	\$ 219,205	\$ 876,821	Note 9
1	Taichung Commercial Bank Lease Enterprise	DA FANG SKILL COLOR MARKETING CONSULTANT CO., LTD.	"	"	176,294	-	-	4%-10%	"	"	"	-	Property	180,000	219,205	876,821	"
1	Taichung Commercial Bank Lease Enterprise	TRYIIT CO., LTD.	"	"	174,424	117,528	117,528	4%-10%	"	"	"	1,175	Property	357,451	219,205	876,821	"
1	Taichung Commercial Bank Lease Enterprise	TCCBL Co., Ltd. (B.V.I.)	Other receivable - related parties	Yes	10,766	10,263	10,263	-	"	"	"	103	N/A	-	219,205	876,821	"
2	Chou Chin Industrial Co., Ltd.	Noble House Glory	"	"	35,000	35,000	35,000	5%	"	"	"	-	"	-	411,449	822,898	Note 10
2	Chou Chin Industrial Co., Ltd.	Noble House Glory	"	"	43,000	-	-	2%	"	"	"	-	"	-	411,449	822,898	Note 10
3	Bomy Shanghai	Shanghai Bangyi International Trading Co., Ltd.	"	"	52,704	-	-	5%	"	"	"	-	"	-	378,489	378,489	Note 11
4	Deh Hsing Investment Co., Ltd.	Hsiang Fong Development Company (Note 13)	"	"	82,000	-	-	2%	"	"	"	-	"	-	326,460	724,920	Note 12

Note 1: The column for numbering is elaborated below:

(1) Fill in 0 for the issuer.

(2) The investees are sequentially numbered from 1 and so forth.

Note 2: The receivables-affiliates, receivables-related parties, shareholders accounts, prepayments, temporary payments and others as stated in book shall be filled in here if they are classified as financing.

Note 3: Maximum balance of financing a third party in current period.

Note 4: Specify if the nature of financing is for business transactions or short-term financing is necessary.

Note 5: If the nature of financing is for business transactions, specify the amount of business transactions. The amount of business transactions shall be the amount of business conducted between the lender and the beneficiary of financing.

Note 6: If it is necessary for short-term financing, specify the reasons and the beneficiary of financing and the use of the fund, such as: retirement of loans, procurement of equipment, and working capital.

Note 7: Specify the Procedure for Financing Third Parties and the upper limit of financing in favor of particular beneficiary and the total limit of financing, and also the method for the calculation of the upper limit of financing in favor of particular beneficiary and the total limit of financing in the space provided in this field.

Note 8: For public companies proposed the lending of funds before the Board for resolution case by case pursuant to Article 14-1 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the amount approved by the Board but not yet being drawn shall still be included in the amount for announcement for the disclosure of risk being assumed. If the loans are being retired in the future, disclose the outstanding balance to reflect the adjustment of risk. For public companies proposed the lending of funds before the Board for resolution case by case pursuant to Article 14-2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" whereby the Board resolved to authorize the Chairman to effect the drawdown or in revolving credit in tranches within specific limit and in the year, the amount and the limit approved by the Board shall still be announced as the outstanding balance. In subsequent retirement of loans, repeated drawdown shall still be considered and the amount and the limit approved by the Board shall still be announced as the outstanding balance.

Note 9: The loaning of TCB Leasing Co., Ltd. to a particular enterprise shall be up to 10% of the net worth of the Company. The total amount of loaning of funds shall not exceed 40% of the net worth of TCB Leasing Co., Ltd.

Note 10: The total amount of funds lent by Chou Chin Industrial Co., Ltd. to a single enterprise must not exceed 20% of the net worth of Chou Chin. Total loan amounts must not exceed 40% of the net worth of Chou Chin.

Note 11: The total amount of funds lent by Shanghai Bomy Food to a single enterprise must not exceed 80% of the net worth of Shanghai Bomy Food. Total loan amounts must not exceed 80% of the net worth of Bomy Shanghai.

Note 12: The total amount of funds lent by Doh Hsing Investment Co., Ltd. to a single enterprise must not exceed 20% of the net worth of Doh Hsing. Total loan amounts must not exceed 40% of the net worth of Doh Hsing Investment Co., Ltd.

Note 13: Xiangfeng Co., Ltd. and the company underwent a parent and subsidiary merger on December 26, 2022, with the company as the remainder enterprise and Hsiang Fong Co., Ltd. as the elimination company.

