



勝一化五股份有限公司
SHINY CHEMICAL INDUSTRIAL CO., LTD.

Shiny Chemical Industrial Co., Ltd.

2022 Annual Report

Notice to readers

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

Taiwan Stock Exchange Market Observation Post System:

<http://newmops.twse.com.tw>

Shiny Chemical Industrial Co., Ltd. Annual Report is available at:

<http://www.shinychem.com.tw/>

Printed on April 13, 2023

Spokesperson

Name: HUANG YEOU CHING
Title: Financial department manager
Tel: 886-7-8619171
E-mail:hyc@shinychem.com.tw

Deputy Spokesperson

Name: WANG HSING CHIA
Title: General manager's assistant
Tel: 886-7-8619171
E-mail:hc.wang@shinychem.com

Stock Transfer Agent

Stock Affairs Agency Department of Taishin
International Commercial Bank
Address: B1, No. 96, Sec. 1, Jianguo N. Rd.,
Jhongshan Dist., Taipei City
Tel: 886-2-25048125
Website:
<https://stocktransfer.tssco.com.tw/introduction>

Auditors

Crowe (TW) CPAs Accounting Firm
Auditors: Jen-Yao Hsieh, Ling-Wen Huang
Address:
Tel.: 886-7-3312133
Website: <https://www.crowe.com/tw>

Corporate Website

<http://www.shinychem.com.tw/>

Headquarters, Branches and Plant

Headquarters
Address: No.5, Yeong Gong 1stRd, Yeong An
Dist., Kaohsiung.
Tel: 886-7-8619171

Yong-An Plant One

Address: No.5, Yeong Gong 1stRd, Yeong An
Dist., Kaohsiung
Tel: 886-7-8619171

Yong-An Plant Two

Address: Address: No.18, Yeong Gong 1stRd,
Yeong An Dist., Kaohsiung
Tel: 886-7-8619171

Yong-An Plant Three

Address: Address: No.14, Yeong Gong 1stRd,
Yeong An Dist., Kaohsiung
Tel: 886-7-8619171

Changhua Coast Plant

Address: No. 3, Xiangong S. 2nd Rd., Xianxi
Township, Changhua County
Tel: 886-4- 7588555

Contents

1. Letter to Shareholders	1
2. Company Profile	
2.1 Date of Incorporation.....	3
2.2 Company History	3
3. Corporate Governance Report	
3.1 Organization.....	6
3.2 Directors, Supervisors and Management Team.....	8
3.3 Implementation of Corporate Governance	20
3.4 Information Regarding the Company’s Audit Fee and Independence.....	70
3.5 Information on the Change of CPAs.....	70
3.6 Information on the Chairman, General Manager, Managers Responsible for Financial or Accounting Affairs of the Company Taking Office in the Accounting Firm of the CPAs or its Affiliate.....	70
3.7 Changes in Equity Transfer and Pledge of Equity by Directors, Managers, and Shareholders with Shareholdings Over 10% for the Latest Year and as of the Date of Publishing the Annual Report.....	71
3.8 Relationships between Shareholders with Top Ten Shareholdings.....	72
3.9 Shareholdings of the Company, the Company’s Directors, Managers, and Companies Directly or Indirectly Controlled by the Company in the Same Investee Companies.....	73
4. Capital Overview	
4.1 Capital and Shares.....	76
4.2 Bonds.....	82
4.3 Preferred stock	82
4.4 Employee Stock Options.....	82
4.5 Employee stock options/warrants.....	82
4.6 Restricted stock awards (RSA).....	82
4.7 Acquisition or transfer of other newly issued shares from other companies.....	82
4.8 Capital utilization plan.....	82
5. Operational Highlights	
5.1 Business Activities.....	83
5.2 Market, production and sales overview.....	91
5.3 Human Resources overview.....	95
5.4 Environmental Protection Expenditure.....	96
5.5 Labor Relations.....	96
5.6 Cyber security management.....	96

5.7 Important Contracts.....	99
------------------------------	----

6. Financial Information

6.1 Five-Year Financial Summary.....	100
6.2 Five-Year Financial Analysis.....	104
6.3 Report of the Audit Committee on the Audit of the Latest Annual Financial Report.....	107
6.4 The most recent annual financial report.....	106
6.5 The consolidated financial statements of the parent and subsidiary companies for the most recent year audited by a certified public accountant.....	106
6.6 The impact on the financial position of the company and its affiliates in the event of financial difficulties in the most recent year and as of the printing date of the annual report.....	106

7. Review of Financial Conditions, Operating Results, and Risk Management

7.1 Analysis of Financial Position.....	108
7.2 Analysis of Financial Performance.....	109
7.3 Analysis of Cash Flow.....	110
7.4 Major Capital Expenditure Items.....	111
7.5 Investment Policy in Last Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year.....	111
7.6 Analysis of Risk Management.....	112
7.7 Other important matters.....	115

8. Special Disclosure

8.1 Summary of Affiliated Companies.....	116
8.2 Private placement in the most recent fiscal year and up to the date of publication of the annual report.....	118
8.3 Holding or disposal of shares in the company by the company's subsidiaries during the most recent fiscal year and up to the date of publication of the annual report.....	118
8.4 Other matters that require additional description.....	118

9. Events with material impacts on equity or stock price as specified in item 2, paragraph 2, Article 36 of the Securities and Exchange Act 385 in the most recent fiscal year and up to the date of publication of the annual report... 118

1. Letter to Shareholders

Dear Shareholders:

We would like to express our deep gratitude for the long-term love and support of our attending shareholders. The Company's 2022 business results and the overview of 2023 business plan are summarized as follows.

2022 Operating Results

Looking back on 2022, thanks to the hard work of the management team, the consolidated operating revenue was NTD 11,345,083 thousand and the consolidated net profit was NTD 1,825,317 thousand, both hitting new record highs since the establishment of Shiny Chemical Industrial Co., Ltd.

Looking forward to 2023, the operation plan of the Company is to focus on internal resources integration, strengthening management, and research and development of new products, while externally, we are dedicated to expanding new customers and improving service quality.

We hope that in the new year, we will be able to develop the foundation of the Company steadily and firmly, explore new opportunities for customers, improve operational performance and enhance our competitiveness. We are convinced that with the strong support and supervision of all shareholders, all colleagues of the Company will work hard together to achieve the above goals. The annual R&D achievements in 2022 are as follows:

- a. Improve the quality of electronic-grade solvents used in semiconductor processes.
- b. Development of formulas for electronics industry.
- c. High-purity electronic-grade solvent analysis technology upgrade.
- d. Simulation software application and Production process optimization.
- e. Development of recycling technology.
- f. Functional coating product development and trial production
- g. Development of anti-corrosion technology.
- h. Propose energy conservation and carbon reduction policies and plans.

2023 Business Plan Overview

Based on the industrial environment and market supply and demand, and considering our production capacity and business development, the Company plans to sell approximately 138,399 tons of products in 2023, an increase of 1.39% from 136,502 tons in 2022.

Future Development Strategies & The effect of external competition, the legal environment and the overall business environment

Facing the rapid change of industrial technology and the demand diversification of customers, We

will continue to expand the scale of research and development and areas, integrate resources effectively to strengthen R&D ability. In addition to provide diversified product to meet the needs of customers, and expand the market in different fields and create a new blue ocean in the market, in order to accelerate the growth of revenue and profit.

Finally, on behalf of SHINY CHEMICAL, we would like to express our gratitude to all shareholders for your support. We wish you all good health and good luck.

Chairman	SUN JAN YEN
General Manager	SUN JAN YEN
Accounting Manager	HUANG YEOU CHING

2. Company Profile

2.1 Date of Incorporation

January 24, 1979.

2.2 Company History

- The company's mergers and acquisitions during the Most Recent Fiscal Year Up to the Date of Publication of the Annual Report: None.
- Investment of the associate: Please refer to “Page. 71.”
- Reorganizations: None.
- The Shareholding Numerous Transfer or Changes by Directors, Supervisors, and Major Shareholders Who Holds 10% of the Company Shares or More: None.
- Management rights Change in impacts of the company: None.
- Material Change of the model of Business: None.
- Other Significant Information Makes a Better Impact of Shareholders' equity of the company:
 - In 1979, Shiny Chemical Industrial Co., Ltd. was founded by Mr. C.Y Sun, GUO FENG Co., Ltd., YU KUO PLYWOOD CORP., and SAN YU Co., Ltd.
 - In 1980, Formaldehyde and Urea Resin Plants Completed and Began Production.
 - In 1981, In the lead, Succeeded in developing Low formaldehyde emission Urea provided for the domestic manufacturer of plywood to make Low formaldehyde emission plywood.
 - In 1982, Successful extension onto overseas market, exporting the Urea to the Southeast Asia.
 - In 1983, Formaldehyde Alcohol Plant Completed and Began Production, provided products for the manufacturer of Synthetic Resin.
 - In 1984, Succeeded in developing the Organic solvents, Methyl Acetates. Succeeded in developing Methanol, sales target has expanded from the wood industry to the chemical resin, paint ,leather industries, etc.
 - In 1987, Purchasing the Taipei office building and Taipei Branch Office Set Up.
 - In 1988, Succeeded in developing the Organic solvents, Propylene Glycol Monomethyl Ether.
 - In 1989, Completed the construction of a liquid chemical storage and transportation center at the Qianzhen Wharf of Kaohsiung Port and commenced operation.
 - In 1989, Shares of the company were approved for publicly traded.
 - In 1990, Improving the First Factory of the solvent to added to the integrated production line with PMA.

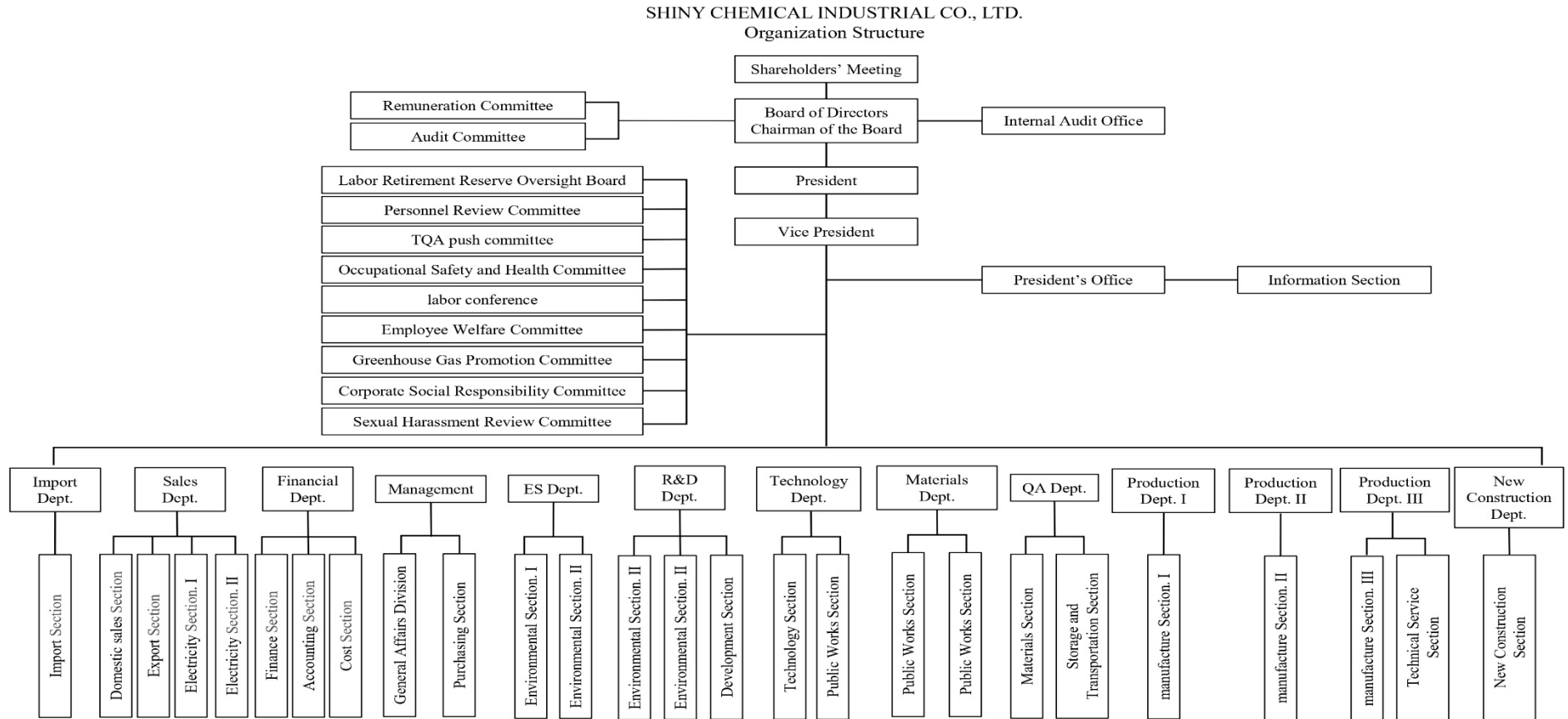
- In 1991, Succeeded in developing the engineering plastic with the highest added value in the Methanol series, Polyoxymethylene.
- In 1993, Succeeded in developing low-toxicity solvent, Propylene Glycol Monomethyl Ether Compound.
- In 1994, The Second Esterification Solvent Plant Completed and Began Construction.
- In 1995, Awarded by the Environmental Protection Agency as an excellent manufacturer in the no-warning test for chemical disaster prevention. Awarded "The 83rd Annual Taiwan Manufacturing Enterprise Business Performance Excellent Manufacturer" by the China Credit Information Institute. Received the "83rd Years Export and Import Performance Trade Bureau Director's Award" by the Ministry of Economic Affairs.
- In 1996, Getting the ISO-9002 international standard quality assurance system accreditation and registration certification. Awarded the "85th Annual Factory Pollution Prevention and Control Evaluation Excellence Award" by the Environmental Protection Agency of the Executive Yuan.
- In 1997, Classified as a national excellent employee welfare unit by the Labor Committee of the Executive Yuan. Awarded the prize of excellent performance in the greening competition of industrial areas in the province. Succeeded in developing n-butyl propylene glycol monobutyl ether and isobutyl propylene glycol monomethyl ether compounds with low toxicity.
- In 2000, Electronic-grade Chemical Solvent Plant in Changhua Coastal Industrial Park Completed and Began Production.
- In 2001, awarded by the Ministry of Finance as an excellent Business Entity for issuing Uniform Invoice.
- In 2002, Qualified the ISO-9000/2000 version and ISO-14001 certification.
- In 2004, Third Esterification Solvent Plant Completed and Began Construction.
- In 2005, Awarded the honor of "94~95 Safety and Health Self-Protection Unit" by the Council of Labor Affairs, Executive Yuan, R.O.C. Winning the bronze medal in the competition for the outstanding unit in promoting greening in industrial areas throughout the province.
- In 2006, the "Propylene Glycol Methyl Ether" (PGE) plant was built with the international technical cooperation of LYONDELL GREATER CHINA, LTD., TAIWAN BRANCH (U.S.A.) Awarded "Model of Safety and Health" by Industrial Development Bureau, Ministry of Economic Affairs.
- In 2007, the Propylene Glycol Methyl Ether (PM) plant passed the performance test and was officially mass produced.

- In 2008, The company was registration on the Emerging Stock Market. Passed OHSAS 18001 Certification: 2007 version.
- In 2009, The Company's stock was public listing on Taiwan Stock Exchange.
- In 2010, Introduced BS 25999 Business Continuity Management System (BCM).
- In 2011, Compensation committee established. Introduced ISO 14064-1 greenhouse gas management system.
- In 2013, Awarded "Industrial Excellence Award" by Industrial Development Bureau, Ministry of Economic Affairs.
- In 2014, Awarded the 2nd Medium Enterprise Key Counselor by Industrial Development Bureau, Ministry of Economic Affairs.
- In 2015, Established CSR Committee and Published the first Corporate Social Responsibility Report.
- In 2017, Passed OHSAS 18001 and new (2015) ISO 9001 and ISO 14001 Certifications, and established the Hsinchu office.
- In 2018, The establishment of Fourth Factory of the solvent is completed operation. Hung Shing office building was completed and opened.
- In 2019, started building for Intercontinental Terminal Storage and Logistics Center. Qualified by ISO45001 Occupational Safety and Health Management System. Obtaining VDA QMC certification for automotive urea water.
Selected as an outstanding manufacturer in the "Industrial Greenhouse Gas Voluntary Reduction Selection Activity" by the Bureau of Industry, Ministry of Economic Affairs.
- In 2021, Establishment of "ESG Team".
- In 2022, The Company's sustainability report has been confirmed by a third party.

3. Corporate Governance Report

3.1 Organization

(1) Organization System Chart



(2) Organization System Chart

Department	Main responsibilities
Internal Audit Office	<ul style="list-style-type: none"> • To propose and execute audits. • To evaluate and report on internal control system and internal management performance.
General Manager Office	<ul style="list-style-type: none"> • To set the Company's future development goals and plan strategic cooperation. • To assist with and execute assigned operational matters from the general manager.
Import Dept	<ul style="list-style-type: none"> • To research market conditions and import bulk raw materials.
Sales Dept	<ul style="list-style-type: none"> • Domestic and international market development; crediting; product sales; quotes; order handling, etc.
Financial Dept	<ul style="list-style-type: none"> • Financial operation and planning. • Fund management and banking business. • Accounting. • Production cost calculation and analyses.
Management Dept	<ul style="list-style-type: none"> • Purchasing, facility affairs, general affairs, personnel, computer affairs, etc.
QA Dept	<ul style="list-style-type: none"> • In charge of inspection, standard, supervision and control of all incoming materials, finished products and unqualified products. • Collect and grasp new experience in quality inspection method, apparatus, management between domestic and foreign; moreover, it also passes relevant quality information. • Statistical analysis of process capacity of each product and development of internal control index.
R&D Dept	<ul style="list-style-type: none"> • R&D and promotion of new products. • Process design and improvement for existing products.
Engineering Dept	<ul style="list-style-type: none"> • Planning and execution of new construction or expansion projects.
Technical Dept	<ul style="list-style-type: none"> • Assist in the execution of factory construction projects • Inspection, calibration, decoration and maintenance of electrical machinery, machinery, water and electricity, instrumentation, D.C.S and other equipment.
Production Dept. I	<ul style="list-style-type: none"> • Solvent production: methanol, formaldehyde alcohol, methyl acetates, and ether alcohol esters, etc.
Production Dept. II	<ul style="list-style-type: none"> • OEM: propylene glycol monomethyl ether (PGME) and Di propylene glycol methyl ether (DPM)
Production Dept. III	<ul style="list-style-type: none"> • Product blending, sub-packaging and technical service operations.
Materials Dept	<ul style="list-style-type: none"> • Warehousing and shipping of raw materials and finished products. • Storage tank leasing.
ES Dept	<ul style="list-style-type: none"> • To oversee general industrial safety matters at all plants

3.2 Directors, Supervisors and Management Team (1) Information of Directors and Supervisors

As of March 19, 2023

Title	Nationality or Place of Registration	Name	Gender	Date Elected (of Assumption)	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Current Shareholding		Shareholding When Elected		Education and Experience	Current Positions in the Company and other companies	Executives, Directors or Independent Directors who are spouses or within the second degree of kinship			Remark
							Number of Shares	Shareholding	Number of Shares	Shareholding	Number of Shares	Shareholding	Number of Shares	Shareholding			Title	Name	Relation	
Chairman	R.O.C.	NINGHAN DEVELOPMENT CO., LTD.		21-May-20	3	15-Apr-94	45,944,624	30.63	79,574,371	30.63	0	0.00	0	0.00	Faculty of Commerce, Waseda University, Japan Chairman, KUO FENG CORP	The company: general manager Other company: Note 1	Director Director	SUN CHI-JYH SUN CHI-FA	paternity paternity	NOTE.5
	R.O.C.	SUN JAN-YEN	Male 85	-	-		0	0.00	10,820,672	4.94	0	0.00	0	0.00						
Director	R.O.C.	NINGHAN DEVELOPMENT CO., LTD.		21-May-20	3	15-Apr-94	45,944,624	30.63	79,574,371	30.63	0	0.00	0	0.00						
	R.O.C.	SUN CHI-JYH	Male 52				0	0.00	2,792,331	1.12	0	0.00	0	0.00	Master of Business Administration, Shanghai Jiao Tong University Chairman, NINGHAN DEVELOPMENT CORP General Manager (Former), Shiny Chemical CORP	The company: none Other company: Note 3	Chairman Director	SUN JAN-YEN SUN CHI-FA	paternity brother	
Director	R.O.C.	NINGHAN DEVELOPMENT CO., LTD.		21-May-20	3	15-Apr-94	45,944,624	30.63	79,574,371	30.63	0	0.00	0	0.00						
	R.O.C.	SUN CHI-FA	Male 49				0	0.00	3,812,202	1.52	0	0.00	0	0.00	Master of Science And Engineering, Tokyo Institute Of Technology, Japan Vice General Manager, Shiny Chemical CORP	The company: Deputy General Manager Other company: Note 4	Chairman Director	SUN JAN-YEN SUN CHI-JYH	paternity brother	
Director	R.O.C.	YU KUO PLYWOOD CORP.		21-May-20	3	19-May-80	18,629,612	12.42	31,049,352	12.42	0	0.00	0	0.00	Department of English, Tokyo Tanaka College Director, SAN HOR SHEN ENTERPRISE CORP	Director, SAN HOR SHEN ENTERPRISE CORP	None	None	None	
	R.O.C.	CHEN, YIH-LING	Femal 63		-		0	0.00	655,191	0.26	0	0.00	0	0.00						
Director	R.O.C.	LEE CHIN-YEN	Male 90	21-May-20	3	28-Nov-78	3,913,869	2.61	6,523,113	2.61	2,476,053	0.99	0	0.00	Chemical Engineering, Chung Yuan University Chairman, AZOTEK CO., LTD. General Manager (Former), Shiny Chemical Corp	The company: none Other company: Note 2	None	None	None	
Director	R.O.C.	WONG,	Male	21-May-	3	8-Jul-98	293,025	0.20	488,373	0.20	99,998	0.04	0	0.00	Pharmacy and Science, Chinan	Director, YU KUO	None	None	None	

		DUEN-HONG	73	20											University Director, YU KUO PLYWOOD CORP	PLYWOOD CORP				
Independent Director	R.O.C.	MA, CHEN-CHI	Male 77	21-May-20	3	15-Sep-08	0	0.00	0	0.00	0	0.00	0	0.00	PhD, Chemical Engineering, North Carolina State University Chair Professor, Department of Chemical Engineering, National Tsing Hua University	Chair Professor, Department of Chemical Engineering, National Tsing Hua University Independent Director of TOPKEY CORPORATION Independent Director of Wah Hong Industrial Corp	None	None	None	
Independent Director	R.O.C.	WU, HSIAO-YEN	Female 67	21-May-20	3	22-Jun-11	0	0.00	0	0.00	0	0.00	0	0.00	Master of Law, National Chung Cheng University Director of Chien Yeh Law Offices Kaohsiung Office	Director of Chien Yeh Law Offices Kaohsiung Office Independent Director, Kao Hsing Chang Corp. · Director, YUNG CHI PAINT Corp	None	None	None	
Independent Director	R.O.C.	CHEN, TING-KO	Male 85	21-May-20	3	7-Jun-17	0	0.00	0	0.00	0	0.00	0	0.00	PhD In Business Administration, University of Michigan Charity Chairman of Chinese Academy of Business	Distinguished Chair Professor of Business at Chinese Culture University, Independent Director of SINO-AMERICAN SILICON PRODUCTS INC., Independent Director of Namchow Chemical	None	None	None	

Note 1: SUN JAN-YEN is currently the chairman of Unishine Chemical, the chairman and general manager of E-Shine Advanced Chemical, the chairman of Zhangjiagang Trans-Ocean Enterprise, the chairman of Ningbo Yueyang, the chairman of Youyi Enterprise, the chairman of Ninghan Enterprise, the chairman of Mingxue Investment., Chairman of Jin Hesheng, Chairman of Mingjing Investment, Chairman of Mingxiu Investment, Director of Singapore KENWELL, Director of AZOTEK CO., LTD., Director of Shanghai Liansheng Chemistry, Director of Elsom Development Ltd., Director of Spring World Holdings Ltd., Director of Shanghai Haosheng Chemical Technology, Supervisor of Yangbo, Supervisor of Zhenchang Xingye.

Note 2: Li Jinyan is currently the chairman of Jiamei Chemical.

Note 3: SUN CHI-JYH is currently the chairman of Runan Investment, the director of Ninghan Enterprise, the director of Zhangjiagang Trans-Ocean Enterprise, the Supervisor of Zhenyuan Industrial Co., Ltd., the director of SEPANGAR CHEMICAL INDUSTRY SDN BHD., the chairman of Mingzhi Investment., the director of Mingxue Investment., the director of Mingxiu Investment,

Note 4: SUN CHI-FA is currently the director and vice general manager of E-Shine Advanced Chemical, the director of Ninghan Enterprise, the director of Shanghai Liansheng Chemistry, the director of Shanghai Haosheng Chemical Technology, the director of Unishine Chemical, the director of Yangbo, the supervisor of Youyi Enterprise, and the director of Zhangjiagang Trans-Ocean Enterprise., Director of Ningbo Yueyang, Supervisor of Changsheng Enterprise Co., Ltd., the director of SEPANGAR CHEMICAL INDUSTRY SDN BHD., the director of Mingfa Investment., the chairman of Mingxue Investment., the director of Mingxue Investment., the director of Union Tank Container Management Co., Ltd.

Note 5: The company is in the business growth period. In order to increase decision-making efficiency and improve business performance, the chairman of the board is currently the general manager.

In addition, in order to take into account corporate governance, the company has increased the number of independent directors from 2 to 3 as a response.

(2) Major Institutional Shareholders

As of March 19, 2023

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders	
YU KUO PLYWOOD CORP.	WENG, HUI-YING	Percentage 19%
	SAN HOR SHEN ENTERPRISE CORP.	Percentage 17%
	CHEN, YI-LING	Percentage 13%
	WANG, ZHAO-RONG	Percentage 10%
NINGHAN DEVELOPMENT CO., LTD.	SUN JAN YEN	Percentage 27%
	SUN CHI-JYH	Percentage 17%
	SUN CHI-FA	Percentage 17%

(3) Major Shareholders of the Company's Major Institutional Shareholders

As of March 19, 2023

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholder	
SAN HOR SHEN ENTERPRISE CORP.	CHEN, YI-LING	Percentage 33%
	WANG, JUN-YAO	Percentage 30%
	YU KUO PLYWOOD CORP.	Percentage 13%
	LI, WEI-FEN	Percentage 10%

(4) Disclosure of information on the professional qualifications of directors and the independence of independent directors

Condition Name	Professional qualifications and experience	Independence situation	concurrently serve as other public offerings Number of independent directors of the company
SUN JAN-YEN	Possess work experience required for petrochemical industry management, leadership decision-making, and industry knowledge. He successively served as the chairman of Guofeng Xingye and E-Shine Advanced Chemical. None of the provisions of Article 30 of the Company Law apply.		None
SUN CHI-JYH	Possess work experience required for petrochemical industry management, leadership decision-making, and industry knowledge. He successively served as the chairman of Ninghan Enterprise and the former general manager of Shiny Chemical. None of the provisions of Article 30 of the Company Law apply.		None
SUN CHI-FA	Possess work experience required for petrochemical industry management, leadership decision-making, and industry knowledge. He has successively served as the vice general manager of Shiny Chemical and the vice general manager of E-Shine Advanced Chemical. None of the provisions of Article 30 of the Company Law apply.		None
LEE CHIN-YEN	Possess work experience in petrochemical industry management, leadership decision-making, and industry knowledge. He served as the chairman of AZOTEK CO., LTD. and the former general manager of Shiny Chemical. None of the provisions of Article 30 of the Company Law apply.		None

WONG, DUEN- HONG	With the work experience required in the business and chemical industries, he has served as a director of Yuguo Plywood (stock). None of the provisions of Article 30 of the Company Law apply.		None
CHEN, YIH-LING	Possess work experience in petrochemical industry management, leadership decision-making, and industry knowledge. He successively served as director of Sanheshun Investment (stock) and director of Yuguo Plywood (stock). None of the provisions of Article 30 of the Company Law apply.		None
MA, CHEN-CHI	Possess work experience required for chemical industry knowledge, business management, leadership decision-making and environmental protection. He has served as Deputy R&D Director of the R&D Office of National Tsing Hua University, Honorary Professor and Distinguished Professor of the Department of Chemical Engineering. None of the provisions of Article 30 of the Company Law apply.	Independence, including but not limited to, the person, spouse, and relatives within the second degree are not directors, supervisors, or employees of the company or its affiliated companies; do not hold the number of shares in the company; do not serve as a company with a specific relationship with the company Directors, supervisors, or employees; have not provided business, legal, financial, or accounting services to the company or its affiliated companies in the last two years.	2 (Independent director of Wah Hong Industrial Corp. and TOPKEY)
WU, HSIAO- YEN	Experienced in business management, leadership decision-making, business, and law. He served as the director of Jianye Law Firm. None of the provisions of Article 30 of the Company Law apply.		1 (Independent Director of Kao hsing chang iron & steel corporation)
CHEN, TING-KO	Experienced in business management, leadership decision-making, business, and finance. He has successively served as the general consultant of Runtai Group, the vice president of J-M Company of Formosa Plastics, and the professor, director and director of the Institute of Commerce, Department of Commerce, National Taiwan University. None of the provisions of Article 30 of the Company Law apply.		1 (Independent Director of Namchow Group and Sino-American Silicon)

Note 1: Professional qualifications and experience: state the professional qualifications and experience of individual directors and supervisors. If they are members of the audit committee and have accounting or financial expertise, they should state their accounting or financial background and work experience. There are cases under Article 30 of the Company Act.

Note 2: Independent directors should state the conditions of independence, including but not limited to whether the person, spouse, and relatives within the second degree serve as directors, supervisors, or employees of the Bank or its affiliated companies; The number and proportion of bank shares held by relatives (or in the name of others); Directors, supervisors or employees; the amount of remuneration received by the bank or its affiliates for providing business, legal, financial, accounting and other services in the last two years.

Note 3: See page 18 for details on the diversity of the board of directors.

(5) General manager, deputy general manager, assistant manager, department and branch supervisor information

As of March 19, 2023

Position	Nationality	Name	Gender	Inauguration Date	Current Shareholding		Spouse and Minors Shareholding		Shareholding by Nominee Arrangement		Education and Experience	Other Current Assignments/Positions	Spouse or Relative within the Second Degree of Relationship Holding A Position as Manager, Director or Supervisor			Notes
					Number	%	Number	%	Number	%			Title	Name	Relationship	
president	R.O.C.	SUN JAN-YEN	Male	Apr.13,2006	10,820,672	4.33	0	0.00	0	0	Faculty of Commerce, Waseda University, Japan Chairman, KUO FENG CORP	Note1	vice president	SUN CHI-FA	paternity	Note6
vice president	R.O.C.	SUN CHI-FA	Male	Aug.17,2010	3,812,202	1.52	0	0.00	0	0	Master of Science and Engineering, Tokyo Institute of Technology, Japan Vice General Manager, Shiny Chemical CORP	Note2	president	SUN JAN - YEN	paternity	
special assistant	R.O.C.	WANG, HSING-CHIA	Male	Jul.23,2020	0	0.00	2,500	0.00	0	0	PhD. Polymer chemistry, University of Massachusetts Director of LCY CHEMICAL CORP.	Director of E-SHINE ADVANCED	None	None	None	
manager	R.O.C.	LI, HUAN-I	Male	Jul.23,2020	33,160	0.01	2,777	0.00	0	0	Department of accounting ,National Chung Hsing University Manager of General Accounting Department, SHINY CHEMICAL INDUSTRIAL CO., LTD.	Note3	None	None	None	
manager	R.O.C.	WANG, CHING-KUN	Male	Aug.01,2007	0	0.00	0	0.00	0	0	Chung yuan university chemical engineering Assistant manager of Productive Department 2,SHINY CHEMICAL INDUSTRIAL CO., LTD.	None	None	None	None	
manager	R.O.C.	CHU, NENG-HUI	Male	Apr.01,2008	1,645	0.00	2,000	0.00	0	0	Masters of Materials Science and Engineering, I-SHOU University. Sales Manager of LYONDELLBASELL TAIWAN CO., LTD.	None	None	None	None	
manager	R.O.C.	HSU, HUI	Female	Jul.01,2010	37,402	0.02	0	0.00	0	0	The Department of Applied Chinese, Ming Chuan University Sales Manager of E-SHINE ADVANCED CHEMICALS LTD.	None	None	None	None	
manager	R.O.C.	HUANG YEOU - CHING	Male	Mar.21,2012	24,998	0.01	0	0.00	0	0	Department of Accounting, Tokai University The manager of HORWATH CHIEN HSING	Note4	None	None	None	
manager	R.O.C.	TSENG,YUNG-SHAN	Male	May.01,2016	26,216	0.01	13,783	0.01	0	0	Master of Chung yuan university chemical engineering Assistant manager of logistics department, SHINY CHEMICAL INDUSTRIAL CO., LTD.	None	None	None	None	
assistant manager	R.O.C.	GUO,GONG-YUAN	Male	May.01,2022	10,000	0.00	0	0.00	0	0	Ph.D., Department of Civil Engineering, National Taiwan University. Director of Highway Administration, Ministry of Communications.	None	None	None	None	

assistant manager	R.O.C.	WU, TSAI-HSING	Male	Aug.01,2016	0	0.00	2,500	0.01	0	0	Department of Chemical and Materials Engineering, Tamkang University Supervisor of export department, SHINY CHEMICAL INDUSTRIAL CO., LTD.	None	None	None	None
assistant manager	R.O.C.	YANG, TUNG-CHIEH	Male	Jul.01,2018	10,000	0.00	15,000	0.01	0	0	Department of Transportation Management, National Cheng Kung University Supervisor of General Affairs Department, SHINY CHEMICAL INDUSTRIAL CO., LTD.	None	None	None	None
assistant manager	R.O.C.	LI, YI-CING	Male	Jul.01,2019	0	0.00	0	0.00	0	0	Master of Computer Science and Information Engineering, National Chung Cheng University Supervisor of information technology department, SHINY CHEMICAL INDUSTRIAL CO., LTD.	None	None	None	None
assistant manager	R.O.C.	SUN, MING-LANG	Male	Aug.01,2019	0	0.00	0	0.00	0	0	Master of Chemistry, NCKU Supervisor of manufacturing department 3, SHINY CHEMICAL INDUSTRIAL CO., LTD.	None	None	None	None
assistant manager	R.O.C.	ZHANG, RUI-HONG	Male	Jul.01,2020	0	0.00	2,000	0.00	0	0	Master of Environmental and Safety Hygiene, Kaohsiung First University Supervisor of manufacturing department 2, SHINY CHEMICAL INDUSTRIAL CO., LTD.	None	None	None	None
assistant manager	R.O.C.	LIU, CANG-HONG	Male	Jul.01,2021	24,342	0.01	3,238	0.00	0	0	Master of Materials Engineering, National Taiwan University Supervisor of manufacturing department 1, SHINY CHEMICAL INDUSTRIAL CO., LTD.	None	None	None	None
assistant manager	R.O.C.	LIN, JIAN-LONG	Male	Nov.01,2022	0	0.00	0	0.00	0	0	Cheng Kung University Master of Chemical Engineering Supervisor of Materials section, SHINY CHEMICAL INDUSTRIAL CO., LTD.	None	None	None	None

Note 1: SUN JAN-YEN is currently the chairman of Unishine Chemical, the chairman and general manager of E-Shine Advanced Chemical, the chairman of Zhangjiagang Trans-Ocean Enterprise, the chairman of Ningbo Yueyang, the chairman of Youyi Enterprise, the chairman of Ninghan Enterprise, the chairman of Mingxue Investment., Chairman of Jin Hesheng, Chairman of Mingjing Investment, Chairman of Mingxiu Investment, Director of Singapore KENWELL, Director of AZOTEK CO., LTD., Director of Shanghai Liansheng Chemistry, Director of Elsom Development Ltd., Director of Spring World Holdings Ltd., Director of Shanghai Haosheng Chemical Technology, Supervisor of Yangbo, Supervisor of Zhenchang Xingye.

Note 2: SUN CHI-FA is currently the director and vice general manager of E-Shine Advanced Chemical, the director of Ninghan Enterprise, the director of Shanghai Liansheng Chemistry, the director of Shanghai Haosheng Chemical Technology, the director of Unishine Chemical, the director of Yangbo, the supervisor of Youyi Enterprise, and the director of Zhangjiagang Trans-Ocean Enterprise., Director of Ningbo Yueyang, Supervisor of Changsheng Enterprise Co., Ltd., the director of SEPANGAR CHEMICAL INDUSTRY SDN BHD., the director of Mingfa Investment., the chairman of Mingxue Investment., the director of Mingxiu Investment., the director of Union Tank Container Management Co., Ltd.

Note 3: WANG, HSING-CHIA is currently Director of E-Shine Advanced Chemical, Director of Shanghai Liansheng Chemistry, Director of Shanghai Haosheng Chemical Technology.

Note 4: LI, HUAN-I is currently Director of Elsom Development Ltd., Director of Spring World Holdings Ltd.

Note 5: HUANG YEOU-CHING is currently Supervisor of E-SHINE ADVANCED, supervisor of Mingzhi Investment, supervisor of Mingfa Investment, supervisor of Mingjing Investment, supervisor of Mingxiu Investment, supervisor of Mingxue Investment, supervisor of Jin Hesheng, supervisor of Unishine Chemical.

Note 6: The company does not issue employee stock warrants.

Note 7: The company is in the business growth period. In order to increase decision-making efficiency and improve business performance, the chairman of the board is currently the general manager. In addition, in order to take into account corporate governance, the company has increased the number of independent directors from 2 to 3 as a response.

(6) Remuneration for payment instructions, supervisors, and general managers in 2022

1. Directors' remuneration

Unit: NT\$ thousand

Title	Name	Director's Remuneration								The total amount of A, B, C, and D and the ratio of the total amount to the net profit after tax		Remuneration for part-time employees										A, B, C, D, Seven E, F and G Total items after tax net profit ratio		Receipt of remuneration from subsidiary reinvested business or parent company			
		remuneration(A)		resign pension (B)		Director's Remuneration(C)		business execution cost (D)				Salary, bonus and special expenses, etc. (E)		resign pension (F)		Employee compensation (G)				Number of shares subscribed for employee stock option certificates (H)					Acquire new shares with restricted employee rights (I)		
		Our company	All companies in the financial report	Our company	All companies in the financial report	Our company	All companies in the financial report	Our company	All companies in the financial report	Our company	All companies in the financial report	Our company	All companies in the financial report	Our company		All companies in the financial report		Our company	All companies in the financial report	Our company	All companies in the financial report	Our company	All companies in the financial report				
Chairman	NINGHAN DEVELOPMENT CO., LTD. (SUN JAN-YEN)	150	150	-	-	65,970	65,970	-	-	3.62%	3.62%	3,180	5,880	-	-	4,151	-	6,301	-	-	-	-	-	-	4.02%	4.29%	None
Director	NINGHAN DEVELOPMENT CO., LTD. (SUN CHI-JYH)	150	150	-	-	1,466	1,466	-	-	0.09%	0.09%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.09%	0.09%	None
Director	NINGHAN DEVELOPMENT CO., LTD. (SUN CHI-FA)	150	150	-	-	1,466	1,466	-	-	0.09%	0.09%	2,009	2,009	-	-	2,550	-	2,550	-	-	-	-	-	-	0.34%	0.34%	None
Director	YU KUO PLYWOOD CORP. (CHEN, YIH-LING)	150	150	-	-	1,466	1,466	-	-	0.09%	0.09%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.09%	0.09%	None
Director	LEE CHIN-YEN	150	150	-	-	1,466	1,466	-	-	0.08%	0.08%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.09%	0.09%	None
Director	WONG, DUEN-HONG	150	150	-	-	1,466	1,466	-	-	0.08%	0.08%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.09%	0.09%	None
Independent Director	WU, HSIAO-YEN	724	724	-	-	-	-	-	-	0.04%	0.04%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.04%	0.04%	None
Independent Director	MA, CHEN-CHI	724	724	-	-	-	-	-	-	0.04%	0.04%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.04%	0.04%	None
Independent Director	CHEN, TING-KO	724	724	-	-	-	-	-	-	0.04%	0.04%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.04%	0.04%	None

1. Please describe the payment policy, system, standard and structure of independent directors' remuneration, and describe the relationship with the payment amount according to the responsibilities, risks, investment time and other factors:

The company has clearly stipulated the remuneration policy, scope, type and regular review mechanism of independent directors in the remuneration payment standard. The remuneration of independent directors shall be submitted to the remuneration committee in consideration of the degree of participation of the independent director in the company's operations, contribution value and the usual level of the industry. The case is deliberated and submitted to the board of directors for approval to issue the total amount. The Company regularly evaluates the remuneration of independent directors.

2. Except as disclosed in the above table, the remuneration received by the directors of the company for providing services (such as serving as consultants who are not employees) to all companies listed in the financial report in the most recent year: None.

3. In addition to salaries, bonuses and special expenses, SUN JAN-YEN and SUN CHI-FA also provided NT\$ 5,669 thousand and NT\$ 2,500 thousand of vehicles for business execution.

2. Remuneration of General Manager and Deputy General Manager

Unit: NT\$ thousand

Title	Name	Salary (A)		Retirement pension (B)		bonus and Special expenses, etc. (C)		Employee compensation amount (D)				The total amount of A, B, C, and D and the ratio of the total amount to the net profit after tax		Amount of employee stock option certificates obtained		Receipt of remuneration from subsidiary reinvested business or parent company
		Our company	All companies in the financial report	Our company	All companies in the financial report	Our company	All companies in the financial report	Our company		All companies in the financial report		Our company	All companies in the financial report	Our company	All companies in the financial report	
								cash amount	stock amount	cash amount	stock amount					
president	SUN JAN-YEN	3,180	5,880					4,151		6,301		0.40%	0.67%			
vice president	SUN CHI-FA	2,009	2,009	-	-			2,550	-	2,550	-	0.25%	0.25%	-	-	None
vice president	SU,CHIH-SHENG	341	341					85		85		0.02%	0.02%			

Note 1: SU,CHIH-SHENG retired on February 28, 2022.

Note 2: In addition to salary, bonus and special expenses, SUN JAN-YEN and SUN CHI-FA also provided NT\$ 5,669 thousand and NT\$ 2,500 thousand of vehicles for business execution.

3. The name of the manager who distributes employee remuneration and the situation of distribution

Unit: NT\$ thousand

2022	Title	Name	stock amount			cash amount	total	Proportion of total amount to net profit after tax (%)
			number of shares	market price	amount	amount		
manager	president	SUN JAN-YEN	—	—	—	10,250	10,250	0.56%
	vice president	SUN CHI-FA						
	vice president	SU, CHIH-SHENG						
	special assistant	WANG, XING-JIA						
	financial manager	HUANG YEOU-CHING						

4. Compare and explain the analysis of the total remuneration paid by the company and all companies in the consolidated financial statements to the company's directors, independent directors, general managers and deputy general managers in the last two years as a percentage of the net profit after tax of the individual or individual financial reports, and explain the remuneration policy , Criteria and portfolio, procedures for determining remuneration, and its relationship to business performance and future risks:

Title	2021	2022
	The total amount of remuneration paid by the company and all companies in the consolidated statements to the company's directors, independent directors, general managers and deputy general managers accounted for the proportion of net profit after tax	The total amount of remuneration paid by the company and all companies in the consolidated statements to the company's directors, independent directors, general managers and deputy general managers accounted for the proportion of net profit after tax
Director	5.42%	5.12%
Independent Director		
president and vice president		

- (1) The remuneration paid by the company to directors and independent directors is mainly for the performance of duties and the remuneration for directors provided in accordance with the company's Articles of Incorporation. The remuneration payment policy is based on the degree of its participation in the operation and the value of its contribution, and is paid with reference to the industry standard; and the remuneration provided according to the Articles of Incorporation is based on the principle of not exceeding 3% of the profit of the current year.

- (2) Article 32 of the company's Articles of Incorporation stipulates that if the company has a profit in the year, it should allocate no less than 6% as employee compensation. The remuneration of managers includes salary and bonuses, among which salary refers to the standard of the same industry and items such as title, rank, education (experience), professional ability and responsibilities, etc. The bonus is based on the performance evaluation items of managers, including financial indicators (such as company operating revenue, the achievement rate of pre-tax net profit and after-tax net profit) and non-financial indicators (such as major deficiencies in legal compliance and operational risk matters), and submit the suggestions to the board of directors for discussion in accordance with the principle of distribution recommended by the Compensation and Compensation Committee , on the principle of sustainable operation of the company.

3.3 Implementation of Corporate Governance

(1) Board of Director's Operations

The Board of Directors met 6 times in the most recent year(A); the attendance of Directors is as follows:

Title	Name	Number of Attendance(A)	Number of Actual Attendance(B)	Number of Attendance by Proxy	Actual Attendance Rate (%) (B/A)	Remarks
Chairman	NINGHAN DEVELOPMENT CO.,LTD SUN JAN-YEN	6	6	0	100%	
Director	NINGHAN DEVELOPMENT CO.,LTD SUN CHI-JYH	6	6	0	100%	
Director	NINGHAN DEVELOPMENT CO.,LTD SUN CHI-FA	6	6	0	100%	
Director	YUKUO PLYWOOD CORP., CHEN YIH-LING	6	6	0	100%	
Director	LEE CHIN-YEN	6	0	6	0%	
Director	WONG DUEN-HONG	6	5	1	83%	
Independent Director	WU HSIAO-YEN	6	6	0	100%	
Independent Director	MA CHEN-CHI	6	6	0	100%	
Independent Director	CHEN TING-KO	6	5	1	83%	

Other matters to be recorded:

- I. Matters listed in Article 14-3 of the Securities and Exchange Act and other matters resolved by the board of directors with objections or reservations from independent directors and with records or written statements: None.
- II. The execution of Directors abstaining from resolution in which they hold stakes: None.
- III. Objectives for strengthening the functions of the Board (such as the establishment of the Audit Committee and improvement of information transparency) during the current year and the latest year and the execution evaluation: None.
- IV. The operation of the board of directors and the implementation of relevant resolutions in the most recent year and as of the date of publication of the annual report are explained on page 69.

(2) Execution of the Board's evaluation

Evaluation cycle	Evaluation period	Scope of evaluation	Method of evaluation	Content of evaluation
Executed once a year	The year ended 31 December, 2022	Board of Directors	The self-evaluation method is adopted.	<ol style="list-style-type: none">(1) Level of participation in corporate operations.(2) Improving the quality of the Board's decision-making.(3) Composition and structure of the Board.(4) Election and continuing education of Directors.(5) Internal control.
Executed once a year	The year ended 31 December, 2022	Individual Directors	The self-evaluation method is adopted.	<ol style="list-style-type: none">(1) Understanding of the Company's goals and tasks.(2) Understanding of the duties and functions of Directors.(3) Level of participation in corporate operations.(4) Internal relationship management and communication.(5) Professional and continuing education for Directors.(6) Internal control.
Executed once a year	The year ended 31 December, 2022	Functional committee.	The self-evaluation method is adopted.	<ol style="list-style-type: none">(1) Level of participation in corporate operations.(2) Understanding of the duties and functions of the functional committee.(3) Improving the quality of the functional committee's decision-making.(4) Composition of the functional committee and election of committee members.(5) Internal control.

(3) Operations of the Audit Committee

The Audit Committee met 5 times in the most recent year(A) , and the attendance of Independent Directors is as follows:

Title	Name	Number of Actual Attendance(B)	Number of Attendance by Proxy	Actual Attendance Rate (%) (B/A)	Remarks
Independent Director	CHEN TING-KO	4	1	80%	Convener
Independent Director	WU HSIAO-YEN	5	0	100%	
Independent Director	MA CHEN-CHI	5	0	100%	

Other matters to be recorded:

- I. When any of the following circumstances occurred during the operations of the Audit Committee, the meeting date, period, content of resolutions, the resolution results made by the Audit Committee, and measures adopted by the Company in response to the opinions from the Audit Committee shall be specified:
- (1) Matters specified in Article 14-5 of the Securities and Exchange Act: Please see the table 4. below.
- (2) Except for the previously mentioned matters, other matters that have not been approved by the Audit Committee but have been approved by more than two-thirds of all directors: None.
- II. For the execution of Independent Directors abstaining from resolution in which they hold stakes, the names of the Independent Directors, the content of the resolutions, the reason of abstention due to the conflict of interests, and the participation in voting: None.
- III. Communication between Independent Directors and chief internal auditor and CPAs:
- (1) The audit supervisor attends the company's regular audit committee and makes audit business reports, and the independent directors have no objection.
- (2) The independent directors communicate with the accountants face to face and in writing on a quarterly basis on a regular basis.
- (a). Communication between independent directors and the head of internal audit:
1. When the internal audit supervisor convenes the audit committee quarterly, he will separately explain to the independent directors the implementation of the internal audit and the operation of the internal control (both accountants and financial executives are absent).
2. The board of directors is held quarterly. Both independent directors and audit supervisors participate in the board of directors. The audit supervisor also attends and reports the internal audit business situation at each board meeting.
3. 2022 Summary of separate communication with the head of internal audit:

Date	Attendees	Item	Communication results
2/23/2022 The Audit Committee	Independent director CHEN TING-KO Independent director MA CHEN-CHI Independent director WU HSIAO-YEN Audit Supervisor GUO JIE-JHEN	2021 Lack of audit plan and abnormal improvement situation.	No objection.
4/27/2022 The Audit Committee	Independent director CHEN TING-KO Independent director MA CHEN-CHI	Internal audit business situation from February to March 2022.	No objection.

	Independent director WU HSIAO-YEN Audit Supervisor GUO JIE-JHEN		
7/27/2022 The Audit Committee	Independent director CHEN TING-KO Independent director MA CHEN-CHI Independent director WU HSIAO-YEN Audit Supervisor GUO JIE-JHEN	Internal audit business situation from May to June 2022.	No objection.
10/26/2022 The Audit Committee	Independent director CHEN TING-KO Independent director MA CHEN-CHI Independent director WU HSIAO-YEN Audit Supervisor GUO JIE-JHEN	Internal audit business situation from July to September 2022.	No objection.
12/28/2022 The Audit Committee	Independent director CHEN TING-KO Independent director MA CHEN-CHI Independent director WU HSIAO-YEN Audit Supervisor GUO JIE-JHEN	Internal audit business situation from October to December 2022.	No objection.

(a). Communication between independent directors and accountants:

1. The accountants report to the independent directors at least once a year on the financial status and overall operation of the company and the domestic and overseas reinvestment companies, and the internal control audit situation, and fully communicate and explain whether the amendments to the laws and regulations will affect the accounting situation (the audit supervisor and the financial supervisor). all leave to avoid).
2. Summary of separate communication with accountants in 2022:

Date	Attendees	Communication items	Communication results
2/23/2022 The Audit Committee	Independent director CHEN TING-KO Independent director MA CHEN-CHI Independent director WU HSIAO-YEN Accountant SU BING-JHANG	2021 Standalone and Consolidated Financial Statements.	No objection.
12/28/2022 The Audit Committee	Independent director CHEN TING-KO Independent director MA CHEN-CHI	2022 Annual Review Plan.	No objection.

	Independent director WU HSIAO-YEN Accountant Jen-Yao Hsieh		
--	---	--	--

Note: Since the 19th session of the board of directors, the company has established an audit committee to replace the supervisor.

2. Terms of Reference of the Audit Committee:

- (1) Fair representation of the company's financial statements.
- (2) Selection (dismissal), independence and performance of certified accountants.
- (3) Effective implementation of the company's internal control.
- (4) The company follows relevant laws and regulations.
- (5) Management and control of existing or potential risks of the company.

3. The annual work focus of the Audit Committee:

- (1) Evaluate the effectiveness of the internal control system Evaluate the policies and procedures of the company's internal control system (including financial, operational, control measures such as risk management, information security, legal compliance), and reviewed the company audit office and visa Accountants, as well as management's regular reports, including risk management and compliance.
- (2) To review the financial statements for the first to fourth quarters of 2022 which have been checked and completed by Crowe (TW) CPAs, and issued review reports and audit reports, that there is no discrepancy.

4.Audit Committee Resolutions:

Date	Content	Resolution result	The Company's Handling of the Audit Committee's Opinions
2022.02.23 10th Meeting of the 1th Board	1.2022 financial report and business report. 2. Amend the text of some articles of the "Articles of Incorporation". 3.2022 surplus distribution case. 4. The case of transferring surplus to capital increase and issuing new shares. 5. Supplementary budget for "Kaohsiung Port Intercontinental Warehousing and Logistics Zone Phase II". 6. Proposal for purchase of operating equipment. 7.2022 extension of bank financing quota. 8.2021 "Statement of Internal Control System" case	All members of the committee approved.	Approved by all directors present in the committee.
2022.04.27 11th Meeting of the 1th Board	1. Review the consolidated financial statements for the first quarter of 2022. 2. Added the endorsement guarantee case for E-Shine Advanced Chemical Co., Ltd.'s loan amount.	All members of the committee approved.	Approved by all directors present in the committee.
2022.7.27 12th Meeting of the 1th Board	1. Review the consolidated financial statements for the first half of 2022. 2. "F23 Small-scale Purification Equipment" Budget Supplementary Proposal	All members of the committee approved.	Approved by all directors present in the committee.
2022.10.26 13th Meeting of the 1th Board	1. Review the consolidated financial statements for the third quarter of 2022.	All members of the committee approved.	Approved by all directors present in the committee.
2022.12.28 14th Meeting of the 1th Board	1. The company's 2023-year business plan. 2. Assess the independence of the company's independent accountants. 3. Cases on the reinvestment company's loan and performance guarantee amount and the company's handling of its endorsement guarantee. 4. Amendments to the rules of procedure of the board of directors. 5. Formulate the 2023-year internal audit plan.	All members of the committee approved.	Approved by all directors present in the committee.

(4) Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies

Item	Operation		Description	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No		
I. Has the Company established and disclosed its Corporate Governance Best Practice Principles based on the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"?	V		The company has formulated a code of practice on corporate governance in accordance with the "Code of Practice on Corporate Governance of Listed Companies", which has been published on the Public Information Observatory and the company's website.	No significant difference.
II. Equity Structure and Shareholders' Interests of the Company (1) Has the Company established an internal operating procedure to process shareholders' recommendations, suspicions, disputes, and litigations and implemented such processing based on the procedure?	V		(1) The company has dedicated personnel to deal with issues such as shareholder recommendations or disputes.	No significant difference.