2. Endorsements/guarantees to others:

Unit: NTD thousand, unless otherwise noted

Item No.	Name of Endorser/Guarantor	Endorsed/Guaranteed		Limit of endorsement/guarantee to a single enterprise (Note 1)	Maximum balance in current period (Note 3)	Balance-ending	The actual amounts disbursed	Endorsement/guarantee with collateral	Accumulated amount of endorsement/guarantee in proportion to the net worth stated in the financial statements of the most recent period	Upper limit of endorsement/guarantee (Note 2)	Guarantee and endorsement of parent company to subsidiary (Note 4)	Guarantee and endorsement by subsidiary to parent company (Note)	Guarantee and endorsement in Mainland China (Note)
		Company name	Affiliation										
1	Chou Chin Industrial Co., Ltd.	GREENWORLD FOOD CO., LTD.	Subsidiary of Chou Chin Industrial Co., Ltd.	\$ 1,028,622	\$ 15,000	\$ 15,000	\$-	\$ -	0.73	\$ 2,057,244	—	—	—
2	Taichung Commercial Bank Lease Enterprise	TCCBL Co., Ltd. (B.V.I.)	A subsidiary whose common stock is 100% directly owned by Taichung Bank Co., Ltd.	13,152,318	546,488	92,130	-	-	4.25	21,920,530	—	—	—
2	Taichung Commercial Bank Lease Enterprise	Taichung Commercial Bank Leasing (Suzhou) Ltd.	A wholly-owned subsidiary whose common stock is 100% indirectly owned by Taichung Bank Co., Ltd.	13,152,318	4,616,046		2,565,208	-	204.97	21,920,530	—	—	Y

Note 1: Chou Chin Industrial stipulated in its Operating Procedures for Endorsement Guarantee that its endorsement guarantee for an enterprise shall not exceed 50% of the net value of the latest financial statements. If the guarantee is for business transaction relationships, the amount shall not exceed the total transaction in the most recent year. Taichung Bank Leasing stipulated in its Operating Procedures for Endorsement Guarantee that its endorsement guarantee for an enterprise shall not exceed six times the net value of the latest financial statements.

Note 2: Chou Chin Industrial stipulated in its Operating Procedures for Endorsement Guarantee that its total endorsement guarantee shall not exceed the net value of the latest financial statements. Taichung Bank Leasing stipulated in its Operating Procedures for Endorsement Guarantee that its total endorsement guarantee shall not exceed ten times the net value of the latest financial statements.

Note 3: The highest balance of endorsements and/or guarantees in the current year.

Note 4: For guarantee and endorsement from parent company to subsidiaries, from subsidiaries to parent company, and to Mainland China, as in the case of TWSE/GTSW-listed companies, fill in Y.

3. Marketable securities held – end of year

Unit: thousand shares/ NTD 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	<u>Shares traded on the Taiwan Stock Exchange or OTC exchange</u> <u>Taiwan Business Bank</u>	CHINA MAN-MADE FIBER CORPORATION	N/A	1	\$ 11	-	\$ 11	
	<u>Non listed (OTC) domestic stock</u> <u>EVERSOL CORP.</u>	"	N/A	35	-	1	-	
	<u>Beneficiary certificate</u> <u>Chinese Selected Growth Equity Fund</u>	"	Fund managed by Taichung Securities Investment Trust Co., Ltd.	1,754	21,642	-	21,642	
	<u>The RSIT Digital Fund</u>	"	"	1,000	50,110	-	50,110	
	<u>Taiwan Main Stream Small and Medium cap Fund</u>	"	"	1,600	46,560	-	46,560	
	<u>TCB Taiwan High Dividend Fund A (TWD)</u>	"	"	2,264	25,194	-	25,194	
	<u>Beneficiary certificate</u> <u>Taiwan Main Stream Small and Medium cap Fund</u>	Pan Asia Chemical Corporation	Fund managed by Taichung Securities Investment Trust Co., Ltd.	250	7,275	-	7,275	
	<u>TAROBO Robotics Quantitative Chinese Fund</u>	"	"	400	6,817	-	6,817	
	<u>The RSIT Digital Fund</u>	"	"	150	7,516	-	7,516	
	<u>Beneficiary certificate</u> <u>The RSIT Enhanced Money Market Fund</u>	Taichung Securities Investment Trust Co., Ltd.	Fund managed by Taichung Securities Investment Trust Co., Ltd.	1,563	18,950	-	18,950	
	<u>Dah-Fa Fund</u>	"	"	30	1,220	-	1,220	
Financial assets at fair value through profit or loss-current	<u>The RSIT Digital Fund</u>	Taichung Securities Investment Trust Co., Ltd.	Fund managed by Taichung Securities Investment Trust Co., Ltd.	23	\$ 1,140	-	\$ 1,140	
	<u>Chinese Selected Growth Equity Fund</u>	"	"	1,102	13,602	-	13,602	
	<u>Taiwan Main Stream Small and Medium cap Fund</u>	"	"	37	1,087	-	1,087	
	<u>TCB GAMMA Quantitative Multi-Asset Fund A (USD)</u>	"	"	988	8,850	-	8,850	