<p>(2) Does the Company possess the list of its major shareholders and the ultimate controlling parties of the major shareholders?</p>	<p>V</p>	<p>(2) The Company keeps abreast of the list of major shareholders' ultimate controlling companies at all times and the ultimate controllers of the major shareholders at any time by the stock agent.</p>	<p>No significant difference.</p>
<p>(3) Has the Company established and executed the risk control and firewall system with its affiliates?</p>	<p>V</p>	<p>(3) The company has formulated operating procedures for financial transactions with group companies, specific companies and related parties.</p>	<p>No significant difference.</p>
<p>(4) Has the Company established its internal regulations to forbid internal parties to use undisclosed information in trading securities?</p>	<p>V</p>	<p>(4) 1. The company has formulated internal material information processing and insider transaction prevention management procedures. Directors, managers and employees who know the company's internal material information shall not disclose the knowledge of the internal material information to others. The directors, managers and employees of the company are not allowed to inquire about the company's internal material information or collect undisclosed internal material information of the company that is not related to their personal positions. Material information must not be disclosed to others.</p> <p>2. Organizations or personnel other than the company should sign a confidentiality agreement due to their participation in the company's mergers and acquisitions, important memorandums, strategic alliances, other business cooperation plans or signing of important contracts, and must not disclose the company's internal material information that they know to others. .</p> <p>3. The company conducts education and publicity on the "Administrative Measures for Prevention of Insider Trading" and related laws for directors, managers and employees at least once a year; for new directors and managers within 3 months after taking office; For newly hired employees, the legal affairs will educate and publicize them during the new employee education and training.</p> <p>4. On October 21, 2022, the company has arranged 3 hours of relevant education and publicity for the employees (1 person in total), and the content of the course includes relevant laws and regulations of insider trading, formation reasons, standard objects, enterprise risks, constituent elements and Legal liability, etc., and the course materials have been placed on the company's internal website for reference.</p>	<p>No significant difference.</p>

<p>III. Composition and Responsibilities of the Board</p> <p>(1) Has the Board developed and implemented a diversification policy for its composition</p>	<p>V</p>	<p>(1) 1. The company's director diversity policy is set out in Article 5.5.1 of the "Shiny Chemical Co., Ltd. Code of Governance Practices". The directors of the company should generally have the knowledge, skills and qualities necessary to perform their duties. In order to achieve the ideal goal of corporate governance, the board of directors should have the following capabilities: (1) operational judgment; (2) accounting and financial analysis; (3) operational management; (4) crisis management; (5) industry knowledge; (6) international market outlook; (7) leadership; (8) decision-making ability. (9) knowledge and ability of risk management</p> <p>2. In order to strengthen corporate governance and promote the sound development of the composition and structure of the board of directors, the company's policy stipulates that the composition of the board of directors should consider the needs of the company's operating structure, business development direction, future development trends, etc., and evaluate various aspects of diversity.</p> <p>3. The 9 directors of the 19th Board, which has 2 female directors and 7 male directors. All directors are good at business management and leadership decision-making. In terms of industry knowledge, they are SUN JAN-YEN, SUN CHI-JYH, SUN CHI-FA, CHEN YIH-LING, LEE CHIN-YEN, WONG DUEN-HONG, and MA CHEN-CHI; in financial accounting, CHEN TING-KO; legal affairs, WU HSIAO-YEN; environmental protection, MA CHEN-CHI.</p> <p>4. 22% of the company's directors are employees, 33% are independent directors, and 22% are female directors. One independent director is for a term of more than 9 years, and the other two are for 3 to 9 years. 6 directors are over 65 years old and 3 directors are between 45 and 65 years old. The company pays attention to gender equality in the composition of the board of directors. The target ratio of female directors is more than 20%, and this time it is 22%. The target has been reached, and it strives to increase the proportion of female directors on the board of directors in the future to achieve the spirit of gender equality.</p> <p>5. The board of directors formulates a diversity policy on the composition of the members and discloses it on the company's website.</p>	<p>No significant difference.</p>
---	----------	--	-----------------------------------

(2) Has the Company voluntarily established other functional committees in addition to the Remuneration Committee and the Audit Committee established according to the law?	V	(2) The Company established the Audit Committee and Remuneration Committee according to the law and studied the feasibility of having new functional committees.	No significant difference.
(3) Has the Company established the Regulations for the Performance Evaluation of the Board of Directors and its evaluation methods, regularly carried out the regular performance evaluation each year, reported to the Board regarding the results of the performance evaluation, and used the results as a reference for the remuneration and nomination for re-appointment of the individual Directors?	V	(3) On July 25, 2018, the board of directors of the company has passed the "Measures and Procedures for Board Performance Evaluation" to conduct the performance evaluation of the last year's board of directors in January each year, and the evaluation results are reported to the board of directors every year.	No significant difference.
(4) Has the Company regularly evaluated the independence of CPAs?	V	(4) The company evaluates the independence of the certified public accountants (Note 2) every year. In addition to confirming that the certified public accountants do not hold any shares in the company or hold any positions in the company, they also confirm that they meet the company's independence and suitability assessment standards, and have It was submitted to the board of directors for consideration on December 28, 2022.	No significant difference.

<p>IV. Has the listed company allocated an appropriate number of persons in charge of corporate governance who are appropriate for such positions and designated a chief of corporate governance to be responsible for affairs related to corporate governance (including but not limited to providing data required for the execution of businesses to Directors and supervisors, assisting Directors and supervisors in legal compliance, handling matters related to meetings of the Board and shareholders' meeting according to the law, carrying out company registration and alteration registration, and preparing meeting minutes for meetings of the Board and shareholders' meeting)?</p>	<p>V</p>	<p>(1). On July 25, 2018, the board of directors appointed HUANG YEOU CHING, the manager of the finance department, to serve as a corporate governance officer to protect the rights and interests of shareholders and strengthen the functions of the board of directors. Manager HUANG YEOU CHING is qualified as an accountant and has been engaged in the position of financial director of public companies for more than 10 years.</p> <p>(2) The main duties of the corporate governance officer include:</p> <ol style="list-style-type: none"> 1. Provide the information required by directors and supervisors to execute their business. 2. Assist directors and supervisors in compliance with laws and regulations. 3. Handle matters related to the meeting of the board of directors and the shareholders' meeting in accordance with the law. <p>(3) The business execution in 2022 is as follows:</p> <ol style="list-style-type: none"> 1. Assist independent directors and general directors to perform their duties, provide required information and arrange for further education for directors: <ol style="list-style-type: none"> (1) According to the latest revision and development of laws and regulations related to the company's business field and corporate governance, board members are provided when they take office and are regularly updated. (2) Review the confidentiality level of relevant information and provide the company information required by the directors to maintain smooth communication between directors and business executives. (3) In accordance with the Code of Practice for Corporate Governance, independent directors will assist in arranging relevant meetings when they need to communicate with the internal audit supervisor or accountants to understand the company's financial business. (4) Assist independent directors and general directors in arranging advanced training programs and courses according to the company's industry characteristics, directorship and experience background. 2. Assist in the procedures and resolutions of the board of directors and shareholders' meetings on legal compliance matters: <ol style="list-style-type: none"> (1) Report the operation of corporate governance to the board of directors, independent directors, or supervisors, and confirm whether the company's shareholders' meeting and board of directors are in compliance with relevant laws and corporate governance codes. 	<p>No significant difference.</p>
--	----------	--	-----------------------------------

		<p>(2) Assist and remind directors of the laws and regulations to be followed when conducting business or making formal resolutions of the board of directors.</p> <p>3. The board of directors shall be notified of the agenda 7 days in advance, convene the meeting and provide meeting materials. If the agenda needs to be avoided, it shall be reminded in advance, and the minutes of the board of directors shall be completed within 20 days after the meeting.</p> <p>4. Carry out the registration for the date of shareholders' meetings in advance according to the law, prepare meeting notices, meeting handbook, meeting minutes within the statutory period, and conduct alteration registration affairs for the amendment of Articles of Association or Director's re-election.</p> <p>(4) Refer to Note 3 for the 2022 advanced studies situation.</p>	
V. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), set up a stakeholder section on the Company's website, and duly responded to significant issues of corporate social responsibility concerned by stakeholders?	V	The company has set up a spokesperson and an acting spokesperson to handle related matters, so that the communication with stakeholders can be smooth.	No significant difference.
VI. Has the Company appointed a professional stock affair agency to process affairs related to shareholders' meetings?	V	The Company has appointed a professional stock affairs agency to handle the affairs of the shareholders' meeting.	No significant difference.

<p>VII. Open Information</p> <p>(1) Has the Company established its website to disclose information on its financial operations and corporate governance?</p>	<p>V</p>	<p>(1) The company has set up a corporate website and set up a special area for investors, and instructed the relevant departments to maintain it so as to disclose the company's financial business and corporate governance information at any time. The website is as follows: www.shinychem.com.tw</p>	<p>No significant difference.</p>
<p>(2) Has the company adopted other methods for information disclosure (such as building an English website, appointing dedicated personnel to be responsible for the information collection and disclosure implementing a spokesman system, and uploading the course of investor conferences on the Company's website) ?</p>	<p>V</p>	<p>(2) The company has designated personnel to report various public information on the "public information observatory" on a regular and irregular basis according to regulations, and has set up spokespersons and acting spokespersons to speak to the outside world.</p>	<p>No significant difference.</p>
<p>(3) Has the Company published and declared its annual financial report within two months after the end of a fiscal year and published and declared its financial reports for the first, second, and third quarters as well as its operating status for each month before the specified deadline?</p>	<p>V</p>	<p>(3) The company announces and reports the annual financial report within two months after the end of the fiscal year, and announces and reports the first, second and third quarter financial reports and the operating conditions of each month before the specified deadline.</p>	<p>No significant difference.</p>

<p>VIII. Is there any other significant information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employees' interests, care for employees, investor relations, supplier relations, rights of stakeholders, Directors and supervisors' continuing education records, the execution of risk management policies and risk evaluation standards, the execution of customer policies, and the purchase of responsibility insurance for Directors and supervisors)?</p>	<p>V</p>	<p>(1) Employee rights and interests: Treat employees with integrity and protect the legitimate rights and interests of employees in accordance with the Labor Standards Act.</p> <p>(2) Employee care: Establish a good relationship of mutual trust and mutual trust with employees through a good employee welfare system and education and training system.</p> <p>(3) Investor Relations: Set up spokespersons and proxy spokespersons to deal with shareholder proposals.</p> <p>(4) Supplier relationship: The company has always maintained a good relationship with its suppliers.</p> <p>(5) Rights of Stakeholders: Stakeholders may communicate and make suggestions with the company to safeguard their legitimate rights and interests.</p> <p>(6) Situation of training for directors and supervisors: The directors of the company all have industry professional background and practical experience in operation and management.</p> <p>(7) Implementation of risk management policies and risk measurement standards: formulate various internal regulations and conduct various risk management and assessment.</p> <p>(8) Implementation of customer policy: The company maintains a stable and good relationship with customers to create company profits.</p> <p>(9) The company has purchased liability insurance for directors and supervisors.</p> <p>(10) Succession planning for board members and important management levels:</p> <p>1. Succession planning of board members The company has a total of 9 directors (including 3 independent directors). The selection of directors is based on the results of performance evaluation and the needs of practical operation in addition to considering the overall ability of the board of directors and the diversity of members. , and adjust the composition of members in a timely manner. The succession planning of board members includes taking over by the company's internal senior executives, and recruiting external professionals in business management, law, accounting, industry, technology, and marketing. During the term of office, directors arrange at least 6 hours of continuous learning every year to help directors enrich new knowledge.</p> <p>2. Succession planning for important management levels The company defines the required positions and talent needs based on future development strategies, and in response to changes in operations and strategies, explores potential and talented supervisors as candidates for succession planning, and</p>	<p>No significant difference.</p>
---	----------	--	-----------------------------------

		<p>establishes a complete training mechanism and talent development Plan to give training. Each supervisor regularly trains through various courses including human resources, financial risks, environmental issues, operation management, etc., to cultivate the ability to judge various decisions in the future.</p> <p style="text-align: center;"><u>2022 Training Hours of Supervisor</u></p> <table border="1"> <tr> <td>Total hours.</td> <td>Human Resources</td> <td>Financial risk</td> <td>Environmental issues</td> <td>Operation management</td> </tr> <tr> <td></td> <td style="text-align: center;">271</td> <td style="text-align: center;">75</td> <td style="text-align: center;">132</td> <td style="text-align: center;">626</td> </tr> </table>	Total hours.	Human Resources	Financial risk	Environmental issues	Operation management		271	75	132	626	
Total hours.	Human Resources	Financial risk	Environmental issues	Operation management									
	271	75	132	626									

IX、Please explain the improvement situation in the corporate governance evaluation results issued by the Corporate Governance Center of Taiwan Stock Exchange Corporation Limited in the most recent year, and propose priority strengthening matters and measures for those who have not yet improved. (No need to fill in if not listed in the rated company)

In order to strengthen corporate governance, in addition to updating the "Measures for the Evaluation of the Board's Performance", the Company has set up a corporate governance officer to be responsible for related affairs, in addition to regularly assessing the performance of the Board of Directors every year. In addition, the company will continue to maintain an effective corporate governance mechanism at all levels of operation in the future, and enhance the transparency of information disclosure.

Note 1: The implementation of the diversification policy on Board composition

Core Items for Diversification Name of Director	Basic Composition						Industrial Experience and Background			Professional Skills		
	Gender	Serve concurrently as employee of the company	Age		Length of tenure of independent directors		Management	Leadership decision	Industry knowledge	Financial Accounting	Law	Environmental protection
			45 to 65	65 and above	3 to 9	9 and above						
NINGHAN DEVELOPMENT CO.,LTD (SUN JAN-YEN)	Male	✓		✓			✓	✓	✓			
NINGHAN DEVELOPMENT CO.,LTD (SUN CHI-FA)	Male		✓				✓	✓	✓			
NINGHAN DEVELOPMENT CO.,LTD (SUN CHI-JYH)	Male	✓	✓				✓	✓	✓			
YUKUO PLYWOOD CORP., (CHEN YIH-LING)	Female		✓				✓	✓	✓			
LEE CHIN-YEN	Male			✓			✓	✓	✓			
WONG DUEN-HONG	Male			✓			✓	✓	✓			
WU HSIAO-YEN	Female			✓	✓		✓	✓		✓		
MA CHEN-CHI	Male			✓		✓	✓	✓	✓			✓
CHEN TING-KO	Male			✓	✓		✓	✓		✓		

Note 2: The company's accountant independence assessment criteria.

Evaluation items	Yes	No	Illustrate
1. Not an employee of a company or affiliated enterprise.	✓		After the assessment, there is no such situation as listed left in the appointment of the CPA, which confirms that the CPA is independent and the reliability of the financial report issued is safe.
2. Non-directors or supervisors of the company or its affiliated companies (except if they are independent directors of the company or its parent company, or an independent director of a subsidiary in which the company directly or indirectly holds more than 50% of the voting shares).	✓		
3. Non-person shareholders who are not themselves and their spouses, minor children, or other natural person shareholders who hold more than 1% of the company's total issued shares or hold the top ten shares in the name of others.	✓		
4. Spouses, relatives within the second degree of kinship, or lineal blood relatives within the third degree of kinship of persons not listed in the preceding three paragraphs.	✓		
5. Directors, supervisors or employees of legal person shareholders who do not directly hold more than 5% of the total issued shares of the company, or directors, supervisors or employees of the top five legal person shareholders holding shares.	✓		
6. Non-director (council), supervisor (supervisor), manager or shareholder holding more than 5% of the shares of a specific company or institution that has financial or business dealings with the company.	✓		
7. There is no relationship between spouses or relatives within the second degree of kinship with other directors.	✓		
8. None of the conditions in Article 30 of the Company Law.	✓		
9. In the last two years, he shall not be a director, supervisor, manager, or any position that has a significant influence on the audit case of the company.	✓		

Note 3: The training situation of the company's full-time governance personnel

Year of study: 2022					
Name: HUANG YEOU CHING					
Appointed as the Company's Corporate Governance Officer Date: July 25, 2018					
Number	Learning institutions	Course Title	During training		Study hours
			Start	Finish	
1	Chinese Corporate Governance Association	Complete the port customs clearance operation at one time	2/11/2022	2/11/2022	6
2	The Republic of China Accounting Research Development Foundation	Accounting Director of Issuer Securities Firm Stock Exchange Continuing Refresher course	08/18/2022	08/19/2022	12
3	Incorporated legal person The Accountants Association of the Republic of China	Corporate Fraud and Accountant's Criminal Responsibility from the Perspective of Judgment	09/16/2022	09/16/2022	3
4	National Federation	The planning and operation of the legal functions of the "win-in mechanism" insurance policy	10/21/2022	10/21/2022	3
5		Greenhouse Gas Inventory Practice (Part 2)	11/02/2022	11/02/2022	3

6		Greenhouse Gas Inventory Practice (Part 1)	11/17/2022	11/17/2022	6
7		Practical explanation of limited partnership registration	12/23/2022	12/23/2022	3

(5) Composition, responsibilities, operations and resolutions of the Remuneration Committee

1. Remuneration Committee Member Information

Identity	Condition Name	Professional qualifications and experience	Independence Attribute (Note 1)	Number of other publicly listed companies in which the member concurrently holding the position as a member of the remuneration committee
Independent Director	WU HSIAO-YEN	Ms. WU HSIAO-YEN holds a Master of Laws from National Chung Cheng University. She is qualified as a lawyer in Taiwan and has more than 10 years of practice experience as the director of a law firm.	√	1
Independent Director	MA CHEN-CHI	Mr. MA CHEN-CHI is a Ph.D. in chemical engineering from North Carolina State University. He has more than 10 years of experience in chemical industry at home and abroad, and more than 35 years of chemical teaching experience. He is now an honorary professor of the Department of Chemical Engineering of National Tsing Hua University.	√	2
Independent Director	CHEN TING-KO	Mr. CHEN TING-KO holds a Ph.D. in Business Administration from the University of Michigan. He has served successively as the Dean of the Department of Business at National Taiwan University, the Dean of the School of Management at Tamkang and Asia University, and the Distinguished Chair Professor of various business schools. Chairman of Bank Securities Co., Ltd., general consultant of Runtai Group, etc., with rich experience in the industry.	√	1

Note 1: If the members of the Compensation and Remuneration Committee meet the following conditions for independence, please tick "√" in the space below each condition code.

- (1) Whether I, my spouse, or relatives within the second degree act as directors, supervisors or employees of the company or its affiliated companies: None.
- (2) The number and proportion of the company's shares held by myself, my spouse, relatives within the second degree (or in the name of others): all are NT\$0 shares and 0%.
- (3) Whether he is a director, supervisor or employer of a company that has a specific relationship with the company (refer to Article 6, Paragraph 1, Subparagraphs 5 to 8 of the Regulations on the Establishment and Exercise of Powers of the Compensation and Remuneration Committee of Companies Listed on Stocks or Trading at the Business Office of a Securities Firm): None.
- (4) The amount of remuneration obtained from providing business, legal, financial, accounting and other services to the company or its affiliated companies in the last two years: both are NT\$0.

2. Operations of the Remuneration Committee

- (1) There are 3 members in the Company's Remuneration Committee.
- (2) Term of office of the current members: 2 meetings (A) were held for the Remuneration Committee from May 21, 2020 to May 20, 2023, and the qualification and attendance of the members are as follows:

Title	Name	Actual Attendance (B)	Number of Attendance by Proxy	Actual Attendance Rate (%) (B/A) (Note)	Remarks
Convener	WU HSIAO-YEN	2	0	100%	
Committee Member	MA CHEN-CHI	2	0	100%	
Committee Member	CHEN TING-KO	2	0	100%	

Other matters to be recorded:

I. When the Board declines to adopt or amend the recommendation of the Remuneration Committee, the Board shall specify the date of the meeting of the Board, period, the content of the resolution, results of the resolution made by the Board, and measures adopted by the Company in response to the opinions from the Remuneration Committee (e.g., for the remuneration passed by the Board being more favorable than the recommendations from the Remuneration Committee, the deviation and the reasons thereof shall be specified): None.

II. For resolutions of the Remuneration Committee, members who expressed opposition that was recorded or declared in writing, the date of the meeting of the Remuneration Committee, period, the content of the resolution, all members' opinions, and the measures adopted for the opposing members' opinions be specified: None.

Note: The Company completed the re-election of the 4th Remuneration Committee on May 21, 2020, and the term of office was from May 21, 2020 to May 20, 2023.

3. Terms of reference of the Remuneration Committee:

- (1) Periodically review this regulation and propose amendments.
- (2) Formulate and regularly review the company's directors and managers' performance goals and salary policies and system standards standard and structure.
- (3) Regularly evaluate the achievement of the performance goals of the company's directors and managers, and determine their individual salaries content and amount.

4. The annual work priorities of the Remuneration Committee:

- (1) Review the monthly salaries and remuneration paid by the managers of the company.
- (2) Review the company's managers and employees to receive year-end bonuses.
- (3) Other matters referred by the board of directors.

5. Resolutions of the Remuneration Committee

Date	Proposal item	Resolution result	The company's handling of the opinions of the Compensation and Remuneration Committee
5rd Meeting of the 4th Committee 28, December 2022	1. Review the case of the company's managers and employees receiving year-end bonuses.	All members of the committee approved	Approved by all directors present
6rd Meeting of the 4th Committee 22, February 2022	1. Review the salary and remuneration cases that the managers of the company receive on a monthly basis. 2. Review the company's 2022 employee compensation and director compensation cases.	All members of the committee approved	Approved by all directors present

(6) Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Item	Operation		Description	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No		

<p>I. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?</p>	<p>V</p>	<p>1. Following the vision and mission of the company's ESG policy, the company established the Corporate Social Responsibility Committee in 2015 and changed its name to the "Corporate Sustainable Development Committee" in 2021. The chairman of the committee is the chairman, and the first-level supervisors of each department are the chairmen of the committee. Member, there is a secretarial office under the committee responsible for the operation of the committee, and three groups (business governance, environmental sustainability and social participation) are established according to the company's important substantive.</p> <p>2.The "Sustainable Development Committee" acts as a cross-departmental communication platform integrating top and bottom and horizontally connecting. Each group will jointly discuss sustainable issues related to company operations and stakeholders, formulate corresponding strategies and work guidelines, and plan annual plans. According to the nature of the plan, they will be assigned to each group for implementation, and other groups will track the implementation. The results ensure that the sustainable development strategy is fully implemented in the company's daily operations.</p> <p>3.The "Sustainable Development Committee" reports to the Board of Directors at least once a year on the implementation results and future plans of sustainable development. The report includes: (1) Identify issues that need attention and formulate corresponding action plans;</p>	<p>No significant difference.</p>
---	----------	--	-----------------------------------

		<p>(2) Goals and policy revisions on sustainability-related issues.</p> <p>(3) Supervise the implementation of sustainable management matters and evaluate the implementation.</p> <p>4. The company's board of directors regularly listens to reports from the management team (including ESG report), the management must propose corporate strategies to the board of directors, For example: in response to the government's 2050 net zero plan, the international carbon neutral trend In view of the trend of carbon reduction and the trend of carbon reduction, the company formulates relevant policies and develops and implements strategies strategy and report etc. to the board of directors who have to judge the strategy possibilities, the progress of the strategy needs to be reviewed frequently, and the Timely urge the management team to make adjustments.</p>	
--	--	--	--

<p>II. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note 2)</p>	<p>V</p>	<p>2. (1). The company has formulated a code of practice for Sustainable Development and disclosed it on the company's website. The policy of expressing sustainable development is to implement and promote corporate governance, develop a sustainable environment, participate in the promotion of social welfare, and strengthen the disclosure of sustainable development information.</p> <p>(2). The company has formulated the "Quality, Environment and Occupational Safety and Health Manual" and "Labor Work Environment Monitoring Measures" to identify environmental, health and safety and labor practice risks related to operations, and determine each risk through risk identification and assessment. , formulate risk management countermeasures, propose corresponding solutions, including prevention, transfer, avoidance or assumption, etc. to control risks, and implement appropriate procedures and substantive controls through adequate communication and supervision mechanisms of company information to ensure compliance. Control the identified risks.</p> <p>(3) Based on the principle of materiality, the risk management strategy after assessment is as follows: (1) Environmental issues (covering Yong-An Plant 1, Plant 2 and Qianzhen Plant)</p> <table border="1" data-bbox="616 1140 1190 1937"> <thead> <tr> <th data-bbox="616 1140 810 1238">Risk Assessment Project</th> <th data-bbox="810 1140 1190 1238">Strategy</th> </tr> </thead> <tbody> <tr> <td data-bbox="616 1238 810 1937">energy manage</td> <td data-bbox="810 1238 1190 1937"> 1.Strengthen equipment maintenance, replace equipment, purchase additional energy-saving and high-efficiency equipment, and formulate energy-saving goals to continuously reduce the unit electricity consumption of products. 2.Promot improvement measures such as process energy consumption reduction, energy reuse, waste heat recovery into steam input into process technology, equipment efficiency improvement, and energy management. </td> </tr> </tbody> </table>	Risk Assessment Project	Strategy	energy manage	1.Strengthen equipment maintenance, replace equipment, purchase additional energy-saving and high-efficiency equipment, and formulate energy-saving goals to continuously reduce the unit electricity consumption of products. 2.Promot improvement measures such as process energy consumption reduction, energy reuse, waste heat recovery into steam input into process technology, equipment efficiency improvement, and energy management.	<p>No significant difference.</p>
Risk Assessment Project	Strategy						
energy manage	1.Strengthen equipment maintenance, replace equipment, purchase additional energy-saving and high-efficiency equipment, and formulate energy-saving goals to continuously reduce the unit electricity consumption of products. 2.Promot improvement measures such as process energy consumption reduction, energy reuse, waste heat recovery into steam input into process technology, equipment efficiency improvement, and energy management.						

Risk Assessment Project	Strategy
Water Resource management	<ol style="list-style-type: none"> 1. Expand water storage tanks to alleviate water shortages shock. 2. Promote energy-saving and water-saving improvement projects to Reduce energy and water costs. 3. Grasp the water supply status of each plant area conditions, and arrange for transport trains to deliver water to water shortage factory area.
Greenhouse Gas Emissions Management	<ol style="list-style-type: none"> 1. Conduct product carbon emission surveys and develop relevant countermeasures for high carbon emission products. 2. Invest in the development of low-carbon products to reduce carbon emissions in the company's manufacturing process. 3. Calculate the annual carbon emissions, and compare different departments of the same nature, and promote the departmental carbon reduction action competition, so as to achieve a large-scale carbon reduction action for the whole company. 4. Carry out carbon footprint inventory, set short-, medium-, and long-term carbon emission goals, and achieve the goal of greenhouse gas management.
Air pollution management	<ol style="list-style-type: none"> 1. Replacing the boilers that use heavy oil to burn into steam to use natural gas to burn into steam, and the natural gas is changed from outsourcing to self-made steam, improving the operating efficiency of boilers and indirectly reducing greenhouse

				<p>gas emissions and various air pollutant emissions.</p> <p>2. Purchase monitoring equipment (FID) to monitor the leakage of equipment components in each factory and the emission and quality of air pollution, and have personnel monitor the emission of the factory area at any time to achieve management purposes.</p>	
			Climate change	<p>For the collection and analysis of climate change, energy risk and other information, refer to the ISO14001 risk identification procedure, identify and evaluate and formulate reduction and energy-saving strategies to reduce the possible impact of climate change.</p>	
<p>(2) Social issues (covering Yong-An Plant 1, Plant 2 and Qianzhen Plant):</p>					
			Risk Assessment Project	Strategy	
			workplace Safety and health	<p>1 Build a safe and hygienic working environment, conduct hazard identification and risk assessment in a timely manner, and conduct risk reduction measures and emergency response drills to reduce the risk of occupational accidents for employees.</p> <p>2. Continuously conduct special health checks for high-risk employees, and carry out health classification management and tracking according to the results.</p> <p>3. Well-planned contingency protection measures for epidemic infectious diseases, taking into account the health of employees and smooth operation.</p>	

				<p>4. Promote the "Prevention Plan for Unlawful Infringement in the Execution of Duties", prevent workplace bullying, understand the sources of workplace violence, care for employees and deal with violence, and ensure the physical and mental health of employees.</p>	
--	--	--	--	--	--

Risk Assessment Project	Strategy
Society participate and feedback	<ol style="list-style-type: none"> 1. Carry out industry-university cooperation with various universities, hold chemical process summer camps, and take root in the cultivation of chemical talents. 2. Establish good community relations and participate in local good-neighborly activities from time to time. 3. Support local employment. The company does not employ foreign labor. In addition to creating employment opportunities, it can also stimulate local consumption and enhance social vitality.
Talents source and development	<ol style="list-style-type: none"> 1. Provide stable remuneration and proposal bonuses, and plan perfect career development, and encourage employees to obtain certificates or professional certifications. 2. Through diversified and open recruitment channels, actively participate in campus recruitment activities, provide summer work-study or cooperate with schools to recruit talents and improve recruitment efficiency. 3. Introduce new employees through the company's internal personnel, and give recruiting bonuses to those who are suitable for encouragement.

(3) Corporate Governance (covering Yong-

An Plant 1, Plant 2 and Qianzhen Plant):	
Risk Assessment Project	Strategy
Strategy operate	With the company's sustainable operation as the goal, continue to develop high-value and differentiated products, sign long-term contracts with customers and suppliers, maintain a good relationship between supply and demand, and continue to improve manufacturing processes and enhance competitiveness to reduce operational risks.
Practicing morality	Formulate various ethical codes of conduct (such as the code of integrity management) and regularly hold lectures on integrity and ethics, and establish a good corporate governance and risk control mechanism, that is, assess the risk of dishonest behavior, and formulate relevant preventive measures accordingly, and implement Promote integrity management policy.
Legal compliance	The legal department grasps the changes in policies and regulations to respond immediately, formulates contract system models, and conducts legal compliance education and training, etc., in order to reduce legal risks.

			<p>Information Safety</p>	<ol style="list-style-type: none"> 1. Formulate an internal information security management system to standardize and improve the behavior of internal personnel. 2. Irregular information security risk inspections to ensure that the implementation of information security policies is true. 3. Regularly hold information security policy-personnel education and training, and have quizzes in class to ensure that everyone has information security crisis awareness. 4. Information security personnel receive regular external training to understand the latest information security policies and knowledge. 5. Build information security management equipment and implement information security management measures. 	
--	--	--	---------------------------	---	--

Risk Assessment Project	Strategy
Finance risk	In line with the demand for foreign currency funds and the trend of the foreign exchange market, flexibly adjust strong and weak foreign currency positions to improve the efficiency of fund utilization and effectively reduce exchange risk.
Raw material supply risk	<ol style="list-style-type: none"> 1. Prudently evaluate suppliers and actively develop new material sources to avoid being monopolized by a few suppliers. 2. Continue to improve the process technology to reduce the consumption of raw materials. 3. Actively develop new products, strengthen the integrity and diversification of product portfolio. 4. Develop green products with high added value.
Industry safety and transport risk	<ol style="list-style-type: none"> 1. In the process of product manufacturing, implement the safety management policy of the working environment to ensure that every link meets the requirements of industrial safety. 2. Improve the process machinery shaft-sealed pump and update it to a non-sealed type to prevent leakage and fire. 3. Establish an emergency automatic shutdown system for solvent factories to improve on-site Emergency response capabilities and enhance process safety. 4. During the Transportation of raw materials and products, transporters are required to follow the strictest transportation safety regulations and choose the safest transportation channels and methods.

III. Environmental issues									
(1) Has the Company set an environmental management system designed to industry characteristics?	V	(1) The company obtained ISO14001 Environmental Management System, OHSAS18001 and ISO45001 Occupational Safety and Health Management System certification in 2002, 2008 and 2019 respectively, fulfilling its commitment to environmental policy.	No significant difference.						
(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	V	<p>(2) 1. The company adheres to the concept of "Equal emphasis on green production, service and environmental protection", and expects to improve product development, production, use and disposal (process) through active process improvement, water resources management, waste pollution reduction, and environmental monitoring. and emergency response measures to achieve the goal of low energy consumption, low pollution and environmental friendliness.</p> <p>2. The company recycles and reuses waste solvents to achieve the purpose of resource regeneration and recycling and waste reduction. Recycling the waste solvent B produced by product A to make product C:</p> <table border="1" data-bbox="639 1048 1225 1149"> <thead> <tr> <th data-bbox="639 1048 866 1081">Item</th> <th data-bbox="866 1048 1045 1081">2021</th> <th data-bbox="1045 1048 1225 1081">2022</th> </tr> </thead> <tbody> <tr> <td data-bbox="639 1081 866 1149">B waste solvent usage:</td> <td data-bbox="866 1081 1045 1149">10,859MT</td> <td data-bbox="1045 1081 1225 1149">8,891MT</td> </tr> </tbody> </table>	Item	2021	2022	B waste solvent usage:	10,859MT	8,891MT	No significant difference.
Item	2021	2022							
B waste solvent usage:	10,859MT	8,891MT							
(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	V	<p>(3) The company pays attention to the impact of climate change on operating activities, and completes the inventory of greenhouse gas emissions in accordance with ISO 14064-1, which has been verified by the Central Bureau of Standards and Inspection.</p> <p>1. Potential risks of climate change:</p> <p>(1) Total Greenhouse Gas Control</p> <p>(2) Water and electricity supply is unstable</p> <p>(3) Development cost of low-carbon energy-saving products</p> <p>(4) Impact on company image</p> <p>(5) Typhoon</p> <p>2. Potential financial impact:</p> <p>(1) Limited capacity expansion and increased operating costs.</p> <p>(2) Production was impacted and operating costs increased.</p> <p>(3) The development cost of low carbon energy-saving products is low, and the development cost of carbon energy-saving products is high.</p> <p>(4) Failure to meet the expectations of stakeholders, resulting in damage to the company's reputation or image.</p> <p>(5) Production is affected, resulting in financial losses and decreased revenue.</p>	No significant difference.						

		<p>3. Climate Opportunities:</p> <ul style="list-style-type: none">(1) Renewable energy plan, carbon reduction and energy saving plan.(2) Improve water resource reuse efficiency and self-produce electric energy.(3) Develop or expand energy-saving products and services.(4) Enhance the long-term investment willingness of investors.(5) Improve the ability to resist natural disasters. <p>4. Response measures:</p> <ul style="list-style-type: none">(1) Purchasing environmentally friendly biomass energy to supply the steam required for production, which can reduce carbon by about 25,000 tons of CO₂ per year.(2) Change the source of the cooling system (from water-cooled to air-cooled), build a flow meter to control water consumption, and build a solar photovoltaic system.(3) Invest in the development of energy-saving products.(4) Release relevant news to stabilize the market.(5) Build a perfect drainage system and increase the height of the workshop.	
--	--	---	--

<p>(4) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?</p>	V	<p>(4) 1. Greenhouse gas emissions in the last two years: (covering Yong-An Plant 1, Plant 2 and Qianzhen Plant)</p> <table border="1" data-bbox="584 315 1268 450"> <thead> <tr> <th>YEAR</th> <th>Category 1</th> <th>Category2</th> <th>Total emissions (tons of CO_{2e})</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>32,898</td> <td>8,031</td> <td>40,929</td> </tr> <tr> <td>2021</td> <td>45,271</td> <td>8,412</td> <td>53,683</td> </tr> </tbody> </table> <p>Note:</p> <ol style="list-style-type: none"> 1. 2021 Category 1 emissions increased year by year, mainly because the manufacturers that provided biomass energy steam stopped supplying, the company switched to low-pollution energy natural gas, and the production plant was expanded to increase production capacity, and the emissions increased with the increase in production. Category 2 is the company's purchase of energy from outside, and greenhouse gas is the indirect energy greenhouse gas emission caused by the energy provider. 2. In response to climate change and to promote the company's sustainable operation, the company will continue to negotiate and purchase renewable energy and energy-saving equipment in the future, hoping to achieve a net zero carbon emission plan by 2050. 3. In order to implement the implementation of greenhouse gas management, the company has formulated the "Greenhouse Gas Management Measures" for compliance, and established the "Greenhouse Gas Promotion Committee" to promote the management of greenhouse gas emissions. 4. Achievements in energy saving and carbon reduction: the solar power generation system will generate 57,588 kWh in 2021, which can reduce about 29 metric ton CO₂; the replacement of air conditioners in the administrative building can save 15,389 kWh of electricity a year, which can reduce about 8 metric tons CO₂. Increase the heat dissipation volume of the cooling tower in the process by 1.67 times in 2020, which can effectively reduce the cooling fan load and fan power, save 179,928 kWh of electricity a year, and reduce about 90 metric tons CO₂; reduce the consumption in the process Replacing electric cooling water pumps with low-power cooling water pumps can save 53,222 kWh of electricity a year and reduce about 27 metric tons CO₂. <p>2. Water consumption in the last two years: (covering Yong-An Plant 1, Plant 2 and Qianzhen Plant)</p> <table border="1" data-bbox="657 1944 1241 2063"> <thead> <tr> <th>YEAR</th> <th>Tap water consumption (tons)</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>319,344</td> </tr> <tr> <td>2021</td> <td>344,005</td> </tr> </tbody> </table>	YEAR	Category 1	Category2	Total emissions (tons of CO _{2e})	2020	32,898	8,031	40,929	2021	45,271	8,412	53,683	YEAR	Tap water consumption (tons)	2020	319,344	2021	344,005	<p>No significant difference.</p>
YEAR	Category 1	Category2	Total emissions (tons of CO _{2e})																		
2020	32,898	8,031	40,929																		
2021	45,271	8,412	53,683																		
YEAR	Tap water consumption (tons)																				
2020	319,344																				
2021	344,005																				

Note: Important water resources management measures include: installing flow meters at places with large amounts of water to collect and count water consumption data; controlling the discharge of cooling water towers according to water quality conditions; changing the process cooling system from water-cooled to air-cooled, etc.

3. Electricity consumption in the last two years: (covering Yong-An Plant 1, Plant 2 and Qianzhen Plant)

YEAR	Electricity consumption (kWh)
2020	15,372
2021	16,759

Note:

1. In order to promote the use of renewable energy, Yong-An Plant 2 installed a 49.6kw solar photovoltaic power generation system in 2015, with an annual power generation of about 65,000 kWh and a total investment of NT\$2.93 million. The 2021 Electricity power generating capacity is 57,588 kWh.
2. Replacing equipment and updating the process: In 2018, the brine machine with high power consumption was stopped and replaced with frequency conversion fan and cooling water circulation pump, which can save 474,600 kWh of electricity every year; in 2019, the vacuum machine with high power consumption was replaced every year 91,238 kWh of electricity can be saved; the high-power cooling water pump is replaced in 2020, and 53,222 kilowatt-hours of electricity can be saved every year.

4. The amount of waste in the last two years: (covering Yong-An Plant 1, Plant 2 and Qianzhen Plant)

YEAR	waste solvent	Household garbage	organic sludge	waste oil mixture	Total weight (tons)
2020	714.94	62.46	7.44	0.60	785.44
2021	800.47	61.66	1.24	0.98	864.35

Note:

1. The company's production process is equipped with an independent organic compound recovery tower to reduce the generation of waste solvents, and control the waste generated in the production process, and store them in a classified manner. The recyclable waste will be processed After reuse, the organic sludge has been reduced by 83.3% in 2021 compared with 2020.
2. In addition to controlling the waste generated during the production process, the company continues to recycle and process waste solvents generated by the technology industry, and use them as part of alternative raw materials to

		<p>achieve the goal of waste recycling.</p> <p>3. Encourage employees to implement garbage sorting and resource recycling, and develop good habits, which has been reduced by 1.3% in 2021 compared with 2020.</p> <p>4. The electronic grade solvent produced by the solvent field is initially provided to customers in small packaging materials for testing and use. In response to demand, in order to reduce the use of packaging materials, when the official supply of goods is provided in cooperation with customers, the materials are supplied in reusable containers to reduce the use of packaging materials.</p>	
--	--	---	--

<p>IV. Social issues</p> <p>(1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?</p>	<p>V</p>	<p>(1) 1.The company abides by relevant labor laws and regulations and respects internationally recognized labor rights norms/principles, formulates personnel rules and human rights policies, provides relevant labor/health insurance and group insurance for all employees, and provides pensions to protect the legitimate rights and interests of employees and Employment policies, non-discriminatory treatment, etc., establish appropriate management methods and procedures and implement them.</p> <p>2.The company has created a workplace environment with equal rights for both genders in accordance with the Gender Equality at Work Law. Employees enjoy benefits such as physiological leave, maternity leave (paternity leave), parental leave without pay, family care leave and other benefits, and implement the equality of remuneration and employment conditions, training and promotion.</p> <p>3.Among the management policies and procedures, the company has established "Communication, Participation and Consultation Management Measures", "Implementation Measures for Improvement Proposal System and Rewards", "Methods for Model Worker Selection", "Implementation Measures for Labor-Management Meetings", "Sexual Harassment Prevention Measures, Complaint Disciplinary Measures" and "Personnel Appraisal Committee Establishment Measures", etc., are committed to creating a high-quality working environment to protect the rights and interests of employees, ensure non-discrimination and prohibit inhumane treatment, regardless of race, religion, gender, age, nationality, etc. Treat all employees fairly.</p> <p>4. In terms of implementation, the main specific measures include: education and training for new employees, with 50 trainees and a total of 395 hours; promoting a friendly and equal workplace culture and creating a gender-friendly workplace; in terms of establishing a communication mechanism with employees, the company attaches great importance to all employees There is an employee mailbox, which will be handled by the company's dedicated department, so that the voice of employees can be heard and responded to.</p>	
---	----------	--	--

<p>(2) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?</p>	<p>V</p>	<p>(2) Employee remuneration: The company has set working rules and relevant personnel management rules The content covers the basic wages, working hours, vacations, pension benefits, labor and health insurance benefits, occupational accident compensation, etc. The company's remuneration policy is based on personal ability, contribution to the company, and performance, which is positively correlated with business performance. There is also an annual salary adjustment plan, with an average salary adjustment rate of 3%, to improve the company's salary level, motivate employees to improve their personal performance, and maintain overall salary competitiveness. Employee Welfare Measures: Set up an Employee Welfare Committee to operate through the employee-elected welfare committee to handle various welfare matters, such as: employee travel subsidies, Spring Festival gift vouchers, labor day gift vouchers, subsidies for social and cultural activities, birthday gifts, marriage allowances, Maternity allowance, funeral allowance, education allowance for employees and their children, etc.</p>	<p>No significant difference.</p>
<p>(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?</p>	<p>V</p>	<p>(3) In order to provide employees with a safe and healthy working environment, the company has formulated the "Code of Practice for Safety and Health", which includes rights and responsibilities, maintenance and inspection of machinery, equipment or appliances, work safety and health standards, education and training, health guidance and management measures, first aid and rescue, preparation, maintenance and use of protective facilities, accident notification and reporting, etc., and submit them to the Occupational Safety and Health Department for verification. Smoking is prohibited in the offices and factories, and it is required to maintain the cleanliness of the workplace. Access control and security monitoring systems are installed in the workplace to ensure worker safety. For occupational safety and health management and obtain ISO45001 certification (valid from May 19, 2020 to May 18, 2023). and regularly work Work safety education and training, establishment of breastfeeding rooms, establishment of staff cafeterias, etc.</p>	<p>No significant difference.</p>

		<p>Regarding the health of employees, the company conducts physical examinations for new recruits and annual employee health examinations, and has factory care personnel; it has also held weight loss activities, walking activities, etc. to promote employee health.</p> <p>In 2022, the number of occupational disasters in the factory was 1, When the employee was operating the machine, he walked too fast and fell down. Fortunately, he was not seriously injured. The company followed up to publicize that when employees are working in the factory area, they should not lower their vigilance and cause bodily injury because they are eager to complete the work.</p> <p>395 hours of labor safety education and training in 2022. Through the promotion of safety education and training, workers are more preventive and alert to workplace safety.</p>	
(4) Has the Company established effective career development training plans for its employees?	V	<p>(4) The company implements education and training according to the plan every year, according to individual differences</p> <p>Seek to strengthen the professional and management skills that personnel need at work, and establish individualized learning training and development.</p> <p>In order to discover potential and talented supervisors, the company has established a comprehensive training mechanism and a talent development plan to provide training. Each supervisor regularly trains through various courses including human resources, financial risks, environmental issues and operational management to cultivate the ability to judge various decisions in the future.</p> <p>The total number of training hours for employees across the company in 2022 is 13,581 hours, an increase of 6,382 hours (88.6%) compared with 2021.</p> <p>The total number of training courses for executives in 2022 is 1,104 hours (271 hours for human resources, 75 hours for financial risks, 132 hours for environmental issues and 626 hours for operations management), an increase of 669hours (153.8%) compared with 2021.</p>	No significant difference.
(5) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	V	<p>(5) The company's marketing and labeling of products and services comply with relevant laws and international standards. The company's products are mainly electronic grade solvents and industrial grade solvents. The products not only meet the ASTM inspection standards, but also meet the EU RoHS/REACH inspection standards. The company has no violations in 2022</p> <p>Health and safety regulations for products and services. In addition, a spokesperson and an acting spokesperson are set up to handle related matters, and a separate area for stakeholders is set up to facilitate smooth communication with stakeholders.</p>	No significant difference.

<p>(6) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?</p>	<p>V</p>	<p>(6) 1.The company cooperates with suppliers and is committed to improving the sustainable development of the enterprise. The requirements for raw material suppliers are not limited to performance and quality, whether they are based on quality (ISO9001), environmental management (ISO14001), occupational safety and health management (ISO45001) and other system certifications, and there is also a "Supplier Evaluation Procedure" as a reference for selecting suppliers; actively purchase office supplies and affairs with energy-saving labels, low energy consumption, and green energy. Machinery, information equipment, lighting equipment and related products, etc.</p> <p>2.The company conducts supplier evaluation every year, and regularly dispatches personnel to conduct on-site audits to ensure that it complies with relevant laws and regulations such as the Environmental Protection Law, the Occupational Safety and Health Law, and the Labor Standards Law; When the sustainable development policy has a significant impact on the environment and society, through different methods of guidance and communication, urge them to continue to improve, to ensure that their behavior complies with laws and regulations and the company's regulations, hoping to enhance the spirit of sustainable development, if the manufacturer If the improvement standard cannot be met, the contract may be terminated or rescinded at any time.</p>	<p>No significant difference.</p>
---	----------	--	-----------------------------------

<p>V. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?</p>	<p>V</p>	<p>From 2014 to 2021, the Company prepared the sustainability report (CSR report) with reference to the international reporting standards or guidelines (GRI Standards). Since 2021, the report has been confirmed by Crowe CPAs (TW).</p>	<p>No significant difference.</p>
<p>VI. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation from the principles in the Company's operations: None.</p>			

- VII. Other important information to facilitate better understanding of the company's promotion of sustainable development:
1. The company regularly conducts quality inspection and monitoring for the community environment, and greens and beautifies the factory.
 2. In order to cooperate with the government's energy-saving and carbon-reduction policy, equipment replacement and process renewal can save about 600,000 kWh per year and reduce carbon emissions by about 300 metric tons.
 3. In order to promote the use of renewable energy and reduce greenhouse gas emissions, a 49.6kw solar power generation system is set up, with an annual power generation capacity of about 65,000 kWh.
 4. Since 2021, the sewage plant has been used to recycle 405 metric tons of recycling water, hoping to achieve the goal of water resource recycling and reuse in the future.
 5. Carry out industry-university cooperation with various universities, hold chemical process summer camps, and take root in the cultivation of chemical talents.
 6. Support local employment, the company does not employ foreign labor, 609 employees are all locals, with an average working experience of 9.17 years, including 504 males and 105 females. In addition to creating employment opportunities, it can also stimulate local consumption and enhance social vitality.
 7. Establish good community relations and participate in local good-neighborly activities from time to time. The company has always cared about the development of the locality and the community. There are traces of the company's participation in the local villages, from sponsoring local temple fairs and other folk activities, to sponsoring Chongyang Respect for the Elderly and Model Mothers, sponsoring primary and secondary school sports games and graduation ceremonies, and even donating a batch of fire hoses from the Tianliao fire brigade was added to the disaster relief equipment.
 8. Respect human rights, guarantee the equal rights of men and women for employees, comply with the provisions of the Labor Standards Act, and provide health care and other welfare measures for employees.
 9. Provide a variety of education training and training programs, from professional training, management training to personal interest learning. Diversified learning resources help employees improve their professional abilities and develop their potential. The company's total training hours are 13,581 hours.
 10. In order to promote employment opportunities for the physically and mentally handicapped, the company provides job vacancies to give priority to disadvantaged groups. At present, 4 people with disabilities have been hired, which complies with the law's express "quota" for enterprises with more than 100 people who have the ability to work. , shall not be lower than the threshold of 1% of the total number of employees.

(7) The company's performance of integrity management and the measures taken:

Item	Operation		Description	Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No		
I. Establishment of ethical management policies and programs				
(1) Has the Company established its ethical management policies that are passed by the Board, and expressively declared its ethical management policies and measures in its rules and documents for external parties, and the commitments made by the Board and the senior management to actively implement the operating policies?	V		(1) In 2014, the board of directors of the company passed the "Code of Integrity Management" and strictly abides by the Company Law, the Securities Exchange Law, the Commercial Accounting Law and other relevant laws and regulations that listed companies should follow, as the basis for the implementation of integrity management.	No significant difference.
(2) Has the Company established an evaluation system for the risk Yes of unethical behaviors, regularly analyzed and evaluated operating activities with higher risks of unethical behaviors within its scope of business, and established an unethical behavior preventive plan that at least covering the preventive measures for behaviors set out in paragraph 2 under Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"?	V		(2) The company requires directors, managers and employees to prevent bribery or taking bribery, and provide illegal political donations in the process of business conduct; and expressly stipulate that they must not directly or indirectly provide or accept any unreasonable gifts, entertainment or other improper interests, to prevent employees from sacrificing the rights of the company for personal interests, etc.	No significant difference.
(3) Has the Company stated the operating procedures, behavioral guidelines, punishments for violations, and the complaint system in its unethical behavior preventive plan, duly implemented the plan, and regularly examined and amended the abovementioned plan?	V		(3) The "Integrity Management Code" established by the company has included plans for preventing dishonest behavior, operating procedures, behavior guidelines, and disciplinary and complaint systems for violations, and has been implemented.	No significant difference.

<p>II. Realize ethical management</p> <p>(1) Has the Company evaluated business counterparties' ethical records and include clauses related to ethical management in contracts with business counterparties?</p>	V	(1) The company gradually strengthens the provisions of good faith clauses in the commercial contracts signed.	No significant difference.
<p>(2) Has the Company established Yes a dedicated department supervised by the Board to be in charge of corporate ethical management? Has the dedicated department regularly (at least once a year) reported to the Board regarding the ethical management policies, unethical behavior preventive plan, and the execution of supervision?</p>	V	<p>(2) The management department of the company is responsible for promoting the integrity management of the enterprise, compiling and reviewing the implementation, interpretation, consultation and other related operations related to integrity management by various units of the company and supervising the implementation, and reporting to the board of directors once a year. The company's promotion this year is mainly to revise the "Management Measures for Integrity Management Operations" in line with laws and management needs, and to establish relevant codes of integrity management and laws and regulations publicity courses on the company's employee education and training platform.</p>	No significant difference.
<p>(3) Has the Company established policies to prevent conflicts of interest and provide appropriate communication Yes channels, and implemented such policies?</p>	V	<p>(3) The company has established "operational procedures for handling material internal information", which clearly stipulates that directors, supervisors, managers and employees shall not disclose material internal information they know to others, and shall not disclose material internal information of the company to anyone who knows material information inside the company. Investigate or collect undisclosed internal material information of the company that is not related to personal duties, and shall not disclose to others the undisclosed internal material information of the company that is not known because of the execution of business.</p>	No significant difference.
<p>(4) Has the Company established effective accounting systems and internal control systems to implement ethical management,</p>	V	<p>(4) In order to ensure the implementation of honest management, the company has established an effective accounting system and internal</p>	No significant difference.

<p>with the internal audit department being responsible for devising relevant audit plans based on the evaluation results of the risk of involvement in unethical behaviors, and examined, accordingly, the compliance with the unethical behavior preventive plan, or engaged CPAs to carry out the audit?</p>		<p>control system, and internal auditors have regularly checked the compliance of the preceding system.</p>	
<p>(5) Has the Company regularly held internal and external Yes educational training on ethical management?</p>	<p>V</p>	<p>(5) The company regularly conducts education and training for new employees and irregularly conducts education and training for in-service employees, and incorporates integrity management into the employee code of conduct. In 2022, a total of 519 internal and external education and training related to employee integrity management were held, with a total of 2,393 hours. (Including integrity management, occupational health and safety for new recruits and incumbents, accounting system and internal control, etc.) In addition, on October 12 and 18, 2022, the investigation officer of the Kaohsiung City Investigation Office of the Ministry of Justice was appointed to conduct the "Information Security Lecture and Online Test in the Second Half of 2022", with a total of 233 person-times and an average score of 97 points.</p>	<p>No significant difference.</p>

<p>III. operations of the Company's whistleblowing system</p> <p>(1) Has the Company established concrete whistleblowing and incentive system, established convenient whistleblowing channels, and appointed appropriate dedicated handling personnel for the targets being reported?</p> <p>(2) Has the Company established Yes standard operating procedures for investigating the matters being reported and relevant confidentiality systems?</p> <p>(3) Has the Company adopted measures to protect whistleblowers from being mistreated due to whistleblowing?</p>	<p>V</p> <p>V</p> <p>V</p>	<p>(1) The company has established appropriate channels for encouraging the reporting of any illegal or suspected violations of ethics and related standards in the "Integrity Management Code", "Ethical Code of Conduct", "Work Rules" and other regulations, in order to maintain The company's spirit of integrity management; employees can report through the "suggestion box" or through other channels, and if the circumstances are serious, the "Personnel Review Committee" will be adjudicated.</p> <p>(2) The company will keep the reports received and follow-up investigations confidential, and the relevant standard operating procedures and confidentiality mechanisms will be clearly stipulated in the internal regulations.</p> <p>(3) Unless otherwise stipulated by law, the company will keep the personal information provided by the whistleblower confidential, and take appropriate protective measures according to the law to maintain the personal information and privacy of the whistleblower, and protect them from being harmed. Fair retaliation and treatment.</p>	<p>No significant difference.</p> <p>No significant difference.</p> <p>No significant difference.</p>
<p>IV. Improve information disclosure</p> <p>(1) Has the Company disclosed the content of its Ethical Management Principles and the results of its implementation on the Company's website and MOPS?</p>	<p>V</p>	<p>The company has disclosed relevant information on the company's website and public information observatory.</p>	<p>No significant difference.</p>
<p>V. Where the Company has established its Ethical Management Principles according to the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies," please describe its operations and the deviation from the Principles: None.</p>			
<p>VI. Other important information to facilitate a better understanding of the Company's ethical management operations: None.</p>			

(8) If the company has formulated corporate governance codes and relevant regulations, it shall disclose its inquiry method:

1. The company has established the rules of procedure for the board of directors, the rules of

procedure for the shareholders' meeting, the election method for directors and supervisors, the procedures for the acquisition or disposal of assets, the procedures for endorsement guarantees, the procedures for loaning funds to others, the implementation methods for the training of directors and supervisors, and the independent The rules on the scope of duties of directors, the code of ethics for directors, supervisors and managers, etc., the relevant rules are disclosed in the annual report and the procedures manual of the shareholders' meeting, which can be viewed on the Market Observation Post System website of the Taiwan Stock Exchange and the company's website.

2. The company has established internal norms such as corporate governance code, code of ethical conduct, code of integrity management, operating procedures for internal (6) Performance of Social Responsibilities

(9) Other important information sufficient to enhance the understanding of corporate governance operations: Not applicable.

(10) Implementation status of internal control system

1. Internal Control Statement: Please refer to page 74.

2. Those who entrust an accountant to review the internal control system shall disclose the accountant's review report: Not applicable.

(11) The company and its internal personnel were punished according to law in the most recent year and as of the date of publication of the annual report, the company's internal personnel violated internal control system regulations, major deficiencies and improvements: None.