(Continued from previous page)

Account Title	Type and Name of Securities	Holder of Securities	Affiliation with Securities Issuer	Ending				Remark
				Quantity	Book Value	Shareholding %	Fair value	
Equity instrument investments measured at fair value through other comprehensive income-non-current	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	\$ 1,626,214	1	\$ 1,626,214	1,148 thousand shares pledged
	<u>Maxigen Biotech Inc.</u>	"	N/A	615	29,312	1	29,312	
	<u>Taiwan Tea Corporation</u>	"	Chou Chin Industrial Co., Ltd., a subsidiary of China Man-Made Fiber Corporation	20,130	427,762	3	427,762	15,000 thousand shares pledged
	<u>Bank of Kaohsiung Preferred Stock A</u>	"	N/A	1,200	26,520	3	26,520	
	<u>Tonlin Department Store Co., Ltd.</u>	"	"	895	27,073	-	27,073	
	Non listed (OTC) domestic stock							
	<u>Sunny Bank</u>	"	N/A	3,112	29,911	-	29,911	
	<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	24,150	19	24,150	
Equity instrument investments measured at fair value through other comprehensive income-non-current	Taiwan Silk and Filament Weaving Development Co. (Preferred shares)	CHINA MAN-MADE FIBER CORPORATION	CHINA MAN-MADE FIBER CORPORATION is its corporate director.	266	\$ 589	8	\$ 589	
	Minchali Metal Industrial Co., Ltd.	"	N/A	7,193	116,164	3	116,164	
	TWSE	"	"	1,820	158,653	-	158,653	
	Everterminal Co., Ltd.	"	"	149	3,977	-	3,977	
	China Trade and Development Corp.	"	"	756	-	1	-	
	Chia Hsin Food and Synthetic Fiber Co., Ltd.	"	"	103	-	-	-	
	Taitung Business Bank	"	"	4,027	-	1	-	
	Non-listed (OTC) overseas stock							
	UNFON CONSTRUCTION CO., LTD (Hong Kong)	"	Affiliate	3,250	7,833	18	7,833	
	Shares traded on the Taiwan Stock Exchange or OTC exchange							
	CHINA MAN-MADE FIBER CORPORATION	Deh Hsing Investment Co., Ltd.	Parent company of Deh Hsing Investment Co., Ltd.	11,620	100,044	1	100,044	
	Pan Asia Chemical Corporation	"	A SUBSIDIARY OF CHINA MAN-MADE FIBER CORPORATION	-	2	-	2	
	Taiwan Tea Corporation	"	Chou Chin Industrial Co., Ltd., a subsidiary of China Man-Made Fiber Corporation	13,177	280,011	2	280,011	