(12) Important resolutions of the shareholders' meeting and the board of directors in the most recent year and up to the date of publication of the annual report

1. Resolutions of the shareholders' meeting

date	Motion Item	Execution situation
2022/05/25 (regular meeting)	1.2021 annual business report and financial report. 2.Proposal for Distribution of 2021 Profits. 3. Amendments to some articles of the company's "Articles of Incorporation" 4. The proposal of transferring surplus to capital increase and issuing new shares.	1. All proposals have been handled in accordance with the resolutions. 2. In 2021 surplus distribution case, it was decided to distribute a cash dividend of 3.0 and a stock dividend of 2.5 per share, and with 2022/7/5 as the ex-dividend base date, cash dividends and stocks were distributed on 2022/7/29 and

		listing °
--	--	-----------

2. Matters resolved by the board of directors

date	Motion Item	Execution situation
19th session 12th time 2022/2/23	<ol style="list-style-type: none"> 1. The resignation of the deputy general manager of the company and the change of the custodian of the special seal for endorsement guarantee. 2. Review the salary and remuneration case of the company's manager's monthly fixed payment. 3. Review the company's 2021 employee remuneration and director remuneration cases. 4. 2021 annual financial reports and business reports. 5. Amend the text of some articles of the "Articles of Incorporation". 6. Proposal for Distribution of 2021 Profits. 7. The case of transferring surplus to capital increase and issuing new shares. 8. Supplementary budget for "Kaohsiung Port Intercontinental Phase II Warehouse and Logistics Area". 9. Proposal for purchase of operating equipment. 10. Establish a dedicated department to coordinate the case of "planning and supervision of new construction". 11. 2022 extension of bank financing quota. 12. 2021 "Statement of Internal Control System" case. 13. Matters related to convening the company's 2022 annual shareholders' meeting. 	<ol style="list-style-type: none"> 1. All proposals were passed without objection by all attending directors (including independent directors). 2. All motions have been handled in accordance with the resolutions.
19th session 13th time 2022/4/27	<ol style="list-style-type: none"> 1. Review the consolidated financial statements for the first quarter of 2022 2. Increased the endorsement guarantee case for the loan amount of E-Shine Advanced Chemical Co., Ltd.. 	
19th session 14th time 2022/5/25	<ol style="list-style-type: none"> 1. Authorize the chairman to set the 2021 allotment capital increase base date, dividend base date and Release date. 	
19th session 15th time 2022/7/27	<ol style="list-style-type: none"> 1. Review the consolidated financial statements for the first half of 2022. 2. Revise the 2022 business plan. 3. "F23 Small Purification Equipment" budget supplement. 	
19th session 16th time 2022/10/26	<ol style="list-style-type: none"> 1. Review the consolidated financial statement for the third quarter of 2022. 2. Plan the company's greenhouse gas inventory and verification schedule. 	
19th session 17th time 2022/12/28	<ol style="list-style-type: none"> 1. The company's 2023 business plan. 2. Evaluate the independence of the company's certified accountants. 3. E-Shine Advanced Chemical Co., Ltd.'s operation equipment purchase case. 4. The reinvestment company's loan and performance guarantee amount and the company's endorsement guarantee handling Situation case. 5. Amendments to the rules of procedure of the board of directors. 6. Formulated the 2023 audit plan. 7. Managers and employees receive year-end bonus cases. 	

19th session 18th time 2023/2/22	1. Review the salary and remuneration case of the company's managers who receive a fixed monthly payment. 2. Review the company's 2022 employee remuneration and director remuneration case. 3. 2022 financial reports and business reports. 4. Proposal for Distribution of 2022 Profits. 5. Added the endorsement guarantee case for E-Shine Advanced Chemical Co., Ltd.'s loan amount. 6. The 2023 bank financing quota extension case. 7. 2022 "Statement of Internal Control System" case. 8. Comprehensive re-election of directors. 9. Nomination of directors and candidates for independent directors. 10. The case of lifting restrictions on the competitive conduct of new directors and their representatives. 11. Convene the company's 2023 annual shareholders' meeting related matters.	
--	--	--

(13) If directors or independent directors have different opinions on important resolutions passed by the board of directors in the most recent year and as of the date of publication of the annual report, and there are records or written statements, the main content: None.

(14) Summary of resignations and dismissals of persons related to the financial report (including the chairman, general manager, accounting supervisor, financial supervisor, internal audit supervisor, and corporate governance supervisor, etc.) in the most recent year and as of the publication date of the annual report: None.

3.4 Information Regarding the Company's Audit Fee and Independence

Unit: NT\$ thousand

Name of CPA's Firm	Name of CPAs	Audit Period	Audit fees	Non-audit fees	Total	Remarks
Crowe (TW) CPAs	Jen-Yao Hsieh	2022.1.1-2022.12.31	2,780	200	2,980	Note
	Ling-Wen Huang					

Note: Non-audit public fees include 110 thousand for transfer pricing report, 10 thousand for VAT direct deduction report, and 80 thousand for IFRS9 fair value report.

3.5 Information on the Change of CPAs: None.

3.6 Information on the Chairman, General Manager, Managers Responsible for Financial or Accounting Affairs of the Company Taking Office in the Accounting Firm of the CPAs or its Affiliates: None.

3.7 Changes in Equity Transfer and Pledge of Equity by Directors, Managers, and Shareholders with Shareholdings Over 10% for the Latest Year and as of the Date of Publishing the Annual Report

(I) Changes in the equity of Directors, managers, and major shareholders:

Unit: Share

Title	Name	2022		As of 19 March, 2023	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Chairman	NINGHAN DEVELOPMENT CO.,LTD	15,314,874	0	0	0
	SUN JAN-YEN	968,134	0	(20,000)	0
Director	NINGHAN DEVELOPMENT CO.,LTD	15,314,874	0	0	0
	SUN CHI-JYH	222,466	0	0	0
Director	NINGHAN DEVELOPMENT CO.,LTD	15,314,874	0	0	0
	SUN CHI-FA	610,440	0	0	0
Director	YUKUO PLYWOOD CORP.,	6,209,870	0	0	0
	CHEN YIH-LING	138,638	0	(38,000)	0
Director	LEE CHIN-YEN	1,304,622	0	0	0
Director	WONG DUEN-HONG	97,674	0	0	0
Independent Director	WU HSIAO-YEN	0	0	0	0
Independent Director	MA CHEN-CHI	0	0	0	0
Independent Director	CHEN TING-KO	0	0	0	0
General manager	SUN JAN-YEN	968,134	0	(20,000)	0
Deputy General Manager	SUN CHI-FA	610,440	0	0	0
Financial Officer	HUANG, HYEOU CHING	4,999	0	0	0
Accounting Supervisor	HUANG, HYEOU CHING	4,999	0	0	0
Others	HUANG, HYEOU CHING	4,999	0	0	0
Major shareholder	NINGHAN DEVELOPMENT CO.,LTD	15,314,874	0	0	0
Major shareholder	YUKUO PLYWOOD CORP.,	6,209,870	0	0	0

(II) Information on equity transfer: None.

(III) Information on equity pledge: None.

3.8 Relationships between Shareholders with Top Ten Shareholdings

19 March 2023

Name	Current Shareholding		Shareholding of Spouses and Minor		Shareholding in the Name of Others		Title or name and relations among top ten major shareholders who are related parties to one another, or spouse, or relatives within the second degree of kinship		Remarks
	Number of Shares	Shareholding (%)	Number of Shares	Shareholding (%)	Number of Shares	Shareholding (%)	Title	Relation	
NINGHAN DEVELOPMENT CO.,LTD	76,574,371	30.63	0	0.00	0	0.00	SUN JAN-YEN	NINGHAN DEVELOPMENT CO.,LTD Chairman	
							SUN CHI-JYH	NINGHAN DEVELOPMENT CO.,LTD Director	
							SUN CHI-FA	NINGHAN DEVELOPMENT CO.,LTD Director	
YUKUO PLYWOOD CORP.,	31,049,352	12.42	0	0.00	0	0.00	None	None	
SUN JAN-YEN	10,820,672	4.33	0	0.00	0	0.00	NINGHAN DEVELOPMENT CO.,LTD	Chairman	
							Mingjing Investment limited company	Chairman	
							SUN CHI-JYH	Father and son	
							SUN CHI-FA	Father and son	
Mingjing Investment limited company	7,277,777	2.91	0	0.00	0	0.00	SUN JAN-YEN	Chairman of NINGHAN DEVELOPMENT CO.,LTD	
LEE CHIN-YEN	6,523,113	2.61	2,476,053	0.99	0	0.00			
LIN MEI-NIAN	4,332,235	1.73	0	0.00	0	0.00	SUN CHI-JYH	Mother and son	
							SUN CHI-FA	Mother and son	

SUN JHEN	4,297,413	1.72	0	0.00	0	0.00	SUN JAN-YEN	Brother and sister	
SUN CHI-FA	3,812,202	1.52	0	0.00	0	0.00	NINGHAN DEVELOPMENT CO.,LTD SUN CHI-JYH LIN MEI-NIAN SUN CHI-JYH	Director Father and son Mother and son Brother	
LIN JYUN-WUN	3,541,666	1.42	0	0.00	0	0.00	None	None	
Fubon Life Insurance Co., Ltd.	3,142,000	1.26	0	0.00	0	0.00	None	None	

3.9 Shareholdings of the Company, the Company's Directors, Managers, and Companies Directly or Indirectly Controlled by the Company in the Same Investee Companies

December 31, 2022

Investee Company	Investment of the Company		Investments in companies directly or indirectly controlled by Directors, Independent Directors, and managers		Total Investments	
	Number of Shares (thousand shares)	Number of Shares%	Number of Shares (thousand shares)	Number of Shares%	Number of Shares (thousand shares)	Number of Shares%
UNISHINE CHEMICAL CORP.	28,491	49.98	-	-	28,491	49.98
Elsom Development Ltd.	39,244	100.00	-	-	39,244	100.00
Spring World Holdings Ltd.	4,450	100.00	-	-	4,450	100.00
E-Shine Advanced Chemical Co., Ltd.	50,000	100.00	-	-	50,000	100.00

SHINY CHEMICAL INDUSTRIAL CO., LTD.

Statement of Internal Control System

Date: 22 February 2023

Based on the results of the self-evaluation on the internal control system for 2022, the Company hereby stated as follows:

1. The Company acknowledges that establishing, implementing, and maintaining the internal control system is the responsibility of the Company's Board and managers. The Company had established the system. The purpose of which is to provide reasonable assurance on the achievements of objectives such as effects and efficiency of operations (including profits, performance, and protection of assets' safety), credibility, timeliness, and transparency of reports, compliance with relevant regulations and relevant laws, regulations, and rules.
2. An internal control system has inherent limitations. Regardless of the comprehensive design, an effective internal control system may merely provide reasonable assurance on achieving the three objectives mentioned above. Moreover, the effectiveness of an internal control system is subject to changes in the environment and circumstances. Nevertheless, the Company's internal control system contains self-monitoring mechanisms, and the Company adopts immediate remedial actions in response to any identified deficiencies.
3. The Company established the determination items for the effectiveness of its internal control system based on the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (the "Regulations") to determine whether the design and execution of its internal control system is effective. The determination items for the internal control system adopted by the "Regulations" divide the internal control system into five key components based on the course of management and control: 1. control environment; 2. risk evaluation; 3. control operations; 4. information and communications; and 5. supervisory operations. Each key component includes certain items. Please refer to the requirements of the "Regulations" for the aforementioned items.
4. The Company adopted the abovementioned determination items for the internal control system to evaluate the effectiveness of the internal control system's design and execution.

5. Based on the evaluation results above, the Company considered that the design and execution of the internal control system (including supervision and management of subsidiaries) as at 31 December, 2022 are effective (including the understanding of the level of achievement regarding the objectives of operations' effects and efficiency, credibility, timeliness, and transparency of reports, compliance with relevant regulations and relevant laws, regulations, and rules), and the internal control system is able to provide reasonable assurance on the achievement of the above objectives.

6. The Statement is a major part of the Company's annual report and prospectus that is disclosed to the public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.

7. The Statement was passed at the meeting of the Board on 22 February 2023.
It is hereby stated that among eight attending Directors, none of them held opposing opinions, and the remaining Directors have agreed on the content of the Statement.

SHINY CHEMICAL INDUSTRIAL CO., LTD.

Chairman: SUN JAN-YEN

President: SUN JAN-YEN

4. Capital Overview

4.1 Capitals and shares

(1) Source of capital stock

Unit: Share; NT\$ thousand

Year/month	Par Value (NTD)	Authorized capital stock		Paid in capital		Remarks	
		Shares	Amount	Shares	Amount	Source of capital stock	Remark
1979/01	10	1,000	10,000	1,000	10,000	set up	
1980/06	10	10,000	100,000	10,000	100,000	Cash capital increase of 90,000 thousand	
1986/05	10	14,800	148,000	14,800	148,000	Capital increase of 48,000 thousand from surplus	
	10	15,000	150,000	15,000	150,000	2,000 thousand was converted into capital increase from capital reserve	
1987/10	10	18,300	183,000	18,300	183,000	Capital increase of 33,000 thousand from surplus	
1990/03	10	32,000	320,000	32,000	320,000	Capital increase of 137,000 thousand from surplus	Note 1
1991/04	10	40,000	400,000	40,000	400,000	Capital increase of 80,000 thousand from surplus	Note 2
1993/12	10	52,000	520,000	52,000	520,000	Capital increase of 1200,000 thousand from surplus	Note 3
1995/12	10	120,000	1,200,000	75,400	754,000	Capital increase of 234,000 thousand from surplus	Note 4
2001/09	10	120,000	1,200,000	80,000	800,000	Capital increase of 46,000 thousand from surplus	Note 5
2005/10	10	120,000	1,200,000	100,000	1,000,000	Capital increase of 200,000 thousand from surplus	Note 6
2006/09	10	120,000	1,200,000	105,000	1,050,000	Capital increase of 50,000 thousand from surplus	Note 7

2007/11	10	200,000	2,000,000	115,500	1,155,000	Capital increase of 105,000 thousand from surplus	Note 8
2007/12	14	200,000	2,000,000	120,300	1,203,000	Cash capital increase of 48,000,000 thousand	Note 9
2009/02	16	200,000	2,000,000	133,500	1,335,000	Cash capital increase of 132,000 thousand	Note 10
2014/08	10	200,000	2,000,000	150,000	1,500,000	Capital increase of 165,000 thousand from surplus	Note 11
2020/07	10	200,000	2,000,000	180,000	1,800,000	Capital increase of 300,000 thousand from surplus	Note 12
2021/09	10	200,000	2,000,000	200,000	2,000,000	Capital increase of 200,000 thousand from surplus	Note 13
2022/07	10	400,000	4,000,000	250,000	2,500,000	Capital increase of 500,000 thousand from surplus	Note 14

Note 1: Approved by the Securities and Futures Commission on December 9, 1989, Taiwan Finance Certificate (1) No. 02493 letter.

Note 2: Approved by the Securities and Futures Commission on December 26, 1990 with the letter of Taiwan Finance Certificate (1) No. 03551.

Note 3: Approved by the Securities and Futures Commission on July 19, 1993 with the letter of Taiwan Finance Certificate (1) No. 30407.

Note 4: Approved by the Securities and Futures Commission on June 29, 1995, Taiwan Finance Certificate (1) No. 38007 Letter.

Note 5: Approved by the Securities and Futures Commission on July 16, 2001 with the letter of Taiwan Finance Certificate (1) No. 145519.

Note 6: Approved by the Financial Supervisory Commission on August 30, 2005 by the Financial Supervisory Certificate (1) No. 0940136297 Letter.

Note 7: Approved by the Financial Supervisory Commission on August 23, 2006 by the Financial Supervisory Certificate (1) Letter No. 0950137515.

Note 8: Approved by the Financial Supervisory Commission on October 24, 2007 in the Financial Regulatory Commission (1) Letter No. 0960058649.

Note 9: Approved by the Financial Supervisory Commission on October 24, 2007 in the Financial Regulatory Commission (1) Letter No. 0960058650.

Note 10: Approved by the Financial Supervisory Commission on January 12, 2009 in the Financial Regulatory Commission (1) Letter No. 0970072224.

Note 11: Approved by the Financial Supervisory Commission on June 27, 2014 in the Letter No. 1030024536.

Note 12: Approved by the Financial Supervisory Commission on June 2, 2020.

Note 13: Approved by the Financial Supervisory Commission on July 6, 2021.

Note 14: Approved by the Financial Supervisory Commission on June 13, 2022.

2. Type of Stock

Unit: Share; NT\$ thousand

Type of Stock	Authorized capital stock			Remarks
	Issued Shares (Note 1)	Unissued Shares	Total	
Registered Common Stocks	250,000	150,000	400,000	The company's stock was listed and traded on February 27, 2009

3. Information about the general reporting system: not applicable ◦

(2) Shareholder structure

March 19, 2023

Shareholder structure Quantity	Government Institutions	Financial Institutions	Others Juridical Persons	Domestic Natural Persons	Foreign Institutions and Foreign Persons	Total
Number of Shareholders	0	14	101	12,715	94	12,924
Shares	0	3,48,026	126,343,344	108,804,889	11,367,741	250,000,000
Percentage %	0.00%	1.39%	50.54%	43.52%	4.55%	100.00%

(3) Equity dispersion situation

1. Common stock(10 yuan per share)

March 19,2023

Class of Shareholdings	Number of Shareholders	Shares	Percentage %
1- 999	4,550	1,074,446	0.43%
1,000- 5,000	6,247	12,931,473	5.17%
5,001- 10,000	961	7,082,577	2.83%
10,001- 15,000	338	4,224,939	1.69%
15,001- 20,000	218	3,893,102	1.56%
20,001- 30,000	198	4,891,155	1.96%
30,001- 40,000	109	3,843,601	1.54%
40,001- 50,000	58	2,659,846	1.06%
50,001- 100,000	118	8,207,584	3.28%
100,001- 200,000	54	7,248,713	2.90%
200,001- 400,000	29	8,496,915	3.40%
400,001- 600,000	10	4,762,915	1.91%
600,001- 800,000	9	6,107,173	2.44%
800,001-1,000,000	3	2,684,237	1.07%
Over 1,000,001	22	171,891,408	68.76%
Total	12,924	250,000,000	100.00%

2. Special shares: none.

(4) Major Shareholders

March 19,2023

Shareholdings Name of Major Shareholders	Shares	Percentage %
NINGHAN DEVELOPMENT CO., LTD	76,574,371	30.63%
YUKUO PLYWOOD CORP.	31,049,352	12.42%
SUN JAN-YEN	10,820,672	4.33%
MINGJING INVESTMENT CO., LTD.	7,277,777	2.91%
Li JIN-YAN	6,523,113	2.61%
Lin MEI-NIAN	4,332,235	1.73%
SUN ZHEN	4,297,413	1.72%
SUN CHI-FA	3,812,202	1.52%
LIN JUN-WEN	3,541,666	1.42%
Fubon Life Insurance Co., Ltd.	3,142,000	1.26%

(5) Information about stock price, net worth, earnings, and dividends per share in the last two years

Unit: thousand

Item	Year		2021	2022
Market Price Per Share	Highest		183.00	234.50
	Lowest		99.80	98.20
	Average		126.17	157.77
Net worth per share	Before distribution		33.92	32.15
	After distribution		30.92	(Note)
Earnings per share	Weighted average shares		200,000	250,000
	Earnings per share	before fixing	8.08	7.30
		adjusted	6.47	(Note)
Dividends per share	Cash dividends		3.0	3.6
	Free allotment	Earnings allotment	2.5	—
		Allotment of capital reserve	—	—
	Accumulated unpaid dividends		—	—
Return on Investment	P/E ratio		15.62	21.61
	Ben Libby		42.06	43.83
	cash dividend yield		2.38	2.28

Note1: The 2022 annual distribution proposal is yet to be resolved by the shareholders' meeting.

(6) Company's dividends policy and implementation thereof

1. dividend policy

If there is a surplus in the annual final accounts of the company, in addition to paying all taxes and making up for previous annual losses, 10% of the balance should be deposited as statutory surplus reserve, but the statutory surplus reserve has reached the company's paid-in capital. If there is any remaining balance and accumulated undistributed surplus with the previous year, the board of directors will reserve part of the surplus according to the business situation, and plan to use the surplus reserve. If there is a profit distribution proposal, the shareholders' meeting shall be submitted to resolve the distribution of dividends and dividends to shareholders; the distribution of dividends and dividends to shareholders over the past years shall be based on the principle of not less than 70% of the after-tax earnings of the current year.

The company's industry is in the growth stage of operation, with stable profits and a sound financial structure. There is still a major expansion plan in the next few years. However, considering that the company should be able to obtain sufficient funds from the outside to cover the major capital expenditures, it should be among the dividends distributed in the year, cash dividends shall not be less than 10% of the total dividends.

2. Distribution of stock dividends at the Shareholders' Meeting

Unit: NT\$ Dollar

project	amount	
	Subtotal	total
Distributable surplus		
Undistributed surplus in the previous period		2,194,021,181
Changes in actuarial profit and loss in the current period		13,681,522
Net profit after tax		1,825,316,239
Special surplus reserve		15,441,256
Statutory surplus		-183,899,776
Distributable surplus		3,864,560,422
Assign items:		
Shareholder cash dividend (NT\$3.6 per share)	900,000,000	
Total distribution		900,000,000
Undistributed surplus at the end of the period		2,964,560,422

(7) The impact of the free allotment proposed at this shareholders' meeting on the company's operating performance and earnings per share:

According to the "Regulations on the Handling of Public Financial Forecast Information of Public Issuing Companies", the Company does not need to disclose financial forecast information, so it is not applicable.

(8) Compensation of employees and directors

1. The percentage and scope of remuneration for employees and directors as stated in the company's articles of association

If the company has a profit in the year, it should allocate no less than 6% as employee compensation and no more than 3% as director compensation. However, when the company still has accumulated losses, it should reserve the amount in advance to make up for it.

The remuneration of the employees in the preceding paragraph may be in stock or cash, and the recipients of the payment may include employees of subordinate companies who meet the conditions set by the board of directors. The remuneration of directors and supervisors in the preceding paragraph may only be in cash.

The first two paragraphs shall be implemented by a resolution of the board of directors and reported to the shareholders' meeting.

2. In 2022, the estimated basis for the estimated remuneration of employees and directors, the basis for calculating the number of shares for employee compensation distributed by stock, and the accounting treatment when the actual distribution amount is different from the estimated amount:

The company's 2022 employee and director's remuneration assessment amount is the most appropriate estimate based on past experience on the amount of employee and director's remuneration that may be paid, and it is recognized as an expense. When there is a difference between the figures, it is regarded as a change in accounting estimates.

3. Information on the proposed distribution of remuneration approved by the board of directors:

(1) Employee remuneration and director remuneration amount distributed in cash or stock
It is proposed to distribute cash remuneration of 177,744 thousand to employees, and remuneration of 73,300 thousand to directors.

(2) The amount of employee compensation distributed in stock and the proportion of the net profit after tax and employee compensation in the current period's individual or individual financial report

Proportion of the total: There is no stock-based compensation for employees.

4. Actual distribution of remuneration for employees and directors in the previous year
The company's 2021 earnings distribution plan was approved by the board of directors and shareholders' meeting, and the amount used to distribute employee remuneration and directors' remuneration is no different from the actual distribution situation. The total distribution of employee remuneration was 159,448 thousand, and the directors were distributed. 65,038 thousand.

(9) Share re-purchases: None

4.2 Corporate bonds: None.

4.3 Preferred stock: None.

4.4 Global depositary receipts (GDR): None ◦

4.5 Employee stock options/warrants: None.

4.6 Restricted stock awards (RSA): None.

4.7 Acquisition or transfer of other newly issued shares from other companies: None.

4.8 Capital utilization plan

As of the quarter before the publication date of the annual report, the company has completed the previous issuance of securities, and the benefits of the plan have been real

5. Operational Highlights

5.1 Business activities

(1) Business scope

1. The main content of the business

- a. Basic chemical industries.
- b. Petrochemical raw material manufacturing industry.
- c. Precision chemical materials manufacturing industry.
- d. Synthetic resin and plastic manufacturing industry.
- e. Other chemical materials manufacturing industry.
- f. Industrial auxiliary manufacturing.
- g. Electronic component manufacturing industry.
- h. International trade.
- i. Warehousing.
- j. Real estate leasing industry.
- k. Leasing Industry.

l. In addition to licensed businesses, businesses that are not prohibited or restricted by laws and regulations may be operated.

2. Proportion of sales of major products

Unit : Thousand

Item	2021		2022	
	Amount	%	Amount	%
Solvent series products	8,855,437	79.47	9,455,731	83.35
Raw material sales	1,890,588	16.96	1,585,257	13.97
Others	397,578	3.57	304,095	2.68
Total	11,143,603	100.00	11,345,083	100.00

3. The Company's current product (service) collections

Category	Product	Use range
Solvents (Electronic solvents)	PM、PMA、GAA、NBAC、ANONE、P series of mixed solvents (SEP)	<ul style="list-style-type: none"> ●Thin film transistor process as a wetting agent, photoresist remover, photoresist viscosity adjuster, and process equipment cleaning. ●Cleaning and stripping of the three RGB base colors in the color filter production process. ●Cleaning agent, stripping agent, photoresist buffer and etching process chemicals for semiconductor IC industry.
Solvents (Industrial Solvents)	PM、NBAC、ST、GBL、PMA、NPAC、BCS、PMP、IBAC、DPM	<ul style="list-style-type: none"> ●Solvents and thinners for coatings and synthetic resins. ●Inks and organic solvents for printing. ●Organic solvents for leather processing.

Methanol	Formalin (F24%~44%) 、 Urea Glue	<ul style="list-style-type: none"> ●Antiseptic perfume 、 disinfectant. ●Adhesive. ●Synthetic resin raw materials, other organic chemical raw materials, etc.
Solvent raw material trading	MEOH 、 PM 、 NPA 、 BCS 、 NBA 、 GAA 、 IBA	<ul style="list-style-type: none"> ●Supply resin factories, paint factories, electronics factories, etc. as solvents and other process applications.

4. New product (services) development projects:

- (1) Application and development of ether alcohol derivatives.
- (2) Specialization of green environmental protection and application development of daily necessities.
- (3) Development of electronic-grade solvents for advanced semiconductor manufacturing processes.
- (4) Development of recycling technology.
- (5) Development of substitutes for substances restricted by REACH.
- (6) Development of functional coating products

(2) Industry Overview

1. Industry status and development

The company's main products include electronic-grade solvents used for cleaning in liquid crystal displays (LCD) and semiconductor manufacturing processes and industrial-grade solvents used in coatings, synthetic resins, printing inks, etc. . It is closely related to the development trend of the optoelectronic industry and the coating industry. The current status of the main industries to which the company's products belong are described as follows:

(1) Overview of the development of the industry

A. Overview of LCD Industry Development

- (A). In recent years, liquid crystal displays (LCDs) have dominated the development of the flat panel display industry. TFT-LCDs, with their technological advantages, broad product applications and economies of scale, have become the mainstream of the flat panel display market, meeting the needs of the digital age for a full range of information products and consumer electronics applications.
- (B). Since AUO's predecessor, Lianyou Optoelectronics, started my country's first TFT-LCD factory in March 1993, and successfully trial-produced the first 4-inch TFT-LCD module in China in April of that year, many domestic manufacturers have successively invested in TFT-LCD -Manufacturing and production of LCD. In the Ministry of Economic Affairs' "Two Trillion Double Star Industry Development Plan", the flat panel display has become another development focus of the government's "Two Trillion Industry" after the semiconductor industry. Looking at the historical development of the TFT-LCD industry, one can observe the characteristics of its business cycle, capital and technology-intensive industries. At present, the major TFT-LCD producing countries in the world include my country, South Korea and Japan.
- (C). With the popularization of the application of all-round digital information products

and consumer electronic products, TFT-LCD is a strategic hub of the flat-panel display supply chain as a key component, not only leading the upstream material component industry and technology development Growth, but also provide the global information electronics industry to expand the downstream application market Austrian aid. Since the mass production of domestic TFT-LCD manufacturers, its industrial clustering effect has successively promoted the vigorous development of the local upstream related materials and component industries. my country's global market share in backlight modules, color filters, driver ICs, polarizers and other industries The rate has also increased year by year. We hope to combine the existing advantages of my country's TFT-LCD, IT industry ODMs and system manufacturers in the world, further improve the integrity of the upstream and downstream industry structure, and actively develop my country into an important global TFT-LCD industry settlement.

B. Overview of Semiconductor Industry Development

(A). In 1947, Bell Labs in the United States invented the transistor, which quickly replaced the traditional vacuum tube, but it only lasted for ten years. After Texas Instruments successfully developed the world's first semiconductor in 1958, transistors with relatively simple functions were immediately replaced by semiconductor products that were short, thin, power-saving, and increasingly integrated. Since then, various semiconductor products have been continuously developed, and the integration has also been rapidly improved, from 10 transistors per semiconductor to 109 transistors per semiconductor.

(B). The development of the semi-conductor industry in China can be divided into four stages as follows :

Development stage of semiconductor industry	Important Events
The budding period (1966-1973)	<ul style="list-style-type: none"> ·Kaohsiung Electronics Co., Ltd. is engaged in transistor packaging. ·Texas Instruments, TI and JIANN YUAN TECHNOLOGY CO., LTD. Introduced semiconductor packaging and testing technologies. ·ORIENT SEMICONDUCTOR ELECTRONICS LIMITED is engaged in semiconductor packaging. ·National Chiao Tung University is engaged in the development of related technologies.
Technology introduction period (1974-1979)	<ul style="list-style-type: none"> ·ITRI established the Electronic Industry Research Centre.. ·RCA company introduces 7 micron process technology. ·Electronics semiconductor demonstration factory was completed. ·UMC Electronics, a spin-off company of the Electronics Exchange, was established.

Growth period (1980-1995)	<p>·Taiwan Semiconductor Manufacturing Co., Ltd., Taiwan mask corporation and VANGUARD INTERNATIONAL SEMICONDUCTOR CORPORATION are derived from electronics.</p> <p>Semiconductor is included in my country's top ten emerging industries in the future.</p>
Expansion Period (1996-Now)	<p>·In 1996, the global DRAM market slumped. However, due to the complete vertical division of labor, Taiwan's semiconductor industry continued to invest in the second-generation 8-inch wafer fab, and was in a relatively favorable position in global competition.</p>

C. Overview of the development of electronic-grade solvents

(A). Organic solvents are used in almost every step in the TFT-LCD panel and semiconductor manufacturing process, especially in the yellow light region for photoresist cleaning, developer cleaning, etching solution cleaning and wafer cleaning, etc. will be used in large quantities, the main types are acetone, dichloromethane, chloroform, isopropanol, methanol, trichloroethane, butylbenzene, ethylbenzene, tetramethylamine, butanone, toluene, benzene, xylene, ethanol, butyl acetate, ethylene dichloride and chloral, etc. The chemical substances used in the same process vary from factory to factory. Since these organic solvents often produce toxic waste, they have been used in recent years. The trend to use low toxicity, environmentally friendly organic solvents such as propylene glycol methyl ether, propylene glycol methyl ether acetate and propylene glycol methyl ether propionate.

(B). Since the electronics industry is a major industry in the world, and Taiwan occupies an important position in global electronic products, the continued expansion of TFT-LCD panels and semiconductors will drive higher purity, mainly used in the TFT-LCD panel process and semiconductor process. The demand for electronic grade solvents for cleaning solvents (metal ion impurities and moisture is extremely low) is optimistic about the future prosperity.

(1) Industry of industrial grade solvent.

A. Development overview of coating industry.

(A). Paint and coating is one of the most important industries in the world. For example, buildings, furniture, automobiles, 3C products, etc., which are common in daily life, all have special functional coatings on the surface. , to provide the beautification of the appearance of the coated object, the protection of the original, and even give additional functions such as antistatic, heat insulation, etc.

(B). In recent years, the paint and coating industry has responded to the government's call to increase productivity, implement automation, strictly implement quality control, and improve production quality. The production energy of domestic paints and coatings has skyrocketed, and the products are of high quality and low price, which are well recognized by industrial and household users. With the development of national economic construction, major transportation construction related to the paint and

coatings industry, construction of state houses, science parks, etc., will enable the paint and coatings industry to further develop and achieve the important goal of upgrading and transformation of the paint and coatings industry.

(C). At present, the major manufacturers of coatings in the world are mostly multinational conglomerates. In order to respond to rapid market changes, reduce cost pressure and increase market influence, major coatings manufacturers have carried out a series of mergers and acquisitions. The industry will move towards the trend of specialization and large-scale, in order to give full play to their respective advantages in technology, market sales, etc., to form the best combination of production and sales, technology, raw material supply and other elements. Since paint is a dependent or supportive industry, its demand is closely related to the prosperity of related industries, and its usage also reflects the degree of economic prosperity and progress of a country.

B. Overview of Synthetic Resin Industry Development.

(A). Coating Resin

Architectural and industrial paints not only need to be easy to apply and adhere to the surface of the material for a long time to give a beautiful colorful appearance, they also need to be stain resistant and more durable, and must be able to resist all kinds of pollution from the surrounding environment. Resins such as alkyd, vinyl acetate, styrene/acrylic copolymer and pure acrylic are being developed and used, and water-soluble resins are also being used more and more for environmental reasons. The market for coating resins has been growing year on year as people seek to improve their quality of life, and the growth rate has been similar to that of GNP over the years.

(B). General-purpose resins

General-purpose resins are widely used, mainly used in adhesives, pastes for textiles, etc. In addition, they have been developed into special glues for electronic material protection tapes, optical material tapes, etc.

(C). Unsaturated Polyester Resins

The global market has a total volume of 2.6 million tonnes, of which about 250,000 tonnes are in Taiwan, 170,000 tonnes in Japan and 700,000 tonnes in China.

C. Overview of industrial grade solvents development

Industrial solvents are widely used in paints, synthetic resins, printing inks, cleaning, leather and so on

2. Relevance of industry, middle and downstream

(1). Electronic grade solvent

A. The company's electronic grade solvents are used in TFT-LCD panels and semi-conductor processes, with the following applications:

(A). Photoresist remover - used to remove photoresist from the edges of TFT-LCD glass substrates to avoid contamination of the production line due to flaking of the residual photoresist in other processes, thus requiring high solubility and fast volatility.

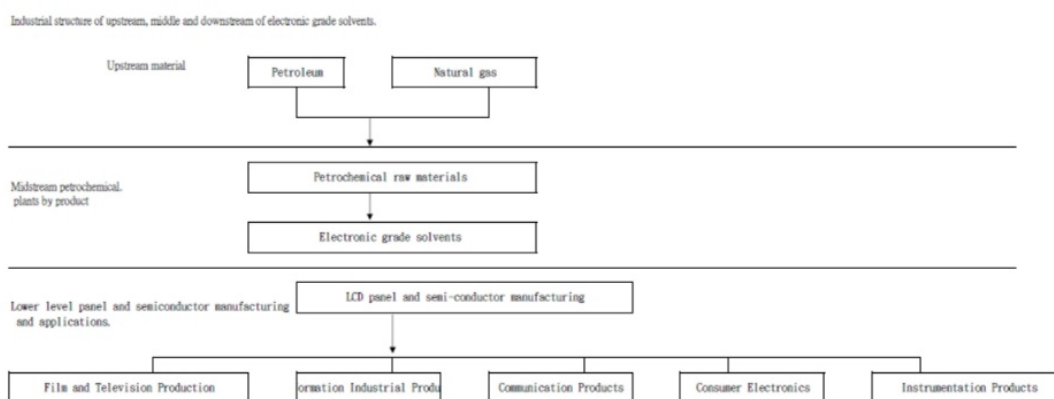
(B). The stripping solution is used for stripping off excess photoresist after line etching and is usually a mixture of DMSO, DBG or NMP. However, with the refinement of lines in the future, the traditional wet etching method is no longer sufficient and dry etching

with gas etching is now being developed, and the stripping method will be changed to dry or combined wet and dry.

(C). Cleaning fluids are used to clean the substrate after each stage of the process.

Generally, there are two main types of cleaning fluids, inorganic and organic.

B. The upstream, midstream and downstream industry structures are linked in the following diagram:

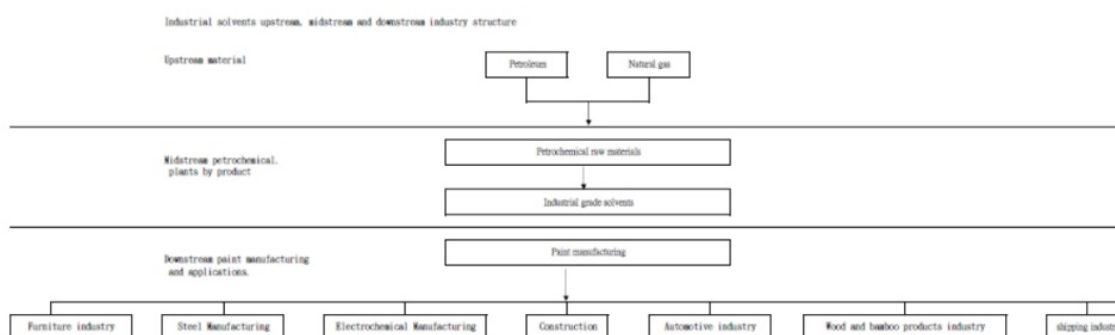


(1). Industrial grade solvents

A. Coating resin is the main component to improve the quality of the coating film. It is also a fixing agent for fixing the pigment to the coated material. It is used as a vehicle in paints and coatings. The viscosity of the resin is usually very high, which is not conducive to the grinding of the abrasive and the mixing of the adjustment components in the later stage, and increases the difficulty of painting, so it is necessary to add solvents and thinners.

B. Generally, paints and coatings mainly rely on solvents to help the flow and coating properties of resins. Solvents have an impact on the viscosity, fluidity, drying speed and gloss of the paints and coatings. Volatile without leaving in the coating film.

C. The correlation diagram of the upper, middle and downstream industrial structure is as follows:



3. Various development trends of products

(1). The use of organic solvents is mainly for downstream processing products industry, such as coatings, electronics, home appliances, plywood, agriculture, textile industry, printing industry, chemical industry and other industries. In response to the diversified needs of downstream players and the situation of industrial upgrading, solvent manufacturers must continuously improve the added value and R&D

capabilities of their products, find niche markets, such as the application market of electronic grade solvents, and increase the added value in order to respond. The changing needs of downstream players.

(2). From the perspective of the global organic solvent development trend, under the increasingly strict environmental protection requirements, in order to comply with environmental protection regulations and future trends, it will gradually become a future trend to actively develop environmentally friendly organic solvents with low toxicity.

3. Various development trends of products

(1) The use of organic solvents is mainly for the downstream processing products industry, such as coatings, electronics, home appliances, plywood, agriculture, textile industry, printing industry, chemical industry and other industries. In response to the diversified needs of downstream operators and industrial upgrading, solvent operators must continuously improve the added value of their products and research and development capabilities, and find niche markets, such as the electronic-grade solvent application market, to increase added value in order to respond The changing demands of downstream operators.

(2) From the perspective of the development trend of global organic solvents, under the increasingly stringent environmental protection requirements, in order to comply with environmental protection regulations and future trends, actively developing low-toxic, environmentally friendly organic solvents will gradually become a future trend.

4. Competition situation

The company's main product competitors are Changchun, Li Changrong Chemical, etc. Due to the large number of products of each manufacturer and low overlap, and the company's strong management team, high-quality personnel, and rich experience, it has a certain competitive position in the industry and a certain of popularity.

(3) Technology and R&D Overview

1. Research and development costs and successful products developed in the latest year and up to the date of printing of the annual report

(1). R&D Cost Scenario

Year	2022	Current consolidated financial data ending March 31, 2023
Unit: NT\$ thousand	260,878	60,613

(2). Technologies or products that have been successfully researched and developed in recent years

A. Develop new esterification catalysts to increase the conversion efficiency of the process and increase the output.

B. Research on improving PM synthesis reaction, reducing water content and catalyst selection.

C. Research and development of new esters.

D. Research and develop a new type of azeotroping agent, improve the esterification dehydration process, reduce the use of toxic substances, and reduce the impact on environmental pollution.

E. Research and development of processes such as product recycling and distillation applications.

F. Development of low-formaldehyde environmentally friendly adhesive (F1 grade).

- G. Research and development of new product "Sumex Ester".
- H. Research and development of high boiling point solvents.
- I. Development of ether alcohols process.
- J. The application of ether alcohols in waterproof glue.
- K. Jointly developed simulated moving bed separation technology with Yishou University.
- L. Development of a new process for the synthesis and purification of ether alcohols.
- M. Application of Nanomaterials in Cosmetics and Coatings.
- N. The development of environment-friendly specialization and people's livelihood products.
- O. Development of additives to reduce diesel combustion pollution.
- P. Development of an environmentally friendly insecticide.
- Q. Development of solvents for advanced semiconductor processes.
- R. Electronic Industry Chemical Formulation Development.

(3). Future research and development plans

- A. Application development of ether alcohol derivatives.
- B. Specialization of green environmental protection and application development of daily necessities.
- C. Development of advanced process chemicals for the semiconductor industry.
- D. Recycling technology development.
- E. REACH restricts the development of substitutes for substances.
- F. Development of functional coating products
- G. Development of special materials for semiconductor manufacturing process.

(4). Estimated amount of R&D investment in the next two years.

Year	2023	2024
Unit: NT\$ thousand	281,000	309,000

(4) Long-term and short-term business development plans

1. Short-term business development plan

- (1). Develop patented products and electronic grade solvent application market to increase added value.
- (2). Actively develop new products and strengthen the integrity and diversification of product portfolio.
- (3). Strengthen strategy application and marketing system, fully grasp customer development trends and trends, and strengthen customer relationships.
- (4). Expanding market share by actively developing downstream customers.
- (5). Continuous innovation and research, continuous improvement of process technology, in order to improve production capacity and production efficiency, and reduce product cost..

2. Long-term business development plan

- (1). Strengthen the training of business professional knowledge and strengthen internal management to improve business performance.
- (2). Vertically integrate the research and development of upstream, mid-stream and downstream products in order to consolidate the supply of goods and sales channels, reduce costs and enhance product competitiveness.
- (3). Strengthen strategic alliances with well-known domestic and foreign manufacturers,

strengthen product competitiveness, and create greater operational performance.

(4). Continue to develop the application of electronic grade chemicals, in order to become the market leader of electronic grade solvents.

5.2 Market, production and sales overview

(I) Market analysis

1. Sales arena of main product (service)

Unit : NT\$ thousands

Year		2021		2022	
		Amount	Percentage (%)	Amount	Percentage (%)
Country					
Taiwan		8,031,230	72.07	8,884,105	78.31
Export	Korea	1,243,738	11.16	1,043,499	9.20
	Vietnam	439,205	3.94	343,214	3.02
	Thailand	233,728	2.10	236,808	2.09
	Others	1,195,702	10.73	837,457	7.38
	Subtotal	3,112,373	27.93	2,460,978	21.69
Total		11,143,603	100.00	11,345,083	100.00

2. Market Share

The group's operating strategy is not only based on expanding turnover and increasing market share. By continuing to develop new application products, looking for niche markets, and after stable product sales, it is expected to further increase the company's market share.

3. Market Supply and Demand Outlook

(1) Supply and demand of Electronic Solvent

Electronic solvents use the inherent chemical properties of chemicals to perform lithography, etching and cleaning for electronic products. The fields of application are printed circuit boards, semiconductors and liquid crystal thin film display panels, especially semiconductor and liquid crystal thin film display panels. The most stringent requirements are for high-purity electronic solvents to prevent impurities from interfering with product performance. Thanks to the continued growth of the semiconductor and LCD industries, the growth rate of electronic grade solvents is expected to be much higher than the average annual growth rate of all chemicals.

(2) Supply and demand of Industrial Solvents

Since the amount of paint used will develop with economic growth, it will also directly affect the supply of the paint industry. In Europe and the United States, due to the flattening of economic growth, the growth rate of coatings supply is also limited, but Asia is a newly industrialized region, and the supply of coatings will increase substantially with economic growth. Since coatings are a kind of special chemicals, which are widely used in various industrial products, the demand for coatings in the world is increasing day by day, especially in newly industrialized countries such as Asia. A substantial increase. Therefore, looking

forward to the future, the development trend of industrial-grade solvents is still growing steadily.

4. Development Prospects and Favorable and Unfavorable Factors Thereof

(1) Favorable factors

A. The group adheres to the concept of "R&D success, safety first, quality first, and customer satisfaction", and constantly innovates and researches, improves production processes, reduces waste and energy, and increases production capacity, and achieves product diversification, develops green products, meets customer needs, and enhances Competitiveness of the company's products.

B. Complete and diversified product portfolio

The related industries have a complete portfolio of raw materials and diversified products, and are little affected by changes in the prosperity of a single industry.

C. Electronic solvents for high value-added solvents

Actively invested in the development of electronic grade solvents and successfully entered the electronic industry market such as semiconductor and optoelectronics, and successively completed products such as butyl acetate, propylene glycol methyl ether and propylene glycol methyl ether acetic acid.

(2) Unfavorable factors

A. Domestic awareness of environmental protection and industrial safety is on the rise, and standards are becoming more and more stringent, which in turn leads to an increase in costs.

B. The economic and social structure has changed, employees are not keen on labor-based work, and manufacturers are generally lacking in labor, resulting in increased labor costs and rising production costs.

C. Due to labor, environmental protection, land and other issues, the downstream manufacturers of organic solvents continue to move out, resulting in increasingly fierce competition in the domestic market of organic solvents.

(3) Countermeasures

A. In order to implement the implementation of environmental protection and industrial safety, in addition to the establishment of a dedicated environmental protection and industrial safety unit to be responsible for environmental protection facilities and planning improvement, education and training of factory personnel, etc., it also has complete waste and waste liquid treatment equipment, and cooperates with professional institutions for regular inspections. And the introduction of advanced manufacturing process and technology, through the implementation of waste reduction measures to reduce processing costs, and meet the requirements of environmental protection and industrial safety to fulfill social responsibilities.

B. By developing advanced manufacturing processes, we can reduce production time and improve production efficiency; we also strengthen the management and efficiency of production technicians to improve product quality and yield, thereby reducing production costs and increasing our relative competitiveness in the market.

C. Actively expand overseas markets to increase market share and expand the company's

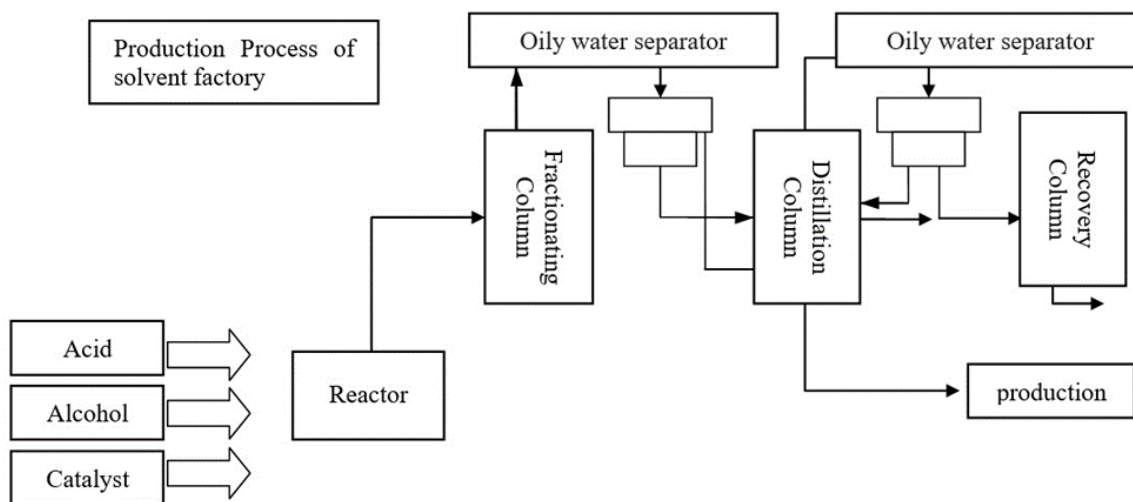
business growth.

(2) Main products' important functions and production process

A. Main products' important functions

Main product of service	Main function
Solvent series (Electronic solvent)	<ol style="list-style-type: none"> 1. The thin film transistor process is used as a wetting agent, a photoresist removal solution, a photoresist viscosity modifier, and the cleaning of the process equipment 2. RGB three primary colors photoresist removal solution, cleaning and stripping of piping equipment in the color filter process 3. Cleaning agents, strippers, photoresist buffers and etching process chemicals for the semiconductor IC industry process
Solvent series (Industrial solvent)	<ol style="list-style-type: none"> 1. paint, synthetic resin 2. Printing ink, cleaning organic solvent 3. Leather organic solvent
Aldehyde series	<ol style="list-style-type: none"> 1. Preservatives, Disinfectants 2. adhesive 3. Synthetic resin raw materials, other organic chemical raw materials, etc.

B. Production process of the main products



(3) Primary raw materials

Main raw material name	Main supplier	Supply situation
Acetic acid	Domestic	Stabilize
Butanol	Foreign	Stabilize
Ethylene glycol butyl ether	Foreign	Stabilize
Propylene Glycol Methyl Ether	Domestic	Stabilize
Methanol	Foreign	Stabilize

(4)Major suppliers and customers

Major suppliers with purchase amount and ratio that accounted for more than 10% of the total purchase in the past two years

Unit : NT\$ thousands

2021				2022			
Name	Amount	Annual net purchases (%)	Relationship with issuer	Name	Amount	Annual net purchases (%)	Relationship with issuer
Company A	1,936,820	25.51	none	Company A	864,988	11.85	none
Company B	430,017	5.66	none	Company B	902,582	12.37	none
Other	5,656,670	68.83		Other	5,531,266	75.78	
Net purchases	7,593,490	100.00		Net purchases	7,298,836	100.00	

2.Major customers with sales amount and ratio that accounted for more than 10% of the total sales in the past two years

Unit : NT\$ thousands

2021				2022			
Name	Amount	Annual net Sales (%)	Relationship with the issuer	Name	Amount	Annual net Sales (%)	Relationship with the issuer
Company A	2,232,330	20.03	none	Company A	3,547,214	31.27	none
Company B	1,139,697	10.23	none	Company A	953,854	8.41	none
Other company	7,771,576	69.74		Other company	6,844,015	60.32	
Net Sales	11,143,603	100.00		Net Sales	11,345,083	100.00	

(5)Analysis of production value and changes in the last two years

Unit: Capacity, Output – tonnes

Output value - NT\$ thousand

Year Key Products	2021			2022		
	Capacity	Output	Output value	Capacity	Output	Output value
Solvent series products	183,000	180,874	8,505,525	302,034	212,570	9,637,812
other	46,000	7,246	31,914	46,000	8,059	81,965
Total	229,000	188,120	8,537,439	348,034	220,629	9,719,777

(6) Sales value and output analysis for the last two years

Year Key Products	2021				2022			
	Domestic		Foreign		Domestic		Foreign	
	Output	Output Value	Output	Output Value	Output	Output Value	Output	Output Value
Solvent series products	78,553	6,043,698	48,058	2,811,739	90,722	7,287,121	39,180	2,168,610
other products	7,003	96,711	-	-	6,600	123,621	-	-
Raw material	58,719	1,589,954	6,846	300,634	50,425	1,292,889	5,808	292,368
Other	-	300,867	-	-	-	180,474	-	-
Total	144,275	8,031,230	54,904	3,112,373	147,750	8,884,105	44,989	2,460,978

Unit: Capacity, Output - tonnes
Output value - NT\$ thousand

5.3 Human Resources Overview

(I) Number of employees, average age and years of service at the Company in the most recent two years: (As of December 31, 2022)

Year		2021	2022	On April 13 2023
Number of Employees	Production	198	243	245
	R&D	84	95	96
	Other	265	271	278
	Total	547	609	619
Average Age		40.11	39.25	39.84
Average Years of Service		9.85	9.17	9.19
Education level distribution ratio	PhD	9	11	11
	Master's degree	106	122	122
	Bachelor's degree	364	409	418
	High school	60	60	61
	Below high school	8	7	7

5.4 Disbursements for environmental protection

(I) Losses caused by pollution in the most recent year up to the publication date of this annual report

ITEM	2022	As of April 13, 2023
pollution status	Violation of the Air Pollution Control Act	NONE
Punishment unit	Kaohsiung City Government Environmental Protection Bureau	NONE
Punishment situation	The fine amount is 450,000	NONE

(II) Countermeasures : continue to carry out inspections according to the specifications set by the relevant units

5.5 Labor relations

(I) Various aspects of employee welfare measures, continuing education, job training, retirement system and its implementation, as well as labor agreements, labor rights and employment protection measures

1. Employee welfare measures and its implementation

The company's main welfare measures include domestic and foreign travel subsidies, annual gifts or gifts, hospital condolences for public and general injuries, funeral subsidies, education subsidies and scholarship subsidies, regular health checks, marriage subsidies, maternity subsidies, emergency aid subsidies, community subsidies, Labor education and training, birthday gifts, employee group life insurance and accident insurance, etc. In addition, the company has general leisure facilities to enrich employees' leisure life and promote their physical and mental health.

2. Employee education and training and its implementation

The Group implements internal and external on-the-job training based on employees' work needs and considering the company's future operating conditions to enhance employees' ability to learn and improve work efficiency

3. Employees' retirement system and its implementation

In addition to formulating employee retirement management regulations in accordance with the Labor Standards Act, and providing monthly employee pensions and depositing them in the special office of the Central Trust Bureau, the company also cooperates with the implementation of the Labor Retirement Ordinance, which was revised on September 30, 1994. Employee Retirement Management Measures, starting from July 1, 1994, if employees who originally applied the old system chose to apply the new system for their service years or employees who took up the post after the implementation of the new system, their service

years were changed to a fixed allocation system. The payment of pension shall be paid by the company at a monthly rate of not less than 6% of the monthly salary and deposited in the individual account of labor pension.

1. According to the Company's personnel management system, an employee, who is involved in any of the following situation, should be required to retire immediately:
 - A. Those who have worked for more than 15 years and have reached the age of 55.
 - B. Those who have worked for more than 25 years.
 - C. Those who have worked for more than 10 years and have reached the age of 57
 - D. Those who have served for more than 10 years and have reached the age of sixty.
 - E. Those who have served in the company for ten years and are dispatched by the company to a related enterprise or subsidiary due to work requirements but when the affiliated enterprise or subsidiary is willing to bear the seniority of the employee, it shall not apply for retirement.
 - F. If an employee suffers from a serious illness, such as a tumor, which requires long-term hospitalization or long-term period of recuperation at home.

2. Compulsory retirement:

The company shall not compel an employee to retire unless he or she falls under any of the following circumstances:

- A. For those who have reached the age of 65, the company may report to the central competent authority for adjustment to work with special characteristics such as danger and strong physical strength, but must not be less than 55 years old.
- B. Mental loss or physical disability is too qualified to work.

3. Retirement payment standard:

- A. The working years before and after the application of the Labor Standards Act and the choice to continue to apply the "Labor Standards Act" pension provisions in accordance with the Labor Pension Regulations or to retain the working years before the application of the Labor Pension Regulations. The standard of pension payment is based on the labor standard Articles 84-2 and 55 of the Act shall be calculated.
- B. Persons with seniority in the preceding paragraph who are forced to retire in accordance with Paragraph 1, Subparagraph 2, Article 35, workers whose mental or physical disability is caused by the performance of their duties shall be subject to Paragraph 1, Subparagraph 2, Article 55 of the Labor Standards Act., additional 20% of payment shall be added according to the second paragraph of Article 55.
- C. For employees who are subject to the pension regulations of the Labor Pension Act, the company will pay 6% of their wages to the individual pension account of the

laborer on a monthly basis.

D. Pension payment:

Old system: The company should pay the pension to the employees within 30 days from the date of the employee's retirement.

New system: If the employee is over 60 years old, the employee should apply directly to the Bureau of Labor Insurance or the company will assist in the application.

4. Labor-management agreement and various employee rights protection measures

In addition to abiding by various laws and regulations and safeguarding the rights and interests of employees, the company's labor relations have fully communicated and promoted with employees before the implementation of various major policies to understand the needs of employees, so as to obtain employee support and jointly create a win-win and harmonious labor-management relationship. relation.

(2) In the most recent year and up to the date of publication of the annual report, the losses suffered due to labor disputes, and the estimated amount and countermeasures that may occur at present and in the future are disclosed: None.

5.6. Cyber security management

(1) The information security unit responsible for the company's information security is the Information Section, which has an information supervisor and several professional information personnel responsible for formulating internal information security policies, planning information security operations, and promoting and implementing information security policies. Every year, the audit office conducts regular inspections. If the inspection finds something missing, it immediately requires the inspected unit to propose improvement measures, and regularly tracks the improvement results to reduce internal information security risks, and adopts the PDCA (Plan-Do-Check-Act) cycle management model , to ensure the achievement of reliability goals and continuous improvement.