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Account Title	Type and Name of Securities	Holder of Securities	Affiliation with Securities Issuer	Ending				Remark
				Quantity	Book Value	Shareholding %	Fair value	
Equity instrument investments measured at fair value through other comprehensive income- non-current	Non listed (OTC) domestic stock	"	Affiliate	2,000	-	10	-	
	Formosa Imperial Wineseller Corp.		N/A	628	-	3	-	
	Wan Tai Lease Co., Ltd.		Affiliate	90	900	18	900	
	Chung Chien Recreation Investment Co., Ltd.	Pan Asia Chemical Corporation	Parent company of Pan Asia Chemical Corporation	261,501	\$ 2,251,522	16	\$ 2,251,522	77,954 thousand shares pledged
	CHINA MAN-MADE FIBER CORPORATION		Chou Chin Industrial Co., Ltd., a subsidiary of China Man-Made Fiber Corporation	12,394	263,372	2	263,372	
	Taiwan Tea Corporation							
	Non listed (OTC) domestic stock	"	N/A	376	32,811	-	32,811	
	TWSE		Affiliate	12,000	35,280	18	35,280	
	Chung Chien Investment Co., Ltd.		N/A	120	-	-	-	
	Chung Shing Textile Co., Ltd.	Taichung Securities Investment Trust Co., Ltd.	N/A	1,675	170,709	-	170,709	
	Non listed (OTC) domestic stock							
	Taiwan Futures Exchange							
	Shares traded on the Taiwan Stock Exchange or OTC exchange	Chou Chin Industrial Co., Ltd.	N/A	1,141	14,781	-	14,781	
	Taiwan Business Bank							
	Taichung Commercial Bank Co.							
Equity instrument investments measured at fair value through other comprehensive income- non-current	CHINA MAN-MADE FIBER CORPORATION	"	A SUBSIDIARY OF CHINA MAN-MADE FIBER CORPORATION	9,569	122,484	-	122,484	2,000 thousand shares pledged
	Hua Nan Financial Holding		Ultimate parent of Chou Chin Industrial Co., Ltd.	61,488	529,410	4	529,410	
			CHINA MAN-MADE FIBER CORPORATION is its corporate director.	28,339	636,203	-	636,203	
	Taiwan Tea Corporation	"	Chou Chin Industrial Co., Ltd., a subsidiary of China Man-Made Fiber Corporation	21,215	450,819	3	450,819	15,200 thousand shares pledged
	Non listed (OTC) domestic stock							
	Sunny Bank		N/A	1,556	\$ 14,955	-	\$ 14,955	
	Shares traded on the Taiwan Stock Exchange or OTC exchange	Chou Chang Corporation	A SUBSIDIARY OF CHINA MAN-MADE FIBER CORPORATION	16,521	211,475	-	211,475	10,000 thousand shares pledged
	Taichung Commercial Bank Co.							

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Account Title	Type and Name of Securities	Holder of Securities	Affiliation with Securities Issuer	Ending				Remark
				Quantity	Book Value	Shareholding %	Fair value	
Debt instrument investments measured at fair value through other comprehensive income-non-current	CHINA MAN-MADE FIBER CORPORATION	"	Ultimate parent of Chou Chin Industrial Co., Ltd.	9,618	82,807	1	82,807	Note
	Non listed (OTC) domestic stock Hsin Tung Yang	"	N/A	64	691	-	691	
	Chou Chin Industrial Co., Ltd.	"	The investor evaluating Chou Chang Corporation under equity method	514	2,603	1	2,603	
					\$ 7,679,037		\$ 7,679,037	
	Domestic corporate bonds Taichung Commercial Bank	CHINA MAN-MADE FIBER CORPORATION	A SUBSIDIARY OF CHINA MAN-MADE FIBER CORPORATION	110,000	\$ 110,000	-	\$ 110,000	NT\$790,000 thousand pledge NT\$ 350,000 thousand pledge Note
	"	Pan Asia Chemical Corporation	"	200,000	201,000	-	201,000	
	"	Chou Chin Industrial Co., Ltd.	"	850,000	853,255	-	853,255	
	"	Chou Chang Corporation	"	350,000	356,797	-	356,797	
					\$ 1,521,052		\$ 1,521,052	

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

4. 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	Affiliation	Beginning		Bought		Sold				End of period (Note 1)	
					Quantity (Thousand Shares)	Amount	Quantity (Thousand Shares)	Amount	Quantity (Thousand Shares)	Amount	Cost	Gain (loss) from disposal	Quantity (Thousand Shares)	Amount
Hammock (Hong Kong) Company Limited	Hebei Hanoshi Contact Lens Co., Ltd. common shares	Investments adopting the equity method / consolidated and individual	Bomy Shanghai	Affiliated enterprises	15,000	\$ 346,411 (RMB78,126)	-	\$ -	-	-	-	-	15,000	\$ 338,654 (RMB76,827) (Note 2)
CHINA MAN-MADE FIBER CORPORATION	Taichung Commercial Bank common stocks	Investments adopting the equity method / consolidated and individual	Taichung Commercial Bank Co.	Subsidiaries	987,604	13,837,165	44,801	479,411	-	-	-	-	1,077,786 (Note 3)	14,877,447 (Note 3)