The information security policy and the specific management plan are centered on three major aspects, which are system norms (establishing the company's information security management system and standardizing personnel operation behavior), technology application (building information security management equipment, and implementing information security management measures) and Personnel training (conducting information security education and training to enhance internal employees' awareness of information security), specific management measures and instructions are detailed in the investor section of the company's website.

(2) In the most recent year and as of the date of publication of the annual report, the company has not experienced any major information security incidents that have caused business damage. In the future, it will continue to strengthen the defense capabilities of information security management and enhance employees' awareness of information security, and regularly implement recovery plan drills every year , to protect the company's important systems and data security.

7. Important agreements

Contractual nature	Company Name	Contract start and end date	Key content	Restrictions
processing contract	Lyondell Greater China, LTD.,	2007.06.19~2022.06.19	Processing raw material "PM"	Without the consent of the parties, This contract may not be transferred.
Loan contract	Far Eastern International Bank Co., Ltd.	2022.07.27~2027.07.27	Five-Year Line of Credit Floating rate	NONE
Loan contract	E.SUN COMMERCIAL BANK, LTD	2020.11.20~2025.11.20	Five-Year Line of Credit Floating rate	NONE
Loan contract	CHANG HWA COMMERCIAL BANK, LTD	2020.11.20~2025.11.20	Five-Year Line of Credit Floating rate	NONE
Loan contract	CHANG HWA COMMERCIAL BANK, LTD	2022.09.22~2025.09.22	Five-Year Line of Credit Floating rate	NONE

6. Financial position

6.1 Condensed statements of financial positions and statements of comprehensive income of the past five years

(1) Condensed balance sheet - International Financial Reporting Standards (Consolidated)

Unit: NT\$ thousand

Item	Year	Financial information in the past 5 years					Current consolidated financial data ending March 31, 2023
		2018	2019	2020	2021	2022	
Current Assets		2,562,995	2,238,690	2,806,083	3,723,808	3,979,841	
Property, plant and equipment		2,280,532	3,399,746	3,927,863	5,620,652	7,852,122	
Intangible assets		2,131	6,313	5,757	6,575	7,829	
Other assets		1,244,406	1,348,027	1,497,607	1,588,378	1,684,302	
Total assets		6,090,064	6,992,776	8,237,310	10,939,413	13,524,094	
Current Liabilities	Before distribution	1,147,665	1,906,303	1,703,225	2,796,703	2,788,507	
	After distribution	1,897,665	2,236,303	2,331,225	3,396,703	(Note 2)	
Non-current liabilities		134,064	164,193	769,111	1,359,249	2,697,685	
Total Liabilities	Before distribution	1,281,729	2,070,496	2,472,336	4,155,952	5,486,192	
	After distribution	2,031,729	2,400,496	3,100,336	4,744,952	(Note 2)	
Equity attributable to the parent company		4,808,335	4,922,280	5,764,974	6,783,461	8,037,902	(Note 3)
Share capital		1,500,000	1,500,000	1,800,000	2,000,000	2,500,000	
Capital surplus		103,724	103,724	103,724	103,724	103,724	
Retained earnings	Before distribution	3,285,530	3,424,446	3,968,421	4,756,748	5,495,747	
	After distribution	2,535,530	3,094,446	3,340,421	4,156,748	(Note 2)	
Other equity		(80,919)	(105,890)	(107,171)	(77,011)	(61,569)	
Treasury stocks		-	-	-	-	-	
Non-controlling interest		-	-	-	-	-	
Total equity	Before distribution	4,808,335	4,922,280	5,764,974	6,783,461	8,037,902	
	After distribution	4,058,335	4,592,280	5,136,974	(Note 2)	(Note 2)	

Note 1: The financial information for each of the above years has been verified and certified by CPA.

Note 2: The 2022 earnings distribution is pending for the resolution of the shareholders' meeting.

Note 3: As of the date of this report, the financial information for the first quarter of 2023 has not been reviewed by the accountants and is not presented.

(2) **Condensed Consolidated Income Statement - International Financial Reporting Standards**
(Consolidated)

Unit: NT\$ thousand

Item \ Year	Financial information in the past 5 years					Current consolidated financial data ending March 31, 2023
	2018	2019	2020	2021	2022	
Operating revenue	8,034,146	7,508,185	7,778,275	11,143,603	11,345,083	(Note 3)
Gross profit	1,998,185	1,857,030	2,321,602	3,132,580	3,380,614	
Net operating income	1,051,474	989,218	1,375,385	1,908,108	2,096,410	
Non-operating income and expenses						
	104,460	96,286	76,763	94,658	150,785	
Net profit before tax	1,155,934	1,085,504	1,452,148	2,002,766	2,247,195	
Current income (loss)	930,149	884,866	1,174,007	1,616,808	1,825,317	
Other comprehensive income (net after tax)						
	22,629	(20,921)	(1,313)	29,679	29,124	
Total income for the period	952,778	863,945	1,172,694	1,646,487	1,854,441	
Net profit attributable to the parent company	930,149	884,866	1,174,007	1,616,808	1,825,317	
Net income attributable to non-controlling interests	-	-	-	-	-	
Comprehensive income attributable to the parent company	952,778	863,945	1,172,694	1,646,487	1,854,441	
Comprehensive income attributable to non-controlling interests	-	-	-	-	-	
Earnings per share (Note 2)	3.72	3.54	4.70	6.47	7.30	

Note 1: The financial information for each of the above years has been verified and certified by CPA.

Note 2: Earnings per share are calculated according to the weighted average number of shares adjusted retroactively.

Note 3: As of the date of this report, the financial information for the first quarter of 2023 has not been reviewed by the accountants and is not presented.

(3) Condensed balance sheet - International Financial Reporting Standards (Individual)

Unit: NT\$ thousand

Item		Year	Financial information in the past 5 years				
			2018	2019	2020	2021	2022
Current Assets			2,150,713	1,905,332	2,373,595	3,174,751	3,202,359
Property, plant and equipment			1,812,354	2,583,746	3,046,497	4,301,512	6,253,747
Intangible assets			62	3,095	3,239	4,127	5,089
Other assets			2,038,518	2,228,593	2,492,114	2,874,231	3,216,951
Total assets			6,001,647	6,720,766	7,915,445	10,354,621	12,678,146
Current Liabilities	Before distribution		1,071,228	1,644,173	1,555,484	2,609,257	2,403,608
	After distribution		1,821,228	1,974,173	2,183,484	3,209,257	Note 2
Non-current liabilities			122,084	154,313	594,987	961,903	2,236,636
Total Liabilities	Before distribution		1,193,312	1,798,486	2,150,471	3,571,160	4,640,244
	After distribution		1,943,312	2,128,486	2,778,471	4,171,160	Note 2
Equity attributable to the parent company			4,808,335	4,922,280	5,764,974	6,738,461	8,037,902
Share capital			1,500,000	1,500,000	1,800,000	2,000,000	2,500,000
Capital surplus			103,724	103,724	103,724	103,724	103,724
Retained earnings	Before distribution		3,285,530	3,424,446	3,968,421	4,756,748	5,495,747
	After distribution		2,535,530	3,094,446	3,340,421	4,156,748	Note 2
Other equity			(80,918)	(105,890)	(107,171)	(77,101)	(61,569)
Treasury stocks			-	-	-	-	-
Non-controlling interest			-	-	-	-	-
Total equity	Before distribution		4,808,335	4,922,280	5,764,974	6,783,461	8,037,902
	After distribution		4,058,335	4,592,280	5,136,974	6,183,461	Note 2

Note 1: The financial information for each of the above years has been verified and certified by CPA.

Note 2: The 2022 earnings distribution is pending for the resolution of the shareholders' meeting.

**(4) Condensed Consolidated Income Statement - International Financial Reporting Standards
(Individual)**

Unit: NT\$ thousand

Item	Year	Financial information in the past 5 years					Current consolidated financial data ending March 31, 2023
		2018	2019	2020	2021	2022	
Operating revenue		7,298,338	6,820,494	7,022,085	10,055,595	10,133,323	(Note 3)
Gross profit		1,624,121	1,485,650	1,915,219	2,625,866	2,835,195	
Net operating income		828,854	759,943	1,122,777	1,598,896	1,786,261	
Non-operating income and expenses		280,838	282,472	278,370	345,304	410,759	
Net profit before tax		1,109,692	1,042,415	1,401,147	1,944,200	2,197,020	
Current income (loss)		930,149	884,866	1,174,007	1,616,808	1,825,317	
Other comprehensive income (net after tax)		22,629	(20,921)	(1,313)	29,679	29,124	
Total income for the period		952,778	863,945	1,172,694	1,646,487	1,854,441	
Earnings per share		3.72	3.54	4.70	6.47	7.30	

Note 1: The financial information for each of the above years has been verified and certified by CPA.

Note 2: Earnings per share are calculated according to the weighted average number of shares adjusted retroactively.

Note 3: As of the publication date of the annual report, the financial information of the first quarter of 2023 has not been audited by accountants and will not be listed.

(5) The names of appointed certified accountants and their audit opinions in the past 5 years

Year	Name of CPA	Audit opinion
2018	Ling-Wen Huang, Jen-Yao Hsieh	Unqualified opinion
2019	Ling-Wen Huang, Jen-Yao Hsieh	Unqualified opinion
2020	Jen-Yao Hsieh, Ling-Wen Huang	Unqualified opinion
2021	Jen-Yao Hsieh, Ling-Wen Huang	Unqualified opinion
2022	Jen-Yao Hsieh, Ling-Wen Huang	Unqualified opinion

6.2 Financial analysis of the past five years

Adoption of International Financial Reporting Standards (Consolidated)

Item		Financial information in the past 5 years					Current consolidated financial data ending March 31, 2023
		2018	2019	2020	2021	2022	
Financial structure (%)	Debt ratio	21.05	29.61	30.01	37.99	40.57	Note3
	Long term Funds to Property, Plant and Equipment Ratio	216.72	149.61	166.35	144.87	136.72	
Solvency %	Current ratio	223.32	117.44	164.75	133.15	142.72	
	Quick ratio	140.18	71.50	103.03	73.84	69.98	
	Times Interest Earned	19,266.57	239.21	672.67	898.70	680.53	
Operating Performance	Average Collection Turnover (Times)	7.64	6.51	6.37	7.61	7.48	
	Average number of days	47.77	56.06	57.29	47.96	48.79	
	Inventory Turnover (Times)	7.54	6.33	5.85	6.49	4.79	
	Average Payment Turnover (Times)	12.92	12.97	11.55	14.60	13.89	
	Average sales days	48.4	57.66	62.39	56.24	76.2	
	Property, Plant and Equipment Turnover (Times)	4.03	2.64	2.12	2.33	1.68	
	Total Assets Turnover (Times)	1.36	1.15	1.02	1.16	0.93	
Profitability	Return on Assets (%)	15.76	13.58	15.44	16.88	14.94	
	Return on equity (%)	19.98	18.19	21.97	25.77	24.63	
	Pre-tax net profit to paid in capital ratio (%)	77.06	72.37	80.67	100.14	89.89	
	Net Margin (%)	11.58	11.79	15.09	14.51	16.09	
	Earnings per share (NTD) (Note 2)	6.20	5.90	6.52	8.08	7.30	
Cash flow	Cash Flow Ratio (%)	54.02	60.12	82.93	50.89	81.48	
	Cash Flow Adequacy Ratio (%)	109.42	84.47	76.01	62.09	58.31	
	Cash Re-investment Ratio (%)	-0.92	5.02	11.44	7.05	11.80	
Leverage	Operating leverage	1.70	1.80	1.70	1.60	1.62	
	Financial leverage	1.00	1.00	1.00	1.00	1.00	
Analysis of changes in financial ratios over the last two years (The analysis is exempted if the change rate does not reach 20%.):							
1. The raw materials required by the company to some products were originally purchased from manufacturers and changed to self-produced, so the inventory of raw materials increased, resulting in a decrease in the inventory turnover rate. The Company is in the business growth period, and many capital expenditures projects are in progress at the same time. Most of the required funds are financed by bank borrowings, resulting in an increase in the times interest earned, and Property, Plant and Equipment Turnover decreased, cash flow ratio and cash reinvestment ratio increased.							
2. The rest did not meet the analysis standard.							

Note: As of the date of this report, the financial information for the first quarter of 2023 has not been reviewed by the accountants and is not presented.

Adoption of International Financial Reporting Standards (Individual)

Item (Note 3)		Year					Current consolidated March 31, 2023
		Financial information in the past 5 years					
		2018	2019	2020	2021	2022	
Financial structure (%)	Debt ratio	19.88	26.76	27.17	34.49	36.60	NOTE
	Long term Funds to Property, Plant and Equipment Ratio	272.05	196.48	208.76	180.06	164.29	
Solvency %	Current ratio	200.77	115.88	152.60	121.67	133.23	
	Quick ratio	122.18	67.89	88.69	63.71	56.33	
	Times Interest Earned	18,809.34	247.43	1,204.73	1,502.31	2,075.62	
Operating Performance	Average Collection Turnover (Times)	8.21	6.93	6.83	8.24	8.17	
	Average number of days	44.45	52.66	53.44	44.29	44.67	
	Inventory Turnover (Times)	8.02	6.66	5.88	6.26	4,57	
	Average Payment Turnover (Times)	11.80	11.72	11.50	14.17	13.02	
	Average sales days	45.51	54.80	62.07	58.30	79.86	
	Property, Plant and Equipment Turnover (Times)	4.69	3.10	2.49	2.74	1.92	
	Total Assets Turnover (Times)	1.25	1.07	0.96	1.10	0.88	
Profitability	Return on Assets (%)	15.99	13.96	16.06	17.71	15.86	
	Return on equity (%)	19.98	18.19	21.97	27.77	24.63	
	Pre-tax net profit to paid in capital ratio (%)	73.98	69.49	77.84	97.21	87.88	
	Net Margin (%)	12.74	12.97	16.72	16.08	18.01	
	Earnings per share (NTD)	6.20	5.90	6.52	8.08	7.30	
Cash flow	Cash Flow Ratio (%)	45.00	56.76	77.29	46.78	82.73	
	Cash Flow Adequacy Ratio (%)	105.87	83.15	73.48	60.77	54.22	
	Cash Re-investment Ratio (%)	-2.98	2.55	10.17	5.84	8.43	
Leverage	Operating leverage	1.73	1.84	1.58	3,09	2.86	
	Financial leverage	1.00	1.01	1.00	1.00	1.00	
<p>Analysis of changes in financial ratios over the last two years (The analysis is exempted if the change rate does not reach 20%.):</p> <ol style="list-style-type: none"> The raw materials required by the company to some products were originally purchased from manufacturers and changed to self-produced, so the inventory of raw materials increased, resulting in a decrease in the inventory turnover rate. The Company is in the business growth period, and many capital expenditures projects are in progress at the same time. Most of the required funds are financed by bank borrowings, resulting in an increase in the times interest earned, and Property, Plant and Equipment Turnover decreased, cash flow ratio and cash reinvestment ratio increased.. The rest did not meet the analysis standard. 							

Note 1: The financial information for each of the above years has been verified and certified by CPA.

Note 2: Earnings per share are calculated according to the weighted average number of shares adjusted retroactively.

Note 3: The formula is listed at the end of the statement:

The financial analysis formula is as follows:

1 . Financial structure

(1) Debt Ratio = Total Liabilities / Total Assets

(2) Long term Fund to Property, Plant and Equipment Ratio = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment

2. Solvency

(1) Current Ratio = Current Assets / Current Liabilities

(2) Quick Ratio = (Current Assets Inventories Prepaid Expenses) / Current Liabilities

(3) Times Interest Earned = Earnings before Interest and Taxes / Interest Expenses

3. Operating Performance

(1) Average Collection Turnover = Net Sales / Average Trade Receivables

(2) Days Sales Outstanding = 365 / Average Collection Turnover

(3) Average Inventory Turnover = Cost of Sales / Average Inventory

(4) Average Payment Turnover = Cost of Sales / Average Trade Payables

(5) Days Sales Outstanding = 365 / Average Collection Turnover

(6) Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment

(7) Total Assets Turnover = Net Sales / Average Total Assets

4. Profitability

(1) Return on Total Assets = (Net Income + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets

(2) Return on Equity = Net Income / Average Equity

(3) Net Margin = Net Income / Net Sales

(4) Earnings Per Share = (Net Income Attributable to Shareholders of the Parent Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding (Note 4)

5. Cash flow

(1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities

(2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five year Sum of Capital Expenditures, Inventory Additions and Cash Dividends

(3) Cash Reinvestment Ratio = (Cash Provided by Operating Activities Cash Dividends) / (Gross Property, Plant and Equipment + Long term Investments + Other Non-current Assets + Working Capital) (Note 5)

6. Leverage

(1) Operating Leverage = (Net Sales Variable Cost) / Income from Operations (Note 6)

(2) Financial Leverage = Income from Operations / (Income from Operations Interest Expenses)

6.3 Report of the Audit Committee on the Audit of the Latest Annual Financial Report : p. 107

6.4 The most recent annual financial report : p. 119 - p. 204

6.5 The consolidated financial statements of the parent and subsidiary companies for the most recent year audited by a certified public accountant : p. 205 - p. 289

6.6 The impact on the financial position of the company and its affiliates in the event of financial difficulties in the most recent year and as of the printing date of the annual report : None

Shiny Chemical Industrial Co., Ltd.
Audit Committee's Audit Report

The Board of Directors has prepared the 2022 Business Report, Financial Statements, and Surplus Distribution. The Financial Statements had been audited by CPAs Jen Yao Hsieh and Ling Wen Huang from Crowe (TW) CPAs appointed by the Board of Directors, and the CPAs have issued an audit report. The foregoing Business Report, Financial Statements, and Surplus Distribution were audited by the Audit Committee and were considered to be in compliance with relevant regulations of the Company Act. This Report, which has been prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, is hereby submitted for review.

Sincerely,

To

2022 Annual Shareholders' Meeting of Shiny Chemical Industrial Co., Ltd.

Shiny Chemical Industrial Co., Ltd.

Convener of the Audit Committee: CHEN TING-KO

22 February, 2023

7. Review of financial position and financial performance and risk management

7.1 Financial position

Unit: NT\$ thousand

Item	Year		Difference	
	2022	2021	Amount	%
Current Assets	3,979,841	3,723,808	256,033	6.88%
Property, plant and equipment	7,852,122	5,620,652	2,231,470	39.70%
Intangible assets	7,829	6,575	1,254	19.07%
Other assets	1,684,302	1,588,378	95,924	6.04%
Total assets	13,524,09	10,939,413	2,584,681	23.63%
Current Liabilities	2,788,507	2,796,703	-8,196	-0.29%
Non-current liabilities	2,697,685	1,359,249	1,338,436	98.47%
Total Liabilities	5,486,192	4,155,952	1,330,240	32.01%
Equity attributable to owners of the Company	8,037,902	6,783,461	1,254,441	18.49%
Share capital	2,500,000	2,000,000	500,000	25.00%
Capital surplus	103,724	103,724	-	-
Retained earnings	5,495,747	4,756,748	738,999	15.54%
Other equity	-61,569	-77,011	15,442	-20.05%
Treasury stocks	-	-	-	-
Non-controlling interest	-	-	-	-
Total equity	8,037,902	6,783,461	1,254,441	18.49%

Please explain the reasons for the changes in various financial ratios in the last two years: (the change ratio is 20% and the change amount is 10 million yuan)

1. The increase in Property, plant and equipment and non-current liabilities is mainly due to the fact that the company is in the period of business growth, and many asset purchases are in progress at the same time, and the required funds are covered by long-term loans.
2. The increase in share capital is the transfer of surplus in 2022 to capital increase.
3. The decrease in other interests was caused by the exchange difference in the translation of foreign operating institutions' financial statements due to exchange rate fluctuations.
4. The rest did not reach the analysis standard.

7.2 Financial performance

Unit: NT\$ thousand

Item \ Year	2022	2021	Increased (Decreased) Amount	% change
Net operating revenue	11,345,083	11,143,603	201,480	1.81%
Operating cost	7,964,469	8,011,023	-46,554	-0.58%
Gross profit	3,380,614	3,132,580	248,034	7.92%
Operating expenses	1,284,204	1,224,472	59,732	4.88%
Operating income	2,096,410	1,908,108	188,302	9.87%
Non-operating income and expenses	150,785	94,658	56,127	59.29%
Net profit before tax	2,247,195	2,002,766	244,429	12.20%
Income tax expense	421,878	385,958	35,920	9.31%
Current net profit	1,825,317	1,616,808	208,509	12.90%
<p>Analysis and explanations for the changes in the increase or decrease ratios: (The change ratio is 20% and the change amount is NTD 10 million)</p> <p>1. The increase in non-operating income and expenses is mainly due to the increase in the share of profits of associates 25,261 thousand and due to the depreciation of the Taiwan dollar, US dollar transactions and positions generate net exchange gains 18,732 thousand.</p>				

1. Reasons for changes in main business contents: None.
2. The expected sales volume in the next year and its basis and the main influencing factors of the company's expected sales volume to continue to grow or decline: The company expects that the sales volume of products in the next year will reach 138,399 tons, which is mainly based on the evaluation of the company's production capacity, forecasts of future economic changes and consideration of customer orders.

7.3 Cash flow

(1) Cash flow analysis for the recent years

Unit: NT\$ thousand

Cash balance at January 1, 2022	Cash flow from Operating activities	Cash flow from Investment activities	Cash flow from Financing activities	Effect of exchange rate changes on cash and cash equivalents	Net cash flow balance	Cash shortage contingency plan	
						Investment plan	Financing plan
302,034	2,272,050	-2,546,023	431,173	4,777	464,011	-	-

1. Operating activities: The net cash inflow from operating activities was mainly due to the good operating conditions in the current period.
2. Investment activities: The net cash outflow used in investing activities was mainly due to the purchase of property, plant and equipment.
3. Financing activities: The net cash inflow from financing activities was mainly due to borrowings from banks for the expansion of factories.

(2) Liquidity Analysis

1. Liquidity analysis for the last two years

Item	Year		
	2022	2021	% change
Cash flow ratio (%)	81.48	50.89	60.11
Cash flow adequacy ratio (%)	58.31	62.09	-6.09
Cash flow reinvestment ratio (%)	11.8	7.05	67.38

Analysis of changes ratio: (The change ratio is more than 20%)
 Although the operating profit of the current period has increased compared with the previous period, and the funds required for the continuous expansion of the plant are not only paid for by self-owned funds, but also considered insufficient by bank loans, resulting in an increase in cash flow ratio and cash reinvestment ratio.

2. Cash flow forecast analysis (2023)

Cash balance at January 1, 2022	Cash flow from Operating activities	Cash flow from Investment activities	Cash flow from Financing activities	Effect of exchange rate changes on cash and cash equivalents	Net cash flow balance	Cash shortage contingency plan	
						Investment plan	Financing plan
464,011	1,500,000	-2,200,000	500,000	-	264,011	-	-

1. Cash flow forecast analysis

- (1) Net cash inflow from operating activities: It is mainly expected to generate cash inflow from operations in the next year and deduct related operating expenses. The estimated net cash inflow for the year is NT\$1,500,000 thousand.
- (2) Estimated annual cash outflow: It is mainly the amount expected to increase capital expenditures and distribute dividends in the coming year.

2. Remedial measures for projected cash shortfalls and liquidity analysis: None.

7.4 Influence of major capital expenditure on financial position and operation in the most recent fiscal year: None.

7.5 Investment policies, main causes of profit or loss, and improvement plans in the most recent fiscal year, and investment plans in the next year

- (1) The company's outward reinvestment is mainly the professional extension of the same industry. Thanks to the vigorous economic development of Asian countries in recent years, the chemical industry, which is a basic industry, is also developing at a high level. The chemical industry is expected to have a prosperous future.
- (2) In 2022, the reinvestment income contributed about 0.38 to the company's EPS. On the premise that the market share and technical level still maintain the existing advantages, it is expected to show stable and favorable growth in the future. Therefore, the future investment plan will focus on maintaining the current industrial advantages, steadily and steadily expanding investment, in-depth operation and management, and improving the profitability of the reinvested company as the main direction.

7.6 Risk assessment

(1) The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate and response measures to be taken in the future.

1. Changes in interest rate

The interest expenses of the company and its subsidiaries in 2022 and 2021 were NT\$ 3,307 thousand and NT\$ 2,231 thousand respectively, which accounted for a small proportion of the company's net operating income. The company is based on a stable and conservative financial management foundation, and there are still many references in terms of interest rates. Research reports from various economic research institutions and banks at home and abroad, in order to grasp the future trend of interest rates, and maintain a smooth communication channel with the corresponding banks, so as to grasp the current interest rate level at any time, so as to control the cost of funds.

2. Changes in exchange rates

The exchange gains (losses) of the Company and its subsidiaries in 2022 and 2021 was NT\$ 19,043 thousand and NT\$ 311 thousand respectively, only 0.168% and 0.003% of the net operating income, respectively, and its impact was very low. As for the export of products, the company offsets each other with regular purchases and sales of foreign exchange funds, and collects information on exchange rate changes at any time, so as to fully control the exchange rate trend. Effectively reduce exchange risk.

3. Inflation

The company's products are not basic consumer goods for people's livelihood, and are less susceptible to inflation than ordinary consumer products. However, the company will still pay close attention to the development of the economic situation and make appropriate responses in order to continue to expand its business.

(2) The company's policy regarding high risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future.

The company did not engage in high-risk, high-leverage investments in the most recent year, nor did it have funds to lend to others or trade in derivatives. As for the endorsement guarantee, it shall be handled in accordance with the relevant regulations formulated by the company.

(3) Research and development work to be carried out in the future, and further expenditures expected for research and development work

1. In the future, the company will mainly focus on the R&D and production of energy saving and environmental protection, increase production capacity, reduce unit consumption and reduce the use of highly toxic substances, and develop specifications with high added value to meet future market demands.

2. The R&D expenses expected to be invested in 2024 and 2023 are NT\$ 281,000 thousand and NT\$ 309,000 thousand respectively.

(4) Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad and measures to be taken in response.

The company's daily operations are handled in accordance with relevant domestic and foreign laws and regulations, and it is always aware of domestic and foreign policy trends and changes in laws and regulations, and collects relevant information to provide decision-making reference for the management level, so as to adjust the company's relevant operating strategies. Up to now, the company has not been affected by important domestic and foreign policy and legal changes that affect the company's financial business.

(5) The impact of technological changes and industrial changes on the company's financial business and countermeasures:

The company always pays attention to the technological changes and technological development and evolution of the industry in which it operates, and grasps industry dynamics and industry market information. In addition, it continuously improves product quality and manufacturing processes, actively expands production capacity and improves research and development capabilities, and also adopts a sound financial management strategy. , in order to maintain market competitiveness, so technological changes and industrial changes currently have no major impact on the company.

(6) Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response

The company has always adhered to the use of high-quality management, in addition to research and development of environmentally friendly chemical products, continuous improvement, and provide a safe and healthy working environment to satisfy employees and customers, and then contribute to the society, develop the economy, benefit people, and enhance the company's corporate image. In the future, the company While pursuing the maximization of shareholders' rights and interests, we will also fulfill our corporate social responsibilities and enhance our corporate image.

(7) Expected benefits and possible risks associated with any merger and acquisitions and mitigation measures being or to be taken

At present, the company has no plan to acquire other companies, but if there is a plan to conduct mergers and acquisitions in the future, it will adhere to a prudent evaluation attitude and consider whether the merger can bring specific synergies to the company, so as to ensure the protection of the rights and interests of the original shareholders.

(8) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken

In order to expand production capacity and operation scale, the board of directors approved the new plant and equipment, which not only can increase production and sales, but also contribute to the improvement of gross profit margin and operating net profit margin. In order to avoid oversupply in the market, the company not only actively develops new customers, but also actively develops new process technologies and reduces costs, in order to maximize the benefits of capacity expansion and establish a long-term competitive advantage.

(9) Risks associated with any concentrated of sales or purchasing operations, and mitigation measures being or to be taken

1. Purchasing

The company's main purchasers are large international chemical companies with long-term contacts. The relationship with the company has been very stable and good for a long time. They are also the main purchasers of the global industry. Therefore, the company's purchase situation is not abnormal. In addition, the company's main raw materials usually have an appropriate amount of inventory. If due to force majeure factors or emergencies, other alternative sources of raw materials can be found to support, so as to avoid the risk of shortage or interruption of supply due to the concentration of purchases.

2. Sales

In addition to establishing a good production and sales cooperative relationship with the existing customer base, the company actively develops new customers at domestic and abroad, and there is no risk of concentration of sales.

(10) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken: None.

(11) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: None.

(12) List major litigious, non-litigious or administrative disputes that: None.

(13) Other important risks, and mitigation measures being or to be taken

The company has established a complete network and computer security protection system to control or maintain the stable operation of the company's manufacturing, operation, accounting and financial functions.

The information system architecture establishes a high-availability host backup and off-site data backup mechanism according to its risk level to ensure uninterrupted services, and sends the backup media to off-site storage for storage. The normal operation and data preservation of the system can reduce the risk of system interruption caused by unwarranted natural disasters and human errors, and ensure the system recovery meeting the target time expectedly. In order to restore business quickly and smoothly when information system damage occurs, and reduce possible losses and risks, through the regular implementation of information system disaster recovery plan drills on a quarterly basis, losses are minimized and normal operations can be resumed quickly.

For network attacks, illegally invade the company's internal network system, build a firewall and install anti-virus software to prevent illegal intrusion, destruction or theft of information, so as to avoid illegal use of the website and protect the rights and interests of users.

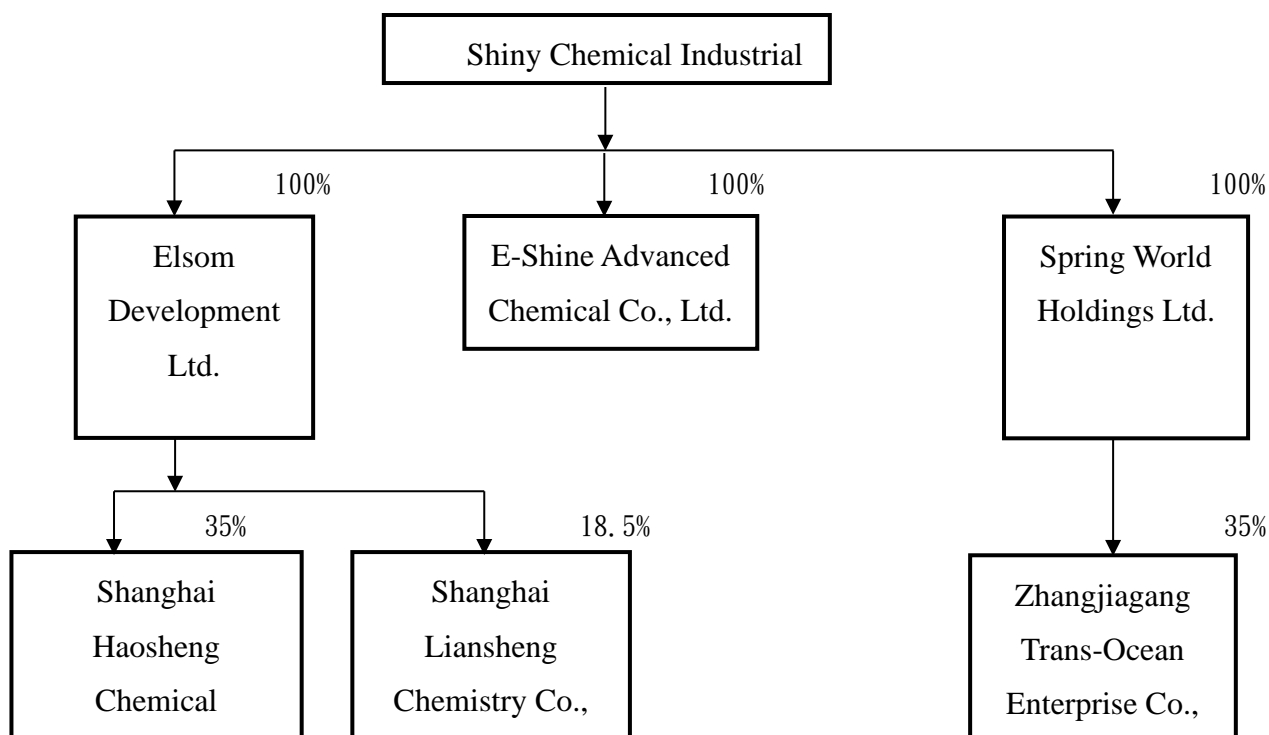
7.7 Other important matters: None.

8. Special disclosure

8.1 Information of affiliates

(1) Consolidated Business Report of affiliates

1. Corporate structure of affiliates :



2. Basic Information of affiliate companies:

Unit: NT\$ thousand

Company Name	Date of incorporation	Address	Paid in Capital	Type of business
E-Shine Advanced Chemical Co., Ltd.	2002.03.25	No. 3, Xiangong S. 2nd Rd., Xianxi Township, Changhua County 507001, Taiwan (R.O.C.)	NTD500,000	Chemical
Elsom Development Ltd.	1990.01.19	10/F, Diamond Exchange Building, 8-10 Duddell Street Central, HONG KONG	NTD162,451	Investments & trading
Spring World Holdings Ltd.	1995.07.24	Tropic Isle Building, P.O.Box438,Road,Town,Tortola,BVI	NTD147,227	Investments & trading

3. Shareholders presumed to have control and subordinate relationship with the same information: None.
4. Basic Information of affiliate companies: Chemical, Investments and Trading.
5. The names of the directors, supervisors, and general manager of each affiliate and the details of their shareholding or capital contribution in such affiliate:

Company Name	Title	Name or representative	Shares owned	
			Shares (In Thousand)	Percentage %
E-Shine Advanced Chemical Co., Ltd.	Chairman/ General Manager	Shiny Chemical Industrial Co., LTD. Representative: SUN JAN-YEN	50,000	100.00
	Director	Shiny Chemical Industrial Co., LTD. Representative: SUN CHI-FA		
	Director	Shiny Chemical Industrial Co., LTD. Representative: WANG HSING-CHIA		
	Supervisor	Shiny Chemical Industrial Co., LTD. Representative: HUANG YEOU- CHING		
Elsom Development Ltd.	Director	Shiny Chemical Industrial Co., LTD. Representative: SUN JAN-YEN	39,244	100.00
	Director	Shiny Chemical Industrial Co., LTD. Representative: LI HUAN-YI		
Spring World Holdings Ltd.	Director	Shiny Chemical Industrial Co., LTD. Representative: SUN JAN-YEN	4,450	100.00
	Director	Shiny Chemical Industrial Co., LTD. Representative: LI HUAN-YI		

6. Operating Status of affiliate companies:

Unit: NT\$ thousand

Company Name	Capital	Total Assets	Total Liabilities	Net worth	Operating revenue	Operating interest (loss)	Current income (loss) (after tax)	Earnings (loss) per share (NTD) (after tax)
E-Shine Advanced Chemical Co., Ltd.	500,000	2,422,548	963,582	1,458,966	1,838,699	301,762	259,219	5.18
Elsom Development Ltd.	162,094	306,305	51	306,254	18,063	17,272	17,213	1.06
Spring World Holdings Ltd.	147,132	220,536	-	220,536	19,019	19,017	19,115	1.30

(2) Consolidated Business Report of affiliates

The list of companies required to be included in the 2022 consolidated financial statements of affiliated enterprises under “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” by the Company is identical to the list of companies already included in the consolidated financial statements, prepared in accordance with IFRS 10 endorsed by the FSC. Since all information required above has already been disclosed in the consolidated financial statements, the Company would not prepare a separate set of consolidated financial statements for affiliated enterprises.

8.2 Private placement in the most recent fiscal year and up to the date of publication of the annual report: None.

8.3 Holding or disposal of shares in the company by the company’s subsidiaries during the most recent fiscal year and up to the date of publication of the annual report: None.

8.4 Other matters that require additional description: none.

9. Events with material impacts on equity or stock price as specified in item 2, paragraph 2, Article 36 of the Securities and Exchange Act 385 in the most recent fiscal year and up to the date of publication of the annual report: None.

Stock Code: 1773

SHINY CHEMICAL INDUSTRIAL CO., LTD.
STANDALONE STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
AND
INDEPENDENT AUDITORS' REPORT

CONTENTS

Item	Page
1. Cover Page	1
2. Contents	2
3. Independent Auditors' Report	3
4. Balance Sheets	4
5. Statements of Comprehensive Income	5
6. Statements of Changes in Equity	6
7. Statements of Cash Flows	7
8. Notes to Financial Statements	
(1) General Information	8
(2) The Authorization of the Parent Company Standalone financial Statements	8
(3) Application of New and Amended Standards and Interpretations	8~12
(4) Summary of Significant Accounting Policies	12~26
(5) Critical Accounting Judgments and Major Sources of Estimation and Assumption Uncertainty	26~29
(6) Contents of Significant Accounts	30~59
(7) Related Party Transactions	59~62
(8) Pledged Assets	63
(9) Significant Contingent Liabilities and Unrecognized Contract Commitments	63~64
(10) Significant Disaster Loss	65
(11) Significant Subsequent Events	65
(12) Others	65~73
(13) Supplementary Disclosures	73
A. Significant Transactions Information	74~77
B. Information on Investees	78
C. Information on Investments in Mainland China	79~80
D. Information on Major Shareholders	81
(14) Segment Information	82
9. Statement of Major Accounting Items	83~106

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Shiny Chemical Industrial Co., Ltd.

Opinion

We have audited the accompanying standalone balance sheets of Shiny Chemical Industrial Co., Ltd. (the “Company”) as of December 31, 2022 and 2021, and the standalone statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the standalone financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits the accompanying standalone financial statements present fairly, in all material respects, the standalone financial position of the Company as of December 31, 2022 and 2021, and its standalone financial performance and its standalone cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters of the Company's standalone financial statements for the year ended December 31, 2022 are stated as follows:

Valuation of inventory

Please refer to Note 4(7) to the Standalone financial statements for the accounting policy of inventories, Note 5(2)7. for critical accounting judgments, estimates and key sources of assumption uncertainty of inventories, and Note 6(4) for inventory valuation.

Description of key audit matter:

As of December 31, 2022, inventory was \$1,776,514 thousand and accounted for 14% of the total assets. Due to rapid changes in industry and economic status may cause product sales to fluctuate drastically, and increase the risk of inventory cost over their net realizable values, the valuation of inventory has been identified as a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included evaluating the valuation allowance estimated by the management according to nature of inventories; performing sampling procedures to check the correctness of the inventory aging; evaluating the reasonableness of the valuation and management's assumptions; reviewing the accuracy of the Company's past inventory allowance and compare it with the inventory allowance estimated in the current period to confirm whether the estimation and assumptions are appropriate; considering whether relevant disclosure of inventory allowances is fair.

Impairment assessment of receivable

Please refer to Note 4(6) to the standalone financial statements for the accounting policy of impairment assessment of receivable, Note 6(3) for impairment assessment of receivable.

Description of key audit matter:

The Company's customers are easily influenced by industry and market environment fluctuation, the top ten customers accounted for around 71% of the Company's accounts receivable, the provision for impairment assessment related to subject judgments of management, therefore the impairment assessment of receivable has been identified as a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our audit procedures included analyzing the accounts receivable aging table, historical collection records, industrial economic conditions and customer credit risk concentration, etc.; testing the company's control points related to collection and reviewing the collection records after the period ; Evaluating the reasonableness of the evaluation of the allowance for accounts receivable, including the assumptions for the evaluation of the allowance for accounts receivable, the recent credit status of the industry and the company's previous years of collections; evaluating whether relevant disclosure of the company is fair.

Depreciation timing of property, plant and equipment

Please refer to Note 4(9) to the standalone financial statements for the accounting policy of property, plant and equipment, Note 6(8) for information of property, plant and equipment, as of December 31, 2022, equipment to be inspected and construction in progress of the company was \$3,533,522 thousand and accounted for 28% of the total assets.

Description of key audit matter:

In response to market demand, the company continued to expand its factories and expanded production lines, resulting in increased capital expenditures. Property, plant and equipment is recognized as acquisition costs, and depreciation starting when the asset reached a ready state for use. Due to the significant amount of capital expenditure of the company, whether the timing of the depreciation is appropriate have a significant impact on the financial performance of the company. Therefore, the timing of depreciation of property, plant and equipment has been identified as a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our main audit procedures included understanding and testing the internal control design and implementation effectiveness of the depreciation timing of the property, plant and equipment of the company; understanding the conditions of the management's expected asset availability and related accounting treatments; Verify whether the current year's assets are ready for use, and whether the depreciation has been properly started; observe the equipment to be inspected and construction in progress, and check relevant documents to prove that the equipment and unfinished projects have not yet reached ready-for-use status; Verifying the reason why the equipment and the construction in progress have not yet reached the ready-for-use status.

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

Management is responsible for the preparation and fair presentation of the standalone 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 standalone financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (inclusive of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the standalone Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the standalone financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with 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 charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' 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 communication.

The engagement partners on the audit resulting in this independent auditors' report are Jen Yao Hsieh and Ling Wen Huang.

Crowe (TW) CPAs
Kaohsiung, Taiwan (Republic of China)
February 22, 2023

Notice to Readers

The accompanying Standalone financial statements are intended Standalone to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying Standalone financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and Standalone financial statements shall prevail.

SHINY CHEMICAL INDUSTRIAL CO., LTD.
STANDALONE BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

Assets	Note	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
CURRENT ASSETS					
Cash and cash equivalents	6(1)	\$160,267	1	\$182,887	2
Notes receivable, net	6(2)	35,476	-	27,319	-
Accounts receivable, net	6(3)	1,063,061	8	1,354,204	14
Other receivables		47,383	-	46,257	-
Inventories	6(4)	1,776,514	14	1,410,749	14
Prepayments		71,799	1	101,737	1
Other current financial assets - current	6(5)	47,859	-	51,598	-
Total current assets		<u>3,202,359</u>	<u>25</u>	<u>3,174,751</u>	<u>31</u>
NONCURRENT ASSETS					
Financial assets at fair value through other comprehensive income or loss - noncurrent	6(6)	194,489	2	204,982	2
Investments accounted for using equity method	6(7)	2,452,662	19	2,124,275	21
Property, plant and equipment	6(8)	6,253,747	49	4,301,512	40
Right-of-use assets	6(9)	193,802	2	203,999	2
Investment properties, net	6(10)	261,120	2	264,499	3
Intangible assets	6(11)	5,089	-	4,127	-
Deferred income tax assets	6(27)	101,009	1	63,006	1
Refundable deposits		13,869	-	13,470	-
Total noncurrent assets		<u>9,475,787</u>	<u>75</u>	<u>7,179,870</u>	<u>69</u>
TOTAL ASSETS		<u><u>\$12,678,146</u></u>	<u><u>100</u></u>	<u><u>\$10,354,621</u></u>	<u><u>100</u></u>
Liabilities and Equity					
CURRENT LIABILITIES					
Short-term loans	6(12)	\$220,000	2	\$482,000	5
Contract liabilities - current	6(21)	13,904	-	22,087	-
Notes payable		18,793	-	1,478	-
Accounts payable		452,773	4	521,776	5
Accounts payable - related parties	7	40,637	-	44,762	-
Other payables	6(13)	912,901	7	730,775	8
Current tax liabilities		445,065	4	345,905	3
Provisions - current	6(14)	69,165	1	44,037	-
Lease liabilities - current	6(9)	3,703	-	3,659	-
Current portion of long-term borrowings	6(15)	226,667	2	412,778	4
Total current liabilities		<u>2,403,608</u>	<u>19</u>	<u>2,609,257</u>	<u>25</u>

Liabilities and Equity	Note	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
NONCURRENT LIABILITIES					
Long-term loans	6(15)	\$2,005,555	16	\$707,222	7
Deferred income tax liabilities	6(27)	72,110	1	68,317	1
Lease liabilities - noncurrent	6(9)	150,407	1	154,118	1
Net defined benefit liabilities - noncurrent	6(16)	200	-	23,927	-
Guarantee deposits		8,364	-	8,319	-
Total noncurrent liabilities		<u>2,236,636</u>	<u>18</u>	<u>961,903</u>	<u>9</u>
Total Liabilities		<u>4,640,244</u>	<u>37</u>	<u>3,571,160</u>	<u>34</u>
EQUITY					
Share capital	6(17)				
Ordinary shares		2,500,000	20	2,000,000	20
Capital surplus	6(18)	103,724	1	103,724	1
Retained earnings	6(19)				
Legal reserve		1,385,717	11	1,224,084	12
Special reserve		77,011	1	107,171	1
Unappropriated earnings		4,033,019	32	3,425,493	33
Other equity	6(20)	(61,569)	-	(77,011)	(1)
Total Equity		<u>8,037,902</u>	<u>63</u>	<u>6,783,461</u>	<u>66</u>
TOTAL LIABILITIES AND EQUITY		<u>\$12,678,146</u>	<u>100</u>	<u>\$10,354,621</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements.

SHINY CHEMICAL INDUSTRIAL CO., LTD.
STANDALONE STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	Note	Year Ended December 31			
		2022		2021	
		Amount	%	Amount	%
OPERATING REVENUES	6(21)	\$10,133,323	100	\$10,055,595	100
OPERATING COSTS	6(4)	(7,298,128)	(72)	(7,429,729)	(74)
GROSS PROFIT		2,835,195	28	2,625,866	26
OPERATING EXPENSES					
Sales and marketing		(403,772)	(4)	(363,204)	(4)
General and administrative		(455,747)	(4)	(475,953)	(4)
Research and development		(192,726)	(2)	(188,260)	(2)
Expected credit gain (loss)	6(3)	3,311	-	447	-
Total operating expenses		(1,048,934)	(10)	(1,026,970)	(10)
INCOME FROM OPERATIONS		1,786,261	18	1,598,896	16
NON-OPERATING INCOME AND EXPENSES					
Interest revenue	6(23)	817	-	299	-
Other income	6(24)	54,691	1	33,137	-
Other gains and losses	6(25)	(1,079)	-	(6,511)	-
Finance costs	6(26)	(1,059)	-	(1,295)	-
Share of profits of subsidiaries, associates and joint ventures		357,389	4	319,674	3
Total non-operating income and expenses		410,759	4	345,304	3
INCOME BEFORE INCOME TAX		2,197,020	22	1,944,200	19
INCOME TAX EXPENSE	6(27)	(371,703)	(4)	(327,392)	(3)
NET INCOME		1,825,317	18	1,616,808	16
OTHER COMPREHENSIVE INCOME (LOSS)	6(28)				
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit obligation		15,750	-	(233)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income		(10,493)	-	24,637	-
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures		1,082	-	(294)	-
Income tax benefit (expense) related to items that will not be reclassified subsequently		(3,150)	-	46	-
Items that may be reclassified subsequently to profit or loss:					
Share of other comprehensive profit (loss) of subsidiaries, associates and joint ventures		28,457	-	4,550	-
Income tax benefit (expense) related to items that may be reclassified subsequently to profit or loss		(2,522)	-	973	-
Total other comprehensive income (loss), net of income tax		29,124	-	29,679	-
TOTAL COMPREHENSIVE INCOME		\$1,854,441	18	\$1,646,487	16
EARNINGS PER SHARE					
Basic	6(29)	\$7.30		\$6.47	
Diluted	6(29)	\$7.25		\$6.43	

The accompanying notes are an integral part of the parent company only financial statements.

SHINY CHEMICAL INDUSTRIAL CO., LTD.

STANDALONE STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

	Ordinary Shares	Capital Surplus	Retained Earnings			Other		Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) On Financial Assets at Fair Value Through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2021	\$1,800,000	\$103,724	\$1,106,686	\$105,890	\$2,755,845	(\$129,761)	\$22,590	\$ 5,764,974
Appropriations and distributions of prior years' earnings:								
Legal reserve	-	-	117,398	-	(117,398)	-	-	-
Appropriation of special reserve	-	-	-	1,281	(1,281)	-	-	-
Cash dividends	-	-	-	-	(628,000)	-	-	(628,000)
Stock dividends	200,000	-	-	-	(200,000)	-	-	-
Net income in 2021	-	-	-	-	1,616,808	-	-	1,616,808
Other comprehensive income (loss) in 2021, net of income tax	-	-	-	-	(481)	5,523	24,637	29,679
Total comprehensive income in 2021	-	-	-	-	1,616,327	5,523	24,637	1,646,487
BALANCE AT DECEMBER 31, 2021	2,000,000	103,724	1,224,084	107,171	3,425,493	(\$124,238)	\$47,227	\$6,783,461
Appropriations and distributions of prior years' earnings:								
Legal reserve	-	-	161,633	-	(161,633)	-	-	-
Reversal of special reserve	-	-	-	(30,160)	30,160	-	-	-
Cash dividends	-	-	-	-	(600,000)	-	-	(600,000)
Stock dividends	500,000	-	-	-	(500,000)	-	-	-
Net income in 2022	-	-	-	-	1,825,317	-	-	1,825,317
Other comprehensive income (loss) in 2022, net of income tax	-	-	-	-	13,682	25,935	(10,493)	29,124
Total comprehensive income in 2022	-	-	-	-	1,838,999	25,935	(10,493)	1,854,441
BALANCE AT DECEMBER 31, 2022	\$2,500,000	\$103,724	\$1,385,717	\$77,011	\$4,033,019	(\$98,303)	\$36,734	\$8,037,902

The accompanying notes are an integral part of the parent company only financial statements.

SHINY CHEMICAL INDUSTRIAL CO., LTD.
STANDALONE STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	Year Ended December 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$2,197,020	\$1,944,200
Adjustments :		
Adjustments to reconcile profit (loss)		
Depreciation	327,580	266,185
Amortization	5,923	3,780
Expected credit loss (gain)	(3,311)	(447)
Interest expense	1,059	1,295
Interest income	(817)	(299)
Dividend income	(10,570)	(8,017)
Share of profits of subsidiaries, associates and joint ventures	(357,389)	(319,674)
Gain on disposal and retirement of property, plant and equipment	(1,426)	(1,792)
Transfer of property, plant and equipment to expenses	-	29,425
Loss on disposal of Investments accounted for using equity method	-	4
Total adjustments to reconcile profit (loss)	<u>(38,951)</u>	<u>(29,540)</u>
Net changes in operating assets and liabilities		
Net changes in operating assets		
Decrease (increase) in notes receivable	(8,157)	(2,838)
Decrease (increase) in accounts receivable	294,454	(320,341)
Decrease (increase) in other receivables	(1,126)	(17,449)
Decrease (increase) in inventories	(365,765)	(447,929)
Decrease (increase) in prepayments	29,938	(70,511)
Total changes in operating assets	<u>(50,656)</u>	<u>(859,068)</u>
Net changes in operating liabilities		
Increase (decrease) in contract liabilities	(8,183)	11,171
Increase (decrease) in notes payable	17,315	(11,833)
Increase (decrease) in accounts payable	(69,003)	122,401
Increase (decrease) in accounts payable - related parties	(4,125)	21,468
Increase (decrease) in other payables	170,844	135,887
Increase (decrease) in provisions	25,128	28,646
Increase (decrease) in net defined benefit liabilities	(7,977)	(2,201)
Total changes in operating liabilities	<u>123,999</u>	<u>305,539</u>
Total net changes in operating assets and liabilities	<u>73,343</u>	<u>(553,529)</u>
Total adjustments	<u>34,392</u>	<u>(583,069)</u>
Cash generated from operations	2,231,412	1,361,131
Interest received	817	299
Dividends received	69,111	8,017
Interest paid	(412)	(1,140)
Income tax paid	<u>(312,425)</u>	<u>(147,768)</u>
Net cash generated from operating activities	<u>1,988,503</u>	<u>1,220,539</u>

	Year Ended December 31	
	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of investments accounted for using the equity method	\$ -	\$851
Acquisition of property, plant and equipment	(2,255,740)	(1,458,096)
Proceeds from disposal of property, plant and equipment	1,562	1,951
Increase in refundable deposits	(399)	-
Decrease in refundable deposits	-	1,325
Acquisition of intangible assets	(6,885)	(3,590)
Increase in other financial assets	-	(32,917)
Decrease in other financial assets	3,739	-
Net cash used in investing activities	<u>(2,257,723)</u>	<u>(1,490,476)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	-	192,000
Decrease in short-term loans	(262,000)	-
Proceeds from long-term loans	5,901,000	740,000
Repayment of long-term loans	(4,788,778)	(120,000)
Increase in guarantee deposits	45	105
Repayments of lease principal	(3,667)	(5,444)
Cash dividends paid	<u>(600,000)</u>	<u>(628,000)</u>
Net cash generated from (used in) financing activities	<u>246,600</u>	<u>178,661</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(22,620)	(91,276)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	182,887	274,163
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$160,267</u>	<u>\$182,887</u>

The accompanying notes are an integral part of the parent company only financial statements.

SHINY CHEMICAL INDUSTRIAL CO., LTD.
NOTES TO STANDALONE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Stated Otherwise)

1. GENERAL INFORMATION

Shiny Chemical Industrial Co., Ltd. (collectively as the “Company”) was incorporated in December 1979, traded in the emerging stock market from January 28, 2008 and listed in the Taiwan Stock Exchange on February 27, 2009. The Company engages mainly in the manufacturing, processing and import/export trading high-purity chemical solvents, including N-Butyl Acetate, N-Propyl Acetate, Propylene Glycol Monomethyl Ether Propionate and Methanol, etc.

The Standalone financial statements are presented in the Company’s functional currency, New Taiwan Dollars.

2. THE AUTHORIZATION OF THE STANDALONE FINANCIAL STATEMENTS

The Standalone financial statements were approved and authorized for issue by the Board of Directors on February 22, 2023.

3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

- (1) Effect of adoption of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC):

The adoption of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Company’s accounting policies.

New standards, interpretations and amendments endorsed by the FSC and effective from 2022 are as follows:

New, Amended or Revised Standards and Interpretations (the “New IFRSs”)	Effective Date Announced by IASB (Note 1)
Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”	January 1, 2022 (Note 2)
Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”	January 1, 2022 (Note 3)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 4)
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022 (Note 5)

Note 1: Unless stated otherwise, the New IFRSs above are effective for annual periods beginning on or after their respective effective dates.

Note 2: An entity shall apply these amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

Note 3: An entity shall apply these amendments to contracts for which it has not yet fulfilled all its obligations on January 1, 2022.

Note 4: These amendments apply to business combinations whose acquisition date occur during the annual reporting periods beginning on or after January 1, 2022.

Note 5: An entity shall apply the Amendment to IFRS 9 to financial liabilities that are modified or exchanged during the annual reporting periods beginning on or after January 1, 2022. An entity shall apply the Amendment to IAS 41 to fair value measurements for annual reporting periods beginning on or after January 1, 2022. An entity shall apply the Amendment to IFRS 1 for annual reporting periods beginning on or after January 1, 2022.

A. Amendment to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The amendments set out that proceeds from selling items produced while bringing an item of property, plant and equipment to the location and condition necessary for them to be capable of operating in the manner intended by management shall not be recognized as a deduction of the asset. Instead, the proceeds from selling such items and the costs of those items, measured in accordance with IAS 2, shall be recognized in profit or loss in accordance with applicable IFRS Standards. Additionally, the amendments clarify that costs of testing whether the asset is functioning properly is the costs of assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

The Company shall apply these amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the Company first applies the amendments. The cumulative effects of initially applying the amendments shall be recognize as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented with comparative information restated.

B. Amendments to IAS 37 “Onerous Contracts — Cost of Fulfilling a Contract”

The amendments set out that, when determining whether a contract is onerous, the cost of fulfilling a contract comprises (a) the incremental costs of fulfilling that contract—for example, direct labor and materials; and (b) an allocation of other costs that relate directly to fulfilling contracts—for example, an allocation of the depreciation charge

for an item of property, plant and equipment used in fulfilling that contract among others.

C. Amendments to IFRS 3 “Reference to the Conceptual Framework”

The amendments update a reference to the Framework in IFRS 3 and require the acquirer shall apply IFRIC 21 for a levy that would be within the scope of IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

D. Annual Improvement to IFRS Standards 2018-2020

The annual improvement amends several Standards. Among which, the Amendment to IFRS 9 clarifies that, in determining whether an exchange or modification of the terms of a financial liability is substantially different from those of the original liability, only fees paid net of fees received between the Company (the borrower) and the lender for the new or modified contract, including fees paid or received by either the Company or the lender on the other’s behalf, shall be included in the ‘10 per cent’ test of the discounted present value of the cash flows under the new terms.

Base on the Company’s assessment, the above standards and interpretations have no significant effect on the Company’s financial position and financial performance.

(2) Effect of new issuances or amendments to IFRSs as endorsed by the FSC but not yet adopted:

New standards, interpretations and amendments endorsed by the FSC and effective from 2023 are as follows:

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosures of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2023.

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

Note 3: An entity shall apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. It also, at the beginning of the earliest comparative period presented, recognizes deferred taxes for all temporary differences related to leases and decommissioning obligations and recognizes the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

A. Amendments to IAS 1 “Disclosures of Accounting Policies”

The amendments clarify that an entity shall disclose its material significant accounting policy information if the transaction, other event or condition to which the accounting policy information relates is material in size or nature, or a combination of both, and the accounting policy information that relates to a material transaction, other event or condition is also material to the financial statements. On the other hand, if the transaction, other event or condition to which the accounting policy information relates is immaterial in size or nature, an entity needs not to disclose the accounting policy information that relates to the immaterial transaction, other event or condition. Additionally, Immaterial accounting policy information that relates to material transactions, other events or conditions need not be disclosed, either. However, an entity’s conclusion that accounting policy information is immaterial does not affect the related disclosure requirements set out in other IFRS Standards.

B. Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty and clarify that a change in measurement techniques or inputs used to develop an accounting estimate is a change in accounting estimates unless the change is due to an error from prior periods.

C. Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”

The amendments narrow the exemption extent in paragraphs 15 and 24 of IAS 12 for an entity from recognizing a deferred tax asset or liability in particular circumstances. In particular, the exemption does not apply to a transaction that gives rise to equal taxable and deductible difference at the time of the transaction. At the initial application of the amendments, an entity shall, at the beginning of the earliest comparative period presented, recognise deferred taxes for all deductible and taxable temporary differences associated with (i) lease and (ii) decommissioning liabilities and recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. An entity shall also apply the amendments transactions that occur on or after the beginning of the earliest comparative period presented. When initially applying the amendments, the information for comparable periods shall be restated.

The Company has evaluated the aforementioned standards and interpretations, and there’s no significant effect to the Company’s financial position and performance.

(3) Effect of the IFRSs issued by IASB but not yet endorsed and issued into effect by FSC :

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial application IFRS 17 and IFRS 9 – Compare Information”	January 1, 2023
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

As of the date the Standalone financial statements are authorized for issue, the Company is still evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the Company completes the evaluation.

4.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these Standalone financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The accompanying Standalone financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

A. Except for the following items, the accompany Standalone financial statements have been prepared under the historical cost convention:

- a. Financial assets and financial liabilities at fair value through other comprehensive income.
- b. Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of Standalone financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Standalone financial statements are disclosed in Note 5.

C. When preparing the Standalone financial statements, the Company accounts for subsidiaries and associates by using the equity method. In order to agree with the amount of net income, other comprehensive income and equity attributable to shareholders of the parent in the consolidated financial statements, the differences of the accounting treatment between the Standalone basis and the consolidated basis are adjusted under the heading of investments accounted for using equity method, share of profits of subsidiaries and associates and share of other comprehensive income of subsidiaries and associates in the Standalone financial statements.

(3) Foreign currency translation

A. Foreign currency transactions and balance

- a. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- b. Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- c. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

B. Translation of foreign operations

- a. The operating results and financial position of all the Company's subsidiaries, associates and joint ventures that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - (c) All resulting exchange differences are recognized in other comprehensive income.
- b. When the foreign operation partially disposed of or sold is an associate or a joint venture, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Company retains partial interest in the former foreign

associate or joint venture after losing significant influence over the former foreign associate or joint venture, such transactions should be accounted for as disposal of all interest in these foreign operations.

- c. When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- a. Assets that are expected to be realized, or intended to be sold or consumed within the normal operating cycle;
- b. Assets held mainly for trading purposes;
- c. Assets that are expected to be realized within twelve months from the balance sheet date;
- d. Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- a. Liabilities that are expected to be settled within the normal operating cycle;
- b. Liabilities held mainly for trading purposes;
- c. Liabilities that are to be settled within twelve months from the balance sheet date (Even if a long-term refinancing or re-arrangement of payment agreements is completed after the balance sheet date and before the issuance of the financial report is approved, it is classified as current liabilities).
- d. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including the original maturity of the time deposits within three months.)

(6) Financial instruments

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

Financial assets and financial liabilities are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

A. Financial assets

a. Category of financial assets

Financial assets are recognized on a trade date basis.

Financial assets are classified into the following categories: financial assets at amortized cost and investments in equity instruments at FVTOCI.

(a) Financial assets at amortized cost

Financial assets that meet the both following conditions are measured at amortized cost:

- i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii. The contractual terms of the financial assets give rise on specified date to cash flow that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Except for the following two cases, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset:

- i. Purchased or originated credit-impaired financial assets: for those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- ii. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets: for those financial assets, the Company shall apply the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

(b) Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments at FVTOCI are recognized in profit or loss when the Company's right to receive the dividends is established, unless the Company's right clearly represent a recovery of part of the cost of the investment.

b. Impairment of financial assets

- (a) At the end of each reporting period, a loss allowance for expected credit loss is recognized for financial assets at amortized cost (including accounts receivable), investments in debt instruments that are measured at FVTOCI, lease receivable and contract assets.
- (b) The Company always recognize lifetime Expected Credit Loss (i.e. ECL) for accounts receivables, lease receivable and contract assets. For other financial assets, the Company recognize lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equaling to 12-month ECL.
- (c) Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. In contrast, lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.
- (d) The Company recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

c. Derecognition of financial assets

The Company derecognizes a financial asset when one of the following conditions is meet:

- (a) The contractual rights to receive cash flows from the financial asset expire.
- (b) The contractual rights to receive cash flows from the financial asset have been transferred and the Company has transferred substantially all risks and rewards

of ownership of the financial asset.

- (c) The Company neither retains nor transfers substantially all risks and rewards of ownership of the financial asset; however, it has not retained control of the financial asset.

On derecognition of financial assets at amortized cost in its entirety, the difference between the financial asset's carrying amount and the sum of the consideration received is recognized in profit or loss.

B. Equity instruments

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

C. Financial liabilities

a. Subsequent measurement

Except for the financial liability is either held for trading or is designated as at fair value through profit or loss, all financial liabilities are measured at amortized cost in accordance with the effective interest method.

b. Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

D. Modification of Financial Instruments

When the contractual cash flows of a financial instrument are renegotiated or modified and the renegotiation or modification does not result in the derecognition of that financial instrument, the Company recalculates the gross carrying amount of the financial asset or the amortized cost of the financial liabilities using the original effective interest rate and recognises a modification gain or loss in profit or loss. Any costs or fees incurred adjust the carrying amount of the modified financial instrument and are amortised over the remaining term of the modified financial instrument. If the renegotiation or modification results in that the derecognition of that financial instrument is required, then the financial instrument is derecognized accordingly.

(7) Inventories

Inventories are stated at the lower of cost and net realizable value, accounted for on a perpetual basis. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and costs necessary to make the sale.

(8) Investments accounted for using the equity method / subsidiaries and associates

A. Subsidiaries are all entities (including structured entities) controlled by the Company.

The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Unrealized gains or losses resulting from inter-company transactions with subsidiaries are eliminated. Necessary adjustments are made to the accounting policies of subsidiaries, to be consistent with the accounting policies of the Company.

C. After acquisition of subsidiaries, the Company recognizes proportionately the share of profit and loss and other comprehensive income in the income statement as part of the Company's profit and loss and other comprehensive income, respectively. When the share of loss from a subsidiary exceeds the carrying amount of Company's interest in that subsidiary, the Company continues to recognize its share in the subsidiary's loss proportionately.

D. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for under equity method and are initially recognized at cost.

E. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including the carrying amount of the investment in the associate determined using the equity method plus the long-term interests that, in substance, form part of the Company's net investment in the associate, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

- F. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- G. When the Company disposes of its investment in an associate, if it loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- H. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the Standalone financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the Standalone financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(9) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized. For property, plant and equipment under construction, sample produced from testing whether the asset is functioning properly before its intended use are measured at lower of the costs or net realizable value. Proceeds from selling such an item and the cost of the item are recognized in profit or loss.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance expenses are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in accounting estimate

under IAS 8, “Accounting Policies, Changes in Accounting Estimates and Errors”, from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Buildings:

Main building, 3 to 55 years

Engineering system, 5 to 11 years

Others, 5 to 11 years

Machinery and equipment, 3 to 20 years

Utilities equipment, 5 to 15 years

Transportation equipment, 5 to 6 years

Office equipment, 5 to 11 years

Other equipment, 3 to 20 years;

- D. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(10) Leases

The Company assesses whether the contract is (or includes) a lease at the date of the contract. For a contract that includes a lease component and one or more additional lease or non-lease components, the Company will allocate the consideration to the lease component base on the individual price of each lease component and the aggregated individual price of the non-lease component.

A. The Company as a lessee

Except for payments for low-value asset and short-term leases which will be recognized as expenses on a straight-line basis, the Company will recognize right-of-use assets and lease liabilities for all leases at the inception of lease.

Right-of-use asset

The right-of-use asset is initially measured at cost (including the initial measurement amount of the lease liability, the payments less incentives, initial direct costs and the estimated recover cost), the subsequent measurement is based on the cost less accumulated depreciation and accumulated impairment loss, and adjusting the amount of re-measures of lease liabilities.

The right-of-use asset recognized depreciation is using the straight-line basis from the date of the lease until the expiration of the useful life or the expiration of the lease term, the depreciation is provided that the title of the underlying asset will be acquired at the end of the lease period or, if the cost of the right-of-use asset reflects the execution of the purchase option.

Lease liability

The lease liability is initially measured by the present value of the lease payment (including fixed payment, substantive fixed payment, change in lease payment depending on the index or rate, etc.). If the implied interest rate on the lease is easy to determine, the lease payment is discounted using that interest rate. If the interest rate is not easy to determine, the lessee's increase borrowing rate is used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. If the lease period, the evaluation of the purchase choice, the amount of expected to be paid under the residual value guarantee or the change in the index or rate used to determine the lease payment result in a change in the future lease payment, the Company will measure the lease liability and adjust the right to use assets relatively. If the carrying amount has been reduced to Zero, the remaining amount will recognize in the profit and loss. Lease liabilities are presented in a single-line project on the Standalone balance sheet.

B. The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Under finance leases, the lease payments comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives payable. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Company's net investment outstanding in respect of leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

(11) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes), also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method for estimated useful lives - 3 to 50 years.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(12) Intangible assets

Intangible assets with finite useful lives that are acquired separately are measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over the following estimated lives: computer software - 1 to 3 years; The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Intangible assets are derecognized when disposed of or expected to have no future economic benefits generated through usage or disposal. On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(13) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist, the impairment loss shall be reversed to the extent of the loss previously recognized in profit or loss.

(14) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(15) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions

a. Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

b. Defined benefit plans

(a) Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior period. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized past service costs. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.

(b) Actuarial gains and losses arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

(c) Past service costs are recognized immediately in profit or loss.

C. Employees' bonus and directors' remuneration

Employees' bonus and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees' bonus and directors' remuneration are different from the actual distributed amounts as resolved by the shareholders at their shareholders' meeting subsequently, the differences should be recognized based on the accounting for changes in estimates.

D. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an

employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognizes expense when it can no longer withdraw an offer of termination benefits or it recognizes related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

(16) Share capital

Ordinary share is classified as equity. The classification of the preferred stock depends on the essence of the agreement. If the preferred stock matches the definition of the financial liability, it is classified as a liability. Otherwise, it is classified as equity. Incremental cost that can be attributed to the issuance of stocks or options is deducted from the capital issued.

(17) Share-based payment transactions

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

B. Cash-settle share-based payment arrangements are the fair value of liabilities undertaken recognized in remuneration costs and liabilities in the vesting period and measured by the fair value of equity instruments offered at each balance sheet date and the settlement date. Any changes are recognized in profit or loss.

(18) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity, respectively.

B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the

unappropriated retained earnings and is recorded as income tax expense in the subsequent year when the stockholders approve to distribute retain the earnings.

C. Deferred income tax is recognized, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Standalone financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures, employee training, and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(19) Revenue Recognition

The Company recognizes revenues based on the following steps:

- A. Identifying the contracts;
- B. Identifying obligations in the contracts;
- C. Determining prices;
- D. Allocating prices into the obligations in the contracts;

E. Recognizing revenues while fulfilling the obligations.

The Company does not adjust the promised amount of consideration for the effects of a significant financing component if the period between when the Company transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

A. Goods sales

The Company sells fans and other relevant products. Sales revenues are recognized while the control of goods is transferred to the customers since the customers already have the rights to use, set price, take the major responsibility to resell the good and bear the risk of obsolescence. The Company recognizes revenues and accounts receivable at the point and presents it in net term after deducting sales return, quantity discount and sales allowance.

The Company does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of materials ownership.

B. Service revenue

Revenue from technical services is recognized when services are provided that in accordance with the relevant agreements.

(20) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All borrowing costs other than those stated above are recognized in profit or loss in the period in which they are incurred.

5. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND MAJOR SOURCES OF ASSUMPTION UNCERTAINTY

The Company takes into account the economic impact of the covid-19 pandemic, changes in climates and related governmental policies and regulations on significant accounting estimates and reviews the basic assumptions and estimation on an ongoing basis. If a change in accounting estimate affects only the current period, the effect is recognized in the current period. If a change in accounting estimate affects both current and future periods, the effects are recognized in both periods.

In the preparation of the standalone financial statements, the critical accounting judgments the Company has made and the major sources of estimation and assumption uncertainty are described as follows:

(1) Critical judgements in applying accounting policies

A. Revenue recognition

The Company follows IFRS 15 to determine if it controls the specified good or service before that good or service is transferred to the customer, and the Company is acting as a principal or an agent in that transaction. When the Company acts as an agent, revenue is recognized on a net basis.

The Company acts as a principal as that it meets one the of following situations:

- a. The Company gains control over the goods from the other party before transferring goods to customers.
- b. The Company controls the right of providing service by the other party in order to control the ability of the party to provide service to customers.
- c. The Company gain control over goods or service from the other party in order to combine with other goods or services to provide specific goods or services to customers.

The indicators (not limited to) which assist making judgment on whether the Company controls the goods or services before transferring goods or services to customers:

- a. The Company has primary responsibilities for the goods or services it provides;
- b. The Company bears inventory risk before transferring the specific goods or services to customer, or after transferring the control to customer.
- c. The Company has the discretion to set prices.

B. Judgment of financial asset classification

The Company assesses the business model of financial assets based on the hierarchy that reflects the Company of financial assets that are jointly managed for specific business purposes. This assessment requires consideration of all relevant evidence, including measures of asset performance, risks affecting performance, and the manner in which the relevant managers are determined, and judgments are required. The Company continues to assess the adequacy of its business model and monitors the financial assets measured by the amortized cost before the maturity date and the debt instrument investments measured at fair value through other comprehensive income. Evaluate whether the disciplinary action has the same goal of business model. If the business model has been changed, the Company delays the adjustment of the subsequent classification of financial assets. The Company reclassifies financial assets in accordance with IFRS 9, and the application will be postponed from the date of reclassification, if the business model has changed.

C. Lease term

In determining the lease term, the Company considers all the facts and circumstances that create an economic incentive to exercise (or not exercise) the option, including all expected change in facts and circumstances from the commencement date until the exercise date of the option. Factors considered include the contractual terms and conditions for the periods covered by option, the significant leasehold improvements made (or expected) during the contract period, and the importance of the underlying assets to the Company's operations, etc. The lease term is reassessed if a significant change in circumstance that are within the control of the Company occurs.

(2) Critical accounting estimates and assumptions

A. Revenue Recognition

The Company recognizes records a refund for estimated future returns and other allowances in the same period the related revenue is recorded. Refund for estimated sales returns and other allowances is generally made and adjusted at a specific percentage based on historical experience and any known factors that would significantly affect the allowance, and our management periodically reviews the adequacy of the percentage used.

B. Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

C. Process of fair value measurement and evaluation

When the assets and liabilities at fair value with no active market, the Company determines whether to use outside appraisal and using proper evaluation techniques based on related regulation or its own judgment. If the Level 1 input value is not available while evaluating, the Company refers to the analysis of the investee's financial position and operating outcome, recent trading price, quotes on non-active market of same equity instrument, quotes on active market of similar equity instrument and evaluation multiples of comparable companies. If the future input value is different from expectation, the fair value might change. The Company updates input values quarterly according to the market status in order to monitor if the measurement of fair value is appropriate.

D. Impairment assessment of tangible and intangible assets

The Company assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future

possible income and expenses arising from the assets depending on how assets are utilized and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Company strategy might cause material impairment on assets in the future.

E. Impairment assessment on investment using equity method

The Company assesses the impairment of investments accounted for using the equity method whenever triggering events or changes in circumstances indicate that an investment may be impaired and carrying amount is not recoverable. The Company assesses the recoverable amount based on a projected future cash flow and receivable cash dividend of the investees, and disposal-generating future cash flow to ensure the reasonableness of such assumptions.

F. Realizability of deferred income tax assets

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Assessment of the reliability of deferred income tax assets involves critical accounting judgements and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, tax exempt duration, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, laws, and regulations might cause material adjustments to deferred income tax assets.

G. Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Company needs to exercise judgments and estimates the net realizable value of inventories on balance sheet date using judgements and estimates. The Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value.

H. Calculation of accrued pension obligations

When calculating the present value of defined pension obligations, the Company must apply judgments and estimates to determine the actuarial assumptions on balance sheet date, including discount rates and future salary growth rate. Any changes in these assumptions could significantly impact the carrying amount of defined pension obligations.

I. Lessees' incremental borrowing rates

At the time of the decision to increase the borrowing rate of the lessee used in the lease payment, the risk-free interest rate and the same currency is used as the reference rate, and the estimated lessee's credit risk sticker and lease specific adjustments (such as asset-specific and secured factors) are taken into account.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

Item	December 31	
	2022	2021
Cash on hand	\$319	\$319
Checking account	70	70
Demand deposits	39,836	29,425
Foreign currency deposit	120,042	153,073
Total	<u>\$160,267</u>	<u>\$182,887</u>

A. The financial institutions dealing with the Company are credit worthy, and the Company does transactions with a number of financial institutions to diversify credit risk that are unlikely to be expected to default.

B. The Company had no cash and cash equivalents pledged to others.

(2) Notes receivable, net

Item	December 31	
	2022	2021
At amortized cost		
Notes receivable	\$36,252	\$28,095
Less: Allowance for impairment loss	(776)	(776)
Net	<u>\$35,476</u>	<u>\$27,319</u>

A. The Company had no notes receivable pledged to others.

B. Please refer to Note 6(3) for the relevant disclosure of loss allowance for notes receivable.

C. Please refer to Note 7.3.5. for notes receivable with related parties.

(3) Accounts receivable, net

Item	December 31	
	2022	2021
At amortized cost		
Accounts receivable	\$1,079,950	\$1,386,976
Less: Allowance for impairment loss	(16,889)	(32,772)
Net	<u>\$1,063,061</u>	<u>\$1,354,204</u>

A. Accounts receivable are created by the Company by selling goods, and the average collection period is 30~90 days. The Company's accounts receivables all meet the credit standards stipulated based on the counterparties' industrial characteristics, operation scale and profitability. (The longest credit period on sales of goods is 120

days ; the shortest period is 15 days.)

- B. The Company had no account receivable pledged to others.
- C. Please refer to Note 7.3.5. for accounts receivable with related parties
- D. The Company applies the simplified approach to provisions for expected credit losses, which permits the use of a lifetime expected credit losses provision for trade receivables. The expected credit losses on trade receivables are estimated by reference to the provision matrix and past account aging records of the debtor, an analysis of the debtor's current financial position, and industrial trend. As the Company's historical credit losses experience does not show significantly different loss patterns for different customer segments, the provision for losses based on past due status of notes receivable and accounts receivable (including other receivables) is not further distinguished between the Company's different customer base.
- E. The Company measures the loss allowance for notes receivable and accounts receivable according to the provision matrix (including other receivables):

December 31, 2022	Expected Credit Loss Rate	Gross Carrying Amount	Loss Allowance (Lifetime ECL)	Amortized Cost
Not past due	0%~1.5%	\$1,163,585	(\$17,665)	\$1,145,920
Past due 181-365 days	50%	-	-	-
Counterparties show signs of default	100%	-	-	-
Total		\$1,163,585	(\$17,665)	\$1,145,920

December 31, 2021	Expected Credit Loss Rate	Gross Carrying Amount	Loss Allowance (Lifetime ECL)	Amortized Cost
Not past due	0%-1.5%	\$1,448,712	(\$20,932)	\$1,427,780
Past due 181-365 days	50%	-	-	-
Counterparties show signs of default	100%	12,616	(12,616)	-
Total		\$1,461,328	(\$33,548)	\$1,427,780

- F. Movements of the loss allowance for notes and accounts receivable (including other receivables) were as follows:

Item	Year Ended December 31	
	2022	2021
Beginning balance	\$33,548	\$33,995
Add: Provision for impairment	(3,311)	(447)
Less: Write-offs	(12,572)	-
Ending balance	\$17,665	\$33,548

The above provision has not taken into consideration of collateral or other credit enhancement. The other credit enhancement possessed by above receivables were \$82,473 thousand and \$148,483 thousand as of December 31, 2022 and 2021, respectively.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery of the receivable. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, these are recognized in profit or loss. The Company's trade receivables for offsetting the contract amount are \$12,572 thousand and \$0 thousand for the years ended December 31, 2022 and 2021.

H. Please refer to Note 12 for the relevant credit risk management and assessment method.

(4) Inventories and operating costs

Item	December 31	
	2022	2021
Raw materials	\$948,145	\$639,105
Supplies	28,573	14,903
Work in process	97,810	98,686
Finished goods	701,986	658,055
Net	<u>\$1,776,514</u>	<u>\$1,410,749</u>

A. The related inventory (gain) loss recognized as operating cost for the years ended December 31, 2022 and 2021 were as follows:

Item	Year Ended December 31	
	2022	2021
Cost of goods sold	\$7,143,077	\$7,223,689
Loss on physical inventory	8,162	8,404
Other operating cost	65,891	130,949
Loss on inventory valuation (recovery gain)	57,207	43,918
Loss on onerous contract (recovery gain)	23,791	22,769
Total	<u>\$7,298,128</u>	<u>\$7,429,729</u>

B. The Company recognized inventory valuation loss (recovery gain) of \$57,207 thousand and \$43,918 thousand for the years ended December 31, 2022 and 2021, respectively, due to inventory's write-down to net realizable value, or the net realizable value of inventories recovered as a result of market stabilization that enabled the Company to raise prices on certain products.

C. The Company had no inventories pledged to others.

(5) Other financial assets - current

Item	December 31	
	2022	2021
Time deposits (Note)	\$47,859	\$51,598
Interest rate range	0.795%~1.465%	0.795%

(Note) Restricted.

(6) Financial assets at fair value through other comprehensive income or loss - noncurrent

Item	December 31	
	2022	2021
Equity instruments :		
Domestic unlisted stocks	\$51,295	\$51,295
Foreign unlisted stocks	106,460	106,460
Subtotal	\$157,755	\$157,755
Valuation adjustment	36,734	47,227
Total	\$194,489	\$204,982

A. The Company invests in domestic and foreign unlisted stocks in accordance with its medium/long-term strategies and expects to make a profit through long-term investment. Management of the Company believes that it is not consistent with the afore-mentioned long-term investment planning if the short-term fair value changes of such investment are presented in profit or loss. Therefore, the Company elects to designate such investment as to be measured at FVTOCI.

B. For related credit risk management and means of assessing, please refer to Note 12.

(7) Investments accounted for using equity method

Item	December 31	
	2022	2021
Subsidiaries:		
Elsom Development Ltd.	\$306,255	\$307,658
Spring World Holdings Ltd.	220,535	228,736
E-Shine Advanced Chemical Co., Ltd.	1,412,453	1,148,059
Subtotal	\$1,939,243	\$1,684,453
Associates with significance:		
Unishine Chemical Corp.	513,419	439,822
Subtotal	\$513,419	\$439,822
Total	\$2,452,662	\$2,124,275

A. For more information regarding the subsidiaries of the Company, please refer to Note 4(3) to the Company's consolidated financial statements of 2022.

B. Associates:

(1) Significant associates of the Company are as follows:

Company Name	Shareholding Percentage	
	December 31, 2022	December 31, 2021
Unishine Chemical Corp.	49.98%	49.98%

Please refer to Table 5 in Note 13 for the nature of business, main operation location and countries of registration of the associates listed above.

(2) The summarized financial information in respect of the Company's significant associates is as follows:

a. Balance Sheets

	Unishine Chemical Corp.	
	December 31, 2022	December 31, 2021
Current assets	\$214,937	\$158,636
Noncurrent assets	1,237,490	1,205,001
Current liabilities	(360,817)	(421,175)
Noncurrent liabilities	(64,361)	(62,465)
Equity	\$1,027,249	\$879,997
Share in associates' net assets	\$513,419	\$439,822
Carrying amount of associate	\$513,419	\$439,822

b. Statements of Comprehensive Income

	Unishine Chemical Corp.	
	2022	2021
Operating revenue	\$575,324	\$302,369
Net income (loss)	\$115,146	\$62,733
Other comprehensive income (loss) (net after tax)	32,106	18,960
Total comprehensive income (loss)	\$147,252	\$81,693
Dividends received from associate	\$ -	\$ -

C. The investments accounted for using equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2022 and 2021 were based on the financial statements audited by auditors for the same years.

D. The Company had no investments accounted for using equity method pledged to others as of December 31, 2022 and 2021.

(8) Property, plant and equipment

Item	December 31	
	2022	2021
Land	\$1,038,546	\$1,003,385
Buildings	1,206,806	1,187,398
Machinery and equipment	1,310,582	1,326,501
Utilities equipment	404,134	398,910
Transportation equipment	53,799	53,413
Office equipment	58,495	51,013
Other equipment	1,843,668	1,662,847
Equipment to be inspected and construction in progress	3,533,522	1,552,919
Total cost	\$9,449,552	\$7,236,386
Less: Accumulated depreciation	(3,195,805)	(2,934,874)
Accumulated impairment	-	-
Net	\$6,253,747	\$4,301,512

Cost	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment (Note)	Equipment to be Inspected and Construction in Progress	Total
	Balance at January 1, 2022	\$1,003,385	\$1,187,398	\$1,326,501	\$2,166,183	\$1,552,919
Additions	-	3,925	12,069	54,188	2,196,193	2,266,375
Disposals	-	(1,427)	(38,362)	(13,420)	-	(53,209)
Reclassification	35,161	16,910	10,374	153,145	(215,590)	-
Transfer to expense	-	-	-	-	-	-
Balance at December 31, 2022	\$1,038,546	\$1,206,806	\$1,310,582	\$2,360,096	\$3,533,522	\$9,449,552
Accumulated Depreciation and Impairment						
Balance at January 1, 2022	\$ -	\$738,370	\$912,684	\$1,283,820	\$ -	\$2,934,874
Depreciation	-	54,591	82,551	176,862	-	314,004
Disposals	-	(1,427)	(38,226)	(13,420)	-	(53,073)
Reclassification	-	-	-	-	-	-
Balance at December 31, 2022	\$ -	\$791,534	\$957,009	\$1,447,262	\$ -	\$3,195,805

Cost	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment (Note)	Equipment to be Inspected and Construction in Progress	Total
	Balance at January 1, 2021	\$949,665	\$1,057,883	\$1,146,920	\$1,715,593	\$892,589
Additions	-	2,248	9,214	62,781	1,461,040	1,535,283
Disposals	-	(1,964)	(12,399)	(16,681)	-	(31,044)
Transfer from investment properties	-	-	-	-	-	-
Transfer to intangible assets	-	-	-	-	(1,078)	(1,078)
Reclassification	53,720	129,231	182,766	404,514	(770,231)	-
Transfer to expenses	-	-	-	(24)	(29,401)	(29,425)
Balance at December 31, 2021	<u>\$1,003,385</u>	<u>\$1,187,398</u>	<u>\$1,326,501</u>	<u>\$2,166,183</u>	<u>\$1,552,919</u>	<u>\$7,236,386</u>
Accumulated depreciation and impairment						
Balance at January 1, 2021	\$ -	\$688,495	\$863,346	\$1,164,312	\$ -	\$2,716,153
Depreciation	-	51,838	61,737	136,031	-	249,606
Disposals	-	(1,963)	(12,399)	(16,523)	-	(30,885)
Transfer to investment properties	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-
Balance at December 31, 2021	<u>\$ -</u>	<u>\$738,370</u>	<u>\$912,684</u>	<u>\$1,283,820</u>	<u>\$ -</u>	<u>\$2,934,874</u>

(Note) Including Utilities equipment, transportation equipment, office equipment and other equipment.

A. Reconciliations of current additions and the acquisition of property, plant and equipment in statement of cash flows were as follows:

Item	Year Ended December 31	
	2022	2021
Increase in property, plant and equipment	\$2,266,375	\$1,535,283
Increase/decrease in equipment payable	(10,635)	(77,187)
Cash paid for acquisition of property, plants and equipment	<u>\$2,255,740</u>	<u>\$1,458,096</u>

B. The details of interest capitalized: Please refer to Note 6(26).

C. Impairment losses for property, plant and equipment: None.

D. Property, plant and equipment pledged for the borrowings: Please refer to Note 8.

E. As of December 31, 2022 and 2021, part of the land of the Company amounting to \$88,881 thousand and \$106,693 thousand was unable to be registered under the name of the Company due to regulation restriction. Accordingly, the ownership was registered under the name of an individual with a mortgage registration amounting to \$0 thousand and \$52,973 thousand as safeguard measures, respectively. As of December 31, 2022 and 2021, the aforementioned land amounting to \$88,881 thousand and \$53,720 thousand that has not undergone mortgage setting registration, in order to ensure the property rights, the Company has obtained the closing letter and guarantee promissory note issued by the registrant, and promised to unconditionally transfer the land to the Company after the restriction is lifted.

(9) Lease agreement

A. Right-of-use assets

Item	December 31	
	2022	2021
Land	\$220,373	\$220,373
Building and equipment	2,882	2,882
Total cost	\$223,255	\$223,255
Less: Accumulated depreciation	(29,453)	(19,256)
Accumulated impairment	-	-
Net	\$193,802	\$203,999

Cost	Land	Buildings and equipment	Total
Balance at January 1, 2022	\$220,373	\$2,882	\$223,255
Additions	-	-	-
Disposals	-	-	-
Balance at December 31, 2022	\$220,373	\$2,882	\$223,255
Accumulated Depreciation and Impairment			
Balance at January 1, 2022	\$18,175	\$1,081	\$19,256
Depreciation	9,837	360	10,197
Derecognition	-	-	-
Provision for impairment loss	-	-	-
Balance at December 31, 2022	\$28,012	\$1,441	\$29,453

Cost	Land	Buildings and equipment	Total
Balance at January 1, 2021	\$185,402	\$4,272	\$189,674
Additions	38,981	-	38,981
Disposals	(4,010)	(1,390)	(5,400)
Balance at December 31, 2021	\$220,373	\$2,882	\$223,255
Accumulated Depreciation and Impairment			
Balance at January 1, 2021	\$11,036	\$1,573	\$12,609
Depreciation	11,149	898	12,047
Derecognition	(4,010)	(1,390)	(5,400)
Provision for impairment loss	-	-	-
Balance at December 31, 2021	\$18,175	\$1,081	\$19,256

B. Lease liabilities

Item	December 31	
	2022	2021
Carrying amount of lease liabilities		
- current	\$3,703	\$3,659
- noncurrent	\$150,407	\$154,118

Ranges of discount rates for lease liabilities were as follows:

Item	December 31	
	2022	2021
Land	1.2%	1.2%
Buildings and equipment	1.2%	1.2%

Please refer to Note 12(2) for lease liabilities with repayment periods.

C. Material lease-in activities and terms

The Company leased some land and buildings for operations and as dormitory, with the lease periods of 2 to 29 years. Part of the lease contracts may be extended with its duration and is calculated based on the area of the land leased and the rate based on the announced land value of the current year. In accordance with the contract, without the lessor's consent, the Company is not allowed to sublet the leased object to the third party. There was no sign of impairment of right-of-use assets, hence the Company didn't assess the impairment as of December 31, 2022.

D. Sublet: None.

E. Other lease information:

(1) Please refer to Note 6(10) for the agreements to lease investment properties under operating lease.

(2) The current lease relevant expense information was as follows:

Item	Year Ended December 31	
	2022	2021
Short-term lease expense	\$18,119	\$718
Variable lease payments that excluded in the measurement of lease liabilities	\$9,319	\$7,983
Total cash outflow for leases (Note)	\$31,105	\$14,145

(Note): Including principle paid for current lease liabilities.

The Company does not recognize right-of-use assets and lease liabilities for all leases for short-term leases and low-value asset leases accounted for by applying a recognition exemption.

(10) Investment properties, net

Item	December 31		
	2022	2021	
Land	\$184,707	\$184,707	
Buildings and equipment	442,020	443,064	
Total cost	\$626,727	\$627,771	
Less: Accumulated depreciation	(365,607)	(363,272)	
Net	\$261,120	\$264,499	

Cost	Land	Buildings and equipment	Total
Balance at January 1, 2022	\$184,707	\$443,064	\$627,771
Additions	-	-	-
Disposals	-	(1,044)	(1,044)
Balance at December 31, 2022	\$184,707	\$442,020	\$626,727
Accumulated depreciation and impairment			
Balance at January 1, 2022	\$ -	\$363,272	\$363,272
Depreciation	-	3,379	3,379
Disposals	-	(1,044)	(1,044)
Balance at December 31, 2022	\$ -	\$365,607	\$365,607

Cost	Land	Buildings and equipment	Total
Balance at January 1, 2021	\$184,707	\$444,125	\$628,832
Additions	-	-	-
Disposals	-	(1,061)	(1,061)
Balance at December 31, 2021	\$184,707	\$443,064	\$627,771
Accumulated depreciation and impairment			
Balance at January 1, 2021	\$ -	\$359,801	\$359,801
Depreciation	-	4,532	4,532
Disposals	-	(1,061)	(1,061)
Balance at December 31, 2021	\$ -	\$363,272	\$363,272

A. Above mentioned investment properties were land and buildings located at Section 2 of Dunhua Section, Songshan District, Taipei City, and No. 3, Xiangong S. 2nd Rd., Xianxi Township, Changhua County. The lease term of the aforementioned lease agreement is 1-5.25 years, and there is no option to extend the lease term. At the end of the lease, the lessee has no option to purchase the asset.

B. Rent income and direct operating expense of investment properties:

Item	Year Ended December 31	
	2022	2021
Rental income of investment properties	\$45,186	\$53,951
Direct operating expense incurred for the investment properties with current rental income	\$5,102	\$6,298
Direct operating expenses incurred by the investment properties with no rental revenue generating in current period	\$112	\$112

C. The maturity analysis of operating lease payments receivable for investment properties was as follows:

	December 31	
	2022	2021
Year 1	\$33,563	\$44,006
Year 2	26,157	32,195
Year 3	22,409	21,293
Year 4	18,601	12,000
Year 5	15,300	12,000
Over 5 years	12,000	24,000
Total	\$128,030	\$145,494

D. The fair values of investment properties held by the Company were \$1,161,057 thousand and \$759,636 thousand as of December 31, 2022 and 2021. The fair value determination was performed by the Company's management, based on the data reference to the similar transaction prices in the market from the public listing real estate transaction data, and the fair value was measured by using Level 3 inputs.

E. Investment properties pledged for the borrowings: Please refer to Note 8.

(11) Intangible assets

Item	December 31	
	2022	2021
Computer software	\$16,770	\$9,885
Less: Accumulated amortization	(11,681)	(5,758)
Net	\$5,089	\$4,127

Cost	Computer Software	Cost	Computer Software
Balance on January 1, 2022	\$9,885	Balance on January 1, 2021	\$5,217
Additions	6,885	Additions	3,590
Transfer from property, plant and equipment	-	Transfer from property, plant and equipment	1,078
Derecognition	-	Derecognition	-
Balance on December 31, 2022	<u>\$16,770</u>	Balance on December 31, 2021	<u>\$9,885</u>
Accumulated amortization		Accumulated amortization	
Balance on January 1, 2022	\$5,758	Balance on January 1, 2021	\$1,978
Amortization expense	5,923	Amortization expense	3,780
Derecognition	-	Derecognition	-
Balance on December 31, 2022	<u>\$11,681</u>	Balance on December 31, 2021	<u>\$5,758</u>

(12) Short-term loans

Type of Loan	December 31, 2022	
	Amount	Interest Rate
Credit loans	<u>\$220,000</u>	<u>1.41%</u>

Type of Loan	December 31, 2021	
	Amount	Interest Rate
Credit loans	<u>\$482,000</u>	<u>0.68%-0.70%</u>

(13) Other payables

Item	December 31	
	2022	2021
Salaries and bonus	\$143,293	\$160,700
Compensation to employees and remuneration to directors	251,044	224,486
Equipment	110,617	99,982
Fuel cost	17,630	20,265
Shipping fee	49,214	39,634
Discount	115,428	70,803
Purchase price difference	108,654	-
Others	117,021	114,905
Total	<u>\$912,901</u>	<u>\$730,775</u>

Please refer to Note 7.3.6 for other payables with related parties.

(14) Provisions - current

Item	December 31	
	2022	2021
Employee benefits	\$18,279	\$16,943
Onerous contract	50,886	27,094
Total	<u>\$69,165</u>	<u>\$44,037</u>

Item	Employee benefits	Onerous contract	Total
January 1, 2022	\$16,943	\$27,094	\$44,037
Recognized in current period	15,067	81,744	96,811
Reversed in current period	(13,731)	(57,952)	(71,683)
December 31, 2022	<u>\$18,279</u>	<u>\$50,886</u>	<u>\$69,165</u>

Item	Employee benefits	Onerous contract	Total
January 1, 2021	\$11,066	\$4,325	\$15,391
Recognized in current period	13,259	22,769	36,028
Reversed in current period	(7,382)	-	(7,382)
December 31, 2021	<u>\$16,943</u>	<u>\$27,094</u>	<u>\$44,037</u>

1. Provision for employee benefits is an estimate of the short-term service leave vested to employees.
2. Provision for onerous contracts are material purchase contracts in which the Company's unavoidable costs incurred in fulfilling contractual obligations exceed the economic benefits expected to be received from the contract. From 2022, when evaluating whether a contract is onerous, the cost of fulfilling the contract includes the incremental cost of fulfilling the contract and the allocation of other costs directly related to the fulfillment of the contract; before 2022, only the incremental cost of fulfilling the contract is included.

(15) Long-term loans

Item	December 31	
	2022	2021
Credit loans	\$2,232,222	\$1,120,000
Less: current portion	(226,667)	(412,778)
Long-term loans	<u>\$2,005,555</u>	<u>\$707,222</u>
Interest rate range	<u>1.33%-1.72%</u>	<u>0.75%-1.03%</u>

- A. Under the above loan contract, the Company should maintain debt ratio and interest coverage ratio at a certain level, calculated based on the audited annual consolidated

financial statements for the duration of the contracts. As of December 31, 2022, the Company had no irregularities.

(16) Pension

A. Defined contribution plans

- a. The plan under the Labor Pension Act (the “Act”) is deemed a defined contribution plan. Pursuant to the Company has made monthly contributions equal to 6% of each employee’s monthly salary to employees’ pension accounts.
- b. The total expenses recognized in the statements of comprehensive income were \$15,891 thousand and \$13,783 thousand, representing the contributions payable to these plans by the Company at the rates specified in the plans for the years ended December 31, 2022 and 2021, respectively.

B. Defined benefit plans

- a. The Company has defined benefit plans under the Labor Standards Law that provide benefits based on an employee’s length of service and average monthly salary for the six-month period prior to retirement. The aforementioned companies contribute an amount equal to 4% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee’s name in the Bank of Taiwan. Before the end of each year, the Company assesses the balance in the Funds. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The Funds are operated and managed by the government’s designated authorities; as such, the Company does not have any right to intervene in the investments of the Funds. The contribute amount made to the Funds were both \$0 thousand in March, 2021 and 2022, respectively.
- b. The amounts arising from the defined benefit obligation of the Company in the balance sheets were as follows:

Item	December 31	
	2022	2021
Present value of defined benefit obligation	\$194,302	\$204,529
Fair value of plan assets	(194,102)	(180,602)
Net defined benefit liabilities	\$200	\$23,927

c. Movements of the net defined benefit liabilities were as follows:

Item	Year Ended December 31, 2022		
	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Balance, at January 1	\$204,529	(\$180,602)	\$23,927
Service cost			
Current service cost	612	-	612
Interest expense (income)	1,076	(953)	123
Recognized in profit or loss	\$1,688	(\$953)	\$735
Remeasurement			
Return on plan assets (excluding amounts included in net interest expense)	\$ -	(\$14,409)	(\$14,409)
Actuarial loss (gain)			
Changes in demographics assumptions	-	-	-
Changes in financial assumptions	(2,128)	-	(2,128)
Experience adjustments	787	-	787
Recognized in other comprehensive income	(\$1,341)	(\$14,409)	(\$15,750)
Contributions from the employer	\$ -	(\$8,712)	(\$8,712)
Benefits paid from plan assets	(10,574)	10,574	-
Balance at December 31	\$194,302	(\$194,102)	\$200

Item	Year Ended December 31, 2021		
	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Balance at January 1	\$209,046	(\$183,151)	\$25,895
Service cost			
Current service cost	841	-	841
Interest expense (income)	1,612	(1,419)	193
Recognized in profit or loss	\$2,453	(\$1,419)	\$1,034
Remeasurement			
Return on plan assets (excluding amounts included in net interest expense)	\$ -	(\$1,855)	(\$1,855)
Actuarial loss (gain) -			
Changes in demographics assumptions	-	-	-
Changes in financial assumptions	2,175	-	2,175
Experience adjustments	(87)	-	(87)
Recognized in other comprehensive income	\$2,088	(\$1,855)	\$233
Contributions from the employer	\$ -	(\$3,235)	(\$3,235)
Benefits paid from plan assets	(9,058)	9,058	-
Balance at December 31	\$204,529	(\$180,602)	\$23,927

d. Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

(a) Investment risk

The pension funds are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the government's designated authorities or under the mandated management. However, under the Labor Standards Law, the rate of return on assets shall not be less than the average interest rate on a two-year time deposit published by the local banks and the government is responsible for any shortfall in the event that the rate of return is less than the required rate of return.

(b) Interest risk

A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.

(c) Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

e. The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions of the actuarial valuation were as follows:

	Measurement Date	
	December 31, 2022	December 31, 2021
Discount rate	1.10%	0.55%
Future salary increase rate	1.25%	1.00%
The weighted average duration of the defined benefit obligation	6 years	6.7 years

(a) Assumptions regarding future mortality experience are set based on actuarial valuation in accordance with the 6th version of Taiwan Standard Ordinary Experience Mortality Tables.

(b) If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

Item	December 31	
	2022	2021
Discount Rate		
0.25% higher	(\$1,745)	(\$2,175)
0.25% lower	\$1,785	\$2,232

Expected rates of salary increase		
1.00% higher	\$7,429	\$9,302
1.00% lower	(\$6,906)	(\$8,566)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

- f. The Company expects to make contributions of \$3,200 thousand to the defined benefit plans for the year ended December 31, 2023.

(17) Share capital

Movements in the number of the Company's ordinary shares outstanding were as follows:

Item	Year Ended December 31, 2022		Year Ended December 31, 2021	
	Shares (in thousands)	Amount	Shares (in thousands)	Amount
Balance at January 1	200,000	\$2,000,000	180,000	\$1,800,000
Capital increase in cash	-	-	-	-
Capitalization of retained earnings	50,000	500,000	20,000	200,000
Balance at December 31	250,000	\$2,500,000	200,000	\$2,000,000

- A. As of December 31, 2022, the authorized capital is \$4,000,000 thousand, consisting of 400,000 thousand shares.
- B. The shareholders' meeting of the Company held on May 25, 2022 resolved to capitalize earnings of \$500,000 thousand. The plan was approved by FSC on June 13, 2022 and 50,000 thousand shares of common share at the par value of \$10 were issued. The record date for capital increase was set on July 5, 2022 and registration process had completed.
- C. The shareholders' meeting of the Company held on May 29, 2021 resolved to capitalize earnings of \$200,000 thousand. The plan was approved by FSC on July 6, 2021 and 20,000 thousand shares of common share at the par value of \$10 were issued. The record date for capital increase was set on August 21, 2021 and registration process had completed.

(18) Capital surplus

Item	December 31	
	2022	2021
Share premium	\$101,165	\$101,165
From associates accounted for using equity method	2,559	2,559
Total	\$103,724	\$103,724

Under the Company Act, the capital surplus generated from the excess of the issuance price over the par value of capital stock and donations can be used to offset deficit or may be distributed as stock dividends or in cash. Under the regulations of the Security Exchange Law, the maximum amount transferred from the foregoing capital surplus to the Company's capital per year shall not be over 10% of the Company's paid-in capital. Capital surplus can't be used to offset deficit unless legal reserve is insufficient. The capital surplus from investments accounted for using equity method may not be used for any purpose.

(19) Retained earnings and dividend policy

(1) In accordance with the dividend policy as set forth in the Company's Articles of Incorporation, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside a special reserve in accordance with the laws and regulations, and the remainder plus prior year's unappropriated earnings may be used as dividends or bonus for shareholders after proposed by the Board of Directors and resolved by the shareholders meeting.

In consideration of operation growth and capital expenditure demands in future, the Company stipulates appropriate dividend distribution ratio, and proposes for approval in the shareholders' meeting. However, at least 10% of total dividends should be distributed in cash.

(2) Legal reserve may be used to offset a deficit, and be transferred to capital or distributed in cash. However, legal reserve can be transferred to capital or distributed in cash only when the legal reserve has exceeded 25% of the Company's paid-in capital.

(3) Special reserve

Item	December 31	
	2022	2021
Reserve for the debit balance of other equities	\$44,415	\$74,575
Reserve for first-time adoption of IFRS	32,596	32,596
Total	\$77,011	\$107,171

- A. While earning distribution, the earnings can be distributed after appropriation of the equivalent amount of the debit balance of the other equities of the balance sheet.
- B. Under Rule No.1010012865 issued by the FSC for first-time adoption of IFRS, the special reserve can be reversed while usage, disposal and reclassification of related assets.

(4) The appropriation of 2021 and 2020 earnings had been resolved at the shareholders' meeting in May 2022 and May 2021, respectively. Details were summarized below:

Item	Earnings appropriation proposal		Dividends Per Share (NTD)	
	2021	2020	2021	2020
Legal reserve	\$161,633	\$117,398		
Special reserve	(30,160)	1,281		
Cash dividends	600,000	628,000	\$3.00	\$3.49
Stock dividends	500,000	200,000	2.50	1.11
Total	<u>\$1,231,473</u>	<u>\$946,679</u>		

(5) The appropriation of 2022 earnings had been proposed by the Board of Directors on February 22, 2023. Details were summarized below:

Item	Earnings appropriation proposal	Dividends Per Share (NTD)
Legal reserve	\$183,900	
Special reserve	(15,441)	
Cash dividends	900,000	\$3.60
Total	<u>\$1,068,459</u>	

The appropriations of earnings for 2022 are to be presented for approval in the shareholders' meeting to be held in May 2023.

(6) Information on the earnings appropriation proposed by the Company's Board of Directors and approved by the Company's shareholders is available on the Market Observation Post System website of the Taiwan Stock Exchange.

(20) Other equity

Item	Exchange differences on translation of foreign financial statements	Unrealized gain (loss) on financial asset at fair value through other comprehensive income	Total
Balance, January 1, 2022	(\$124,238)	\$47,227	(\$77,011)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	(10,493)	(10,493)
Share of subsidiaries, associates and joint ventures accounted for using equity method	25,935	-	25,935
Balance, December 31, 2022	<u>(\$98,303)</u>	<u>\$36,734</u>	<u>(\$61,569)</u>

Item	Exchange differences on translation of foreign financial statements	Unrealized gain (loss) on financial asset at fair value through other comprehensive income	Total
Balance, January 1, 2021	(\$129,761)	\$22,590	(\$107,171)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	24,637	24,637
Share of subsidiaries, associates and joint ventures accounted for using equity method	5,523	-	5,523
Balance, December 31, 2021	(\$124,238)	\$47,227	(\$77,011)

(21) Operating revenues

Item	Year Ended December 31	
	2022	2021
Revenue from contracts with customers		
Revenue from sales of finished goods	\$8,759,636	\$8,306,458
Revenue from sales of raw materials	1,280,939	1,488,849
Processing revenue	147,289	256,723
Total sales revenue from contracts with customers	\$10,187,864	\$10,052,030
Less: Sales return	(7,553)	(4,958)
Sales discount	(92,174)	(45,428)
Net sales revenue from contracts with customers	\$10,088,137	\$10,001,644
Other operating revenue	45,186	53,951
Net operating revenue	\$10,133,323	\$10,055,595

A. Explain of contract revenue

The sales and processing revenue of chemical raw materials and products (including electronic grade chemical solvents) are mainly targeted at downstream manufacturers, and those are sold at a fixed price as agreed in the contract.

B. Other operating revenue

Revenue from operating leases are recognized on a straight-line basis over the terms of the relevant leases.

C. Segments of revenue from contracts with customers

The Company's revenue can be split into the following segments:

(1) Segmented by revenue from different service lines and areas:

2022 :

	<u>Chemical product</u>	<u>Processing</u>	<u>Total</u>
<u>Main area of market</u>			
Taiwan	\$7,479,870	\$147,289	\$7,627,159
South Korea	1,043,499	-	1,043,499
Vietnam	343,214	-	343,214
Thailand	236,808	-	236,808
Japan	156,568	-	156,568
Arabia	110,429	-	110,429
Malaysia	90,510	-	90,510
Others	479,950	-	479,950
Total	<u>\$9,940,848</u>	<u>\$147,289</u>	<u>\$10,088,137</u>
<u>Major service line</u>			
Yeong An plant	<u>\$9,940,848</u>	<u>\$147,289</u>	<u>\$10,088,137</u>
Total	<u>\$9,940,848</u>	<u>\$147,289</u>	<u>\$10,088,137</u>
<u>Timing of revenue recognition</u>			
Revenue recognized at a specific timing	<u>\$9,940,848</u>	<u>\$147,289</u>	<u>\$10,088,137</u>
Total	<u>\$9,940,848</u>	<u>\$147,289</u>	<u>\$10,088,137</u>

2021 :

	<u>Chemical product</u>	<u>Processing</u>	<u>Total</u>
<u>Main area of market</u>			
Taiwan	\$6,632,547	\$256,723	\$6,889,270
South Korea	1,243,738	-	1,243,738
Vietnam	439,205	-	439,205
Arabia	245,033	-	245,033
Thailand	233,728	-	233,728
Japan	220,754	-	220,754
Malaysia	120,199	-	120,199
Others	609,717	-	609,717
Total	<u>\$9,744,921</u>	<u>\$256,723</u>	<u>\$10,001,644</u>
<u>Major service line</u>			
Yeong An plant	<u>\$9,744,921</u>	<u>\$256,723</u>	<u>\$10,001,644</u>
Total	<u>\$9,744,921</u>	<u>\$256,723</u>	<u>\$10,001,644</u>
<u>Timing of revenue recognition</u>			
Revenue recognized at a specific timing	<u>\$9,744,921</u>	<u>\$256,723</u>	<u>\$10,001,644</u>
Total	<u>\$9,744,921</u>	<u>\$256,723</u>	<u>\$10,001,644</u>

D. Contract balances

The Company recognized contract assets and contract liabilities related to contract revenue as follows:

Item	December 31	
	2022	2021
Accounts receivable(excluding lease receivables)	\$1,097,539	\$1,381,439
Contract assets	-	-
Total	\$1,097,539	\$1,381,439
Contract liabilities - current	\$13,904	\$22,087

a. Significant changes in contract assets and contract liabilities

The changes in the contract assets and contract liabilities primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment, and there are no other significant changes.

b. Allowance for contract assets: None.

c. Amount from previous period's performance obligations satisfied and beginning contract liabilities recognized in the current period as income were as follows:

Revenue in the current period	Year Ended December 31	
	2022	2021
From beginning contract liabilities	\$22,087	\$10,916
From previous period's performance obligations satisfied	\$ -	\$ -

(22) Labor cost, depreciation and amortization

Item	Year ended December 31, 2022		
	Operating cost	Operating expenses	Total
Labor cost			
Salaries	\$170,072	\$328,308	\$498,380
Insurance	14,136	23,970	38,106
Pension	6,104	10,522	16,626
Remuneration to directors	-	76,362	76,362
Others	5,928	10,700	16,628
Depreciation	233,279	94,301	327,580
Amortization	23	5,899	5,922
Total	\$429,542	\$550,062	\$979,604

Item	Year ended December 31, 2021		
	Operating cost	Operating expenses	Total
Labor cost			
Salaries	\$149,074	\$330,087	\$479,161
Insurance	11,540	20,135	31,675
Pension	5,396	9,421	14,817
Remuneration to directors	-	68,330	68,330
Others	5,368	9,183	14,551
Depreciation	165,722	100,463	266,185
Amortization	122	3,658	3,780
Total	<u>\$337,222</u>	<u>\$541,277</u>	<u>\$878,499</u>

1. Additional information of the number of employees and employee benefits expenses for the years ended December 31, 2022 and 2021 were as follows:

Item	December 31	
	2022	2021
The number of employees	<u>435</u>	<u>379</u>
The number of directors did not serve concurrently as employee	<u>7</u>	<u>7</u>
Average employee benefits expenses	<u>\$1,331</u>	<u>\$1,452</u>
Average employee salaries	<u>\$1,164</u>	<u>\$1,288</u>
Changes in adjusting average employee salary	<u>-9.6%</u>	<u>16.98%</u>
Remuneration of supervisors	<u>\$ -</u>	<u>\$ -</u>

2. The Company's salary and remuneration policy, including that for directors, managers and employees, is as follows:

(1) Directors' remuneration:

The remuneration to the directors shall be determined by the Board of Directors according to their degree of participation in the operation of the Company, the value of their contribution, and levels of the industry. The Company's Articles of Incorporation clearly stipulate that not higher than 3% of the annual profit shall be allocated as the director's remuneration.

(2) Managers' remuneration:

The remuneration to the managers is based on their duties, contributions, the Company's annual operation performance and in consideration of the Company's future risks, and is reviewed by the remuneration committee and submitted to the Board of Directors for resolution.

(3) Employees' compensation:

The Company is committed to providing employees with a salary and benefits above the industry average level. On the premise of considering external competition, internal fairness and legality, the Company has a competitive salary system and uphold the concept of profit sharing with employees to retain and motivate employees.

The employees' compensation includes monthly salary and various bonuses, annual year-end and performance bonuses, as well as remuneration issued by the Company based on annual profitability. The Company's Articles of Incorporation clearly stipulate that not less than 6% of the annual profit is used as employees' compensation.