Note 1: It is adjustments to the investment framework among the groups. The original acquisition agreement price is US\$18,000 thousand, the adjusted price is US\$16,000 thousand, a total of 15,000 thousand shares. Due to the need to conform to review by local legislations, official announcement is to be made after the State Administration of Foreign Exchange completed all procedures for the review and

approval. After the payment is completed for the full amount, Bonny Shanghai can officially take over the management rights of Hebei Hanoshi. Bomy Shanghai had paid US\$15,000 thousand. The remaining balance was cleared on January 11th, 2022 and has obtained the management rights of Hebei Hanoshi.

Note 2: End of period amount includes the recognized amount for the investment profit and loss, and exchange effects for the current period.

Note 3: The number of shares at the end of period includes stock dividends allocated in the period. The amount at the end of period includes the profit and loss and the other comprehensive income of subsidiaries, associate companies and joint venture adopting the equity method.

5. Acquisition amount of real estate reaching NT\$300 million or more than 20% of the Paid-in shares capital:

Unit: NTD thousand, unless otherwise noted

Real-estate acquired by companies	Descriptions of assets	Date of event	Transaction price	Payment	Trading Counterpart	Affiliation	Prior acquisition information of the transacting related party				Reference basis for price determination	Purpose of acquisition and status of utilization	Other convenants
							Owner	Affiliation with issuer	Date of transfer	Amount			
Taichung Commercial Bank Lease Enterprise	Land and buildings	2022.7.11	\$560,000	have been paid up.	Shang Tsan Trade Enterprise Co., Ltd.	N/A	-	-	-	\$ -	Refer to the market conditions and price estimation reports.	For rental use	According to contract terms.

Note 1: The contract states that the appraisal result should be noted in the “Reference Basis for Price Determination” column if the acquired assets are required to be appraised per regulations.

Note 2: The term “paid-in capital” is used to describe the parent company’s paid-in capital. If the issuer’s shares have a par value of less than NT\$10 per share, or if there is no par value at all, then the 10% of paid-in capital requirement must be met using 10% of the equity attributable to the owner of the parent company as shown on the balance sheet.

Note 3: Date of occurrence, refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier;

6. Amount on disposal of real estate reaching NT\$300 million or more than 20% of the Paid-in shares capital. (None)

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

Unit: NTD 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.	China Man-made Fiber Corporation's invested company through an equity investment strategy.	Purchase	\$ 1,946,821	22%	30-60 days	Not applicable	Not applicable	(\$ 281,658)	(32%)	
CHINA MAN-MADE FIBER CORPORATION	Pan Asia Chemical Corporation	A SUBSIDIARY OF CHINA MAN-MADE FIBER CORPORATION	Sale	(835,889)	(10%)	30-60 days	"	"	263,275	14%	
Pan Asia Chemical Corporation	CHINA MAN-MADE FIBER CORPORATION	Parent company of Pan Asia Chemical Corporation	Purchase	(835,889)	(54%)	30-60 days	"	"	(263,275)	(90%)	
Chou Chin Industrial Co., Ltd.	GREENWORLD FOOD CO., LTD.	Subsidiary of Chou Chin Industrial Co., Ltd.	Sale	(1,411,926)	(45%)	Payment terms of 120 days per month	"	"	151,439	46%	Note
				1,411,926	73%	Payment terms of 120 days per month	"	"	(151,439)	(76%)	

GREENWORLD FOOD CO., LTD.	Chou Chin Industrial Co., Ltd.	Parent company of GREENWORLD FOOD CO., LTD.	Purchase								"
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Note: The above transactions have been written off in the consolidated statement.

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

Unit: NTD 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 Processi ng		
CHINA MAN-MADE FIBER CORPORATION	Pan Asia Chemical Corporation	A SUBSIDIARY OF CHINA MAN-MADE FIBER CORPORATION	\$ 263,275 151,439 115,538	4.25 7.86 (Note 1)	\$ - - -	— — —	\$ 118,629 151,439 115,538	\$ - - -
Chou Chin Industrial Co., Ltd.	GREENWORL D FOOD CO., LTD.	A subsidiary of Chou Chin Industrial Co., Ltd.						
Chou Chin Industrial Co., Ltd.	GREENWORL D FOOD CO., LTD.	A subsidiary of Chou Chin Industrial Co., Ltd.						