3. The Articles of Incorporation of the Company stipulated the Company to distribute employees' compensation and remuneration of directors and supervisors at the rates not less than 6% and not higher than 3%, of net income, respectively. The Company accrued employees' compensation and remuneration to directors and supervisors at the rates not less than 6% and not higher than 3% of net income for the years ended December 31, 2022 and 2021, respectively.
4. The employees' compensation and remuneration to directors for the years ended December 31, 2022 and 2021 had been approved by the Company's Board of Directors meeting held on February 22, 2023 and February 23, 2022, respectively, and the relevant amounts recognized in the Standalone financial statement were as follows:

	Year ended December 31			
	2022		2021	
	Employees' compensation	Remuneration to directors and supervisors	Employees' compensation	Remuneration to directors and supervisors
Resolution amount of allotment	\$177,744	\$73,300	\$159,448	\$65,038
Recognized in financial statements	177,744	73,300	159,448	65,038
Difference	\$ -	\$ -	\$ -	\$ -

The above mentioned employees' compensation will be paid by cash.

5. Information on employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

(23) Interest income

Item	Year Ended December 31	
	2022	2021
Interest on bank deposits	\$817	\$299

(24) Other income

Item	Year Ended December 31	
	2022	2021
Dividends	\$10,570	\$8,017
Additional services	30,322	19,215
Others	13,799	5,905
Total	\$54,691	\$33,137

(25) Other gains and losses

Item	Year Ended December 31	
	2022	2021
Net foreign exchange gain (loss)	\$13,409	(\$1,100)
Gain (loss) on disposal of property, plant and equipment	1,426	1,792
Gain (loss) on disposal of investment properties	-	(4)
Others	(15,914)	(7,199)
Total	(\$1,079)	(\$6,511)

(26) Finance costs

Item	Year Ended December 31	
	2022	2021
Interest on loans	\$22,319	\$7,879
Interest on lease liabilities	1,059	1,104
Less: capitalized amount for qualified assets	(22,319)	(7,688)
Finance costs	\$1,059	\$1,295

Interest capitalization

Item	2022	2021
Capitalized amount for qualified assets	\$22,319	\$7,688
Interest rate	0.68%-1.40%	0.73%-0.77%

(27) Income tax expense

A. The major components of tax expense were as follows:

	Year Ended December 31	
	2022	2021
<u>Current income tax</u>		
Current tax expense	\$412,585	\$338,815
Adjustments in tax of prior periods	(1,000)	(11,003)
Income tax on unappropriated earnings	-	4,490
Total	<u>\$411,585</u>	<u>\$332,302</u>
<u>Deferred income tax</u>		
The origination and reversal of temporary differences	(\$39,882)	(\$4,910)
Total	<u>(\$39,882)</u>	<u>(\$4,910)</u>
Income tax expense	<u>\$371,703</u>	<u>\$327,392</u>

B. Income tax expense recognized in other comprehensive income were as follows:

Item	Year Ended December 31	
	2022	2021
Exchange differences on translation of foreign financial statements	\$2,522	(\$973)
Remeasurement of defined benefit plans	3,150	(46)
Total	<u>\$5,672</u>	<u>(\$1,019)</u>

C. Reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

Item	Year Ended December 31	
	2022	2021
Income before income tax	<u>\$2,197,020</u>	<u>\$1,944,200</u>
Income tax expense at the statutory rate	\$439,404	\$388,840
Tax effect of adjusting items:		
Unrealized inventory valuation loss	11,441	8,784
Realized pension expenses	(1,596)	(440)
Investment loss (gain) recognized under equity method	(71,478)	(63,935)
Foreign dividends repatriation	11,708	-
Others	23,106	5,566
Adjustments for prior year's tax adjustments	(1,000)	(11,003)
Income tax on unappropriated earnings	-	4,490
Deferred income tax expense		
Temporary differences	(39,882)	(4,910)
Income tax expense recognized in profit or loss	<u>\$371,703</u>	<u>\$327,392</u>

The applicable income tax rate used by the Company is 20%. In addition, the tax rate applicable to unappropriated earning is 5%.

According to the amendments to the Statute for Industrial Innovation announced in July 2019, the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Company has already deducted the amount of the unappropriated earnings that has been reinvested as capital expenditures.

D. Deferred tax assets and liabilities from temporary differences

	Year Ended December 31, 2022			
	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Deferred income tax assets:				
Temporary differences				
Net defined benefit liability	\$4,785	(\$1,596)	(\$3,150)	\$39
Unrealized loss on inventories	17,116	11,441	-	28,557
Unused compensated absences	3,389	267	-	3,656
Unrealized discount and expenses	13,554	9,013	-	22,567
Exchange differences on translation of foreign financial statements	11,325	-	(2,522)	8,803
Others	12,837	24,550	-	37,387
Subtotal	\$63,006	\$43,675	(\$5,672)	\$101,009
Deferred income tax liabilities:				
Provision for land value increment tax	(\$1,118)	\$ -	\$ -	(\$1,118)
Temporary differences				
Gain on foreign investment under equity method	(67,182)	(2,530)	-	(69,712)
Others	(17)	(1,263)	-	(1,280)
Subtotal	(\$68,317)	(\$3,793)	\$ -	(\$72,110)
Total	(\$5,311)	\$39,882	(\$5,672)	\$28,899

	Year Ended December 31, 2021			
	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Deferred income tax assets:				
Temporary differences				
Net defined benefit liability	\$5,179	(\$440)	\$46	\$4,785
Unrealized loss on inventories	8,332	8,784	-	17,116
Unused compensated absences	2,213	1,176	-	3,389
Unrealized discount and expenses	13,056	498	-	13,554
Exchange differences on translation of foreign financial statements	10,352	-	973	11,325
Others	10,546	2,291	-	12,837
Subtotal	\$49,678	\$12,309	\$1,019	\$63,006

Deferred income tax liabilities:

Provision for land value increment tax	(\$1,118)	\$ -	\$ -	(\$1,118)
Temporary differences				
Gain on foreign investment under equity method	(59,739)	(7,443)	-	(67,182)
Others	(61)	44	-	(17)
Subtotal	(\$60,918)	(\$7,399)	\$ -	(\$68,317)
Total	(\$11,240)	\$4,910	\$1,019	(\$5,311)

E. The tax authorities have ratified the Company's income tax returns through Year 2019.

(28) Other comprehensive income (loss)

Item	Year Ended December 31, 2022		
	Other Comprehensive Income (Loss), Before Tax	Income Tax Benefit (Expense)	Other Comprehensive Income (Loss), Net of Tax
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligation	\$15,750	(\$3,150)	\$12,600
Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	(10,493)	-	(10,493)
Share of subsidiaries, associates and joint ventures accounted for using equity method:			
Remeasurement of defined benefit obligation	1,082	-	1,082
Subtotal	\$6,339	(\$3,150)	\$3,189
Items that may be reclassified subsequently to profit or loss:			
Share of subsidiaries, associates and joint ventures accounted for using equity method:			
Exchange differences on translation of foreign financial statements	\$28,457	(\$2,522)	\$25,935
Subtotal	\$28,457	(\$2,522)	\$25,935
Recognized in other comprehensive income (loss)	\$34,796	(\$5,672)	\$29,124

Item	Year Ended December 31, 2021		
	Other Comprehensive Income (Loss), Before Tax	Income Tax Benefit (Expense)	Other Comprehensive Income (Loss), Net of Tax
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligation	(\$233)	\$46	(\$187)
Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	24,637	-	24,637
Share of subsidiaries, associates and joint ventures accounted for using equity method:			
Remeasurement of defined benefit obligation	(294)	-	(294)
Subtotal	\$24,110	\$46	\$24,156

Items that may be reclassified subsequently to profit or loss:			
Share of subsidiaries, associates and joint ventures accounted for using equity method:			
Exchange differences on translation of foreign financial statements	\$4,550	\$973	\$5,523
Subtotal	<u>\$4,550</u>	<u>\$973</u>	<u>\$5,523</u>
Recognized in other comprehensive income (loss)	<u>\$28,660</u>	<u>\$1,019</u>	<u>\$29,679</u>

(29) Earnings per share

Item	Year Ended December 31	
	2022	2021
A. Basic earnings per share		
Net income (A)	\$1,825,317	\$1,616,808
Weighted average number of outstanding shares (thousand shares)	250,000	200,000
Weighted average number of outstanding shares (thousand shares) after retrospective adjustment (B)	250,000	250,000
Basic earnings per share (after tax) (NT\$) (A)/(B)	<u>\$7.30</u>	<u>\$6.47</u>
B. Diluted earnings per share		
Net income (C)	<u>\$1,825,317</u>	<u>\$1,616,808</u>
Weighted average number of outstanding shares (thousand shares)	250,000	250,000
Impact on employees' compensation (Note)	<u>1,679</u>	<u>1,453</u>
Weighted average number of ordinary shares outstanding after dilution (thousand shares) (D)	<u>251,679</u>	<u>251,453</u>
Diluted earning per share (after tax) (NT\$) (C)/(D)	<u>\$7.25</u>	<u>\$6.43</u>

The shareholders' meeting held on May 25, 2022 resolved to capitalize earnings and 50,000 thousand shares of common share at the par value of \$10 were issued. The record date for capital increase was set on July 5, 2022. The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively to 250,000 thousand shares for the years ended December 31, 2022 and 2021.

(Note) Since the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is

included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party:

The Company is the ultimate controlling party.

(2) Related party name and category:

Related Party Name	Related Party Category
E-Shine Advanced Chemical Co., Ltd.	Subsidiary
Unishine Chemical Corp.	Associate
Shanghai Liansheng Chemistry Co., Ltd.	Associate
Shanghai Haosheng Chemical Technology Co., Ltd.	Associate
Ninghan Development Co., Ltd.	Other related party

(3) Significant transactions with related parties:

A. Sales:

Item	Related party category/Name	Year Ended December 31	
		2022	2021
Sales revenue	Subsidiaries	\$49,583	\$60,218
Rent revenue	Subsidiaries	\$12,000	\$12,000

(a) Selling price and trading terms to the Company's related parties were the same with those to other customers. Payment terms were within 2 to 3 months. In addition, both parties can agree to postpone the payment.

(b) Rent revenue

Year Ended December 31, 2022			
Type of related party	lease target	Periods	Rent & payment terms
Subsidiary	Land, buildings and Equipment located at No. 3, Xiangong S. 2nd Rd., Xianxi Township, Changhua County.	2018.12.01-2028.12.31	Total \$12,000 \$1,000 per month, Payment terms were within 3 months

Year Ended December 31, 2021			
Type of related party	lease target	Periods	Rent & payment terms
Subsidiary	Land, buildings and Equipment located at No. 3, Xiangong S. 2nd Rd., Xianxi Township, Changhua County.	2018.12.01-2028.12.31	Total \$12,000 \$1,000 per month, Payment terms were within 3 months

Above lease terms are based on the contract, and rent is received monthly.

B. Purchase:

Related Party Category	Year Ended December 31	
	2022	2021
Subsidiaries	\$348,193	\$333,050
Associates	1,416	2,059
Total	\$349,609	\$335,109

The purchase prices with the related parties are equivalent to those with ordinary suppliers. Payment terms were 3 months for related parties. However, both parties can agree to postpone the payments.

C. Contract assets: None.

D. Contract liabilities: None.

E. Balance of receivables (excluding lending to related parties and contract assets):

Related Party Category	December 31	
	2022	2021
Notes and accounts receivable		
Subsidiaries	\$2,712	\$6,986
Other receivables		
Subsidiaries		
E-Shine Advanced Chemical Co., Ltd.	\$4,974	\$11,037
Associates	51	60
Total	\$5,025	\$11,097

F. Balance of payables (excluding borrowing from related parties):

Related Party Category	December 31	
	2022	2021
Accounts payables:		
Subsidiaries		
E-Shine Advanced Chemical Co., Ltd.	\$40,637	\$44,762
Other payables:		
Subsidiaries	\$239	\$13,901

G. Prepayments: None.

H. Property transactions

a. Purchase of property, plant and equipment:

Related Party Category	Acquisition Price	
	Year Ended December 31	
	2022	2021
Subsidiaries	\$10,620	\$4,715

Above mentioned transaction price were negotiated by both parties, and paid in full as of December 31, 2022.

b. Disposal of property, plant and equipment:

Related Party Category	Disposal Price	
	Year Ended December 31	
	2022	2021
Subsidiaries	\$ -	\$109

Related Party Category	Disposal Gain	
	Year Ended December 31	
	2022	2021
Subsidiaries	\$ -	\$2

Above mentioned transaction price were negotiated by both parties, and paid in full as of December 31, 2022.

I. Lessee arrangements:

Item	Related Party Category	Year Ended December 31	
		2022	2021
Acquisition of right-of-use asset	Other related parties (Note)	\$ -	\$ -

Item	Related Party Category	December 31	
		2022	2021
Lease liabilities	Other related parties (Note)	\$1,476	\$1,834

(Note) Due to the application of IFRS 16.

Item	Related Party Category	Year Ended December 31	
		2022	2021
Interest expense	Other related parties	\$20	\$24

Above lease terms are based on the contract, and rent is paid monthly.

J. Financing activities - lending to related parties: None.

K. Financing activities - borrowing from related parties: None.

L. Guarantee for related parties:

Related Party Category	December 31	
	2022	2021
Subsidiaries		
E-Shine Advanced Chemical Co., Ltd.	\$1,620,000	\$970,000
Associates		
Unishine Chemical Corp.	298,949	362,649
Total	<u>\$1,918,949</u>	<u>\$1,332,649</u>

M. Others:

a. Miscellaneous expenses:

Related Party Category	Year Ended December 31	
	2022	2021
Subsidiaries	<u>\$219,869</u>	<u>\$189,916</u>

Miscellaneous expenses were mainly processing expenses.

b. Miscellaneous income:

Related Party Category	Year Ended December 31	
	2022	2021
Subsidiaries	\$2,371	\$2,259
Associates	49	57
Total	<u>\$2,420</u>	<u>\$2,316</u>

Miscellaneous income was mainly technical service income.

The raw materials purchased by the Company on behalf of E-Shine Advanced Chemical Co., Ltd. for years ended December 31, 2022 and 2021 were \$85,589 thousand and \$164,733 thousand, respectively. The Company did not recognize sales revenue and cost because the transaction was recognized as collection and payment.

(4) Key management compensation

Related Party Category	Year Ended December 31	
	2022	2021
Salaries and other short-term employee benefits	\$88,252	\$79,191
Post-employment benefits	108	108
Total	<u>\$88,360</u>	<u>\$79,299</u>

8. PLEDGED ASSETS

The following assets have been pledged as collateral for loans and contracts performance:

Item	December 31	
	2022	2021
Property, plant and equipment (net)	\$272,574	\$274,142
Investment properties	139,541	139,739
Other financial assets – current	47,859	51,598
Refundable deposits	-	400
Total	<u>\$459,974</u>	<u>\$465,879</u>

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

- (1) As of December 31, 2022 and 2021, the Company issued guarantee notes for bank loans amounting to \$5,740,476 thousand (including USD 55,600 thousand) and \$4,326,280 thousand (including USD 52,250 thousand), respectively.
- (2) As of December 31, 2022 and 2021, Guarantee notes received by the Company for its contract performance and creditor's right totaled \$1,075,420 thousand and \$558,847 thousand, respectively.
- (3) As of December 31, 2022 and 2021, guarantees provided by banks to the Company for bonded warehouse were \$0 thousand and \$3,000 thousand, respectively.

- (4) The unused letters of credit as of December 31, 2022 and 2021 were as follows:

December 31, 2022	December 31, 2021
<u>L/C Amount</u>	<u>L/C Amount</u>
USD 5,559 thousand	USD 9,976 thousand

- (5) The bank acceptance relevant to imported goods as of December 31, 2022 and 2021 were as follows:

December 31, 2022	December 31, 2021
<u>Bank acceptance</u>	<u>Bank acceptance</u>
USD 6,716 thousand	USD 422 thousand

- (6) For the Company's endorsement for others for the years ended December 31, 2022 and 2021, please refer to Note 7(3) and Note 13.
- (7) Part of property, plant and equipment was unable to be registered under the name of the Company due to regulation restriction. Accordingly, the ownership was registered under the name of an individual, please refer to Note 6.(8).
- (8) The Company entered a processing contract with Lyondellbasell Taiwan CO., Ltd. Materials (Oxypropane, methanol and catalyst) were provided by Lyondellbasell Taiwan CO., Ltd. then processed by the Company into PM and DPM. Processing revenue were \$147,289 thousand and \$256,723 thousand for the years ended December 31, 2022 and 2021, respectively. The aforementioned contract expired on June 18, 2022

(9) Establishment of important construction contracts

(a) As of December 31, 2022, estimated total contract costs, contract costs paid, and expected completion year were summarized below:

Type of construction	Contract price	Construction cost paid	Expected year of completion
Intercontinental Container Terminal logistics center	\$3,748,590	\$2,876,860	2023
Small batches purification process unit	450,000	339,085	2023
The third phase of the mixing tank production project	156,450	132,159	2023
Purification of seven field engineering projects	260,249	64,271	2027

(b) As of December 31, 2021, estimated total contract costs, contract costs paid, and expected completion year were summarized below:

Type of construction	Contract price	Construction cost paid	Expected year of completion
Intercontinental Container Terminal logistics center	\$2,561,618	\$1,406,111	2022
Small batches purification process unit	350,000	70,206	2022

(10) The Company signed a land lease contract with Kaohsiung branch of Taiwan International Ports Corporation, Ltd. in December 2013. Kaohsiung Port Intercontinental Container Center 2nd Phase Project Petrochemical Oil Storage and Transportation Center S12-S15 Pier Post line Land was leased and the Company invested to build the construction of petrochemical oil storage and transportation facilities for the purpose of import and export and transport of petrochemical oil handling, storage and transportation. Kaohsiung branch of Taiwan International Ports Corporation, Ltd. should deliver the land to the Company before the end of November 2017. The term of the lease was 25 years from the date of delivery and the Company had the right to renew the lease at the end of the period. Per the contract, the Company had to pay rent at 5% of value of leased land since the land was delivered, and from the next day after the date of land delivery after 3 years and 6 months or from the date when the storage tank starts to operate in the leased area (whichever comes first), a management fee of \$24,346 thousand per year will be paid. Kaohsiung branch of Taiwan International Ports Corporation, Ltd. already completed the transaction procedure before November 2017. In June 2021, due to the impact of the epidemic and the delay of pipeline design engineering, Kaohsiung branch of Taiwan International Ports Corporation, Ltd. agreed to postpone the payment of management fees until September 2022. The main construction project of this case was ongoing, and the amount of land rent paid in were both \$3,773 thousand for the years ended December 31, 2022 and 2021, respectively.

10. SIGNIFICANT DISASTER LOSS: NONE.

11. SIGNIFICANT SUBSEQUENT EVENTS: NONE.

12. OTHERS

(1) Capital risk management

The Company should maintain an adequate capital structure to enable the expansion and enhancement of equipment. Therefore, the Company manages its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, capital asset purchases and debt service requirements associated with its existing operations over the next 12 months.

(2) Financial instruments

A. Financial risk of financial instruments

Financial risk management policies

The Company's activities expose to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To lower down the related financial risk, the Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance.

The plans for material treasury activities are reviewed by board of directors in accordance with procedures required by relevant regulations or internal controls. During the implementation of such plans, the Company Treasury function must comply with certain treasury procedures that provide guiding principles for overall financial risk management and segregation of duties.

Significant financial risks and degrees of financial risks

a. Market risk

(a) Foreign exchange rate risk

The Company's functional currency is New Taiwan dollars. Many operating activities of the Company are denominated in foreign currencies. Consequently, the Company is exposed to foreign currency risk. To protect against reductions in value and the volatility of future cash flows caused by changes in foreign exchange rates, the Company arranged future receivables and payables denominated in the same foreign currency to mitigate foreign exchange risk. These help to reduce, but do not eliminate, the impact of foreign exchange rate movements. The net investment in foreign operation is strategic investment. Therefore, the Company does no hedge for it.

(b) Foreign currency risk and sensitivity analysis

	December 31, 2022					
	Foreign Currency	Exchange Rate	Carrying Value (NTD)	Sensitivity Analysis		
				Variation	Profit and Loss Impact	Equity Impact
<u>Financial assets</u>						
<u>Monetary item</u>						
USD:NTD	7,870	30.71	241,965	increase 1%	2,420	-
<u>Non-monetary item</u>						
USD:NTD	7,181	30.71	220,535	increase 1%	-	2,205
HKD:NTD	77,769	3.938	306,255	increase 1%	-	3,063
<u>Financial liabilities</u>						
<u>Monetary item</u>						
USD:NTD	5,976	30.71	183,522	increase 1%	(1,835)	-
	December 31, 2021					
	Foreign Currency	Exchange Rate	Carrying Value (NTD)	Sensitivity Analysis		
				Variation	Profit and Loss Impact	Equity Impact
<u>Financial assets</u>						
<u>Monetary item</u>						
USD:NTD	13,831	27.68	383,496	increase 1%	3,835	-
JPY:NTD	107,468	0.2405	25,826	increase 1%	258	-
<u>Non-monetary item</u>						
USD:NTD	8,264	27.68	228,736	increase 1%	-	2,287
HKD:NTD	87,977	3.549	307,658	increase 1%	-	3,077
<u>Financial liabilities</u>						
<u>Monetary item</u>						
USD:NTD	1,077	27.68	29,807	increase 1%	(298)	-

When New Taiwan dollar appreciates and other variation factors stay unchanged, there will be the same but opposite amount of influence as of December 31, 2022 and 2021.

(c) Due to the exchange rate volatility, total exchange gains (losses) (including realized and unrealized) from the Company's monetary items amounted to \$13,409 thousand and (\$1,100) thousand for the years ended December 31, 2022 and 2021, respectively.

b. Price risk

Since the Company's investment in securities was classified as financial assets at FVTOCI on the standalone balance sheet, the Company exposed to price risks of securities.

The Company mainly invest in domestic or foreign unlisted stocks. The price of such securities can be affected by changes in future value of those investment targets.

If the security price goes up or down by 1%, the post-tax other comprehensive income for the year 2022 and 2021 will increase or decrease by \$1,945 thousand and \$2,050 thousand due to the increase or decrease of the fair value of financial assets measured at FVTOCI.

c. Interest rate risk

The carrying amount of the financial assets and liabilities that exposed to interest rate risk as reporting date was as follow:

Item	Carrying Value	
	December 31, 2022	December 31, 2021
Fair value interest rate risk:		
Financial assets	\$47,859	\$51,598
Financial liabilities	(154,110)	(157,777)
Net	(\$106,251)	(\$106,179)
Cash flow interest rate risk:		
Financial assets	\$159,877	\$182,898
Financial liabilities	(2,452,222)	(1,602,000)
Net	(\$2,292,345)	(\$1,419,102)

(a) Sensitivity analysis of fair value interest rate risk tools

The Company does not classify any fixed-rate instruments as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. In addition, the Company does not designate derivatives (interest rate swap) as hedge instruments under hedge accounting. Therefore, the change of interest rate at reporting date does not have influence on net income and other comprehensive income.

(b) Sensitivity analysis of cash flow interest rate risk tools

The Company's financial instruments with variable interest rate are those with floating-rate. If interest rate increases 1%, the net income will decrease (\$22,923) thousand and (\$14,191) thousand for the years ended December 31, 2022 and 2021, respectively.

B. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a contract leading to a financial loss to the Company. The Company is exposed to credit risk from operating activities, primarily accounts receivables, and from investing activities, primarily deposit and other financial instruments. Credit risk is managed separately for business related and financial related exposures.

a. Business related credit risk

In order to maintain the credit quality of accounts receivables, the Company has established procedures to monitor and limit exposure to credit risk on trade receivables. Credit evaluation is performed in the consideration of the relevant factors which may affects the customer's paying ability such as financial condition, external and internal credit scoring, historical experience, and economic conditions.

b. Financial credit risk

The Company's exposure to financial credit risk which pertained to bank deposits and other financial instruments were evaluated and monitored by Company Treasury function. The Company only deals with creditworthy counterparties, banks, and government so that no significant credit risk was identified. In addition, the Company has no financial assets at amortized and investments in debt instruments at fair value through other comprehensive income.

(a) Credit concentration risk

As of December 31, 2022 and 2021, the top ten clients accounted for 71% and 65% of the Company's accounts receivable, indicating a credit concentration risk. However, no significant credit concentration risk was shown from the remaining accounts receivables.

(b) Expected credit loss measurement

- i. Account receivables adopts a simplified approach, please refer to Note 6(3).
- ii. Identification basis for whether credit risk is significantly increased: None (the Company didn't hold debt instruments at amortized cost or at FVTOCI).

c. Collaterals and other credit enhancement held to avoid credit risks from financial assets:

Related information of the maximum exposure to credit risk regarding financial assets recognized in the Standalone balance sheets, pledged collateral, master netting arrangements and other credit enhancement held by the Company as of December 31, 2022 and 2021:

December 31, 2022	Carrying Amount	Decreased amount of maximum exposure to credit risks			
		Collateral	Net Settlement Agreement	Other Credit Enhancement	Total
Credit-impaired financial instruments to which impairment requirements of IFRS9 are applicable	\$ -	\$ -	\$ -	\$ -	\$ -
Financial instruments to which the impairment requirements of IFRS 9 are not applicable :					
Financial assets measured at FVTOCI	194,489	-	-	-	-
Total	\$194,489	\$ -	\$ -	\$ -	\$ -

December 31, 2021	Carrying Amount	Decreased amount of maximum exposure to credit risks			
		Collateral	Net Settlement Agreement	Other Credit Enhancement	Total
Credit-impaired financial instruments to which impairment requirements of IFRS9 are applicable	\$ -	\$ -	\$ -	\$ -	\$ -
Financial instruments to which the impairment requirements of IFRS 9 are not applicable :					
Financial assets measured at FVTOCI	204,982	-	-	-	-
Total	\$204,982	\$ -	\$ -	\$ -	\$ -

C. Liquidity risk

a. Liquidity risk management:

The Company's objective in managing liquidity risk is to maintain a sufficient level of cash and cash equivalents, highly-liquid marketable securities and credit lines with banks for daily operations in order to ensure the financial flexibility of the Company.

b. Financial liabilities with repayment periods:

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods.

Non-derivative Financial Liabilities	December 31, 2022					Contract Cash Flow	Carrying Value
	Within 6 months	7-12 months	1-2 years	2-5 years	Over 5 years		
Short-term loans	\$220,000	\$ -	\$ -	\$ -	\$ -	\$220,000	\$220,000
Notes payable	18,793	-	-	-	-	18,793	18,793
Accounts payable	493,410	-	-	-	-	493,410	493,410
Other payables	839,601	73,300	-	-	-	912,901	912,901
Lease liabilities	2,577	2,104	4,718	12,463	149,552	171,414	154,110
Long-term loans (Inclusive of current portion)	143,333	83,333	166,667	1,838,889	-	2,232,222	2,232,222
Guarantee deposits	1,546	1,669	1,566	3,583	-	8,364	8,364
Total	\$1,719,260	\$160,406	\$172,951	\$1,854,935	\$149,552	\$4,057,104	\$4,039,800

Further information for lease liabilities with repayment periods was as follows:

Item	Within 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years	Undiscounted payments
Lease liabilities	\$4,681	\$17,181	\$32,752	\$55,316	\$41,971	\$19,513	\$171,414

December 31, 2021

Non-derivative Financial Liabilities	Within 6 months	7-12 months	1-2 years	2-5 years	Over 5 years	Contract Cash Flow	Carrying Value
Short-term loans	\$482,000	\$ -	\$ -	\$ -	\$ -	\$482,000	\$482,000
Notes payable	1,478	-	-	-	-	1,478	1,478
Accounts payable	566,538	-	-	-	-	566,538	566,538
Other payables	665,737	65,038	-	-	-	730,775	730,775
Lease liabilities	2,614	2,104	4,791	15,420	151,240	176,169	157,777
Long-term loans	60,000	352,778	226,667	480,555	-	1,120,000	1,120,000
(Inclusive of current portion)							
Guarantee deposits	4,097	918	1,669	1,635	-	8,319	8,319
Total	\$1,782,464	\$420,838	\$233,127	\$497,610	\$151,240	\$3,085,279	\$3,066,887

Further information for lease liabilities with repayment periods was as follows:

Item	Within 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years	Undiscounted payments
Lease liabilities	\$4,718	\$20,211	\$26,116	\$54,552	\$49,372	\$21,200	\$176,169

The Company does not expect a maturity analysis of which the cash flows timing would be significantly earlier, or the actual amount would be significantly different.

B. Categories of financial instruments

The carrying values of financial assets and liabilities of the Company were as follow:

Financial assets	December 31	
	2022	2021
Financial assets measured at amortized cost		
Cash and cash equivalents	\$160,267	\$182,887
Notes and accounts receivable (including related parties)	1,098,537	1,381,523
Other receivables	47,383	46,257
Other financial assets - current	47,859	51,598
Refundable deposits	13,869	13,470
Financial assets at fair value through		
Other comprehensive income - noncurrent	194,489	204,982

Financial liabilities

Financial liabilities measured at amortized cost

Short-term loans	220,000	482,000
Notes and accounts payable (including related parties)	512,203	568,016
Other payables	912,901	730,775
Lease liabilities (including current and noncurrent)	154,110	157,777
Long-term loans (including current portion)	2,232,222	1,120,000
Guarantee deposits	8,364	8,319

(3) Fair value information

A. Details of the fair value of the Company's financial assets and financial liabilities not measured at fair value are provided in Note 12(3)C. Details of the fair value of the Company's investment property measured at cost are provided in Note 6(10).

B. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks, beneficiary certificates, on-the-run Taiwan central government bonds and derivative instruments with quoted market prices is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investments in government bonds, corporate bonds, financial debentures, convertible bonds, and most derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investments in equity instruments without active market is included in Level 3.

C. Financial instruments that are not measured at fair value

The Company considers that the carrying amounts of financial instruments including cash and cash equivalents, receivables, other financial assets, refundable deposits, long-term (short-term) loans, payables, lease liabilities and guarantee deposits that are not measured at fair value approximate their fair values.

D. The related information of financial and non-financial instruments measured at fair value by level:

Item	December 31, 2022			Total
	Level 1	Level 2	Level 3	
Assets:				
Recurring fair value				
Financial assets measured at FVTOCI				
Equity instruments				
Domestic unlisted stocks	\$ -	\$ -	\$134,610	\$134,610
Foreign unlisted stocks	-	-	59,879	59,879
Total	\$ -	\$ -	\$194,489	\$194,489

Item	December 31, 2021			Total
	Level 1	Level 2	Level 3	
Assets:				
Recurring fair value				
Financial assets measured at FVTOCI				
Equity instruments				
Domestic unlisted stocks	\$ -	\$ -	\$159,039	\$159,039
Foreign unlisted stocks	-	-	45,943	45,943
Total	\$ -	\$ -	\$204,982	\$204,982

E. Valuation techniques of financial instruments valued at fair value

- (a) The fair value of financial instruments with quoted prices in active markets held by the Company : None.
- (b) Except for financial assets with an active market, the fair value of other financial assets is obtained either based on the valuation technique or by reference to the quotes from counter-parties. Fair value can be obtained by using a valuation technique that refers to the fair value of financial instruments having substantially the same terms and characteristics, the discounted cash flow method, or other valuation technique e.g. the one that applies market information available on the balance sheet date to a pricing model for calculation

The assets measured by the fair value of the third level of the fair value hierarchy of the Company are used to measure the significant unobservable inputs of fair value.

Item	Measurement technique	Major unobservable input value	Range	Relationship between input value and fair value
Financial assets at fair value through other comprehensive income - stocks	Market Approach	Lack of liquidity discount rate	20%~30%	The higher the degree of lack of liquidity, the lower the fair value estimate

F. Transfer between Level 1 and Level 2: None.

G. Changes in Level 3 instruments(financial assets measured at FVTOCI):

Item	Investment in unquoted financial instruments	
	Year Ended December 31	
	2022	2021
Beginning balance	\$204,982	\$180,345
Recognized in other comprehensive income	(10,493)	24,637
Ending balance	\$194,489	\$204,982

H. Valuation process for Level 3 fair value measurement:

Valuation process regarding fair value Level 3 is conducted by the Company's finance department, by which the independence of fair value of financial instruments is verified through use of independent data source in order to make the valuation results close to market conditions. Such valuation results are regularly reviewed so as to ensure their reasonableness.

(4) Transfer of financial assets: None.

(5) Offset of financial assets and liabilities: None.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Financings provided: None.

B. Endorsement/guarantee provided: Table 1.

C. Marketable securities held: Table 2.

D. Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.

E. Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: Table 3.

F. Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None.

G. Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: Table 4.

H. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.

I. Information about the derivative financial instrument transaction: None.

(2) Information on investees: Table 5.

(3) Information on investments in Mainland China: Table 6.

(4) Information on major shareholders (including name of the shareholders with shareholding above 5%, shares held and shareholding ratio): Table 7.

Table 1

SHINY CHEMICAL INDUSTRIAL CO., LTD.
ENDORSEMENTS/GUARANTEES PROVIDED
DECEMBER 31, 2022

(Amounts in Thousands of New Taiwan Dollar)

No. (Note 1)	Endorsers	Endorseees		Endorsement Limit for a Single Entity (Note 3)	Highest Balance During the Period	Ending Balance	Actual Amount Drawn	Balance Secured by Collaterals	Ratio of Accumulated Amount to net Worth of the Company	Maximum Amount of Endorsement (Note 4)	Provision of Endorsements by Parent Company to Subsidiary	Provision of Endorsements by Subsidiary to Parent Company	Provision of Endorsements to the Party in Mainland China
		Name of endorseees	Relationship (Note 2)										
0	Shiny Chemical Industrial Co., Ltd.	E-Shine Advanced Chemical Co., Ltd.	2	8,037,902	1,620,000	1,620,000	476,789	-	20.15%	8,037,902	Y	N	N
		Unishine Chemical Corp.	6	8,037,902	362,649	298,949	162,660	-	3.72%	8,037,902	N	N	N

Note 1: The description of the number column is as follows:

- (1) The issuer is represented in 0.
- (2) The investee company is numbered sequentially from Arabic numeral 1.

Note 2: The following code represents the relationship with the Company :

1. Trading partner.
2. Majority owned subsidiary
3. The Company direct and indirect owns over 50% ownership of the investee company.
4. A subsidiary jointly owned over 90% by the Company.
5. Guaranteed by the Company according to the construction contract.
6. An investee company. The guarantees were provided based on the Company's proportionate share in the investee company.
7. Joint and several guaranteed by the Company according to the pre-construction contract under Consumer protection Act.

Note 3: Endorsements/guarantees provided by the Company to a single enterprise shall not exceed 100% of the Company's net worth, respectively.

Note 4: The maximum amount of the endorsements/guarantees provided by the Company shall not exceed 100% of the Company's net worth.

Table 2

SHINY CHEMICAL INDUSTRIAL CO., LTD.**MARKETABLE SECURITIES HELD**

DECEMBER 31, 2022

(Amounts in Thousands of New Taiwan Dollars)

Investor	Type and Name of Securities	Relationship with the Issuer	General Ledger Account	Ending balance				Remarks
				Number of Shares (in thousands)	Carrying Value	Percentage of Ownership	Fair Value	
Shiny Chemical Industrial Co., Ltd.	Shares / SEPANGAR CHEMICAL INDUSTRY SDN BHD.	The key management of the Company	Financial assets at fair value through other comprehensive income or loss - noncurrent	3,800	59,879	19.00%	59,879	
	Shares / AZOTEK CO., LTD.	The key management of the Company	Financial assets at fair value through other comprehensive income or loss - noncurrent	8,017	133,788	13.36%	133,788	
	Shares / LINKOU INTERNATIONAL GOLF & COUNTRY CLUB	None	Financial assets at fair value through other comprehensive income or loss - noncurrent	-	822	0.10%	822	
		Total			194,489		194,489	

Table 3

SHINY CHEMICAL INDUSTRIAL CO., LTD.

Acquisition of individual Real Estate Properties at Costs of At Least NT\$300 Million or 20% of the Paid-in Capital

DECEMBER 31, 2022

(Amounts in Thousands of New Taiwan Dollars and Foreign Currencies)

Company Name	Real Estate	Transaction Date	Transaction Amount	Payment Term	Counterparty	Relationship with the Seller	Prior transaction of related counterparty				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationship	Transfer Date	Amount			
Shiny Chemical Industrial Co., Ltd.	Buildings	November 13, 2019 to December 31, 2022	606,336	587,425	HSIEN-WUANG MECHANICAL INDUSTRI CO., LTD., SHENG SHYANG MECHANICAL ENGINEERING CO., LTD....etc.	None	-	-	-	-	Determined at prices agreed by both parties upon negotiation or through price comparison.	Increase production capacity.	-
	Right-of-use asset		57,000	38,631	HSIEN-WUANG MECHANICAL ENGINEERING CO., LTD....etc.	None	-	-	-	-	Determined at prices agreed by both parties upon negotiation or through price comparison.	Increase production capacity.	-
E-Shine Advanced Chemical Co., Ltd.	Buildings	March 31, 2019 to December 31, 2022	239,299	212,415	CHUN CHENG CONSTRUCTION CO., LTD., JIN CHI TECHNOLOGY ENGINEERING INC, HSIEN-WUANG MECHANICAL INDUSTRI CO., LTD....etc.	None	-	-	-	-	Determined at prices agreed by both parties upon negotiation or through price comparison.	Increase production capacity.	-
	Land	July , 2020 to December 31, 2022	601,756	115,327	Industrial Development Bureau	None	-	-	-	-	Determined by calculated approred price.	Increase production capacity.	-

Table 4

SHINY CHEMICAL INDUSTRIAL CO., LTD.
TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST
NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts in Thousands of New Taiwan Dollars)

Company Name Related Party		Nature of Relationships	Transaction Details				Abnormal Transaction		(Notes/Accounts Payable) Or Receivable		Remarks
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Shiny Chemical Industrial Co., Ltd.	E-Shine Advanced Chemical Co., Ltd.	Subsidiary	Purchases	348,193	5.32%	3 months	Equivalent to ordinary suppliers.	3 months	(40,637)	8.24%	
			Outsourcing processing fee	217,164	100.00%						

Table 5

SHINY CHEMICAL INDUSTRIAL CO., LTD.

NAMES, LOCATIONS AND OTHER INFORMATION OF INVESTEE COMPANIES (EXCLUDING INVESTEE IN MAINLAND)

DECEMBER 31, 2022

(Amounts in Thousands of New Taiwan Dollars and Foreign Currencies)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee
				As of December 31, 2022	As of December 31, 2021	Shares (In Thousands)	Percentage of Ownership	Carrying Value		
Shiny Chemical Industrial Co., Ltd.	Unishine Chemical Corp.	Taipei City	Warehousing	59,980	59,980	28,491	49.98%	513,419	115,146	57,550
	Elsom Development Ltd.	Hong Kong	Investments & trading	162,451 (USD 5,047)	162,451 (USD 5,047)	39,244	100.00%	306,255 (HKD 77,769)	17,212 (HKD 4,597)	17,212 (HKD 4,597)
	Spring World Holdings Ltd.	British Virgin Islands	Investments & trading	147,227 (USD 4,450)	147,227 (USD 4,450)	4,450	100.00%	220,535 (USD 7,181)	19,114 (USD 655)	19,114 (USD 655)
	E-Shine Advanced Chemical Co., Ltd.	Changhua County	Chemical	75,000	75,000	50,000	100.00%	1,412,453	259,219	263,513
Elsom Development Ltd.	Shanghai Liansheng Chemistry Co., Ltd.	China	Chemical	69,408 (USD 2,166)	69,408 (USD 2,166)	-	35.00%	103,495 (HKD 26,281)	31,904 (HKD 8,521)	11,166 (HKD 2,982)
	Shanghai Haosheng Chemical Technology Co., Ltd.	China	Chemical	145,014 (USD 4,543)	145,014 (USD 4,543)	-	35.00%	178,230 (HKD 45,259)	19,705 (HKD 5,263)	6,897 (HKD 1,842)
Spring World Holdings Ltd.	Zhangjiagang Trans-Ocean Enterprise Co., Ltd.	China	Chemical	156,162 (USD 4,740)	156,162 (USD 4,740)	-	18.50%	220,266 (USD 7,172)	102,806 (USD 3,521)	19,019 (USD 651)

Table 6

SHINY CHEMICAL INDUSTRIAL CO., LTD.
INFORMATION ON INVESTMENT IN MAINLAND CHINA
DECEMBER 31, 2022

(Amounts in Thousands of New Taiwan Dollars and Foreign Currencies)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee Company	Percentage of Ownership	Share of Profit/Loss (Note 2)	Carrying Amount as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
Shanghai Liansheng Chemistry Co., Ltd.	Production and sales of polyethylene oxide and after-sales service.	NTD 242,250 (RMB 50,000) (Note 4)	(2)	NTD 64,844 (USD 2,029)	-	-	NTD 64,844 (USD 2,029)	NTD 31,904 (HKD 8,521)	35.00%	NTD 11,166 (HKD 2,982) (2).B	NTD 103,495 (HKD 26,281)	NTD 116,057
Shanghai Haosheng Chemical Technology Co., Ltd.	Production and sales of metal alkyl compounds, etc. and after-sales service.	NTD 436,050 (RMB 90,000)	(2)	NTD 97,607 (USD 3,018)	-	-	NTD 97,607 (USD 3,018)	NTD 19,705 (HKD 5,263)	35.00%	NTD 6,897 (HKD 1,842) (2).B	NTD 178,230 (HKD 45,259)	-
Zhangjiagang Trans-Ocean Enterprise Co., Ltd.	Loading, unloading, storage, repackaging and transfer of chemical products, etc.	NTD 1,031,985 (RMB 213,000) (Note 5)	(2)	NTD 147,227 (USD 4,450)	-	-	NTD 147,227 (USD 4,450)	NTD 102,806 (USD 3,521)	18.50%	NTD 19,019 (USD 651) (2).B	NTD 220,266 (USD 7,172)	NTD 179,369

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
309,678 (USD 9,497)	365,874 (USD 13,218)	4,822,741

Note 1: The investment methods are divided into the following three types:

- (1) Investing directly to the Mainland China;
- (2) Reinvesting in the Mainland China through third-region companies (please refer to Table 5);
- (3) Others.

Note 2: In the current period, the investment profit and loss column are recognized:

- (1) If during incorporation with no investment income or loss, it should be indicated;
- (2) The basis for recognition of investment gains and losses divided into the following three types, which should be indicated:
 - A. Audited financial statements by international accounting firms with cooperation relationship with accounting firms in the Republic of China.
 - B. Audited financial statements by parent company's auditors.
 - C. Others.

Note 3: The relevant figures in this form should be listed in New Taiwan Dollars.

Note 4: Including capitalization of retained earning RMB 8,760 thousand.

Note 5: Including capitalization of retained earning RMB 13,189 thousand.

Note 6: The figures in the Table shall be expressed in New Taiwan Dollars. Carrying amount at the end of the period is converted using the exchange rate on the reporting date (USD:NTD 1: 30.71; HKD: NTD 1: 3.938). Investment gain or loss recognized in the current period is converted using the average exchange rate in from January 1 to December 31, 2022 (USD: NTD 1: 29.195; HKD: NTD 1: 3.744)

(2)The Company's major transactions during year 2022 directly or indirectly through the third place and the mainland invested company are listed as follows:

Investee Company	Sales/ Purchases	Sales/ Purchases		Transaction Terms			(Notes/Accounts Payable) Or Receivables	
		Amount	%	Price	Payment Terms	Comparison with general transactions	Ending Balance	% to Total
Shanghai Liansheng Chemistry Co., Ltd.	Purchases	1,416	0.02%	Equivalent to ordinary suppliers.	3 months	Both parties can agree to postpone the payment.	-	-

Table 7

SHINY CHEMICAL INDUSTRIAL CO., LTD.
INFORMATION ON MAJOR SHAREHOLDERS
 DECEMBER 31, 2022

Shares	Number of Shares	Percentage of Ownership (%)
Name of Major Shareholder		
NINGHAN DEVELOPMENT CO., LTD.	76,574,371	30.62%
YU KUO PLYWOOD CORP.	31,049,352	12.41%

Note: The information of major shareholders is based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (included treasury shares) by the Company. The share capital in consolidated financial report may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

14. SEGMENT INFORMATION

The Company has provided the operating segments disclosure in the consolidated financial statements.

Stock Code: 1773

SHINY CHEMICAL INDUSTRIAL CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
AND
INDEPENDENT AUDITORS' REPORT

CONTENTS

Item	Page
10. Cover page	1
11. Contents	2
12. Representation Letter	3
13. Independent Auditors' Report	4
14. Consolidated Balance Sheets	5
15. Consolidated Statements of Comprehensive Income	6
16. Consolidated Statements of Changes in Equity	7
17. Consolidated Statements of Cash Flows	8
18. Notes to Consolidated Financial Statements	
(15) General Information	9
(16) The Authorization of The Consolidated Financial Statements	9
(17) Application of New and Amended Standards and Interpretations	9~13
(18) Summary of Significant Accounting Policies	13~27
(19) Critical Accounting Judgments, Estimates and Key Sources of Assumption Uncertainty	27~30
(20) Contents of Significant Accounts	31~59
(21) Related Party Transactions	59~61
(22) Pledged Assets	61
(23) Significant Contingent Liabilities and Unrecognized Contract Commitments	62~63
(24) Significant Disaster Loss	64
(25) Significant Subsequent Events	64
(26) Others	64~72
(27) Supplementary Disclosures	72~73
E. Significant Transactions Information	74~78
F. Information on Investees	79
G. Information on Investments in Mainland China	80~81
H. Major Shareholders	82
(28) Segment Information	83~85

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Shiny Chemical Industrial Co., Ltd. as of and for the year ended December 31, 2022, under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No.10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Shiny Chemical Industrial Co., Ltd. and its subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Shiny Chemical Industrial Co., Ltd.

By

Ching-yuan Sun
Chairman

February 22, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Shiny Chemical Industrial Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Shiny Chemical Industrial Co., Ltd. and its subsidiaries (the “Group”) as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters of the Group's consolidated financial statements for the year ended December 31, 2022 are stated as follows:

Valuation of inventory

Please refer to Note 4(8) to the consolidated financial statements for the accounting policy of inventories, Note 5(2)G for critical accounting judgments, estimates and key sources of assumption uncertainty of inventories, and Note 6(4) for inventory valuation.

Description of key audit matter:

As of December 31, 2022, inventory was \$1,864,513 thousand and accounted for 14% of the total assets. Due to rapid changes in industry and economic status may cause product sales to fluctuate drastically, and increase the risk of inventory cost over their net realizable values, the valuation of inventory has been identified as a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures include evaluating the valuation allowance estimated by the management according to nature of inventories; performing sampling procedures to check the correctness of the inventory aging; evaluating the reasonableness of the valuation and management's assumptions; reviewing the accuracy of the Group's past inventory allowance and compare it with the inventory allowance estimated in the current period to confirm whether the estimation and assumptions are appropriate; considering whether relevant disclosure of inventory allowances is fair.

Impairment assessment of receivable

Please refer to Note 4(7) to the consolidated financial statements for the accounting policy of impairment assessment of receivable, Note 6(3) for impairment assessment of receivable.

Description of key audit matter:

The Group's customers are easily influenced by industry and market environment fluctuation, the top ten customers accounted for 71% of the Group's accounts receivable, the provision for impairment assessment is related to subject judgments of management, therefore the impairment assessment of receivable has been identified as a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our audit procedures include analyzing the accounts receivable aging table, historical collection records, industrial economic conditions and customer credit risk concentration, etc.; testing the Group's control points related to collection and reviewing the collection records after the period ; Evaluating the reasonableness of the evaluation of the allowance for accounts receivable, including the assumptions for the evaluation of the allowance for accounts receivable, the recent credit status of the industry and the Group's previous years of collections; evaluating whether relevant disclosure of the Group is fair.

Depreciation timing of property, plant and equipment

Please refer to Note 4(10) to the consolidated financial statements for the accounting policy of property, plant and equipment, Note 6(8) for information of property, plant and equipment, as of December 31, 2022, equipment to be inspected and construction in progress of the Group was \$3,754,980 thousand.

Description of key audit matter:

In response to market demand, the Group continued to expand its factories and production lines, resulting in increased capital expenditures. Property, plant and equipment is recognized as acquisition costs, and depreciation starting when the asset reached a ready state for use. Due to the significant amount of capital expenditure of the Group, whether the timing of the depreciation is appropriate have a significant impact on the financial performance of the Group. Therefore, the timing of depreciation of property, plant and equipment has been identified as a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our main audit procedures include understanding and testing the internal control design and implementation effectiveness of the depreciation timing of the property, plant and equipment of the Group; understanding the conditions of the management's expected asset availability and related accounting treatments; Verify whether the current year's assets are ready for use, and whether the depreciation has been properly started; observe the equipment to be inspected and construction in progress, and check relevant documents to prove that the equipment and unfinished projects have not yet reached ready-for-use status; verifying the reason why the equipment and the construction in progress have not yet reached the ready-for-use status.

Other Matters

We have also audited the standalone financial statements of Shiny Chemical Industrial Co., Ltd. as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (inclusive of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in Our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation .
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion .

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

We also provide those charged with 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 charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' 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 communication.

The engagement partners on the audit resulting in this independent auditors' report are Jen Yao Hsieh and Ling Wen Huang.

Crowe (TW) CPAs
Kaohsiung, Taiwan (Republic of China)
February 22, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

SHINY CHEMICAL INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

Assets	Note	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
CURRENT ASSETS					
Cash and cash equivalents	6(1)	\$464,011	3	\$302,034	3
Notes receivable, net	6(2)	37,399	-	30,040	-
Accounts receivable, net	6(3)	1,331,831	10	1,635,050	15
Other receivables		60,877	-	35,219	-
Current tax assets		2,327	-	4,219	-
Inventories	6(4)	1,864,513	14	1,454,097	13
Prepayments	6(5)	164,024	1	204,551	2
Other financial assets - current	8	54,859	-	58,598	1
Total current assets		<u>3,979,841</u>	<u>29</u>	<u>3,723,808</u>	<u>34</u>
NONCURRENT ASSETS					
Financial assets at fair value through other comprehensive income - noncurrent	6(6)	194,489	1	204,982	2
Investments accounted for using equity method	6(7)	1,015,410	8	931,949	9
Property, plant and equipment	6(8)	7,852,122	58	5,620,652	51
Right-of-use assets	6(9)	193,802	1	203,999	2
Investment properties, net	6(10)	121,945	1	125,962	1
Intangible assets	6(11)	7,829	-	6,575	-
Deferred income tax assets	6(27)	115,996	1	78,743	1
Refundable deposits		42,660	-	42,743	-
Total noncurrent assets		<u>9,544,253</u>	<u>71</u>	<u>7,215,605</u>	<u>66</u>
TOTAL ASSETS		<u><u>\$13,524,094</u></u>	<u><u>100</u></u>	<u><u>\$10,939,413</u></u>	<u><u>100</u></u>
Liabilities and Equity					
CURRENT LIABILITIES					
Short-term loans	6(12)	\$220,000	2	\$482,000	4
Contract liabilities - current		13,904	-	22,087	-
Notes payable		35,200	-	28,179	-
Accounts payable		501,563	4	582,041	6
Other payables	6(13)	1,112,558	8	827,827	8
Current tax liabilities		474,897	4	382,982	4
Provisions - current	6(14)	73,003	1	47,000	-
Lease liabilities - current	6(9)	3,703	-	3,659	-
Current portion of long-term borrowings	6(15)	353,363	3	419,978	4
Other current liabilities		316	-	950	-
Total current liabilities		<u>2,788,507</u>	<u>21</u>	<u>2,796,703</u>	<u>26</u>

Liabilities and Equity	Note	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
NONCURRENT LIABILITIES					
Long-term loans	6(15)	\$2,460,611	18	\$1,097,202	10
Deferred income tax liabilities	6(27)	72,110	1	68,317	1
Lease liabilities - noncurrent	6(9)	150,407	1	154,118	1
Net defined benefit liabilities - noncurrent	6(16)	6,192	-	30,977	-
Guarantee deposits		8,365	-	8,319	-
Other non-current liabilities, Others		-	-	316	-
Total noncurrent liabilities		<u>2,697,685</u>	<u>20</u>	<u>1,359,249</u>	<u>12</u>
Total Liabilities		<u>5,486,192</u>	<u>41</u>	<u>4,155,952</u>	<u>38</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT					
Share capital	6(17)				
Ordinary shares		2,500,000	18	2,000,000	19
Capital surplus	6(18)	103,724	1	103,724	1
Retained earnings	6(19)				
Legal reserve		1,385,717	10	1,224,084	11
Special reserve		77,011	1	107,171	1
Unappropriated earnings		4,033,019	30	3,425,493	31
Other equity	6(20)	<u>(61,569)</u>	<u>-</u>	<u>(77,011)</u>	<u>(1)</u>
Total equity attributable to owners of the parent		<u>8,037,902</u>	<u>59</u>	<u>6,783,461</u>	<u>62</u>
NON-CONTROLLING INTERESTS					
Total Equity		<u>8,037,902</u>	<u>59</u>	<u>6,783,461</u>	<u>62</u>
TOTAL LIABILITIES AND EQUITY		<u>\$13,524,094</u>	<u>100</u>	<u>\$10,939,413</u>	<u>100</u>

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

SHINY CHEMICAL INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	Note	Year Ended December 31			
		2022		2021	
		Amount	%	Amount	%
OPERATING REVENUES	6(21)	\$11,345,083	100	\$11,143,603	100
OPERATING COSTS	6(4)	(7,964,469)	(70)	(8,011,023)	(72)
GROSS PROFIT		3,380,614	30	3,132,580	28
OPERATING EXPENSES					
Sales and marketing		(446,310)	(4)	(401,770)	(4)
General and administrative		(580,517)	(5)	(578,660)	(5)
Research and development		(260,878)	(2)	(243,466)	(2)
Expected credit gain (loss)	6(3)	3,501	-	(576)	-
Total operating expenses		(1,284,204)	(11)	(1,224,472)	(11)
INCOME FROM OPERATIONS		2,096,410	18	1,908,108	17
NON-OPERATING INCOME AND EXPENSES					
Interest revenue	6(23)	1,416	-	516	-
Other income	6(24)	54,590	-	34,085	-
Other gains and losses	6(25)	3,454	-	(6,723)	-
Finance costs	6(26)	(3,307)	-	(2,231)	-
Share of profit (loss) of associates and joint ventures accounted for using equity method		94,632	1	69,011	1
Total non-operating income and expenses		150,785	1	94,658	1
INCOME BEFORE INCOME TAX		2,247,195	20	2,002,766	18
INCOME TAX EXPENSE	6(27)	(421,878)	(4)	(385,958)	(3)
NET INCOME		1,825,317	16	1,616,808	15
OTHER COMPREHENSIVE INCOME (LOSS)	6(28)				
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit obligation		16,851	-	(677)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income		(10,493)	-	24,637	-
Share of other comprehensive income (loss) of associates and joint ventures		201	-	61	-
Income tax benefit (expense) related to items that will not be reclassified subsequently		(3,370)	-	135	-
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations		12,611	-	(4,865)	-
Share of other comprehensive income (loss) of associates and joint ventures		15,846	-	9,415	-
Income tax benefit (expense) related to items that may be reclassified subsequently to profit or loss		(2,522)	-	973	-
Total other comprehensive income (loss), net of income tax		29,124	-	29,679	-
TOTAL COMPREHENSIVE INCOME		\$1,854,441	16	\$1,646,487	15
NET INCOME ATTRIBUTABLE TO:					
Owners of the parent		\$1,825,317	16	\$1,616,808	15
Non-controlling interests		-	-	-	-
Total		\$1,825,317	16	\$1,616,808	15
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the parent		\$1,854,441	16	\$1,646,487	15
Non-controlling interests		-	-	-	-
Total		\$1,854,441	16	\$1,646,487	15
EARNINGS PER SHARE					
Basic earnings per share	6(29)	\$7.30		\$6.47	
Diluted earnings per share	6(29)	\$7.25		\$6.43	

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

SHINY CHEMICAL INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Parent										
	Ordinary Shares	Capital Surplus	Legal Reserve	Retained Earnings		Exchange Differences on Translating foreign Operations	Other		Total	Non-controlling Interests	Total Equity
				Special Reserve	Unappropriated Earnings		Unrealized Gain (Loss) On Financial Assets at Fair Value Through Other Comprehensive Income				
BALANCE AT JANUARY 1, 2021	\$1,800,000	\$103,724	\$1,106,686	\$105,890	\$2,755,845	(\$129,761)	\$22,590	\$5,764,974	\$ -	\$5,764,974	
Appropriations and distributions of prior years' earnings:											
Legal reserve	-	-	117,398	-	(117,398)	-	-	-	-	-	
Special reserve	-	-	-	1,281	(1,281)	-	-	-	-	-	
Cash dividends	-	-	-	-	(628,000)	-	-	(628,000)	-	(628,000)	
Stock dividends	200,000	-	-	-	(200,000)	-	-	-	-	-	
Net income in 2021	-	-	-	-	1,616,808	-	-	1,616,808	-	1,616,808	
Other comprehensive income (loss) in 2021, net of income tax	-	-	-	-	(481)	5,523	24,637	29,679	-	29,679	
Total comprehensive income in 2021	-	-	-	-	1,616,327	5,523	24,637	1,646,487	-	1,646,487	
BALANCE AT DECEMBER 31, 2021	2,000,000	103,724	1,224,084	107,171	3,425,493	(124,238)	47,227	6,783,461	-	6,783,461	
Appropriations and distributions of prior years' earnings:											
Legal reserve	-	-	161,633	-	(161,633)	-	-	-	-	-	
Special reserve	-	-	-	(30,160)	30,160	-	-	-	-	-	
Cash dividends	-	-	-	-	(600,000)	-	-	(600,000)	-	(600,000)	
Stock dividends	500,000	-	-	-	(500,000)	-	-	-	-	-	
Net income in 2022	-	-	-	-	1,825,317	-	-	1,825,317	-	1,825,317	
Other comprehensive income (loss) in 2022, net of income tax	-	-	-	-	13,682	25,935	(10,493)	29,124	-	29,124	
Total comprehensive income in 2022	-	-	-	-	1,838,999	25,935	(10,493)	1,854,441	-	1,854,441	
BALANCE AT DECEMBER 31, 2022	\$2,500,000	\$103,724	\$1,385,717	\$77,011	\$4,033,019	(\$98,303)	\$36,734	\$8,037,902	\$ -	\$8,037,902	

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

SHINY CHEMICAL INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	Year Ended December 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$2,247,195	\$2,002,766
Adjustments :		
Adjustments to reconcile profit (loss)		
Depreciation	390,600	317,449
Amortization	7,310	5,276
Expected credit (gain) loss	(3,501)	576
Interest expense	3,307	2,231
Interest income	(1,416)	(516)
Dividend income	(10,570)	(8,017)
Share of loss (profit) of associates and joint ventures accounted for using equity method	(94,632)	(69,011)
Loss (gain) on disposal and retirement of property, plant and equipment	(1,426)	(1,792)
Transfer of property, plant and equipment to expenses	882	29,949
Others	(950)	(950)
Total adjustments to reconcile profit (loss)	<u>289,604</u>	<u>275,195</u>
Net changes in operating assets and liabilities		
Net changes in operating assets		
Decrease (increase) in notes receivable	(7,347)	(5,499)
Decrease (increase) in accounts receivable	306,708	(395,096)
Decrease (increase) in other receivables	(7,339)	(16,385)
Decrease (increase) in inventories	(410,416)	(440,302)
Decrease (increase) in prepayments	67,286	(167,019)
Total changes in operating assets	<u>(51,108)</u>	<u>(1,024,301)</u>
Net changes in operating liabilities		
Increase (decrease) in contract liabilities	(8,183)	11,171
Increase (decrease) in notes payable	7,021	187
Increase (decrease) in accounts payable	(80,478)	122,992
Increase (decrease) in other payables	191,585	172,334
Increase (decrease) in provisions	26,003	29,059
Increase (decrease) in net defined benefit liabilities	(7,934)	(2,134)
Total changes in operating liabilities	<u>128,014</u>	<u>333,609</u>
Total net changes in operating assets and liabilities	<u>76,906</u>	<u>(690,692)</u>
Total adjustments	<u>366,510</u>	<u>(415,497)</u>
Cash generated from operations	2,613,705	1,587,269
Interest received	1,416	516
Dividends received	27,303	43,469
Interest paid	(2,951)	(2,077)
Income tax paid	(367,423)	(205,905)
Net cash generated from operating activities	<u>2,272,050</u>	<u>1,423,272</u>

	Year Ended December 31	
	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(\$2,543,684)	(\$1,941,225)
Proceeds from disposal of property, plant and equipment	1,563	1,951
Decrease in refundable deposits	83	17,872
Acquisition of intangible assets	(7,724)	(5,016)
Increase in other financial assets	-	(39,917)
Decrease in other financial assets	3,739	-
Net cash used in investing activities	<u>(2,546,023)</u>	<u>(1,966,335)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	-	192,000
Decrease in short-term loans	(262,000)	-
Proceeds from long-term loans	6,092,772	975,381
Repayments of long-term loans	(4,795,978)	(132,080)
Increase in guarantee deposits	46	105
Repayments of lease principal	(3,667)	(5,444)
Cash dividends paid	(600,000)	(628,000)
Net cash generated from (used in) financing activities	<u>431,173</u>	<u>401,962</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>4,777</u>	<u>(754)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	161,977	(141,855)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	302,034	443,889
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$464,011</u></u>	<u><u>\$302,034</u></u>

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

SHINY CHEMICAL INDUSTRIAL CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Stated Otherwise)

1. GENERAL INFORMATION

Shiny Chemical Industrial Co., Ltd. (the “Company”) was incorporated in December 1979, traded in the emerging stock market from January 28, 2008 and listed in the Taiwan Stock Exchange on February 27, 2009. The Company engages mainly in the manufacturing, processing and import/export trading high-purity chemical solvents, including N-Butyl Acetate, N-Propyl Acetate, Propylene Glycol Monomethyl Ether Propionate and Methanol, etc. The principal operating activities of the Company and its subsidiaries (collectively as the “Group”) are described in Note 4(3)B. In addition, the Company has no ultimate parent company.