Note 1: Primarily other receivables not applicable for computation of turnover days. Mainly due to other accounts receivables not applicable to the computation using number of turnover days.

Note 2: The above transactions have been written off in the consolidated statement.

9. Transactions in engaging in derivative financial instruments. (Note 8)

10. Other: Business relationship and main dealings between the parent and its subsidiaries

Unit: NTD thousand

Item No. (Note 1)	Trader's name	Counterparty	Relationship with trader (Note 2)	Transactions			
				Title	Amount (Note 3)	Terms and conditions	Percentage in consolidated total revenue or total assets (Note 4)
0	2022 CHINA MAN-MADE FIBER CORPORATION	Pan Asia Chemical Corporation	1	Sales revenue	\$ 835,889	No significant difference from the general customer	2%
0	CHINA MAN-MADE FIBER CORPORATION	Pan Asia Chemical Corporation	1	Accounts receivable	263,275	"	-
0	CHINA MAN-MADE FIBER CORPORATION	Taichung Commercial Bank Co.	1	Cash and cash equivalents	126,235	"	-
1	Taichung Commercial Bank Co.	Taichung Commercial Bank Insurance Broker Co., Ltd.	3	Customer deposits and remittances	1,499,512	"	-
1	Taichung Commercial Bank Co.	Taichung Commercial Bank Insurance Broker Co., Ltd.	3	Income from handling fees	200,000	"	1%
1	Taichung Commercial Bank Co.	Taichung Commercial Bank Securities Co., Ltd.	3	Customer deposits and remittances	110,098	"	-

1	Taichung Commercial Bank Co.	Taichung Commercial Bank Lease Enterprise	3	Customer deposits and remittances	511,012	"	-
1	Taichung Commercial Bank Co.	Taichung Bank Venture Capital Co., Ltd.	3	Customer deposits and remittances	110,223	"	-
2	Chou Chin Industrial Co., Ltd.	GREENWORLD FOOD CO., LTD.	3	Sales revenue	1,411,926	"	4%
2	Chou Chin Industrial Co., Ltd.	GREENWORLD FOOD CO., LTD.	3	Royalty revenue	171,152	"	-
2	Chou Chin Industrial Co., Ltd.	GREENWORLD FOOD CO., LTD.	3	Accounts receivable	151,439	"	-
2	Chou Chin Industrial Co., Ltd.	GREENWORLD FOOD CO., LTD.	3	Other receivables	115,538	"	-
3	GREENWORLD FOOD CO., LTD.	Chou Chin Industrial Co., Ltd.	3	Lease liabilities	62,450	"	-

Note 1: The information about transactions between parent company and subsidiaries shall be numbered and noted in the following manner in the box of numbers:

1. 0 is for the Parent Company.
2. Subsidiaries are numbered from number 1.

Note 2: The relationship with the trade party is classified into three categories as follows:

1. Parent Company to subsidiaries.
2. Subsidiaries to Parent Company.
3. Subsidiaries to subsidiaries.

Note 3: Written-off upon consolidation.

Note 4: For computing the ratio of trade amount to total sales revenue or total assets, if it is for asset and liability account, the computation is based on the ratio of ending balance to total consolidated assets; however, if it is for income and expense account, the computation is based on the ratio of interim cumulative amount to total consolidated revenue.

Note 5: Major transactions refer to those reaching NT\$60,000 thousand and shall be disclosed.

11.Information about the investee's name, location 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	Taichung Commercial Bank	Taichung City	Banking business	\$ 7,649,576	\$ 7,170,165	1,077,786	21	\$14,877,447	\$ 5,344,205	\$ 1,161,645	521,350 thousand shares pledged
	Pan Asia Chemical Corporation	Taipei City	Petrochemical business	968,472	968,472	156,575	44	1,601,427	402,097	178,532	
	Nan Chung Petrochemical Corp.	Yunlin County	Petrochemical business	1,000,002	1,000,002	100,000	50	1,076,723	(107,710)	(53,855)	10,000 thousand shares pledged
	Deh Hsing Investment Co., Ltd.	Taipei City	General investment business	790,000	1,800,000	79,000	100	923,241	24,722	24,722	
	Taichung Securities Investment Trust Co., Ltd.	Taipei City	Securities investment trust business	14,400	14,400	922	3	13,216	(17,458)	(515)	
	Chou Chin Industrial Co., Ltd.	Changhua County	Manufacturing and trading	195,262	195,262	38,759	47	696,560	129,404	60,574	
	Melasse	Taipei City	Cosmetics and cleaning appliances manufacturing	-	14,500	-	-	-	(20)	(10)	
Pan Asia Chemical Corporation	Taichung Commercial Bank	Taichung City	Banking business	1,674,702	1,551,763	276,387	6	3,814,552	5,344,205	297,913	
	Taichung Securities Investment Trust Co., Ltd.	Taipei City	Securities investment trust business	15,738	15,738	979	3	14,067	(17,458)	(548)	
	Melasse	Taipei City	Cosmetics and cleaning appliances manufacturing	-	14,500	-	-	-	(20)	(10)	
Taichung Commercial Bank	Taichung Commercial Bank Lease Enterprise	Taipei City	Leasing industry	1,800,000	1,800,000	207,983	100	2,192,053	140,441	140,441	
	Taichung Bank Insurance Agency Co., Ltd.	Taichung City	Insurance agency	6,000	6,000	128,600	100	1,977,256	282,793	282,793	
	Taichung Commercial Bank Securities Co., Ltd.	Taichung City	Securities business	1,500,000	1,500,000	162,450	100	1,701,553	(95,374)	(95,374)	
	Taichung Securities Investment Trust Co., Ltd.	Taipei City	Securities investment trust business	120,000	120,000	12,000	38	172,301	(17,458)	(6,716)	
Taichung Commercial Bank Lease Enterprise	TCCBL Co., Ltd. (B.V.I)	British Virgin Islands	Financing, leasing and investments.	893,373	893,373	30,000	100	902,507	59,926	59,926	
Taichung Commercial Bank Securities Co., Ltd.	Taichung Bank Venture Capital Co., Ltd.	Taipei City	Venture Investment	210,000	210,000	21,000	100	203,070	(5,524)	(5,524)	

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			
Deh Hsing Investment Co., Ltd.	Taichung Commercial Bank	Taichung City	Banking business	86,575	86,017	14,672	-	205,256	5,344,205	16,011	4,500 thousand shares pledged
	Taichung Securities Investment Trust Co., Ltd.	Taipei City	Securities investment trust business	20,162	20,162	1,716	6	24,639	(17,458)	(960)	
	Chou Chang Corporation	Taichung City	Distribution and warehousing of beverages	44,000	44,000	4,060	15	53,016	11,706	1,730	
	Chou Chin Industrial Co., Ltd.	Changhua County	Manufacturing and trading	10,243	10,243	2,071	1	52,735	129,404	3,236	
	Xiang-Feng Development	Taipei City	General investment business	-	313,000	-	-	-	(1,213)	(1,213)	
	Wei-Kang International IOLITE COMPANY Ltd.	Taipei City Samoa	Retail General investment business	5,000 152,853	5,000 595,750	300 3,000	30 100	1,675 116,207	(10,220) (1,406)	(3,080) (1,406)	
	Storm Model Management	Taipei City	General Advertising Services	4,800	8,000	152	22	5,345	(3,465)	(964)	
IOLITE COMPANY Ltd.	Hammock (Hong Kong) Company Limited	Hong Kong	General investment business	-	470,685	-	-	-	(3)	(3)	
	Precious Wealth International Limited	Samoa	General investment business	10,969	10,969	USD 375	100	8,709	(1,264)	(1,264)	
Xiang-Feng Development	Tou-Ming Industry	Taipei City	Real estate trading and leasing industry	-	251,900	-	-	-	(189)	(189)	
Tou-Ming Industry	Jin Bang Ge Industrial Company Limited.	Taipei City	Real estate trading and leasing industry	-	172,000	-	-	-	(126)	(126)	
Chou Chin Industrial Co., Ltd.	GREENWORLD FOOD CO., LTD.	Taichung City	Food manufacturing, and distribution and warehousing of beverages	\$ 233,530	\$ 233,530	17,567	90	\$ 187,276	\$ 39,446	\$ 36,456	
	Chou Chang Corporation	Taichung City	Distribution and warehousing of beverages	308,796	308,796	13,339	49	174,211	11,706	5,685	
	Bomy Enterprise	British Virgin Islands	General investment business	205,092	223,248	10,000	49	173,085	(10,644)	(5,180)	
	Yuju Universal Corporation	Samoa	General investment business	52,090	24,573	1,760	95	20,663	(9,686)	(9,215)	
	BONWELL PARISE Co., Ltd.	Samoa	International trade	3,218	3,218	104	40	632	(35)	(14)	
Yuju Universal Corporation	Noble House Glory	Japan	Short-term accommodation service	24,345	24,345	1,800	100	19,803	(9,215)	(9,215)	
GREENWORLD FOOD CO., LTD.	Chou Chang Corporation	Taichung City	Distribution and warehousing of	1,470	1,470	52	-	328	11,706	22	