The consolidated financial statements are presented in the Company’s functional currency, New Taiwan Dollars.

2. THE AUTHORIZATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorized for issue by the Board of Directors on February 22, 2023.

3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

(4) Effect of adoption of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC):

New standards, interpretations and amendments endorsed by the FSC and effective from 2022 are as follows:

New, Amended or Revised Standards and Interpretations (the “New IFRSs”)	Effective Date Announced by IASB (Note 1)
Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”	January 1, 2022 (Note 2)
Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”	January 1, 2022 (Note 3)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 4)
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022 (Note 5)

Note 1: Unless stated otherwise, the New IFRSs above are effective for annual periods beginning on or after their respective effective dates.

Note 2: An entity shall apply these amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition

necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

Note 3: An entity shall apply these amendments to contracts for which it has not yet fulfilled all its obligations on January 1, 2022.

Note 4: These amendments apply to business combinations whose acquisition date occur during the annual reporting periods beginning on or after January 1, 2022.

Note 5: An entity shall apply the Amendment to IFRS 9 to financial liabilities that are modified or exchanged during the annual reporting periods beginning on or after January 1, 2022. An entity shall apply the Amendment to IAS 41 to fair value measurements for annual reporting periods beginning on or after January 1, 2022. An entity shall apply the Amendment to IFRS 1 for annual reporting periods beginning on or after January 1, 2022.

A. Amendment to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The amendments set out that proceeds from selling items produced while bringing an item of property, plant and equipment to the location and condition necessary for them to be capable of operating in the manner intended by management shall not be recognized as a deduction of the asset. Instead, the proceeds from selling such items and the costs of those items, measured in accordance with IAS 2, shall be recognized in profit or loss in accordance with applicable IFRS Standards. Additionally, the amendments clarify that costs of testing whether the asset is functioning properly is the costs of assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

The Group shall apply these amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the Group first applies the amendments. The cumulative effects of initially applying the amendments shall be recognize as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented with comparative information restated.

B. Amendments to IAS 37 “Onerous Contracts — Cost of Fulfilling a Contract”

The amendments set out that, when determining whether a contract is onerous, the cost of fulfilling a contract comprises (a) the incremental costs of fulfilling that contract—for example, direct labor and materials; and (b) an allocation of other costs that relate directly to fulfilling contracts—for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract among others.

C. Amendments to IFRS 3 “Reference to the Conceptual Framework”

The amendments update a reference to the Framework in IFRS 3 and require the acquirer shall apply IFRIC 21 for a levy that would be within the scope of IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

D. Annual Improvement to IFRS Standards 2018-2020

The annual improvement amends several Standards. Among which, the Amendment to IFRS 9 clarifies that, in determining whether an exchange or modification of the terms of a financial liability is substantially different from those of the original liability, only fees paid net of fees received between the Group (the borrower) and the lender for the new or modified contract, including fees paid or received by either the Group or the lender on the other’s behalf, shall be included in the ‘10 per cent’ test of the discounted present value of the cash flows under the new terms.

Base on the Group’s assessment, the above standards and interpretations have no significant effect on the Group’s financial position and financial performance.

(5) Effect of new issuances or amendments to IFRSs as endorsed by the FSC but not yet adopted:

New standards, interpretations and amendments endorsed by the FSC and effective from 2023 are as follows:

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosures of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2023.

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

Note 3: An entity shall apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. It also, at the beginning of the earliest comparative period presented, recognizes deferred taxes for all temporary differences related to leases and decommissioning obligations and recognizes the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

A. Amendments to IAS 1 “Disclosures of Accounting Policies”

The amendments clarify that an entity shall disclose its material significant accounting policy information if the transaction, other event or condition to which the accounting policy information relates is material in size or nature, or a combination of both, and the accounting policy information that relates to a material transaction, other event or condition is also material to the financial statements. On the other hand, if the transaction, other event or condition to which the accounting policy information relates is immaterial in size or nature, an entity needs not to disclose the accounting policy information that relates to the immaterial transaction, other event or condition. Additionally, Immaterial accounting policy information that relates to material transactions, other events or conditions need not be disclosed, either. However, an entity’s conclusion that accounting policy information is immaterial does not affect the related disclosure requirements set out in other IFRS Standards.

B. Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty and clarify that a change in measurement techniques or inputs used to develop an accounting estimate is a change in accounting estimates unless the change is due to an error from prior periods.

C. Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”

The amendments narrow the exemption extent in paragraphs 15 and 24 of IAS 12 for an entity from recognizing a deferred tax asset or liability in particular circumstances. In particular, the exemption does not apply to a transaction that gives rise to equal taxable and deductible difference at the time of the transaction. At the initial application of the amendments, an entity shall, at the beginning of the earliest comparative period presented, recognize deferred taxes for all deductible and taxable temporary differences associated with (i) lease and (ii) decommissioning liabilities and recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. An entity shall also apply the amendments transactions that occur on or after the beginning of the earliest comparative period presented. When initially applying the amendments, the information for comparable periods shall be restated.

The Group has evaluated the aforementioned standards and interpretations, and there’s no significant effect to the Group’s financial position and performance.

(6) Effect of the IFRSs issued by IASB but not yet endorsed and issued into effect by FSC :

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial application IFRS 17 and IFRS 9 – Compare Information”	January 1, 2023
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

As of the date the accompany consolidated financial statements are authorized for issue, the Group is still evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the Group completes the evaluation.

4.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the IFRSs, IASs, interpretations as well as related guidance endorsed by the FSC with the effective dates.

(2) Basis of preparation

A.Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

- a. Financial assets and financial liabilities at fair value through other comprehensive income.
- b. Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B.The preparation of financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- a. All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- b. Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- c. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- d. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- e. When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss or transferred directly to retained earnings as appropriate, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. The consolidated entities were as follows:

Investee / Subsidiary	Main Businesses	Percentage of Ownership	
		December 31, 2022	December 31, 2021
E-Shine Advanced Chemical Co., Ltd.	Chemical	100.00%	100.00%

Investee / Subsidiary	Main Businesses	Percentage of Ownership	
		December 31, 2022	December 31, 2021
Elsom Development Ltd.	Investments	100.00%	100.00%
Spring World Holdings Ltd.	Investments	100.00%	100.00%

a. The above-mentioned subsidiaries included in the consolidated financial report were all non-significant subsidiaries, and their financial reports have been audited by accountants.

b. Changes in subsidiaries: At the second quarter of 2021, Transsom Technology Co., Ltd. had been liquidated and dissolved.

C. Subsidiaries not included in the consolidated financial reports: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Material restrictions: None.

F. Contents of the parent company's securities held by subsidiaries: None.

G. Subsidiaries that have non-controlling interest that are material to the Group: None.

(4) Foreign currency translation

A. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional and the Group's presentation currency.

B. In preparing the financial statements of each individual consolidated entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

C. For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into New Taiwan Dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates

fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity and are attributed to noncontrolling interests as appropriate.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- a. Assets that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- b. Assets held mainly for trading purposes;
- c. Assets that are expected to be realized within twelve months from the balance sheet date;
- d. Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- a. Liabilities that are expected to be settled within the normal operating cycle;
- b. Liabilities held mainly for trading purposes;
- c. Liabilities that are to be settled within twelve months from the balance sheet date (Even if a long-term refinancing or re-arrangement of payment agreements is completed after the balance sheet date and before the issuance of the financial report is approved, it is classified as current liabilities).
- d. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including the original maturity of the time deposits within three months.)

(7) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

A. Financial assets

a. Category of financial assets

Financial assets are recognized on a trade date basis.

Financial assets are classified into the following categories: financial assets at amortized cost and investments in equity instruments at FVTOCI.

(c) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- a. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b. The contractual terms of the financial assets give rise on specified date to cash flow that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Except for the following two cases, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

- a. Purchased or originated credit-impaired financial assets: for those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- b. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets: for those financial assets, the Group shall apply the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

(d) Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments at FVTOCI are recognized in profit or loss when the Group's right to receive the dividends is established, unless the Group's right clearly represent a recovery of part of the cost of the investment.

b. Impairment of financial assets

- (a) At the end of each reporting period, a loss allowance for expected credit loss is recognized for financial assets at amortized cost (including accounts receivable), investments in debt instruments that are measured at FVTOCI, lease receivable and contract assets.
- (b) The Group always recognizes lifetime Expected Credit Loss (i.e. ECL) for accounts receivables, lease receivable and contract assets. For other financial assets, the Group recognize lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equaling to 12-month ECL.
- (c) Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. In contrast, lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.
- (d) The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

c. Derecognition of financial assets

The Group derecognizes a financial asset when one of the following conditions is meet:

- (a) The contractual rights to receive cash flows from the financial asset expire.
- (b) The contractual rights to receive cash flows from the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- (c) The Group neither retains nor transfers substantially all risks and rewards of ownership of the financial asset; however, it has not retained control of the financial asset.

On derecognition of financial asset at amortized cost in its entirety, the difference between the financial asset's carrying amount and the sum of the consideration received is recognized in profit or loss.

B. Equity instruments

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the

definitions of a financial liability, and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

C. Financial liabilities

a. Subsequent measurement

Except for the financial liability is either held for trading or is designated as at fair value through profit or loss, all financial liabilities are measured at amortized cost in accordance with the effective interest method.

b. Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

D. Modification of Financial Instruments

When the contractual cash flows of a financial instrument are renegotiated or modified and the renegotiation or modification does not result in the derecognition of that financial instrument, the Group recalculates the gross carrying amount of the financial asset or the amortized cost of the financial liabilities using the original effective interest rate and recognizes a modification gain or loss in profit or loss. Any costs or fees incurred adjust the carrying amount of the modified financial instrument and are amortized over the remaining term of the modified financial instrument. If the renegotiation or modification results in that the derecognition of that financial instrument is required, then the financial instrument is derecognized accordingly.

(8) Inventories

Inventories are stated at the lower of cost and net realizable value, accounted for on a perpetual basis. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and costs necessary to make the sale.

(9) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for under equity method and are initially recognized at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- D. When the Group disposes of its investment in an associate, if it loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(10) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized. For property, plant and equipment under construction, sample produced from testing whether the asset is functioning properly before its intended use are measured at lower of the costs or net realizable value. Proceeds from selling such an item and the cost of the item are recognized in profit or loss.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", from the date of the change.

The estimated useful lives as follows:

Buildings:

Main building, 3 to 55 years

Engineering system, 5 to 11 years

Others, 5 to 11 years

Machinery and equipment, 3 to 20 years

Utilities equipment, 5 to 15 years

Transportation equipment, 5 to 6 years

Office equipment, 5 to 11 years

Other equipment, 3 to 20 years;

D. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(11) Leases

The Group assesses whether the contract is (or includes) a lease at the date of the contract. For a contract that includes a lease component and one or more additional lease or non-lease components, the Group will allocate the consideration to the lease component base on the individual price of each lease component and the aggregated individual price of the non-lease component.

A. The Group as a lessee

Except for payments for low-value asset and short-term leases which will be recognized as expenses on a straight-line basis, the Group will recognize right-of-use assets and lease liabilities for all leases at the inception of lease.

Right-of-use asset

The right-of-use asset is initially measured at cost (including the initial measurement amount of the lease liability, the payments less incentives, initial direct costs and the estimated recover cost), the subsequent measurement is based on the cost less accumulated depreciation and accumulated impairment loss, and adjusting the amount of re-measures of lease liabilities.

The right-of-use asset recognized depreciation is using the straight-line basis from the date of the lease until the expiration of the useful life or the expiration of the lease term, the depreciation is provided that the title of the underlying asset will be acquired at the end of the lease period or, if the cost of the right-of-use asset reflects the execution of the purchase option.

Lease liability

The lease liability is initially measured by the present value of the lease payment (including fixed payment, substantive fixed payment, change in lease payment depending on the index or rate, etc.). If the implied interest rate on the lease is easy to determine, the lease payment is discounted using that interest rate. If the interest rate is not easy to determine, the lessee's increase borrowing rate is used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. If the lease period, the evaluation of the purchase choice, the amount of expected to be paid under the residual value guarantee or the change in the index or rate used to determine the lease payment result in a change in the future lease payment, the Group will measure the lease liability and adjust the right to use assets relatively. If the carrying amount has been reduced to zero, the remaining amount will recognize in the profit and loss. Lease liabilities are presented in a single-line project on the consolidated balance sheet.

B. The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Under finance leases, the lease payments comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives payable. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

(12) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes), also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method for estimated useful lives - 3 to 50 years.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(13) Intangible assets

Intangible assets with finite useful lives that are acquired separately are measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over the following estimated lives: computer software - 1 to 3 years. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Intangible assets are derecognized when disposed of or expected to have no future economic benefits generated through usage or disposal. On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(14) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist, the impairment loss shall be reversed to the extent of the loss previously recognized in profit or loss.

(15) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(16) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions

a. Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

b. Defined benefit plans

(a) Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior period. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized past service costs. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

(b) Actuarial gains and losses arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

(c) Past service costs are recognized immediately in profit or loss.

C. Employees' bonus and directors' remuneration

Employees' bonus and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees' bonus and directors' remuneration are different from the actual distributed amounts as resolved by the shareholders at their shareholders' meeting subsequently, the differences should be recognized based on the accounting for changes in estimates.

D. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's

employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognizes expense when it can no longer withdraw an offer of termination benefits or it recognizes related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

(17) Share capital

Ordinary share is classified as equity. The classification of the preferred stock depends on the essence of the agreement. If the preferred stock matches the definition of the financial liability, it is classified as a liability. Otherwise, it is classified as equity. Incremental cost that can be attributed to the issuance of stocks or options is deducted from the capital issued.

(18) Share-based payment transactions

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

B. Cash-settle share-based payment arrangements are the fair value of liabilities undertaken recognized in remuneration costs and liabilities in the vesting period and measured by the fair value of equity instruments offered at each balance sheet date and the settlement date. Any changes are recognized in profit or loss.

(19) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity, respectively.

B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the

unappropriated retained earnings and is recorded as income tax expense in the subsequent year when the stockholders approve to distribute retain the earnings.

C. Deferred income tax is recognized, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures, employee training, and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(20) Revenue Recognition

The Group recognizes revenues based on the following steps:

- F. Identifying the contracts;
- G. Identifying obligations in the contracts;
- H. Determining prices;
- I. Allocating prices into the obligations in the contracts;

J. Recognizing revenues while fulfilling the obligations.

The Group does not adjust the promised amount of consideration for the effects of a significant financing component if the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

1. Goods sales

The Group sells fans and other relevant products. Sales revenues are recognized while the control of goods is transferred to the customers since the customers already have the rights to use, set price, take the major responsibility to resell the good and bear the risk of obsolescence. The Group recognizes revenues and accounts receivable at the point and presents it in net term after deducting sales return, quantity discount and sales allowance.

The Group does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of materials ownership.

2. Service revenue

Revenue from technical services is recognized when services are provided that in accordance with the relevant agreements.

(21) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All borrowing costs other than those stated above are recognized in profit or loss in the period in which they are incurred.

5. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The Group takes into account the economic impact of changes in climates and related governmental policies and regulations on significant accounting estimates and reviews the basic assumptions and estimation on an ongoing basis. If a change in accounting estimate affects only the current period, the effect is recognized in the current period. If a change in accounting estimate affects both current and future periods, the effects are recognized in both periods.

The preparation of the Group's consolidated financial statements is adopting accounting policies based on the following significant judgements, significant accounting estimates and assumptions:

(3) Critical judgements in applying accounting policies

D. Revenue recognition

The Group follows IFRS 15 to determine if it controls the specified good or service before that good or service is transferred to the customer, and the Group is acting as a principal or an agent in that transaction. When the Group acts as an agent, revenue is recognized on a net basis.

The Group acts as a principal as that it meets one the of following situations:

- d. The Group gains control over the goods from the other party before transferring goods to customers.
- e. The Group controls the right of providing service by the other party in order to control the ability of the party to provide service to customers.
- f. The Group gain control over goods or service from the other party in order to combine with other goods or services to provide specific goods or services to customers.

The indicators (not limited to) which assist making judgment on whether the Group controls the goods or services before transferring goods or services to customers:

- d. The Group has primary responsibilities for the goods or services it provides;
- e. The Group bears inventory risk before transferring the specific goods or services to customer, or after transferring the control to customer.
- f. The Group has the discretion to set prices.

E. Judgment of financial asset classification

The Group assesses the business model of financial assets based on the hierarchy that reflects the Group of financial assets that are jointly managed for specific business purposes. This assessment requires consideration of all relevant evidence, including measures of asset performance, risks affecting performance, and the manner in which the relevant managers are determined, and judgments are required. The Group continues to assess the adequacy of its business model and monitors the financial assets measured by the amortized cost before the maturity date and the debt instrument investments measured at fair value through other comprehensive income. Evaluate whether the disciplinary action has the same goal of business model. If the business model has been changed, the Group delays the adjustment of the subsequent classification of financial assets. The Group reclassifies financial assets in accordance with IFRS 9, and the application will be postponed from the date of reclassification, if the business model has changed.

F. Lease term

In determining the lease term, the Group considers all the facts and circumstances that create an economic incentive to exercise (or not exercise) the option, including all expected change in facts and circumstances from the commencement date until the exercise date of the option. Factors considered include the contractual terms and

conditions for the periods covered by option, the significant leasehold improvements made (or expected) during the contract period, and the importance of the underlying assets to the Group's operations, etc. The lease term is reassessed if a significant change in circumstance that are within the control of the Group occurs.

(4) Critical accounting estimates and assumptions

J. Revenue Recognition

The Group recognizes records a refund for estimated future returns and other allowances in the same period the related revenue is recorded. Refund for estimated sales returns and other allowances is generally made and adjusted at a specific percentage based on historical experience and any known factors that would significantly affect the allowance, and our management periodically reviews the adequacy of the percentage used.

K. Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's history, existing market conditions as well as forward looking estimates at the end of each reporting period. Please refer to Note 6(3) for the important assumptions and inputs. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

L. Process of fair value measurement and evaluation

When the assets and liabilities at fair value with no active market, the Group determines whether to use outside appraisal and using proper evaluation techniques based on related regulation or its own judgment. If the Level 1 input value is not available while evaluating, the Group refers to the analysis of the investee's financial position and operating outcome, recent trading price, quotes on non-active market of same equity instrument, quotes on active market of similar equity instrument and evaluation multiples of comparable companies. If the future input value is different from expectation, the fair value might change. The Group updates input values quarterly according to the market status in order to monitor if the measurement of fair value is appropriate.

Please refer to Note 12(3) for the inputs and evaluation techniques of fair value.

M. Impairment assessment of tangible and intangible assets

The Group assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilized and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future.

N. Impairment assessment on investment using equity method

The Group assesses the impairment of investments accounted for using the equity method whenever triggering events or changes in circumstances indicate that an investment may be impaired and carrying amount is not recoverable. The Group assesses the recoverable amount based on a projected future cash flow and receivable cash dividend of the investees, and disposal-generating future cash flow to ensure the reasonableness of such assumptions.

O. Realizability of deferred income tax assets

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Assessment of the realizability of deferred income tax assets involves critical accounting judgements and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, tax exempt duration, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, laws, and regulations might cause material adjustments to deferred income tax assets.

P. Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group needs to exercise judgments and estimates the net realizable value of inventories on balance sheet date using judgements and estimates. The Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value.

Q. Calculation of accrued pension obligations

When calculating the present value of defined pension obligations, the Group must apply judgments and estimates to determine the actuarial assumptions on balance sheet date, including discount rates and future salary growth rate. Any changes in these assumptions could significantly impact the carrying amount of defined pension obligations.

R. Lessees' incremental borrowing rates

At the time of the decision to increase the borrowing rate of the lessee used in the lease payment, the risk-free interest rate and the same currency is used as the reference rate, and the estimated lessee's credit risk sticker and lease specific adjustments (such as asset-specific and secured factors) are taken into account.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

Item	December 31	
	2022	2021
Cash on hand	\$377	\$367
Checking account	90	90
Demand deposits	353,565	286,577
Cash equivalents – commercial paper (with original maturities within three months)	109,979	15,000
Total	<u>\$464,011</u>	<u>\$302,034</u>

A. The financial institutions dealing with the Group are credit worthy, and the Group does transactions with a number of financial institutions to diversify credit risk that are unlikely to be expected to default.

B. The Group had no cash and cash equivalents pledged to others.

(2) Notes receivable, net

Item	December 31	
	2022	2021
At amortized cost		
Notes receivable	\$38,204	\$30,857
Less: Allowance for impairment loss	(805)	(817)
Net	<u>\$37,399</u>	<u>\$30,040</u>

A. The Group had no notes receivable pledged to others.

B. Please refer to Note 6(3) for the relevant disclosure of loss allowance for notes receivable.

(3) Accounts receivable, net

Item	December 31	
	2022	2021
Amortized cost		
Account receivable-non-related party	\$1,345,813	\$1,660,425
Less: Allowance for impairment loss	(20,917)	(36,978)
Subtotal	<u>\$1,324,896</u>	<u>\$1,623,447</u>
Accounts receivable-related party	6,935	11,603
Net	<u>\$1,331,831</u>	<u>\$1,635,050</u>

A. Accounts receivable are created by the Group by selling goods, and the average collection period is 30~90 days. The Group's accounts receivables all meet the credit

standards stipulated based on the counterparties' industrial characteristics, operation scale and profitability. (The longest credit period on sales of goods is 165 days ; the shortest period is 15 days.)

- B. The Group had no account receivable pledged to others.
- C. The Group applies the simplified approach to provisions for expected credit losses, which permits the use of a lifetime expected credit losses provision for trade receivables. The expected credit losses on trade receivables are estimated by reference to the provision matrix and past account aging records of the debtor, an analysis of the debtor's current financial position, and industrial trend. As the Group's historical credit losses experience does not show significantly different loss patterns for different customer segments, the provision for losses based on past due status of notes receivables, accounts receivable and other receivable is not further distinguished between the Group's different customer base.
- D. The Group measures the loss allowance for notes receivable and accounts receivable (including other receivables) according to the provision matrix:

December 31, 2022	Expected Credit Loss Rate	Gross Carrying Amount	Loss Allowance (Lifetime ECL)	Amortized Cost
Not past due	0%-1.5%	\$1,451,829	(\$21,722)	\$1,430,107
Past due 181-365 days	50%	-	-	-
Counterparties show signs of default	50%-100%	-	-	-
Total		\$1,451,829	(\$21,722)	\$1,430,107

December 31, 2021	Expected Credit Loss Rate	Gross Carrying Amount	Loss Allowance (Lifetime ECL)	Amortized Cost
Not past due	0%-1.5%	\$1,725,488	(\$25,179)	\$1,700,309
Past due 181-365 days	50%	-	-	-
Counterparties show signs of default	50%-100%	12,616	(12,616)	-
Total		\$1,738,104	(\$37,795)	\$1,700,309

- E. Movements of the loss allowance for notes, accounts receivable and other receivable were as follows:

	Year Ended December 31	
	2022	2021
Beginning balance	\$37,795	\$37,219
Add: Provision for impairment	-	576
Less: Reversal of impairment	(3,501)	-
Less: Write-offs	(12,572)	-
Ending balance	\$21,722	\$37,795

The above provision has not taken into consideration of collateral or other credit enhancement. The other credit enhancement possessed by above receivables were \$82,473 thousand and \$148,483 thousand as of December 31, 2022 and 2021, respectively.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery of the receivable. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables which are due.

Where recoveries are made, these are recognized in profit or loss. The Group's trade receivables for offsetting the contract amount were \$12,572 thousand and \$0 thousand for the years ended December 31, 2022 and 2021, respectively.

F. Please refer to Note 12 for the relevant credit risk management and assessment method.

(4) Inventories and operating costs

Item	December 31	
	2022	2021
Raw materials	\$1,021,148	\$637,299
Supplies	35,013	20,219
Work in process	99,312	101,175
Finished goods	709,040	695,404
Net	\$1,864,513	\$1,454,097

A. The related inventory gain (loss) recognized as operating cost for the years ended December 31, 2022 and 2021 were as follows:

Item	Year Ended December 31	
	2022	2021
Cost of goods sold	\$7,707,313	\$7,726,855
loss on physical inventory	8,407	8,718
Other operating cost	166,345	211,121
Loss on inventory valuation (recovery gain)	58,613	41,560
Loss on onerous contract (recovery gain)	23,791	22,769
Total	\$7,964,469	\$8,011,023

B. The Group recognized inventory valuation loss (recovery gain) of \$58,613 thousand and \$41,560 thousand for the years ended December 31, 2022 and 2021, respectively, due to inventory's write-down to net realizable value, or the net realizable value of inventories recovered as a result of market stabilization that enabled the Group to raise prices on certain products.

C. The Group had no inventories pledged to others.

(5) Prepayments

Item	December 31	
	2022	2021
Advance payment	\$81,345	\$161,247
Prepaid expenses	37,409	34,944
Supplies inventory	39,026	7,257
Other prepayment	6,244	1,103
Total	<u>\$164,024</u>	<u>\$204,551</u>

(6) Financial assets at fair value through other comprehensive income or loss - noncurrent

Item	December 31	
	2022	2021
Equity instruments :		
Domestic unlisted stocks	\$51,295	\$51,295
Foreign unlisted stocks	106,460	106,460
Subtotal	<u>\$157,755</u>	<u>\$157,755</u>
Valuation adjustment	36,734	47,227
Total	<u>\$194,489</u>	<u>\$204,982</u>

A. The Group invests in domestic and foreign unlisted stocks in accordance with its medium/long-term strategies and expects to make a profit through long-term investment. Management of the Group believes that it is not consistent with the aforementioned long-term investment planning if the short-term fair value changes of such investment are presented in profit or loss. Therefore, the Group elects to designate such investment as to be measured at FVTOCI.

B. For related credit risk management and means of assessing, please refer to Note 12.

(7) Investments accounted for using equity method

Item	December 31	
	2022	2021
Associates with significance:		
Unishine Chemical Corp.	\$513,419	\$439,822
Associates without significance	501,991	492,127
Total	<u>\$1,015,410</u>	<u>\$931,949</u>

A. Associates:

(1) Significant associates of the Group are as follows:

Company Name	Shareholding Percentage	
	December 31, 2022	December 31, 2021
Unishine Chemical Corp.	49.98%	49.98%

Please refer to Table 6 in Note 13 for the nature of business, main operation location and countries of registration of the associates listed above.

(2) The summarized financial information in respect of the Group's significant associates was as follows:

a. Balance Sheets

	Unishine Chemical Corp.	
	December 31, 2022	December 31, 2021
Current assets	\$214,937	\$158,636
Noncurrent assets	1,237,490	1,205,001
Current liabilities	(360,817)	(421,175)
Noncurrent liabilities	(64,361)	(62,465)
Equity	<u>\$1,027,249</u>	<u>\$879,997</u>
Share in associates' net assets	<u>\$513,419</u>	<u>\$439,822</u>
Carrying amount of associate	<u>\$513,419</u>	<u>\$439,822</u>

b. Statements of Comprehensive Income

	Unishine Chemical Corp.	
	Year Ended December 31	
	2022	2021
Operating revenue	<u>\$575,324</u>	<u>\$302,369</u>
Net income (loss)	\$115,146	\$62,733
Other comprehensive income (loss) (net after tax)	32,106	18,960
Total comprehensive income (loss)	<u>\$147,252</u>	<u>\$81,693</u>
Dividends received from associate	<u>\$ -</u>	<u>\$ -</u>

(3) Share of individually insignificant associates of the Group were summarized as follows:

	Year Ended December 31	
	2022	2021
Share of:		
Net income (loss)	\$37,082	\$37,657
Other comprehensive income (loss) (net after tax)	12,611	(4,865)
Total comprehensive income (loss)	<u>\$49,693</u>	<u>\$32,792</u>

B. The investments accounted for by the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2022 and 2021 were based on the subsidiaries' financial statements audited by auditors for the same years.

C. The Group had no investments accounted for using equity method pledged to others as of December 31, 2022 and 2021.

(8) Property, plant and equipment

Item	December 31	
	2022	2021
Land	\$1,445,764	\$1,410,603
Buildings	1,765,165	1,505,926
Machinery and equipment	1,632,899	1,551,055
Utilities equipment	447,370	428,446
Transportation equipment	61,622	59,467
Office equipment	63,966	56,510
Other equipment	2,556,265	2,061,813
Equipment to be inspected and construction in progress	3,754,980	2,104,379
Total cost	\$11,728,031	\$9,178,199
Less: Accumulated depreciation	(3,875,909)	(3,557,547)
Accumulated impairment	-	-
Net	\$7,852,122	\$5,620,652

Cost	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment (Note)	Equipment to be Inspected and Construction in Progress	Total
	Balance at January 1, 2022	\$1,410,603	\$1,505,926	\$1,551,055	\$2,606,236	\$2,104,379
Additions	-	33,869	29,365	139,127	2,434,113	2,636,474
Disposals	-	(1,622)	(38,891)	(16,565)	-	(57,078)
Transfer to intangible assets	-	-	-	-	(840)	(840)
Reclassification	35,161	226,992	91,370	401,985	(755,508)	-
Transfer to supplies inventory,	-	-	-	-	(26,759)	(26,759)
Transfer to expense	-	-	-	(1,560)	(405)	(1,965)
Balance at December 31, 2022	\$1,445,764	\$1,765,165	\$1,632,899	\$3,129,223	\$3,754,980	\$11,728,031
Accumulated Depreciation and Impairment						
Balance at January 1, 2022	\$ -	\$901,155	\$1,092,122	\$1,564,270	\$ -	\$3,557,547
Depreciation	-	64,949	91,888	219,549	-	376,386
Disposals	-	(1,622)	(38,754)	(16,565)	-	(56,941)
Reclassification	-	-	-	-	-	-
Transfer to expense	-	-	-	(1,083)	-	(1,083)
Balance at December 31, 2022	\$ -	\$964,482	\$1,145,256	\$1,766,171	\$ -	\$3,875,909

Cost	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment (Note)	Equipment to be Inspected and Construction in Progress	Total
Balance at January 1, 2021	\$1,356,883	\$1,337,486	\$1,370,510	\$2,125,150	\$1,041,704	\$7,231,733
Additions	-	2,705	9,214	80,040	1,932,371	2,024,330
Disposals	-	(2,313)	(12,399)	(32,125)	-	(46,837)
Transfer to intangible assets	-	-	-	-	(1,078)	(1,078)
Reclassification	53,720	168,048	183,730	433,195	(838,693)	-
Transfer to expenses	-	-	-	(24)	(29,925)	(29,949)
Balance at December 31, 2021	<u>\$1,410,603</u>	<u>\$1,505,926</u>	<u>\$1,551,055</u>	<u>\$2,606,236</u>	<u>\$2,104,379</u>	<u>\$9,178,199</u>
Accumulated depreciation and impairment						
Balance at January 1, 2021	\$ -	\$843,653	\$1,034,497	\$1,425,720	\$ -	\$3,303,870
Depreciation	-	59,815	70,023	170,517	-	300,355
Disposals	-	(2,313)	(12,398)	(31,967)	-	(46,678)
Reclassification	-	-	-	-	-	-
Balance at December 31, 2021	<u>\$ -</u>	<u>\$901,155</u>	<u>\$1,092,122</u>	<u>\$1,564,270</u>	<u>\$ -</u>	<u>\$3,557,547</u>

(Note) Including Utilities equipment, transportation equipment, office equipment and other equipment.

A. Reconciliations of current additions and the acquisition of property, plant and equipment in statement of cash flows were as follows:

Item	Year Ended December 31	
	2022	2021
Increase in property, plant and equipment	\$2,636,474	\$2,024,330
Increase/decrease in equipment payable	(92,790)	(83,105)
Cash paid for acquisition of property, plants and equipment	<u>\$2,543,684</u>	<u>\$1,941,225</u>

B. The details of interest capitalized: Please refer to Note 6(26).

C. Impairment losses for property, plant and equipment recognized for 2022 and 2021 were both \$0 thousand.

D. Property, plant and equipment pledged for the borrowings: Please refer to Note 8.

E. As of December 31, 2022 and 2021, part of the land of the Group amounting to \$88,881 thousand and \$106,693 thousand as of December 31, 2022 and 2021 was unable to be registered under the name of the Group due to regulation restriction. Accordingly, the ownership was registered under the name of an individual with a mortgage registration amounting to \$0 thousand and \$52,973 thousand as safeguard measures, respectively. As of December 31, 2022 and 2021, the aforementioned land amounting to \$88,881 thousand and \$53,720 thousand that has not undergone mortgage setting registration, in order to ensure the property rights, the Group has obtained the closing letter and guarantee promissory note issued by the registrant, and promised to unconditionally transfer the land to the Group after the restriction is lifted.

(9) Lease agreement

A. Right-of-use assets

Item	December 31	
	2022	2021
Land	\$220,373	\$220,373
Building and equipment	2,882	2,882
Total cost	\$223,255	\$223,255
Less: Accumulated depreciation	(29,453)	(19,256)
Net	\$193,802	\$203,999

Cost	Land	Buildings and equipment	Total
Balance at January 1, 2022	\$220,373	\$2,882	\$223,225
Additions	-	-	-
Disposals	-	-	-
Balance at December 31, 2022	\$220,373	\$2,882	\$223,255
Accumulated Depreciation			
Balance at January 1, 2022	\$18,175	\$1,081	\$19,256
Depreciation	9,837	360	10,197
Derecognition	-	-	-
Balance at December 31, 2022	\$28,012	\$1,441	\$29,453

Cost	Land	Buildings and equipment	Total
Balance at January 1, 2021	\$185,402	\$4,272	\$189,674
Additions	38,981	-	38,981
Disposals	(4,010)	(1,390)	(5,400)
Balance at December 31, 2021	\$220,373	\$2,882	\$223,255
Accumulated Depreciation			
Balance at January 1, 2021	\$11,036	\$1,573	\$12,609
Depreciation	11,149	898	12,047
Derecognition	(4,010)	(1,390)	(5,400)
Balance at December 31, 2021	\$18,175	\$1,081	\$19,256

B. Lease liabilities

Item	December 31	
	2022	2021
Carrying amount of lease liabilities		
- current	\$3,703	\$3,659
- noncurrent	\$150,407	\$154,118

Ranges of discount rates for lease liabilities were as follows:

Item	December 31	
	2022	2021
Land	1.20%	1.20%
Buildings and equipment	1.20%	1.20%

Please refer to Note 12(2) for lease liabilities with repayment periods.

C. Material lease-in activities and terms

The Group leased some land and buildings for operations and as dormitory, with the lease terms of 2 to 29 years. Part of the lease contracts may be extended with its duration and is calculated based on the area of the land leased and the rate based on the announced land value of the current year. In accordance with the contract, without the lessor's consent, the Group is not allowed to sublet the leased object to the third party. There was no sign of impairment of right-of-use assets, hence the Group didn't assess the impairment as of December 31, 2022.

D. Sublet: None.

E. Other lease information:

(1) Please refer to Note 6(10) for the agreements to lease investment properties under operating lease.

(2) The current lease relevant expense information was as follows:

Item	Year Ended December 31	
	2022	2021
Short-term lease expense	\$20,994	\$1,020
Low-value asset lease expense	\$144	\$144
Variable lease payments that excluded in the measurement of lease liabilities	\$14,421	\$11,052
Total cash outflow for leases (Note)	\$39,226	\$17,660

(Note): Including principle paid for current lease liabilities.

The Group does not recognize right-of-use assets and lease liabilities for all leases for short-term leases and low-value asset leases accounted for by applying a recognition exemption.

(10) Investment properties, net

Item	December 31	
	2022	2021
Land	\$50,888	\$50,888
Buildings and equipment	177,882	177,882
Total cost	\$228,770	\$228,770
Less: Accumulated depreciation	(106,825)	(102,808)
Net	\$121,945	\$125,962

<u>Cost</u>	<u>Land</u>	<u>Buildings and equipment</u>	<u>Total</u>
Balance at January 1, 2022	\$50,888	\$177,882	\$228,770
Additions	-	-	-
Balance at December 31, 2022	<u>\$50,888</u>	<u>\$177,882</u>	<u>\$228,770</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2022	\$ -	\$102,808	\$102,808
Depreciation	-	4,017	4,017
Balance at December 31, 2022	<u>\$ -</u>	<u>\$106,825</u>	<u>\$106,825</u>

<u>Cost</u>	<u>Land</u>	<u>Buildings and equipment</u>	<u>Total</u>
Balance at January 1, 2021	\$50,888	\$177,882	\$228,770
Additions	-	-	-
Balance at December 31, 2021	<u>\$50,888</u>	<u>\$177,882</u>	<u>\$228,770</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2021	\$ -	\$97,761	\$97,761
Depreciation	-	5,047	5,047
Balance at December 31, 2021	<u>\$ -</u>	<u>\$102,808</u>	<u>\$102,808</u>

A. Above mentioned investment properties were land and buildings located at Section 2 of Dunhua Section, Songshan District, Taipei City, and Tze-Chiang section Zhubei City, Hsinchu County with the lease periods of 1 to 5.25 years. These arrangements do not contain renewal or purchase options at the end.

B. Rent income and direct operating expense of investment properties:

<u>Item</u>	<u>Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Rental income of investment properties	<u>\$34,136 (Note1)</u>	<u>\$42,901 (Note1)</u>
Direct operating expense incurred for the investment properties with current rental income	<u>\$5,196</u>	<u>\$6,262</u>
Direct operating expenses incurred by the investment properties with no rental revenue generating in current period	<u>\$112</u>	<u>\$112</u>

(Note1) Including recognized as operating revenue 33,186 thousand and other income 950 thousand.

(Note2) Including recognized as operating revenue 41,951 thousand and other income 950 thousand.

C. The maturity analysis of operating lease payments receivable for investment properties was as follows:

	December 31	
	2022	2021
Year 1	\$21,563	\$32,006
Year 2	14,157	20,195
Year 3	10,409	9,294
Year 4	6,601	-
Year 5	3,300	-
Over 5 years	-	-
Total	<u>\$56,030</u>	<u>\$61,495</u>

D. The fair values of investment properties held by the Group were \$718,219 thousand and \$471,996 thousand as of December 31, 2022 and 2021. The fair value determination was performed by the Group's management, based on the data reference to the similar areas and types transaction price in the market from the public listing real estate transaction data, and the fair value was measured by using Level 3 inputs.

E. The Group had no investment properties pledged to others as of December 31, 2022 and 2021.

(11) Intangible assets

Item	December 31	
	2022	2021
Computer software	\$23,127	\$15,484
Less: Accumulated amortization	(15,298)	(8,909)
Net	<u>\$7,829</u>	<u>\$6,575</u>

Cost	Computer Software	Cost	Computer Software
Balance on January 1, 2022	\$15,484	Balance on January 1, 2021	\$10,442
Additions	7,724	Additions	5,016
Transfer from property, plant and equipment	840	Transfer from property, plant and equipment	1,078
Derecognition	(921)	Derecognition	(1,052)
Balance on December 31, 2022	<u>\$23,127</u>	Balance on December 31, 2021	<u>\$15,484</u>
Accumulated amortization		Accumulated amortization	
Balance on January 1, 2022	\$8,909	Balance on January 1, 2021	\$4,685
Amortization	7,310	Amortization	5,276
Derecognition	(921)	Derecognition	(1,052)
Balance on December 31, 2022	<u>\$15,298</u>	Balance on December 31, 2021	<u>\$8,909</u>

(12) Short-term loans

Borrowings Nature	December 31, 2022	
	Amount	Interest rate range
Unsecured loan	\$220,000	1.41%

Borrowings Nature	December 31, 2021	
	Amount	Interest rate range
Unsecured loan	\$482,000	0.68%~0.70%

(13) Other payables

Item	December 31	
	2022	2021
Salaries and bonus	\$191,145	\$217,824
Compensation to employees and remuneration to directors	251,044	224,486
Equipment	200,821	108,031
Fuel cost	23,047	23,483
Shipping fee	51,861	42,118
Discount	115,428	70,803
Purchase price difference	108,654	-
Others	170,558	141,082
Total	\$1,112,558	\$827,827

(14) Provisions - current

Item	December 31	
	2022	2021
Employee benefits	\$22,117	\$19,906
Onerous contract	50,886	27,094
Total	\$73,003	\$47,000

Item	Year Ended December 31, 2022		
	Employee benefits	Onerous contract	Total
January 1, 2022	\$19,906	\$27,094	\$47,000
Recognized in current period	19,028	81,744	100,772
Reversed in current period	(16,817)	(57,952)	(74,769)
December 31, 2022	\$22,117	\$50,886	\$73,003

Item	Year Ended December 31, 2021		
	Employee benefits	Onerous contract	Total
January 1, 2021	\$13,616	\$4,325	\$17,941
Recognized in current period	16,339	22,769	39,108
Reversed in current period	(10,049)	-	(10,049)
December 31, 2021	\$19,906	\$27,094	\$47,000

1. Provision for employee benefits is an estimate of the short-term service leave vested to employees.
2. Provision for onerous contracts are material purchase contracts in which the Group's unavoidable costs incurred in fulfilling contractual obligations exceed the economic benefits expected to be received from the contract. From 2022, when evaluating whether a contract is onerous, the cost of fulfilling the contract includes the incremental cost of fulfilling the contract and the allocation of other costs directly related to the fulfillment of the contract; before 2022, only the incremental cost of fulfilling the contract is included.

(15) Long-term loans

Item	December 31	
	2022	2021
Parent Company		
Credit loans	\$2,232,222	\$1,120,000
Subsidiary		
Credit loans	501,552	309,780
Secured loans	80,200	87,400
Subtotal	\$2,813,974	\$1,517,180
Less: current portion	(353,363)	(419,978)
Long-term loans	\$2,460,611	\$1,097,202
Interest rate range	0.455%-1.72%	0.05%-1.03%

- A. Refer to Note 8 for assets pledged as collateral for long-term loans.
- B. Under the above loan contract, the Company should maintain debt ratio and interest coverage ratio at a certain level, calculated based on the audited annual consolidated financial statements for the duration of the contracts. As of December 31, 2022, the Company had no irregularities.
- C. Under the above loan contract, the subsidiary should maintain current ratio, debt ratio and interest coverage ratio at a certain level, calculated based on the audited annual consolidated financial statements for the duration of the contracts. As of December 31, 2022, the subsidiary had no irregularities.

- D. The normal interest rate range of the Group were 1.33% - 1.72%. One subsidiary received government low-interest loans \$501,552 thousand due to the application of the accelerated investment action plan, the interest rate range were 0.455%-0.825%.

(16) Pension

A. Defined contribution plans

- a. The plan under the Labor Pension Act (the “Act”) is deemed a defined contribution plan. Pursuant to the Company and E-Shine Advanced Chemical Co., Ltd. have made monthly contributions equal to 6% of each employee’s monthly salary to employees’ pension accounts. The employees of the Group’s foreign subsidiaries are members of a state-managed retirement benefit plan operated by local government. The subsidiary is required to contribute amounts calculated at a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits.
- b. The total expenses recognized in the consolidated statement of comprehensive income were \$20,947 thousand and \$18,016 thousand, representing the contributions payable to these plans by the Group at the rates specified in the plans for the years ended December 31, 2022 and 2021, respectively.

B. Defined benefit plans

- a. The Company and E-Shine Advanced Chemical Co., Ltd. have defined benefit plans under the Labor Standards Law that provide benefits based on an employee’s length of service and average monthly salary for the six-month period prior to retirement. The aforementioned companies contribute an amount equal to 4% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee’s name in the Bank of Taiwan. Before the end of each year, the Company assesses the balance in the Funds. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees who confirm to retirement requirements in the next year, the companies are required to fund the difference in one appropriation that should be made before the end of March of the next year. The Funds are operated and managed by the government’s designated authorities; as such, the Group does not have any right to intervene in the investments of the Funds. The contribute amount made to the Funds were \$5,610 thousand and \$77 thousand in March, 2022 and 2021, respectively.

b. The amounts arising from the defined benefit obligation of the Group in the consolidated balance sheets were as follows:

Item	December 31	
	2022	2021
Present value of defined benefit		
Obligation	\$211,789	\$221,966
Fair value of plan assets	(205,597)	(190,989)
Net defined benefit liabilities	\$6,192	\$30,977

C. Movements of the net defined benefit liabilities were as follows:

Item	Year Ended December 31, 2022		
	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Balance at January 1	\$221,966	(\$190,989)	\$30,977
Service cost			
Current service cost	842	-	842
Interest expense (income)	1,190	(1,022)	168
Recognized in profit or loss	\$2,032	(\$1,022)	\$1,010
Remeasurement			
Return on plan assets (excluding amounts included in net interest expense)	\$ -	(\$15,215)	(\$15,215)
Actuarial loss (gain) -			
Changes in financial assumptions	(2,817)	-	(2,817)
Experience adjustments	1,181	-	1,181
Recognized in other comprehensive income	(\$1,636)	(\$15,215)	(\$16,851)
Contributions from the employer	\$ -	(\$8,944)	(\$8,944)
Benefits paid from plan assets	(10,573)	10,573	-
Balance at December 31	\$221,789	(\$205,597)	\$6,192

Item	Year Ended December 31, 2021		
	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Balance at January 1	\$225,595	(\$193,161)	\$32,434
Service cost			
Current service cost	1,064	-	1,064
Interest expense (income)	1,736	(1,495)	241
Recognized in profit or loss	\$2,800	(\$1,495)	\$1,305

Remeasurement

Return on plan assets (excluding amounts included in net interest expense)	\$ -	(\$1,952)	(\$1,952)
Actuarial loss (gain) -			
Changes in financial assumptions	2,312	-	2,312
Experience adjustments	317	-	317
Recognized in other comprehensive income	\$2,629	(\$1,952)	\$677
Contributions from the employer	\$ -	(\$3,439)	(\$3,439)
Benefits paid from plan assets	(9,058)	9,058	-
Balance at December 31	\$221,966	(\$190,989)	\$30,977

D. Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

a. Investment risk

The pension funds are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the government's designated authorities or under the mandated management. However, under the Labor Standards Law, the rate of return on assets shall not be less than the average interest rate on a two-year time deposit published by the local banks and the government is responsible for any shortfall in the event that the rate of return is less than the required rate of return.

b. Interest risk

A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.

c. Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

E. The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions of the actuarial valuation were as follows:

	Measurement Date	
	December 31, 2022	December 31, 2021
Discount rate	1.10%-1.30%	0.55%-0.65%
Future salary increase rate	1.25%-1.5%	1.00%-1.5%
The weighted average duration of the defined benefit obligation	6-10 years	6.7-12 years

- (a) Assumptions regarding future mortality experience are set based on actuarial valuation in accordance with the 6th version of Taiwan Standard Ordinary Experience Mortality Tables.
- (b) If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

Item	December 31	
	2022	2021
Discount Rate		
0.25% higher	(\$1,998)	(\$2,515)
0.25% lower	\$2,044	\$2,585
Expected rates of salary increase		
1.00% higher	\$8,515	\$10,772
1.00% lower	(\$7,903)	(\$9,862)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

- F. The Group expects to make contributions of \$3,335 thousand to the defined benefit plans for the year ended December 31, 2023.

(17) Share capital

Item	Year Ended December 31, 2022	
	Shares (in thousands)	Amount
Balance at January 1	200,000	\$2,000,000
Capital increase in cash	-	-
Capitalization of retained earnings	50,000	500,000
Balance at December 31	250,000	\$2,500,000

Item	Year Ended December 31, 2021	
	Shares (in thousands)	Amount
Balance at January 1	180,000	\$1,800,000
Capital increase in cash	-	-
Capitalization of retained earnings	20,000	200,000
Balance at December 31	200,000	\$2,000,000

- A. As of December 31, 2022, the authorized capital is \$4,000,000 thousand, consisting of 400,000 thousand shares.

- B. The shareholders' meeting of the Company held on May 25, 2022 resolved to capitalize earnings of \$500,000 thousand. The plan was approved by FSC on June 13, 2022 and \$50,000 thousand shares of common share at the par value of \$10 were issued. The record date for capital increase was set on July 5, 2022 and registration procedures had been completed.
- C. The shareholders' meeting of the Company held on May 19, 2021 resolved to capitalize earnings of \$200,000 thousand. The plan was approved by FSC on July 6, 2021 and \$20,000 thousand shares of common share at the par value of \$10 were issued. The record date for capital increase was set on August 21, 2021 and registration procedures had been completed.

(18) Capital surplus

Item	December 31	
	2022	2021
Share premium	\$101,165	\$101,165
From associates accounted for using equity method	2,559	2,559
Total	\$103,724	\$103,724

Under the Company Act, the capital surplus generated from the excess of the issuance price over the par value of capital stock and donations can be used to offset deficit or may be distributed as stock dividends or in cash. Under the regulations of the Security Exchange Law, the maximum amount transferred from the foregoing capital surplus to the Company's capital per year shall not be over 10% of the Company's paid-in capital. Capital surplus can't be used to offset deficit unless legal reserve is insufficient. The capital surplus from long-term investments may not be used for any purpose.

(19) Retained earnings and dividend policy

- (1) In accordance with the dividend policy as set forth in the Company's Articles of Incorporation, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside a special reserve in accordance with the laws and regulations, and the remainder plus prior year's unappropriated earnings may be used as dividends or bonus for shareholders after proposed by the Board of Directors and resolved by the shareholders meeting.

In consideration of its operation and capital expenditure demands, the Company stipulates appropriate dividend distribution ratio, and proposes for approval in the shareholders' meeting. However, at least 10% of total dividends should be distributed in cash.

- (2) Legal reserve may be used to offset a deficit, and be transferred to capital or distributed in cash. However, legal reserve can be transferred to capital or distributed

in cash only when the legal reserve has exceeded 25% of the Company's paid-in capital.

(3) Special reserve

Item	December 31	
	2022	2021
Reserve for the debit balance of other equities	\$44,415	\$74,575
Reserve for first-time adoption of IFRS	32,596	32,596
Total	\$77,011	\$107,171

A. While earning distribution, the earnings can be distributed after appropriation of the equivalent amount of the debit balance of the other equities of the balance sheet.

B. Under Rule No.1010012865 issued by the FSC for first-time adoption of IFRS, the special reserve can be reversed while usage, disposal and reclassification of related assets.

(4) The appropriation of 2021 and 2020 earnings had been resolved at the shareholders' meeting in May 2022 and May 2021, respectively. Details were summarized below:

Item	Earnings appropriation proposal		Dividends Per Share (NTD)	
	2021	2020	2021	2020
Legal reserve	\$161,633	\$117,398		
Special reserve	(30,160)	1,281		
Cash dividends	600,000	628,000	\$3.00	\$3.49
Stock dividends	500,000	200,000	2.50	1.11
Total	\$1,231,473	\$946,679		

(5) The appropriation of 2022 earnings had been proposed by the Board of Directors on February 22, 2023. Details were summarized below:

Item	Earnings appropriation proposal	Dividends Per Share (NTD)
Legal reserve	\$183,900	
Special reserve	(15,441)	
Cash dividends	900,000	3.60
Total	\$1,068,459	

The appropriations of earnings for 2022 are to be presented for approval in the shareholders' meeting to be held in May 2023.

(6) Information on the earnings appropriation proposed by the Company's Board of Directors and approved by the Company's shareholders is available on the Market Observation Post System website of the Taiwan Stock Exchange.

(20) Other equity

Item	Exchange differences on translation of foreign financial statements	Unrealized gain (loss) on financial asset at fair value through other comprehensive income	Total
Balance, January 1, 2022	(\$124,238)	\$47,227	(\$77,011)
Exchange differences arising on translation of foreign operations	10,089	-	10,089
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	(10,493)	(10,493)
Share of associates and joint ventures accounted for using equity method	15,846	-	15,846
Balance, December 31, 2022	(\$98,303)	\$36,734	(\$61,569)

Item	Exchange differences on translation of foreign financial statements	Unrealized gain (loss) on financial asset at fair value through other comprehensive income	Total
Balance, January 1, 2021	(\$129,761)	\$22,590	(\$107,171)
Exchange differences arising on translation of foreign operations	(3,892)	-	(3,892)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	24,637	24,637
Share of associates and joint ventures accounted for using equity method	9,415	-	9,415
Balance, December 31, 2021	(\$124,238)	\$47,227	(\$77,011)

(21) Operating revenues

Item	Year Ended December 31	
	2022	2021
Revenue from contracts with customers		
Revenue from sales of finished goods	\$9,676,204	\$9,002,316
Revenue from sales of raw materials	1,588,131	1,890,943
Processing revenue	147,289	258,913
Total sales revenue from contracts with customers	\$11,411,624	\$11,152,172
Less: Sales return	(7,553)	(5,083)
Sales discount	(92,174)	(45,437)
Net sales revenue from contracts with customers	\$11,311,897	\$11,101,652
Other operating revenue	33,186	41,951
Net operating revenue	\$11,345,083	\$11,143,603

A. Explain of contract revenue

The sales and processing revenue of chemical raw materials and products (including electronic grade chemical solvents) are mainly targeted at downstream manufacturers, and those are sold at a fixed price as agreed in the contract.

B. Other operating revenue

Revenue from operating leases are recognized on a straight-line basis over the terms of the relevant leases.

C. Segments of revenue from contracts with customers

The Group's source of revenue can be split into the following main service lines and areas:

(1) Segmented by revenue from different types:

2022 :

<u>Main area of market</u>	<u>Chemical product</u>	<u>Processing</u>	<u>Total</u>
Taiwan	\$8,703,630	\$147,289	\$8,850,919
South Korea	1,043,499	-	1,043,499
Vietnam	343,214	-	343,214
Thailand	236,808	-	236,808
Others	837,457	-	837,457
Total	<u>\$11,164,608</u>	<u>\$147,289</u>	<u>\$11,311,897</u>
<u>Major service line</u>			
Yeong An plant	\$9,891,266	\$147,289	\$10,038,555
Changhua Coastal plant	1,273,342	-	1,273,342
Total	<u>\$11,164,608</u>	<u>\$147,289</u>	<u>\$11,311,897</u>
<u>Timing of revenue recognition</u>			
Revenue recognized at a specific timing	\$11,164,608	\$147,289	\$11,311,897
Revenue recognized over time	-	-	-
Total	<u>\$11,164,608</u>	<u>\$147,289</u>	<u>\$11,311,897</u>

2021 :

<u>Main area of market</u>	<u>Chemical product</u>	<u>Processing</u>	<u>Total</u>
Taiwan	\$7,730,366	\$258,913	\$7,989,279
South Korea	1,243,738	-	1,243,738
Vietnam	439,205	-	439,205
Thailand	233,728	-	233,728
Others	1,195,702	-	1,195,702
Total	<u>\$10,842,739</u>	<u>\$258,913</u>	<u>\$11,101,652</u>

<u>Major service line</u>			
Yeong An plant	\$9,684,703	\$256,723	\$9,941,426
Changhua Coastal plant	1,158,036	2,190	1,160,226
Total	<u>\$10,842,739</u>	<u>\$258,913</u>	<u>\$11,101,652</u>
<u>Timing of revenue recognition</u>			
Revenue recognized at a specific timing	\$10,842,739	\$258,913	\$11,101,652
Revenue recognized over time	-	-	-
Total	<u>\$10,842,739</u>	<u>\$258,913</u>	<u>\$11,101,652</u>

D. Contract balances

The Group recognized contract assets and contract liabilities related to contract revenue as follows:

	<u>December 31</u>	
Item	2022	2021
Receivable (note)	\$1,368,231	\$1,665,005
Contract assets	\$ -	\$ -
Contract liabilities - current	\$13,904	\$22,087

(Note) Including notes receivable and accounts receivable.

a. Significant changes in contract assets and contract liabilities

The changes in the contract assets and contract liabilities primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment, and there are no other significant changes.

b. Allowance for contract assets: None.

c. Amount from previous period's performance obligations satisfied and beginning contract liabilities recognized in the current period as income were as follows:

	<u>Year Ended December 31</u>	
Revenue in the current period	2022	2021
From beginning contract liabilities	\$22,087	\$10,916
From previous period's performance obligations satisfied	\$ -	\$ -

(22) Labor cost, depreciation and amortization

Item	Year Ended December 31, 2022		
	Operating cost	Operating expenses	Total
Labor cost			
Salaries	\$221,948	\$492,404	\$714,352
Insurance	18,892	32,518	51,410
Pension	8,222	13,735	21,957
Others	7,950	13,979	21,929
Depreciation (Note)	257,673	131,827	389,500
Amortization	81	7,229	7,310
Total	<u>\$514,767</u>	<u>\$691,692</u>	<u>\$1,206,459</u>

Item	Year Ended December 31, 2021		
	Operating cost	Operating expenses	Total
Labor cost			
Salaries	\$199,519	\$474,115	\$673,634
Insurance	15,818	27,426	43,244
Pension	7,270	12,051	19,321
Others	7,392	12,299	19,691
Depreciation (Note)	189,349	127,000	316,349
Amortization	149	5,127	5,276
Total	<u>\$419,496</u>	<u>\$658,018</u>	<u>\$1,077,515</u>

(Note) Not including depreciation of Investment properties recognized as other gains and losses.

- A. The Articles of Incorporation of the Company stipulated the Company to distribute employees' compensation and remuneration of directors and supervisors at the rates no less than 6% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. The Company accrued employees' compensation and remuneration to directors and supervisors at the rates not less than 6% and not higher than 3% of net income, employees' compensation and remuneration to directors for the years ended December 31, 2022 and 2021, respectively.
- B. The employees' compensation and remuneration to directors for the years ended December 31, 2022 and 2021 had been approved by the Company's Board of Directors meeting held on February 22, 2023 and February 23, 2022, respectively, and the relevant amounts recognized in the Standalone financial statement were as follows:

	Year ended December 31			
	2022		2021	
	Employees' compensation	Remuneration to directors and supervisors	Employees' compensation	Remuneration to directors and supervisors
Resolution amount of allotment	\$177,744	\$73,300	\$159,448	\$65,038
Recognized in financial statements	177,744	73,300	159,448	65,038
Difference	\$ -	\$ -	\$ -	\$ -

The above mentioned employees' compensation will be paid by cash.

C. Information on employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

(23) Interest income

Item	Year ended December 31	
	2022	2021
Interest on bank deposits	\$1,416	\$516

(24) Other income

Item	Year ended December 31	
	2022	2021
Dividends	\$10,570	\$8,017
Rental income	950	950
Additional services	27,710	15,578
Others	15,360	9,540
Total	\$54,590	\$34,085

(25) Other gains and losses

Item	Year ended December 31	
	2022	2021
Net foreign exchange gain (loss)	\$19,043	\$311
Gain (loss) on disposal of property, plant and equipment	1,426	1,792
Depreciation of Investment properties	(1,100)	(1,100)
Others	(15,915)	(7,726)
Total	\$3,454	(\$6,723)

(26) Finance costs

Item	Year ended December 31	
	2022	2021
Interest on bank loans	\$24,561	\$8,815
Interest on lease liabilities	1,065	1,104
Others	-	-
Less: capitalized amount for qualified assets	(22,319)	(7,688)
Finance costs	<u>\$3,307</u>	<u>\$2,231</u>

Interest capitalization

Item	Year ended December 31	
	2022	2021
Capitalized amount for qualifies assets	\$22,319	\$7,688
Interest rate	0.68%-1.40%	0.73%-0.77%

(27) Income tax expense

A. The major components of tax expense were as follows:

Current income tax	Year Ended December 31	
	2022	2021
Current tax expense	\$474,719	\$403,349
Adjustments in tax of prior periods	(13,489)	(14,762)
Income tax on unappropriated earnings	-	4,490
Total	<u>\$461,230</u>	<u>\$393,077</u>
Deferred income tax		
The origination and reversal of temporary differences	(\$39,352)	(\$7,119)
Total	<u>(\$39,352)</u>	<u>(\$7,119)</u>
income tax expense	<u>\$421,878</u>	<u>\$385,958</u>

B. Income tax expense recognized in other comprehensive income were as follows:

Item	Year Ended December 31	
	2022	2021
Exchange differences on translation of foreign financial statements	\$2,522	(\$973)
Remeasurement of defined benefit plans	3,370	(135)
Total	<u>\$5,892</u>	<u>(\$1,108)</u>

C. Reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

Item	Year Ended December 31	
	2022	2021
Income before income tax	\$2,247,195	\$2,002,766
Income tax expense at the statutory rate	\$445,013	\$396,517
Tax effect of adjusting items:		
Unrealized inventory valuation loss	12,668	8,312
Unrealized sales allowance	9,013	498
Others	8,025	(1,978)
Adjustments to prior years' income tax	(13,489)	(14,762)
Income tax on unappropriated earnings	-	4,490
Deferred income tax expense		
Temporary differences	(39,352)	(7,119)
Income tax expense recognized in profit or loss	\$421,878	\$385,958

The applicable income tax rate used by the Group is 20%. In addition, the tax rate applicable to unappropriated earning is 5%; tax rates applied by other subsidiaries operating in other jurisdictions are based on the tax laws in those jurisdictions.

According to the amendments to the Statute for Industrial Innovation announced in July 2019, the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Group has already deducted the amount of the unappropriated earnings that has been reinvested as capital expenditures.

D. Deferred tax assets and liabilities from temporary differences

	Year Ended December 31, 2022			
	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Deferred income tax assets:				
Temporary differences				
Net defined benefit liability	\$6,194	(\$1,587)	(\$3,370)	\$1,237
Unrealized loss on inventories	17,714	12,668	-	30,382
Unused compensated absences	3,980	442	-	4,422
Exchange differences on translation of foreign financial statements	11,325	-	(2,522)	8,803
Unrealized discount and expenses	13,554	9,013	-	22,567
Others	25,976	22,609	-	48,585
Subtotal	\$78,743	\$43,145	(\$5,892)	\$115,996

Deferred income tax liabilities:				
Provision for land value increment tax	(\$1,118)	\$ -	\$ -	(\$1,118)
Temporary differences				
Gain on foreign investment				
under equity method	(67,182)	(2,530)	-	(69,712)
Others	(17)	(1,264)	-	(1,281)
Subtotal	(\$68,317)	(\$3,793)	\$ -	(\$72,110)
Total	\$10,426	\$39,352	(\$5,892)	\$43,886

Year Ended December 31, 2021

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Deferred income tax assets:				
Temporary differences				
Net defined benefit liability	\$6,486	(\$427)	\$135	\$6,194
Unrealized loss on inventories	9,402	8,312	-	17,714
Unused compensated absences	2,722	1,258	-	3,980
Exchange differences on translation				
of foreign financial statements	10,352	-	973	11,325
Unrealized discount and expenses	13,056	498	-	13,554
Others	21,099	4,877	-	25,976
Subtotal	\$63,117	\$14,518	\$1,108	\$78,743
Deferred income tax liabilities:				
Provision for land value increment tax	(\$1,118)	\$ -	\$ -	(\$1,118)
Temporary differences				
Gain on foreign investment				
under equity method	(59,739)	(7,443)	-	(67,182)
Others	(61)	44	-	(17)
Subtotal	(\$60,918)	(\$7,399)	\$ -	(\$68,317)
Total	\$2,199	\$7,119	\$1,108	\$10,426

E. The tax authorities have ratified the Company's income tax returns through Year 2019.

(28) Other comprehensive income (loss)

Item	Year Ended December 31, 2022		
	Other Comprehensive Income (Loss), Before Tax	Income Tax Benefit (Expense)	Other Comprehensive Income (Loss), Net of Tax
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligation	\$16,851	(\$3,370)	\$13,481
Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	(10,493)	-	(10,493)
Share of associates and joint ventures accounted for using equity method:			
Remeasurement of defined benefit obligation	201	-	201
Subtotal	\$6,559	(\$3,370)	\$3,189

Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations	\$12,611	(\$2,522)	\$10,089
Share of associates and joint ventures accounted for using equity method:			
Exchange differences on translation of foreign financial statements	15,846	-	15,846
Subtotal	\$28,457	(\$2,522)	\$25,935
Recognized in other comprehensive income (loss)	\$35,016	(\$5,892)	\$29,124

Year Ended December 31, 2021

Item	Other Comprehensive Income (Loss), Before Tax	Income Tax Benefit (Expense)	Other Comprehensive Income (Loss), Net of Tax
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligation	(\$677)	\$135	(\$542)
Unrealized valuation gain (loss) on financial assets at fair value through other comprehensive income	24,637	-	24,637
Share of associates and joint ventures accounted for using equity method:			
Remeasurement of defined benefit obligation	61	-	61
Subtotal	\$24,021	\$135	\$24,156
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign financial statements	(\$4,865)	\$973	(\$3,892)
Share of associates and joint ventures accounted for using equity method:			
Exchange differences on translation of foreign financial statements	9,415	-	9,415
Subtotal	\$4,550	\$973	\$5,523
Recognized in other comprehensive income (loss)	\$28,571	\$1,108	\$29,679

(29) Earnings per share

Item	Year Ended December 31	
	2022	2021
A. Basic earnings per share:		
Net income attributable to shareholders of parent company (A)	\$1,825,317	\$1,616,808
Weighted average number of outstanding shares (thousand shares)	250,000	200,000
Weighted average number of outstanding shares (thousand shares) after retrospective adjustment (B)	250,000	250,000
Basic earnings per share (after tax) (NT\$) (A)/(B)	\$7.30	\$6.47

B. Diluted earnings per share:

Net income attributable to shareholders of parent company (C)	\$1,825,317	\$1,616,808
Weighted average number of outstanding shares (thousand shares)	250,000	250,000
Impact on employees' compensation (Note)	1,679	1,453
Weighted average number of ordinary shares outstanding after dilution (thousand shares) (D)	251,679	251,453
Diluted earning per share (after tax) (NT\$) (C)/(D)	\$7.25	\$6.43

The shareholders' meeting held on May 25, 2022 resolved to capitalize earnings and 50,000 thousand shares of common share at the par value of \$10 were issued. The record date for capital increase was set on July 25, 2022. The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of shares for the years ended December 31, 2022 and 2021.

(Note) Since the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party:

The Group is ultimate controlling party.

(2) Related party name and category:

Related Party Name	Related Party Category
Unishine Chemical Corp.	Associate
Shanghai Liansheng Chemistry Co., Ltd.	Associate
Shanghai Haosheng Chemical Technology Co., Ltd.	Associate
AZOTEK CO., Ltd.	Other related party
Ninghan Development Co., Ltd.	Other related party
Union Tank Container Management Co., Ltd.	Other related party

(3) Significant transactions with related parties:

A. Sales:

Item	Related Party Category	Year Ended December 31	
		2022	2021
Sales	Other related party	\$33,427	\$32,747

The sales prices with the related parties were equivalent to those with ordinary suppliers. Payment terms were 2 to 3 months for related parties. However, both parties can agree to postpone the payment.

B. Purchase:

Related Party Category	Year Ended December 31	
	2022	2021
Associates	\$1,416	\$2,059

The purchase prices with the related parties were equivalent to those with ordinary suppliers. Payment terms were 3 months for related parties. However, both parties can agree to postpone the payments.

C. Contract assets: None.

D. Contract liabilities: None.

E. Balance of receivables (excluding lending to related parties and contract assets):

Item	Related Party Category	December 31	
		2022	2021
Accounts receivable	Other related party	\$6,935	\$11,603
Other receivable	Associates	\$18,369	\$60

F. Balance of payables (excluding borrowing from related parties):

Item	Related Party Category	December 31	
		2022	2021
Other payables	Associates	\$462	\$ -

G. Prepayments: None.

H. Property transactions: None.

I. Lessee arrangements:

Item	Related Party Category	Year Ended December 31	
		2022	2021
Acquisition of right-of-use asset	Other related parties	\$ -	\$ -

Item	Related Party Category	December 31	
		2022	2021
Lease liabilities	Other related parties	\$1,476	\$1,834

Item	Related Party Category	Year Ended December 31	
		2022	2021
Interest expense	Other related parties	\$20	\$24

Above lease terms were based on the contract, and rent is paid monthly.

J. Financing activities - lending to related parties: None.

K. Financing activities - borrowing from related parties : None.

L. Guarantee for related parties:

Related Party Category	December 31	
	2022	2021
Associates		
Unishine Chemical Corp.	\$298,949	\$362,649

M. Others:

a. Miscellaneous expenses:

Related Party Category	Year Ended December 31	
	2022	2021
Associates	\$2,665	\$ -
Other related parties	234	-
Total	\$2,899	\$ -

b. Miscellaneous income:

Related Party Category	Year Ended December 31	
	2022	2021
Associates	\$49	\$57

Miscellaneous income was endorsement/guarantee income.

(4) Key management compensation

Related Party Category	Year Ended December 31	
	2022	2021
Salaries and other short-term employee benefits	\$93,102	\$83,699
Post-employment benefits	108	108
Total	\$93,210	\$83,807

8. PLEDGED ASSETS

The following assets have been pledged as collateral for loans and contracts performance:

Item	December 31	
	2022	2021
Property, plant and equipment (net)	\$685,515	\$687,280
Other financial assets – current	54,859	58,598
Refundable deposits	-	400
Total	\$740,374	\$746,278

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) As of December 31, 2022 and 2021, the Group issued guarantee notes for bank loans amounting to \$5,767,545 thousand (included USD 55,600 thousand) and \$4,326,280 thousand (included USD 52,250 thousand), respectively.

(2) As of December 31, 2022 and 2021, Guarantee notes received by the Group for its contract performance and creditor's right totaled \$1,225,487 thousand and \$727,925 thousand, respectively.

(3) As of December 31, 2022 and 2021, guarantees provided by banks to the Group for bonded warehouse were \$0 thousand and \$3,000 thousand, respectively.

(4) The unused letters of credit as of December 31, 2022 and 2021 were as follows:

December 31, 2022	December 31, 2021
L/C Amount	L/C Amount
USD 5,559 thousand	USD 9,976 thousand

(5) The bank acceptance related to imported goods as of December 31, 2022 and 2021 were as follows:

December 31, 2022	December 31, 2021
Bank acceptance	Bank acceptance
USD 6,716 thousand	USD 422 thousand

(6) For the Group's endorsement for others for the years ended December 31, 2022 and 2021, please refer to Note 7.(3)L. and Note 13.

(7) Part of property, plant and equipment was unable to be registered under the name of the Group due to regulation restriction. Accordingly, the ownership was registered under the name Ching-yuan Sun, please refer to Note 6.(8).

(8) The Group entered a processing contract with Lyondellbasell Taiwan CO., Ltd. Materials (Oxypropane, methanol and catalyst) were provided by Lyondellbasell Taiwan CO., Ltd. then processed by the Group into PM and DPM. Processing revenue were \$147,289 thousand and \$256,723 thousand for the years ended December 31, 2022 and 2021, respectively. The aforementioned contract expired on June 18, 2022.

(9) Establishment of important construction contracts

(a)As of December 31, 2022, estimated total contract costs, contract costs paid, and expected completion years were summarized below:

Type of construction	Contract price	Construction cost paid	Expected year of completion
Intercontinental Container Terminal logistics center	\$3,748,590	\$2,876,860	2023
Small batches purification process unit	450,000	339,085	2023
The third phase of the mixing tank production project	156,450	132,159	2023

Purification of seven field engineering projects	260,249	64,271	2027
Land - Changhua Coastal plant	601,756	115,327	2023

(b)As of December 31, 2021, estimated total contract costs, contract costs paid, and expected completion years were summarized below:

Type of construction	Contract price	Construction cost paid	Expected year of completion
Intercontinental Container Terminal logistics center	\$2,561,618	\$1,406,111	2022
Small batches purification process unit	350,000	70,206	2022
Tanks - Changhua Coastal 3 rd plant	544,033	393,101	2022

(10)The Group signed a land lease contract with Kaohsiung branch of Taiwan International Ports Corporation, Ltd. in December 2013. Kaohsiung Port Intercontinental Container Center 2nd Phase Project Petrochemical Oil Storage and Transportation Center S12-S15 Pier Post line Land was leased and the Group invested to build the construction of petrochemical oil storage and transportation facilities for the purpose of import and export and transport of petrochemical oil handling, storage and transportation. Kaohsiung branch of Taiwan International Ports Corporation, Ltd. should deliver the land to the Group before the end of November 2017. The term of the lease was 25 years from the date of delivery and the Group had the right to renew the lease at the end of the period. Per the contract, the Group had to pay rent at 5% of value of leased land since the land was delivered. and from the next day after the date of land delivery after 3 years and 6 months or from the date when the storage tank starts to operate in the leased area (whichever comes first), a management fee of \$24,346 thousand per year will be paid. Kaohsiung branch of Taiwan International Ports Corporation, Ltd. already completed the transaction procedure before November 2017. In June 2021, due to the impact of the epidemic and the delay of pipeline design engineering, Kaohsiung branch of Taiwan International Ports Corporation, Ltd. agreed to postpone the payment of management fees until September 2022. The main construction project of this case was ongoing, and the amount of land rent paid in were both \$3,773 thousand for the years ended December 31, 2022 and 2021, respectively.

(11)Due to the needs of future operation and development, the subsidiary purchased the second phase of industrial land in Lunwei West District 1 of Changhua Coastal Industrial Park in July 2020, with an area of 174,996.78 square meters and a total price of about \$601,756 thousand. A security deposit of \$16,508 thousand was paid in July 2020. As of December 31, 2022, the first phase of land payment of \$115,327 thousand has been paid according to the contract (including the payment of the security deposit of \$16,508 thousand paid in 2020).

10. SIGNIFICANT DISASTER LOSS: NONE.

11. SIGNIFICANT SUBSEQUENT EVENTS: NONE.

12. OTHERS

(1) Capital risk management

The Group should maintain an adequate capital structure to enable the expansion and enhancement of equipment. Therefore, the Group manages its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, capital asset purchases and debt service requirements associated with its existing operations over the next 12 months.

(2) Financial instruments

A. Financial risk of financial instruments

Financial risk management policies

The Group's activities expose to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To lower down the related financial risk, the Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and financial performance. The plans for material treasury activities are reviewed by board of directors in accordance with procedures required by relevant regulations or internal controls. During the implementation of such plans, the Group Treasury function must comply with certain treasury procedures that provide guiding principles for overall financial risk management and segregation of duties.

Significant financial risks and degrees of financial risks

a. Market risk

(a) Foreign exchange rate risk

The Group's functional currency is New Taiwan dollars. Many of the Group's operating activities are denominated in foreign currencies. Consequently, the Group is exposed to foreign exchange risk. To protect against reductions in value and the volatility of future cash flows caused by changes in foreign exchange rates, the Group arranged future receivables and payables denominated in the same foreign currency to mitigate foreign exchange risk. These help to reduce, but do not eliminate, the impact of foreign exchange rate movements. The net investment in foreign operation is strategic investment. Therefore, the Group does no hedge for it.

(b) Foreign currency risk and sensitivity analysis (including consolidated elimination items and incompletely write-off of exchange rate risk)

December 31, 2022						
	Foreign Currency	Exchange Rate	Carrying Value (NTD)	Sensitivity Analysis		
				Variation	Profit and Loss Impact	Equity Impact
<u>Financial assets</u>						
<u>Monetary item</u>						
USD:NTD	8,852	30.71	271,845	increase 1%	2,718	-
USD:HKD	65	7.7984	1,982	increase 1%	20	-
<u>Non-monetary item</u>						
RMB:USD	49,970	0.1415	220,266	increase 1%	-	2,203
RMB:HKD	63,915	1.1031	281,725	increase 1%	-	2,817
<u>Financial liabilities</u>						
<u>Monetary item</u>						
USD:NTD	5,976	30.71	183,522	increase 1%	(1,835)	-

December 31, 2021						
	Foreign Currency	Exchange Rate	Carrying Value (NTD)	Sensitivity Analysis		
				Variation	Profit and Loss Impact	Equity Impact
<u>Financial assets</u>						
<u>Monetary item</u>						
USD:NTD	14,177	27.68	392,416	increase 1%	3,924	-
USD:HKD	841	7.7994	23,278	increase 1%	233	-
JPY:NTD	107,468	0.2405	25,846	increase 1%	258	-
<u>Non-monetary item</u>						
RMB:USD	48,873	0.1569	212,306	increase 1%	-	2,123
RMB:HKD	64,416	1.224	279,821	increase 1%	-	2,798
<u>Financial liabilities</u>						
<u>Monetary item</u>						
USD:NTD	1,077	27.68	29,798	increase 1%	(298)	-

When New Taiwan dollar appreciates and other variation factors stay unchanged, there will be the same but opposite amount of influence as of December 31, 2022 and 2021.

- (c) Due to the exchange rate volatility, total exchange gains and losses (including realized and unrealized) from the Group's monetary items amounted to \$19,043 thousand and \$311 thousand for the years ended December 31, 2022 and 2021, respectively.

b. Price risk

The Group is exposed to equity instrument price risk because the equity instrument investments held by the Group are classified on the consolidated balance sheet as at FVTOCI.

The Group mainly invest in domestic or foreign unlisted stocks. The price of such securities can be affected by changes in future value of those investment targets.

If the price of the Group's equity instruments rises (or falls) 1%, the other comprehensive income resulting from equity instruments at FVTOCI will increase (or decrease) \$1,945 thousand and \$2,050 thousand for the years ended December 31, 2022 and 2021, respectively.

c. Interest rate risk

The carrying amount of the financial assets and liabilities that exposed to interest rate risk as reporting date was as follow:

Item	Carrying Value	
	December 31, 2022	December 31, 2021
Fair value interest rate risk:		
Financial assets	\$157,838	\$66,598
Financial liabilities	(154,110)	(157,777)
Net	<u>\$3,728</u>	<u>(\$91,179)</u>
Cash flow interest rate risk:		
Financial assets	\$360,565	\$293,977
Financial liabilities	(3,033,974)	(1,999,180)
Net	<u>(\$2,673,409)</u>	<u>(\$1,705,203)</u>

(a) Sensitivity analysis of fair value interest rate risk instrument

The Group does not classify any fixed-rate instruments as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. In addition, the Group does not designate derivatives (interest rate swap) as hedge instruments under hedge accounting. Therefore, the change of interest rate at reporting date does not have influence on net income and other comprehensive income.

(b) Sensitivity analysis of cash flow interest rate risk instrument

The Group's financial assets (liabilities) with variable interest rate are those with floating-rate. If interest rate increases (decrease) 1%, the net income will increase (decrease) (\$26,734) thousand and (\$17,052) thousand for the years ended December 31, 2022 and 2021, respectively.

B. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a contract leading to a financial loss to the Group. The Group is exposed to credit risk from

operating activities, primarily accounts receivables, and from investing activities, primarily deposit and other financial instruments. Credit risk is managed separately for business related and financial related exposures.

a. Business related credit risk

In order to maintain the credit quality of accounts receivables, the Group has established procedures to monitor and limit exposure to credit risk on trade receivables. Credit evaluation is performed in the consideration of the relevant factors which may affect the customer's paying ability such as financial condition, external and internal credit scoring, historical experience, and economic conditions.

b. Financial credit risk

The Group's exposure to financial credit risk which pertained to bank deposits and other financial instruments were evaluated and monitored by Group Treasury function. The Group only deals with creditworthy counterparties, banks, and government so that no significant credit risk was identified. In addition, the Group has no financial assets at amortized and investments in debt instruments at fair value through other comprehensive income.

(a) Credit concentration risk

As of December 31, 2022 and 2021, the Group's top ten largest customers accounted for 71% and 64% of accounts receivable, respectively. The Group believes the concentration of credit risk is insignificant for the remaining accounts receivable.

The Group continuously evaluated customers' financial situation. To reduce major credit risk, the Group bought credit guarantee insurance, and asked customers to make payment in advance.

(b) Expected credit loss measurement

- i. Account receivables adopts a simplified approach, please refer to Note 6(3).
- ii. Identification basis for whether credit risk is significantly increased: None (the Group didn't hold debt instruments at amortized cost or at FVTOCI).

c. Collaterals and other credit enhancement held to avoid credit risks from financial assets.

The following table shows the maximum exposure to credit risk regarding financial assets recognized in the consolidated balance sheets, pledged collateral, master netting arrangements and other credit enhancement held by the Group:

December 31, 2022	Carrying Amount	Decreased amount of maximum exposure to credit risks			
		Collateral	Net Settlement Agreement	Other Credit Enhancement	Total
Credit-impaired financial instruments to which impairment requirements of IFRS9 are applicable	\$ -	\$ -	\$ -	\$ -	\$ -
Financial instruments to which the impairment requirements of IFRS 9 are not applicable :					
Financial assets measured at FVTOCI	194,489	-	-	-	-
Total	\$194,489	\$ -	\$ -	\$ -	\$ -

December 31, 2021	Carrying Amount	Decreased amount of maximum exposure to credit risks			
		Collateral	Net Settlement Agreement	Other Credit Enhancement	Total
Credit-impaired financial instruments to which impairment requirements of IFRS9 are applicable	\$ -	\$ -	\$ -	\$ -	\$ -
Financial instruments to which the impairment requirements of IFRS 9 are not applicable :					
Financial assets measured at FVTOCI	204,982	-	-	-	-
Total	\$204,982	\$ -	\$ -	\$ -	\$ -

C. Liquidity risk

a. Liquidity risk management:

The objective of liquidity risk management is to ensure the Group has sufficient liquidity to fund its business requirements of cash and cash equivalents and the unused of financing facilities associated with existing operations.

b. Financial liabilities with repayment periods:

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods.

Non-derivative Financial liabilities	December 31, 2022						Contract Cash Flow	Carrying Value
	Within 6 months	7-12 months	1-2 years	2-5 years	Over 5 years			
Short-term loans	\$222,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$222,000	\$222,000
Notes receivable	35,200	-	-	-	-	-	35,200	35,200
Accounts payable	501,563	-	-	-	-	-	501,563	501,563
Other payables	1,039,258	73,300	-	-	-	-	1,112,558	1,112,558
Lease liabilities	2,577	2,104	4,718	12,463	149,552	171,414	171,414	154,110
Long-term loans (Inclusive of current portion)	223,533	129,830	397,742	2,062,869	-	-	2,813,974	2,813,974
Guarantee deposits	1,546	1,699	1,566	3,584	-	-	8,365	8,365
Total	\$2,025,677	\$206,903	\$404,026	\$2,078,916	\$149,552	\$4,865,074	\$4,865,074	\$4,847,770

Further information for lease liabilities with repayment periods was as follows:

Item	Within 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years	Undiscounted payments
Lease liabilities	\$4,681	\$17,181	\$32,752	\$55,316	\$41,971	\$19,513	\$171,414

Non-derivative Financial liabilities	December 31, 2021						Contract Cash Flow	Carrying Value
	Within 6 months	7-12 months	1-2 years	2-5 years	Over 5 years			
Short-term loans	\$482,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$482,000	\$482,000
Notes receivable	28,179	-	-	-	-	-	28,179	28,179
Accounts payable	582,041	-	-	-	-	-	582,041	582,041
Other payables	762,789	65,038	-	-	-	-	827,827	827,827
Lease liabilities	2,614	2,104	4,791	15,420	151,240	176,169	176,169	157,777
Long-term loans (Inclusive of current portion)	63,600	356,378	454,704	642,498	-	-	1,517,180	1,517,180
Guarantee deposits	4,097	918	1,669	1,636	-	-	8,319	8,319
Total	\$1,925,320	\$424,437	\$461,163	\$659,554	\$151,240	\$3,621,715	\$3,621,715	\$3,603,323

Further information for lease liabilities with repayment periods was as follows:

Item	Within 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years	Undiscounted payments
Lease liabilities	\$4,718	\$20,211	\$26,116	\$54,552	\$49,372	\$21,200	\$176,169

The Group does not expect a maturity analysis of which the cash flows timing would be significantly earlier, or the actual amount would be significantly different.

2. Categories of financial instruments

The carrying value of financial assets and liabilities of the Group as of December 31, 2022 and 2021 was as follow:

Financial assets	December 31	
	2022	2021
Financial assets measured at amortized cost		
Cash and cash equivalents	\$464,011	\$302,034
Notes and accounts receivable (including related parties)	1,369,230	1,665,090
Other receivables	60,877	35,219
Other financial assets - current	54,859	58,598
Refundable deposits	42,660	42,743
Financial assets measured at FVTOCI - noncurrent	194,489	204,982

Financial liabilities

Financial liabilities measured at amortized cost

Short-term loans	222,000	482,000
Notes and accounts payable (including related parties)	536,763	610,220
Other payables	1,112,558	827,827
Lease liabilities (including current and noncurrent)	154,110	157,777
Long-term loans (including current and noncurrent)	2,813,974	1,517,180
Guarantee deposits	8,365	8,319

(3) Fair value information

A. Details of the fair value of the Group's financial assets and financial liabilities not measured at fair value are provided in Note 12(3)C. Details of the fair value of the Group's investment property measured at cost are provided in Note 6(10).

B. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1 :

The input value of this category of financial instruments in active market shall be the open quotation of financial instruments of the same kind in active market. Active market as referred to are market featuring the following conditions: the subject matters of trade are homogenous; the buyers and the sellers can buy and sell at free will with information available to the public. The Company invested in the stocks and beneficiary certificates listed in TWSE and GTSM are hot items for investment in the bonds of the Central Government of Taiwan and derivatives with open quotation in open market at fair value. They all are Level 1 assets.

Level 2 :

The input value of this category of financial instruments includes the observable input value directly (such as price) or indirectly (inference from price) obtained from active market further to the open quotation and observable price in active market. The Company invested in foreign government bonds, corporate bonds, bank debentures, convertible bonds and majority of the derivatives are Level 2 assets.

Level 3 :

The input value of this category of financial instruments refers to the input parameters for measurement of fair value and it is not based on the information available from market (unobservable input parameters, such as: pricing model of options basing on historical volatility curve. But historical volatility cannot stand for the overall participation in market and the projected value of market volatility in the future). Some of the derivatives and equity instruments with no active market invested by the Company belonged to this level.

C. Financial instruments that are not measured at fair value

The Group considers that the carrying amounts of financial instruments including cash

and cash equivalents, receivables, other financial assets, refundable deposits, payables, long-term (short-term) loans, lease liabilities and guarantee deposits that are not measured at fair value approximate their fair values.

D. The related information of fair value by level

The related information of financial instruments measured at fair value on a recurring basis by level is as follows:

Item	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value				
Financial assets measured at FVTOCI				
Domestic unlisted stocks	\$ -	\$ -	\$134,610	\$134,610
Foreign unlisted stocks	-	-	59,879	59,879
Total	\$ -	\$ -	\$194,489	\$194,489

Item	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value				
Financial assets measured at FVTOCI				
Domestic unlisted stocks	\$ -	\$ -	\$159,039	\$159,039
Foreign unlisted stocks	-	-	45,943	45,943
Total	\$ -	\$ -	\$204,982	\$204,982

E. Valuation techniques of financial instruments valued at fair value

- (a) The fair value of financial instruments with quoted prices in active markets held by the Group: None.
- (b) Except for financial assets with an active market, the fair value of other financial assets is obtained either based on the valuation technique or by reference to the quotes from counter-parties. Fair value can be obtained by using a valuation technique that refers to the fair value of financial instruments having substantially the same terms and characteristics, the discounted cash flow method, or other valuation technique e.g. the one that applies market information available on the balance sheet date to a pricing model for calculation

The assets measured by the fair value of the third level of the fair value hierarchy of the Group are used to measure the significant unobservable inputs of fair value.

Item	Measurement technique	Major unobservable input value	Range	Relationship between input value and fair value
Financial assets at fair value through other comprehensive income - stocks	Market Approach	Lack of liquidity discount rate	20%~30%	The higher the degree of lack of liquidity, the lower the fair value estimate

F. There was no transfer between Level 1 and Level 2 for the years ended December 31, 2022 and 2021.

G. Changes in Level 3 instruments(financial assets measured at FVTOCI):

Item	Investment in unquoted financial instruments	
	Year Ended December 31	
	2022	2021
Beginning balance	\$204,982	\$180,345
Recognized in other comprehensive income	(10,493)	24,637
Ending balance	\$194,489	\$204,982

H. Valuation process for Level 3 fair value measurement:

Valuation process regarding fair value Level 3 of the Group is conducted by which the independence of fair value of financial instruments is verified through use of independent data source in order to make the valuation results close to market conditions. Such valuation results are regularly reviewed so as to ensure their reasonableness.

(4) Transfer of financial assets: None.

(5) Offset of financial assets and liabilities: None.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information (Before consolidation)

A. Financings provided: None.

B. Endorsement/guarantee provided: Table 1.

C. Marketable securities held: Table 2.

D. Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.

E. Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: Table 3.

F. Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None.

G. Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: Table 4.

- H. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- I. Information about the derivative financial instruments transaction: None.
- J. The business relationship between the parent and the subsidiaries and significant transactions between them: Table 5.
- (2) Information on investees (before consolidated elimination): Table 6.
- (3) Information on investments in Mainland China (before consolidated elimination): Table 7.
- (4) Information on major shareholders (including name of the shareholders with shareholding above 5%, shares held and shareholding ratio): Table 8.

Table 1

SHINY CHEMICAL INDUSTRIAL CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED

DECEMBER 31, 2022

(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Endorsers	Endorseees		Endorsement Limit for a Single Entity (Note 3)	Highest Balance During the Period	Ending Balance	Actual Amount Drawn	Balance Secured by Collaterals	Ratio of Accumulated Amount to net Worth of the Company	Maximum Amount of Endorsement (Note 4)	Provision of Endorsements by Parent Company to Subsidiary	Provision of Endorsements by Subsidiary to Parent Company	Provision of Endorsements to the Party in Mainland China
		Name of endorseees	Relationship (Note 2)										
0	Shiny Chemical Industrial Co., Ltd.	E-Shine Advanced Chemical Co., Ltd.	2	8,037,902	1,620,000	1,620,000	476,789	-	20.15%	8,037,902	Y	N	N
		Unishine Chemical Corp.	6	8,037,902	362,649	298,949	162,660	-	3.72%	8,037,902	N	N	N

Note 1: The description of the number column is as follows:

- (1) The issuer is represented in 0.
- (2) The investee company is numbered sequentially from Arabic numeral 1.

Note 2: The following code represents the relationship with the Company :

1. Trading partner.
2. Majority owned subsidiary
3. The Company direct and indirect owns over 50% ownership of the investee company.
4. A subsidiary jointly owned over 90% by the Company.
5. Guaranteed by the Company according to the construction contract.
6. An investee company. The guarantees were provided based on the Company's proportionate share in the investee company.
7. Joint and several guaranteed by the Company according to the pre-construction contract under Consumer protection Act.

Note 3: Endorsements/guarantees provided by the Company to a single enterprise shall not exceed 100% of the Company's net worth, respectively.

Note 4: The maximum amount of the endorsements/guarantees provided by the Company shall not exceed 100% of the Company's net worth.

Table 2

SHINY CHEMICAL INDUSTRIAL CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2022

(Amounts in Thousands of New Taiwan Dollars)

Investor	Type and Name of Securities	Relationship with the Issuer	General Ledger Account	Ending balance				Remarks
				Number of Shares (in thousands)	Carrying Value	Percentage of Ownership	Fair Value	
Shiny Chemical Industrial Co., Ltd.	Share/SEPANGAR CHEMICAL INDUSTRY SDN BHD.	The key management of the Company	Financial assets at fair value through other comprehensive income or loss - noncurrent	3,800	59,879	19.00%	59,879	
	Share/AZOTEK CO., LTD.	The key management of the Company	Financial assets at fair value through other comprehensive income or loss - noncurrent	8,017	133,788	13.36%	133,788	
	Share/LINKOU INTERNATIONAL GOLF & COUNTRY CLUB	None	Financial assets at fair value through other comprehensive income or loss - noncurrent	-	822	0.10%	822	
		Total			194,489		194,489	

Table 3

SHINY CHEMICAL INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Acquisition of individual Real Estate Properties at Costs of At Least NT\$300 Million or 20% of the Paid-in Capital
DECEMBER 31, 2022

(Amounts in Thousands of New Taiwan Dollars and Foreign Currencies)

Company Name	Real Estate	Transaction Date	Transaction Amount	Payment Term	Counterparty	Relationship with the Seller	Prior transaction of related counterparty				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationship	Transfer Date	Amount			
Shiny Chemical Industrial Co., Ltd.	Buildings	November 13, 2019 to December 31, 2022	606,336	587,425	HSIEN-WUANG MECHANICAL INDUSTRI CO., LTD., SHENG SHYANG MECHANICAL ENGINEERING CO., LTD....etc.	None	-	-	-	-	Determined at prices agreed by both parties upon negotiation or through price comparison.	Increase production capacity.	-
	Right-of-use asset		57,000	38,631		None	-	-	-	-	Determined at prices agreed by both parties upon negotiation or through price comparison.	Increase production capacity.	-
E-Shine Advanced Chemical Co., Ltd.	Buildings	March 31, 2019 to December 31, 2022	239,299	212,415	CHUN CHENG CONSTRUCTION CO., LTD., JIN CHI TECHNOLOGY ENGINEERING INC, HSIEN-WUANG MECHANICAL INDUSTRI CO., LTD....etc.	None	-	-	-	-	Determined at prices agreed by both parties upon negotiation or through price comparison.	Increase production capacity.	-
	Land	July , 2020 to December 31, 2022	601,756	115,327	Industrial Development Bureau	None	-	-	-	-	Determined by calculated approred price.	Increase production capacity.	-

Table 4

SHINY CHEMICAL INDUSTRIAL CO., LTD. AND SUBSIDIARIES
TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST
NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts in Thousands of New Taiwan Dollars)

Company Name Related Party		Nature of Relationships	Transaction Details				Abnormal Transaction		(Notes/Accounts Payable) Or Receivable		Remarks
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Shiny Chemical Industrial Co., Ltd.	E-Shine Advanced Chemical Co., Ltd.	Subsidiary	Purchases	348,193	5.32%	3 months	Equivalent to ordinary suppliers.	3 months	(40,637)	8.24%	
			Outsourcing processing fee	217,164	100%						

Note : Transactions between the aforesaid subsidiaries and the parent company have been written off.

Table 5

SHINY CHEMICAL INDUSTRIAL CO., LTD. AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
DECEMBER 31, 2022

Individual transactions not exceeding NT\$10,000 thousand are not disclosed. Transactions disclosed in assets or revenue will not be disclosed in the opposite transaction.

(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Account	Amount	Terms (Note 4)	Percentage of Consolidated Net Revenue or Total Assets (Note 3)
0	Shiny Chemical Industrial Co., Ltd.	E-Shine Advanced Chemical Co., Ltd..	1	Sales revenues (including rent revenue)	61,583	Selling price was the same with general customers. Payment terms were within 2 to 3 months. Both parties can agree to postpone the payment.	0.54%
				Accounts receivable	2,712		0.02%
				Other receivable	4,974		0.04%
1	E-Shine Advanced Chemical Co., Ltd..	Shiny Chemical Industrial Co., Ltd.	2	Sales revenues	565,357	Selling price was the same with general customers. Payment terms were within 3 months. Both parties can agree to postpone the payment.	4.98%
				Accounts receivable	40,684		0.30%
				Other receivable	192		-
				Right-of-use asset	67,316		0.50%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Transactions between the aforesaid subsidiaries and the parent company have been written off.

Table 6

SHINY CHEMICAL INDUSTRIAL CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS AND OTHER INFORMATION OF INVESTEE COMPANIES (EXCLUDING INVESTEE IN MAINLAND)

DECEMBER 31, 2022

(Amounts in Thousands of New Taiwan Dollars and Foreign Currencies)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit/Loss of Investee
				As of December 31, 2022	As of December 31, 2021	Shares (In Thousands)	Percentage of Ownership	Carrying Value		
Shiny Chemical Industrial Co., Ltd.	Unishine Chemical Corp.	Taipei City	Warehousing	59,980	59,980	28,491	49.98%	513,419	115,146	57,550
	Elsom Development Ltd.	Hong Kong	Investments & trading	162,451 (USD 5,047)	162,451 (USD 5,047)	39,244	100.00%	306,255 (HKD 77,769)	17,212 (HKD 4,597)	17,212 (HKD 4,597)
	Spring World Holdings Ltd.	British Virgin Islands	Investments & trading	147,227 (USD 4,450)	147,227 (USD 4,450)	4,450	100.00%	220,535 (USD 7,181)	19,114 (USD 655)	19,114 (USD 655)
	E-Shine Advanced Chemical Co., Ltd.	Changhua County	Chemical	75,000	75,000	50,000	100.00%	1,412,453	259,219	263,513
Elsom Development Ltd.	Shanghai Liansheng Chemistry Co., Ltd.	China	Chemical	69,408 (USD 2,166)	69,408 (USD 2,166)	-	35.00%	103,495 (HKD 26,281)	31,904 (HKD 8,521)	11,166 (HKD 2,982)
	Shanghai Haosheng Chemical Technology Co., Ltd.	China	Chemical	145,014 (USD 4,543)	145,014 (USD 4,543)	-	35.00%	178,230 (HKD 45,259)	19,705 (HKD 5,263)	6,897 (HKD 1,842)
Spring World Holdings Ltd.	Zhangjiagang Trans-Ocean Enterprise Co., Ltd.	China	Chemical	156,162 (USD 4,740)	156,162 (USD 4,740)	-	18.50%	220,266 (USD 7,172)	102,806 (USD 3,521)	19,019 (USD 651)

Note : Transactions between the aforesaid subsidiaries and the parent company have been written off.

Table 7

SHINY CHEMICAL INDUSTRIAL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA

DECEMBER 31, 2022

(1) Mainland Investment Information:

(Amounts in Thousands of New Taiwan Dollars and Foreign Currencies)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee Company	Percentage of Ownership	Share of Profit/Loss (Note 2)	Carrying Amount as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
Shanghai Liansheng Chemistry Co., Ltd.	Production and sales of polyethylene oxide and after-sales service.	NTD 242,250 (RMB 50,000) (Note 4)	(2)	NTD 64,844 (USD 2,029)	-	-	NTD 64,844 (USD 2,029)	NTD 31,904 (HKD 8,521)	35.00%	NTD 11,166 (HKD 2,982) (2).B	NTD 103,495 (HKD 26,281)	NTD 116,057
Shanghai Haosheng Chemical Technology Co., Ltd.	Production and sales of metal alkyl compounds, etc. and after-sales service.	NTD 436,050 (RMB 90,000)	(2)	NTD 97,607 (USD 3,018)	-	-	NTD 97,607 (USD 3,018)	NTD 19,705 (HKD 5,263)	35.00%	NTD 6,897 (HKD 1,842) (2).B	NTD 178,230 (HKD 45,259)	-
Zhangjiagang Trans-Ocean Enterprise Co., Ltd.	Loading, unloading, storage, repackaging and transfer of chemical products, etc.	NTD 1,031,985 (RMB 213,000) (Note 5)	(2)	NTD 147,227 (USD 4,450)	-	-	NTD 147,227 (USD 4,450)	NTD 102,806 (USD 3,521)	18.50%	NTD 19,019 (USD 651) (2).B	NTD 220,266 (USD 7,172)	NTD 179,369

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
309,678 (USD 9,497)	365,874 (USD 13,218)	4,822,741

Note 1: The investment methods are divided into the following three types:

- (1) Investing directly to the Mainland China;
- (2) Reinvesting in the Mainland China through third-region companies (please refer to Table 6);
- (3) Others.

Note 2: In the current period, the investment profit and loss column are recognized:

- (1) If during incorporation with no investment income or loss, it should be indicated;
- (2) The basis for recognition of investment gains and losses divided into the following three types, which should be indicated:
 - A. Audited financial statements by international accounting firms with cooperation relationship with accounting firms in the Republic of China.
 - B. Audited financial statements by parent company's auditors.
 - C. Others.

Note 3: The relevant figures in this form should be listed in New Taiwan Dollars.

Note 4: Including capitalization of retained earning RMB 8,760 thousand.

Note 5: Including capitalization of retained earning RMB 13,189 thousand.

Note 6: The figures in the Table shall be expressed in New Taiwan Dollars. Carrying amount at the end of the period is converted using the exchange rate on the reporting date (USD:NTD 1: 30.71; HKD: NTD 1: 3.938). Investment gain or loss recognized in the current period is converted using the average exchange rate in from January 1 to December 31, 2022 (USD: NTD 1: 29.195; HKD: NTD 1: 3.744)

(2)The Company's major transactions during year 2022 directly or indirectly through the third place and the mainland invested company are listed as follows:

Investee Company	Sales/ Purchases	Sales/ Purchases		Transaction Terms			(Notes/Accounts Payable) Or Receivables	
		Amount	%	Price	Payment Terms	Comparison with general transactions	Ending Balance	% to Total
Shanghai Liansheng Chemistry Co., Ltd.	Purchases	1,416	0.02%	Equivalent to ordinary suppliers.	3 months	Both parties can agree to postpone the payment.	-	-

Table 8

SHINY CHEMICAL INDUSTRIAL CO., LTD. AND SUBSIDIARIES

INFORMATION ON MAJOR SHAREHOLDERS

DECEMBER 31, 2022

Name of Major Shareholder	Number of Shares	Percentage of Ownership (%)
NINGHAN DEVELOPMENT CO., LTD.	76,574,371	30.62%
YU KUO PLYWOOD CORP.	31,049,352	12.41%

Note: The information of major shareholders is based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (included treasury shares) by the Company. The share capital in consolidated financial report may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

14.SEGMENT INFORMATION

(1) General information

For management purpose, the Group's reportable segments are listed as follows:

- A. Yeong An plant: Mainly engaging in manufacturing, processing and trading chemical solvents.
- B. Changhua Coastal plant: Mainly engaging in manufacturing, processing and trading chemical solvents.
- C. Others: Mainly engaging in investment.

(2) Measurement basis

The Group uses profit before income tax as the measurement for segment profit and the basis of performance assessment. There was no material inconsistency between the accounting policies of the operating segment and the accounting policies described in Note 4.

(3) Segment financial information

(In thousands)

Year 2022	Yeong An plan	Changhua Coastal plant	Others	Elimination	Total
Sales from external customers	\$10,071,741	\$1,273,342	\$ -	\$ -	\$11,345,083
Sales among inter-segment	61,583	565,357	-	(\$626,940)	-
Total sales	\$10,133,324	\$1,838,699	\$ -	(\$626,940)	\$11,345,083
Depreciation and Amortization	\$333,502	\$76,003	\$ -	(\$11,595)	\$397,910
Segment operating profit (loss)	\$2,197,262	\$311,356	\$36,229	(\$295,761)	\$2,249,086
Investments accounted for using equity method	\$2,452,662	\$ -	\$501,991	(\$1,939,243)	\$1,015,410
Noncurrent capital expenditure	\$2,273,259	\$381,559	\$ -	(\$10,620)	\$2,644,198
Segment assets	\$12,577,138	\$2,419,349	\$526,841	(\$2,115,230)	\$13,408,098
Segment liabilities	\$4,567,934	\$957,590	\$51	(\$117,685)	\$5,407,890

- a. Total reporting segment sales should eliminate inter-segment sales of \$626,940 thousand.
- b. Interest revenue of \$1,416 thousand, interest expense of (\$3,307) thousand and income tax expense of (\$412,878) thousand is not included in segment profit (loss).
- c. Segment assets did not include deferred income tax assets \$115,996 thousand.
- d. Segment liabilities did not include deferred income tax liabilities \$72,110 thousand and net defined benefit liabilities \$6,192 thousand.

(In thousands)

Year 2021	Yeong An plan	Changhua Coastal plant	Others	Elimination	Total
Sales from external customers	\$9,983,376	\$1,160,227	\$ -	\$ -	\$11,143,603
Sales among inter-segment	72,218	521,185	-	(593,403)	-
Total sales	\$10,055,594	\$1,681,412	\$ -	(\$593,403)	\$11,143,603
Depreciation and Amortization	\$269,964	\$64,213	\$ -	(\$11,452)	\$322,725
Segment operating profit (loss)	\$1,945,197	\$325,983	\$37,211	(\$303,910)	\$2,004,481
Investments accounted for using equity method	\$2,124,276	\$ -	\$492,127	(\$1,684,454)	\$931,949
Noncurrent capital expenditure	\$1,573,365	\$494,962	\$ -	\$ -	\$2,068,327
Segment assets	\$10,291,615	\$1,919,364	\$536,438	(\$1,886,747)	\$10,860,670
Segment liabilities	\$3,478,915	\$716,469	\$47	(\$138,773)	\$4,056,658

- a. Total reporting segment sales should eliminate inter-segment sales of \$593,403 thousand.
- b. Interest revenue of \$516 thousand 、 interest expense of (\$2,231) thousand and income tax expense of (\$385,958) thousand is not included in segment profit (loss).
- c. Segment assets did not include deferred income tax assets \$78,743 thousand.
- d. Segment liabilities did not include deferred income tax liabilities \$68,317 thousand and net defined benefit liabilities \$30,977 thousand.
- (4) Production and service information: The Group mainly engaging in manufacturing, processing and trading chemical solvents, no disclosure required for only single industry.

(5) Geographic information:

	Year ended December 31	
	2022	2021
Taiwan	\$8,884,105	\$8,031,230
South Korea	1,043,499	1,243,738
Vietnam	343,214	439,205
Thailand	236,808	233,728
Others	837,457	1,195,702
Total	\$11,345,083	\$11,143,603

(6) Noncurrent Assets:

	December 31	
	2022	2021
Taiwan	\$8,175,698	\$5,957,188

(7) Major customers information:

Item	Year ended December 31, 2022	
	Amount	Percentage of net sales
Customer A -Yeong An plant	\$3,547,214	31.27%
Customer B -Yeong An plant	953,854	8.41%
Customer C -Yeong An plant	890,734	7.85%
Total	\$5,391,802	

Item	Year ended December 31, 2021	
	Amount	Percentage of net sales
Customer A -Yeong An plant	\$2,232,330	20.03%
Customer B -Yeong An plant	1,139,697	10.23%
Customer C -Yeong An plant	1,089,326	9.78%
Total	\$4,461,353	

Shiny Chemical Industrial Co., Ltd.

Chairman SUN JAN-YEN