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			
Chou Chang Corporation	Bomy Enterprise	British Virgin Islands	beverages General investment business	52,306	52,306	2,650	13	45,884	(10,644)	(1,373)	
	GREENWORLD FOOD CO., LTD.	Taichung City	Food manufacturing, and distribution and warehousing of beverages	11,224	11,224	1,133	6	14,544	39,446	2,294	

12. Information on main shareholders

December 31, 2022

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

(3) Information about investment in Mainland China:

1. Name of the investee company 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 beginning of the present term	Investment Remittance or Regain during the current period		Amount remitted from Taiwan in accumulation at ending of the present term	Investee Net income	The Company's Direct or Indirect Investment Holding Ratio %	Investment gain (loss) recognized in current period (Note 3)	Book Value of Investment at the End of the Period	Investment return already remitted back as of the present term
					Remittance	Regain						
Bomy Shanghai	OEM, production and marketing of canned vegetable and fruit juice and beverages	\$ 645,000 (USD 20,000)	Invested through the third area	\$ 638,972 (USD 19,850)	\$ -	\$ -	\$ 638,972 (USD 19,850)	(\$ 10,607) (USD 356)	28% (Note 1)	(\$ 2,988) (USD 100) (2)C	\$ 100,654 (USD 3,278)	\$ -
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 (RMB1,000)	"	-	-	-	-	(421) (RMB 95)	28% (Note 2)	(120) (RMB 27) (2)C	725 (RMB 164)	-
Chou Chin Shanghai	Manufacturing, processing and sale of modern, PC, computer shell and related metal stamping, interface, main frame and fiber optical system appliances	30,355 (USD 1,001)	Invested through the third area	14,486 (USD 450)	-	-	14,486 (USD 450)	-	49% (Note 3)	-	-	-
Hebei Hanoshi Contact Lens Co., Ltd.	Manufacturing and trading	470,685 (USD 15,000)	"	470,685 (USD 15,000)	-	-	470,685 (USD 15,000)	(5,744) (RMB1,299)	28%	(1,608) (RMB 364) (2)C	94,823 (RMB 21,512)	-
Qian Teng PR Planning (Shanghai), Co., Ltd.	Exhibition design, corporate marketing consultation, and advertising copy planning	7,408 (USD 250)	"	3,147 (USD 100)	-	-	3,147 (USD 100)	5 (RMB 1)	40% (Note 4)	(RMB 0.4) (3)	742 (RMB 168)	-
Taichung Bank Leasing (Suzhou)	Financing Leasing and investments	893,373 (RMB186,329)	"	893,373 (RMB 186,329)	-	-	893,373 (RMB 186,329)	58,611 (RMB13,264)	29% (Note 5)	16,998 (RMB3,847) (2)B	246,955 (RMB 56,024)	-
Shanghai Nianjia Cultural Diffusion Co., Ltd.	Culture and art exchanges and PR activity planning	419 (RMB 100)	Investment in the Chinese company was made with Qian Teng PR Planning (Shanghai)'s own funds	-	-	-	-	(7) (RMB 2)	40%	(3) (RMB 0.8) (3)	32 (RMB 7)	-

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 RMB\$ 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 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: conducts 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\$29.81, CNY1=NT\$4.41, CNY1=\$4.42) at the foreign exchange rate-ending and average foreign exchange rate prevailing on the date of the financial statement.
- Note 9: Any financing with investee companies in mainland China, either directly or indirectly through a third area: please see Schedule 1.
- Note 10: Any endorsement, guarantee or security with investee companies in mainland China, either directly or indirectly through a third area: please see Schedule 2.